UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the Fiscal Year EndedDecember 31, 2024
Commission File Number 1-4949

CUMMINS INC.

Indiana	**35-0257090**
(State of Incorporation)	(IRS Employer Identification No.)

500 Jackson Street
Box 3005
Columbus, Indiana 47202-3005
(Address of principal executive offices)

Telephone (812) 377-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $2.50 par value	CMI	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates was approximately $38.0 billion at June 30, 2024. This value includes all shares of the registrant's common stock, except for treasury shares.

As of January 31, 2025, there were 137,481,164 shares outstanding of $2.50 par value common stock.

Documents Incorporated by Reference

Portions of the registrant's definitive Proxy Statement for its 2025 annual meeting of shareholders, which will be filed with the Securities and Exchange Commission on Schedule 14A within 120 days after the end of 2024, will be incorporated by reference in Part III of this Form 10-K to the extent indicated therein upon such filing.

CUMMINS INC. AND SUBSIDIARIES
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Cummins Inc. and its consolidated subsidiaries are hereinafter sometimes referred to as "Cummins," "we," "our," or "us."

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

Certain parts of this annual report contain forward-looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those that are based on current expectations, estimates and projections about the industries in which we operate and management's beliefs and assumptions. Forward-looking statements are generally accompanied by words such as "anticipates," "expects," "forecasts," "intends," "plans," "believes," "seeks," "estimates," "could," "should," "may" or words of similar meaning. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which we refer to as "future factors," which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Some future factors that could cause our results to differ materially from the results discussed in such forward-looking statements are discussed below and shareholders, potential investors and other readers are urged to consider these future factors carefully in evaluating forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. Future factors that could affect the outcome of forward-looking statements include the following:

GOVERNMENT REGULATION

- any adverse consequences resulting from entering into the Settlement Agreements, including required additional mitigation projects, adverse reputational impacts and potential resulting legal actions;
- increased scrutiny from regulatory agencies, as well as unpredictability in the adoption, implementation and enforcement of emission standards around the world;
- evolving environmental and climate change legislation and regulatory initiatives;
- changes in international, national and regional trade laws, regulations and policies;
- changes in taxation;
- global legal and ethical compliance costs and risks;
- future bans or limitations on the use of diesel-powered products;

BUSINESS CONDITIONS / DISRUPTIONS

- raw material, transportation and labor price fluctuations and supply shortages;
- aligning our capacity and production with our demand;
- the actions of, and income from, joint ventures and other investees that we do not directly control;
- large truck manufacturers' and original equipment manufacturers' customers discontinuing outsourcing their engine supply needs or experiencing financial distress, or change in control;

PRODUCTS AND TECHNOLOGY

- product recalls;
- variability in material and commodity costs;
- the development of new technologies that reduce demand for our current products and services;
- lower than expected acceptance of new or existing products or services;
- product liability claims;
- our sales mix of products;

GENERAL

- climate change, global warming, more stringent climate change regulations, accords, mitigation efforts, greenhouse gas regulations or other legislation designed to address climate change;
- our plan to reposition our portfolio of product offerings through exploration of strategic acquisitions, divestitures or exiting the production of certain product lines or product categories and related uncertainties of such decisions;

- increasing interest rates;
- challenging markets for talent and ability to attract, develop and retain key personnel;
- exposure to potential security breaches or other disruptions to our information technology (IT) environment and data security;
- the use of artificial intelligence in our business and in our products and challenges with properly managing its use;
- political, economic and other risks from operations in numerous countries including political, economic and social uncertainty and the evolving globalization of our business;
- competitor activity;
- increasing competition, including increased global competition among our customers in emerging markets;
- failure to meet sustainability expectations or standards, or achieve our sustainability goals;
- labor relations or work stoppages;
- foreign currency exchange rate changes;
- the performance of our pension plan assets and volatility of discount rates;
- the price and availability of energy;
- continued availability of financing, financial instruments and financial resources in the amounts, at the times and on the terms required to support our future business; and
- other risk factors described in Item 1A. under the caption "Risk Factors."

Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this annual report and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I

ITEM 1. Business

OVERVIEW

We were founded in 1919 as Cummins Engine Company, a corporation in Columbus, Indiana, and one of the first diesel engine manufacturers. In 2001, we changed our name to Cummins Inc. We are a global power solutions leader comprised of five business segments - Engine, Components, Distribution, Power Systems and Accelera - supported by our global manufacturing and extensive service and support network, skilled workforce and vast technical expertise. Our products range from advanced diesel, natural gas, electric and hybrid powertrains and powertrain-related components including aftertreatment, turbochargers, fuel systems, valvetrain technologies, controls systems, air handling systems, automated transmissions, axles, drivelines, brakes, suspension systems, electric power generation systems, electrified power systems with innovative components and subsystems, including battery, fuel cell and electric power technologies and hydrogen production technologies. We sell our products to original equipment manufacturers (OEMs), distributors, dealers and other customers worldwide. We serve our customers through a service network of approximately 650 wholly-owned, joint venture and independent distributor locations and more than 19,000 Cummins certified dealer locations in approximately 190 countries and territories.

Divestiture of Atmus

On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus Filtration Technologies Inc. (Atmus) common stock through a tax-free split-off. The exchange resulted in a reduction of shares of our common stock outstanding by 5.6 million shares and a gain of approximately $1.3 billion. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," to our *Consolidated Financial Statements* for additional information.

Settlement Agreements

In December 2023, we announced that we reached an agreement in principle with the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), the Environmental and Natural Resources Division of the U.S. Department of Justice (DOJ) and the California Attorney General’s Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024 (collectively, the Settlement Agreements). In the second quarter of 2024, we made $1.9 billion of payments required by the Settlement Agreements. See NOTE 14, “COMMITMENTS AND CONTINGENCIES,” to our *Consolidated Financial Statements* for additional information.

OPERATING SEGMENTS

We have five complementary operating segments: Engine, Components, Distribution, Power Systems and Accelera. These segments share technology, customers, strategic partners, brand recognition and our distribution network in order to compete more efficiently and effectively in their respective markets. In each of our operating segments, we compete worldwide with a number of other manufacturers and distributors that produce and sell similar products. Our products primarily compete on the basis of performance, price, total cost of ownership, fuel economy, emissions compliance, speed of delivery, quality and customer support.

We use segment earnings or losses before interest expense, income taxes, depreciation and amortization and noncontrolling interests (EBITDA) as the basis for the Chief Operating Decision Maker to evaluate the performance of each of our reportable operating segments. We believe EBITDA is a useful measure of our operating performance as it assists investors and debt holders in comparing our performance on a consistent basis without regard to financing methods, capital structure, income taxes or depreciation and amortization methods, which can vary significantly depending upon many factors. See NOTE 25, "OPERATING SEGMENTS," to our *Consolidated Financial Statements* for additional information and a reconciliation of our segment information to the corresponding amounts in our *Consolidated Statements of Net Income*.

Engine Segment

Engine segment sales and EBITDA as a percentage of consolidated results were:

	Years ended December 31,		
	2024	**2023**	**2022**
Percent of consolidated net sales [1]	**28 %**	28 %	31 %
Percent of consolidated EBITDA [1]	**33 %**	32 %	38 %

[1] Measured before intersegment eliminations

The Engine segment manufactures and markets a broad range of diesel and natural gas-powered engines under the Cummins brand name, as well as certain customer brand names, for the heavy-duty truck, medium-duty truck and bus, light-duty automotive and off-highway markets. We manufacture a wide variety of engine products including:

- Engines with a displacement range of 2.8 to 15 liters and horsepower ranging from 48 to 715; and
- New and remanufactured parts and engines, which are sold and serviced primarily through our extensive distribution network.

The Engine segment is organized by engine displacement size and serves these end-user markets:

- **Heavy-duty truck -** We manufacture diesel and natural gas engines that range from 310 to 615 horsepower serving global heavy-duty truck customers worldwide, primarily in North America, China and Australia.
- **Medium-duty truck and bus -**We manufacture diesel and natural gas engines ranging from 130 to 450 horsepower serving medium-duty truck and bus customers worldwide, with key markets including North America, Europe, Latin America, China, Australia and India. Applications include pick-up, delivery, emergency vehicles, regional haul and vocational trucks and school, transit and shuttle buses. We also provide diesel engines for Class A motor homes (RVs), primarily in North America.
- **Light-duty automotive (pick-up and light commercial vehicle (LCV)) -**We manufacture 105 to 430 horsepower diesel engines, including engines for the pick-up truck market for Stellantis N.V. (Stellantis) in North America and LCV markets in Latin America and China.
- **Off-highway (industrial engines) -**We manufacture diesel engines that range from 48 to 715 horsepower serving key global markets including construction, mining, marine, rail, oil and gas, defense and agriculture and also the power generation business for standby, mobile and distributed power generation solutions throughout the world.

The principal customers of our heavy-duty truck engines include truck manufacturers such as PACCAR Inc. (PACCAR), Traton Group (Traton) and Daimler Trucks AG (Daimler). The principal customers of our medium-duty truck and bus engines include truck manufacturers such as Daimler, Traton and PACCAR. The principal customers of our light-duty automotive engines are Stellantis, Anhui Jianghuai Automobile Group Co., Ltd., Volkswagen Caminhões e Ônibus and China National Heavy Duty Truck Group. We sell our industrial engines to manufacturers of construction and agricultural equipment including Hyundai Heavy Industries, Komatsu Ltd. (Komatsu), Zoomlion Heavy Industry Science & Technology Co., Ltd, Xuzhou Construction Machinery Group, Guangxi LiuGong Machinery Co., Ltd, JLG Industries, Inc. and Sany Group.

In the Engine segment, our competitors vary from country to country, with local manufacturers generally predominant in each geography. Other independent engine manufacturers include Weichai Power Co. Ltd. and Deutz AG. Truck OEMs may also elect to produce their own engines, and we must provide competitive products to win and keep their business. Truck OEMs that currently produce some or all of their own engines include Daimler, PACCAR, Traton, Volvo Powertrain, Ford Motor Company, China First Auto Works, Dongfeng Motor Corporation, CNH Industrial and Isuzu.

Components Segment

Components segment sales and EBITDA as a percentage of consolidated results were:

	Years ended December 31,		
	2024	**2023**	**2022**
Percent of consolidated net sales [1]	**28 %**	32 %	28 %
Percent of consolidated EBITDA [1]	**32 %**	36 %	33 %

[1] Measured before intersegment eliminations

The Components segment designs, manufactures and supplies products which complement the Engine and Power Systems segments, including axles, drivelines, brakes and suspension systems for commercial diesel and natural gas applications, aftertreatment systems, turbochargers, fuel systems, valvetrain technologies, automated transmissions and electronics. We design and develop these products and systems to meet increasingly stringent emission and fuel economy standards.

Beginning in the second quarter of 2024, we realigned certain businesses within our Components segment to be consistent with how our segment leader now monitors performance. We reorganized the businesses to combine the engine components and software and electronics businesses into the newly formed components and software business. In addition, we rebranded our axles and brakes business as drivetrain and braking systems. We began reporting results for these changes within our Components segment effective April 1, 2024, and reflected these changes in the historical periods presented. The change had no impact on our consolidated results.

The Components segment is organized around the following businesses:

- **Drivetrain and braking systems -** We design, manufacture and supply drivetrain systems, including axles, drivelines, brakes and suspension systems primarily for commercial vehicle and industrial applications. We also market and sell truck, trailer, on- and off-highway and other products principally for OEM dealers and other independent distributors and service garages within the aftermarket industry. We primarily serve markets in North America, Europe, South America, India, Asia Pacific and China.
- **Emission solutions -** We are a global leader in designing, manufacturing and integrating aftertreatment technology and solutions for the commercial on- and off-highway light-duty, medium-duty, heavy-duty and high-horsepower engine markets. Aftertreatment is the mechanism used to convert engine emissions of criteria pollutants, such as particulate matter, nitrogen oxides (NOx), carbon monoxide and unburned hydrocarbons into harmless emissions. Our products include custom engineering systems and integrated controls, oxidation catalysts, particulate filters, selective catalytic reduction systems and engineered components, including dosers. Our emission solutions business primarily serves markets in North America, Europe, China, India, Brazil and Asia Pacific. We serve both OEM first fit and retrofit customers.
- **Components and software -** We design, manufacture and market turbocharger, fuel system and valvetrain technologies for light-duty, mid-range, heavy-duty and high-horsepower markets. We also design, develop and supply electronic control modules, sensors and supporting software for on-highway, off-highway and power generation applications. We primarily serve markets in North America, Europe, China and India.
- **Automated transmissions -** We develop and supply automated transmissions for the heavy-duty commercial vehicle market. Automated transmissions include automated manual transmissions, dual-clutch transmissions and automatic transmissions for internal combustion engines. The Eaton Cummins Automated Transmission Technologies (ECJV) joint venture is a consolidated 50/50 joint venture between Cummins Inc. and Eaton Corporation Plc. and serves markets in North America and China.
- **Atmus -** On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus common stock through a tax-free split-off. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," to our *Consolidated Financial Statements* for additional information.

Customers of the Components segment generally include the Engine, Distribution, Power Systems and Accelera segments, joint ventures including Tata Cummins Ltd., Dongfeng Cummins Engine Co., Ltd. and Beijing Foton Cummins Engine Co., Ltd., truck manufacturers and other OEMs, many of which are also customers of the Engine segment, such as PACCAR, Daimler, Volvo, Traton, Tata Motors Ltd. (Tata Motors) and other manufacturers that use our components in their product platforms.

The Components segment competes with other manufacturers of aftertreatment systems, turbochargers, fuel systems, drivetrain systems and transmissions. Our primary competitors in these markets include Robert Bosch GmbH, Parker-Hannifin Corporation, Garrett Motion, Inc., Borg-Warner Inc., Tenneco Inc., Eberspacher Holding GmbH & Co. KG, Denso Corporation, Allison Transmission, Aisin Corporation, Knorr-Bremse AG, ZF Friedrichshafen AG and Dana Incorporated.

Distribution Segment

Distribution segment sales and EBITDA as a percentage of consolidated results were:

	Years ended December 31,		
	2024	**2023**	**2022**
Percent of consolidated net sales [1]	**27 %**	25 %	26 %
Percent of consolidated EBITDA [1]	**27 %**	24 %	22 %

[1] Measured before intersegment eliminations

The Distribution segment is our primary sales, service and support channel. The segment serves our customers and certified dealers through a worldwide network of wholly-owned, joint venture and independent distribution locations. Wholly-owned locations operate and serve markets in the seven geographic regions noted below. Joint venture locations serve markets in South America, Southeast Asia and India while independent distribution locations serve markets in these and other geographies.

Distribution's mission encompasses the sale and support of a wide range of products and services, including power generation systems, high-horsepower engines, heavy-duty and medium-duty engines designed for on- and off-highway use, application engineering services, custom-designed assemblies, retail and wholesale aftermarket parts and in-shop and field-based repair services. We also provide selected sales and aftermarket support for the Accelera business. Our familiarity with a wide range of market applications allows us to tailor sales, service and support to meet customer-specific needs.

The Distribution segment is organized and managed as seven geographic regions, including North America, Asia Pacific, Europe, China, India, Africa and Middle East and Latin America. Across these regions, our locations compete with distributors or dealers that offer similar products. In many cases, these competing distributors or dealers are owned by, or affiliated with the companies that are listed as competitors of the Engine, Components or Power Systems segments. These competitors vary by geographical location and application market.

Power Systems Segment

Power Systems segment sales and EBITDA as a percentage of consolidated results were:

	Years ended December 31,		
	2024	**2023**	**2022**
Percent of consolidated net sales [1]	**16 %**	14 %	14 %
Percent of consolidated EBITDA [1]	**23 %**	16 %	15 %

[1] Measured before intersegment eliminations

The Power Systems segment is organized around the following product lines:

- **Power generation -** We are a global OEM offering standby and prime power generators ranging from 2 kilowatts to 3.5 megawatts, as well as controls, paralleling systems and transfer switches, for customers with consumer, data center, commercial, industrial, health care, prime rental fleet and defense applications. We also provide turnkey solutions for distributed generation and energy management applications using natural gas, diesel and newer alternative sustainable fuels such as hydrotreated vegetable oil and renewable natural gas.
- **Industrial -** We design, manufacture, sell and support diesel and natural gas high-speed, high-horsepower engines up to 4,400 horsepower for a wide variety of equipment in mining, oil and gas, marine, rail and defense applications throughout the world.
- **Generator technologies -** We design, manufacture, sell and support A/C generator/alternator products for internal consumption and for external generator set assemblers. Our products are sold under the Stamford and AVK brands and range in output from 7.5 kilovolt-amperes (kVA) to 11,200 kVA.

Our customer base for Power Systems offerings is highly diversified, with customer groups varying based on their power needs. China, India, Europe, Asia Pacific, Latin America, the Middle East and Africa are our largest geographic markets outside of North America.

In the markets served by the Power Systems segment, we compete with a variety of independent engine manufacturers and generator set assemblers as well as OEMs who manufacture engines for their own products around the world. Our primary competitors are Caterpillar, Inc., MTU (Rolls Royce Power Systems Group) and Kohler/SDMO (Kohler Group), but we also compete with INNIO, Generac, Mitsubishi Heavy Industries and numerous regional generator set assemblers. Our alternator business competes globally with Leroy Somer, Marathon Electric and Meccalte, among others.

Accelera Segment

The Accelera segment designs, manufactures, sells and supports electrified power systems with innovative components and subsystems, including battery, fuel cell and electric powertrain technologies as well as hydrogen production technologies. The Accelera segment is currently in the early stages of commercializing these technologies with efforts primarily focused on the development of electrified power systems and related components and subsystems and our electrolyzers for hydrogen production.

We anticipate our customer base for Accelera offerings will be highly diversified, representing multiple end markets with a broad range of application requirements. This includes new markets, like the growing green hydrogen market, which we serve with our leading hydrogen production technologies. We will continue to pursue relationships in markets as they adopt electric and hydrogen solutions.

In the markets served by the Accelera segment, we compete with battery and emerging fuel cell companies, powertrain component manufacturers, vertically integrated OEMs and entities providing hydrogen production solutions. Our primary competitors include Daimler, PACCAR, Traton, BYD Company Limited, Dana Incorporated, BorgWarner Inc., Nel ASA, Siemens Energy, Thyssenkrupp and Plug Power Inc.

JOINT VENTURES, ALLIANCES AND NON-WHOLLY-OWNED SUBSIDIARIES

We entered into a number of joint venture agreements and alliances with business partners around the world. Our joint ventures are either distribution or manufacturing entities. We also own controlling interests in non-wholly-owned manufacturing and distribution subsidiaries.

In the event of a change of control of either party to certain of these joint ventures and other strategic alliances, certain consequences may result including automatic termination and liquidation of the venture, exercise of "put" or "call" rights of ownership by the non-acquired partner, termination or transfer of technology license rights to the non-acquired partner and increases in component transfer prices to the acquired partner. We will continue to evaluate joint venture and partnership opportunities in order to penetrate new markets, develop new products and generate manufacturing and operational efficiencies.

Financial information about our investments in joint ventures and alliances is incorporated by reference from NOTE 3, "INVESTMENTS IN EQUITY INVESTEES," to our *Consolidated Financial Statements.*

Our equity income from these investees was as follows:

In millions	Years ended December 31, 2024		2023		2022	
Manufacturing entities						
Dongfeng Cummins Engine Company, Ltd.	**$ 66**	**22 %**	$ 65	19 %	$ 45	20 %
Chongqing Cummins Engine Company, Ltd.	**60**	**20 %**	36	11 %	32	14 %
Beijing Foton Cummins Engine Co., Ltd.	**42**	**14 %**	47	14 %	37	17 %
Tata Cummins, Ltd.	**31**	**10 %**	29	9 %	27	12 %
All other manufacturers	**25** (1)	**9 %**	91	27 %	28 (2)	12 %
Distribution entities						
Komatsu Cummins Chile, Ltda.	**55**	**19 %**	55	16 %	44	20 %
All other distributors	**17**	**6 %**	16	4 %	11	5 %
Cummins share of net income (3)	**$ 296**	**100 %**	$ 339	100 %	$ 224	100 %

(1) Included a $17 million impairment of our joint ventures in the fourth quarter of 2024 related to our Accelera strategic reorganization actions. See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," to our *Consolidated Financial Statements* for additional information.

(2) Included a $28 million impairment of our joint venture with KAMAZ and $3 million of royalty charges as part of our costs associated with the indefinite suspension of our Russian operations. See NOTE 24, "RUSSIAN OPERATIONS," to our *Consolidated Financial Statements* for additional information.

(3) This total represents our share of net income of our equity investees and is exclusive of royalties and interest income from our equity investees. To see how this amount reconciles to equity, royalty and interest income from investees in our *Consolidated Statements of Net Income*, see NOTE 3, "INVESTMENTS IN EQUITY INVESTEES," to our *Consolidated Financial Statements* for additional information.

Manufacturing Entities

Our manufacturing joint ventures were generally formed with customers and are primarily intended to allow us to increase our market penetration in geographic regions, reduce capital spending, streamline our supply chain management and develop technologies. Our largest manufacturing joint ventures are based in China and are included in the list below. Our engine manufacturing joint ventures are supplied by our Components segment in the same manner as it supplies our wholly-owned Engine segment and Power Systems segment manufacturing facilities. Our Components segment joint ventures and wholly-owned entities provide axles, drivelines, brakes and suspension systems for commercial diesel and natural gas applications, aftertreatment systems, turbochargers, fuel systems, valvetrain technologies, automated transmissions and electronics that are used with our engines as well as some competitors' products. The results and investments in our joint ventures in which we have 50 percent or less ownership interest (except for ECJV, which is consolidated due to our majority voting interest) discussed below are included in equity, royalty and interest income from investees and investments and advances related to equity method investees in our *Consolidated Statements of Net Income* and *Consolidated Balance Sheets*, respectively.

- ***Dongfeng Cummins Engine Company, Ltd. -*** Dongfeng Cummins Engine Company, Ltd. (DCEC) is a joint venture in China with Dongfeng Automotive Co. Ltd., a subsidiary of Dongfeng Motor Corporation and one of the largest medium-duty and heavy-duty truck manufacturers in China. DCEC produces 3.9 liter to 14.5 liter diesel engines with a power range from 80 to 760 horsepower, natural gas engines and automated transmissions. On-highway engines are used in multiple applications in light-duty and medium-duty trucks, special purpose vehicles, buses and heavy-duty trucks with a main market in China. Off-highway engines are used in a variety of construction, power generation, marine and agriculture markets in China.
- ***Chongqing Cummins Engine Company, Ltd. -*** Chongqing Cummins Engine Company, Ltd. is a joint venture in China with Chongqing Machinery and Electric Co. Ltd. This joint venture manufactures several models of our heavy-duty and high-horsepower diesel engines primarily serving the industrial and stationary power markets in China.
- ***Beijing Foton Cummins Engine Co., Ltd. -*** Beijing Foton Cummins Engine Co., Ltd. is a joint venture in China with Beiqi Foton Motor Co., Ltd., a commercial vehicle manufacturer, which has two distinct lines of business - a light-duty business and a heavy-duty business. The light-duty business produces our families of ISF 2.5 liter to 4.5 liter high performance light-duty diesel engines in Beijing. These engines are used in light-duty and medium-duty commercial trucks, pick-up trucks, buses, multipurpose and sport utility vehicles with main markets in China and Brazil. Certain types of small construction equipment and industrial applications are also served by these engine families. The heavy-duty business produces 7.0 liter to 14.5 liter high performance heavy-duty diesel and natural gas engines in Beijing. Certain types of construction equipment and industrial applications are also served by these engine families.

- ***Tata Cummins, Ltd. -*** Tata Cummins, Ltd. is a joint venture in India with Tata Motors Ltd., the largest automotive company in India and a member of the Tata group of companies. This joint venture manufactures Cummins' 3.8 to 8.9 liter diesel and natural gas engines in India with a power range from 75 to 400 horsepower for use in trucks and buses manufactured by Tata Motors, as well as for various on-highway, industrial and power generation applications for Cummins.

In September 2023, our Accelera business signed an agreement to form a joint venture, Amplify Cell Technologies LLC, with Daimler Truck, PACCAR and EVE Energy to accelerate and localize battery cell production and the battery supply chain in the U.S., including building a 21-gigawatt hour battery production facility in Marshall County, Mississippi. The joint venture will manufacture battery cells for electric commercial vehicles and industrial applications. The joint venture received all government approvals and began operations in May 2024, but is not expected to begin production until 2027. The joint venture meets the definition of a variable interest entity since the equity-at-risk is not currently sufficient to support the future operations of the joint venture. Accelera, Daimler Truck and PACCAR each own 30 percent of the joint venture and have two board positions, while EVE Energy owns 10 percent and has one board position. All significant decisions require majority or super-majority approval of the board. As a result, we are not the primary beneficiary of the joint venture, and the joint venture is not consolidated. We account for the joint venture using the equity method. As of December 31, 2024, we had contributed $211 million, and our maximum remaining required contribution to the joint venture was $619 million, which could be reduced by future government incentives received by the joint venture. In addition, we are required to purchase 33 percent of the joint venture's output in the future or be subject to certain penalties.

Distribution Entity

Komatsu Cummins Chile, Ltda. - Komatsu Cummins Chile, Ltda. is a joint venture with Komatsu America Corporation. The joint venture is a distributor that offers the full range of our products and services to customers and end-users in Chile and Peru. See further discussion of our distribution network under the Distribution segment section above.

Non-Wholly-Owned Subsidiaries

- ***Eaton Cummins Automated Transmission Technologies***- We have a majority voting interest in ECJV by virtue of a tie-breaking vote on the joint venture's board of directors. ECJV develops and supplies automated transmissions for the heavy-duty commercial vehicle markets in North America and China.

- ***Cummins India Ltd.*** - We have a controlling interest in Cummins India Ltd. (CIL), which is a publicly listed company on various stock exchanges in India. CIL produces medium-duty, heavy-duty and high-horsepower diesel engines and generators for the Indian and export markets and natural gas spark-ignited engines for power generation, automotive and industrial applications. CIL also has distribution and power generation operations.

SUPPLY

The performance of the end-to-end supply chain, extending through to our suppliers, is foundational to our ability to meet customers' expectations and support long-term growth. We are committed to having a robust strategy for how we select and manage our suppliers to enable a market focused supply chain. This requires us to continuously evaluate and upgrade our supply base, as necessary, as we strive to ensure we are meeting the needs of our customers.

We use a combination of proactive and reactive methodologies to enhance our understanding of supply base risks, which guide the development of risk monitoring and sourcing strategies. We use a process that groups products or services into categories based on similar characteristics, which helps us align our purchasing goals with overall business objectives (Category Strategy Framework). Our Category Strategy Framework process supports the review of our long-term needs and guides decisions on what we make internally and what we purchase externally. For externally purchased items, the strategies also identify the suppliers we should consider for long-term supply agreements to provide the best technology, the lowest total cost and highest supply chain performance. We design and/or manufacture our strategic components used in or with our engines, power generation units, drivetrain and braking systems and Accelera products. Key suppliers are managed through long-term supply agreements that seek to secure capacity, delivery and quality and to assure cost requirements are met over an extended period.

Other important elements of our sourcing strategy include the following:

- expanding risk management scope to include sub-tier value chain suppliers for critical components;
- broadening dual and multi-sourcing where applicable;
- selecting and managing suppliers to comply with our Supplier Code of Conduct; and
- assuring our suppliers comply with our prohibited and restricted materials policy.

Disruption risk in certain categories of our supply chains exist and could negatively impact our ability to meet customer demand. We continue to monitor the supply chain disruptions utilizing early detection methods complemented by structured supplier risk and resiliency assessments. We increased frequency of formal and informal supplier engagement to address potentially impactful supply base constraints and enhanced collaboration to develop specific countermeasures to mitigate risks.

PATENTS AND TRADEMARKS

We own or control a significant number of patents and trademarks relating to the products we manufacture. These patents and trademarks were granted and registered over a period of years. Although these patents and trademarks are generally considered beneficial to our operations, we do not believe any patent, group of patents or trademark (other than our leading brand house trademarks) is significant to our business.

SEASONALITY

While individual product lines may experience modest seasonal variation in production, there is no material effect on the demand for the majority of our products on a quarterly basis.

LARGEST CUSTOMERS

We have thousands of customers around the world and have developed long-standing business relationships with many of them. PACCAR is our largest customer, accounting for 16 percent of our consolidated net sales in 2024, 16 percent in 2023 and 16 percent in 2022. We have long-term supply agreements with PACCAR for our heavy-duty and medium-duty engines and aftertreatment systems. While a significant number of our sales to PACCAR are under long-term supply agreements, these agreements provide for particular engine requirements for specific vehicle models and not a specific volume of engines or aftertreatment systems. PACCAR is our only customer accounting for more than 10 percent of our net sales in 2024. The loss of this customer or a significant decline in the production level of PACCAR vehicles that use our engines would have an adverse effect on our results of operations and financial condition. We have supplied engines to PACCAR for 80 years. A summary of principal customers for each operating segment is included in our segment discussion.

In addition to our agreement with PACCAR, we have long-term heavy-duty and medium-duty engine and aftertreatment system supply agreements with Traton and Daimler. We also have an agreement with Stellantis to supply engines and aftertreatment products for its pick-up truck applications. Collectively, our net sales to these four customers, including PACCAR, were 36 percent of our consolidated net sales in 2024, 37 percent in 2023 and 36 percent in 2022. Excluding PACCAR, net sales to any single customer were less than 9 percent of our consolidated net sales in 2024, less than 9 percent in 2023 and less than 8 percent in 2022. These agreements contain standard purchase and sale agreement terms covering engine, aftertreatment and engine parts pricing, quality and delivery commitments, as well as engineering product support obligations. The basic nature of our agreements with OEM customers is that they are long-term price and operations agreements that help provide for the availability of our products to each customer through the duration of the respective agreements. Agreements with most OEMs contain bilateral termination provisions giving either party the right to terminate in the event of a material breach, change of control or insolvency or bankruptcy of the other party.

BACKLOG

Disruption risk in certain categories of our supply chains exist and could negatively impact our ability to meet customer demand. We have supply agreements with some truck and off-highway equipment OEMs and firm orders from data center and electrolyzer customers, however a large portion of our business is transacted through open purchase orders. Many of these open orders are historically subject to month-to-month releases and are subject to cancellation on reasonable notice without cancellation charges and therefore are not considered firm. We continue to work closely with our suppliers and customers to meet the demand.

RESEARCH AND DEVELOPMENT

In 2024, we continued to invest in future critical technologies and products. We will continue to make investments to develop new products and improve our current technologies to meet future emission standards around the world, improvements in fuel economy performance of diesel and natural gas-powered engines and related components, as well as development activities around electrified power systems with innovative components and systems including battery and electric power technologies and hydrogen production technologies.

Our research and development programs are focused on product improvements, product extensions, innovations and cost reductions for our customers. Research and development expenditures include salaries, contractor fees, building costs, utilities, testing, technical IT expenses, administrative expenses and allocation of corporate costs and are expensed, net of contract reimbursements, when incurred. From time to time, we enter into agreements with customers and government agencies to fund a portion of the research and development costs of a particular project. When not associated with a sales contract, we generally account for these reimbursements as an offset to the related research and development expenditure. Research and development expenses, net of contract reimbursements, were $1.4 billion in 2024, $1.4 billion in 2023 and $1.2 billion in 2022. Contract reimbursements were $72 million, $81 million and $110 million in 2024, 2023 and 2022, respectively.

ENVIRONMENTAL SUSTAINABILITY

We are committed to making people's lives better by powering a more prosperous world. That prosperity includes strong communities, robust business and environmental sustainability.

Our Board of Directors (the Board) and the senior management team oversee our top risks, while the Enterprise Risk Management program gives the Board and senior management a framework to help them understand, identify, assess, manage and monitor risks so we can meet our strategic objectives. The Board is ultimately responsible for assessing and managing climate-related risks and opportunities. Managing risk effectively is on the agenda at every regular board meeting, and the Board reviews the entire Enterprise Risk Management program and the results of our latest enterprise risk assessment each year. As climate-related risks affect all aspects of the business, the enterprise risks incorporate, where relevant, climate-related aspects, with a separate stand-alone enterprise risk on climate change.

The Safety, Environment and Technology (SET) committee provides overall guidance and insight on major environmental sustainability initiatives such as our environmental sustainability strategy, as well as environmental management at our facilities and operations.

In 2019, we introduced our current environmental sustainability strategy focused on three priority areas: addressing climate change and air emissions, using natural resources in the most sustainable way and improving communities. Additional commitments followed including Cummins Water Works, our program for strengthening communities through sustainable water and addressing the global water crisis, and Destination Zero, our long-term product decarbonization strategy.

The environmental sustainability strategy includes nine specific goals to achieve by 2030, including science-based greenhouse gas (GHG) reduction targets for newly sold products and facilities, as well as aspirational targets for 2050. We started reporting progress on these nine goals, most of which have a baseline year of 2018, in 2022. Key actions in 2024 included completing the planned capital spending to meet the 2030 facility reduction goals for GHG emissions, water and waste; improving GHG measurement and modeling for product emissions; and identifying technology portfolio opportunities toward progress of product GHG reduction. In 2024, we also initiated a planned midpoint review of our 2030 sustainability goals. This review reflected standard governance practices to ensure our metrics, scope and strategies remain aligned with evolving conditions and our long-term objectives. Our commitment to progress remains steadfast, and we anticipate sharing any updates or adjustments to these goals in 2025.

The nine goals for 2030 are as follows:

- Reduce absolute GHG emissions from facilities and operations by 50 percent.
- Reduce scope three absolute lifetime GHG emissions from newly sold products by 25 percent.
- Partner with customers to reduce scope three GHG emissions from products in the field by 55 million metric tons.
- Reduce volatile organic compounds emissions from paint and coating operations by 50 percent.
- Create a circular lifecycle plan for every part to use less, use better, use again.
- Generate 25 percent less waste in facilities and operations as percent of revenue.
- Reuse or responsibly recycle 100 percent of packaging plastics and eliminate single-use plastics in dining facilities, employee amenities and events.
- Reduce absolute water consumption in facilities and operations by 30 percent.
- Produce net water benefits that exceed our annual water use in all our regions.

Our most recent Sustainability Progress Report and previous reports are available on our website at www.cummins.com/company/esg/sustainability-progress-reports. Our annual submission to the Carbon Disclosure Project (CDP) for climate and water is also available on our website. The CDP climate submission provides information on our scenario planning for climate and other risks, as well as detailed emissions data as requested by CDP. We also published a report in accordance with the Task Force on Climate-Related Financial Disclosures framework. These reports are not incorporated into this Form 10-K by reference.

We continue to articulate our positions on key public policy issues and on a wide range of environmental issues. We are actively engaged around the world to promote science-based climate policies by working with regulatory, industry and other stakeholders, including joining advocacy groups and testifying before legislators and regulators. We will continue to work in partnership with others to advocate for tough, clear and enforceable regulations around the globe to address air and GHG emissions.

ENVIRONMENTAL COMPLIANCE

Settlement Agreements

In December 2023, we announced that we reached an agreement in principle with the EPA, CARB, DOJ and the California Attorney General's Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024, (collectively, the Settlement Agreements). As part of the Settlement Agreements, among other things, we agreed to pay civil penalties, complete recall requirements, undertake mitigation projects, provide extended warranties, undertake certain testing, take certain corporate compliance measures and make other payments. Failure to comply with the terms and conditions of the Settlement Agreements subjects us to stipulated penalties. We recorded a charge of $2.0 billion in the fourth quarter of 2023 to resolve the matters addressed by the Settlement Agreements involving approximately one million of our pick-up truck applications in the U.S. This charge was in addition to the previously announced charges of $59 million for the recalls of model years 2013 through 2018 RAM 2500 and 3500 trucks and model years 2016 through 2019 Titan trucks. We made $1.9 billion of payments required by the Settlement Agreements in the second quarter of 2024. Subsequent to the second quarter of 2024, we have recorded immaterial amounts related to stipulated penalties we determined to be probable and estimable. Any further non-compliance with the Settlement Agreements will likely subject us to further stipulated penalties and other adverse consequences.

We have also been in communication with other non-U.S. regulators regarding matters related to the emission systems in our engines and may also become subject to additional regulatory review in connection with these matters.

In connection with our announcement of our entry into the agreement in principle, we became subject to shareholder, consumer and third-party litigation regarding the matters covered by the Settlement Agreements, and we may become subject to additional litigation in connection with these matters. See NOTE 14, "COMMITMENTS AND CONTINGENCIES," to our *Consolidated Financial Statements.*

Product Certification and Compliance

Our products are subject to extensive statutory and regulatory requirements worldwide that directly or indirectly impose standards governing emissions and noise. Over the past several years, we have increased our global environmental compliance presence and expertise to understand and meet emerging product environmental regulations around the world. Our ability to comply with these and future emission standards is an essential element in maintaining our leadership position in regulated markets.

We strive to be a leader in developing and implementing technologies that provide customers with the highest performing products while minimizing the impact on the environment, and we have a long history of working with governments and regulators to achieve these goals. We remain committed to ensuring our products meet all current and future emission standards and delivering value to our customers.

Announced in late 2019 and launched in early 2020, the Product Compliance and Regulatory Affairs team leads both engine emissions certification and compliance and regulatory affairs initiatives and provides updates to the SET Committee of the Board at least annually. This organization is led by the Vice President - Product Compliance and Regulatory Affairs and reports directly to the Chief Administrative Officer and the Chief Executive Officer (CEO) for product emissions matters. The focus of this organization is to strengthen our ability to design great products that help our customers win while complying with increasingly challenging global emission regulations. The organization also works to enhance our collaboration with the agencies setting the direction and regulations of emissions as we strive to meet every expectation today while planning for future changes.

Other Environmental Statutes and Regulations

Expenditures for environmental control activities and environmental remediation projects at our facilities in the U.S. were not a substantial portion of our annual expenses and are not expected to be material in 2025. We believe we are in compliance in all material respects with laws and regulations applicable to our plants and operations.

In the U.S., pursuant to notices received from federal and state agencies and/or defendant parties in site environmental contribution actions, we were identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended or similar state laws, at fewer than 20 manufacturing and waste disposal sites.

Based upon our experiences at similar sites we believe that our aggregate future remediation costs will not be material. We have established accruals that we believe are adequate for our expected future liability with respect to these sites. In addition, we have several other sites where we are working with governmental authorities on remediation projects. The costs for these remediation projects are not expected to be material.

HUMAN CAPITAL RESOURCES

At December 31, 2024, we employed approximately 69,600 persons worldwide. Approximately 22,000 of our employees worldwide were represented by various unions under collective bargaining agreements that expire between 2025 and 2029.

Throughout our more than 100-year history, we have always recognized that people drive the strength of our business and our ability to effectively serve our customers and sustain our competitive position. We are focused on harmonizing our approach to talent to provide seamless opportunities and better experiences to our employees around the world. Our workforce strategy aims to cultivate an environment where all employees, regardless of employee type and location, know what is expected of them, are rewarded for their performance based on fair and equitable reviews, and have access to differentiated experiences, tools and leadership coaching to help them develop. This strategy is anchored on developing authentic and capable leaders, building effective organizations, driving employee engagement, furthering our company values of caring, integrity, excellence, teamwork and diversity and inclusion, delivering quality experiences and providing benefits that advance the well-being of our people and their families.

Leadership and Talent Development

Developing our human capital resources is a key focus for us. The Board remains resolute in overseeing this focus and providing guidance to our leadership team, through a committed Talent Management Compensation Committee.

We strive to create a leadership culture that begins with self-aware and capable leaders creating an environment in which all employees can thrive and reach their full potential. We encourage leaders to connect our people and their work to our mission, vision, values, brand promise and growth strategy, thus, motivating employees and hopefully helping them feel a higher sense of purpose in their contributions.

We have designed leadership and talent development programs for employees ranging from the manufacturing floor and technicians through to middle management and executives. We are promoting a learning culture by providing employees and their managers with tools and resources to have meaningful development conversations, envision and plan their careers, thrive in their work and navigate in a large global organization. Through our talent strategy, our goal is to provide all employees with equitable access to the development and career opportunities that a global company, like Cummins, enables.

Competitive Pay and Benefits

To attract and retain the best employees, we focus on providing progressive, competitive pay and benefits. Our programs target the market for competitiveness and sustainability while ensuring that we honor our core values. We provide benefit programs with the goal of improving the physical, mental, emotional, social and financial wellness of our employees throughout their lifetime. Some examples include base and variable pay, healthcare programs, paid time off, flexible work, retirement saving plans and employee stock purchase plans.

When designing our base pay ranges, we conduct market analyses to ensure our ranges are competitive and our employees are advancing their earning potential. We also perform annual compensation studies to assess market movement, pay equity and living wages. We review wages globally as we continuously work to ensure we are fair, equitable, competitive and can attract and retain the best talent.

We also provide an array of benefits as part of our total rewards program that are aligned with our values and focused on supporting employees and their families based on their unique needs, some of which include the following: healthcare plans that are tiered by salary, to ensure affordability to all of our employees; paid parental leave for primary and secondary caregivers; travel benefits and advanced medical services to support complex health care needs; global employee assistance programs; and a global mental health program, all designed to support employees on the journey to well-being.

Employee Safety and Wellness

Cummins is committed to being world-class in health and safety. We are committed to removing conditions that cause personal injury or occupational illness, and we make decisions and promote behaviors that protect employees from risk of injury. We publicly disclose metrics on our rate of recordable injuries, our rate of lost workdays due to injury, rate of ergonomic injuries and rate of potentially serious injuries and fatalities.

Since 2020, we have taken many steps in the employee safety and wellness area including the following:

- Executed robust safety protocols for essential on-site personnel.
- Implemented remote and hybrid work environments, where possible, to give employees flexibility to work off-site. As part of this effort, we provide remote ergonomic evaluations and support to help employees create off-site workspaces that are safe.

- Provided high-quality clinical services at onsite and near-site medical clinics at several locations across the globe to support employee health and well-being.
- Launched a global mental health campaign to destigmatize and normalize conversations about mental health, promote mental well-being, encourage employees and their families to seek help when needed and promote company-provided resources. This campaign has been extended to include physical, emotional, financial and social pillars of well-being.

Diversity and Inclusion

At Cummins, our commitment to inclusion dates back more than a half-century and continues to be core to our fabric and continued success. We leverage the strength of our broadly diverse, global workforce to drive innovation and business results and deliver superior solutions for our customers and communities. We do this through our commitment to fostering an accountable culture that champions our vision of a workforce mirroring the communities we serve. This commitment starts at the top with our Board and permeates throughout our organization as everyone plays a role in nurturing inclusive environments where all employees can reach their full potential and thrive.

Our strong focus on cultivating an inclusive culture underscores our belief that a diverse and inclusive workforce is a core value and competitive advantage for Cummins. This focus dates back to the early 1970s as reflected in a public statement made by our former Chairman, J. Irwin Miller:

"Character, ability and intelligence are not concentrated in one sex over the other, nor in persons with certain accents or in certain races or in persons holding degrees from universities over others. When we indulge ourselves in such irrational prejudices, we damage ourselves most of all and ultimately assure ourselves of failure in competition with those more open and less biased."

Our long-standing commitment to diversity and inclusion is consistent with our commitment to follow the law everywhere, including, without limitation, complying with U.S. and global laws and regulations related to civil rights and anti-discrimination. We believe that we are in compliance with such laws and regulations in all material respects.

For more information on the topics above and our management of our human capital resources, please go to sustainability.cummins.com. Information from our sustainability report and sustainability webpage is not incorporated by reference into this filing.

AVAILABLE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information electronically with the Securities and Exchange Commission (SEC). The SEC maintains an internet site that contains annual, quarterly and current reports, proxy and information statements and other information that Cummins files electronically with the SEC. The SEC's internet site is www.sec.gov.

Our internet site is www.cummins.com. You can access our Investors and Media webpage through our internet site, by hovering on the heading "Company" and selecting "Investor Relations" link under the "About Us" section. We make available, free of charge, on or through our Investors and Media webpage, our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934 or the Securities Act of 1933, each, as amended, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC.

We also have a Corporate Governance webpage. You can access our Governance Documents webpage through our internet site, www.cummins.com, by hovering on the heading "Company" and selecting "Investor Relations" link under the "About Us" section. Next, click on the heading "Board & ESG" and select "Governance Documents" from the drop-down menu. Code of Conduct, Committee Charters and other governance documents are included at this site. Our Code of Conduct applies to all employees, regardless of their position or the country in which they work. It also applies to the employees of any entity owned or controlled by us. We will post any amendments to the Code of Conduct and any waivers that are required to be disclosed by the rules of either the SEC or the NYSE, on our internet site. The information on our internet site is not incorporated by reference into this report.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Following are the names and ages of our executive officers, their positions with us at January 31, 2025, and summaries of their backgrounds and business experience:

Name and Age	Present Cummins Inc. position and year appointed to position	Principal position during the past five years other than Cummins Inc. position currently held
Jennifer Rumsey (51)	Chair and Chief Executive Officer (2023)	President and Chief Executive Officer (2022-2023) President and Chief Operating Officer (2021-2022) Vice President and President—Components (2019-2020)
Sharon R. Barner (67)	Vice President—Chief Administrative Officer (2021)	Vice President—Chief Administrative Officer and Corporate Secretary (2021-2023) Vice President—General Counsel and Corporate Secretary (2020-2021) Vice President—General Counsel (2012-2020)
Marvin Boakye (51)	Vice President—Chief Human Resources Officer (2022)	Chief People and Diversity Officer—Papa John's International (2019-2022)
Jenny M. Bush (50)	Vice President and President—Power Systems (2022)	Vice President—Cummins Sales & Service North America (2017-2022)
Amy R. Davis (55)	Vice President and President—Accelera and Components (2023)	Vice President and President—Accelera (2020-2023) Vice President—Cummins Filtration (2018-2020)
Bonnie Fetch (54)	Vice President and President—Distribution Business (2024)	Vice President—Global Supply Chain and Manufacturing (2022-2023) Vice President—DBU Supply Chain Services (2020-2022) Executive Director, Supply Chain—DBU (2018-2020)
Nicole Y. Lamb-Hale (58)	Vice President—Chief Legal Officer and Corporate Secretary (2023)	Vice President—Chief Legal Officer (2022-2023) Vice President—General Counsel (2021-2022) Managing Director and Washington, DC City Leader—Kroll (2020-2021) Managing Director—Kroll (2016-2020)
Brett Merritt (48)	Vice President and President—Engine Business (2024)	Vice President—On-Highway Engine Business and Vice President of Strategic Customer Relations (2023) Vice President—On-Highway Engine Business (2017-2023)
Srikanth Padmanabhan (60)	Executive Vice President and President—Operations (2024)	Vice President and President—Engine Business (2016-2023)
Mark A. Smith (57)	Vice President—Chief Financial Officer (2019)	
Nathan R. Stoner (47)	Vice President—China ABO (2020)	General Manager—Partnerships and EBU China Joint Venture Business (2018-2020)
Jeffrey T. Wiltrout (44)	Vice President—Corporate Strategy (2022)	Executive Director—Corporate Development (2021-2022) Strategy Director—Power Systems Business Unit (2018-2021)
Jonathan Wood (54)	Vice President—Chief Technical Offer (2023)	Vice President—New Power Engineering (2021-2023) Vice President—Components Engineering (2018-2021)

Our Chair and CEO is elected annually by the Board and holds office until the meeting of the Board at which her election is next considered. Other officers are appointed by the Chair and CEO, are ratified by the Board and hold office for such period as the Chair and CEO or the Board may prescribe.

ITEM 1A. Risk Factors

Set forth below and elsewhere in this Annual Report on Form 10-K are some of the principal risks and uncertainties that could cause our actual business results to differ materially from any forward-looking statements contained in this Report and could individually, or in combination, have a material adverse effect on our results of operations, financial position and cash flows. These risk factors should be considered in addition to our cautionary comments concerning forward-looking statements in this Report, including statements related to markets for our products and trends in our business that involve a number of risks and uncertainties. Our separate section above, "CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION," should be considered in addition to the following statements.

GOVERNMENT REGULATION

While we have reached Settlement Agreements with the EPA, CARB, the Environmental and Natural Resources Division of the U.S. Department of Justice and the California Attorney General's Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., we have incurred, and likely will incur, other additional claims, costs and expenses in connection with the matters covered by the Settlement Agreements and other matters related to our compliance with emission standards for our engines, including with respect to additional regulatory action and collateral litigation related to these matters. Those and related expenses and reputational damage could have a material adverse impact on our results of operations, financial condition and cash flows.

In December 2023, we announced that we reached the agreement in principle and recorded a charge of $2.0 billion in the fourth quarter of 2023 to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024. This fourth quarter of 2023 charge was in addition to the previously announced charges of $59 million for the recalls of model years 2013 through 2018 RAM 2500 and 3500 trucks and model years 2016 through 2019 Titan trucks. Failure to comply with the terms and conditions of the Settlement Agreements subjects us to stipulated penalties. Subsequent to the second quarter of 2024, we recorded immaterial amounts related to stipulated penalties we determined to be probable and estimable. Any further non-compliance with the Settlement Agreements will likely subject us to further stipulated penalties and other adverse consequences.

We have also been in communication with other non-U.S. regulators regarding matters related to the emission systems in our engines and may also become subject to additional regulatory review in connection with these matters.

In connection with our announcement of our entry into the agreement in principle, we became subject to shareholder, consumer and third-party litigation regarding the matters covered by the Settlement Agreements, and we may become subject to additional litigation in connection with these matters.

The consequences resulting from the resolution of the foregoing matters are uncertain and the related expenses and reputational damage could have a material adverse impact on our results of operations, financial condition and cash flows. See NOTE 14, "COMMITMENTS AND CONTINGENCIES," to our *Consolidated Financial Statements* for additional information.

Our products are subject to extensive statutory and regulatory requirements that can significantly increase our costs and, along with increased scrutiny from regulatory agencies and unpredictability in the adoption, implementation and enforcement of increasingly stringent and fragmented emission standards by multiple jurisdictions around the world, could have a material adverse impact on our results of operations, financial condition and cash flows.

Our engines are subject to extensive statutory and regulatory requirements governing emissions and noise, including standards imposed by the EPA, the EU, state regulatory agencies (such as the CARB) and other regulatory agencies around the world. Regulatory agencies are making certification and compliance with emissions and noise standards more stringent and subjecting diesel engine products to an increasing level of scrutiny. In addition, failure to comply with the terms and conditions of the Settlement Agreements will subject us to stipulated penalties. The discovery of noncompliance issues could have a material adverse impact on our results of operations, financial condition and cash flows.

Developing engines and components to meet more stringent and continuously changing regulatory requirements, with different implementation timelines and emission requirements, makes developing engines efficiently for multiple markets complicated and could result in substantial additional costs that may be difficult to recover in certain markets. While we have met previous deadlines, our ability to comply with existing and future regulatory standards will be essential for us to maintain our competitive position in the engine applications and industries we serve. The successful development and introduction of new and enhanced products in order to comply with new regulatory requirements are subject to other risks, such as delays in product development, cost over-runs and unanticipated technical and manufacturing difficulties.

In addition to these risks, the nature and timing of government implementation and enforcement of increasingly stringent emission standards in our worldwide markets are unpredictable and subject to change. Any delays in implementation or enforcement could result in a loss of our competitive advantage and could have a material adverse impact on our results of operations, financial condition and cash flows.

Evolving environmental and climate change legislation and regulatory initiatives may adversely impact our operations, could impact the competitive landscape within our markets and could negatively affect demand for our products.

Our operations are subject to increasingly stringent environmental laws and regulations in all of the countries in which we operate, including laws and regulations governing air emission, carbon content, discharges to water and the generation, handling, storage, transportation, treatment and disposal of waste materials. For example, in October 2023, the EPA published a final rule imposing reporting and recordkeeping requirements on manufacturers and importers of per- and polyfluoroalkyl substances (PFAS). While we believe that we are in compliance in all material respects with these environmental laws and regulations, there can be no assurance that we will not be adversely impacted by costs, liabilities or claims with respect to existing or subsequently acquired operations, under either present laws and regulations or those that may be adopted or imposed in the future. We are also subject to laws requiring the cleanup of contaminated property. If a release of hazardous substances occurs at or from any of our current or former properties or at a landfill or another location where we have disposed of hazardous materials, we may be held liable for the contamination and the amount of such liability could be material. We may become subject to additional evolving regulations related to the cleanup of contaminated property, such as the EPA's proposal to designate two widely used PFAS as hazardous substances.

Concern over climate change has resulted in, and could continue to result in, new legal or regulatory requirements including those designed to reduce or mitigate carbon content or the effects of GHG emissions. We may become subject to further additional legislation, regulations or accords regarding climate change, and compliance with new rules could be difficult and costly, including increased capital expenditures. Our failure to successfully comply with any such legislation, regulation or accord could also impact our ability to compete in our markets and decrease demand for our products.

We operate our business on a global basis and changes in international, national and regional trade laws, regulations and policies affecting and/or restricting international trade could adversely impact the demand for our products and our competitive position.

We manufacture, sell and service products globally and rely upon a global supply chain to deliver the raw materials, components, systems and parts that we need to manufacture and service our products. Changes in laws, regulations and government policies on foreign trade and investment can affect the demand for our products and services, cause non-U.S. customers to shift preferences toward domestically manufactured or branded products and impact the competitive position of our products or prevent us from being able to sell products in certain countries. Our business benefits from free trade agreements, such as the United States-Mexico-Canada Agreement and the U.S. trade relationships including those with China, Brazil, E.U. and the U.K. More restrictive trade policies, such as efforts to withdraw from or substantially modify such agreements or arrangements, including, without limitation, higher tariffs or new barriers to entry could adversely impact our production costs, customer demand and our relationships with customers and suppliers. Any of these consequences could have a material adverse effect on our results of operations, financial condition and cash flows.

Embargoes, sanctions and export controls imposed by the U.S. and other governments restricting or prohibiting transactions with certain persons or entities, including financial institutions, to certain countries or regions, or involving certain products, could limit the sales of our products. Embargoes, sanctions and export control laws are changing rapidly for certain geographies, including with respect to China. In particular, changing U.S. export controls and sanctions on China, as well as other restrictions affecting transactions involving China and Chinese parties, could affect our ability to collect receivables, access cash generated in China, provide aftermarket and warranty support for our products, sell products and otherwise impact our reputation and business, any of which could have a material adverse effect on our results of operations, financial condition and cash flows.

Unanticipated changes in our effective tax rate, the adoption of new tax legislation or exposure to additional income tax liabilities could adversely affect our profitability.

We are subject to income taxes in the U.S. and numerous international jurisdictions. Our income tax provision and cash tax liability in the future could be adversely affected by the adoption of new tax legislation, changes in earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities and the discovery of new information in the course of our tax return preparation process. The carrying value of deferred tax assets, which are predominantly in the U.S., is dependent on our ability to generate future taxable income in the U.S. We are also subject to ongoing tax audits. These audits can involve complex issues, which may require an extended period of time to resolve and can be highly judgmental. Tax authorities may disagree with certain tax reporting positions taken by us and, as a result, assess additional taxes against us. We regularly assess the likely outcomes of these audits in order to determine the appropriateness of our tax provision. The amounts ultimately paid upon resolution of these or subsequent tax audits could be materially different from the amounts previously included in our income tax provision and, therefore, could have a material impact on our tax provision.

Our global operations are subject to laws and regulations that impose significant compliance costs and create reputational and legal risk.

Due to the international scope of our operations, we are subject to additional regulatory frameworks, including a complex system of commercial and trade regulations, around the world. In some cases, foreign regulatory frameworks are more stringent or complex than similar regimes in the United States. Recent years have seen an increase in the development and enforcement of laws regarding trade compliance and anti-corruption, such as the U.S. Foreign Corrupt Practices Act and similar laws from other countries and expected global sustainability regulations, as well as new regulatory requirements regarding data privacy, such as the European Union General Data Protection Regulation. These new and emerging regulations are likely to require significant resources and data management systems and could increase our cost of doing business, restrict our ability to operate our business or execute our strategies, and could result in fines and penalties or reputational harm if we do not fully comply.

Our numerous foreign subsidiaries, affiliates and joint venture partners are governed by laws, rules and business practices that differ from those of the U.S. The activities of these entities may not comply with U.S. laws or business practices or our Code of Business Conduct. Violations of these laws may result in severe criminal or civil sanctions, could disrupt our business and result in an adverse effect on our reputation, business and results of operations, financial condition and cash flows. We cannot predict the nature, scope or effect of future regulatory requirements to which our operations might be subject or the manner in which existing laws might be administered or interpreted.

Future bans or limitations on the use of diesel-powered vehicles or other applications could have a material adverse impact on our business over the long term.

In an effort to limit GHG emissions and combat climate change, multiple countries and cities have announced that they plan to implement a ban on the use in their countries or cities of diesel-powered products in the near or distant future. These countries include China, India and Germany. In addition, California government officials have called for the state to phase out sales of certain diesel-powered vehicles by 2035. To the extent that these types of bans are actually implemented in the future on a broad basis, or in one or more of our key markets, our diesel business over the long-term could experience material adverse impacts.

BUSINESS CONDITIONS / DISRUPTIONS

We are vulnerable to raw material, transportation and labor price fluctuations and supply shortages, which impacted and could continue to impact our results of operations, financial condition and cash flows.

We continue to experience pockets of supply chain disruptions and related challenges throughout the supply chain. We single source a number of parts and raw materials critical to our business operations. Any delay in our suppliers' deliveries may adversely affect our operations at multiple manufacturing locations, forcing us to seek alternative supply sources to avoid serious disruptions. Delays may be caused by factors affecting our suppliers (including, but not limited to, raw material availability, capacity constraints, port congestion, labor disputes or unrest, shortages of labor, economic downturns, availability of credit, impaired financial condition, sanctions/tariffs, energy inflation/availability, suppliers' allocations to other purchasers, weather emergencies, natural disasters, acts of government or acts of war or terrorism). The effects of climate change, including extreme weather events, long-term changes in temperature levels and water availability may exacerbate these risks. Any extended delay in receiving critical supplies could impair our ability to deliver products to our customers and have a material adverse effect on our results of operations, financial condition and cash flows.

In addition, the current economic environment has resulted, and may continue to result, in price volatility and increased levels of inflation of many of our raw material, transportation and other costs. In particular, increased levels of inflation, fluctuating interest rates and concerns regarding a potential economic recession may result in increased operating costs and/or decreased levels of profitability. Further, the labor market for skilled manufacturing remains tight, and our labor costs have increased as a result. Material, transportation, labor and other cost inflation has impacted and could continue to impact our results of operations, financial condition and cash flows.

We face the challenge of accurately aligning our capacity with our demand.

Our markets are cyclical in nature and we face periods when demand fluctuates significantly higher or lower than our normal operating levels, including variability driven by supply chain inconsistency. Accurately forecasting our expected volumes and appropriately adjusting our capacity are important factors in determining our results of operations and cash flows. We manage our capacity by adjusting our manufacturing workforce, capital expenditures and purchases from suppliers. In periods of weak demand, we may face under-utilized capacity and un-recovered overhead costs, while in periods of strong demand we may experience unplanned costs and could fail to meet customer demand. We cannot guarantee that we will be able to adequately adjust our manufacturing capacity in response to significant changes in customer demand, which could harm our business. If we do not accurately align our manufacturing capabilities with demand it could have a material adverse effect on our results of operations, financial condition and cash flows.

We derive significant earnings from investees that we do not directly control, with more than 50 percent of these earnings from our China-based investees.

For 2024, we recognized $395 million of equity, royalty and interest income from investees, compared to $483 million in 2023. In 2024, more than forty percent of our equity, royalty and interest income from investees is from three of our 50 percent owned joint ventures in China - Beijing Foton Cummins Engine Co., Ltd., Dongfeng Cummins Engine Company, Ltd. and Chongqing Cummins Engine Company, Ltd. Although a significant percentage of our net income is derived from these unconsolidated entities, we do not unilaterally control their management or their operations, which puts a substantial portion of our net income at risk from the actions or inactions of these entities. A significant reduction in the level of contribution by these entities to our net income would likely have a material adverse effect on our results of operations and cash flows.

Our truck manufacturers and OEM customers discontinuing outsourcing their engine supply needs, experiencing financial distress or experiencing a change-in-control of one of our large truck OEM customers, could have a material adverse impact on our results of operations, financial condition and cash flows.

We recognize significant sales of engines and components to a few large on-highway truck OEM customers which have been an integral part of our positive business results for several years. Many are truck manufacturers or OEMs that manufacture engines for some of their own vehicles. Despite their own engine manufacturing abilities, these customers have historically chosen to outsource certain types of engine production to us due to the quality of our engine products, our emission compliance capabilities, our systems integration, their customers' preferences, their desire for cost reductions, their desire for eliminating production risks and their desire to maintain company focus. However, there can be no assurance that these customers will continue to outsource, or outsource as much of, their engine production in the future. In addition, increased levels of OEM vertical integration could result from a number of factors, such as shifts in our customers' business strategies, acquisition by a customer of another engine manufacturer, the inability of third-party suppliers to meet product specifications and the emergence of low-cost production opportunities in foreign countries. Any significant reduction in the level of engine production outsourcing from our truck manufacturer or OEM customers, financial distress of one of our large truck OEM customers due to a change-in-control, could likely lead to significant reductions in our sales volumes, commercial disputes, receivable collection issues, and other negative consequences that could have a material adverse impact on our results of operations, financial condition and cash flows.

PRODUCTS AND TECHNOLOGY

Our products are subject to recall for performance or safety-related issues.

Our products are subject to recall for performance or safety-related issues. Product recalls subject us to reputational risk, loss of current and future customers, reduced revenue and product recall costs. Product recall costs are incurred when we decide, either voluntarily or involuntarily, to recall a product through a formal campaign to solicit the return of specific products due to known or suspected performance or safety issues. Any significant product recalls could have material adverse effects on our results of operations, financial condition and cash flows. See NOTE 13, "PRODUCT WARRANTY LIABILITY" to our *Consolidated Financial Statements* for additional information.

Our products are exposed to variability in material and commodity costs.

Our businesses establish prices with our customers in accordance with contractual time frames; however, the timing of material and commodity market price increases may prevent us from passing these additional costs on to our customers through timely pricing actions. While we customarily enter into financial transactions and contractual pricing adjustment provisions with our customers that attempt to address some of these risks, there can be no assurance that commodity price fluctuations will not adversely affect our results of operations and cash flows. While the use of commodity price hedging instruments and contractual pricing adjustments may provide us with some protection from adverse fluctuations in commodity prices, by utilizing these instruments, we potentially forego the benefits that might result from favorable fluctuations in price. As a result, higher material and commodity costs, could result in declining margins.

The development of new technologies may materially reduce the demand for our current products and services.

We are investing in new products and technologies, including electrolyzers for hydrogen production and electrified power systems and related components and subsystems. Given the early stages of development of some of these new products and technologies, there can be no guarantee of the future market acceptance and investment returns with respect to our planned products, which will face competition from an array of other technologies and manufacturers. The ongoing energy transition away from fossil fuels and the increased adoption of electrified powertrains in some market segments could result in lower demand for current diesel or natural gas engines and components and, over time, reduce the demand for related parts and service revenues from diesel or natural gas powertrains. Furthermore, it is possible that we may not be successful in developing segment-leading electrified or alternate fuel powertrains and some of our existing customers could choose to develop their own, or source from other manufacturers, and any of these factors could have a material adverse impact on our results of operations, financial condition and cash flows.

Lower-than-anticipated market acceptance of our new or existing products or services could have a material adverse impact on our results of operations, financial condition and cash flows.

Although we conduct market research before launching new or refreshed engines and introducing new services, many factors both within and outside our control affect the success of new or existing products and services in the marketplace. Offering engines and services that customers desire and value can mitigate the risks of increasing competition and declining demand, but products and services that are perceived to be less than desirable (whether in terms of price, quality, overall value, fuel efficiency or other attributes) can exacerbate these risks. With increased consumer interconnectedness through the internet, social media and other media, mere allegations relating to poor quality, safety, fuel efficiency, corporate responsibility or other key attributes can negatively impact our reputation or market acceptance of our products or services, even if such allegations prove to be inaccurate or unfounded.

Our business is exposed to potential product liability claims.

We face an inherent business risk of exposure to product liability claims in the event that our products' failure to perform to specification results, or is alleged to result, in property damage, bodily injury and/or death. At any given time, we are subject to various and multiple product liability claims, any one of which, if decided adversely to us, may have a material adverse effect on our reported results of operation in the period in which our liability with respect to any such claim is recognized. While we maintain insurance coverage with respect to certain product liability claims, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against product liability claims. In addition, product liability claims can be expensive to defend and can divert the attention of management and other personnel for significant periods of time, regardless of the ultimate outcome. Furthermore, even if we are successful in defending against a claim relating to our products, claims of this nature could cause our customers to lose confidence in our products and us.

GENERAL

We may be adversely impacted by the effects of climate change and may incur increased costs and experience other impacts due to new or more stringent climate change regulations, accords, mitigation efforts, GHG regulations or other legislation designed to address climate change.

The scientific consensus indicates that emissions of GHG continue to alter the composition of Earth’s atmosphere in ways that are affecting, and are expected to continue to affect, the global climate. The potential impacts of climate change on our customers, product offerings, operations, facilities and suppliers are accelerating and uncertain, as they will be particular to local and customer-specific circumstances. These potential impacts may include, among other items, physical long-term changes in freshwater availability and the frequency and severity of weather events as well as customer product changes either through preference or regulation.

Concerns regarding climate change may lead to additional international, national, regional and local legislative and regulatory responses, accords and mitigation efforts. Various stakeholders, including legislators and regulators, shareholders and non-governmental organizations, are continuing to look for ways to reduce GHG emissions, and consumers are increasingly demanding products and services resulting in lower GHG emissions. We could face risks to our brand reputation, investor confidence and market share due to an inability to innovate and develop new products that decrease GHG emissions. Increased input costs, such as fuel, utility, transportation and compliance-related costs could increase our operating costs and negatively impact customer operations and demand for our products. As the impact of any additional future climate related legislative or regulatory requirements on our global businesses and products is dependent on the timing, scope and design of the mandates or standards, we are currently unable to predict its potential impact which could have a material adverse effect on our results of operations, financial condition and cash flows.

Climate change may exacerbate the frequency and intensity of natural disasters and adverse weather conditions, which may cause disruptions to our operations, including disrupting manufacturing, distribution and our supply chain.

Our plan to reposition our portfolio of product offerings through exploration of strategic acquisitions, divestitures or exiting the production of certain product lines or product categories may expose us to additional costs and risks.

Part of our strategic plan is to improve our revenue growth, gross margins and earnings by exploring the repositioning of our portfolio of product line offerings through the pursuit of potential strategic acquisitions, divestitures and/or exiting the production of certain product lines or product categories to provide future strategic, financial and operational benefits and improve shareholder value. There can be no assurance that we will be able to identify suitable candidates or consummate these transactions on favorable terms. The successful identification and completion of any strategic transaction depends on a number of factors that are not entirely within our control, including the availability of suitable candidates and our ability to negotiate terms acceptable to all parties involved, conclude satisfactory agreements and obtain all necessary regulatory approvals. Accordingly, we may not be able to successfully negotiate and complete specific transactions. The exploration, negotiation and consummation of strategic transactions may involve significant expenditures by us, which may adversely affect our results of operations at the time such expenses are incurred, and may divert management’s attention from our existing business. Strategic transactions also may have adverse effects on our existing business relationships with suppliers and customers.

If required, the financing for strategic acquisitions could result in an increase in our indebtedness, dilute the interests of our shareholders or both. Any acquisition may not be accretive to us for a significant period of time following the completion of such acquisition. Also, our ability to effectively integrate any potential acquisition into our existing business and culture may not be successful, which could jeopardize future financial and operational performance for the combined businesses. In addition, if an acquisition results in any additional goodwill or increase in other intangible assets on our balance sheet and subsequently becomes impaired, we would be required to record a non-cash impairment charge, which could result in a material adverse effect on our financial condition.

Similarly, any strategic divestiture of a product line or business or exit of a product line or product category may reduce our revenue and earnings, reduce the diversity of our business, result in material costs and expenses and cause disruption to our employees, customers, vendors and communities in which we operate.

Our business and operations are subject to interest rate risks and changes in interest rates can reduce demand for our products and increase borrowing costs and result in non-cash charges

Rising interest rates could have a dampening effect on overall economic activity and/or the financial condition of our customers, either or both of which could negatively affect customer demand for our products and our customers' ability to repay obligations to us. Rising interest rates may increase our cost of capital which could have material adverse effects on our financial condition and cash flows. Rising interest rates could also impact certain goodwill assets requiring non-cash impairment charges which could have a material adverse impact on our earnings.

We operate in challenging markets for talent and may fail to attract, develop and retain key personnel.

We depend on the skills, institutional knowledge, working relationships, and continued services and contributions of key personnel, including our leadership team and others at all levels of the company, as a critical part of our human capital resources. In addition, our ability to achieve our operating and strategic goals depends on our ability to identify, hire, train and retain qualified individuals. We compete with other companies both within and outside of our industry for talented personnel in a highly competitive labor market, and we may lose key personnel or fail to attract other talented personnel. Any such loss or failure could have material adverse effects on our results of operations, financial condition and cash flows.

Our IT environment and our products are exposed to potential security breaches or other disruptions which may adversely impact our competitive position, reputation, results of operations, financial condition and cash flows.

We rely on the capacity, reliability and security of our IT environment and data security infrastructure in connection with various aspects of our business activities. We also rely on our ability to expand and continually update these technologies and related infrastructure in response to the changing needs of our business. As we implement new technologies, they may not perform as expected. We face the challenge of supporting our older technologies and implementing necessary upgrades. In addition, some of these technologies are managed by third-party service providers and are not under our direct control. If we experience a problem with an important technology, including during upgrades and/or new implementations of technologies, the resulting disruptions could have an adverse effect on our business and reputation. As customers adopt and rely on cloud-based digital technologies and services we offer, any disruption of the confidentiality, integrity or availability of those services could have an adverse effect on our business and reputation.

The data handled by our technologies is vulnerable to security threats. Our operations routinely involve receiving, storing, processing and transmitting sensitive information pertaining to our business, customers, dealers, suppliers, employees and other sensitive matters. As such, our IT environment faces information technology security threats, such as security breaches, computer malware, ransomware attacks and other "cyber attacks," which are increasing in both frequency and sophistication, along with power outages or hardware failures. Increasing use of artificial intelligence may increase these risks. These threats could result in unauthorized public disclosures of information, create financial liability, subject us to legal or regulatory sanctions, disrupt our ability to conduct our business, result in the loss of intellectual property or damage our reputation with customers, dealers, suppliers and other stakeholders. As the result of changing market conditions, a large percentage of our salaried employees continue to work remotely full or part-time. This remote working environment may pose a heightened risk for security breaches or other disruptions of our IT environment.

In addition, our products, including our engines, contain interconnected and increasingly complex technologies that control various processes and these technologies are potentially subject to "cyber attacks" and disruption. The impact of a significant IT event on either our IT environment or our products could have a material adverse effect on our competitive position, reputation, results of operations, financial condition and cash flows.

We may use artificial intelligence in our business and in our products, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our results of operations.

We may incorporate artificial intelligence solutions into our products, services and features, and we may leverage artificial intelligence, including generative artificial intelligence and machine learning, in our product development, operations and software programming. Our competitors or other third parties may incorporate artificial intelligence into their products or operational processes more quickly or more successfully than us, which could have a material adverse effect on our competitive position, reputation and results of operations.

In addition, there are significant risks involved in developing and deploying artificial intelligence and there can be no assurance that the usage of artificial intelligence will enhance our products or services or be beneficial to our business, including our efficiency or profitability. The rapid evolution of artificial intelligence, including the regulation of artificial intelligence by government or other regulatory agencies, will require significant resources to develop, test and maintain our platforms, offerings, services, and features to implement artificial intelligence ethically and minimize any unintended harmful impacts.

We are exposed to political, economic and other risks that arise from operating a multinational business. Greater political, economic and social uncertainty and the evolving globalization of businesses could significantly change the dynamics of our competition, customer base and product offerings and impact our growth globally.

Our business is subject to the political, economic and other risks that are inherent in operating in numerous countries. These risks include:

- economic and political instability, including international conflicts, war, acts of terrorism or the threat thereof, political or labor unrest, civil unrest, riots, insurrections or trade wars;
- potential changes to, uncertainty around or repeal of certain environmental laws and regulations, potentially slowing adoption of technologies we are investing in and developing;
- the difficulty of enforcing agreements and collecting receivables through foreign legal systems;
- trade protection measures and import or export licensing requirements;
- the imposition of taxes on foreign income and tax rates in certain foreign countries that exceed those in the U.S.;
- the imposition of tariffs, exchange controls or other restrictions;
- difficulty in staffing and managing widespread operations and the application of foreign labor regulations;
- public health crises, including the spread of a contagious disease, such as future pandemics or epidemics, quarantines or shutdowns related to public health crises, and other catastrophic events;
- required compliance with a variety of foreign laws and regulations; and
- changes in general economic and political conditions, including changes in relationship with the U.S., in countries where we operate, particularly in China and emerging markets.

As we continue to operate and grow our business globally, our success will depend, in part, on our ability to anticipate and effectively manage these and other related risks. There can be no assurance that the consequences of these and other factors relating to our multinational operations will not have a material adverse effect upon us.

In addition, there continues to be significant uncertainty about the future relationships between the U.S. and China, including with respect to trade policies, treaties, government regulations and tariffs. Any increased trade barriers or restrictions on global trade, especially trade with China could adversely impact our competitive position, results of operations, financial condition and cash flows.

We face significant competition in the regions we serve.

The markets in which we operate are highly competitive. We compete worldwide with a number of other manufacturers and distributors that produce and sell similar products. We primarily compete with diesel engines and related diesel products; however, new technologies continue to be developed for gasoline, natural gas, hydrogen, electrification and other technologies, and we will continue to face new competition from these expanding technologies. Our products primarily compete on the basis of performance, price, total cost of ownership, fuel economy, emissions compliance, speed of delivery, quality and customer support. We also face competitors in some emerging regions who have established local practices and long standing relationships with participants in these markets. Additionally, we face increasing competition to develop innovative products that result in lower emissions. There can be no assurance that our products will be able to compete successfully with the products of other companies and in other markets.

Increasing global competition among our customers may affect our existing customer relationships and restrict our ability to benefit from some of our customers' growth.

As our customers in emerging markets continue to grow in size and scope, they are increasingly seeking to export their products to other countries. This has meant greater demand for our advanced engine technologies to help these customers meet the more stringent emissions requirements of developed markets, as well as greater demand for access to our distribution systems for purposes of equipment servicing. As these emerging market customers enter into, and begin to compete in more developed markets, they may increasingly begin to compete with our existing customers in these markets. Our further aid to emerging market customers could adversely affect our relationships with developed market customers. In addition, to the extent the competition does not correspond to overall growth in demand, we may see little or no benefit from this type of expansion by our emerging market customers.

Failure to meet sustainability expectations or standards, or to achieve our sustainability goals, could adversely affect our business, results of operations and financial condition.

In recent years, there has been an increased focus from stakeholders on sustainability matters, including GHG emissions and climate-related risks, renewable energy, water stewardship, waste management, diversity, equity and inclusion, responsible sourcing and supply chain, human rights and social responsibility. Given our commitment to certain sustainability principles, we actively manage these issues and have established and publicly announced certain goals, commitments and targets which we may refine, or even expand further, in the future. These goals, commitments and targets reflect our current plans and aspirations and are not guarantees that we will be able to achieve them. Evolving stakeholder expectations and our efforts to manage these issues, report on them and accomplish our goals present numerous operational, regulatory, reputational, financial, legal and other risks, any of which could have a material adverse impact, including on our reputation.

Such risks and uncertainties include:

- reputational harm, including damage to our relationships with customers, suppliers, investors, governments or other stakeholders;
- adverse impacts on our ability to sell and manufacture products;
- the success of our collaborations with third parties;
- increased risk of litigation, investigations or regulatory enforcement actions;
- unfavorable sustainability ratings or investor sentiment;
- diversion of resources and increased costs to control, assess and report on sustainability metrics;
- our ability to achieve our goals, commitments and targets within the timeframes announced;
- access to and increased cost of capital and
- adverse impacts on our stock price.

Any failure, or perceived failure, to meet evolving stakeholder expectations and industry standards or achieve our sustainability goals, commitments and targets could have a material adverse effect on our business, results of operations and financial condition.

We may be adversely impacted by work stoppages and other labor matters.

At December 31, 2024, we employed approximately 69,600 persons worldwide. Approximately 22,000 of our employees worldwide were represented by various unions under collective bargaining agreements that expire between 2025 and 2029. While we have no reason to believe that we will be materially impacted by work stoppages or other labor matters, there can be no assurance that future issues with our labor unions will be resolved favorably or that we will not encounter future strikes, work stoppages, or other types of conflicts with labor unions or our employees. Any of these consequences may have an adverse effect on us or may limit our flexibility in dealing with our workforce. In addition, many of our customers and suppliers have unionized work forces. Work stoppages or slowdowns experienced by us, our customers or suppliers could result in slowdowns or closures that would have a material adverse effect on our results of operations, financial condition and cash flow.

We are subject to foreign currency exchange rate and other related risks.

We conduct operations in many areas of the world involving transactions denominated in a variety of currencies. We are subject to foreign currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. In addition, since our financial statements are denominated in U.S. dollars, changes in foreign currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our results of operations, financial condition and cash flows.

We also face risks arising from the imposition of foreign exchange controls and currency devaluations. Foreign exchange controls may limit our ability to convert foreign currencies into U.S. dollars or to remit dividends and other payments by our foreign subsidiaries or businesses located in or conducted within a country imposing controls. Currency devaluations result in a diminished value of funds denominated in the currency of the country instituting the devaluation. See Management's Discussion and Analysis for additional information.

Significant declines in future financial and stock market conditions could diminish our pension plan asset performance and adversely impact our results of operations, financial condition and cash flow.

We sponsor both funded and unfunded domestic and foreign defined benefit pension and other retirement plans. Our pension cost and the required contributions to our pension plans are directly affected by the value of plan assets, the projected and actual rates of return on plan assets and the actuarial assumptions we use to measure our defined benefit pension plan obligations, including the discount rate at which future projected and accumulated pension obligations are discounted to a present value. We could experience increased pension cost due to a combination of factors, including the decreased investment performance of pension plan assets, decreases in the discount rate and changes in our assumptions relating to the expected return on plan assets.

Significant declines in current and future financial and stock market conditions could cause material losses in our pension plan assets, which could result in increased pension cost in future years and adversely impact our results of operations, financial condition and cash flow. Depending upon the severity and length of market declines and government regulatory changes, we may be legally obligated to make pension payments in the U.S. and perhaps other countries and these contributions could be material.

We are exposed to risks arising from the price and availability of energy.

The level of demand for our products and services is influenced in multiple ways by the price and availability of energy. High energy costs generally drive greater demand for better fuel economy in almost all countries in which we operate. Some of our engine products have been developed with a primary purpose of offering fuel economy improvements, and if energy costs decrease or increase less than expected, demand for these products may likewise decrease. The relative unavailability of electricity in some emerging market countries also influences demand for our electricity generating products, such as our diesel generators. If these countries add energy capacity by expanding their power grids at a rate equal to or faster than the growth in demand for energy, the demand for our generating products could also decrease or increase less than would otherwise be the case.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 1C. Cybersecurity

Material Cybersecurity Risks, Threats and Incidents

To date, risks from cybersecurity threats, including as a result of any previous cybersecurity incidents,have not materially affected and are not reasonably likely to materially affect us, including our business strategy, results of operations or financial condition. Additional information on cybersecurity risks we face is discussed in Part I, Item 1A "Risk Factors" under the heading "General," which should be read in conjunction with the foregoing information.

Cybersecurity Governance

We are committed to protecting our IT assets and the data stored within these assets. This commitment includes the protection of cyber assets relevant to our operations, stakeholder data (including employee, customer and supplier data), intellectual property and our products.

The Enterprise Cybersecurity function, which is responsible for the administration of our enterprise cybersecurity program,is led by the Chief Information Security Officer, who holds a degree in Management Information Systems (MIS) and a Certified Information Security Manager (CISM) designation, and has more than 20 years of IT, cybersecurity, audit and risk management experience in the industrial manufacturing industry. The Chief Information Security Officer reports to our Chief Information Officer. These leaders provide regular updates to the Audit Committee of the Board on cybersecurity risks. Through these updates, the Audit Committee receives a cybersecurity dashboard illustrating cybersecurity priorities and the status of key initiatives.

The Product Cybersecurity function, which is responsible for the administration of our product cybersecurity program,is led by the Principal Engineer – Product Cybersecurity, who has more than 35 years of embedded electronic systems design experience. The Principal Engineer – Product Cybersecurity works directly with the Chief Technical Officer. These leaders provide regular updates to the SET Committee of the Board on product related cybersecurity risks. Through these updates, the SET Committee receives a report discussing product level vulnerability management, product level incident management and the status of relevant product cybersecurity activities.

Our processes for oversight of cybersecurity risks are integrated into ourEnterprise Risk Management (ERM) program, which is led by the Executive Director, Global Risk. To govern the ERM program, we established an Executive Risk Council that meets regularly to review and monitor our most significant enterprise risks, and our prevention, detection and mitigation plans, including with respect to cybersecurity. The Executive Risk Council is comprised of senior leaders with cross-functional experience and responsibilities.

Our Board and its committees are engaged in the oversight of our most significant enterprise risks, including cybersecurity risks. We assign a member of our executive management team to report material information to our Board regarding these risks. The Audit Committee, working with the Chief Information Officer, provides oversight of the enterprise cybersecurity program. The SET Committee, working with the Chief Technical Officer, provides oversight of the product cybersecurity program.

Our Board, Audit Committee and SET Committee receive reports and information from our senior leaders who have functional responsibility for the mitigation of enterprise cybersecurity and product cybersecurity risks. These leaders meet with the committees on a regular basis and provide dashboards or reports, which summarize cybersecurity risks and action plans. The committees elevate matters to the Board as appropriate.

Cybersecurity Risk Management and Strategy

We have an Enterprise Cybersecurity Management Review Group (Enterprise Cybersecurity MRG), which functions as a steering committee to provide oversight and strategic direction for the enterprise cybersecurity program. The Enterprise Cybersecurity MRG is comprised of senior leaders with cross-functional experience and responsibilities. This MRG meets regularly with our Chief Information Security Officer to review the enterprise cybersecurity program and related risks. The MRG receives updates on the status of key cybersecurity initiatives and is responsible for our response to material cybersecurity incidents. For material cybersecurity incidents, our process is to escalate through the MRG to the Audit Committee and Board.

We have a Product Cybersecurity Management Review Group (Product Cybersecurity MRG), which functions as a steering committee to provide oversight and strategic direction for the product cybersecurity program. The Product Cybersecurity MRG is comprised of senior leaders with cross-functional experience and responsibilities. The Product Cybersecurity MRG meets regularly with the Principal Engineer – Product Cybersecurity to review the product cybersecurity program, including risks and the status of key initiatives.

Both the Enterprise and Product Cybersecurity functions administer policies related to cybersecurity in consultation with other stakeholders at the company. Our risk-based cybersecurity program is designed to protect, detect, and respond to cybersecurity threats and incidents. This program, developed alongside the National Institute of Standards and Technology Cybersecurity Framework, aims to protect the confidentiality, integrity, and availability of our IT assets and the data stored thereon. We also have a third-party risk management process, which is designed to assess and manage cybersecurity risks posed by third parties. This process is administered by the Enterprise Cybersecurity function, and through this program, the company evaluates the type of data that is shared with certain vendors with the goal of conducting risk-informed assessments. These assessments provide insights which the Enterprise Cybersecurity function uses to better manage third-party risks.

A cybersecurity operations team is in place to regularly monitor the environment for cybersecurity threats and incidents. We have incident response plans to assess and manage cybersecurity incidents. These plans include escalation procedures based on the nature and severity of the incident. The most critical incidents, which could be material to us, are escalated to executive management and the Enterprise Cybersecurity MRG. In addition, cyber insurance is in place, which may mitigate the impact of cybersecurity incidents.

We engage outside experts where appropriate to aid in maturing, implementing and testing the cybersecurity program and to review our cybersecurity operations.This includes incident response testing through tabletop exercises facilitated by external consultants. We have implemented training and awareness programs to educate our employees on cybersecurity risks, which includes regular educational phishing campaigns, and our Internal Audit function performs regular assessments of the design and operational effectiveness of the program's key processes and controls. We will continue to develop and mature our cybersecurity operations to respond to the dynamic cybersecurity landscape.

ITEM 2. Properties

Manufacturing Facilities

Our principal manufacturing facilities by segment are as follows:

Segment	U.S. Facilities	Facilities Outside the U.S.
Engine	**Indiana:** Columbus	**Brazil:** Sao Paulo
	New York: Lakewood	**India:** Phaltan
	North Carolina: Whitakers	**Mexico:** San Luis Potosi
		U.K.: Darlington
Components	**Indiana:** Columbus	**Brazil:** Sao Paulo
	North Carolina: Fletcher, Laurinburg	**China:** Wuxi
	South Carolina: Charleston, York	**India:** Phaltan
	Wisconsin: Mineral Point	**Italy:** Cameri
		Mexico: Ciudad Juarez, Monterrey, San Luis Potosi
		Netherlands: Roermond
		Sweden: Lindesberg
		U.K.: Darlington, Huddersfield
Power Systems	**Indiana:** Elkhart, Seymour	**Brazil:** Sao Paulo
	Minnesota: Fridley	**China:** Wuhan, Wuxi
	New Mexico: Clovis	**India:** Ahmednagar, Phaltan, Pune, Ranjangaon
	Wisconsin: Kenosha	**Mexico:** San Luis Potosi
		Romania: Craiova
		U.K.: Daventry
Accelera	**Indiana:** Columbus	**Belgium:** Oevel
	Minnesota: Fridley	**Canada:** Mississauga
	North Carolina: Asheville, Forest City	**China:** Shanghai, Tianjin
		Germany: Herten
		Spain: Guadalajara

In addition, engines and engine components are manufactured by joint ventures or independent licensees at manufacturing plants in the U.S., China, India, Japan, Sweden, U.K. and Mexico.

Distribution Facilities

The principal distribution facilities that serve our segments are as follows:

U.S. Facilities	Facilities Outside the U.S.
Arizona: Avondale	**Australia:** Mackay, Perth
Colorado: Henderson	**Canada:** Fort McMurray AB
Kentucky: Florence [(1)]	**China:** Beijing
New Jersey: Kearny	**India:** Pune
Texas: Dallas	**South Africa:** Johannesburg
Utah: West Valley City	**U.K.:** Wellingborough

[(1)] Florence is a Components distribution facility.

Supply Chain Facilities

The principal supply chain facilities that serve our segments are as follows:

U.S. Facilities	Facilities Outside the U.S.
Georgia: Atlanta	**Belgium:** Rumst
Indiana: Columbus, Indianapolis	**Brazil:** Guarulhos
Kentucky: Walton	**China:** Beijing, Shanghai, Wuhan
North Carolina: Enfield	**India:** Phaltan, Pithampur, Pune
Oregon: Portland	**Mexico:** Juarez, San Luis Potosi
Pennsylvania: Harrisburg	**Singapore:** Pandan Avenue
South Carolina: Charleston	**U.K.:** Darlington, Daventry
Tennessee: Memphis	
Texas: Dallas	

Other Facilities

We operate numerous management, research and development, marketing and administrative facilities globally.

ITEM 3. Legal Proceedings

The matters described under "Legal Proceedings" in NOTE 14, "COMMITMENTS AND CONTINGENCIES," to our *Consolidated Financial Statements* are incorporated herein by reference.

ITEM 4. Mine Safety Disclosures

Not Applicable.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the NYSE under the symbol "CMI." For other matters related to our common stock and shareholders' equity, see NOTE 15, "CUMMINS INC. SHAREHOLDERS' EQUITY," to our *Consolidated Financial Statements.*

At December 31, 2024, there were 2,253 holders of record of Cummins Inc.'s $2.50 par value common stock.

The following information is provided pursuant to Item 703 of Regulation S-K:

	Issuer Purchases of Equity Securities			
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) [(1)]
October 1 - October 31	—	$ —	—	$ 2,218
November 1 - November 30	—	—	—	2,218
December 1 - December 31	—	—	—	2,218
Total	—	—	—	

[(1)] Shares repurchased under our Key Employee Stock Investment Plan only occur in the event of a participant default, which cannot be predicted, and were excluded from this column.

In December 2021, the Board authorized the acquisition of up to $2.0 billion of additional common stock upon completion of the $2.0 billion repurchase plan authorized in 2019. During the three months ended December 31, 2024, we did not make any repurchases of common stock. The dollar value remaining available for future purchases under the 2019 program at December 31, 2024, was $218 million.

Our Key Employee Stock Investment Plan allows certain employees, other than officers, to purchase shares of common stock on an installment basis up to an established credit limit. We hold participants’ shares as security for the loans and would, in effect, repurchase shares only if the participant defaulted in repayment of the loan. Shares associated with participants' sales are sold as open-market transactions via a third-party broker.

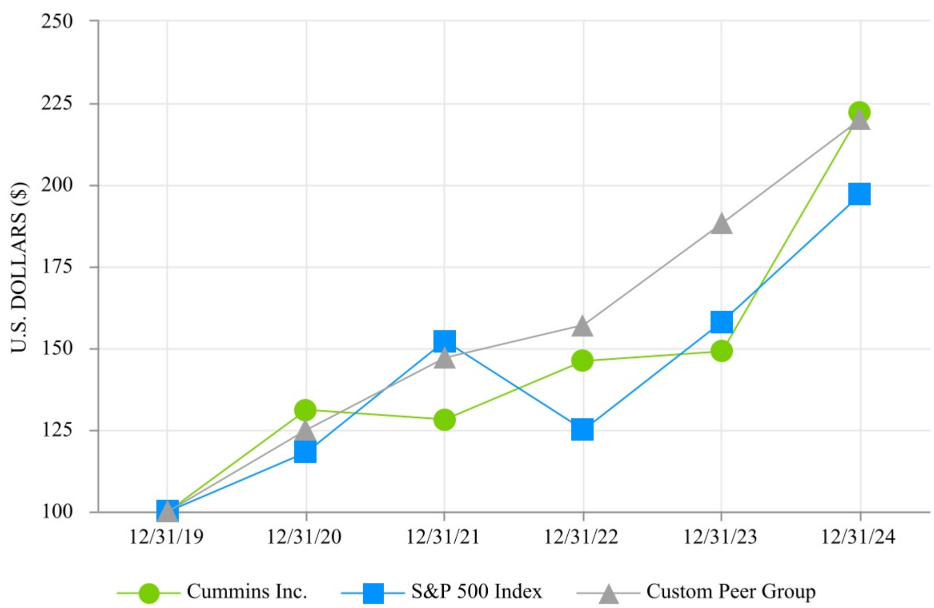
Performance Graph (Unaudited)

The following Performance Graph and related information shall not be deemed "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any of our future filings under the Securities Act of 1933 or Securities Exchange Act of 1934, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

The following graph compares the cumulative total shareholder return on our common stock for the last five years with the cumulative total return on the S&P 500 Index and an index of peer companies selected by us. In 2024, we re-evaluated our peer group that the Board benchmarks against and chose to remove companies that we no longer believe participate in similar end-markets or are strongly aligned with our businesses. We removed W.W. Grainger since they are primarily U.S. focused and Fortive Corporation due to a spin-off transaction that shrank the size of their business. Our peer group includes BorgWarner Inc., Caterpillar, Inc., Daimler Truck Holding AG, Dana Inc., Deere & Company, Eaton Corporation, Emerson Electric Co., Honeywell International, Illinois Tool Works Inc., PACCAR, Parker-Hannifin Corporation, Textron Inc. and Volvo AB. Daimler Truck Holding AG is excluded from the peer index in the following graph due to the corporate split and public filing in December 2021. Each of the measures of cumulative total return assumes reinvestment of dividends. The comparisons in this table are required by the SEC and are not intended to forecast or be indicative of possible future performance of our stock.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

AMONG CUMMINS INC., S&P 500 INDEX AND CUSTOM PEER GROUP



ASSUMES $100 INVESTED ON DECEMBER 31, 2019

ASSUMES DIVIDENDS REINVESTED

FISCAL YEAR ENDING DECEMBER 31, 2024

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

ORGANIZATION OF INFORMATION

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) was prepared to provide the reader with a view and perspective of our business through the eyes of management and should be read in conjunction with our *Consolidated Financial Statements* and the accompanying notes to those financial statements. Our MD&A is presented in the following sections:

- **EXECUTIVE SUMMARY AND FINANCIAL HIGHLIGHTS**
- **RESULTS OF OPERATIONS**
- **OPERATING SEGMENT RESULTS**
- **2025 OUTLOOK**
- **LIQUIDITY AND CAPITAL RESOURCES**
- **APPLICATION OF CRITICAL ACCOUNTING ESTIMATES**
- **RECENTLY ADOPTED AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

The following is the discussion and analysis of changes in the financial condition and results of operations for fiscal year 2024 compared to fiscal year 2023. The discussion and analysis of fiscal year 2022 and changes in the financial condition and results of operations for fiscal year 2023 compared to fiscal year 2022, that are not included in this Form 10-K, may be found in Part II, ITEM 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission (SEC) on February 12, 2024.

EXECUTIVE SUMMARY AND FINANCIAL HIGHLIGHTS

Overview

We are a global power solutions leader comprised of five business segments - Engine, Components, Distribution, Power Systems and Accelera - supported by our global manufacturing and extensive service and support network, skilled workforce and vast technical expertise. Our products range from advanced diesel, natural gas, electric and hybrid powertrains and powertrain-related components including aftertreatment, turbochargers, fuel systems, valvetrain technologies, controls systems, air handling systems, automated transmissions, axles, drivelines, brakes, suspension systems, electric power generation systems, electrified power systems with innovative components and subsystems, including battery, fuel cell and electric power technologies and hydrogen production technologies. We sell our products to original equipment manufacturers (OEMs), distributors, dealers and other customers worldwide. We have long-standing relationships with many of the leading manufacturers in the markets we serve, including PACCAR Inc, Traton Group, Daimler Trucks North America and Stellantis N.V. We serve our customers through a service network of approximately 650 wholly-owned, joint venture and independent distributor locations and more than 19,000 Cummins certified dealer locations in approximately 190 countries and territories.

Our segment reporting structure is organized according to the products and markets each segment serves. The Engine segment produces engines (15 liters and smaller) and associated parts for sale to customers in on-highway and various off-highway markets. Our engines are used in trucks of all sizes, buses and recreational vehicles, as well as in various industrial applications, including construction, agriculture, power generation systems and other off-highway applications. The Components segment sells axles, drivelines, brakes and suspension systems for commercial diesel and natural gas applications, aftertreatment systems, turbochargers, fuel systems, valvetrain technologies, automated transmissions and electronics. The Distribution segment includes wholly-owned and partially-owned distributorships engaged in wholesaling engines, generator sets and service parts, as well as performing service and repair activities on our products, maintaining relationships with various OEMs throughout the world and providing selected sales and aftermarket support for our Accelera business. The Power Systems segment is an integrated power provider, which designs, manufactures and sells standby and prime power generators, engines (16 liters and larger) for standby and prime power generator sets and industrial applications (including mining, oil and gas, marine, rail and defense), alternators and other power components. The Accelera segment designs, manufactures, sells and supports electrified power systems with innovative components and subsystems, including battery, fuel cell and electric powertrain technologies as well as hydrogen production technologies. The Accelera segment is currently in the early stages of commercializing these technologies with efforts primarily focused on the development of electrified power systems and related components and subsystems and our electrolyzers for hydrogen production. We continue to serve all our markets as they adopt electrification and alternative power technologies, meeting the needs of our OEM partners and end customers.

Our financial performance depends, in large part, on varying conditions in the markets we serve, particularly the on-highway, off-highway, power generation and general industrial markets. Demand in these markets tends to fluctuate in response to overall economic conditions. Our sales may also be impacted by OEM inventory levels, production schedules, stoppages and supply chain challenges. Economic downturns in markets we serve generally result in reduced sales of our products and can result in price reductions in certain products and/or markets. As a worldwide business, our operations are also affected by geopolitical risks, currency fluctuations, political and economic uncertainty, public health crises (epidemics or pandemics) and regulatory matters, including adoption and enforcement of environmental and emission standards, in the countries we serve. As part of our growth strategy, we invest in businesses in certain countries that carry higher levels of these risks such as China, Brazil, India, Mexico and other countries in Europe, the Middle East and Africa. At the same time, our geographic diversity and broad product and service offerings have helped limit the impact from a drop in demand in any one industry, region, the economy of any single country or customer on our consolidated results.

Accelera Strategic Reorganization Actions

In the fourth quarter of 2024, our Accelera segment underwent a strategic review to better streamline operations as well as pace and re-focus investments on the most promising paths as the adoption of certain zero emission solutions slows. This review resulted in decisions to consolidate certain manufacturing efforts, focus internal development efforts towards areas of differentiation while continuing to leverage partners and reduce our investments in certain technologies, joint ventures and markets. In addition, declining customer demand in certain key product lines caused us to re-evaluate the recoverability of certain inventory items. As a result of these actions, we recorded several charges in the fourth quarter related to inventory write-downs, intangible and fixed asset impairments and joint venture impairments. Total charges for these strategic reorganization actions were $312 million. See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," to our *Consolidated Financial Statements* for additional information.

Divestiture of Atmus

On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus Filtration Technologies Inc. (Atmus) common stock through a tax-free split-off. The exchange resulted in a reduction of shares of our common stock outstanding by 5.6 million shares and a gain of approximately $1.3 billion. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," to our *Consolidated Financial Statements* for additional information.

Settlement Agreements

In December 2023, we announced that we reached an agreement in principle with the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), the Environmental and Natural Resources Division of the U.S. Department of Justice (DOJ) and the California Attorney General's Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024 (collectively, the Settlement Agreements). We recorded a charge of $2.0 billion in the fourth quarter of 2023 to resolve the matters addressed by the Settlement Agreements involving approximately one million of our pick-up truck applications in the U.S. In the second quarter of 2024, we made $1.9 billion of payments required by the Settlement Agreements. See NOTE 14, "COMMITMENTS AND CONTINGENCIES," to our *Consolidated Financial Statements* for additional information.

2024 Results

A summary of our results is as follows:

	Years ended December 31,		
In millions, except per share amounts	**2024** [(1)]	**2023** [(2)]	**2022**
Net sales	**$ 34,102**	$ 34,065	$ 28,074
Net income attributable to Cummins Inc.	**3,946**	735	2,151
Earnings per common share attributable to Cummins Inc.			
Basic	**$ 28.55**	$ 5.19	$ 15.20
Diluted	**28.37**	5.15	15.12

(1) Net income and earnings per common share included the $1.3 billion non-taxable gain associated with the divestiture of Atmus for the year ended December 31, 2024. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," to our *Consolidated Financial Statements* for additional information.

(2) Net income and earnings per common share included a $2.0 billion charge related to the Settlement Agreements for the year ended December 31, 2023. See NOTE 14, "COMMITMENTS AND CONTINGENCIES," to our *Consolidated Financial Statements* for additional information.

Net income attributable to Cummins Inc. for 2024 was $3.9 billion, or $28.37 per diluted share, on sales of $34.1 billion, compared to 2023 net income attributable to Cummins Inc. of $0.7 billion, or $5.15 per diluted share, on sales of $34.1 billion. The increases in net income attributable to Cummins Inc. and earnings per diluted share were driven by the absence of the $2.0 billion charge related to the Settlement Agreements in 2023 and the $1.3 billion gain recognized on the divestiture of Atmus in 2024. Diluted earnings per common share for 2024 benefited $0.87 per share from fewer weighted-average shares outstanding due to treasury shares reacquired in the Atmus divestiture.

The table below presents our consolidated net sales by geographic area based on the location of the customer:

				Favorable/(Unfavorable)			
	Years ended December 31,			2024 vs. 2023		2023 vs. 2022	
In millions	2024	2023	2022	Amount	Percent	Amount	Percent
United States and Canada	**$ 20,820**	$ 20,650	$ 16,869	$ 170	1 %	$ 3,781	22 %
International	**13,282**	13,415	11,205	(133)	(1) %	2,210	20 %
Total net sales	**$ 34,102**	$ 34,065	$ 28,074	$ 37	— %	$ 5,991	21 %

Worldwide revenues were flat in 2024 compared to 2023, as increased global power generation demand (mostly data center markets) and higher demand in North American medium-duty truck and bus markets were offset by the divestiture of Atmus, lower emission solutions demand (mainly in China), lower demand in North American heavy-duty truck and pick-up truck markets and weaker demand in global construction markets. Net sales in the U.S. and Canada improved by 1 percent primarily due to higher demand in power generation markets and medium-duty truck and bus markets, partially offset by the divestiture of Atmus and lower demand in North American pick-up truck and heavy-duty truck markets. International sales (excludes the U.S. and Canada) declined by 1 percent, primarily due to lower sales in China and Europe which were mostly offset with higher sales in Latin America and India. The decrease in international sales was primarily due to the divestiture of Atmus and lower emission solutions demand (mainly in China), largely offset by increased demand in power generation markets (mainly Europe, China, Asia Pacific and India). Unfavorable foreign currency fluctuations impacted international sales by 1 percent (mainly the Brazilian real and Chinese renminbi).

The following table contains sales and EBITDA (defined as earnings or losses before interest expense, income taxes, depreciation and amortization and noncontrolling interests) by operating segment for the years ended December 31, 2024 and 2023. See NOTE 25, "OPERATING SEGMENTS," to our *Consolidated Financial Statements* for additional information and a reconciliation of our segment information to the corresponding amounts in our *Consolidated Statements of Net Income*.

	Operating Segments							
	2024			2023			Percent change 2024 vs. 2023	
In millions	Sales	Percent of Total	EBITDA	Sales	Percent of Total	EBITDA	Sales	EBITDA
Engine	**$ 11,712**	**28 %**	**$ 1,653**	$ 11,684	28 %	$ 1,630	— %	1 %
Components	**11,679**	**28 %**	**1,591**	13,409	32 %	1,840	(13)%	(14) %
Distribution	**11,384**	**27 %**	**1,378**	10,249	25 %	1,209	11 %	14 %
Power Systems	**6,408**	**16 %**	**1,180**	5,673	14 %	836	13 %	41 %
Accelera	**414**	**1 %**	**(764)** [1]	354	1 %	(443)	17 %	(72) %
Total segments	**41,597**	**100 %**	**5,038**	41,369	100 %	5,072	1 %	(1) %
Intersegment eliminations	**(7,495)**		**1,288** [2]	(7,304)		(2,055) [3]	3 %	NM
Total	**$ 34,102**		**$ 6,326** [2]	$ 34,065		$ 3,017 [3]	— %	NM

"NM" - not meaningful information

[1] Accelera EBITDA included $312 million of strategic reorganization action charges in the fourth quarter of 2024. See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," to our *Consolidated Financial Statements* for additional information.

[2] Intersegment eliminations and total EBITDA included a $1.3 billion gain recognized on the divestiture of Atmus, and total EBITDA included $35 million of costs associated with the divestiture of Atmus. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," to our *Consolidated Financial Statements* for additional information.

[3] Intersegment eliminations and total EBITDA included a $2.0 billion charge related to the Settlement Agreements, and total EBITDA included $100 million of costs associated with the divestiture of Atmus. See NOTE 14, "COMMITMENTS AND CONTINGENCIES," to our *Consolidated Financial Statements* for additional information.

2024 Highlights

We generated $1.5 billion of operating cash flows in 2024, compared to $4.0 billion in 2023. See the section titled "*Cash Flows*" in the "LIQUIDITY AND CAPITAL RESOURCES" section for a discussion of items impacting cash flows.

Our debt to capital ratio (total capital defined as debt plus equity) at December 31, 2024, was 38.4 percent, compared to 40.3 percent at December 31, 2023. The decrease was primarily due to the increased equity balance from stronger earnings since December 31, 2023, partially offset by higher debt balances at December 31, 2024. At December 31, 2024, we had $2.3 billion in cash and marketable securities on hand and access to our $4.0 billion credit facilities (net of $1.3 billion commercial paper outstanding), if necessary, to meet working capital, investment, acquisition and funding needs.

In November 2024, we settled a portion of our interest rate swaps related to our 2025 and 2030 bonds with a combined notional amount of $135 million. In the second and third quarters of 2024, we settled the remaining $500 million of interest rate swaps associated with the term loan, due in 2025, and repaid the outstanding balance of the term loan. See NOTE 12, “DEBT,” and NOTE 20, "DERIVATIVES," to our *Consolidated Financial Statements* for additional information.

In July 2024, the Board of Directors (Board) authorized an increase to our quarterly dividend of approximately 8 percent from $1.68 per share to $1.82 per share.

On June 3, 2024, we entered into an amended and restated 5-year credit agreement that allows us to borrow up to $2.0 billion of unsecured funds at any time prior to June 3, 2029. The credit agreement amended and restated the prior $2.0 billion 5-year credit agreement that would have matured on August 18, 2026. We also entered into an amended and restated 364-day credit agreement that allows us to borrow up to $2.0 billion of unsecured funds at any time prior to June 2, 2025. This credit agreement amended and restated the prior $2.0 billion 364-day credit facility that matured on June 3, 2024. See NOTE 12, “DEBT,” to our *Consolidated Financial Statements* for additional information.

In May 2024, we entered into an accounts receivable sales agreement with Wells Fargo Bank, N.A., to sell certain accounts receivable up to $500 million. See NOTE 1, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," to our *Consolidated Financial Statements* for additional information.

In the second quarter of 2024, we made $1.9 billion of required payments towards the Settlement Agreements. See NOTE 14, “COMMITMENTS AND CONTINGENCIES,” to our *Consolidated Financial Statements* for additional information.

On February 20, 2024, we issued $2.25 billion aggregate principal amount of senior unsecured notes consisting of $500 million aggregate principal amount of 4.90 percent senior unsecured notes due in 2029, $750 million aggregate principal amount of 5.15 percent senior unsecured notes due in 2034 and $1.0 billion aggregate principal amount of 5.45 percent senior unsecured notes due in 2054. We received net proceeds of $2.2 billion. See NOTE 12, "DEBT," to our *Consolidated Financial Statements* for additional information.

In 2024, the investment gain on our U.S. pension trusts was 5.5 percent, while our U.K. pension trusts' loss was 9.6 percent. Our global pension plans, including our unfunded and non-qualified plans, were 115 percent funded at December 31, 2024. Our U.S. defined benefit plans (qualified and non-qualified), which represented approximately 70 percent of the worldwide pension obligation, were 117 percent funded, and our U.K. defined benefit plans were 109 percent funded at December 31, 2024. We expect to contribute approximately $52 million in cash to our global pension plans in 2025. In addition, we expect our 2025 net periodic pension cost to approximate $76 million. See "APPLICATION OF CRITICAL ACCOUNTING ESTIMATES" and NOTE 10, "PENSIONS AND OTHER POSTRETIREMENT BENEFITS," to our *Consolidated Financial Statements* for additional information concerning our pension and other postretirement benefit plans.

As of the date of this filing, our credit ratings and outlooks from the credit rating agencies remain unchanged.

RESULTS OF OPERATIONS

	Years ended December 31,			Favorable/(Unfavorable) 2024 vs. 2023		Favorable/(Unfavorable) 2023 vs. 2022	
In millions (except per share amounts)	**2024**	**2023**	**2022**	**Amount**	**Percent**	**Amount**	**Percent**
NET SALES	**$ 34,102**	$ 34,065	$ 28,074	$ 37	— %	$ 5,991	21 %
Cost of sales	**25,663**	25,816	21,355	153	1 %	(4,461)	(21) %
GROSS MARGIN	**8,439**	8,249	6,719	190	2 %	1,530	23 %
OPERATING EXPENSES AND INCOME							
Selling, general and administrative expenses	**3,275**	3,333	2,687	58	2 %	(646)	(24) %
Research, development and engineering expenses	**1,463**	1,500	1,278	37	2 %	(222)	(17) %
Equity, royalty and interest income from investees	**395**	483	349	(88)	(18) %	134	38 %
Other operating expense, net	**346**	2,138	174	1,792	84 %	(1,964)	NM
OPERATING INCOME	**3,750**	1,761	2,929	1,989	NM	(1,168)	(40) %
Interest expense	**370**	375	199	5	1 %	(176)	(88) %
Other income, net	**1,523**	240	89	1,283	NM	151	NM
INCOME BEFORE INCOME TAXES	**4,903**	1,626	2,819	3,277	NM	(1,193)	(42) %
Income tax expense	**835**	786	636	(49)	(6) %	(150)	(24) %
CONSOLIDATED NET INCOME	**4,068**	840	2,183	3,228	NM	(1,343)	(62) %
Less: Net income attributable to noncontrolling interests	**122**	105	32	(17)	(16) %	(73)	NM
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	**$ 3,946**	$ 735	$ 2,151	$ 3,211	NM	$ (1,416)	(66) %
Diluted earnings per common share attributable to Cummins Inc.	**$ 28.37**	$ 5.15	$ 15.12	$ 23.22	NM	$ (9.97)	(66) %

"NM" - not meaningful information

				Favorable/(Unfavorable) Percentage Points	
Percent of sales	**2024**	**2023**	**2022**	**2024 vs. 2023**	**2023 vs. 2022**
Gross margin	**24.7 %**	24.2 %	23.9 %	0.5	0.3
Selling, general and administrative expenses	**9.6 %**	9.8 %	9.6 %	0.2	(0.2)
Research, development and engineering expenses	**4.3 %**	4.4 %	4.6 %	0.1	0.2

2024 vs. 2023

Net Sales

Net sales increased $37 million, primarily driven by the following:

- Distribution segment sales increased 11 percent primarily due to higher demand in power generation markets, especially in North America and Europe.
- Power Systems segment sales increased 13 percent primarily due to higher demand in power generation markets, especially in North America and China.
- Engine segment sales were flat as stronger demand in North American medium-duty truck markets was offset by lower demand in North American pick-up truck and heavy-duty truck markets and weaker demand in global construction markets.

These increases were partially offset by decreased Components segment sales of 13 percent mainly due to the divestiture of Atmus on March 18, 2024.

Sales to international markets (excluding the U.S. and Canada), based on location of customers, were 39 percent of total net sales in 2024, compared with 39 percent of total net sales in 2023. A more detailed discussion of sales by segment is presented in the "OPERATING SEGMENT RESULTS" section.

Cost of Sales

The types of expenses included in cost of sales are the following: parts and material consumption, including direct and indirect materials; compensation and related expenses, including variable compensation, salaries and fringe benefits; depreciation on production equipment and facilities and amortization of technology intangibles; estimated costs of warranty programs and campaigns; production utilities; production-related purchasing; warehousing, including receiving and inspection; freight costs; engineering support costs; repairs and maintenance; production and warehousing facility property insurance and rent for production facilities and other production overhead. Cost of sales in 2024 included $112 million of inventory write-downs and severance in our Accelera segment. See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," to our *Consolidated Financial Statements* for additional information.

Gross Margin

Gross margin increased $190 million and increased 0.5 points as a percentage of sales. The increases were mainly due to favorable pricing and higher volumes, partially offset by the divestiture of Atmus, higher compensation expenses and increased product coverage. The provision for base warranties issued as a percentage of sales was 1.9 percent in 2024 and 1.8 percent in 2023.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased $58 million and decreased 0.2 points as a percentage of sales. The decreases were primarily due to lower compensation expenses. Compensation and related expenses include salaries, fringe benefits and variable compensation.

Research, Development and Engineering Expenses

Research, development and engineering expenses decreased $37 million and decreased 0.1 points as a percentage of sales. The decreases were mainly due to lower spending on prototypes and decreased compensation expenses. Compensation and related expenses include salaries, fringe benefits and variable compensation.

Research activities continue to focus on development of new products and improvements of current technologies to meet future emission standards around the world, improvements in fuel economy performance of diesel and natural gas-powered engines and related components, as well as development activities around electrified power systems with innovative components and systems including battery and electric power technologies and hydrogen production technologies.

Equity, Royalty and Interest Income From Investees

Equity, royalty and interest income from investees decreased $88 million, primarily due to lower royalty and interest income from investees, start-up costs at Amplify Cell Technologies LLC, the absence of earnings from joint ventures associated with the divestiture of Atmus and $17 million of write-downs related to the Accelera segment, partially offset by higher earnings at Chongqing Cummins Engine Co., Ltd. See NOTE 3, "INVESTMENTS IN EQUITY INVESTEES," and NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," to our *Consolidated Financial Statements* for additional information.

Other Operating Expense, Net

Other operating expense, net was as follows:

	Years ended December 31,	
In millions	**2024**	**2023**
Accelera strategic reorganization actions [1]	**$ (171)**	$ —
Amortization of intangible assets	**(129)**	(133)
Loss on write-off of assets	**(17)**	(9)
Flood damage expenses	**(10)**	—
Royalty income, net	**8**	29
Settlement Agreements [2]	**—**	(2,036)
Other, net	**(27)**	11
Total other operating expense, net	**$ (346)**	$ (2,138)

[1] See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," to our *Consolidated Financial Statements* for additional information.

[2] See NOTE 14, "COMMITMENTS AND CONTINGENCIES," to our *Consolidated Financial Statements* for additional information.

Interest Expense

Interest expense decreased $5 million, primarily due to lower average debt balances.

Other Income, Net

Other income, net was as follows:

	Years ended December 31,	
In millions	**2024**	**2023**
Gain related to divestiture of Atmus [(1)]	**$ 1,333**	$ —
Non-service pension and OPEB income	**112**	125
Interest income	**87**	95
Gain on sale of marketable securities, net	**8**	15
Gain on corporate-owned life insurance	**6**	26
Foreign currency loss, net	**(41)**	(30)
Other, net	**18**	9
Total other income, net	**$ 1,523**	$ 240

[(1)] See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," to our *Consolidated Financial Statements* for additional information.

Income Tax Expense

Our effective tax rate for 2024 was 17.0 percent compared to 48.3 percent for 2023.

The year ended December 31, 2024, contained net favorable discrete tax items primarily due to the $1.3 billion non-taxable gain on the Atmus split-off. Other discrete tax items were net favorable by $59 million, primarily due to $52 million of favorable return to provision adjustments, $22 million of favorable share-based compensation tax benefits, $21 million of favorable adjustments related to audit settlements and $20 million of favorable adjustments from tax return amendments, partially offset by $50 million of unfavorable adjustments related to Accelera strategic reorganization actions and a net $6 million of other unfavorable adjustments. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," and NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS" to our *Consolidated Financial Statements* for additional information.

The year ended December 31, 2023, contained unfavorable net discrete items of $397 million, primarily due to $398 million in the fourth quarter related to the $2.0 billion charge from the Settlement Agreements, $22 million of unfavorable adjustments for uncertain tax positions and $3 million of net unfavorable other discrete tax items, partially offset by $21 million of favorable return to provision adjustments and $5 million of favorable share-based compensation tax benefits.

The change in the effective tax rate for the year ended December 31, 2024, versus year ended December 31, 2023, was primarily due to the absence of the Settlement Agreements charge and the non-taxable gain on the Atmus split-off.

Our effective tax rate for 2025 is expected to approximate 24.5 percent, excluding any discrete tax items that may arise.

Net Income Attributable to Noncontrolling Interests

Noncontrolling interests eliminate the income or loss attributable to non-Cummins ownership interests in our consolidated entities. Noncontrolling interests in income of consolidated subsidiaries increased $17 million principally due to higher earnings at Cummins India Limited and the absence of losses at Hydrogenics Corporation resulting from the June 2023 acquisition, partially offset by lower earnings at Eaton Cummins Joint Venture and the divestiture of Atmus.

2023 vs. 2022

For all prior year segment results comparisons to 2022 see the Results of Operations section of our 2023 Form 10-K.

Comprehensive Income - Foreign Currency Translation Adjustment

The foreign currency translation adjustment was a net loss of $276 million and net gain of $92 million for the years ended December 31, 2024 and 2023, respectively. The details were as follows:

	Years ended December 31,					
	2024			2023		
In millions	Translation adjustment		Primary currency driver vs. U.S. dollar	Translation adjustment		Primary currency driver vs. U.S. dollar
Wholly-owned subsidiaries	**$**	**(245)**	Brazilian real, Chinese renminbi, Euro and Indian rupee	$	118	British pound and Brazilian real, partially offset by Chinese renminbi
Equity method investments		**(15)**	Chinese renminbi and Brazilian real, partially offset by Indian rupee		(23)	Chinese renminbi, partially offset by Brazilian real
Consolidated subsidiaries with a noncontrolling interest		**(16)**	Indian rupee		(3)	Chinese renminbi
Total	**$**	**(276)**		$	92	

For all prior year foreign currency translation adjustment results comparisons to 2022 see the Results of Operations section of our 2023 Form 10-K.

OPERATING SEGMENT RESULTS

Our reportable operating segments consist of the Engine, Components, Distribution, Power Systems and Accelera segments. This reporting structure is organized according to the products and markets each segment serves. We use segment EBITDA as the basis for the Chief Operating Decision Maker to evaluate the performance of each of our reportable operating segments. We believe EBITDA is a useful measure of our operating performance as it assists investors and debt holders in comparing our performance on a consistent basis without regard to financing methods, capital structure, income taxes or depreciation and amortization methods, which can vary significantly depending upon many factors. Segment amounts exclude certain expenses not specifically identifiable to segments. See NOTE 25, "OPERATING SEGMENTS," to our *Consolidated Financial Statements* for additional information and a reconciliation of our segment information to the corresponding amounts in our *Consolidated Statements of Net Income*.

Following is a discussion of results for each of our operating segments. For all prior year segment results comparisons to 2022 see the Results of Operations section of our 2023 Form 10-K.

Engine Segment Results

Financial data for the Engine segment was as follows:

In millions	Years ended December 31, 2024	2023	2022	Favorable/(Unfavorable) 2024 vs. 2023 Amount	Percent	2023 vs. 2022 Amount	Percent
External sales	**$ 8,987**	$ 8,874	$ 8,199	$ 113	1 %	$ 675	8 %
Intersegment sales	**2,725**	2,810	2,746	(85)	(3)%	64	2 %
Total sales	**11,712**	11,684	10,945	28	— %	739	7 %
Research, development and engineering expenses	**616**	614	506	(2)	— %	(108)	(21)%
Equity, royalty and interest income from investees	**212**	251	160 (1)	(39)	(16)%	91	57 %
Interest income	**17**	19	14	(2)	(11)%	5	36 %
Russian suspension costs	**—**	—	33 (2)	—	— %	33	100 %
Segment EBITDA	**1,653**	1,630	1,535	23	1 %	95	6 %
				Percentage Points		Percentage Points	
Segment EBITDA as a percentage of total sales	**14.1 %**	14.0 %	14.0 %	0.1		—	

(1) Included a $28 million impairment of our joint venture with KAMAZ and $3 million of royalty charges as part of our costs associated with the indefinite suspension of our Russian operations. See NOTE 24, "RUSSIAN OPERATIONS," to our *Consolidated Financial Statements* for additional information.

(2) Included $31 million of Russian suspension costs reflected in the equity, royalty and interest income from investees line above. See NOTE 24, "RUSSIAN OPERATIONS," to our *Consolidated Financial Statements* for additional information.

Sales for our Engine segment by market were as follows:

In millions	Years ended December 31, 2024	2023	2022	Favorable/(Unfavorable) 2024 vs. 2023 Amount	Percent	2023 vs. 2022 Amount	Percent
Heavy-duty truck	**$ 4,244**	$ 4,399	$ 3,847	$ (155)	(4) %	$ 552	14 %
Medium-duty truck and bus	**4,166**	3,670	3,460	496	14 %	210	6 %
Light-duty automotive	**1,595**	1,762	1,738	(167)	(9) %	24	1 %
Total on-highway	**10,005**	9,831	9,045	174	2 %	786	9 %
Off-highway	**1,707**	1,853	1,900	(146)	(8) %	(47)	(2) %
Total sales	**$ 11,712**	$ 11,684	$ 10,945	$ 28	— %	$ 739	7 %
				Percentage Points		Percentage Points	
On-highway sales as percentage of total sales	**85 %**	84 %	83 %	1		1	

Unit shipments by engine classification (including unit shipments to Power Systems and off-highway engine units included in their respective classification) were as follows:

	Years ended December 31, 2024	2023	2022	Favorable/(Unfavorable) 2024 vs. 2023 Amount	Percent	2023 vs. 2022 Amount	Percent
Heavy-duty	**132,900**	141,900	120,700	(9,000)	(6)%	21,200	18 %
Medium-duty	**310,300**	294,100	283,600	16,200	6 %	10,500	4 %
Light-duty	**189,400**	211,500	227,600	(22,100)	(10)%	(16,100)	(7) %
Total unit shipments	**632,600**	647,500	631,900	(14,900)	(2)%	15,600	2 %

2024 vs. 2023

Sales

Engine segment sales increased $28 million. The primary driver by market was an increase in medium-duty truck and bus sales of $496 million mainly due to higher demand, especially in North America with medium-duty truck engine shipments up 16 percent, and favorable pricing.

The increase was partially offset by the following:

- Light-duty automotive sales decreased $167 million primarily due to lower demand in North American pick-up truck markets with shipments down 15 percent, partially offset by favorable pricing.
- Heavy-duty truck sales decreased $155 million principally due to weaker demand in North America with shipments down 8 percent.
- Off-highway sales decreased $146 million primarily due to lower demand in global construction markets, especially in China and Western Europe.

Segment EBITDA

Engine segment EBITDA increased $23 million, primarily due to favorable pricing, partially offset by lower volumes, increased product coverage, higher compensation expenses, higher supply chain related costs and lower joint venture technology fees.

Components Segment Results

On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus common stock through a tax-free split-off. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," to our *Consolidated Financial Statements* for additional information.

Financial data for the Components segment was as follows:

				Favorable/(Unfavorable)			
	Years ended December 31,			2024 vs. 2023		2023 vs. 2022	
In millions	**2024**	**2023**	**2022**	**Amount**	**Percent**	**Amount**	**Percent**
External sales	**$ 9,894**	$ 11,531	$ 7,847	$ (1,637)	(14)%	$ 3,684	47 %
Intersegment sales	**1,785**	1,878	1,889	(93)	(5)%	(11)	(1)%
Total sales	**11,679**	13,409	9,736	(1,730)	(13)%	3,673	38 %
Research, development and engineering expenses	**328**	387	309	59	15 %	(78)	(25)%
Equity, royalty and interest income from investees	**64**	97	71	(33)	(34)%	26	37 %
Interest income	**25**	31	12	(6)	(19)%	19	NM
Russian suspension costs [(1)]	**—**	—	5	—	— %	5	100 %
Segment EBITDA	**1,591** [(2)]	1,840 [(2)]	1,346 [(3)]	(249)	(14)%	494	37 %
				Percentage Points		**Percentage Points**	
Segment EBITDA as a percentage of total sales	**13.6 %**	13.7 %	13.8 %		(0.1)		(0.1)

"NM" - not meaningful information

(1) See NOTE 24, "RUSSIAN OPERATIONS," to our *Consolidated Financial Statements* for additional information.

(2) Included $21 million and $78 million of costs associated with the divestiture of Atmus for the years ended December 31, 2024 and 2023, respectively.

(3) Included $83 million of costs related to the acquisition and integration of Meritor and $28 million of costs associated with the divestiture of Atmus.

Beginning in the second quarter of 2024, we realigned certain businesses within our Components segment to be consistent with how our segment leader now monitors performance. We reorganized the businesses to combine the engine components and software and electronics businesses into the newly formed components and software business. In addition, we rebranded our axles and brakes business as drivetrain and braking systems. We began reporting results for these changes within our Components segment effective April 1, 2024, and reflected these changes in the historical periods presented. The change had no impact on our consolidated results.

Sales for our Components segment by business were as follows:

	Years ended December 31,			Favorable/(Unfavorable)			
				2024 vs. 2023		2023 vs. 2022	
In millions	2024	2023	2022	Amount	Percent	Amount	Percent
Drivetrain and braking systems	**$ 4,733**	$ 4,822	$ 1,879	$ (89)	(2)%	$ 2,943	NM
Emission solutions	**3,601**	3,835	3,494	(234)	(6)%	341	10 %
Components and software	**2,404**	2,409	2,213	(5)	— %	196	9 %
Automated transmissions	**588**	714	593	(126)	(18)%	121	20 %
Atmus	**353** [(1)]	1,629	1,557	(1,276)	(78)%	72	5 %
Total sales	**$ 11,679**	$ 13,409	$ 9,736	$ (1,730)	(13)%	$ 3,673	38 %

"NM" - not meaningful information

(1) Included sales through the March 18, 2024, divestiture.

2024 vs. 2023

Sales

Components segment sales decreased $1.7 billion across all businesses. The following were the primary drivers by business:

- Sales decreased $1.3 billion due to the Atmus divestiture on March 18, 2024.
- Emission solutions sales decreased $234 million principally due to lower demand in China.

Segment EBITDA

Components segment EBITDA decreased $249 million, primarily due to the divestiture of Atmus.

Distribution Segment Results

Financial data for the Distribution segment was as follows:

	Years ended December 31,			Favorable/(Unfavorable)			
				2024 vs. 2023		2023 vs. 2022	
In millions	2024	2023	2022	Amount	Percent	Amount	Percent
External sales	**$ 11,352**	$ 10,199	$ 8,901	$ 1,153	11 %	$ 1,298	15 %
Intersegment sales	**32**	50	28	(18)	(36)%	22	79 %
Total sales	**11,384**	10,249	8,929	1,135	11 %	1,320	15 %
Research, development and engineering expenses	**55**	57	52	2	4 %	(5)	(10)%
Equity, royalty and interest income from investees	**90**	97	77	(7)	(7)%	20	26 %
Interest income	**37**	34	16	3	9 %	18	NM
Russian suspension costs [(1)]	**—**	—	54	—	— %	54	100 %
Segment EBITDA	**1,378**	1,209	888	169	14 %	321	36 %
				Percentage Points		Percentage Points	
Segment EBITDA as a percentage of total sales	**12.1 %**	11.8 %	9.9 %	0.3		1.9	

"NM" - not meaningful information

(1) See NOTE 24, "RUSSIAN OPERATIONS," to our *Consolidated Financial Statements* for additional information.

Sales for our Distribution segment by region, were as follows:

				Favorable/(Unfavorable)			
	Years ended December 31,			2024 vs. 2023		2023 vs. 2022	
In millions	2024	2023	2022	Amount	Percent	Amount	Percent
North America	**$ 7,625**	$ 7,081	$ 5,948	$ 544	8 %	$ 1,133	19 %
Asia Pacific	**1,245**	1,096	1,016	149	14 %	80	8 %
Europe	**1,184**	853	929	331	39 %	(76)	(8) %
China	**478**	430	355	48	11 %	75	21 %
India	**317**	270	220	47	17 %	50	23 %
Africa and Middle East	**268**	294	251	(26)	(9) %	43	17 %
Latin America	**267**	225	210	42	19 %	15	7 %
Total sales	**$ 11,384**	$ 10,249	$ 8,929	$ 1,135	11 %	$ 1,320	15 %

Sales for our Distribution segment by product line were as follows:

				Favorable/(Unfavorable)			
	Years ended December 31,			2024 vs. 2023		2023 vs. 2022	
In millions	2024	2023	2022	Amount	Percent	Amount	Percent
Parts	**$ 3,980**	$ 4,071	$ 3,818	$ (91)	(2)%	$ 253	7 %
Power generation	**3,972**	2,509	1,774	1,463	58 %	735	41 %
Service	**1,753**	1,672	1,561	81	5 %	111	7 %
Engines	**1,679**	1,997	1,776	(318)	(16)%	221	12 %
Total sales	**$ 11,384**	$ 10,249	$ 8,929	$ 1,135	11 %	$ 1,320	15 %

<u>2024 vs. 2023</u>

Sales

Distribution segment sales increased $1.1 billion and increased across most regions. The following were the primary drivers by regions:

- North American sales increased $544 million principally due to higher demand in power generation markets, especially data center and commercial markets, partially offset by lower demand for engines and aftermarket products.
- European sales increased $331 million mainly due to favorable demand in power generation markets.
- Asia Pacific sales increased $149 million primarily due to strong demand in power generation markets, especially data center markets and service volume.

Segment EBITDA

Distribution segment EBITDA increased $169 million, primarily due to favorable pricing, partially offset by higher compensation expenses.

Power Systems Segment Results

Financial data for the Power Systems segment was as follows:

	Years ended December 31,			Favorable/(Unfavorable)			
				2024 vs. 2023		2023 vs. 2022	
In millions	2024	2023	2022	Amount	Percent	Amount	Percent
External sales	**$ 3,500**	$ 3,125	$ 2,951	$ 375	12 %	$ 174	6 %
Intersegment sales	**2,908**	2,548	2,082	360	14 %	466	22 %
Total sales	**6,408**	5,673	5,033	735	13 %	640	13 %
Research, development and engineering expenses	**236**	237	240	1	— %	3	1 %
Equity, royalty and interest income from investees	**79**	53	43	26	49 %	10	23 %
Interest income	**7**	9	7	(2)	(22) %	2	29 %
Russian suspension costs [1]	**—**	—	19	—	— %	19	100 %
Segment EBITDA	**1,180**	836	596	344	41 %	240	40 %
				Percentage Points		Percentage Points	
Segment EBITDA as a percentage of total sales	**18.4 %**	14.7 %	11.8 %	3.7		2.9	

[1] See NOTE 24, "RUSSIAN OPERATIONS," to our *Consolidated Financial Statements* for additional information.

Sales for our Power Systems segment by product line were as follows:

	Years ended December 31,			Favorable/(Unfavorable)			
				2024 vs. 2023		2023 vs. 2022	
In millions	2024	2023	2022	Amount	Percent	Amount	Percent
Power generation	**$ 3,985**	$ 3,340	$ 2,790	$ 645	19 %	$ 550	20 %
Industrial	**1,932**	1,854	1,772	78	4 %	82	5 %
Generator technologies	**491**	479	471	12	3 %	8	2 %
Total sales	**$ 6,408**	$ 5,673	$ 5,033	$ 735	13 %	$ 640	13 %

2024 vs. 2023

Sales

Power Systems segment sales increased $735 million, primarily due to improved global power generation sales of $645 million, especially in data center markets.

Segment EBITDA

Power Systems segment EBITDA increased $344 million, primarily due to favorable pricing and higher volumes, partially offset by higher compensation expenses and increased product coverage.

Accelera Segment Results

In the fourth quarter of 2024, our Accelera segment underwent a strategic review to better streamline operations as well as pace and re-focus investments on the most promising paths as the adoption of certain zero emission solutions slows. Total charges for these strategic reorganization actions were $312 million. See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," to our *Consolidated Financial Statements* for additional information.

Financial data for the Accelera segment was as follows:

	Years ended December 31,			Favorable/(Unfavorable) 2024 vs. 2023		Favorable/(Unfavorable) 2023 vs. 2022	
In millions	**2024**	**2023**	**2022**	**Amount**	**Percent**	**Amount**	**Percent**
External sales	**$ 369**	$ 336	$ 176	$ 33	10 %	$ 160	91 %
Intersegment sales	**45**	18	22	27	NM	(4)	(18) %
Total sales	**414**	354	198	60	17 %	156	79 %
Research, development and engineering expenses	**226** (1)	203	171	(23)	(11) %	(32)	(19) %
Equity, royalty and interest loss from investees	**(50)** (1)	(15)	(2)	(35)	NM	(13)	NM
Interest income	**1**	2	—	(1)	(50) %	2	NM
Segment EBITDA	**(764)** (1)	(443)	(334)	(321)	(72) %	(109)	(33) %

"NM" - not meaningful information

(1) Included $2 million of charges in research, development and engineering expenses, $17 million of charges in equity, royalty and interest loss from investees and $312 million of charges in EBITDA, all related to strategic reorganization actions in the fourth quarter of 2024. See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," to our *Consolidated Financial Statements* for additional information.

Accelera segment sales increased $60 million mainly due to improved sales of electrolyzers, partially offset by lower electrified powertrain sales.

2025 OUTLOOK

Our outlook reflects the following positive trends and challenges to our business that could impact our revenue and earnings potential in 2025.

Positive Trends

- We expect demand within our Power Systems business to remain strong, including the power generation and mining markets.
- We expect North American pick-up truck demand to improve.
- We believe market demand for trucks in India will continue to be strong.
- We anticipate demand in our aftermarket business will continue to be robust, driven primarily by strong demand in our Engine and Power Systems businesses.
- We expect demand for trucks in China to remain stable in 2025.

Challenges

- We expect demand for medium-duty and heavy-duty trucks in North America to remain relatively weak in the first half of 2025.
- Increases in costs, tariffs, as well as other inflationary pressures, could negatively impact earnings.
- The potential for trade disruption, including embargoes, sanctions and export controls could negatively impact earnings.

LIQUIDITY AND CAPITAL RESOURCES

Key Working Capital and Balance Sheet Data

We fund our working capital with cash from operations and short-term borrowings, including commercial paper, when necessary. Various assets and liabilities, including short-term debt, can fluctuate significantly from month-to-month depending on short-term liquidity needs. As a result, working capital is a prime focus of management's attention. Working capital and balance sheet measures are provided in the following table:

Dollars in millions	December 31, 2024	December 31, 2023
Working capital [1]	**$ 3,518**	$ 2,295
Current ratio	**1.31**	1.18
Accounts and notes receivable, net	**$ 5,181**	$ 5,583
Days' sales in receivables	**58**	58
Inventories	**$ 5,742**	$ 5,677
Inventory turnover	**4.4**	4.5
Accounts payable (principally trade)	**$ 3,951**	$ 4,260
Days' payable outstanding	**60**	62
Total debt	**$ 7,059**	$ 6,696
Total debt as a percent of total capital	**38.4 %**	40.3 %

[1] Working capital includes cash and cash equivalents.

Cash Flows

Cash and cash equivalents were impacted as follows:

	Years ended December 31,			Change	
In millions	**2024**	**2023**	**2022**	**2024 vs. 2023**	**2023 vs. 2022**
Net cash provided by operating activities	**$ 1,487**	$ 3,966	$ 1,962	$ (2,479)	$ 2,004
Net cash used in investing activities	**(1,782)**	(1,643)	(4,172)	(139)	2,529
Net cash (used in) provided by financing activities	**(173)**	(2,177)	1,669	2,004	(3,846)
Effect of exchange rate changes on cash and cash equivalents	**(40)**	(68)	50	28	(118)
Net (decrease) increase in cash and cash equivalents	**$ (508)**	$ 78	$ (491)	$ (586)	$ 569

2024 vs. 2023

Net cash provided by operating activities decreased $2.5 billion, primarily due to higher working capital requirements of $4.6 billion, partially offset by higher net income of $3.2 billion. The higher working capital requirements resulted in a cash outflow of $2.2 billion compared to a cash inflow of $2.4 billion in the comparable period in 2023, mainly due to $1.9 billion of payments required by the Settlement Agreements which were accrued in 2023. Net income included a $1.3 billion non-cash gain on the divestiture of Atmus. See NOTE 14, "COMMITMENTS AND CONTINGENCIES," and NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," to our *Consolidated Financial Statements* for additional information.

Net cash used in investing activities increased $139 million, primarily due to higher investments in equity investees of $228 million and cash associated with the Atmus divestiture of $174 million, partially offset by lower acquisition activity of $234 million.

Net cash used in financing activities decreased $2.0 billion, primarily due to higher proceeds from borrowings of $1.9 billion (principally related to our 2024 note issuance) and lower net payments of commercial paper of $542 million, partially offset by higher payments on borrowings and finance lease obligations of $432 million.

The effect of exchange rate changes on cash and cash equivalents increased $28 million, primarily due to favorable fluctuations in the British pound, partially offset by the Brazilian real.

2023 vs. 2022

For prior year liquidity comparisons see the Liquidity and Capital Resources section of our 2023 Form 10-K.

Sources of Liquidity

We generate significant ongoing operating cash flow. Cash provided by operations is our principal source of liquidity with $1.5 billion provided in 2024. In February, we issued $2.25 billion in long-term debt to pay down higher cost debt, finance the Settlement Agreements payments and improve our overall liquidity. Our sources of liquidity include the following:

	December 31, 2024			
In millions	**Total**	**U.S.**	**International**	**Primary location of international balances**
Cash and cash equivalents	**$ 1,671**	**$ 604**	**$ 1,067**	Singapore, Australia, Mexico, China, United Kingdom, Belgium
Marketable securities [(1)]	**593**	**78**	**515**	India
Total	**$ 2,264**	**$ 682**	**$ 1,582**	
Available credit capacity				
Revolving credit facilities [(2)]	**$ 2,741**			
International and other uncommitted domestic credit facilities	**$ 628**			

(1) The majority of marketable securities could be liquidated into cash within a few days.

(2) The 5-year credit facility for $2.0 billion and the 364-day credit facility for $2.0 billion, maturing June 2029 and June 2025, respectively, are maintained primarily to provide backup liquidity for our commercial paper borrowings and general corporate purposes. At December 31, 2024, we had $1.3 billion of commercial paper outstanding, which effectively reduced our available capacity under our revolving credit facilities to $2.7 billion.

Cash, Cash Equivalents and Marketable Securities

A significant portion of our cash flows are generated outside the U.S. We manage our worldwide cash requirements considering available funds among the many subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. As a result, we do not anticipate any local liquidity restrictions to preclude us from funding our operating needs with local resources.

If we distribute our foreign cash balances to the U.S. or to other foreign subsidiaries, we could be required to accrue and pay withholding taxes, for example, if we repatriated cash from certain foreign subsidiaries whose earnings we asserted are completely or partially permanently reinvested. Foreign earnings for which we assert permanent reinvestment outside the U.S. consist primarily of earnings of our China, India, Canada (including underlying subsidiaries) and Netherlands domiciled subsidiaries. At present, we do not foresee a need to repatriate any earnings for which we assert permanent reinvestment. However, to help fund cash needs of the U.S. or other international subsidiaries as they arise, we repatriate available cash from certain foreign subsidiaries whose earnings are not completely permanently reinvested when cost effective to do so.

Debt Facilities and Other Sources of Liquidity

On June 3, 2024, we entered into an amended and restated 5-year credit agreement that allows us to borrow up to $2.0 billion of unsecured funds at any time prior to June 3, 2029. The credit agreement amended and restated the prior $2.0 billion 5-year credit agreement that would have matured on August 18, 2026.

On June 3, 2024, we entered into an amended and restated 364-day credit agreement that allows us to borrow up to $2.0 billion of unsecured funds at any time prior to June 2, 2025. This credit agreement amended and restated the prior $2.0 billion 364-day credit facility that matured on June 3, 2024.

On February 20, 2024, we issued $2.25 billion aggregate principal amount of senior unsecured notes consisting of $500 million aggregate principal amount of 4.90 percent senior unsecured notes due in 2029, $750 million aggregate principal amount of 5.15 percent senior unsecured notes due in 2034 and $1.0 billion aggregate principal amount of 5.45 percent senior unsecured notes due in 2054. We received net proceeds of $2.2 billion. See NOTE 12, "DEBT," to our *Consolidated Financial Statements* for additional information.

Our committed credit facilities provide access up to $4.0 billion from our $2.0 billion 364-day credit facility that expires on June 2, 2025, and our $2.0 billion 5-year facility that expires on June 3, 2029. These revolving credit facilities are maintained primarily to provide backup liquidity for our commercial paper borrowings and general corporate purposes. We intend to maintain credit facilities at the current or higher aggregate amounts by renewing or replacing these facilities at or before expiration. The credit agreements include various financial covenants, including, among others, maintaining a net debt to capital ratio of no more than 0.65 to 1.0. At December 31, 2024, our net leverage ratio was 0.27 to 1.0. There were no outstanding borrowings under these facilities at December 31, 2024.

Our committed credit facilities also provide access up to $4.0 billion of unsecured, short-term promissory notes (commercial paper) pursuant to the Board authorized commercial paper programs. These programs facilitate the private placement of unsecured short-term debt through third-party brokers. We intend to use the net proceeds from the commercial paper borrowings for general corporate purposes. The total combined borrowing capacity under the revolving credit facilities and commercial paper programs should not exceed $4.0 billion. At December 31, 2024, we had $1.3 billion of commercial paper outstanding, which effectively reduced our available capacity under our revolving credit facilities to $2.7 billion. See NOTE 12, "DEBT," to our *Consolidated Financial Statements* for additional information.

As a well-known seasoned issuer, we filed an automatic shelf registration for an undetermined amount of debt and equity securities with the Securities and Exchange Commission (SEC) on February 8, 2022, which expired on February 9, 2025. Under this shelf registration we were able to offer debt securities, common stock, preferred and preference stock, depositary shares, warrants, stock purchase contracts and stock purchase units. We plan to file a new shelf registration statement shortly after the filing of this annual report on Form 10-K to replace the expired automatic shelf registration statement.

Supply Chain Financing

We currently have supply chain financing programs with financial intermediaries, which provide certain vendors the option to be paid by financial intermediaries earlier than the due date on the applicable invoice. When a vendor utilizes the program and receives an early payment from a financial intermediary, they take a discount on the invoice. We then pay the financial intermediary the face amount of the invoice on the original due date, which generally have 60 to 90 day payment terms. The maximum amount that we could have outstanding under these programs was $551 million at December 31, 2024. We do not reimburse vendors for any costs they incur for participation in the program, their participation is completely voluntary and there are no assets pledged as security or other forms of guarantees provided for the committed payment to the finance provider or intermediary. As a result, all amounts owed to the financial intermediaries are presented as accounts payable in our *Consolidated Balance Sheets*. Amounts due to the financial intermediaries reflected in accounts payable at December 31, 2024, were $142 million. See NOTE 1, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," to our *Consolidated Financial Statements* for additional information.

Accounts Receivable Sales Program

In May 2024, we entered into an accounts receivable sales agreement with Wells Fargo Bank, N.A., to sell certain accounts receivable up to the Board approved limit of $500 million. There was no activity under the program during the year ended December 31, 2024. See NOTE 1, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," to our *Consolidated Financial Statements* for additional information.

Uses of Cash

Settlement Agreements

In December 2023, we announced that we reached an agreement in principle with the EPA, CARB, DOJ and the California Attorney General's Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024 (collectively, the Settlement Agreements). We made $1.9 billion of payments required by the Settlement Agreements in the second quarter of 2024. See NOTE 14, "COMMITMENTS AND CONTINGENCIES," to our *Consolidated Financial Statements* for additional information.

Dividends

Total dividends paid to common shareholders in 2024, 2023 and 2022 were $969 million, $921 million and $855 million, respectively. Declaration and payment of dividends in the future depends upon our income and liquidity position, among other factors, and is subject to declaration by the Board, who meets quarterly to consider our dividend payment. We expect to fund dividend payments with cash from operations.

In July 2024, the Board authorized an increase to our quarterly dividend of approximately 8 percent from $1.68 per share to $1.82 per share. Cash dividends per share paid to common shareholders and the Board authorized increases for the last three years were as follows:

	Quarterly Dividends		
	2024	**2023**	**2022**
First quarter	**$ 1.68**	$ 1.57	$ 1.45
Second quarter	**1.68**	1.57	1.45
Third quarter	**1.82**	1.68	1.57
Fourth quarter	**1.82**	1.68	1.57
Total	**$ 7.00**	$ 6.50	$ 6.04

Capital Expenditures

Capital expenditures were $1.2 billion, $1.2 billion and $916 million in 2024, 2023 and 2022, respectively. We continue to invest in new product lines and targeted capacity expansions. We plan to spend an estimated $1.4 billion to $1.5 billion in 2025 on capital expenditures with over 65 percent of these expenditures expected to be invested in North America.

Current Maturities of Short and Long-Term Debt

We had $1.3 billion of commercial paper outstanding at December 31, 2024, that matures in less than one year. The maturity schedule of our existing long-term debt includes $500 million of cash outflows in 2025 when our 0.75 percent senior notes are due. Required annual long-term debt principal payments range from $66 million to $660 million over the next five years. We intend to retain our strong investment credit ratings. See NOTE 12, "DEBT," to our *Consolidated Financial Statements* for additional information.

Pensions

Our global pension plans, including our unfunded and non-qualified plans, were 115 percent funded at December 31, 2024. Our U.S. defined benefit plans (qualified and non-qualified), which represented approximately 70 percent of the worldwide pension obligation, were 117 percent funded, and our U.K. defined benefit plans were 109 percent funded at December 31, 2024. The funded status of our pension plans is dependent upon a variety of variables and assumptions including return on invested assets, market interest rates and levels of voluntary contributions to the plans. In 2024, the investment gain on our U.S. pension trusts was 5.5 percent, while our U.K. pension trusts' loss was 9.6 percent.

We sponsor funded and unfunded domestic and foreign defined benefit pension plans. Contributions to the U.S. and U.K. plans were as follows:

	Years ended December 31,		
In millions	2024	2023	2022
Defined benefit pension contributions	**$ 71**	$ 115	$ 53
Defined contribution pension plans	**126**	130	110

These contributions may be made from trusts or company funds either to increase pension assets or to make direct benefit payments to plan participants. We anticipate making total contributions of approximately $52 million to our global defined benefit pension plans in 2025. Expected contributions to our defined benefit pension plans in 2025 will meet or exceed the current funding requirements.

Stock Repurchases

In December 2021, the Board authorized the acquisition of up to $2.0 billion of additional common stock upon completion of the $2.0 billion repurchase plan authorized in 2019. For the year ended December 31, 2024, we did not make any repurchases of common stock. The dollar value remaining available for future purchases under the 2019 program at December 31, 2024, was $218 million.

We intend to repurchase outstanding shares from time to time to enhance shareholder value.

Amplify Cell Technologies LLC Joint Venture

In September 2023, our Accelera business signed an agreement to form a joint venture, Amplify Cell Technologies LLC, with Daimler Truck, PACCAR and EVE Energy to accelerate and localize battery cell production and the battery supply chain in the U.S., including building a 21-gigawatt hour battery production facility in Marshall County, Mississippi. The joint venture will manufacture battery cells for electric commercial vehicles and industrial applications. The joint venture received all government approvals and began operations in May 2024, but is not expected to begin production until 2027. As of December 31, 2024, we had contributed $211 million and our maximum remaining required contribution to the joint venture was $619 million, which could be reduced by future government incentives received by the joint venture. The majority of the contribution is expected to be made by the end of 2028. See NOTE 3, "INVESTMENTS IN EQUITY INVESTEES," to our *Consolidated Financial Statements* for additional information.

Future Uses of Cash

A summary of our contractual obligations and other commercial commitments at December 31, 2024, are as follows:

Contractual Cash Obligations	Payments Due by Period	
In millions	Current	Long-Term
Long-term debt and finance lease obligations [(1)]	$ 887	$ 8,492
Operating leases [(1)]	150	472
Capital expenditures	667	—
Purchase commitments for inventory	1,107	—
Other purchase commitments	622	372
Transitional tax liability	103	—
Other postretirement benefits	16	101
International and other domestic letters of credit	67	40
Performance and excise bonds	74	167
Guarantees and other commitments	13	28
Total	$ 3,706	$ 9,672

[(1)] Included principal payments and expected interest payments based on the terms of the obligations.

The contractual obligations reported above exclude our unrecognized tax benefits of $304 million as of December 31, 2024, which includes $187 million of current tax liabilities and $117 million of long-term deferred tax liabilities. We are not able to reasonably estimate the period in which cash outflows relating to uncertain tax contingencies could occur. See NOTE 4, "INCOME TAXES," to our *Consolidated Financial Statements* for additional information.

Credit Ratings

Our rating and outlook from each of the credit rating agencies as of the date of filing are shown in the table below:

	Long-Term	Short-Term	
Credit Rating Agency [1]	Senior Debt Rating	Debt Rating	Outlook
Standard & Poor’s Rating Services	A	A1	Stable
Moody’s Investors Service, Inc.	A2	P1	Stable

[1] Credit ratings are not recommendations to buy, are subject to change, and each rating should be evaluated independently of any other rating. In addition, we undertake no obligation to update disclosures concerning our credit ratings, whether as a result of new information, future events or otherwise.

Management's Assessment of Liquidity

Our financial condition and liquidity remain strong. Our solid balance sheet and credit ratings enable us to have ready access to credit and the capital markets. We assess our liquidity in terms of our ability to generate adequate cash to fund our operating, investing and financing activities. We believe our access to capital markets, our existing cash and marketable securities, operating cash flow and revolving credit facilities provide us with the financial flexibility needed to fund targeted capital expenditures, dividend payments, debt service obligations, projected pension obligations, common stock repurchases, joint venture contributions and acquisitions through 2025 and beyond. We continue to generate significant cash from operations and maintain access to our revolving credit facilities and commercial paper programs as noted above.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

A summary of our significant accounting policies is included in NOTE 1, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," of our *Consolidated Financial Statements* which discusses accounting policies that we selected from acceptable alternatives.

Our *Consolidated Financial Statements* are prepared in accordance with generally accepted accounting principles in the U.S. which often requires management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts presented and disclosed in the financial statements. Management reviews these estimates and assumptions based on historical experience, changes in business conditions and other relevant factors they believe to be reasonable under the circumstances. In any given reporting period, our actual results may differ from the estimates and assumptions used in preparing our *Consolidated Financial Statements.*

Critical accounting estimates are defined as follows: the estimate requires management to make assumptions about matters that were highly uncertain at the time the estimate was made; different estimates reasonably could have been used; or if changes in the estimate are reasonably likely to occur from period to period and the change would have a material impact on our financial condition or results of operations. Our senior management has discussed the development and selection of our accounting policies, related accounting estimates and the disclosures set forth below with the Audit Committee of the Board. We believe our critical accounting estimates include estimating liabilities for warranty programs, fair value of intangible assets, assessing goodwill impairments, accounting for income taxes and pension benefits.

Warranty Programs

We estimate and record a liability for base warranty programs at the time our products are sold. Our estimates are based on historical experience and reflect management's best estimates of costs to be incurred over the warranty period. Adjustments may be required to the liability when actual or projected costs differ. Variations in component failure rates, repair costs and the point of failure within the product life cycle are key drivers that impact our periodic re-assessment of the warranty liability. Future events and circumstances related to these factors could materially change our estimates and require adjustments to our liability. New product launches require a greater use of judgment in developing estimates until historical experience becomes available. We generally estimate warranty accruals for new products using a methodology that includes the preceding product's warranty history and a multiplicative factor derived from prior product launch experience and new product assessments until sufficient new product data is available for warranty estimation. We then use a blend of actual new product experience and preceding product historical experience for several subsequent quarters and new product specific experience thereafter. Product specific experience is typically available five or six quarters after product launch, with a clear experience trend evident eight quarters after launch. As a result of the uncertainty surrounding the nature and frequency of product recall programs, the liability for such programs is recorded when management commits to a recall action or when a recall becomes probable and estimable. NOTE 13, "PRODUCT WARRANTY LIABILITY," to our *Consolidated Financial Statements* contains a summary of the activity in our warranty liability account for 2024, 2023 and 2022 including adjustments to pre-existing warranties.

Fair Value of Intangible Assets

We make strategic acquisitions that may have a material impact on our consolidated results of operations or financial position. We allocate the purchase price of acquired businesses to the assets acquired and liabilities assumed in the transaction at their estimated fair values. The determination of the fair value of intangible assets, which represent a significant portion of the purchase price in many of our acquisitions can be complex and requires the use of significant judgment with regard to (i) the fair value and (ii) the period and the method by which the intangible asset will be amortized. We use information available to us to make fair value determinations and engage independent valuation specialists, when necessary, to assist in the fair value determination of significant acquired intangibles. We estimate the fair value of acquisition-related intangible assets principally based on projections of cash flows that will arise from identifiable intangible assets of acquired businesses, which includes estimates of discount rates, revenue growth rates, EBITDA, royalty rates, customer attrition rates, customer renewal rates and technology obsolesce rates. The projected cash flows are discounted to determine the present value of the assets at the dates of acquisition. Although we believe the projections, assumptions and estimates made were reasonable and appropriate, these estimates require significant judgment by management, are inherently uncertain and subject to refinement. During the measurement period, which may be up to one year from the acquisition date, we may record adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. Any adjustments subsequent to the measurement period are recorded to our *Consolidated Statements of Net Income*. See NOTE 23, "ACQUISITIONS," to our *Consolidated Financial Statements* for additional information about our recent business combinations.

Goodwill Impairment

We are required to make certain subjective and complex judgments in assessing whether a goodwill impairment event has occurred, including assumptions and estimates used to determine the fair value of our reporting units. We test for goodwill impairment at the reporting unit level and our reporting units are the operating segments or the components of operating segments that constitute businesses for which discrete financial information is available and is regularly reviewed by management.

We have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value as a basis for determining whether it is necessary to perform an annual quantitative goodwill impairment test. We have elected this option on certain reporting units. The following events and circumstances are considered when evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount:

- Macroeconomic conditions, such as a deterioration in general economic conditions, fluctuations in foreign exchange rates and/or other developments in equity and credit markets;
- Industry and market considerations, such as a deterioration in the environment in which an entity operates, material loss in market share and significant declines in product pricing;
- Cost factors, such as an increase in raw materials, labor or other costs;
- Overall financial performance, such as negative or declining cash flows or a decline in actual or forecasted revenue;
- Other relevant entity-specific events, such as material changes in management or key personnel and
- Events affecting a reporting unit, such as a change in the composition or carrying amount of its net assets including acquisitions and dispositions.

The examples noted above are not all-inclusive, and we consider other relevant events and circumstances that affect the fair value of a reporting unit in determining whether to perform the quantitative goodwill impairment test.

Our goodwill recoverability assessment is based on our annual strategic planning process. This process includes an extensive review of expectations for the long-term growth of our businesses and forecasted future cash flows. In order to determine the valuation of our reporting units, we use either the income approach using a discounted cash flow model or the market approach. Our income approach method uses a discounted cash flow model in which cash flows anticipated over several periods, plus a terminal value at the end of that time horizon, are discounted to their present value using an appropriate rate of return. Our estimates are based upon our historical experience, our current knowledge from our commercial relationships and available external information about future trends.

The discounted cash flow model requires us to make projections of revenue, gross margin, operating expenses, working capital investment and fixed asset additions for the reporting units over a multi-year period. Additionally, management must estimate a weighted-average cost of capital, which reflects a market rate, for each reporting unit for use as a discount rate. The discounted cash flows are compared to the carrying value of the reporting unit and, if less than the carrying value, the difference is recorded as a goodwill impairment loss. In addition, we also perform sensitivity analyses to determine how much our forecasts can fluctuate before the fair value of a reporting unit would be lower than its carrying amount. Future changes in the judgments, assumptions and estimates that are used in our goodwill impairment testing, including discount rates or future operating results and related cash flow projections, could result in significantly different estimates of the fair values in the future. An increase in discount rates, a reduction in projected cash flows or a combination of the two could lead to a reduction in the estimated fair values, which may result in impairment charges that could materially affect our financial statements in any given year.

Effective October 31, 2024, we changed our annual goodwill impairment testing date for all reporting units from the last day of our fiscal third quarter to October 31 to better align with the timing of our annual long-term planning process. Accordingly, management determined that the change in accounting principle is preferable. This change was applied prospectively from October 31, 2024. We determined that it is impracticable to objectively ascertain projected cash flows and related valuation estimates that would have been used as of each October 31 of prior reporting periods without the use of hindsight. This change was not material to our *Consolidated Financial Statements* as it did not delay, accelerate or avoid any potential goodwill impairment charges. To ensure that no lapse greater than twelve months occurred, we performed an impairment test, for all reporting units, as of the end of our 2024 fiscal third quarter and noted no impairment. We completed our annual impairment testing as of October 31, 2024, and noted no impairment.

Accounting for Income Taxes

We determine our income tax expense using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax effects of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future tax benefits of net operating loss and credit carryforwards are also recognized as deferred tax assets. We evaluate the recoverability of our deferred tax assets each quarter by assessing the likelihood of future profitability and available tax planning strategies that could be implemented to realize our net deferred tax assets. At December 31, 2024, we recorded a net deferred tax asset of $730 million. The net deferred tax assets included $907 million for the value of net operating loss and credit carryforwards. A valuation allowance of $872 million was recorded to reduce the tax assets to the net value management believed was more likely than not to be realized. In the event our operating performance deteriorates, future assessments could conclude that a larger valuation allowance will be needed to further reduce the deferred tax assets.

In addition, we operate within multiple taxing jurisdictions and are subject to tax audits in these jurisdictions. These audits can involve complex issues, which may require an extended period of time to resolve. We accrue for the estimated additional tax and interest that may result from tax authorities disputing uncertain tax positions. We believe we made adequate provisions for income taxes for all years that are subject to audit based upon the latest information available. A more complete description of our income taxes and the future benefits of our net operating loss and credit carryforwards is disclosed in NOTE 4, "INCOME TAXES," to our *Consolidated Financial Statements.*

Pension Benefits

We sponsor a number of pension plans globally, with the majority of assets in the U.S. and the U.K. In the U.S. and the U.K., we have major defined benefit plans that are separately funded. We account for our pension programs in accordance with employers' accounting for defined benefit pension plans, which requires that amounts recognized in financial statements be determined using an actuarial basis. As a result, our pension benefit programs are based on a number of statistical and judgmental assumptions that attempt to anticipate future events and are used in calculating the expense and liability related to our plans each year at December 31. These assumptions include discount rates used to value liabilities, assumed rates of return on plan assets, future compensation increases, inflation, employee turnover rates, actuarial assumptions relating to retirement age, mortality rates and participant withdrawals. The actuarial assumptions we use may differ significantly from actual results due to changing economic conditions, participant life span and withdrawal rates. These differences may result in a material impact to the amount of net periodic pension cost to be recorded in our *Consolidated Financial Statements* in the future.

The expected long-term return on plan assets is used in calculating the net periodic pension cost. We considered several factors in developing our expected rate of return on plan assets. The long-term rate of return considers historical returns and expected returns on current and projected asset allocations. Projected returns are based primarily on broad, publicly traded passive fixed income and equity indices and forward-looking estimates of the value added by active investment management. At December 31, 2024, based upon our target asset allocations, it is anticipated that our U.S. investment policy will generate an average annual return over the 30-year projection period equal to or in excess of 7 percent, including the additional positive returns expected from active investment management.

The one-year return for our U.S. plans was a 5.5 percent gain for 2024. Our U.S. plan assets averaged annualized returns of 5.74 percent over the prior ten years and resulted in approximately $473 million of actuarial losses in accumulated other comprehensive loss (AOCL) in the same period. Based on the historical returns and forward-looking return expectations for capital markets, we believe our investment return assumption of 7.00 percent in 2025 for U.S. pension assets is reasonable and attainable.

The methodology used to determine the rate of return on pension plan assets in the U.K. was based on establishing an equity-risk premium over current long-term bond yields adjusted based on target asset allocations. At December 31, 2024, based upon our target asset allocations, it is anticipated that our U.K. investment policy will generate an average annual return over the 20-year projection period equal to or in excess of 5 percent. The one-year return for our U.K. plans was a 9.6 percent loss for 2024. We generated average annualized losses of 1.31 percent over ten years, resulting in approximately $942 million of actuarial losses in AOCL. Our strategy with respect to our investments in pension plan assets is to be invested with a long-term outlook. Based on the historical returns and forward-looking return expectations, we believe that an investment return assumption of 5.00 percent in 2025 for U.K. pension assets is reasonable and attainable.

Our target allocation for 2025 and pension plan asset allocations, at December 31, 2024 and 2023 are as follows:

	U.S. Plan			U.K. Plan		
	Target Allocation	Percentage of Plan Assets at December 31,		Target Allocation	Percentage of Plan Assets at December 31,	
Investment description	2025	2024	2023	2025	2024	2023
Liability matching	**71.0 %**	**69.5 %**	71.0 %	**80.0 %**	**79.4 %**	80.8 %
Risk seeking	**29.0 %**	**30.5 %**	29.0 %	**20.0 %**	**20.6 %**	19.2 %
Total	**100.0 %**	**100.0 %**	100.0 %	**100.0 %**	**100.0 %**	100.0 %

The differences between the actual return on plan assets and expected long-term return on plan assets are recognized in the asset value used to calculate net periodic cost over five years. The table below sets forth our expected rate of return for 2025 and the expected return assumptions used to develop our pension cost for the period 2022-2024.

	Long-term Expected Return Assumptions			
	2025	2024	2023	2022
U.S. plans	**7.00 %**	**7.25 %**	7.00 %	6.50 %
U.K. plans	**5.00 %**	**5.00 %**	5.00 %	4.01 %

Pension accounting offers various acceptable alternatives to account for the differences that eventually arise between the estimates used in the actuarial valuations and the actual results. It is acceptable to delay or immediately recognize these differences. Under the delayed recognition alternative, changes in pension obligations (including those resulting from plan amendments) and changes in the value of assets set aside to meet those obligations are not recognized in net periodic pension cost as they occur but are recognized initially in AOCL and subsequently amortized as components of net periodic pension cost systematically and gradually over future periods. In addition to this approach, we may also adopt immediate recognition of actuarial gains or losses. Immediate recognition introduces volatility in financial results. We have chosen to delay recognition and amortize actuarial differences over future periods. If we adopted the immediate recognition approach, we would record a loss of $1.1 billion ($0.9 billion after-tax) from cumulative actuarial net losses for our U.S. and U.K. pension plans.

The difference between the expected return and the actual return on plan assets is deferred from recognition in our results of operations and under certain circumstances, such as when the difference exceeds 10 percent of the greater of the market value of plan assets or the projected benefit obligation, the difference is amortized over future years of service. This is also true of changes to actuarial assumptions. Under the delayed recognition alternative, the actuarial gains and losses are recognized and recorded in AOCL. As our losses related to the U.S. and U.K. pension plans exceed 10 percent of their respective plan assets, the excess is amortized over the average remaining service lives of participating employees. Net actuarial losses decreased our shareholders' equity by $34 million after-tax in 2024. The loss is primarily due to unfavorable asset returns, partially offset by a favorable change in discount rates.

The table below sets forth the net periodic pension cost for the years ended December 31 and our expected cost for 2025.

In millions	2025	2024	2023	2022
Net periodic pension cost	**$ 76**	**$ 34**	$ 1	$ 19

We expect 2025 net periodic pension cost to increase compared to 2024, primarily due to unfavorable asset returns in the U.K. and a lower expected rate of return in the U.S., partially offset by higher discount rates in the U.S. and U.K. The increase in net periodic pension cost in 2024 compared to 2023 was primarily due to unfavorable asset returns in the U.K., lower discount rates in the U.S. and U.K. and increased headcount from recent acquisitions, partially offset by a higher expected rate of return on assets in the U.S. The decrease in net periodic pension cost in 2023 compared to 2022 was due primarily due to the full year benefit of the Meritor pension plans added during the acquisition and a higher estimated return on assets in the U.S. and U.K.

The weighted-average discount rates used to develop our net periodic pension cost are set forth in the table below.

	Discount Rates			
	2025	**2024**	**2023**	**2022**
U.S. plans	**5.69 %**	**5.15 %**	5.55 %	3.31 %
U.K. plans	**5.62 %**	**4.72 %**	4.99 %	2.26 %

The discount rate enables us to state expected future cash payments for benefits as a present value on the measurement date. The guidelines for setting this rate suggest the use of a high-quality corporate bond rate. We used bond information provided by Moody's Investor Services, Inc. and Standard & Poor's Rating Services. All bonds used to develop our hypothetical portfolio in the U.S. and U.K. were deemed high-quality, non-callable bonds (Aa or better) at December 31, 2024, by at least one of the bond rating agencies.

Our model called for projected payments until near extinction for the U.S. and the U.K. For both countries, our model matches the present value of the plan's projected benefit payments to the market value of the theoretical settlement bond portfolio. A single equivalent discount rate is determined to align the present value of the required cash flow with the value of the bond portfolio. The resulting discount rate is reflective of both the current interest rate environment and the plan's distinct liability characteristics.

The table below sets forth the estimated impact on our 2025 net periodic pension cost relative to a change in the discount rate and a change in the expected rate of return on plan assets.

In millions	**Impact on Pension Cost Increase/(Decrease)**
Discount rate used to value liabilities	
0.25 percent increase	$ (6)
0.25 percent decrease	6
Expected rate of return on assets	
1 percent increase	(56)
1 percent decrease	56

The above sensitivities reflect the impact of changing one assumption at a time. A higher discount rate decreases the plan obligations and decreases our net periodic pension cost. A lower discount rate increases the plan obligations and increases our net periodic pension cost. It should be noted that economic factors and conditions often affect multiple assumptions simultaneously and the effects of changes in key assumptions are not necessarily linear. NOTE 10, "PENSIONS AND OTHER POSTRETIREMENT BENEFITS," to our *Consolidated Financial Statements* provides a summary of our pension benefit plan activity, the funded status of our plans and the amounts recognized in our *Consolidated Financial Statements.*

RECENTLY ADOPTED AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See NOTE 1, "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES," to our *Consolidated Financial Statements* for additional information.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to financial risk resulting from volatility in foreign exchange rates, interest rates and commodity prices. This risk is closely monitored and managed through the use of physical forward contracts (which are not considered derivatives) and financial derivative instruments including foreign currency forward contracts, commodity swap contracts and interest rate swaps. Financial derivatives are used expressly for hedging purposes and under no circumstances are they used for speculative purposes. When material, we adjust the estimated fair value of our derivative contracts for counterparty or our credit risk. None of our derivative instruments are subject to collateral requirements. Substantially all of our derivative contracts are subject to master netting arrangements, which provide us with the option to settle certain contracts on a net basis when they settle on the same day with the same currency. In addition, these arrangements provide for a net settlement of all contracts with a given counterparty in the event that the arrangement is terminated due to the occurrence of default or a termination event.

We also enter into physical forward contracts with certain suppliers to purchase minimum volumes of commodities at contractually stated prices for various periods. These arrangements, as further described below, enable us to fix the prices of portions of our normal purchases of these commodities, which otherwise are subject to market volatility.

The following describes our risk exposures and provides the results of a sensitivity analysis performed at December 31, 2024. The sensitivity analysis assumes instantaneous, parallel shifts in foreign currency exchange rates and commodity prices. See NOTE 20, "DERIVATIVES," to our *Consolidated Financial Statements* for additional information.

Foreign Currency Exchange Rate Risk

As a result of our international business presence, we are exposed to foreign currency exchange rate risks. We transact business in foreign currencies and, as a result, our income experiences some volatility related to movements in foreign currency exchange rates. To help manage our exposure to exchange rate volatility, we use foreign currency forward contracts on a regular basis to hedge forecasted intercompany and third-party sales and purchases denominated in non-functional currencies. Our foreign currency cash flow hedges generally mature within two years. These foreign currency forward contracts are designated and qualify as foreign currency cash flow hedges. For the years ended December 31, 2024, and 2023, there were no circumstances that resulted in the discontinuance of a foreign currency cash flow hedge.

To minimize the income volatility resulting from the remeasurement of net monetary assets and payables denominated in a currency other than the functional currency, we enter into foreign currency forward contracts, which are considered economic hedges. The objective is to offset the gain or loss from remeasurement with the gain or loss from the fair market valuation of the forward contract. These derivative instruments are not designated as hedges.

We are further exposed to foreign currency exchange risk as many of our subsidiaries are subject to fluctuations as the functional currencies of the underlying entities are not our U.S. dollar reporting currency. In order to minimize movements in certain investments, in 2022 we began entering into foreign exchange forwards designated as net investment hedges. Under the terms of our foreign exchange forwards, we agreed with third parties to sell British pounds, Chinese renminbi and Euros in exchange for U.S. dollar currency at a specified rate at the maturity of the contract. These forwards are utilized to hedge portions of our net investments denominated in these currencies against the effect of exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar. The change in fair value related to the spot-to-forward rate difference is recorded as other income (expense) with all other changes in fair value deferred and reported as components of AOCL. The unrealized gain or loss is classified into income in the same period when the foreign subsidiary is sold or substantially liquidated.

At December 31, 2024, the potential gain or loss in the fair value of our outstanding foreign currency contracts, assuming a hypothetical 10 percent fluctuation in the currencies of such contracts, would be approximately $25 million. The sensitivity analysis of the effects of changes in foreign currency exchange rates assumes the notional value to remain constant for the next 12 months. The analysis ignores the impact of foreign exchange movements on our competitive position and potential changes in sales levels. Any change in the value of the contracts, real or hypothetical, would be significantly offset by an inverse change in the value of the underlying hedged items.

Interest Rate Risk

We are exposed to market risk from fluctuations in interest rates. We manage our exposure to interest rate fluctuations through the use of interest rate swaps. The objective of the swaps is to more effectively balance our borrowing costs and interest rate risk. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreement without exchange of the underlying notional amount. Interest rate swaps designated as fair value hedges involve the receipt of fixed-rate amounts from a counterparty in exchange for us making variable-rate payments over the life of the agreements without exchange of the underlying notional amount. We also may hedge the anticipated issuance of fixed-rate debt, and these contracts are designated as cash flow hedges.

At any time, a change in interest rates could have an adverse impact on the fair value of our portfolios. Assuming a hypothetical adverse movement in interest rates of one percentage point, the combined value of our interest rate derivatives portfolios would be reduced by $29 million, as calculated as of December 31, 2024. However, this does not take into consideration an offset in the underlying hedged items when using fair value hedges. While these are our best estimates of the impact of the specified interest rate scenario, actual results could differ from those projected. The sensitivity analysis presented assumes interest rate changes are instantaneous with parallel shifts in the yield curve.

Commodity Price Risk

We are exposed to fluctuations in commodity prices due to contractual agreements with component suppliers. In order to protect ourselves against future price volatility and, consequently, fluctuations in gross margins, we periodically enter into commodity swap and forward contracts with designated banks and other counterparties to fix the cost of certain raw material purchases with the objective of minimizing changes in inventory cost due to market price fluctuations. These commodity swaps are designated and qualify as cash flow hedges. At December 31, 2024, realized and unrealized gains and losses related to these hedges were not material to our financial statements. We also enter into physical forward contracts, which qualify for the normal purchases scope exception and are treated as purchase commitments.

We also limit our exposure to commodity price risk by entering into purchasing arrangements to fix the price of certain volumes of platinum, palladium and iridium expected to be used in our products. We enter into physical forward contracts with suppliers of platinum, palladium and iridium to purchase some volumes of the commodities at contractually stated prices for various periods, generally less than two years. These arrangements enable us to fix the prices of a portion of our purchases of these commodities, which otherwise are subject to market volatility. Additional information on the physical forwards is included in NOTE 14, "COMMITMENTS AND CONTINGENCIES."

ITEM 8. Financial Statements and Supplementary Data

Index to Financial Statements

MANAGEMENT'S REPORT TO SHAREHOLDERS

Management's Report on Financial Statements and Practices

The accompanying *Consolidated Financial Statements* of Cummins Inc. were prepared by management, which is responsible for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles and include amounts that are based on management's best judgments and estimates. The other financial information included in the annual report is consistent with that in the financial statements.

Management also recognizes its responsibility for conducting our affairs according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in key policy statements issued from time to time regarding, among other things, conduct of its business activities within the laws of the host countries in which we operate, within the Foreign Corrupt Practices Act and potentially conflicting interests of its employees. We maintain a systematic program to assess compliance with these policies.

To comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, we designed and implemented a structured and comprehensive compliance process to evaluate our internal control over financial reporting across the enterprise.

Management's Report on Internal Control Over Financial Reporting

The management of Cummins Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of our *Consolidated Financial Statements* for external purposes in accordance with accounting principles generally accepted in the United States of America.

Management assessed the effectiveness of our internal control over financial reporting and concluded it was effective as of December 31, 2024. In making its assessment, management utilized the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (2013).

The effectiveness of our internal control over financial reporting as of December 31, 2024, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Officer Certifications

Please refer to Exhibits 31(a) and 31(b) attached to this report for certifications required under Section 302 of the Sarbanes-Oxley Act of 2002.

/s/ JENNIFER RUMSEY	/s/ MARK A. SMITH
Chair and Chief Executive Officer	*Vice President and Chief Financial Officer*

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Cummins Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Cummins Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of net income, comprehensive income, changes in redeemable noncontrolling interests and equity and cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Test as of the End of the Fiscal Third Quarter – Drivetrain and Braking Systems Reporting Unit

As described in Notes 1 and 9 to the consolidated financial statements, the Company's consolidated goodwill balance was $2,370 million as of December 31, 2024, of which 31 percent relates to the drivetrain and braking systems reporting unit. Effective October 31, 2024, management changed the annual goodwill impairment testing date for all reporting units from the last day of the fiscal third quarter to October 31. To ensure that no lapse greater than twelve months occurred, management performed an impairment test as of the end of the fiscal third quarter. Management performs the annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. In estimating the fair value of the reporting unit, management used an income approach using a discounted cash flow model. The discounted cash flow model requires projections of revenue, gross margin, operating expenses, working capital investment and fixed asset additions for the reporting unit over a multi-year period, and a discount rate based upon a weighted-average cost of capital.

The principal considerations for our determination that performing procedures relating to the goodwill impairment test as of the end of the fiscal third quarter for the drivetrain and braking systems reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to projections of revenue and gross margin; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment test, including controls over the valuation of the reporting unit. These procedures also included, among others (i) testing management's process for developing the fair value estimate of the reporting unit; (ii) evaluating the appropriateness of the discounted cash flow model used by management; (iii) testing the completeness and accuracy of underlying data used in the discounted cash flow model; and (iv) evaluating the reasonableness of significant assumptions used by management related to projections of revenue and gross margin. Evaluating management's assumptions related to projections of revenue and gross margin involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the reporting unit; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the discounted cash flow model.

/s/PricewaterhouseCoopers LLP
Indianapolis, Indiana
February 11, 2025

We have served as the Company's auditor since 2002.

CUMMINS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF NET INCOME

In millions, except per share amounts	Years ended December 31, 2024	2023	2022
NET SALES (Notes 1 and 2)	**$ 34,102**	$ 34,065	$ 28,074
Cost of sales	**25,663**	25,816	21,355
GROSS MARGIN	**8,439**	8,249	6,719
OPERATING EXPENSES AND INCOME			
Selling, general and administrative expenses	**3,275**	3,333	2,687
Research, development and engineering expenses	**1,463**	1,500	1,278
Equity, royalty and interest income from investees (Note 3)	**395**	483	349
Other operating expense, net	**346**	2,138	174
OPERATING INCOME	**3,750**	1,761	2,929
Interest expense	**370**	375	199
Other income, net (Note 21)	**1,523**	240	89
INCOME BEFORE INCOME TAXES	**4,903**	1,626	2,819
Income tax expense (Note 4)	**835**	786	636
CONSOLIDATED NET INCOME	**4,068**	840	2,183
Less: Net income attributable to noncontrolling interests	**122**	105	32
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	**$ 3,946**	$ 735	$ 2,151
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC. (Note 19)			
Basic	**$ 28.55**	$ 5.19	$ 15.20
Diluted	**$ 28.37**	$ 5.15	$ 15.12

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

In millions	Years ended December 31, 2024	2023	2022
CONSOLIDATED NET INCOME	**$ 4,068**	$ 840	$ 2,183
Other comprehensive income (loss), net of tax (Note 16)			
Change in pension and other postretirement defined benefit plans	**5**	(421)	(81)
Foreign currency translation adjustments	**(276)**	92	(384)
Unrealized gain on derivatives	**16**	10	106
Total other comprehensive loss, net of tax	**(255)**	(319)	(359)
COMPREHENSIVE INCOME	**3,813**	521	1,824
Less: Comprehensive income (loss) attributable to noncontrolling interests	**106**	102	(8)
COMPREHENSIVE INCOME ATTRIBUTABLE TO CUMMINS INC.	**$ 3,707**	$ 419	$ 1,832

The accompanying notes are an integral part of our Consolidated Financial Statements.

CUMMINS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

In millions, except par value	December 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	**$ 1,671**	$ 2,179
Marketable securities (Note 5)	**593**	562
Total cash, cash equivalents and marketable securities	**2,264**	2,741
Accounts and notes receivable, net	**5,181**	5,583
Inventories (Note 6)	**5,742**	5,677
Prepaid expenses and other current assets	**1,565**	1,197
Total current assets	**14,752**	15,198
Long-term assets		
Property, plant and equipment, net (Note 7)	**6,356**	6,249
Investments and advances related to equity method investees (Note 3)	**1,889**	1,800
Goodwill (Note 9)	**2,370**	2,499
Other intangible assets, net (Note 9)	**2,351**	2,519
Pension assets (Note 10)	**1,189**	1,197
Other assets (Note 11)	**2,633**	2,543
Total assets	**$ 31,540**	$ 32,005
LIABILITIES		
Current liabilities		
Accounts payable (principally trade)	**$ 3,951**	$ 4,260
Loans payable (Note 12)	**356**	280
Commercial paper (Note 12)	**1,259**	1,496
Current maturities of long-term debt (Note 12)	**660**	118
Accrued compensation, benefits and retirement costs	**1,084**	1,108
Current portion of accrued product warranty (Note 13)	**679**	667
Current portion of deferred revenue (Note 2)	**1,347**	1,220
Other accrued expenses (Note 11)	**1,898**	3,754
Total current liabilities	**11,234**	12,903
Long-term liabilities		
Long-term debt (Note 12)	**4,784**	4,802
Deferred revenue (Note 2)	**1,065**	966
Other liabilities (Note 11)	**3,149**	3,430
Total liabilities	**$ 20,232**	$ 22,101
Commitments and contingencies (Note 14)		
EQUITY		
Cummins Inc. shareholders' equity (Note 15)		
Common stock, $2.50 par value, 500 shares authorized, 222.5 and 222.5 shares issued	**$ 2,636**	$ 2,564
Retained earnings	**20,828**	17,851
Treasury stock, at cost, 85.1 and 80.7 shares	**(10,748)**	(9,359)
Accumulated other comprehensive loss (Note 16)	**(2,445)**	(2,206)
Total Cummins Inc. shareholders' equity	**10,271**	8,850
Noncontrolling interests (Note 17)	**1,037**	1,054
Total equity	**$ 11,308**	$ 9,904
Total liabilities and equity	**$ 31,540**	$ 32,005

The accompanying notes are an integral part of our Consolidated Financial Statements.

CUMMINS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31,		
In millions	**2024**	**2023**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income	**$ 4,068**	$ 840	$ 2,183
Adjustments to reconcile consolidated net income to net cash provided by operating activities			
Gain related to divestiture of Atmus (Note 21)	**(1,333)**	—	—
Depreciation and amortization	**1,065**	1,024	784
Deferred income taxes (Note 4)	**(209)**	(457)	(274)
Equity in income of investees, net of dividends	**13**	(81)	64
Pension and OPEB expense (Note 10)	**38**	8	24
Pension contributions and OPEB payments (Note 10)	**(90)**	(134)	(85)
Russian suspension costs, net of recoveries (Note 24)	**—**	—	111
Changes in current assets and liabilities, net of acquisitions and divestiture			
Accounts and notes receivable	**298**	(330)	(697)
Inventories	**(402)**	—	(567)
Other current assets	**(305)**	(120)	(109)
Accounts payable	**(183)**	(66)	538
Accrued expenses	**(1,573)**	2,934	(170)
Other, net	**100**	348	160
Net cash provided by operating activities	**1,487**	3,966	1,962
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	**(1,208)**	(1,213)	(916)
Investments in and net advances (to) from equity investees	**(214)**	14	(54)
Acquisition of businesses, net of cash acquired (Note 23)	**(58)**	(292)	(3,191)
Investments in marketable securities—acquisitions	**(1,500)**	(1,409)	(1,073)
Investments in marketable securities—liquidations (Note 5)	**1,460**	1,334	1,151
Cash associated with Atmus divestiture	**(174)**	—	—
Other, net	**(88)**	(77)	(89)
Net cash used in investing activities	**(1,782)**	(1,643)	(4,172)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	**2,720**	861	2,103
Net (payments) borrowings of commercial paper	**(237)**	(779)	2,261
Payments on borrowings and finance lease obligations	**(1,568)**	(1,136)	(1,550)
Dividend payments on common stock (Note 15)	**(969)**	(921)	(855)
Repurchases of common stock (Note 15)	**—**	—	(374)
Payments for purchase of redeemable noncontrolling interests (Note 23)	**(50)**	(175)	—
Other, net	**(69)**	(27)	84
Net cash (used in) provided by financing activities	**(173)**	(2,177)	1,669
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(40)**	(68)	50
Net (decrease) increase in cash and cash equivalents	**(508)**	78	(491)
Cash and cash equivalents at beginning of year	**2,179**	2,101	2,592
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 1,671**	$ 2,179	$ 2,101

The accompanying notes are an integral part of our Consolidated Financial Statements.

CUMMINS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY

In millions	Redeemable Noncontrolling Interests	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Cummins Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
BALANCE AT DECEMBER 31, 2021	$ 366	$ 556	$ 1,543	$ 16,741	$ (9,123)	$ (1,571)	$ 8,146	$ 889	$ 9,035
Net income	(24)			2,151			2,151	56	2,207
Other comprehensive loss, net of tax (Note 16)						(319)	(319)	(40)	(359)
Issuance of common stock			8				8	—	8
Repurchases of common stock (Note 15)					(374)		(374)	—	(374)
Cash dividends on common stock (Note 15)				(855)			(855)	—	(855)
Distributions to noncontrolling interests							—	(38)	(38)
Share-based awards			3		77		80	—	80
Acquisition of business (Note 23)							—	111	111
Fair value adjustment of redeemable noncontrolling interests	(104)		104				104	—	104
Other shareholder transactions	20		29		5		34	14	48
BALANCE AT DECEMBER 31, 2022	$ 258	$ 556	$ 1,687	$ 18,037	$ (9,415)	$ (1,890)	$ 8,975	$ 992	$ 9,967
Net income	(20)			735			735	125	860
Other comprehensive loss, net of tax (Note 16)						(316)	(316)	(3)	(319)
Issuance of common stock			3				3	—	3
Cash dividends on common stock (Note 15)				(921)			(921)	—	(921)
Distributions to noncontrolling interests							—	(57)	(57)
Share-based awards			(4)		52		48	—	48
Fair value adjustment of redeemable noncontrolling interests	33		(33)				(33)	—	(33)
Acquisition of redeemable noncontrolling interests (Note 23)	(271)						—	—	—
Sale of Atmus stock (Note 21)			285				285	(3)	282
Other shareholder transactions			70		4		74	—	74
BALANCE AT DECEMBER 31, 2023	$ —	$ 556	$ 2,008	$ 17,851	$ (9,359)	$ (2,206)	$ 8,850	$ 1,054	$ 9,904
Net income				**3,946**			**3,946**	**122**	**4,068**
Other comprehensive loss, net of tax (Note 16)						**(300)**	**(300)**	**(16)**	**(316)**
Issuance of common stock			**7**				**7**	**—**	**7**
Divestiture of Atmus (Note 21)					**(1,532)**	**61**	**(1,471)**	**(19)**	**(1,490)**
Cash dividends on common stock (Note 15)				**(969)**			**(969)**	**—**	**(969)**
Distributions to noncontrolling interests							**—**	**(71)**	**(71)**
Share-based awards			**(7)**		**140**		**133**	**—**	**133**
Other shareholder transactions			**72**		**3**		**75**	**(33)**	**42**
BALANCE AT DECEMBER 31, 2024	**$ —**	**$ 556**	**$ 2,080**	**$ 20,828**	**$ (10,748)**	**$ (2,445)**	**$ 10,271**	**$ 1,037**	**$ 11,308**

The accompanying notes are an integral part of our Consolidated Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

We were founded in 1919 as Cummins Engine Company, a corporation in Columbus, Indiana, and one of the first diesel engine manufacturers. In 2001, we changed our name to Cummins Inc. We are a global power solutions leader comprised of five business segments - Engine, Components, Distribution, Power Systems and Accelera - supported by our global manufacturing and extensive service and support network, skilled workforce and vast technical expertise. Our products range from advanced diesel, natural gas, electric and hybrid powertrains and powertrain-related components including aftertreatment, turbochargers, fuel systems, valvetrain technologies, controls systems, air handling systems, automated transmissions, axles, drivelines, brakes, suspension systems, electric power generation systems, electrified power systems with innovative components and subsystems, including battery, fuel cell and electric power technologies and hydrogen production technologies. We sell our products to original equipment manufacturers (OEMs), distributors, dealers and other customers worldwide. We serve our customers through a service network of approximately 650 wholly-owned, joint venture and independent distributor locations and more than 19,000 Cummins certified dealer locations in approximately 190 countries and territories.

Divestiture of Atmus

On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus Filtration Technologies Inc. (Atmus) common stock through a tax-free split-off. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

Settlement Agreements

In December 2023, we announced that we reached an agreement in principle with the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), the Environmental and Natural Resources Division of the U.S. Department of Justice (DOJ) and the California Attorney General's Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024 (collectively, the Settlement Agreements). In the second quarter of 2024, we made $1.9 billion of payments required by the Settlement Agreements. See NOTE 14, “COMMITMENTS AND CONTINGENCIES,” for additional information.

Meritor Acquisition

On August 3, 2022, we completed the acquisition of Meritor with a purchase price of $2.9 billion (including debt repaid concurrent with the acquisition). Our consolidated results and segment results include Meritor's activity since the date of acquisition. Meritor was split into the newly formed drivetrain and braking systems business and electric powertrain. The results for the drivetrain and braking systems are included in our Components segment while the electric powertrain portion is included in our Accelera segment. See NOTE 23, "ACQUISITIONS," for additional information.

Principles of Consolidation

Our *Consolidated Financial Statements* are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP). All intercompany balances and transactions are eliminated in consolidation.

We include the accounts of all wholly-owned and majority-owned domestic and foreign subsidiaries where our ownership is more than 50 percent of outstanding equity interests except for majority-owned subsidiaries that are considered variable interest entities (VIEs) where we are not deemed to have a controlling financial interest. In addition, we also consolidate, regardless of our ownership percentage, VIEs or joint ventures for which we are deemed to have a controlling financial interest. We have variable interests in several businesses accounted for under the equity method of accounting.

For consolidated entities where our ownership interest is less than 100 percent, the noncontrolling ownership interests are reported in our *Consolidated Balance Sheets*. The noncontrolling ownership interest in our income, net of tax, is classified as net income attributable to noncontrolling interests in our *Consolidated Statements of Net Income*.

Reclassifications

Certain amounts for 2023 and 2022 were reclassified to conform to the current year presentation.

Investments in Equity Investees

We use the equity method to account for our investments in joint ventures, affiliated companies and alliances in which we have the ability to exercise significant influence, generally represented by equity ownership or partnership equity of at least 20 percent but not more than 50 percent. Generally, under the equity method, original investments in these entities are recorded at cost and subsequently adjusted by our share of equity in income or losses after the date of acquisition. Investment amounts in excess of our share of an investee's net assets are amortized over the life of the related asset creating the excess, except goodwill which is not amortized. Equity in income or losses of each investee is recorded according to our level of ownership; if losses accumulate, we record our share of losses until our investment has been fully depleted. If our investment has been fully depleted, we recognize additional losses only when we are the primary funding source. We eliminate (to the extent of our ownership percentage) in our *Consolidated Financial Statements* the profit in inventory held by our equity method investees that has not yet been sold to a third-party. Dividends received from equity method investees reduce the amount of our investment when received and do not impact our earnings. Our investments are classified as Investments and advances related to equity method investees in our *Consolidated Balance Sheets.* Our share of the results from joint ventures, affiliated companies and alliances is reported in our *Consolidated Statements of Net Income* as equity, royalty and interest income from investees, and is reported net of all applicable income taxes.

Our share of the results from our foreign equity investees are presented net of applicable foreign income taxes in our *Consolidated Statements of Net Income*. Our remaining U.S. equity investees are partnerships (non-taxable), thus there is no difference between gross or net of tax presentation as the investees are not taxed. See NOTE 3, "INVESTMENTS IN EQUITY INVESTEES," for additional information.

Use of Estimates in the Preparation of the Financial Statements

Preparation of financial statements requires management to make estimates and assumptions that affect reported amounts presented and disclosed in our *Consolidated Financial Statements*. Significant estimates and assumptions in these *Consolidated Financial Statements* require the exercise of judgment and are used for, but not limited to, estimates of future cash flows and other assumptions associated with the valuation of intangible assets and goodwill and long-lived asset impairment tests, useful lives for depreciation and amortization, warranty programs, determination of discount rate and other assumptions for pensions and other postretirement benefit obligations (OPEB) and related costs, income taxes, deferred tax valuation allowances and contingencies. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be different from these estimates.

Revenue From Contracts with Customers

Revenue Recognition Sales of Products

We sell to customers either through long-term arrangements or standalone purchase orders. Our long-term arrangements generally do not include committed volumes until underlying purchase orders are issued. Our performance obligations vary by contract, but may include advanced diesel, natural gas, electric and hybrid powertrains and powertrain-related components including aftertreatment, turbochargers, fuel systems, valvetrain technologies, controls systems, air handling systems, automated transmissions, axles, drivelines, brakes, suspension systems, electric power generation systems, electrified power systems with innovative components and subsystems including battery, fuel cell, electric power technologies and parts, hydrogen production technologies, construction related projects, maintenance services, commissioning and installation services and extended warranty coverage.

Typically, we recognize revenue on the products we sell at a point in time, generally in accordance with shipping terms, which reflects the transfer of control to the customer. Since control of construction projects transfer to the customer as the work is performed, revenue on these projects is recognized based on the percentage of inputs incurred to date compared to the total expected cost of inputs, which is reflective of the value transferred to the customer. Revenue is recognized under long-term maintenance and other service agreements over the term of the agreement as underlying services are performed based on the percentage of the cost of services provided to date compared to the total expected cost of services to be provided under the contract. Sales of extended coverage are recognized based on the pattern of expected costs over the extended coverage period or, if such a pattern is unknown, on a straight-line basis over the coverage period as the customer is considered to benefit from our stand ready obligation over the coverage period. In all cases, we believe cost incurred is the most representative depiction of the extent of service performed to date on a particular contract.

Our arrangements may include the act of shipping products to our customers after the performance obligation related to that product has been satisfied. We have elected to account for shipping and handling as activities to fulfill the promise to transfer goods and have not allocated revenue to the shipping activity. All related shipping and handling costs are accrued at the time the related performance obligation is satisfied.

Our sales arrangements may include the collection of sales and other similar taxes that are then remitted to the related taxing authority. We have elected to present the amounts collected for these taxes net of the related tax expense rather than presenting them as additional revenue.

We grant credit limits and terms to customers based upon traditional practices and competitive conditions. Typical terms vary by market, but payments are generally due in 90 days or less from invoicing for most of our product and service sales, while payments on construction, electrolyzer and certain power generation contracts may be due on an installment basis.

For contracts where the time between cash collection and performance is less than one year, we have elected to use the practical expedient that allows us to ignore the possible existence of a significant financing component within the contract. For contracts where this time period exceeds one year, generally the timing difference is the result of business concerns other than financing. We do have a limited amount of customer financing for which we charge or impute interest, but such amounts are immaterial to our *Consolidated Statements of Net Income.*

Sales Incentives

We provide various sales incentives to both our distribution network and OEM customers. These programs are designed to promote the sale of our products in the channel or encourage the usage of our products by OEM customers. When there is uncertainty surrounding these sales incentives, we may limit the amount of revenue we recognize under a contract until the uncertainty has been resolved. Sales incentives primarily fall into three categories:

- Volume rebates;
- Market share rebates; and
- Aftermarket rebates.

For volume rebates, we provide certain customers with rebate opportunities for attaining specified volumes during a particular quarter or year. We consider the expected amount of these rebates at the time of the original sale as we determine the overall transaction price. We update our assessment of the amount of rebates that will be earned quarterly based on our best estimate of the volume levels the customer will reach during the measurement period. For market share rebates, we provide certain customers with rebate opportunities based on the percentage of their production that utilizes our product. These rebates are typically measured either quarterly or annually and we assess them at least quarterly to determine our current estimates of amounts expected to be earned. These estimates are considered in the determination of transaction price at the time of the original sale based on the current market shares, with adjustments made as the level changes. For aftermarket rebates, we provide incentives to promote sales to certain dealers and end-markets. These rebates are typically paid on a quarterly, or more frequent basis. At the time of the sales, we consider the expected amount of these rebates when determining the overall transaction price. Estimates are adjusted at the end of each quarter based on the amounts yet to be paid. These estimates are based on historical experience with the particular program.

Sales Returns

The initial determination of the transaction price may also be impacted by expected product returns. Rights of return do not exist for the majority of our sales other than for quality issues. We do offer certain return rights in our aftermarket business, where some aftermarket customers are permitted to return small amounts of parts each year, and in our power generation business, which sells portable generators to retail customers. An estimate of future returns is accounted for at the time of sale as a reduction in the overall contract transaction price based on historical return rates.

Multiple Performance Obligations

Our sales arrangements may include multiple performance obligations. We identify each of the material performance obligations in these arrangements and allocate the total transaction price to each performance obligation based on its relative selling price. In most cases, the individual performance obligations are also sold separately and we use that price as the basis for allocating revenue to the included performance obligations. When an arrangement includes multiple performance obligations and invoicing to the customer does not match the allocated portion of the transaction price, unbilled revenue or deferred revenue is recorded reflecting that difference. Unbilled and deferred revenue are discussed in more detail below.

Long-term Maintenance Agreements

Our long-term maintenance agreements often include a variable component of the transaction price. We are generally compensated under such arrangements on a cost per hour of usage basis. We typically can estimate the expected usage over the life of the contract, but reassess the transaction price each quarter and adjust our recognized revenue accordingly. Certain maintenance agreements apply to generators used to provide standby power, which have limited expectations of usage. These agreements may include monthly minimum payments, providing some certainty to the total transaction price. For these particular contracts that relate to standby power, we limit revenue recognized to date to an amount representing the total minimums earned to date under the contract plus any cumulative billings earned in excess of the minimums. We reassess the estimates of progress and transaction price on a quarterly basis. For prime power arrangements, revenue is not subject to such a constraint and is generally equal to the current estimate on a percentage of completion basis times the total expected revenue under the contract.

Deferred Revenue

The timing of our billing does not always match the timing of our revenue recognition. We record deferred revenue when we are entitled to bill a customer in advance of when we are permitted to recognize revenue. Deferred revenue may arise in construction and other power generation systems and electrolyzer contracts, where billings may occur in advance of performance or in accordance with specific milestones. Deferred revenue may also occur in long-term maintenance contracts, where billings are often based on usage of the underlying equipment, which generally follows a predictable pattern that often will result in the accumulation of collections in advance of our performance of the related maintenance services. Finally, deferred revenue exists in our extended coverage contracts, where the cash is collected prior to the commencement of the coverage period. Deferred revenue is included in our *Consolidated Balance Sheets* as a component of current liabilities for the amount expected to be recognized in revenue in a period of less than one year and long-term liabilities for the amount expected to be recognized as revenue in a period beyond one year. Deferred revenue is recognized as revenue when control of the underlying product, project or service passes to the customer under the related contract.

Unbilled Revenue

We recognize unbilled revenue when the revenue has been earned, but not yet billed. Unbilled revenue is included in our*Consolidated Balance Sheets* as a component of current assets for those expected to be collected in a period of less than one year and long-term assets for those expected to be collected in a period beyond one year. Unbilled revenue relates to our right to consideration for our completed performance under a contract. Unbilled revenue generally arises from contractual provisions that delay a portion of the billings on genset deliveries until commissioning occurs. Unbilled revenue may also occur when billings trail the provision of service in construction and long-term maintenance contracts. Our unbilled revenue is assessed for collection risks at the time the amounts are initially recorded. This estimate of expected losses reflects those losses expected to occur over the contractual life of the unbilled amount through the time of collection. Impairment losses on our unbilled revenues were immaterial during the years ended December 31, 2024, 2023 and 2022.

Contract Costs

We are required to record an asset for the incremental costs of obtaining a contract with a customer and other costs to fulfill a contract not otherwise required to be immediately expensed when we expect to recover those costs. The only material incremental cost we incur is commission expense, which is generally incurred in the same period as the underlying revenue. Costs to fulfill a contract are generally limited to customer-specific engineering expenses that do not meet the definition of research and development expenses. As a practical expedient, we have elected to recognize these costs of obtaining a contract as an expense when the related contract period is less than one year. When the period exceeds one year, this asset is amortized over the life of the contract. We did not have any material capitalized balances at December 31, 2024 or 2023.

Extended Warranty

We sell extended warranty coverage on most of our engines and on certain components. We consider a warranty to be extended coverage in any of the following situations:

- When a warranty is sold separately or is optional (extended coverage contracts, for example) or
- When a warranty provides additional services.

The consideration collected is initially deferred and is recognized as revenue in proportion to the costs expected to be incurred in performing services over the contract period. We compare the remaining deferred revenue balance quarterly to the estimated amount of future claims under extended warranty programs and provide an additional accrual when the deferred revenue balance is less than expected future costs.

Foreign Currency Transactions and Translation

We translate assets and liabilities of foreign entities to U.S. dollars, where the local currency is the functional currency, at month-end exchange rates. We translate income and expenses to U.S. dollars using weighted-average exchange rates. We record adjustments resulting from translation in a separate component of accumulated other comprehensive loss (AOCL) and include the adjustments in net income only upon sale, loss of controlling financial interest or liquidation of the underlying foreign investment.

Foreign currency transaction gains and losses are included in current net income. For foreign entities where the U.S. dollar is the functional currency, including those operating in highly inflationary economies when applicable, we remeasure non-monetary balances and the related income statement amounts using historical exchange rates. We include the resulting gains and losses in income, including the effect of derivatives in our *Consolidated Statements of Net Income*, which combined with transaction gains and losses amounted to net losses of $41 million, $30 million and $8 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Fair Value Measurements

A three-level valuation hierarchy, based upon the observable and unobservable inputs, is used for fair value measurements. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy:

- Level 1 - Quoted prices for *identical* instruments in active markets;
- Level 2 - Quoted prices for *similar* instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations whose significant inputs are observable; and
- Level 3 - Instruments whose significant inputs are *unobservable*.

Derivative Instruments

We make use of derivative instruments in foreign exchange, commodity price and interest rate hedging programs. Derivatives currently in use are foreign currency forward contracts, commodity swaps and interest rate swaps. These contracts are used strictly for hedging and not for speculative purposes.

Due to our international business presence, we are exposed to foreign currency exchange risk. We transact in foreign currencies and have assets, liabilities and investments in subsidiaries denominated in foreign currencies. Consequently, our income experiences some volatility related to movements in foreign currency exchange rates. In order to benefit from global diversification and after considering naturally offsetting currency positions, we enter into foreign currency forward contracts to minimize our existing exposures (recognized assets and liabilities) and hedge forecasted transactions. Foreign currency forward contracts are designated and qualify as foreign currency cash flow hedges. The unrealized gain or loss on the forward contract is deferred and reported as a component of AOCL. When the hedged forecasted transaction (sale or purchase) occurs, the unrealized gain or loss is reclassified into income in the same line item associated with the hedged transaction in the same period or periods during which the hedged transaction affects income. At December 31, 2024 and 2023, realized and unrealized gains and losses related to these hedges were not material to our financial statements.

To minimize the income volatility resulting from the remeasurement of net monetary assets and payables denominated in a currency other than the functional currency, we enter into foreign currency forward contracts, which are considered economic hedges. The objective is to offset the gain or loss from remeasurement with the gain or loss from the fair market valuation of the forward contract. These derivative instruments are not designated as hedges. Gains or losses are recorded directly to the *Consolidated Statements of Net Income.*

We are further exposed to foreign currency exchange risk as many of our subsidiaries are subject to fluctuations as the functional currencies of the underlying entities are not our U.S. dollar reporting currency. In order to minimize movements in certain investments, in 2022 we began entering into foreign exchange forwards designated as net investment hedges. These forwards are utilized to hedge portions of our net investments against the effect of exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar. The change in fair value related to the spot-to-forward rate difference is recorded as other income (expense) with all other changes in fair value deferred and reported as components of AOCL. The unrealized gain or loss is classified into income in the same period when the foreign subsidiary is sold or substantially liquidated.

We are exposed to fluctuations in commodity prices due to contractual agreements with component suppliers. In order to protect ourselves against future price volatility and, consequently, fluctuations in gross margins, we periodically enter into commodity swap and forward contracts with designated banks and other counterparties to fix the cost of certain raw material purchases with the objective of minimizing changes in inventory cost due to market price fluctuations. These commodity swaps are designated and qualify as cash flow hedges. At December 31, 2024, realized and unrealized gains and losses related to these hedges were not material to our financial statements. We also enter into physical forward contracts, which qualify for the normal purchases scope exception and are treated as purchase commitments. Additional information on the physical forwards is included in NOTE 14, "COMMITMENTS AND CONTINGENCIES."

We are exposed to market risk from fluctuations in interest rates. We manage our exposure to interest rate fluctuations through the use of interest rate swaps. The objective is to more effectively balance our borrowing costs and interest rate risk for current and future exposure. The gain or loss on the swaps as well as the offsetting gain or loss on the hedged item are recognized in current income as interest expense. For more detail on our interest rate swaps, see NOTE 20, "DERIVATIVES."

We record all derivatives at fair value in our financial statements. Cash flows related to derivatives that are designated as hedges are classified in the same manner as the item being hedged, while cash flows related to derivatives that are not designated as hedges are included in cash flows from investing activities in our *Consolidated Statements of Cash Flows*.

Substantially all of our derivative contracts are subject to master netting arrangements, which provide us with the option to settle certain contracts on a net basis when they settle on the same day with the same currency. In addition, these arrangements provide for a net settlement of all contracts with a given counterparty in the event that the arrangement is terminated due to the occurrence of default or a termination event. When material, we adjust the value of our derivative contracts for counter-party or our credit risk. None of our derivative instruments are subject to collateral requirements.

Income Tax Accounting

We determine our income tax expense using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax effects of temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Future tax benefits of net operating loss and credit carryforwards are also recognized as deferred tax assets. We evaluate the recoverability of our deferred tax assets each quarter by assessing the likelihood of future profitability and available tax planning strategies that could be implemented to realize our net deferred tax assets. A valuation allowance is recorded to reduce the tax assets to the net value management believes is more likely than not to be realized. In the event our operating performance deteriorates, future assessments could conclude that a larger valuation allowance will be needed to further reduce the deferred tax assets. In addition, we operate within multiple taxing jurisdictions and are subject to tax audits in these jurisdictions. These audits can involve complex issues, which may require an extended period of time to resolve. We accrue for the estimated additional tax and interest that may result from tax authorities disputing uncertain tax positions. We believe we made adequate provisions for income taxes for all years that are subject to audit based upon the latest information available. A more complete description of our income taxes and the future benefits of our net operating loss and credit carryforwards is disclosed in NOTE 4, "INCOME TAXES."

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments with an original maturity of 90 days or less at the time of purchase. The carrying amounts reflected in our *Consolidated Balance Sheets* for cash and cash equivalents approximate fair value due to the short-term maturity of these investments.

Cash payments for income taxes and interest were as follows:

	Years ended December 31,		
In millions	**2024**	**2023**	**2022**
Cash payments for income taxes, net of refunds	**$ 1,175**	$ 1,181	$ 903
Cash payments for interest, net of capitalized interest	**334**	374	184

Marketable Securities

Debt securities are classified as "held-to-maturity," "available-for-sale" or "trading." We determine the appropriate classification of debt securities at the time of purchase and re-evaluate such classifications at each balance sheet date. At December 31, 2024 and 2023, all of our debt securities were classified as available-for-sale. Debt and equity securities are carried at fair value with the unrealized gain or loss, net of tax, reported in other comprehensive income and other income, respectively. For debt securities, unrealized losses considered to be "other-than-temporary" are recognized currently in other income. The cost of securities sold is based on the specific identification method. The fair value of most investment securities is determined by currently available market prices. Where quoted market prices are not available, we use the market price of similar types of securities that are traded in the market to estimate fair value. See NOTE 5, "MARKETABLE SECURITIES," for a detailed description of our investments in marketable securities.

Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable represent amounts billed to customers and not yet collected or amounts that were earned, but may not be billed until the passage of time, and are recorded when the right to consideration becomes unconditional. Trade accounts receivable are recorded at the invoiced amount, which approximates net realizable value, and generally do not bear interest. The allowance for doubtful accounts is our best estimate of the amount of expected credit losses in our existing accounts receivable. We determine the allowance based on our historical collection experience and by performing an analysis of our accounts receivable in light of the current economic environment. This estimate of expected losses reflects those losses expected to occur over the contractual life of the receivable. We review our allowance for doubtful accounts on a regular basis. In addition, when necessary, we provide an allowance for the full amount of specific accounts deemed to be uncollectible. Account balances are charged off against the allowance in the period in which we determine that it is probable the receivable will not be recovered. The allowance for doubtful accounts balances were $66 million and $75 million at December 31, 2024, and 2023, respectively, and bad debt write-offs were not material.

Inventories

Our inventories are stated at the lower of cost or net realizable value. For the years ended December 31, 2024 and 2023, approximately12 percent and 12 percent, respectively, of our consolidated inventories (primarily heavy-duty and high-horsepower engines and parts) were valued using the last-in, first-out (LIFO) cost method. The cost of other inventories is generally valued using the first-in, first-out (FIFO) cost method. Our inventories at interim and year-end reporting dates include estimates for adjustments related to annual physical inventory results and for inventory cost changes under the LIFO cost method. Due to significant movements of partially-manufactured components and parts between manufacturing plants, we do not internally measure, nor do our accounting systems provide, a meaningful segregation between raw materials and work-in-process. See NOTE 6, "INVENTORIES," for additional information.

Property, Plant and Equipment

We record property, plant and equipment at cost, inclusive of assets under finance leases. We depreciate the cost of the majority of our property, plant and equipment using the straight-line method with depreciable lives ranging from 20 to 40 years for buildings and3 to 15 years for machinery, equipment and fixtures. Finance lease asset amortization is recorded in depreciation expense. We expense normal maintenance and repair costs as incurred. Depreciation expense totaled $729 million, $691 million and $557 million for the years ended December 31, 2024, 2023 and 2022, respectively. See NOTE 7, "PROPERTY, PLANT AND EQUIPMENT" and NOTE 8, "LEASES," for additional information.

Impairment of Long-Lived Assets

We review our long-lived assets for possible impairment whenever events or circumstances indicate that the carrying value of an asset or asset group may not be recoverable. We assess the recoverability of the carrying value of the long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. An impairment of a long-lived asset or asset group exists when the expected future pre-tax cash flows (undiscounted and without interest charges) estimated to be generated by the asset or asset group is less than its carrying value. If these cash flows are less than the carrying value of such asset or asset group, an impairment loss is measured based on the difference between the estimated fair value and carrying value of the asset or asset group. Assumptions and estimates used to estimate cash flows in the evaluation of impairment and the fair values used to determine the impairment are subject to a degree of judgment and complexity. Any changes to the assumptions and estimates resulting from changes in actual results or market conditions from those anticipated may affect the carrying value of long-lived assets and could result in a future impairment charge.

Leases

We determine if an arrangement contains a lease in whole or in part at the inception of the contract. Right-of-use (ROU) assets represent our right to use an underlying asset for the lease term while lease liabilities represent our obligation to make lease payments arising from the lease. All leases greater than 12 months result in the recognition of a ROU asset and a liability at the lease commencement date based on the present value of the lease payments over the lease term. As most of our leases do not provide the information required to determine the implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. This rate is determined considering factors such as the lease term, our credit standing and the economic environment of the location of the lease. We use the implicit rate when readily determinable.

Our lease terms include all non-cancelable periods and may include options to extend (or to not terminate) the lease when it is reasonably certain that we will exercise that option. Leases that have a term of 12 months or less at the commencement date are expensed on a straight-line basis over the lease term and do not result in the recognition of an asset or a liability.

Lease expense for operating leases is recognized on a straight-line basis over the lease term. Lease expense for finance leases is generally front-loaded as the finance lease ROU asset is depreciated on a straight-line basis, but interest expense on the liability is recognized utilizing the interest method that results in more expense during the early years of the lease. We have lease agreements with lease and non-lease components, primarily related to real estate, vehicle and information technology (IT) assets. For vehicle and real estate leases, we account for the lease and non-lease components as a single lease component. For IT leases, we allocate the payment between the lease and non-lease components based on the relative value of each component. See NOTE 8, "LEASES," for additional information.

Goodwill

We have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value as a basis for determining whether it is necessary to perform an annual quantitative goodwill impairment test. We have elected this option on certain reporting units. The quantitative impairment test is only required if an entity determines through this qualitative analysis that it is more likely than not that the fair value of the reporting unit is less than its carrying value. In addition, the carrying value of goodwill must be tested for impairment on an interim basis in certain circumstances where impairment may be indicated. We perform our annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value.

When we are required or opt to perform the quantitative impairment test, the fair value of each reporting unit is estimated with either the income approach or the market approach. Our income approach method uses a discounted cash flow model in which cash flows anticipated over several periods, plus a terminal value at the end of that time horizon, are discounted to their present value using an appropriate rate of return. Our reporting units are generally defined as one level below an operating segment. However, there are two situations where we have aggregated two or more reporting units which share similar economic characteristics and thus are aggregated into a single reporting unit for testing purposes. These two situations are described further below:

- Within our Accelera segment, our fuel cell and electrolyzer businesses were aggregated into a single reporting unit and
- Our Distribution segment is considered a single reporting unit as it is managed geographically and all regions share similar economic characteristics and provide similar products and services.

The discounted cash flow model requires us to make projections of revenue, gross margin, operating expenses, working capital investment and fixed asset additions for the reporting units over a multi-year period. Additionally, management must estimate a weighted-average cost of capital, which reflects a market rate, for each reporting unit for use as a discount rate. The discounted cash flows are compared to the carrying value of the reporting unit and, if less than the carrying value, the difference is recorded as a goodwill impairment loss. In addition, we also perform sensitivity analyses to determine how much our forecasts can fluctuate before the fair value of a reporting unit would be lower than its carrying amount. Future changes in the judgments, assumptions and estimates that are used in our goodwill impairment testing, including discount rates or future operating results and related cash flow projections, could result in significantly different estimates of the fair values in the future. An increase in discount rates, a reduction in projected cash flows or a combination of the two could lead to a reduction in the estimated fair values, which may result in impairment charges that could materially affect our financial statements in any given year.

Effective October 31, 2024, we changed our annual goodwill impairment testing date for all reporting units from the last day of our fiscal third quarter to October 31 to better align with the timing of our annual long-term planning process. Accordingly, management determined that the change in accounting principle is preferable. This change was applied prospectively from October 31, 2024. We determined that it is impracticable to objectively ascertain projected cash flows and related valuation estimates that would have been used as of each October 31 of prior reporting periods without the use of hindsight. This change was not material to our *Consolidated Financial Statements* as it did not delay, accelerate or avoid any potential goodwill impairment charges. To ensure that no lapse greater than twelve months occurred, we performed an impairment test, for all reporting units, as of the end of our 2024 fiscal third quarter and noted no impairment. We completed our annual impairment testing as of October 31, 2024, and noted no impairment.

At December 31, 2024, our recorded goodwill was $2.4 billion, of which approximately 31 percent resided in the drivetrain and braking systems reporting unit. Changes in our projections or estimates, a deterioration of our operating results and the related cash flow effect or a significant increase in the discount rate could decrease the estimated fair value of our reporting units and result in a future impairment of goodwill. See NOTE 9, "GOODWILL AND OTHER INTANGIBLE ASSETS," for additional information.

Other Intangible Assets

We capitalize other intangible assets, such as trademarks, patents and customer relationships, that were acquired either individually or with a group of other assets. These intangible assets are amortized on a straight-line basis over their estimated useful lives generally ranging from 3 to 25 years. Intangible assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable over the remaining lives of the assets. See NOTE 9, "GOODWILL AND OTHER INTANGIBLE ASSETS," for additional information.

Software

We capitalize software that is developed or obtained for internal use. Software costs are amortized on a straight-line basis over their estimated useful lives generally ranging from 2 to 12 years. Software assets are reviewed for impairment when events or circumstances indicate that the carrying value may not be recoverable over the remaining lives of the assets. Upgrades and enhancements are capitalized if they result in significant modifications that enable the software to perform tasks it was previously incapable of performing. Software maintenance, training, data conversion and business process reengineering costs are expensed in the period in which they are incurred. See NOTE 9, "GOODWILL AND OTHER INTANGIBLE ASSETS," for additional information.

Warranty

We estimate and record a liability for base warranty programs at the time our products are sold. Our estimates are based on historical experience and reflect management's best estimates of expected costs at the time products are sold and subsequent adjustment to those expected costs when actual costs differ. Factors considered in developing these estimates included component failure rates, repair costs and the point of failure within the product life cycle. As a result of the uncertainty surrounding the nature and frequency of product campaigns, the liability for such campaigns is recorded when we commit to a recall action or when a recall becomes probable and estimable, which generally occurs when it is announced. The liability for these campaigns is reflected in the provision for product campaigns. We review and assess the liability for these programs on a quarterly basis. We also assess our ability to recover certain costs from our suppliers and record a receivable when we believe a recovery is probable. In addition to costs incurred on warranty and product campaigns, from time to time we also incur costs related to customer satisfaction programs for items not covered by warranty. We accrue for these costs when agreement is reached with a specific customer. These costs are not included in the provision for warranties, but are included in cost of sales. In addition, we sell extended warranty coverage on most of our engines. See *Extended Warranty* policy discussion above and NOTE 13, "PRODUCT WARRANTY LIABILITY," for additional information.

Contingent Liabilities

We record an accrual for contingent liabilities when the amounts are probable and estimable. As the cash flow associated with most of our contingent liabilities cannot be reasonably predicted, we record our estimated obligations on an undiscounted basis. In addition, our accrual does not include amounts for estimated legal defense costs as those are expensed in the period in which they are incurred.

Environmental Credits

From time to time, we purchase certain forms of environmental credits from third parties to satisfy obligations with various regulatory agencies when we do not generate enough credits internally to satisfy those obligations. Purchased credits are initially recorded at cost and expensed when utilized to satisfy the related regulatory obligation. Amounts expected to be utilized in the next twelve months are reflected as current assets. As of December 31, 2024, we had $120 million of credits of which $56 million was recorded in other current assets and $64 million was recorded in other intangible assets, net in our *Consolidated Balance Sheets.*

Research and Development

Our research and development programs are focused on product improvements, product extensions, innovations and cost reductions for our customers. Research and development expenditures include salaries, contractor fees, building costs, utilities, testing, technical IT expenses, administrative expenses and allocation of corporate costs and are expensed, net of contract reimbursements, when incurred. From time to time, we enter into agreements with customers and government agencies to fund a portion of the research and development costs of a particular project. When not associated with a sales contract, we generally account for these reimbursements as an offset to the related research and development expenditure. Research and development expenses, net of contract reimbursements, were $1.4 billion, $1.4 billion and $1.2 billion for the years ended December 31, 2024, 2023 and 2022, respectively. Contract reimbursements were $72 million, $81 million and $110 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Related Party Transactions

In accordance with the provisions of various joint venture agreements, we may purchase products and components from our joint ventures, sell products and components to our joint ventures and our joint ventures may sell products and components to unrelated parties. Joint venture transfer prices may differ from normal selling prices. Certain joint venture agreements transfer product at cost, some transfer product on a cost-plus basis, and others transfer product at market value.

The following is a summary of sales to and purchases from nonconsolidated equity investees:

	Years ended December 31,		
In millions	**2024**	**2023**	**2022**
Sales to nonconsolidated equity investees	**$ 1,392**	$ 1,548	$ 1,197
Purchases from nonconsolidated equity investees	**2,463**	2,628	1,838

The following is a summary of accounts receivable from and accounts payable to nonconsolidated equity investees:

	December 31,		
In millions	**2024**	**2023**	**Balance Sheet Location**
Accounts receivable from nonconsolidated equity investees	**$ 432**	$ 530	Accounts and notes receivable, net
Accounts payable to nonconsolidated equity investees	**281**	324	Accounts payable (principally trade)

Supply Chain Financing

We currently have supply chain financing programs with financial intermediaries, which provide certain vendors the option to be paid by financial intermediaries earlier than the due date on the applicable invoice. When a vendor utilizes the program and receives an early payment from a financial intermediary, they take a discount on the invoice. We then pay the financial intermediary the face amount of the invoice on the original due date, which generally have 60 to 90 day payment terms. The maximum amount that we could have outstanding under these programs was $551 million at December 31, 2024. We do not reimburse vendors for any costs they incur for participation in the program, their participation is completely voluntary and there are no assets pledged as security or other forms of guarantees provided for the committed payment to the finance provider or intermediary. As a result, all amounts owed to the financial intermediaries are presented as accounts payable in our *Consolidated Balance Sheets*. Amounts due to the financial intermediaries reflected in accounts payable at December 31, 2024, and 2023, were $142 million and $199 million, respectively.

The following table summarizes the changes in amounts due to financial intermediaries reflected in accounts payable:

	December 31,	
In millions	**2024**	**2023**
Balance at the beginning of year	**$ 199**	$ 331
Additional invoices presented for payment	**794**	1,141
Payments to financial intermediaries	**(850)**	(1,274)
Foreign currency translation adjustments and other	**(1)**	1
Balance at end of period	**$ 142**	$ 199

Accounts Receivable Sales Program

In May 2024, we entered into an accounts receivable sales agreement with Wells Fargo Bank, N.A., to sell certain accounts receivable up to the Board of Directors (Board) approved limit of $500 million. We will classify proceeds received from the sales of accounts receivable as an operating cash flow in our *Consolidated Statements of Cash Flows*, and will we record the discount in other income, net in our *Consolidated Statements of Net Income* when the program is active. There was no activity under the program during the year ended December 31, 2024.

Government Assistance

From time to time, we receive assistance from government agencies primarily related to two areas (1) expense reimbursement and funding grants in the form of cash in conjunction with research and development projects and (2) incentives primarily related to investments in new or existing facilities. The grants and related projects range in term from 1 to 6 years. Generally, the grant awards for research are payable to us when we achieve specific milestones or deliverables. Certain grant awards are subject to audit, whereby non-compliance may result in a refund to the government agency. Grants related to investments supporting facilities are typically in the form of reimbursement for capital assets or expenses such as training the employees at those facilities.

We recognize grant awards related to research and development as an offset of the related research and development expenditure when the awards become payable upon us meeting a specific milestone or deliverable. We recognize grant awards for reimbursement of capital as a reduction in value of the related fixed asset. We recognize grants for reimbursement of training or other expenses as an offset to the related expense. For the years ended December 31, 2024, and 2023, government grants did not have a material impact on our financial statements as a whole, and we did not have any individually material grant awards.

RECENTLY ADOPTED AND RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Accounting Pronouncements Recently Adopted

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," to enhance disclosures for significant segment expenses for all public entities required to report segment information in accordance with ASC 280. The standard did not change the definition of a segment, the method for determining segments or the criteria for aggregating operating segments into reportable segments. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Retrospective adoption is required for all prior periods presented in the financial statements. We adopted the new standard in the fourth quarter of 2024. The new required disclosures are included in NOTE 25, "OPERATING SEGMENTS."

Accounting Pronouncements Issued But Not Yet Effective

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements in Income Tax Disclosures" to enhance the transparency and decision usefulness of income tax disclosures. This amendment requires public companies to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. Additionally, under the amendment entities are required to disclose the amount of income taxes paid disaggregated by federal, state and foreign taxes, as well as disaggregated by material individual jurisdictions. Finally, the amendment requires entities to disclose income from continuing operations before income tax expense disaggregated between domestic and foreign and income tax expense from continuing operations disaggregated by federal, state and foreign. The new rules are effective for annual periods beginning after December 15, 2024. The adoption of this standard is not expected to have a material impact on our *Consolidated Financial Statements.*

In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40)", which requires public business entities to disclose in the notes to the financial statements more detailed information about the types of expenses included in certain expense captions in the consolidated financial statements, including purchases of inventory, employee compensation, and depreciation and amortization. The amendments are effective for us beginning with our 2027 annual period and in interim periods beginning in 2028. Early adoption is permitted. The ASU may be adopted prospectively or retrospectively. We are currently evaluating the impact of ASU 2024-03 on our *Consolidated Financial Statements* and related disclosures.

NOTE 2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Long-term Maintenance Agreements

We have certain arrangements, primarily long-term maintenance agreements, construction contracts, product sales with associated performance obligations extending beyond a year, product sales with lead times extending beyond one year that are non-cancellable or for which the customer incurs a penalty for cancellation and extended warranty coverage arrangements that span a period in excess of one year. The aggregate amount of the transaction price for these contracts, excluding extended warranty coverage arrangements, at December 31, 2024, was $5.4 billion. We expect to recognize the related revenue of $2.5 billion over the next 12 months and $2.9 billion over periods up to 10 years. See NOTE 13,"PRODUCT WARRANTY LIABILITY," for additional disclosures on extended warranty coverage arrangements. Our other contracts generally are for a duration of less than one year, include payment terms that correspond to the timing of costs incurred when providing goods and services to our customers or represent sales-based royalties.

Deferred and Unbilled Revenue

The following is a summary of our unbilled and deferred revenue and related activity:

In millions	December 31, 2024	December 31, 2023
Unbilled revenue	**$ 403**	$ 303
Deferred revenue	**2,412**	2,186

We recognized revenue of $850 million and $733 million in 2024 and 2023, respectively, that was included in the deferred revenue balance at the beginning of each year.

Disaggregation of Revenue

Consolidated Revenue

The table below presents our consolidated sales by geographic area. Net sales attributed to geographic areas were based on the location of the customer.

	Years ended December 31,		
In millions	2024	2023	2022
United States	**$ 19,422**	$ 19,302	$ 15,833
China	**2,948**	3,115	2,390
India	**1,779**	1,678	1,392
Other international	**9,953**	9,970	8,459
Total net sales	**$ 34,102**	$ 34,065	$ 28,074

Segment Revenue

Engine segment external sales by market were as follows:

	Years ended December 31,		
In millions	2024	2023	2022
Heavy-duty truck	**$ 3,320**	$ 3,391	$ 2,995
Medium-duty truck and bus	**3,100**	2,622	2,412
Light-duty automotive	**1,585**	1,748	1,704
Total on-highway	**8,005**	7,761	7,111
Off-highway	**982**	1,113	1,088
Total sales	**$ 8,987**	$ 8,874	$ 8,199

Components segment external sales by business were as follows:

	Years ended December 31,		
In millions	2024	2023	2022
Drivetrain and braking systems	**$ 4,731**	$ 4,822	$ 1,879
Emission solutions	**3,180**	3,425	3,086
Components and software	**1,106**	1,225	1,030
Automated transmissions	**588**	714	593
Atmus	**289** [1]	1,345	1,259
Total sales	**$ 9,894**	$ 11,531	$ 7,847

[1] Included sales through the March 18, 2024, divestiture. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

Beginning in the second quarter of 2024, we realigned certain businesses within our Components segment to be consistent with how our segment leader now monitors performance. We reorganized the businesses to combine the engine components and software and electronics businesses into the newly formed components and software business. In addition, we rebranded our axles and brakes business as drivetrain and braking systems. We began reporting results for these changes within our Components segment effective April 1, 2024, and reflected these changes in the historical periods presented. The change had no impact on our consolidated results.

Distribution segment external sales by region were as follows:

In millions	Years ended December 31, 2024	2023	2022
North America	**$ 7,617**	$ 7,054	$ 5,948
Asia Pacific	**1,243**	1,091	1,011
Europe	**1,179**	848	914
China	**469**	424	351
India	**310**	264	217
Africa and Middle East	**268**	294	250
Latin America	**266**	224	210
Total sales	**$ 11,352**	$ 10,199	$ 8,901

Distribution segment external sales by product line were as follows:

In millions	Years ended December 31, 2024	2023	2022
Parts	**$ 3,966**	$ 4,052	$ 3,809
Power generation	**3,961**	2,496	1,767
Service	**1,747**	1,664	1,555
Engines	**1,678**	1,987	1,770
Total sales	**$ 11,352**	$ 10,199	$ 8,901

Power Systems segment external sales by product line were as follows:

In millions	Years ended December 31, 2024	2023	2022
Power generation	**$ 1,896**	$ 1,698	$ 1,658
Industrial	**1,130**	970	843
Generator technologies	**474**	457	450
Total sales	**$ 3,500**	$ 3,125	$ 2,951

NOTE 3. INVESTMENTS IN EQUITY INVESTEES

Investments and advances related to equity method investees and our ownership percentages were as follows:

Dollars in millions	Ownership percentage	December 31, 2024	2023
Komatsu alliances	20-50%	**$ 322**	$ 331
Amplify Cell Technologies, LLC	30%	**187**	—
Beijing Foton Cummins Engine Co., Ltd.	50%	**185**	194
Sistemas Automotrices de Mexico S.A. de C.V.	50%	**150**	149
Dongfeng Cummins Engine Company, Ltd.	50%	**128**	128
Automotive Axles Limited	36%	**123**	125
Chongqing Cummins Engine Company, Ltd.	50%	**120**	110
Tata Cummins, Ltd.	50%	**96**	89
Cummins-Scania XPI Manufacturing, LLC	50%	**88**	85
Freios Master	49%	**78**	84
Other	Various	**412**	505
Investments and advances related to equity method investees		**$ 1,889**	$ 1,800

We have approximately $827 million in our investment account at December 31, 2024, that represents cumulative undistributed income in our equity investees. Dividends received from our unconsolidated equity investees were $308 million, $257 million and $318 million in 2024, 2023 and 2022, respectively.

Equity, royalty and interest income from investees, net of applicable taxes, was as follows:

	Years ended December 31,		
In millions	2024	2023	2022
Manufacturing entities			
Dongfeng Cummins Engine Company, Ltd.	**$ 66**	$ 65	$ 45
Chongqing Cummins Engine Company, Ltd.	**60**	36	32
Beijing Foton Cummins Engine Co., Ltd.	**42**	47	37
Tata Cummins, Ltd.	**31**	29	27
All other manufacturers	**25** (1)	91	28 (2)
Distribution entities			
Komatsu Cummins Chile, Ltda.	**55**	55	44
All other distributors	**17**	16	11
Cummins share of net income	**296**	339	224
Royalty and interest income	**99**	144	125
Equity, royalty and interest income from investees	**$ 395**	$ 483	$ 349

(1) Included a $17 million impairment of our joint ventures in the fourth quarter of 2024 related to Accelera strategic reorganization actions. See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," for additional information

(2) Included a $28 million impairment of our joint venture with KAMAZ and $ 3 million of royalty charges as part of our costs associated with the indefinite suspension of our Russian operations. See NOTE 24, "RUSSIAN OPERATIONS," for additional information.

Manufacturing Entities

Our manufacturing joint ventures were generally formed with customers and are primarily intended to allow us to increase our market penetration in geographic regions, reduce capital spending, streamline our supply chain management and develop technologies. Our largest manufacturing joint ventures are based in China and are included in the list below. Our engine manufacturing joint ventures are supplied by our Components segment in the same manner as it supplies our wholly-owned Engine segment and Power Systems segment manufacturing facilities. Our Components segment joint ventures and wholly-owned entities provide axles, drivelines, brakes and suspension systems for commercial diesel and natural gas applications, aftertreatment systems, turbochargers, fuel systems, valvetrain technologies, automated transmissions and electronics that are used with our engines as well as some competitors' products. The results and investments in our joint ventures in which we have 50 percent or less ownership interest (except for Eaton Cummins Automated Transmission Technologies joint venture, which is consolidated due to our majority voting interest) are included in equity, royalty and interest income from investees and investments and advances related to equity method investees in our *Consolidated Statements of Net Income* and *Consolidated Balance Sheets*, respectively.

- ***Dongfeng Cummins Engine Company, Ltd. -*** Dongfeng Cummins Engine Company, Ltd. (DCEC) is a joint venture in China with Dongfeng Automotive Co. Ltd., a subsidiary of Dongfeng Motor Corporation and one of the largest medium-duty and heavy-duty truck manufacturers in China. DCEC produces 3.9 liter to 14.5 liter diesel engines with a power range from 80 to 760 horsepower, natural gas engines and automated transmissions. On-highway engines are used in multiple applications in light-duty and medium-duty trucks, special purpose vehicles, buses and heavy-duty trucks with a main market in China. Off-highway engines are used in a variety of construction, power generation, marine and agriculture markets in China.

- ***Chongqing Cummins Engine Company, Ltd. -*** Chongqing Cummins Engine Company, Ltd. is a joint venture in China with Chongqing Machinery and Electric Co. Ltd. This joint venture manufactures several models of our heavy-duty and high-horsepower diesel engines primarily serving the industrial and stationary power markets in China.

- ***Beijing Foton Cummins Engine Co., Ltd. -*** Beijing Foton Cummins Engine Co., Ltd. is a joint venture in China with Beiqi Foton Motor Co., Ltd., a commercial vehicle manufacturer, which has two distinct lines of business - a light-duty business and a heavy-duty business. The light-duty business produces our families of ISF 2.5 liter to 4.5 liter high performance light-duty diesel engines in Beijing. These engines are used in light-duty and medium-duty commercial trucks, pick-up trucks, buses, multipurpose and sport utility vehicles with main markets in China and Brazil. Certain types of small construction equipment and industrial applications are also served by these engine families. The heavy-duty business produces 7.0 liter to 14.5 liter high performance heavy-duty diesel and natural gas engines in Beijing. Certain types of construction equipment and industrial applications are also served by these engine families.

- ***Tata Cummins, Ltd. -*** Tata Cummins, Ltd. is a joint venture in India with Tata Motors Ltd., the largest automotive company in India and a member of the Tata group of companies. This joint venture manufactures Cummins' 3.8 to 8.9 liter diesel and natural gas engines in India with a power range from75 to 400 horsepower for use in trucks and buses manufactured by Tata Motors, as well as for various on-highway, industrial and power generation applications for Cummins.

In September 2023, our Accelera business signed an agreement to form a joint venture, Amplify Cell Technologies LLC, with Daimler Trucks and Buses US Holding LLC (Daimler Truck), PACCAR Inc. (PACCAR) and EVE Energy to accelerate and localize battery cell production and the battery supply chain in the U.S., including building a 21-gigawatt hour battery production facility in Marshall County, Mississippi. The joint venture will manufacture battery cells for electric commercial vehicles and industrial applications. The joint venture received all government approvals and began operations in May 2024, but is not expected to begin production until 2027. The joint venture meets the definition of a variable interest entity since the equity-at-risk is not currently sufficient to support the future operations of the joint venture. Accelera, Daimler Truck and PACCAR each own 30 percent of the joint venture and have two board positions, while EVE Energy owns10 percent and has one board position. All significant decisions require majority or super-majority approval of the board. As a result, we are not the primary beneficiary of the joint venture, and the joint venture is not consolidated. We account for the joint venture using the equity method. As of December 31, 2024, we had contributed $211 million, and our maximum remaining required contribution to the joint venture was $619 million, which could be reduced by future government incentives received by the joint venture. In addition, we are required to purchase33 percent of the joint venture's output in the future or be subject to certain penalties.

Distribution Entities

We have an extensive worldwide distributor and dealer network through which we sell and distribute our products and services. Generally, our distributors are divided by geographic region with some of our distributors being wholly-owned by Cummins, some partially-owned and some independently owned. We consolidate all wholly-owned distributors and partially-owned distributors where we are the primary beneficiary and account for other partially-owned distributors using the equity method of accounting.

Komatsu Cummins Chile, Ltda. - Komatsu Cummins Chile, Ltda. is a joint venture with Komatsu America Corporation. The joint venture is a distributor that offers the full range of our products and services to customers and end-users in Chile and Peru.

In certain cases where we own a partial interest in a distributor, we may be obligated to purchase the other equity holders' interests if certain events occur (such as the death or resignation of the distributor principal or a change in control of Cummins Inc.). The purchase consideration of the equity interests may be determined based on the fair value of the distributor's assets. Repurchase obligations and practices vary by geographic region.

All distributors that are partially-owned are considered to be related parties in our*Consolidated Financial Statements.*

Equity Investee Financial Summary

Summary financial information for our equity investees was as follows:

	Years ended and at December 31,		
In millions	**2024**	**2023**	**2022**
Net sales	**$ 11,190**	$ 9,998	$ 7,501
Gross margin	**1,760**	1,597	1,211
Net income	**860**	677	475
Cummins share of net income	**$ 296**	$ 339	$ 224
Royalty and interest income	**99**	144	125
Total equity, royalty and interest from investees	**$ 395**	$ 483	$ 349
Current assets	**$ 6,626**	$ 4,922	
Long-term assets	**2,597**	2,021	
Current liabilities	**(4,203)**	(3,812)	
Long-term liabilities	**(549)**	(432)	
Net assets	**$ 4,471**	$ 2,699	
Cummins share of net assets	**$ 1,866**	$ 1,786	

NOTE 4. INCOME TAXES

The following table summarizes income before income taxes:

In millions	Years ended December 31, 2024	2023	2022
U.S. income (loss)	**$ 2,857**	$ (541)	$ 1,336
Foreign income	**2,046**	2,167	1,483
Income before income taxes	**$ 4,903**	$ 1,626	$ 2,819

Income tax expense (benefit) consisted of the following:

In millions	Years ended December 31, 2024	2023	2022
Current			
U.S. federal and state	**$ 433**	$ 611	$ 425
Foreign	**611**	632	485
Total current income tax expense	**1,044**	1,243	910
Deferred			
U.S. federal and state	**(241)**	(468)	(229)
Foreign	**32**	11	(45)
Total deferred income tax benefit	**(209)**	(457)	(274)
Income tax expense	**$ 835**	$ 786	$ 636

A reconciliation of the statutory U.S. federal income tax rate to the effective tax rate was as follows:

	Years ended December 31, 2024	2023	2022
Statutory U.S. federal income tax rate	**21.0 %**	21.0 %	21.0 %
State income tax, net of federal effect	**1.2**	(0.4)	1.3
Differences in rates and taxability of foreign subsidiaries and joint ventures (1)	**4.2**	11.9	3.1
Research tax credits	**(1.5)**	(4.7)	(1.8)
Foreign derived intangible income	**(1.3)**	(4.2)	(2.0)
Settlement Agreements, federal impact (2)	**—**	22.4	—
Settlement Agreements, state impact (2)	**—**	2.1	—
Non-taxable Atmus gain (3)	**(6.1)**	—	—
Other, net	**(0.5)**	0.2	1.0
Effective tax rate	**17.0 %**	48.3 %	22.6 %

(1) Included the jurisdictional mix of pre-tax income and impact of actual and planned repatriation of earnings back to the U.S.

(2) See NOTE 14, "COMMITMENTS AND CONTINGENCIES," for additional information.

(3) See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

The year ended December 31, 2024, contained net favorable discrete tax items primarily due to the $1.3 billion non-taxable gain on the Atmus split-off. Other discrete tax items were net favorable by $59 million, primarily due to $52 million of favorable return to provision adjustments, $22 million of favorable share-based compensation tax benefits, $21 million of favorable adjustments related to audit settlements and $20 million of favorable adjustments from tax return amendments, partially offset by $50 million of unfavorable adjustments related to Accelera strategic reorganization actions and net $6 million of other unfavorable adjustments. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," and NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," for additional information.

The year ended December 31, 2023, contained unfavorable net discrete items of $397 million, primarily due to $398 million in the fourth quarter related to the $2.0 billion charge from the Settlement Agreements, $22 million of unfavorable adjustments for uncertain tax positions and $3 million of net unfavorable other discrete tax items, partially offset by $21 million of favorable return to provision adjustments and $5 million of favorable share-based compensation tax benefits. See NOTE 14, “COMMITMENTS AND CONTINGENCIES,” for additional information.

The year ended December 31, 2022, contained discrete tax items that netted to zero, primarily due to $31 million of favorable changes in accrued withholding taxes, $29 million of favorable changes in tax reserves, $15 million of favorable valuation allowance adjustments and $9 million of favorable other net discrete items, offset by $69 million of unfavorable tax costs associated with internal restructuring ahead of the planned separation of Atmus and $15 million of unfavorable return to provision adjustments related to the 2021 filed tax returns.

At December 31, 2024, $5.6 billion of non-U.S. earnings are considered indefinitely reinvested in operations outside the U.S. for which deferred taxes were not provided. Determination of the related deferred tax liability, if any, is not practicable because of the complexities associated with the hypothetical calculation.

Carryforward tax benefits and the tax effect of temporary differences between financial and tax reporting that give rise to net deferred tax assets (liabilities) were as follows:

	December 31,	
In millions	**2024**	**2023**
Deferred tax assets		
U.S. and state carryforward benefits	**$ 254**	$ 272
Foreign carryforward benefits	**653**	609
Employee benefit plans	**308**	347
Warranty expenses	**545**	483
Lease liabilities	**109**	125
Capitalized research and development expenditures	**805**	591
Accrued expenses	**207**	253
Other	**139**	78
Gross deferred tax assets	**3,020**	2,758
Valuation allowance	**(872)**	(789)
Total deferred tax assets	**2,148**	1,969
Deferred tax liabilities		
Property, plant and equipment	**(371)**	(367)
Unremitted income of foreign subsidiaries and joint ventures	**(162)**	(179)
Employee benefit plans	**(289)**	(278)
Lease assets	**(109)**	(123)
Intangible assets	**(315)**	(406)
Other	**(172)**	(64)
Total deferred tax liabilities	**(1,418)**	(1,417)
Net deferred tax assets	**$ 730**	$ 552

Our 2024 U.S. carryforward benefits include $254 million of state credit and net operating loss carryforward benefits that begin to expire in 2025. Our foreign carryforward benefits include $653 million of net operating loss carryforwards that begin to expire in 2025. A valuation allowance is recorded to reduce the gross deferred tax assets to an amount we believe is more likely than not to be realized. The valuation allowance at December 31, 2024 was $872 million and increased by a net $83 million. The valuation allowance at December 31, 2023 was $789 million and increased by a net $85 million. The valuation allowance at December 31, 2022 was $704 million and increased by a net $344 million, primarily due to the Meritor acquisition. The valuation allowance is primarily attributable to the uncertainty regarding the realization of a portion of the U.S. state and foreign net operating loss and tax credit carryforward benefits.

Our *Consolidated Balance Sheets* contain the following tax related items:

In millions	December 31, 2024	2023
Prepaid expenses and other current assets		
Refundable income taxes	**$ 121**	$ 81
Other assets		
Deferred income tax assets	**1,119**	1,082
Long-term refundable income taxes	**47**	27
Other accrued expenses		
Income tax payable	**244**	242
Other liabilities		
Long-term income taxes	**5**	111
Deferred income tax liabilities	**389**	530

A reconciliation of unrecognized tax benefits for the years ended December 31, 2024, 2023 and 2022 was as follows:

In millions	December 31, 2024	2023	2022
Balance at beginning of year	**$ 330**	$ 283	$ 89
Additions to tax positions due to acquisitions	**—**	8	189
Additions to current year tax positions	**21**	21	17
Additions to prior years' tax positions	**9**	19	17
Reductions to prior years' tax positions	**(18)**	(1)	(1)
Reductions for tax positions due to settlements with taxing authorities	**(38)**	—	(28)
Balance at end of year	**$ 304**	$ 330	$ 283

Included in the December 31, 2024, 2023 and 2022, balances are $289 million, $314 million and $270 million, respectively, related to tax positions that, if recognized, would favorably impact the effective tax rate in future periods. We also accrued interest expense related to the unrecognized tax benefits of $31 million, $33 million and $18 million as of December 31, 2024, 2023 and 2022, respectively. We recognize potential accrued interest and penalties related to unrecognized tax benefits in income tax expense.

Audit outcomes and the timing of audit settlements are subject to significant uncertainty. Although we believe that adequate provision has been made for such issues, there is the possibility that the ultimate resolution of such issues could have an adverse effect on our earnings. Conversely, if these issues are resolved favorably in the future, the related provision would be reduced, thus having a positive impact on earnings.

As a result of our global operations, we file income tax returns in various jurisdictions including U.S. federal, state and foreign jurisdictions. We are routinely subject to examination by taxing authorities throughout the world, including Australia, Belgium, Brazil, Canada, China, France, India, Mexico, the U.K. and the U.S. With few exceptions, our U.S. federal, major state and foreign jurisdictions are no longer subject to income tax assessments for years before 2018.

NOTE 5. MARKETABLE SECURITIES

A summary of marketable securities, all of which are classified as current, was as follows:

	December 31,					
	2024			2023		
In millions	Cost	Gross unrealized gains/(losses) [(1)]	Estimated fair value	Cost	Gross unrealized gains/(losses) [(1)]	Estimated fair value
Equity securities						
Level 1						
Publicly-traded shares	**$ 7**	**$ (6)**	**$ 1**	$ —	$ —	$ —
Level 2						
Debt mutual funds	**262**	**1**	**263**	272	—	272
Certificates of deposit	**262**	**—**	**262**	246	—	246
Equity mutual funds	**19**	**7**	**26**	22	6	28
Debt securities	**41**	**—**	**41**	16	—	16
Marketable securities	**$ 591**	**$ 2**	**$ 593**	$ 556	$ 6	$ 562

(1) Unrealized gains and losses for debt securities are recorded in other comprehensive income while unrealized gains and losses for equity securities are recorded in our *Consolidated Statements of Net Income.*

The fair value of Level 1 securities is derived from the market price at the end of the period. The fair value of Level 2 securities is estimated using actively quoted prices for similar instruments from brokers and observable inputs where available, including market transactions and third-party pricing services, or net asset values provided to investors. We do not currently have any Level 3 securities, and there were no transfers between Level 2 or 3 during 2024 or 2023. All debt securities are classified as available-for-sale.

A description of the valuation techniques and inputs used for our Level 2 fair value measures is as follows:

- *Debt mutual funds*— The fair value measures for the vast majority of these investments are the daily net asset values published on a regulated governmental website. Daily quoted prices are available from the issuing brokerage and are used on a test basis to corroborate this Level 2 input measure.
- *Certificates of deposit*— These investments provide us with a contractual rate of return and generally range in maturity fromthree months to five years. The counterparties to these investments are reputable financial institutions with investment grade credit ratings. Since these instruments are not tradable and must be settled directly by us with the respective financial institution, our fair value measure is the financial institution's month-end statement.
- *Equity mutual funds*— The fair value measures for these investments are the net asset values published by the issuing brokerage. Daily quoted prices are available from reputable third-party pricing services and are used on a test basis to corroborate this Level 2 input measure.
- *Debt securities*— The fair value measures for these securities are broker quotes received from reputable firms. These securities are infrequently traded on a national exchange and these values are used on a test basis to corroborate our Level 2 input measure.

The proceeds from sales and maturities of marketable securities were as follows:

	Years ended December 31,		
In millions	2024	2023	2022
Proceeds from sales of marketable securities	**$ 1,227**	$ 1,075	$ 750
Proceeds from maturities of marketable securities	**233**	259	401
Investments in marketable securities - liquidations	**$ 1,460**	$ 1,334	$ 1,151

NOTE 6. INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Inventories included the following:

	December 31,	
In millions	**2024**	**2023**
Finished products	**$ 2,875**	$ 2,770
Work-in-process and raw materials	**3,086**	3,156
Inventories at FIFO cost	**5,961**	5,926
Excess of FIFO over LIFO	**(219)**	(249)
Inventories	**$ 5,742**	$ 5,677

In the fourth quarter of 2024, we wrote-off $107 million of inventory in our Accelera segment, mostly in work-in-process and raw materials. See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," for additional information.

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

Details of our property, plant and equipment balance were as follows:

	December 31,	
In millions	**2024**	**2023**
Land and buildings	**$ 3,012**	$ 3,039
Machinery, equipment and fixtures	**7,266**	7,245
Construction in process	**1,518**	1,390
Property, plant and equipment, gross	**11,796**	11,674
Less: Accumulated depreciation	**(5,440)**	(5,425)
Property, plant and equipment, net	**$ 6,356**	$ 6,249

In the fourth quarter of 2024, we impaired $61 million of long-lived assets in our Accelera segment. See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," for additional information.

NOTE 8. LEASES

Our lease portfolio consists primarily of real estate and equipment leases. Our real estate leases primarily consist of land, office, distribution, warehousing and manufacturing facilities. These leases typically range in term from 2 to 50 years and may contain renewal options for periods up to10 years at our discretion. Our equipment lease portfolio consists primarily of vehicles (including service vehicles), fork trucks and IT equipment. These leases typically range in term from two to three years and may contain renewal options. Our leases generally do not contain variable lease payments other than (1) certain foreign real estate leases which have payments indexed to inflation and (2) certain real estate executory costs (such as taxes, insurance and maintenance), which are paid based on actual expenses incurred by the lessor during the year. Our leases generally do not include residual value guarantees other than our service vehicle fleet, which has a residual guarantee based on a percentage of the original cost declining over the lease term.

The components of our lease cost were as follows:

	Years ended December 31,		
In millions	**2024**	**2023**	**2022**
Operating lease cost	**$ 187**	$ 165	$ 160
Finance lease cost			
Amortization of right-of-use asset	**26**	20	19
Interest expense	**7**	4	4
Short-term lease cost	**41**	24	23
Variable lease cost	**17**	14	12
Total lease cost	**$ 278**	$ 227	$ 218

Supplemental balance sheet information related to leases:

In millions	December 31, 2024	December 31, 2023	Balance Sheet Location
Assets			
Operating lease assets	**$ 532**	$ 501	Other assets
Finance lease assets [1]	**121**	115	Property, plant and equipment, net
Total lease assets	**$ 653**	$ 616	
Liabilities			
Current			
Operating lease liabilities	**$ 130**	$ 138	Other accrued expenses
Finance lease liabilities	**20**	17	Current maturities of long-term debt
Long-term			
Operating lease liabilities	**409**	374	Other liabilities
Finance lease liabilities	**105**	94	Long-term debt
Total lease liabilities	**$ 664**	$ 623	

[1] Finance lease assets were recorded net of accumulated amortization of $ 80 million and $77 million at December 31, 2024 and 2023.

Supplemental cash flow and other information related to leases:

In millions	Years ended December 31, 2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	**$ 176**	$ 148	$ 151
Operating cash flows from finance leases	**7**	4	4
Financing cash flows from finance leases	**23**	35	16
Right-of-use assets obtained in exchange for lease obligations			
Operating leases	**$ 268**	$ 153	$ 148
Finance leases	**43**	12	29

Additional information related to leases:

	December 31, 2024	December 31, 2023
Weighted-average remaining lease term (in years)		
Operating leases	**5.9**	5.2
Finance leases	**7.8**	8.6
Weighted-average discount rate		
Operating leases	**4.6 %**	4.2 %
Finance leases	**6.0 %**	5.0 %

Following is a summary of the future minimum lease payments related to finance and operating leases with terms of more than one year at December 31, 2024, together with the net present value of the minimum payments:

In millions	Finance Leases	Operating Leases
2025	$ 26	$ 150
2026	23	123
2027	20	98
2028	17	69
2029	14	45
After 2029	58	137
Total minimum lease payments	158	622
Interest	(33)	(83)
Present value of net minimum lease payments	$ 125	$ 539

NOTE 9. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table summarizes the changes in the carrying amount of goodwill for the years ended December 31, 2024 and 2023:

In millions	Components	Accelera	Distribution	Power Systems	Engine	Total
Balance at December 31, 2022	$ 1,752	$ 495	$ 79	$ 11	$ 6	$ 2,343
Acquisitions	122	—	4	—	18	144
Foreign currency translation and other	10	1	—	—	1	12
Balance at December 31, 2023	1,884	496	83	11	25	2,499
Acquisitions	**2**	**—**	**—**	**33**	**—**	**35**
Foreign currency translation and other	**(48)**	**(2)**	**—**	**—**	**—**	**(50)**
Divestiture [(1)]	**(114)**	**—**	**—**	**—**	**—**	**(114)**
Balance at December 31, 2024	**$ 1,724**	**$ 494**	**$ 83**	**$ 44**	**$ 25**	**$ 2,370**

(1) See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

Intangible assets that have finite useful lives are amortized over their estimated useful lives. The following table summarizes our other intangible assets:

	December 31,	
In millions	2024	2023
Amortizable intangible assets		
Software	**$ 793**	$ 622
Less: Accumulated amortization	**(372)**	(323)
Software, net	**421**	299
Trademarks, patents, customer relationships and other	**2,685**	2,866
Less: Accumulated amortization	**(819)**	(666)
Trademarks, patents, customer relationships and other, net	**1,866**	2,200
Unamortizable other intangible assets	**64**	20
Other intangible assets, net	**$ 2,351**	$ 2,519

Amortization expense for software and other intangibles totaled $324 million, $324 million and $223 million for the years ended December 31, 2024, 2023 and 2022, respectively. The projected amortization expense of our intangible assets, assuming no further acquisitions or dispositions, is as follows:

In millions	2025	2026	2027	2028	2029
Projected amortization expense	$ 320	$ 308	$ 293	$ 266	$ 232

In the fourth quarter of 2024, we impaired $84 million of other intangible assets in our Accelera segment. See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," for additional information.

NOTE 10. PENSIONS AND OTHER POSTRETIREMENT BENEFITS

Pension Plans

We sponsor several pension plans covering substantially all employees. Generally, pension benefits for salaried employees are determined as a function of employee's compensation. Pension benefits for most hourly employees are determined similarly and as a function of employee's compensation, with the exception of a small group of hourly employees whose pension benefits were grandfathered in accordance with agreements with their union representation and are based on their years of service and compensation during active employment. The level of benefits and terms of vesting may vary among plans and are offered in accordance with applicable laws. Pension plan assets are administered by trustees and are principally invested in fixed income securities and equity securities. It is our policy to make contributions to our various qualified plans in accordance with statutory and contractual funding requirements, and any additional contributions we determine are appropriate.

Obligations, Assets and Funded Status

Benefit obligation balances presented below reflect the projected benefit obligation (PBO) for our pension plans.The changes in the benefit obligations, the various plan assets, the funded status of the plans and the amounts recognized in our *Consolidated Balance Sheets* for our significant pension plans at December 31 were as follows:

	Qualified and Non-Qualified Pension Plans			
	U.S. Plans		U.K. Plans	
In millions	2024	2023	2024	2023
Change in benefit obligation				
Benefit obligation at the beginning of the year	**$ 3,381**	$ 3,171	**$ 1,525**	$ 1,398
Service cost	**142**	117	**18**	17
Interest cost	**167**	168	**71**	70
Actuarial (gain) loss	**(163)**	172	**(133)**	47
Benefits paid from fund	**(328)**	(223)	**(108)**	(87)
Benefits paid directly by employer	**(32)**	(25)	**—**	—
Plan amendment	**—**	1	**—**	—
Foreign currency translation adjustments	**—**	—	**(23)**	80
Benefit obligation at end of year	**$ 3,167**	$ 3,381	**$ 1,350**	$ 1,525
Change in plan assets				
Fair value of plan assets at beginning of year	**$ 3,826**	$ 3,828	**$ 1,720**	$ 1,670
Actual return on plan assets	**178**	221	**(128)**	(51)
Employer contributions	**30**	—	**9**	90
Benefits paid from fund	**(328)**	(223)	**(108)**	(87)
Foreign currency translation adjustments	**—**	—	**(25)**	98
Fair value of plan assets at end of year	**$ 3,706**	$ 3,826	**$ 1,468**	$ 1,720
Funded status (including unfunded plans) at end of year	**$ 539**	$ 445	**$ 118**	$ 195
Amounts recognized in consolidated balance sheets				
Pension assets	**$ 1,071**	$ 1,002	**$ 118**	$ 195
Accrued compensation, benefits and retirement costs	**(29)**	(27)	**—**	—
Other liabilities	**(503)**	(530)	**—**	—
Net amount recognized	**$ 539**	$ 445	**$ 118**	$ 195
Amounts recognized in accumulated other comprehensive loss				
Net actuarial loss	**$ 429**	$ 493	**$ 691**	$ 606
Prior service cost	**6**	8	**7**	8
Net amount recognized	**$ 435**	$ 501	**$ 698**	$ 614

In addition to the pension plans in the above table, we also maintain less significant defined benefit pension plans in 15 other countries outside of the U.S. and the U.K. that comprise approximately 5 percent and 6 percent of our pension plan assets and benefit obligations, respectively, at December 31, 2024. These plans are reflected in other liabilities on our *Consolidated Balance Sheets*. In 2024 and 2023, we made $21 million and $16 million of contributions to these plans, respectively.

The following table summarizes the total accumulated benefit obligation (ABO), the ABO for defined benefit pension plans with ABO in excess of plan assets and the PBO for defined benefit pension plans with PBO in excess of plan assets:

	Qualified and Non-Qualified Pension Plans			
	U.S. Plans		U.K. Plans	
In millions	2024	2023	2024	2023
Total ABO	**$ 3,132**	$ 3,334	**$ 1,334**	$ 1,504
Plans with ABO in excess of plan assets				
ABO	**1,007**	1,067	**—**	—
Plans with PBO in excess of plan assets				
PBO	**1,042**	1,116	**—**	—

Components of Net Periodic Pension Cost (Income)

The following table presents the net periodic pension cost (income) under our plans for the years ended December 31:

	Qualified and Non-Qualified Pension Plans					
	U.S. Plans			U.K. Plans		
In millions	2024	2023	2022	2024	2023	2022
Service cost	**$ 142**	$ 117	$ 137	**$ 18**	$ 17	$ 30
Interest cost	**167**	168	101	**71**	70	39
Expected return on plan assets	**(290)**	(277)	(229)	**(102)**	(105)	(87)
Amortization of prior service cost	**2**	2	1	**1**	1	1
Recognized net actuarial loss	**13**	8	23	**12**	—	3
Net periodic pension cost (income)	**$ 34**	$ 18	$ 33	**$ —**	$ (17)	$ (14)

Other changes in benefit obligations and plan assets recognized in other comprehensive loss (income) for the years ended December 31 were as follows:

In millions	2024	2023	2022
Amortization of prior service cost	**$ (3)**	$ (3)	$ (2)
Recognized net actuarial loss	**(25)**	(8)	(26)
Incurred prior service cost	**—**	1	3
Incurred actuarial loss	**46**	432	173
Total recognized in other comprehensive loss	**$ 18**	$ 422	$ 148
Total recognized in net periodic pension cost and other comprehensive loss	**$ 52**	$ 423	$ 167

Assumptions

The table below presents various assumptions used in determining the PBO for each year and reflects weighted-average percentages for the various plans as follows:

	Qualified and Non-Qualified Pension Plans			
	U.S. Plans		U.K. Plans	
	2024	2023	2024	2023
Discount rate	**5.69 %**	5.15 %	**5.62 %**	4.72 %
Cash balance crediting rate	**4.51 %**	4.55 %	**—**	—
Compensation increase rate	**5.32 %**	5.34 %	**3.75 %**	3.75 %

The table below presents various assumptions used in determining the net periodic pension cost and reflects weighted-average percentages for the various plans as follows:

	Qualified and Non-Qualified Pension Plans					
	U.S. Plans			U.K. Plans		
	2024	2023	2022	2024	2023	2022
Discount rate	**5.15 %**	5.55 %	3.31 %	**4.72 %**	4.99 %	2.26 %
Expected return on plan assets	**7.25 %**	7.00 %	6.50 %	**5.00 %**	5.00 %	4.01 %
Compensation increase rate	**5.34 %**	5.35 %	2.71 %	**3.75 %**	3.75 %	3.75 %

Plan Assets

Our investment policies in the U.S. and U.K. provide for the rebalancing of assets to maintain our long-term strategic asset allocation. We are committed to this long-term strategy and do not attempt to time the market. Given empirical evidence that asset allocation is critical, rebalancing of the assets has and continues to occur, maintaining the proper weighting of assets to achieve the expected total portfolio returns. We believe that our portfolio is highly diversified and does not have any significant exposure to concentration risk. The plan assets for our defined benefit pension plans do not include any of our common stock or corporate bonds.

U.S. Plan Assets

For the U.S. qualified pension plans, our assumption for the expected return is greatly influenced by our objective to match assets and liabilities and the increase in bond yields. Projected returns are based primarily on broad, publicly traded equity and fixed income indices and forward-looking estimates of active portfolio and investment management. We expect additional positive returns from this active investment management. Based on the historical returns and forward-looking return expectations, we elected an assumption of 7.00 percent in 2025.

To achieve these objectives, we established the following targets:

Asset Class	Plan Target
U.S. equities	7 %
Non-U.S. equities	3 %
Global equities	5 %
Total equities	15 %
Real assets	5 %
Private equity/venture capital	5 %
Opportunistic credit	4 %
Fixed income	71 %
Total	100 %

The fixed income component of the plans is structured to represent a custom bond benchmark that will closely hedge the change in the value of our liabilities. This component is structured in such a way that its benchmark covers approximately 100 percent of the plans' exposure to changes in its discount rate (AA corporate bond yields). In order to achieve a hedge on more than the targeted 71 percent of plan assets invested in fixed income securities, our Benefits Policy Committee (BPC) permits the fixed income managers, other managers or the custodian/trustee to utilize derivative securities, as part of a liability driven investment strategy to further reduce the plans' risk of changes in interest rates. However, all managers hired to manage assets for the trust are prohibited from using leverage unless approved by the BPC.

U.K. Plan Assets

The methodology used to determine the rate of return on the pension plan assets in the U.K. was based on establishing an equity-risk premium over current long-term bond yields adjusted based on target asset allocations. Our strategy with respect to our investments in these assets is to be invested in a suitable mixture of return-seeking assets such as equities, real estate and liability matching assets such as group annuity insurance contracts and duration matched bonds. To achieve these objectives, we established the following targets:

Asset Class	Plan Target
Property/secure income assets	6 %
Credit/bank loans	8 %
Diversified strategies	1 %
Private equity	5 %
Fixed income/insurance annuity	78 %
Cash	2 %
Total	100 %

As part of our strategy in the U.K. we have not prohibited the use of any financial instrument, including derivatives. As in the U.S. plans, derivatives may be used to better match liability duration and are not used in a speculative way. The fixed income component of our portfolio hedges approximately 91 percent of the plans' exposure to interest rates and 92 percent of the plans' exposure to inflation. Based on the above discussion, we elected an assumption of5.00 percent in 2025.

Fair Value of U.S. Plan Assets

The fair values of U.S. pension plan assets by asset category were as follows:

	Fair Value Measurements at December 31, 2024			
In millions	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equities				
U.S.	$ 168	$ —	$ —	$ 168
Non-U.S.	31	—	—	31
Fixed income				
Government debt	—	105	—	105
Corporate debt				
U.S.	—	600	—	600
Non-U.S.	—	36	—	36
Asset/mortgaged backed securities	—	13	—	13
Net cash equivalents (1)	388	—	—	388
Private markets and real assets (2)	—	—	500	500
Net plan assets subject to leveling	$ 587	$ 754	$ 500	$ 1,841
Pending trade/purchases/sales				(2)
Accruals (3)				12
Investments measured at net asset value				1,855
Net plan assets				$ 3,706

In millions	Fair Value Measurements at December 31, 2023			
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equities				
U.S.	$ 73	$ —	$ —	$ 73
Non-U.S.	36	—	—	36
Fixed income				
Government debt	—	157	—	157
Corporate debt				
U.S.	—	603	—	603
Non-U.S.	—	49	—	49
Asset/mortgaged backed securities	—	8	—	8
Net cash equivalents [(1)]	467	—	—	467
Private markets and real assets [(2)]	—	—	604	604
Net plan assets subject to leveling	$ 576	$ 817	$ 604	$ 1,997
Pending trade/purchases/sales				(16)
Accruals [(3)]				10
Investments measured at net asset value				1,835
Net plan assets				$ 3,826

(1) Cash equivalents included commercial paper, short-term government/agency, mortgage and credit instruments.

(2) The instruments in private markets and real assets, for which quoted market prices are not available, are valued at their estimated fair value as determined by applicable investment managers or by audited financial statements of the funds. Private markets include equity, venture capital and private credit instruments and funds. Real assets include real estate and infrastructure.

(3) Accruals include interest or dividends that were not settled at December 31.

Certain of our assets are valued based on their respective net asset value (NAV) (or its equivalent), as an alternative to estimated fair value due to the absence of readily available market prices. The fair value of each such investment category was as follows:

- *U.S. and Non-U.S. Corporate Debt* ($912 million and $915 million at December 31, 2024 and 2023, respectively) - These commingled funds have observable NAVs provided to investors and provide for liquidity either immediately or within a couple of days.
- *Asset/Mortgage Backed Securities* ($327 million and $307 million at December 31, 2024 and 2023, respectively) - This asset type represents investments in fixed- and floating-rate loans. These funds are valued using NAVs and allow quarterly or more frequent redemptions.
- *U.S. and Non-U.S. Equities* ($260 million and $222 million at December 31, 2024 and 2023, respectively) - These commingled funds have observable NAVs provided to investors and provide for liquidity either immediately or within a couple of days.
- *Government Debt* ($235 million and $257 million at December 31, 2024 and 2023, respectively) - These commingled funds have observable NAVs provided to investors and provide for liquidity either immediately or within a couple of days.
- *Real Estate* ($121 million and $134 million at December 31, 2024 and 2023, respectively) - This asset type represents different types of real estate including development property, industrial property, individual mortgages, office property, property investment companies and retail property. These funds are valued using NAVs and allow quarterly or more frequent redemptions.

The reconciliation of Level 3 assets was as follows:

In millions	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Private Markets	Real Assets	Total
Balance at December 31, 2022	$ 559	$ 82	$ 641
Actual return on plan assets			
Unrealized gains (losses) on assets still held at the reporting date	6	(13)	(7)
Purchases, sales and settlements, net	(28)	(2)	(30)
Balance at December 31, 2023	537	67	604
Actual return on plan assets			
Unrealized losses on assets still held at the reporting date	**(3)**	**(6)**	**(9)**
Purchases, sales and settlements, net	**(93)**	**(2)**	**(95)**
Balance at December 31, 2024	**$ 441**	**$ 59**	**$ 500**

Fair Value of U.K. Plan Assets

The fair values of U.K. pension plan assets by asset category were as follows:

In millions	Fair Value Measurements at December 31, 2024 Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Fixed income				
Government debt	**$ —**	**$ 204**	**$ —**	**$ 204**
Corporate debt				
U.S.	**—**	**32**	**—**	**32**
Non-U.S.	**—**	**93**	**—**	**93**
Net cash equivalents [1]	**11**	**14**	**—**	**25**
Insurance annuity	**—**	**—**	**383**	**383**
Private markets and real assets [2]	**—**	**—**	**102**	**102**
Net plan assets subject to leveling	**$ 11**	**$ 343**	**$ 485**	**$ 839**
Pending trade/purchases/sales				**1**
Accruals [3]				**2**
Investments measured at net asset value				**626**
Net plan assets				**$ 1,468**

In millions	Fair Value Measurements at December 31, 2023 Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Equities				
U.S.	$ 12	$ —	$ —	$ 12
Non-U.S.	8	—	—	8
Fixed income				
Government debt	—	232	—	232
Corporate debt				
U.S.	—	30	—	30
Non-U.S.	—	95	—	95
Net cash equivalents (1)	17	18	—	35
Insurance annuity	—	—	436	436
Private markets and real assets (2)	—	—	103	103
Net plan assets subject to leveling	$ 37	$ 375	$ 539	$ 951
Pending trade/purchases/sales				1
Accruals (3)				2
Investments measured at net asset value				766
Net plan assets				$ 1,720

(1) Cash equivalents include commercial paper, short-term government/agency, mortgage and credit instruments.

(2) The instruments in private markets and real assets, for which quoted market prices are not available, are valued at their estimated fair value as determined by applicable investment managers or by audited financial statements of the funds. Private markets include equity, venture capital and private credit instruments and funds. Real assets include real estate and infrastructure.

(3) Accruals include interest or dividends that were not settled at December 31.

Certain of our assets are valued based on their respective NAV (or its equivalent), as an alternative to estimated fair value due to the absence of readily available market prices. The fair value of each such investment category was as follows:

- *Government Debt* ($434 million and $572 million at December 31, 2024 and 2023, respectively) - These commingled funds have observable NAVs provided to investors and provide for liquidity either immediately or within a couple of days.
- *U.S. and Non-U.S. Corporate Debt* ($96 million and $71 million at December 31, 2024 and 2023, respectively) - These commingled funds have observable NAVs provided to investors and provide for liquidity either immediately or within a couple of days.
- *Asset/Mortgage Backed Securities* ($92 million and $117 million at December 31, 2024 and 2023, respectively) - This asset type represents investments in fixed- and floating-rate loans. These funds are valued using NAVs and allow quarterly or more frequent redemptions.
- *Re-insurance* ($4 million and $6 million at December 31, 2024 and 2023, respectively) - This commingled fund has a NAV that is determined on a monthly basis and the investment may be sold at that value.

The reconciliation of Level 3 assets was as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)			
In millions	Insurance Annuity	Real Assets	Private Markets	Total
Balance at December 31, 2022	$ 428	$ 8	$ 382	$ 818
Actual return on plan assets				
Unrealized gains (losses) on assets still held at the reporting date	8	—	(35)	(27)
Purchases, sales and settlements, net	—	(1)	(251)	(252)
Balance at December 31, 2023	436	7	96	539
Actual return on plan assets				
Unrealized (losses) gains on assets still held at the reporting date	**(53)**	**—**	**1**	**(52)**
Purchases, sales and settlements, net	**—**	**(1)**	**(1)**	**(2)**
Balance at December 31, 2024	**$ 383**	**$ 6**	**$ 96**	**$ 485**

Level 3 Assets

The investments in an insurance annuity contract, venture capital, private equity and real estate, for which quoted market prices are not available, are valued at their estimated fair value as determined by applicable investment managers or by quarterly financial statements of the funds. These financial statements are audited at least annually. In conjunction with our investment consultant and actuary, we monitor the fair value of the insurance contract as periodically reported by our insurer and their counterparty risk. The fair value of all real estate properties, held in the partnerships, are valued at least once per year by an independent professional real estate valuation firm. Fair value generally represents the fund's proportionate share of the net assets of the investment partnerships as reported by the general partners of the underlying partnerships. Some securities with no readily available market are initially valued at cost, utilizing independent professional valuation firms as well as market comparisons with subsequent adjustments to values which reflect either the basis of meaningful third-party transactions in the private market or the fair value deemed appropriate by the general partners of the underlying investment partnerships. In such instances, consideration is also given to the financial condition and operating results of the issuer, the amount that the investment partnerships can reasonably expect to realize upon the sale of the securities and any other factors deemed relevant. The estimated fair values are subject to uncertainty and therefore may differ from the values that would have been used had a ready market for such investments existed and such differences could be material.

Estimated Future Contributions and Benefit Payments

We plan to contribute approximately $52 million to our defined benefit pension plans in 2025.The table below presents expected future benefit payments under our pension plans:

	Qualified and Non-Qualified Pension Plans					
In millions	2025	2026	2027	2028	2029	2030 - 2034
Expected benefit payments	$ 392	$ 364	$ 368	$ 374	$ 382	$ 1,919

Other Pension Plans

We also sponsor defined contribution plans for certain hourly and salaried employees. Our contributions to these plans were $126 million, $130 million and $110 million for the years ended December 31, 2024, 2023 and 2022.

Other Postretirement Benefits

Our OPEB plans provide various health care and life insurance benefits to eligible employees, who retire and satisfy certain age and service requirements, and their dependents. The plans are contributory and contain cost-sharing features such as caps, deductibles, coinsurance and spousal contributions. Employer contributions are limited by formulas in each plan. Retiree contributions for health care benefits are adjusted annually, and we reserve the right to change benefits covered under these plans. There were no plan assets for OPEB plans as our policy is to fund benefits and expenses for these plans as claims and premiums are incurred.

Obligations and Funded Status

Benefit obligation balances presented below reflect the accumulated postretirement benefit obligations for our OPEB plans. The changes in the benefit obligations, the funded status of the plans and the amounts recognized in our *Consolidated Balance Sheets* for our significant OPEB plans were as follows:

In millions	December 31, 2024	December 31, 2023
Change in benefit obligation		
Benefit obligation at the beginning of the year	**$ 150**	$ 162
Interest cost	**7**	9
Plan participants' contributions	**8**	18
Actuarial gain	**(18)**	(2)
Benefits paid directly by employer	**(27)**	(37)
Benefit obligation at end of year	**$ 120**	$ 150
Funded status at end of year	**$ (120)**	$ (150)
Amounts recognized in consolidated balance sheets		
Accrued compensation, benefits and retirement costs	**$ (16)**	$ (19)
Other liabilities	**(104)**	(131)
Net amount recognized	**$ (120)**	$ (150)
Amounts recognized in accumulated other comprehensive loss		
Net actuarial gain	**$ (60)**	$ (44)
Prior service credit	**(3)**	(3)
Net amount recognized	**$ (63)**	$ (47)

In addition to the OPEB plans in the above table, we also maintain less significant OPEB plans in five other countries outside the U.S. that comprise approximately 17 percent and 16 percent of our OPEB obligations at December 31, 2024 and 2023, respectively. These plans are reflected in other liabilities in our *Consolidated Balance Sheets.*

Components of Net Periodic OPEB Cost

The following table presents the net periodic OPEB cost under our plans:

In millions	Years ended December 31, 2024	2023	2022
Interest cost	**$ 7**	$ 9	$ 5
Recognized net actuarial gain	**(3)**	(2)	—
Net periodic OPEB cost	**$ 4**	$ 7	$ 5

Other changes in benefit obligations recognized in other comprehensive loss (income) for the years ended December 31 were as follows:

In millions	Years ended December 31, 2024	2023	2022
Recognized net actuarial gain	**$ 3**	$ 2	$ —
Incurred actuarial gain	**(19)**	(2)	(25)
Total recognized in other comprehensive (income) loss	**$ (16)**	$ —	$ (25)
Total recognized in net periodic OPEB cost and other comprehensive (income) loss	**$ (12)**	$ 7	$ (20)

Assumptions

The table below presents assumptions used in determining the OPEB obligation for each year and reflects weighted-average percentages for our other OPEB plans as follows:

	2024	2023
Discount rate	**5.60 %**	5.19 %

The table below presents assumptions used in determining the net periodic OPEB cost and reflects weighted-average percentages for the various plans as follows:

	2024	2023	2022
Discount rate	**5.19 %**	5.59 %	2.93 %

Our consolidated OPEB obligation is determined by application of the terms of health care and life insurance plans, together with relevant actuarial assumptions and health care cost trend rates. For measurement purposes, a 6.75 percent annual rate of increase in the per capita cost of covered health care benefits was assumed in 2024. The rate is assumed to decrease on a linear basis to 5.0 percent through 2032 and remain at that level thereafter.

Estimated Benefit Payments

The table below presents expected benefit payments under our OPEB plans:

In millions	2025	2026	2027	2028	2029	2030 - 2034
Expected benefit payments	$ 16	$ 15	$ 14	$ 13	$ 12	$ 47

NOTE 11. SUPPLEMENTAL BALANCE SHEET DATA

Other assets included the following:

	December 31,	
In millions	2024	2023
Deferred income taxes	**$ 1,119**	$ 1,082
Operating lease assets	**532**	501
Corporate-owned life insurance	**423**	417
Other	**559**	543
Other assets	**$ 2,633**	$ 2,543

Other accrued expenses included the following:

	December 31,	
In millions	2024	2023
Marketing accruals	**$ 335**	$ 399
Other taxes payable	**249**	296
Income taxes payable	**244**	242
Current portion of operating lease liabilities	**130**	138
Settlement Agreements [(1)]	**66**	1,938
Other	**874**	741
Other accrued expenses	**$ 1,898**	$ 3,754

[(1)] See NOTE 14, "COMMITMENTS AND CONTINGENCIES," for additional information.

Other liabilities included the following:

In millions	December 31, 2024	December 31, 2023
Accrued product warranty [1]	**$ 843**	$ 777
Pensions	**503**	530
Operating lease liabilities	**409**	374
Deferred income taxes	**389**	530
Accrued compensation	**193**	213
Other postretirement benefits	**104**	131
Mark-to-market valuation on interest rate derivatives	**89**	117
Long-term income taxes	**5**	111
Other	**614**	647
Other liabilities	**$ 3,149**	$ 3,430

[1] See NOTE 13, "PRODUCT WARRANTY LIABILITY," for additional information.

NOTE 12. DEBT

Loans Payable

Loans payable at December 31, 2024 and 2023 were $356 million and $280 million, respectively, and consisted primarily of loans payable to financial institutions.The weighted-average interest rate of loans payable at December 31 was as follows:

	2024	2023
Weighted-average interest rate	**2.85 %**	3.92 %

Commercial Paper

Our committed credit facilities provide access up to $4.0 billion of unsecured, short-term promissory notes (commercial paper) pursuant to the Board authorized commercial paper programs. These programs facilitate the private placement of unsecured short-term debt through third-party brokers. We intend to use the net proceeds from the commercial paper borrowings for general corporate purposes. We had $1.3 billion and $1.5 billion in outstanding borrowings under our commercial paper programs at December 31, 2024 and 2023, respectively. The weighted-average interest rate for commercial paper at December 31 was as follows:

	2024	2023
Weighted-average interest rate	**4.49 %**	5.43 %

Revolving Credit Facilities

On June 3, 2024, we entered into an amended and restated 5-year credit agreement that allows us to borrow up to $2.0 billion of unsecured funds at any time prior to June 3, 2029. The credit agreement amended and restated the prior $2.0 billion 5-year credit agreement that would have matured on August 18, 2026. We also entered into an amended and restated 364-day credit agreement that allows us to borrow up to $2.0 billion of unsecured funds at any time prior to June 2, 2025. This credit agreement amended and restated the prior $2.0 billion 364-day credit facility that matured on June 3, 2024.

Our committed credit facilities provide access up to $4.0 billion from our $2.0 billion 364-day credit facility that expires on June 2, 2025 and our $2.0 billion 5-year facility that expires on June 3, 2029. We intend to maintain credit facilities at the current or higher aggregate amounts by renewing or replacing these facilities at or before expiration. Amounts payable under our revolving credit facility rank pro rata with all of our unsecured, unsubordinated indebtedness. Up to $300 million under this credit facility is available for swingline loans. Based on our current long-term debt ratings, the applicable margin on Secured Overnight Financing Rate (SOFR) rate loans for the 364-day facility was 0.85 percent per annum and 0.975 percent for the 5-year facility. Advances under the facility may be prepaid without premium or penalty, subject to customary breakage costs. These revolving credit facilities are maintained primarily to provide backup liquidity for our commercial paper borrowings and general corporate purposes. Our credit agreements include various covenants, including, among others, maintaining a net debt to total capital ratio of no more than 0.65 to 1.0. At December 31, 2024, we were in compliance with the financial debt covenants. There were no outstanding borrowings under these facilities at December 31, 2024 and December 31, 2023.

The total combined borrowing capacity under the revolving credit facilities and commercial programs should not exceed $4.0 billion. At December 31, 2024, our $1.3 billion of commercial paper outstanding effectively reduced the $4.0 billion available capacity under our revolving credit facilities to $2.7 billion.

At December 31, 2024, we also had an additional $628 million available for borrowings under our uncommitted international and other domestic credit facilities.

Long-term Debt

A summary of long-term debt was as follows:

		December 31,	
In millions	**Interest Rate**	**2024**	**2023**
Long-term debt			
Hydrogenics promissory notes, due 2024 and 2025	—%	**110**	160
Term loan, due 2025 [1][2]	Variable	**—**	1,150
Senior notes, due 2025 [3]	0.75%	**500**	500
Atmus term loan, due 2027 [4]	Variable	**—**	600
Debentures, due 2027	6.75%	**58**	58
Debentures, due 2028	7.125%	**250**	250
Senior notes, due 2029	4.90%	**500**	—
Senior notes, due 2030 [3]	1.50%	**850**	850
Senior notes, due 2034	5.15%	**750**	—
Senior notes, due 2043	4.875%	**500**	500
Senior notes, due 2050	2.60%	**650**	650
Senior notes, due 2054	5.45%	**1,000**	—
Debentures, due 2098 [5]	5.65%	**165**	165
Other debt		**160**	94
Unamortized discount and deferred issuance costs		**(89)**	(72)
Fair value adjustments due to hedge on indebtedness		**(85)**	(96)
Finance leases		**125**	111
Total long-term debt		**5,444**	4,920
Less: Current maturities of long-term debt [6]		**660**	118
Long-term debt		**$ 4,784**	$ 4,802

[1] During 2024, we repaid the outstanding balance of the term loan.

[2] In September 2023, we entered into a series of interest rate swaps in order to trade a portion of the floating rate into fixed rate. See "Interest Rate Risk" in NOTE 20, "DERIVATIVES," for additional information.

[3] In 2021, we entered into a series of interest rate swaps to effectively convert from a fixed rate to floating rate. See "Interest Rate Risk" in NOTE 20, "DERIVATIVES," for additional information.

[4] See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

[5] The effective interest rate is 7.48 percent.

[6] The weighted-average interest rates for the years ended December 31, 2024 and 2023, were 1.01 percent and 1.87 percent, respectively.

On February 20, 2024, we issued $2.25 billion aggregate principal amount of senior unsecured notes consisting of $500 million aggregate principal amount of 4.90 percent senior unsecured notes due in 2029, $750 million aggregate principal amount of 5.15 percent senior unsecured notes due in 2034 and $1.0 billion aggregate principal amount of 5.45 percent senior unsecured notes due in 2054. We received net proceeds of $2.2 billion. The senior unsecured notes pay interest semi-annually on February 20 and August 20, commencing on August 20, 2024. The indenture governing the senior unsecured notes contains covenants that, among other matters, limit (i) our ability to consolidate or merge into, or sell, assign, convey, lease, transfer or otherwise dispose of all or substantially all of our and our subsidiaries' assets to another person, (ii) our and certain of our subsidiaries' ability to create or assume liens and (iii) our and certain of our subsidiaries' ability to engage in sale and leaseback transactions.

Principal payments required on long-term debt during the next five years are as follows:

In millions	2025	2026	2027	2028	2029
Principal payments	$ 660	$ 66	$ 102	$ 291	$ 534

The $250 million 7.125 percent debentures and $165 million 5.65 percent debentures are unsecured and are not subject to any sinking fund requirements. We can redeem these debentures at any time prior to maturity at the greater of par plus accrued interest or an amount designed to ensure that the debenture holders are not penalized by the early redemption.

Our debt agreements contain several restrictive covenants. The most restrictive of these covenants applies to our revolving credit facility which will upon default, among other things, limit our ability to incur additional debt or issue preferred stock, enter into sale-leaseback transactions, sell or create liens on our assets, make investments and merge or consolidate with any other entity. At December 31, 2024, we were in compliance with all of the financial debt covenants under our borrowing agreements.

Shelf Registration

As a well-known seasoned issuer, we filed an automatic shelf registration for an undetermined amount of debt and equity securities with the Securities and Exchange Commission (SEC) on February 8, 2022, which expired on February 9, 2025. Under this shelf registration we were able to offer debt securities, common stock, preferred and preference stock, depositary shares, warrants, stock purchase contracts and stock purchase units. We plan to file a new shelf registration statement shortly after the filing of this annual report on Form 10-K to replace the expired automatic shelf registration statement.

Interest Expense

For the years ended December 31, 2024, 2023 and 2022, total interest incurred was $387 million, $383 million and $204 million, respectively, and interest capitalized was $17 million, $8 million and $5 million, respectively.

Fair Value of Debt

Based on borrowing rates currently available to us for bank loans with similar terms and average maturities, considering our risk premium, the fair values and carrying values of total debt, including current maturities, were as follows:

	December 31,	
In millions	2024	2023
Fair values of total debt [(1)]	**$ 6,651**	$ 6,375
Carrying value of total debt	**7,059**	6,696

(1) The fair value of debt is derived from Level 2 input measures.

NOTE 13. PRODUCT WARRANTY LIABILITY

A tabular reconciliation of the product warranty liability, including the deferred revenue related to our extended warranty coverage and accrued product campaigns, was as follows:

	December 31,		
In millions	**2024**	**2023**	**2022**
Balance at beginning of year	**$ 2,497**	$ 2,477	$ 2,425
Provision for base warranties issued	**641**	602	515
Deferred revenue on extended warranty contracts sold	**343**	350	287
Provision for product campaigns issued	**65**	28	141
Payments made during period	**(704)**	(705)	(596)
Amortization of deferred revenue on extended warranty contracts	**(297)**	(300)	(298)
Changes in estimates for pre-existing product warranties and campaigns	**99**	37	(128)
Acquisitions [1]	**—**	—	147
Foreign currency translation adjustments and other	**(21)**	8	(16)
Balance at end of period	**$ 2,623**	$ 2,497	$ 2,477

[1] See NOTE 23, "ACQUISITIONS," for additional information.

We recognized supplier recoveries of $54 million, $36 million and $39 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Warranty related deferred revenues and warranty liabilities on our *Consolidated Balance Sheets* were as follows:

	December 31,		
In millions	**2024**	**2023**	**Balance Sheet Location**
Deferred revenue related to extended coverage programs			
Current portion	**$ 286**	$ 279	Current portion of deferred revenue
Long-term portion	**815**	774	Deferred revenue
Total	**$ 1,101**	$ 1,053	
Product warranty			
Current portion	**$ 679**	$ 667	Current portion of accrued product warranty
Long-term portion	**843**	777	Other liabilities
Total	**$ 1,522**	$ 1,444	
Total warranty accrual	**$ 2,623**	$ 2,497	

NOTE 14. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

We are subject to numerous lawsuits and claims arising out of the ordinary course of our business, including actions related to product liability; personal injury; the use and performance of our products; warranty matters; product recalls; patent, trademark or other intellectual property infringement; contractual liability; the conduct of our business; tax reporting in foreign jurisdictions; distributor termination; workplace safety; environmental and regulatory matters, including the enforcement of environmental and emissions standards; and asbestos claims. We also have been identified as a potentially responsible party at multiple waste disposal sites under U.S. federal and related state environmental statutes and regulations and may have joint and several liability for any investigation and remediation costs incurred with respect to such sites. We have denied liability with respect to many of these lawsuits, claims and proceedings and are vigorously defending such lawsuits, claims and proceedings. We carry various forms of commercial, property and casualty, product liability and other forms of insurance; however, such insurance may not be applicable or adequate to cover the costs associated with a judgment against us with respect to these lawsuits, claims and proceedings. We do not believe that these lawsuits are material individually or in the aggregate. While we believe we have also established adequate accruals for our expected future liability with respect to pending lawsuits, claims and proceedings, where the nature and extent of any such liability is probable and can be reasonably estimated based upon presently available information, there can be no assurance that the final resolution of any existing or future lawsuits, claims or proceedings will not have a material adverse effect on our business, results of operations, financial condition or cash flows.

We conduct significant business operations in Brazil that are subject to the Brazilian federal, state and local labor, social security, tax and customs laws. While we believe we comply with such laws, they are complex, subject to varying interpretations and we are often engaged in litigation regarding the application of these laws to particular circumstances.

In December 2023, we announced that we reached the agreement in principle with EPA, CARB, the Environmental and Natural Resources Division of the DOJ and the California Attorney General's Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024, (collectively, the Settlement Agreements). As part of the Settlement Agreements, among other things, we agreed to pay civil penalties, complete recall requirements, undertake mitigation projects, provide extended warranties, undertake certain testing, take certain corporate compliance measures and make other payments. Failure to comply with the terms and conditions of the Settlement Agreements will subject us to further stipulated penalties. We recorded a charge of $2.0 billion in the fourth quarter of 2023, in other operating expense, net in our *Consolidated Statements of Income,* to resolve the matters addressed by the Settlement Agreements involving approximately one million of our pick-up truck applications in the U.S. Of the $2.0 billion charge, $1.7 billion (primarily related to penalties) was non-deductible for U.S. federal income tax purposes. The remaining amount, related to emissions mitigation projects and payments, extended warranties and other related compliance expenses was deductible for U.S. federal income tax purposes. This charge was in addition to the previously announced charges of $59 million for the recalls of model years 2013 through 2018 RAM 2500 and 3500 trucks and model years 2016 through 2019 Titan trucks. We made $1.9 billion of payments required by the Settlement Agreements in the second quarter of 2024. Subsequent to the second quarter of 2024, we have recorded immaterial amounts related to stipulated penalties we determined to be probable and estimable. Any further non-compliance with the Settlement Agreements will likely subject us to further stipulated penalties and other adverse consequences.

We have also been in communication with other non-U.S. regulators regarding matters related to the emission systems in our engines and may also become subject to additional regulatory review in connection with these matters.

In connection with our announcement of our entry into the agreement in principle, we became subject to shareholder, consumer and third-party litigation regarding the matters covered by the Settlement Agreements, and we may become subject to additional litigation in connection with these matters.

The consequences resulting from the resolution of the foregoing matters are uncertain and the related expenses and reputational damage could have a material adverse impact on our results of operations, financial condition and cash flows.

Guarantees and Commitments

Periodically, we enter into guarantee arrangements, including guarantees of non-U.S. distributor financings, residual value guarantees on equipment under operating leases and other miscellaneous guarantees of joint ventures or third-party obligations. At December 31, 2024, the maximum potential loss related to these guarantees was $41 million.

We have arrangements with certain suppliers that require us to purchase minimum volumes or be subject to monetary penalties. At December 31, 2024, if we were to stop purchasing from each of these suppliers, the aggregate amount of the penalty would be approximately $533 million. These arrangements enable us to secure supplies of critical components and IT services. We do not currently anticipate paying any penalties under these contracts.

We enter into physical forward contracts with suppliers of platinum, palladium and iridium to purchase certain volumes of the commodities at contractually stated prices for various periods, which generally fall within two years. At December 31, 2024, the total commitments under these contracts were $69 million. These arrangements enable us to guarantee the prices of these commodities, which otherwise are subject to market volatility.

We have guarantees with certain customers that require us to satisfactorily honor contractual or regulatory obligations, or compensate for monetary losses related to nonperformance. These performance bonds and other performance-related guarantees were $241 million at December 31, 2024.

Indemnifications

Periodically, we enter into various contractual arrangements where we agree to indemnify a third-party against certain types of losses. Common types of indemnities include:

- product liability and license, patent or trademark indemnifications;
- asset sale agreements where we agree to indemnify the purchaser against future environmental exposures related to the asset sold; and
- any contractual agreement where we agree to indemnify the counterparty for losses suffered as a result of a misrepresentation in the contract.

We regularly evaluate the probability of having to incur costs associated with these indemnities and accrue for expected losses that are probable. Because the indemnifications are not related to specified known liabilities and due to their uncertain nature, we are unable to estimate the maximum amount of the potential loss associated with these indemnifications.

NOTE 15. CUMMINS INC. SHAREHOLDERS' EQUITY

Preferred and Preference Stock

We are authorized to issue one million shares of zero par value preferred and one million shares of preference stock with preferred shares being senior to preference shares. We can determine the number of shares of each series, and the rights, preferences and limitations of each series. At December 31, 2024 and 2023, there was no preferred or preference stock outstanding.

Common Stock

Changes in shares of common stock and treasury stock were as follows:

In millions	Common Stock	Treasury Stock
Balance at December 31, 2021	222.5	80.0
Shares acquired	—	1.9
Shares issued	—	(0.7)
Balance at December 31, 2022	222.5	81.2
Shares issued	—	(0.5)
Balance at December 31, 2023	222.5	80.7
Shares issued	**—**	**(1.2)**
Atmus divestiture share exchange [1]	**—**	**5.6**
Balance at December 31, 2024	**222.5**	**85.1**

[1] On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus Filtration Technologies Inc. (Atmus) common stock through a tax-free split-off. The exchange resulted in a reduction of shares of our common stock outstanding by 5.6 million shares. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

Treasury Stock

Shares of common stock repurchased by us are recorded at cost as treasury stock and result in a reduction of shareholders' equity in our *Consolidated Balance Sheets.* Treasury shares may be reissued as part of our stock-based compensation programs. When shares are reissued, we use the weighted-average cost method for determining cost. The gains between the cost of the shares and the issuance price are added to additional paid-in-capital. The losses are deducted from additional paid-in capital to the extent of the gains. Thereafter, the losses are deducted from retained earnings. Treasury stock activity for the three-year period ended December 31, 2024, consisting of shares issued and repurchased is presented in our *Consolidated Statements of Changes in Redeemable Noncontrolling Interests and Equity*.

In December 2021, the Board authorized the acquisition of up to $2.0 billion of additional common stock upon completion of the $2.0 billion repurchase plan authorized in 2019. The dollar value remaining available for future purchases under the 2019 program at December 31, 2024, was $218 million.

On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus Filtration Technologies Inc. (Atmus) common stock through a tax-free split-off. The exchange resulted in a reduction of shares of our common stock outstanding by 5.6 million shares. See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

We did not make any repurchases of common stock during 2024 or 2023. We repurchased $374 million of our common stock in the year ended December 31, 2022.

Dividends

Total dividends paid to common shareholders in 2024, 2023 and 2022 were $969 million, $921 million and $855 million, respectively. Declaration and payment of dividends in the future depends upon our income and liquidity position, among other factors, and is subject to declaration by the Board, who meets quarterly to consider our dividend payment. We expect to fund dividend payments with cash from operations.

In July 2024, the Board authorized an increase to our quarterly dividend of 8.3 percent from $1.68 per share to $1.82 per share. In July 2023, the Board authorized a 7.0 percent increase to our quarterly cash dividend on our common stock from $1.57 per share to $1.68 per share. In July 2022, the Board approved an 8.3 percent increase to our quarterly dividend on our common stock from $1.45 per share to $1.57 per share. Cash dividends per share paid to common shareholders for the last three years were as follows:

	Quarterly Dividends		
	2024	**2023**	**2022**
First quarter	**$ 1.68**	$ 1.57	$ 1.45
Second quarter	**1.68**	1.57	1.45
Third quarter	**1.82**	1.68	1.57
Fourth quarter	**1.82**	1.68	1.57
Total	**$ 7.00**	$ 6.50	$ 6.04

NOTE 16. ACCUMULATED OTHER COMPREHENSIVE LOSS

Following are the changes in accumulated other comprehensive (loss) income by component:

In millions	Change in pensions and other postretirement defined benefit plans	Foreign currency translation adjustment	Unrealized gain (loss) on derivatives	Total attributable to Cummins Inc.	Noncontrolling interests	Total
Balance at December 31, 2021	$ (346)	$ (1,208)	$ (17)	$ (1,571)		
Other comprehensive income (loss) before reclassifications						
Before-tax amount	(123)	(350)	136	(337)	$ (40)	$ (377)
Tax benefit (expense)	19	6	(32)	(7)	—	(7)
After-tax amount	(104)	(344)	104	(344)	(40)	(384)
Amounts reclassified from accumulated other comprehensive income [(1)]	23	—	2	25	—	25
Net current period other comprehensive (loss) income	(81)	(344)	106	(319)	$ (40)	$ (359)
Balance at December 31, 2022	$ (427)	$ (1,552)	$ 89	$ (1,890)		
Other comprehensive income (loss) before reclassifications						
Before-tax amount	(541)	96	35	(410)	$ (3)	$ (413)
Tax benefit (expense)	113	(1)	(7)	105	—	105
After-tax amount	(428)	95	28	(305)	(3)	(308)
Amounts reclassified from accumulated other comprehensive income [(1)]	7	—	(18)	(11)	—	(11)
Net current period other comprehensive (loss) income	(421)	95	10	(316)	$ (3)	$ (319)
Balance at December 31, 2023	$ (848)	$ (1,457)	$ 99	$ (2,206)		
Other comprehensive income (loss) before reclassifications						
Before-tax amount	**(14)**	**(313)**	**47**	**(280)**	**$ (16)**	**$ (296)**
Tax expense	**(2)**	**(8)**	**(12)**	**(22)**	**—**	**(22)**
After-tax amount	**(16)**	**(321)**	**35**	**(302)**	**(16)**	**(318)**
Amounts reclassified from accumulated other comprehensive income [(1)]	**21**	**61** [(2)]	**(19)**	**63**	**—**	**63**
Net current period other comprehensive income (loss)	**5**	**(260)**	**16**	**(239)**	**$ (16)**	**$ (255)**
Balance at December 31, 2024	**$ (843)**	**$ (1,717)**	**$ 115**	**$ (2,445)**		

[(1)] Amounts are net of tax. Reclassifications out of accumulated other comprehensive income (loss) and the related tax effects are immaterial for separate disclosure.

[(2)] See NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

NOTE 17. NONCONTROLLING INTERESTS

Noncontrolling interests in the equity of consolidated subsidiaries were as follows:

	December 31,	
In millions	**2024**	**2023**
Eaton Cummins Automated Transmission Technologies	**$ 490**	$ 534
Cummins India Ltd.	**431**	388
Other	**116**	132
Noncontrolling interests	**$ 1,037**	$ 1,054

NOTE 18. STOCK INCENTIVE AND STOCK OPTION PLANS

Our stock incentive plan (the Plan) allows for granting of up to 8.5 million total shares of equity awards to executives, employees and non-employee directors. Awards available for grant under the Plan include, but are not limited to, stock options, stock appreciation rights, performance shares and other stock awards. Shares issued under the Plan may be newly issued shares or reissued treasury shares.

Stock options are generally granted with a strike price equal to the fair market value of the stock on the date of grant and a life of 10 years. Stock options granted have a three-year vesting period. The strike price may be higher than the fair value of the stock on the date of the grant, but cannot be lower. Compensation expense is recorded on a straight-line basis over the vesting period beginning on the grant date. The compensation expense is based on the fair value of each option grant using the Black-Scholes option pricing model. Options granted to employees eligible for retirement under our retirement plan are fully expensed at the grant date.

Stock options are also awarded through the Key Employee Stock Investment Plan (KESIP) which allows certain employees, other than officers, to purchase shares of common stock on an installment basis up to an established credit limit. For every block of 100 KESIP shares purchased by the employee 50 stock options are granted. The options granted through the KESIP program are considered awards under the Plan and are vested immediately. Compensation expense for stock options granted through the KESIP program is recorded based on the fair value of each option grant using the Black-Scholes option pricing model.

Performance shares are granted as target awards and are earned based on certain measures of our operating performance. A payout factor has been established ranging from 0 to 200 percent of the target award based on our actual performance during the three-year performance period. The fair value of the award is equal to the average market price, adjusted for the present value of dividends over the vesting period, of our stock on the grant date. Compensation expense is recorded ratably over the period beginning on the grant date until the shares become unrestricted and is based on the amount of the award that is expected to be earned under the plan formula, adjusted each reporting period based on current information.

Restricted stock and restricted stock units are awarded from time to time at no cost to certain employees. Restrictions limit the sale or transfer of the shares during a defined period. Most awards are not entitled to cash dividends and voting rights until vesting. Generally, the shares vest and become free from restrictions ratably over a three-year service period, provided the participant remains an employee. The fair value of the awards typically equals the average market price of our stock on the grant date adjusted for the present value of dividends over the vesting period. Compensation expense is determined at the grant date and is recognized over the restriction period on a straight-line basis.

Employee compensation expense (net of estimated forfeitures) related to our share-based plans for the years ended December 31, 2024, 2023 and 2022, was approximately $100 million, $79 million and $33 million, respectively. The excess tax benefit associated with our employee share-based plans for the years ended December 31, 2024, 2023 and 2022, was $23 million, $7 million and $8 million, respectively. The total unrecognized compensation expense (net of estimated forfeitures) related to nonvested awards for our employee share-based plans was approximately $120 million at December 31, 2024, and is expected to be recognized over a weighted-average period of approximately two years.

The table below summarizes the employee share-based activity in the Plan:

	Options	Weighted-average Exercise Price	Weighted-average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Balance at December 31, 2021	2,743,098	$ 143.51		
Granted	18,900	207.79		
Exercised	(586,990)	137.83		
Forfeited	(29,045)	148.08		
Balance at December 31, 2022	2,145,963	145.57		
Granted	17,500	225.39		
Exercised	(345,250)	142.69		
Forfeited	(3,793)	144.16		
Balance at December 31, 2023	1,814,420	146.89		
Granted	**9,100**	**294.05**		
Exercised	**(1,004,358)**	**142.18**		
Forfeited	**(4,821)**	**149.48**		
Balance at December 31, 2024	**814,341**	**$ 154.33**	**4.0**	**$ 159**
Exercisable, December 31, 2022	1,655,298	$ 146.37	4.6	$ 159
Exercisable, December 31, 2023	1,814,420	$ 146.89	4.2	$ 169
Exercisable, December 31, 2024	**814,341**	**$ 154.33**	**4.0**	**$ 159**

The weighted-average grant date fair value of options granted during the years ended December 31, 2024, 2023 and 2022, was $77.19, $57.01 and $45.74, respectively. The total intrinsic value of options exercised during the years ended December 31, 2024, 2023 and 2022, was approximately $160 million, $35 million and $53 million, respectively. Cash received from option exercises under share-based payment arrangements for the years ended December 31, 2024, 2023 and 2022, was $133 million, $48 million and $80 million, respectively.

The share-based activity and weighted-average grant date fair value of performance and restricted shares was as follows:

	Performance Shares		Restricted Shares	
Nonvested	Shares	Weighted-average Fair Value	Shares	Weighted-average Fair Value
Balance at December 31, 2021	440,149	$ 183.72	29,928	$ 252.99
Granted	230,535	184.92	215,260	209.08
Vested	(122,188)	148.99	(5,513)	249.79
Forfeited	(63,197)	182.68	(3,262)	211.37
Balance at December 31, 2022	485,299	193.17	236,413	213.66
Granted	170,205	222.86	176,128	223.92
Vested	(99,425)	126.38	(74,270)	215.38
Forfeited	(68,566)	199.69	(27,931)	217.01
Balance at December 31, 2023	487,513	216.24	310,340	218.77
Granted	**259,004**	**264.95**	**208,029**	**276.83**
Vested	**(233,136)**	**244.14**	**(75,759)**	**215.98**
Forfeited	**(40,909)**	**233.84**	**(37,493)**	**232.01**
Balance at December 31, 2024	**472,472**	**$ 227.65**	**405,117**	**$ 247.88**

The total vesting date fair value of performance shares vested during the years ended December 31, 2024, 2023 and 2022, was $63 million, $25 million and $24 million, respectively. The total fair value of restricted shares vested was $24 million, $17 million and $1 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The fair value of each option grant was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

	2024	2023	2022
Expected life (years)	**6**	6	6
Risk-free interest rate	**4.20 %**	3.91 %	2.32 %
Expected volatility	**29.15 %**	28.73 %	28.40 %
Dividend yield	**2.79 %**	2.81 %	2.85 %

Expected life—The expected life of employee stock options represents the weighted-average period the stock options are expected to remain outstanding based upon our historical data.

Risk-free interest rate—The risk-free interest rate assumption is based upon the observed U.S. treasury security rate appropriate for the expected life of our employee stock options.

Expected volatility—The expected volatility assumption is based upon the weighted-average historical daily price changes of our common stock over the most recent period equal to the expected option life of the grant, adjusted for activity which is not expected to occur in the future.

Dividend yield—The dividend yield assumption is based on our history and expectation of dividend payouts.

NOTE 19. EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.

We calculate basic earnings per share (EPS) of common stock by dividing net income attributable to Cummins Inc. by the weighted-average number of common shares outstanding for the period. The calculation of diluted EPS assumes the issuance of common stock for all potentially dilutive share equivalents outstanding, which is calculated using the treasury-stock method for share-based awards. Following are the computations for basic and diluted earnings per share:

	Years ended December 31,		
In millions, except per share amounts	**2024**	**2023**	**2022**
Net income attributable to Cummins Inc.	**$ 3,946**	$ 735	$ 2,151
Weighted-average common shares outstanding			
Basic	**138.2**	141.7	141.5
Dilutive effect of stock compensation awards	**0.9**	1.0	0.8
Diluted	**139.1**	142.7	142.3
Earnings per common share attributable to Cummins Inc.			
Basic	**$ 28.55**	$ 5.19	$ 15.20
Diluted	**28.37**	5.15	15.12

The weighted-average diluted common shares outstanding exclude the anti-dilutive effect of certain stock options.The options excluded from diluted earnings per share were as follows:

	Years ended December 31,		
	2024	**2023**	**2022**
Options excluded	**1,467**	10,587	20,595

NOTE 20. DERIVATIVES

We are exposed to financial risk resulting from volatility in foreign exchange rates, interest rates and commodity prices. This risk is closely monitored and managed through the use of physical forward contracts (which are not considered derivatives) and financial derivative instruments including foreign currency forward contracts, commodity swap contracts and interest rate swaps. Financial derivatives are used expressly for hedging purposes and under no circumstances are they used for speculative purposes. When material, we adjust the estimated fair value of our derivative contracts for counterparty or our credit risk. None of our derivative instruments are subject to collateral requirements. Substantially all of our derivative contracts are subject to master netting arrangements, which provide us with the option to settle certain contracts on a net basis when they settle on the same day with the same currency. In addition, these arrangements provide for a net settlement of all contracts with a given counterparty in the event that the arrangement is terminated due to the occurrence of default or a termination event.

Foreign Currency Exchange Rate Risk

We had foreign currency forward contracts with notional amounts of $3.6 billion at December 31, 2024, with the following currencies comprising 86 percent of outstanding foreign currency forward contracts: British pound, Chinese renminbi, Australian dollar, Canadian dollar and Euro. We had foreign currency forward contracts with notional amounts of $4.5 billion at December 31, 2023, with the following currencies comprising 85 percent of outstanding foreign currency forward contracts: British pound, Chinese renminbi, Canadian dollar, Australian dollar and Swedish krona.

We are further exposed to foreign currency exchange risk as many of our subsidiaries are subject to fluctuations as the functional currencies of the underlying entities are not our U.S. dollar reporting currency. To help reduce volatility in the equity value of our subsidiaries, we enter into foreign exchange forwards designated as net investment hedges for certain of our investments. Under the current terms of our foreign exchange forwards, we agreed with third parties to sell British pounds, Chinese renminbi and Euros in exchange for U.S. dollar currency at a specified rate at the maturity of the contract. The notional amount of these hedges at December 31, 2024, was $1.5 billion.

The following table summarizes the net investment hedge activity in AOCL:

	Years ended December 31,			
In millions	**2024**		**2023**	
Type of Derivative	**Gain (Loss) Recognized in AOCL**	**Gain (Loss) Reclassified from AOCL into Earnings**	**Gain (Loss) Recognized in AOCL**	**Gain (Loss) Reclassified from AOCL into Earnings**
Foreign exchange forwards	**$ 32**	**$ —**	$ (30)	$ —

Interest Rate Risk

In September 2023, we entered into a series of interest rate swaps with a total notional value of $500 million in order to trade a portion of the floating rate into a fixed rate on our term loan, due in 2025. The weighted-average interest rate of the interest rate swaps was 5.72 percent. We designated the swaps as cash flow hedges. The gains and losses on these derivative instruments were initially recorded in other comprehensive income and reclassified into earnings as interest expense in the *Consolidated Financial Statements* as each interest payment was accrued. In 2024, we settled all $500 million of these interest rate swaps. The losses recognized on settlements were immaterial. The interest rate swap activity in AOCL was immaterial for these swaps for the years ended December 31, 2024 and 2023.

In 2021, we entered into a series of interest rate swaps to effectively convert our $500 million senior notes, due in 2025, from a fixed rate of 0.75 percent to a floating rate equal to the three-month London Interbank Offered Rate (LIBOR) plus a spread (subsequently adjusted to SOFR under a fallback protocol in our derivative agreements). We also entered into a series of interest rate swaps to effectively convert $765 million of our $850 million senior notes, due in 2030, from a fixed rate of 1.50 percent to a floating rate equal to the three-month LIBOR plus a spread (also similarly adjusted to SOFR). We designated the swaps as fair value hedges. The gain or loss on these derivative instruments, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk, are recognized in current income as interest expense. The net swap settlements that accrue each period are also reported in the *Consolidated Financial Statements* as interest expense. In March 2023, we settled a portion of our 2021 interest rate swaps with a notional amount of $100 million. The $7 million loss on settlement is being amortized over the remaining term of the related debt. In November 2024, we settled a portion of our interest rate swaps related to our 2025 and 2030 bonds with a combined notional amount of $135 million. The $12 million loss on settlement is being amortized over the remaining term of the related debt. The interest rate swaps on our 2025 and 2030 debt had $350 million and $680 million, respectively, of notional amounts outstanding at December 31, 2024.

The following table summarizes the gains and losses:

In millions	Years ended December 31,					
	2024		2023		2022	
Type of Swap	Gain (Loss) on Swaps	Gain (Loss) on Borrowings	Gain (Loss) on Swaps	Gain (Loss) on Borrowings	Gain (Loss) on Swaps	Gain (Loss) on Borrowings
Interest rate swaps [1]	**$ 12**	**$ (11)**	$ 31	$ (32)	$ (148)	$ 145

[1] The difference between the gain (loss) on swaps and borrowings represented hedge ineffectiveness.

In 2019, we entered into $350 million of interest rate lock agreements, and in 2020 we entered into an additional $150 million of lock agreements to reduce the variability of the cash flows of the interest payments on a total of $500 million of fixed rate debt originally forecast to be issued in 2023 to replace our senior notes at maturity. The terms of the rate locks mirrored the time period of the expected fixed rate debt issuance and the expected timing of interest payments on that debt. The gains and losses on these derivative instruments were initially recorded in other comprehensive income and will be released to earnings in interest expense in future periods to reflect the difference in (1) the fixed rates economically locked in at the inception of the hedge and (2) the actual fixed rates established in the debt instrument at issuance. In 2022, we settled certain rate lock agreements with notional amounts totaling $150 million for $49 million in cash. In 2023, we settled all remaining rate lock agreements with notional amounts totaling $350 million for $101 million. The majority of the $150 million of gains on settlements remained in other comprehensive income and is being amortized over the remaining term of the related debt issued in early 2024. The following table summarizes the interest rate lock activity in AOCL:

In millions	Year ended December 31,					
	2024		2023		2022	
Type of Swap	Gain (Loss) Recognized in AOCL	Gain (Loss) Reclassified from AOCL into Interest Expense	Gain (Loss) Recognized in AOCL	Gain (Loss) Reclassified from AOCL into Interest Expense	Gain (Loss) Recognized in AOCL	Gain (Loss) Reclassified from AOCL into Interest Expense
Interest rate locks	**$ (4)**	**$ 4**	$ 14	$ 2	$ 112	$ —

Derivatives Not Designated as Hedging Instruments

The following table summarizes the effect on our *Consolidated Statements of Net Income* for derivative instruments not designated as hedging instruments:

In millions	Years ended December 31,		
	2024	2023	2022
Gain (loss) recognized in income - Cost of sales [1]	**$ 3**	$ (3)	$ 2
Loss recognized in income - Other expense, net [1]	**(65)**	(21)	(5)

[1] Includes foreign currency forward contracts.

Fair Value Amount and Location of Derivative Instruments

The following table summarizes the location and fair value of derivative instruments on our *Consolidated Balance Sheets*:

	Derivatives Designated as Hedging Instruments		Derivatives Not Designated as Hedging Instruments	
	December 31,		December 31,	
In millions	2024	2023	2024	2023
Notional amount	**$ 3,512**	$ 2,997	**$ 2,713**	$ 3,610
Derivative assets				
Prepaid expenses and other current assets	**$ 60**	$ 14	**$ 6**	$ 16
Other assets	**6**	—	**—**	—
Total derivative assets [1]	**$ 66**	$ 14	**$ 6**	$ 16
Derivative liabilities				
Other accrued expenses	**$ 10**	$ 43	**$ 67**	$ 14
Other liabilities	**89**	117	**—**	—
Total derivative liabilities [1]	**$ 99**	$ 160	**$ 67**	$ 14

[1] Estimates of the fair value of all derivative assets and liabilities above are derived from Level 2 inputs, which are estimated using actively quoted prices for similar instruments from brokers and observable inputs where available, including market transactions and third-party pricing services, or net asset values provided to investors. We do not currently have any Level 3 input measures and there were no transfers into or out of Level 2 or 3 during 2024 or 2023.

We elected to present our derivative contracts on a gross basis in our *Consolidated Balance Sheets*. Had we chosen to present on a net basis, we would have derivatives in a net asset position of $37 million and $4 million and derivatives in a net liability position of $131 million and $148 million at December 31, 2024, and 2023, respectively.

NOTE 21. ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE

IPO

On May 23, 2023, in connection with the Atmus IPO, Cummins issued approximately $350 million of commercial paper with certain lenders. On May 26, 2023, Atmus shares began trading on the New York Stock Exchange under the symbol "ATMU." The IPO was completed on May 30, 2023, whereby Cummins exchanged 19.5 percent (approximately 16 million shares) of its ownership in Atmus, at $19.50 per share, to retire $299 million of the commercial paper as proceeds from the offering through a non-cash transaction.

In connection with the completion of the IPO, through a series of asset and equity contributions, we transferred the filtration business to Atmus. In exchange, Atmus transferred consideration of $650 million to Cummins, which consisted primarily of the net proceeds from a term loan facility and revolver executed by Atmus during May 2023. The commercial paper issued and retired through the IPO proceeds, coupled with the $650 million received, was used for the retirement of our historical debt and payment of dividends. The difference between the commercial paper retired from the IPO, other IPO related fees and the net book value of our divested interest was $285 million and recorded as an offset to additional paid-in capital. Of our consolidated cash and cash equivalents at December 31, 2023, $166 million was retained by Atmus for its working capital purposes.

Divestiture

On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus common stock through a tax-free split-off. The transaction involved the exchange of our shares in Atmus for shares of Cummins stock with a 7.0 percent discount on the exchange ratio for Atmus shares. The exchange ratio was determined based on each entity's respective stock price using the daily volume weighted-average stock price for three days preceding the final exchange offer date. Based on the final exchange ratio, we exchanged all 67 million of our Atmus shares for 5.6 million shares of Cummins stock, which was recorded as treasury stock based on the fair value of the Cummins shares obtained.

We evaluated the full divestiture of Atmus and determined the transaction did not qualify for discontinued operation presentation. We recognized a gain related to the divestiture of approximately $1.3 billion (based on the difference between the fair value of the Cummins shares obtained less the carrying value of our Atmus investment), which was recorded in other income, net in our *Consolidated Statements of Net Income* for the year ended December 31, 2024. Approximately $114 million of goodwill was included in the carrying value of the Atmus investment for purposes of calculating the gain. The operating results of Atmus were reported in the *Consolidated Financial Statements* through March 18, 2024, the date of divestiture.

As part of the divestiture, the $600 million term loan remained with Atmus after the split. In addition, a net $61 million of other comprehensive income and $19 million of noncontrolling interests related to Atmus were written-off and netted against the gain recognized upon the split.

We entered into a transitional services agreement (TSA) with Atmus that is designed to facilitate the orderly transfer of various services to Atmus. The TSA relates primarily to administrative services, which are generally to be provided over the next 2 years after the divestiture date. This agreement is not material and does not confer upon us the ability to influence the operating and/or financial policies of Atmus subsequent to March 18, 2024.

NOTE 22. ACCELERA STRATEGIC REORGANIZATION ACTIONS

In the fourth quarter of 2024, our Accelera segment underwent a strategic review to better streamline operations as well as pace and re-focus investments on the most promising paths as the adoption of certain zero emission solutions slows. This review resulted in decisions to consolidate certain manufacturing efforts, focus internal development efforts towards areas of differentiation while continuing to leverage partners and reduce our investments in certain technologies, joint ventures and markets. In addition, declining customer demand in certain key product lines caused us to re-evaluate the recoverability of certain inventory items. As a result of these actions, we recorded several non-cash charges in the fourth quarter related to inventory write-downs, intangible and fixed asset impairments and joint venture impairments. We also recorded severance of approximately $7 million. The following table presents the impact of asset write-downs and impairments on our *Consolidated Statements of Net Income:*

In millions	Year ended December 31, 2024	Statement of Net Income Location
Inventory write-downs	$ 107	Cost of sales
Impairment of other intangible assets	84	Other operating expense, net
Impairment of property, plant and equipment	61	Other operating expense, net
Impairment of investments in equity method investees	17	Equity, royalty and interest income from investees
Severance	7	Cost of sales and research, development and engineering expenses
Other	36	Other operating expense, net and selling, general and administrative expenses
Total	$ 312	

The majority of the $305 million non-cash charge is reflected in net cash provided by operating activities, as a change in inventory of $107 million and other, net of $171 million. Of the total charges, approximately $243 million occurred in jurisdictions where we receive no tax benefits because of valuation allowances, resulting in a $50 million unfavorable discrete tax item. In addition, these actions were considered a triggering event under GAAP which required us to perform an interim impairment test of our fuel cell and electrolyzer reporting unit. The results of this testing indicated that goodwill of this reporting unit was not impaired.

NOTE 23. ACQUISITIONS

Acquisitions for the for the years ended December 31, 2024, 2023 and 2022, were as follows:

Entity Acquired (Dollars in millions)	Date of Acquisition	Additional Percent Interest Acquired	Payments to Former Owners	Acquisition Related Debt Retirements	Total Purchase Consideration	Type of Acquisition[1]	Goodwill Acquired	Intangibles Recognized[2]
2024								
Engendren Corporation	**02/16/24**	**100 %**	**$ 65**	**$ —**	**$ 65**	**COMB**	**$ 33**	**$ 8**
2023								
Cummins France SA	10/31/23	100 %	$ 25	$ 5	$ 30	COMB	$ 4	$ —
Faurecia	10/02/23	100 %	208	—	208 [3]	COMB	92	—
Hydrogenics Corporation	06/29/23	19 %	287	48	335 [4]	EQUITY	—	—
Teksid Hierro de Mexico, S.A. de C.V.	04/03/23	100 %	143	$ —	143 [5]	COMB	18	$ —
2022								
Siemens Commercial Vehicles Propulsion	11/30/22	100 %	$ 187	$ —	$ 187	COMB	$ 70	$ 106
Meritor, Inc.	08/03/22	100 %	2,613	248	2,861	COMB	926	1,610
Jacobs Vehicle Systems	04/08/22	100 %	345	—	345	COMB	108	164
Cummins Westport, Inc.	02/07/22	50 %	42	—	42	COMB	—	20

[1] All results from acquired entities were included in segment results subsequent to the acquisition date. Previously consolidated entities were accounted for as equity transactions (EQUITY). Newly consolidated entities were accounted for as business combinations (COMB).

[2] Intangible assets acquired in the business combination were mostly customer, technology and trade name related.

[3] Total purchase consideration included $ 30 million for the settlement of accounts payable that were treated as an operating cash outflow.

[4] Hydrogenics entered into three non-interest-bearing promissory notes with $ 175 million paid on July 31, 2023, $ 50 million paid on December 31, 2024 and the remaining $ 110 million due in two installments in 2025.

[5] Total purchase consideration included $ 32 million for the settlement of accounts payable that was treated as an operating cash outflow.

Faurecia

On October 2, 2023, we purchased, from the Forvia Group, all of the equity ownership of Faurecia's U.S. and Europe commercial vehicle exhaust business for $208 million, subject to certain working capital and other customary adjustments, and does not contain any contingent consideration. The acquisition provides canning and assembly operations for full exhaust systems primarily for on-highway applications, ensures the long-term supply of aftertreatment components, minimizes opportunities for supply disruptions, adds significant technical and manufacturing resources and enhances our existing portfolio. In the third quarter of 2024, we finalized the purchase accounting and made certain other adjustments. The primary adjustments were to reduce property, plant and equipment by $3 million, offset by the finalization of purchase price, with a net increase to goodwill of $2 million.

The final purchase price allocation has been updated as follows:

In millions	
Cash and cash equivalents	**$ 8**
Accounts and notes receivable, net [1]	**52**
Inventories	**32**
Property, plant and equipment	**90**
Goodwill	**92**
Other current and long-term assets	**50**
Accounts payable (principally trade)	**(66)**
Other current and long-term liabilities	**(50)**
Total purchase price	**$ 208**

[1] Included $30 million of Cummins receivables that were eliminated against payables at other Cummins entities.

Goodwill was determined based on the residual difference between the fair value of consideration transferred and the value assigned to tangible assets and liabilities. All of the goodwill is expected to be deductible for tax purposes. Among the factors contributing to a purchase price resulting in the recognition of goodwill are an acquired workforce and other economic benefits that are anticipated to arise from operational synergies from combining the business with Cummins.

The results of this business were reported in our Components segment within the emission solutions business. Since we are the primary customer of this business, the acquisition is not expected to result in material incremental sales to our business. Pro forma financial information for the acquisition was not presented as the effects were not material to our *Consolidated Financial Statements.*

Hydrogenics Corporation - Redeemable Noncontrolling Interest

On June 29, 2023, a share purchase agreement was executed with a 19 percent minority shareholder in one of our businesses, Hydrogenics Corporation (Hydrogenics), whereby we agreed to pay the minority shareholder $335 million for their 19 percent ownership, including the settlement of shareholder loans of $48 million. As part of the share purchase agreement, Hydrogenics entered into three non-interest-bearing promissory notes with $175 million paid in 2023, $50 million paid in 2024 and the remaining $110 million due in two installments in 2025. We recorded the non-interest-bearing promissory notes at their present value in our *Consolidated Financial Statements.*

Prior to the execution of this transaction, the minority shareholder had, among other rights and subject to related obligations and restrictive covenants, rights that were exercisable between September 2022 and September 2026 to require us to (1) purchase such shareholder's shares (put option) at an amount up to the fair market value (calculated pursuant to a process outlined in the shareholders' agreement) and (2) sell to such shareholder Hydrogenics' electrolyzer business at an amount up to the fair market value of the electrolyzer business (calculated pursuant to a process outlined in the shareholders' agreement). The estimated fair value of the put option was recorded as redeemable noncontrolling interests in our *Consolidated Financial Statements* with an offset to additional paid-in capital, and at December 31, 2022, the balance was $258 million. The redeemable noncontrolling interest balance was reduced to zero as of the acquisition date.

Meritor, Inc.

On August 3, 2022, we completed the acquisition of Meritor whereby we paid $36.50 per share for each outstanding share of Meritor, a global leader of drivetrain, mobility, braking, aftermarket and electric powertrain solutions for commercial vehicle and industrial markets. The total purchase price was $2.9 billion, including debt that was retired on the closing date of $248 million. In addition, we assumed $1.0 billion of additional debt, of which $0.9 billion was retired prior to the end of the third quarter of 2022. The acquisition was funded with a combination of $2.0 billion in new debt (see NOTE 12, "DEBT" for additional details), cash on hand and additional commercial paper borrowings. The integration of Meritor's people, technology and capabilities position us as one of the few companies able to provide integrated powertrain solutions across combustion and electric power applications at a time when demand for decarbonized solutions is continuing to accelerate. The majority of this business was included within our Components segment with the exception of the electric powertrain business, which was included in our Accelera segment.

The final purchase price allocation was as follows:

In millions		
Cash and cash equivalents	$	98
Accounts and notes receivable, net		640
Inventories		750
Property, plant and equipment		841
Intangible assets		1,610
Investments and advances related to equity method investees		382
Goodwill		926
Pension assets		147
Other current and long-term assets		322
Accounts payable (principally trade)		(711)
Net deferred taxes		(277)
Other liabilities (pensions and other postretirement benefits)		(129)
Long-term debt		(962)
Other current and long-term liabilities		(665)
Noncontrolling interests		(111)
Total purchase price	$	2,861

The estimated fair values (all considered Level 3 measurements) of the identifiable intangible assets acquired, their weighted-average useful lives, the related valuation methodology and key assumptions are as follows:

	Fair Value (in millions)		Weighted-Average Useful Life (in years)	Valuation Methodology	Key Assumptions
Customer relationships	$	960	12	Multi-period excess earnings	Revenue, EBITDA[1], discount rate, customer renewal rates, customer attrition rates
Technology		345	8	Relief-from-royalty	Royalty rate, discount rate, obsolescence factor
Trade name		305	21	Relief-from-royalty	Royalty rate, discount rate

[1] Earnings or losses before interest expense, income taxes, depreciation and amortization and noncontrolling interests.

Annual amortization of the intangible assets for the next five years is expected to approximate $142 million per year.

Goodwill was determined based on the residual difference between the fair value of consideration transferred and the value assigned to tangible and intangible assets and liabilities. Goodwill was allocated to the Components segment ($759 million) and the Accelera segment ($167 million) based on the relative value of those businesses compared to the assets and liabilities assigned to them. We do not expect any of the goodwill to be deductible for tax purposes. Among the factors contributing to a purchase price resulting in the recognition of goodwill are Meritor's expected future customers, new versions of technologies, an acquired workforce, other economic benefits that are anticipated to arise from future product sales and operational synergies from combining the business with Cummins.

Included in our results for the year ended December 31, 2022, were revenues of $1.9 billion and net loss of $43 million related to this business. In addition, in 2022 we incurred acquisition related costs of $30 million included in selling, general and administrative expenses in our *Consolidated Statements of Net Income*.

The following table presents the supplemental consolidated results of the company for the year ended December 2022, on an unaudited pro-forma basis, as if the acquisition had been consummated on January 1, 2021. The primary adjustments reflected in the pro-forma results related to (1) increase in interest expense for debt used to fund the acquisition, (2) removal of acquisition related costs from 2022 and (3) changes related to purchase accounting primarily related to amortization of intangibles, fixed assets and joint ventures. The unaudited pro forma financial information presented below does not purport to represent the actual results of operations that Cummins and Meritor would have achieved had the companies been combined during the period presented and was not intended to project the future results of operations that the combined company could achieve after the acquisition. The unaudited pro forma financial information does not reflect any potential cost savings, operating efficiencies, long-term debt pay down estimates, financial synergies or other strategic benefits as a result of the acquisition or any restructuring costs to achieve those benefits.

(Unaudited) In millions		Year ended December 31, 2022
Net sales	$	30,841
Net income		2,196

The Meritor acquisition increased net assets in the Components segment by $3.8 billion and Accelera segment by $0.3 billion in 2022.

NOTE 24. RUSSIAN OPERATIONS

On March 17, 2022, the Board indefinitely suspended our operations in Russia due to the ongoing conflict in Ukraine. At the time of suspension, our Russian operations included a wholly-owned distributor in Russia, an unconsolidated joint venture with KAMAZ (a Russian truck manufacturer) and direct sales into Russia from our other business segments. As a result of the indefinite suspension of operations, we evaluated the recoverability of assets in Russia and assessed other potential liabilities. The following summarizes the costs associated with the suspension of our Russian operations in our *Consolidated Statements of Net Income:*

In millions		Year ended December 31, 2022	Statement of Net Income Location
Inventory write-downs	$	17	Cost of sales
Accounts receivable reserves		41	Other operating expense, net
Impairment and other joint venture costs		31	Equity, royalty and interest income from investees
Other		22	Other operating expense, net
Russian suspension costs, net of recoveries	$	111	

For the years ended December 31, 2024 and 2023, there were no material additional costs.

NOTE 25. OPERATING SEGMENTS

Operating segments under GAAP are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker (CODM), or decision-making group, in deciding how to allocate resources and in assessing performance. Our CODM is the Chief Executive Officer.

Our reportable operating segments consist of Engine, Components, Distribution, Power Systems and Accelera. This reporting structure is organized according to the products and markets each segment serves. The Engine segment produces engines (15 liters and smaller) and associated parts for sale to customers in on-highway and various off-highway markets. Our engines are used in trucks of all sizes, buses and recreational vehicles, as well as in various industrial applications, including construction, agriculture, power generation systems and other off-highway applications. The Components segment sells axles, drivelines, brakes and suspension systems for commercial diesel and natural gas applications, aftertreatment systems, turbochargers, fuel systems, valvetrain technologies, automated transmissions and electronics. The Distribution segment includes wholly-owned and partially-owned distributorships engaged in wholesaling engines, generator sets and service parts, as well as performing service and repair activities on our products, maintaining relationships with various OEMs throughout the world and providing selected sales and aftermarket support for our Accelera business. The Power Systems segment is an integrated power provider, which designs, manufactures and sells standby and prime power generators, engines (16 liters and larger) for standby and prime power generator sets and industrial applications (including mining, oil and gas, marine, rail and defense), alternators and other power components. The Accelera segment designs, manufactures, sells and supports electrified power systems with innovative components and subsystems, including battery, fuel cell and electric powertrain technologies as well as hydrogen production technologies. The Accelera segment is currently in the early stages of commercializing these technologies with efforts primarily focused on the development of electrified power systems and related components and subsystems and our electrolyzers for hydrogen production. We continue to serve all our markets as they adopt electrification and alternative power technologies, meeting the needs of our OEM partners and end customers.

Our CODM uses segment earnings or losses before interest expense, income taxes, depreciation and amortization and noncontrolling interests (EBITDA) as the basis for the CODM to evaluate the performance of each of our reportable operating segments. EBITDA provides our CODM with a full picture of the profitability of a segment to drive decisions and resource allocation. EBITDA is used as the key profitability measure when we set our annual operating plan, is the metric with which our CODM assesses results and is a key component of our annual variable compensation plans. Segment amounts exclude certain expenses not specifically identifiable to segments.

The accounting policies of our operating segments are the same as those applied in our *Consolidated Financial Statements*. We prepared the financial results of our operating segments on a basis that is consistent with the manner in which we internally disaggregate financial information to assist in making internal operating decisions. We allocate certain common costs and expenses, primarily corporate functions, among segments differently than we would for stand-alone financial information prepared in accordance with GAAP. These include certain costs and expenses of shared services, such as IT, human resources, legal, finance and supply chain management. We do not allocate gains or losses of corporate-owned life insurance, the Settlement Agreements charge and the gain and certain costs related to the divestiture of Atmus. EBITDA may not be consistent with measures used by other companies.

Summarized financial information regarding our reportable operating segments at December 31, is shown in the table below:

In millions	Engine	Components	Distribution	Power Systems	Accelera	Total Segments
2024						
External sales	**$ 8,987**	**$ 9,894**	**$ 11,352**	**$ 3,500**	**$ 369**	**$ 34,102**
Intersegment sales	**2,725**	**1,785**	**32**	**2,908**	**45**	**7,495**
Total sales	**11,712**	**11,679**	**11,384**	**6,408**	**414**	**41,597**
Cost of goods sold (excluding warranty expenses)	**8,707**	**9,346**	**9,185**	**4,506**	**643** (1)	**32,387**
Warranty expenses	**420**	**173**	**23**	**101**	**34**	**751**
Selling expenses	**214**	**184**	**628**	**174**	**33** (1)	**1,233**
Administrative expenses	**582**	**555**	**382**	**421**	**70** (1)	**2,010**
Research, development and engineering expenses	**616**	**328**	**55**	**236**	**226** (1)	**1,461**
Equity, royalty and interest income (loss) from investees	**212**	**64**	**90**	**79**	**(50)** (1)	**395**
Other income (expense) (2)	**23**	**(59)**	**54**	**—**	**(183)** (1)	**(165)**
Add back: Depreciation and amortization (3)	**245**	**493**	**123**	**131**	**61**	**1,053**
Segment EBITDA	**$ 1,653**	**$ 1,591** (4)	**$ 1,378**	**$ 1,180**	**$ (764)** (1)	**$ 5,038**
Interest income (5)	**$ 17**	**$ 25**	**$ 37**	**$ 7**	**$ 1**	**$ 87**
Net assets	**2,076**	**6,433**	**3,151**	**2,350**	**1,234**	**15,244**
Investments and advances to equity investees	**653**	**504**	**394**	**145**	**187**	**1,883**
Capital expenditures	**556**	**339**	**111**	**143**	**59**	**1,208**
2023						
External sales	$ 8,874	$ 11,531	$ 10,199	$ 3,125	$ 336	$ 34,065
Intersegment sales	2,810	1,878	50	2,548	18	7,304
Total sales	11,684	13,409	10,249	5,673	354	41,369
Cost of goods sold (excluding warranty expenses)	8,825	10,717	8,239	4,173	524	32,478
Warranty expenses	377	138	16	71	29	631
Selling expenses	199	227	642	168	33	1,269
Administrative expenses	587	634	354	399	57	2,031
Research, development and engineering expenses	614	387	57	237	203	1,498
Equity, royalty and interest income (loss) from investees	251	97	97	53	(15)	483
Other income (expense) (2)	72	(54)	56	36	1	111
Add back: Depreciation and amortization (3)	225	491	115	122	63	1,016
Segment EBITDA	$ 1,630	$ 1,840 (6)	$ 1,209	$ 836	$ (443)	$ 5,072
Interest income (5)	$ 19	$ 31	$ 34	$ 9	$ 2	$ 95
Net assets	930	6,965	2,348	1,938	1,159	13,340
Investments and advances to equity investees	660	582	396	132	25	1,795
Capital expenditures	538	373	103	115	84	1,213

(Table continues on next page)

In millions	Engine	Components	Distribution	Power Systems	Accelera	Total Segments
2022						
External sales	$ 8,199	$ 7,847	$ 8,901	$ 2,951	$ 176	$ 28,074
Intersegment sales	2,746	1,889	28	2,082	22	6,767
Total sales	10,945	9,736	8,929	5,033	198	34,841
Cost of goods sold (excluding warranty expenses)	8,346	7,727	7,285	3,884	310	27,552
Warranty expenses	329	64	6	70	20	489
Selling expenses	165	158	550	147	18	1,038
Administrative expenses	462	513	304	269	47	1,595
Research, development and engineering expenses	506	309	52	240	171	1,278
Equity, royalty and interest income (loss) from investees	160 (7)	71	77	43	(2)	349
Other income (expense) (2)	33	6	(35)	10	(2)	12
Russian suspension costs (8)	33 (9)	5	54	19	—	111
Add back: Depreciation and amortization (3)	205	304	114	120	38	781
Segment EBITDA	$ 1,535	$ 1,346 (10)	$ 888	$ 596	$ (334)	$ 4,031
Interest income (5)	$ 14	$ 12	$ 16	$ 7	$ —	$ 49
Net assets	1,451	7,306	2,698	2,382	1,158	14,995
Investments and advances to equity investees	617	617	352	138	33	1,757
Capital expenditures	368	264	114	96	74	916

(1) Included $112 million of charges in cost of sales, $ 10 million of charges in selling, general and administrative expenses, $ 2 million of charges in research and development expenses, $ 17 million of charges in equity, royalty and interest income (loss) from investees, $171 million of charges in other operating expenses and $ 312 million of charges in EBITDA, all related to Accelera strategic reorganization actions in the fourth quarter of 2024. See NOTE 22, "ACCELERA STRATEGIC REORGANIZATION ACTIONS," for additional information.

(2) Other income (expense) includes other operating expense, net and other income, net from our *Consolidated Statements of Net Income.*

(3) Depreciation and amortization are not considered significant segment expenses but are presented here to reconcile to EBITDA, the measure used by our CODM. Depreciation and amortization, as shown on a segment basis, excludes the amortization of debt discount and deferred costs included in our *Consolidated Statements of Net Income* as interest expense. The amortization of debt discount and deferred costs were $12 million, $8 million and $3 million for the years ended 2024, 2023 and 2022, respectively. A portion of depreciation expense is included in research, development and engineering expense.

(4) Included $21 million of costs associated with the divestiture of Atmus for the year ended December 31, 2024.

(5) Interest income is a component of other income (expense).

(6) Included $78 million of costs associated with the divestiture of Atmus for the year ended December 31, 2023.

(7) Included a $28 million impairment of our joint venture with KAMAZ and $ 3 million of royalty charges as part of our costs associated with the indefinite suspension of our Russian operations. See NOTE 24, "RUSSIAN OPERATIONS," for additional information.

(8) See NOTE 24, "RUSSIAN OPERATIONS," for additional information.

(9) Included $31 million of Russian suspension costs reflected in the equity, royalty and interest income (loss) from investees line above.

(10) Included $83 million of costs related to the acquisition and integration of Meritor and $ 28 million of costs associated with the divestiture of Atmus.

A reconciliation of our segment information to the corresponding amounts in our *Consolidated Statements of Net Income* is shown in the table below:

In millions	Years ended December 31, 2024	2023	2022
TOTAL SEGMENT EBITDA	**$ 5,038**	$ 5,072	$ 4,031
Intersegment eliminations and other [(1)]	**1,288**	(2,055)	(232)
Less:			
Interest expense	**370**	375	199
Depreciation and amortization	**1,053**	1,016	781
INCOME BEFORE INCOME TAXES	**$ 4,903**	$ 1,626	$ 2,819

[(1)] Intersegment eliminations and other included a $ 1.3 billion gain related to the divestiture of Atmus and $ 14 million of costs associated with the divestiture of Atmus for the year ended December 31, 2024. The year ended December 31, 2023, included $2.0 billion related to the Settlement Agreements charge, $ 22 million of costs associated with the divestiture of Atmus and $21 million of voluntary retirement and voluntary separation charges. The year ended December 31, 2022, included $ 53 million of costs associated with the divestiture of Atmus. See NOTE 14, "COMMITMENTS AND CONTINGENCIES," and NOTE 21, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

A reconciliation of our segment net assets to the corresponding amounts in the *Consolidated Balance Sheets* is shown in the table below:

In millions	December 31, 2024	2023
Net assets for operating segments	**$ 15,244**	$ 13,340
Cash, cash equivalents and marketable securities	**2,264**	2,741
Net liabilities deducted in arriving at net segment assets[(1)]	**12,556**	14,531
Pension and OPEB adjustments excluded from net segment assets	**352**	307
Deferred tax assets not allocated to segments	**1,119**	1,082
Deferred debt costs not allocated to segments	**5**	4
Total assets	**$ 31,540**	$ 32,005

[(1)] Liabilities deducted in arriving at net segment assets include certain accounts payable, accrued expenses, long-term liabilities and other items.

See NOTE 2, "REVENUE FROM CONTRACTS WITH CUSTOMERS," for segment net sales by geographic area.

Long-lived assets include property, plant and equipment, net of depreciation, investments and advances to equity investees and other assets, excluding deferred tax assets, refundable taxes and deferred debt expenses. Long-lived segment assets by geographic area were as follows:

In millions	December 31, 2024	2023
United States	**$ 5,751**	$ 5,013
China	**968**	1,030
India	**566**	681
Other countries	**2,426**	2,760
Total long-lived assets	**$ 9,711**	$ 9,484

Our largest customer is PACCAR Inc. Worldwide sales to this customer were approximately $5.4 billion, $5.5 billion and $4.5 billion for the years ended December 31, 2024, 2023 and 2022, representing 16 percent, 16 percent and 16 percent, respectively, of our consolidated net sales. No other customer accounted for more than 10 percent of consolidated net sales.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2024, that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The information required by Item 9A relating to Management's Annual Report on Internal Control Over Financial Reporting and Attestation Report of the Registered Public Accounting Firm is incorporated herein by reference to the information set forth under the captions "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm," respectively, under Item 8.

ITEM 9B. Other Information

(b) During the fourth quarter of 2024, none of our directors or executive officersadopted or terminated any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as each term is defined in Item 408(a) of Regulation S-K).

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information required by Item 10 is incorporated by reference to the relevant information under the captions "Corporate Governance" and "Election of Directors" in our 2025 Proxy Statement, which will be filed within 120 days after the end of 2024. Information regarding our executive officers may be found in Part 1 of this annual report under the caption "Information About Our Executive Officers." Except as otherwise specifically incorporated by reference, our Proxy Statement is not deemed to be filed as part of this annual report.

ITEM 11. Executive Compensation

The information required by Item 11 is incorporated by reference to the relevant information under the caption "Executive Compensation" in our 2025 Proxy Statement, which will be filed within 120 days after the end of 2024.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information concerning our equity compensation plans at December 31, 2024, was as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights[1]	Weighted-average exercise price of outstanding options, warrants and rights[2]	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	1,691,930	$ 154.33	3,216,351

[1] The number is comprised of 814,341 stock options, 472,472 performance shares and 405,117 restricted shares. See Note 18, "STOCK INCENTIVE AND STOCK OPTION PLANS," to the *Consolidated Financial Statements* for a description of how options and shares are awarded.

[2] The weighted-average exercise price relates only to the 814,341 stock options. Performance and restricted shares do not have an exercise price and, therefore, are not included in this calculation.

We have no equity compensation plans not approved by security holders.

The remaining information required by Item 12 is incorporated by reference to the relevant information under the caption "Stock Ownership of Directors, Management and Others" in our 2025 Proxy Statement, which will be filed within 120 days after the end of 2024.

ITEM 13. Certain Relationships, Related Transactions and Director Independence

The information required by Item 13 is incorporated by reference to the relevant information under the captions "Corporate Governance" and "Other Information-Related-Party Transactions" in our 2025 Proxy Statement, which will be filed within 120 days after the end of 2024.

ITEM 14. Principal Accounting Fees and Services

The information required by Item 14 is incorporated by reference to the relevant information under the caption "Ratification of Independent Public Accountants" in our 2025 Proxy Statement, which will be filed within 120 days after the end of 2024.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

(a) 1. Financial Statements

The following *Consolidated Financial Statements* and schedules filed as part of this report can be found in Item 8 "Financial Statements and Supplementary Data":

- **Management's Report to Shareholders**
- **Report of Independent Registered Public Accounting Firm**
- ***Consolidated Statements of Net Income* for the years ended December 31, 2024, 2023 and 2022**
- ***Consolidated Statements of Comprehensive Income* for the years ended December 31, 2024, 2023 and 2022**
- ***Consolidated Balance Sheets* at December 31, 2024 and 2023**
- ***Consolidated Statements of Cash Flows* for the years ended December 31, 2024, 2023 and 2022**
- ***Consolidated Statements of Changes in Redeemable Noncontrolling Interests and Equity* for the years ended December 31, 2024, 2023 and 2022**
- ***Notes to the Consolidated Financial Statements***

(a) 2. Financial Statement Schedules

Separate financial statement schedules were omitted because such information was inapplicable or was included in the financial statements or notes described above.

a. The exhibits listed in the following Exhibit Index are filed as part of this Annual Report on Form 10-K.

CUMMINS INC.

Exhibit No.	Description of Exhibit
2 (a)	Agreement and Plan of Merger, dated February 21, 2022, by and among Meritor, Inc., Cummins Inc. and Rose NewCo Inc. (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 24, 2022 (File No. 001-04949)).
3 (a)	Restated Articles of Incorporation, as amended and restated, effective as of May 8, 2018 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 9, 2018 (File No. 001-04949)).
3 (b)	By-Laws, as amended and restated, effective as of February 12, 2019 (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on February 13, 2019 (File No. 001-04949)).
4 (a)	Indenture, dated as of September 16, 2013, by and between Cummins Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-3 filed with the Securities and Exchange Commission on September 16, 2013 (Registration Statement No. 333-191189)).
4 (b)	Second Supplemental Indenture, dated as of September 24, 2013, between Cummins Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 4.2 of the Current Report on 8-K, filed by Cummins Inc. with the Securities and Exchange Commission on September 24, 2013 (File No. 001-04949)).
4 (c)	Third Supplemental Indenture, dated as of August 24, 2020, between Cummins Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on August 24, 2020 (File No. 001-04949)).
4 (d)	Fourth Supplemental Indenture, dated as of August 24, 2020, between Cummins Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on August 24, 2020 (File No. 001-04949)).
4 (e)	Fifth Supplemental Indenture, dated as of August 24, 2020, between Cummins Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on August 24, 2020 (File No. 001-04949)).
4 (f)	Description of Capital Stock (incorporated by reference to Exhibit 4(d) to Cummins Inc.'s Annual Report on Form 10-K for the year ended December 31, 2019 (File No. 001-04949)).
4 (g)	Sixth Supplemental Indenture, dated as of February 20, 2024, between Cummins Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on February 20, 2024 (File No. 001-04949)).
4 (h)	Seventh Supplemental Indenture, dated as of February 20, 2024, between Cummins Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on February 20, 2024 (File No. 001-04949)).
4 (i)	Eighth Supplemental Indenture, dated as of February 20, 2024, between Cummins Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on February 20, 2024 (File No. 001-04949)).
10 (a)#	Target Bonus Plan (incorporated by reference to Exhibit 10(b) to Cummins Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 001-04949)).
10 (b)#	Deferred Compensation Plan, as amended and restated February 15, 2021 (incorporated by reference to Exhibit 10(a) to Cummins Inc.’s Quarterly Report on Form 10-Q for the quarter ended April 4, 2021 (File No. 001-04949)).
10 (c)#	Supplemental Life Insurance and Deferred Income Plan, as amended and restated effective as of December 10, 2018 (incorporated by reference to Exhibit 10(d) to Cummins Inc.'s Annual Report on Form 10-K for the year ended December 31, 2018 (File No. 001-04949)).
10 (d)#	Deferred Compensation Plan for Non-Employee Directors, as amended and restated February 15, 2021 (incorporated by reference to Exhibit 10(b) to Cummins Inc.'s Quarterly Report on Form 10-Q for the quarter ended April 4, 2021 (File No. 001-04949)).
10 (e)#	Excess Benefit Retirement Plan, as amended (incorporated by reference to Exhibit 10(g) to Cummins Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 28, 2014 (File No. 001-04949)).
10 (f)#	Employee Stock Purchase Plan, as amended (incorporated by reference to Annex B to the Company's definitive proxy statement filed with the Securities and Exchange Commission on Schedule 14A on March 27, 2023 (File No. 001-04949)).
10 (g)#	Longer Term Performance Plan (incorporated by reference to Exhibit 10(i) to Cummins Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 001-04949)).
10 (h)#	2006 Executive Retention Plan, as amended (incorporated by reference to Exhibit 10(j) to Cummins Inc.'s Annual Report on Form 10-K for the year ended December 31, 2011 (File No. 001-04949)).
10 (i)#	Senior Executive Target Bonus Plan (incorporated by reference to Exhibit 10(k) to Cummins Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 001-04949)).
10 (j)#	Senior Executive Longer Term Performance Plan (incorporated by reference to Exhibit 10(l) to Cummins Inc.'s Annual Report on Form 10-K for the year ended December 31, 2009 (File No. 001-04949)).
10 (k)#	Form of Long-Term Grant Notice under the 2012 Omnibus Incentive Plan (incorporated by reference to Exhibit 10(l) to Cummins Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023 (File No. 001-04949)).

10 (l)#	2012 Omnibus Incentive Plan, as amended and restated (incorporated by reference to Exhibit 10 to Cummins Inc.'s Quarterly Report on Form 10-Q for the quarter ended July 1, 2018 (File No. 001-04949)).
10 (m)#	Form of Stock Option Agreement under the 2012 Omnibus Incentive Plan (incorporated by reference to Exhibit 10(q) to Cummins Inc.'s Annual Report on Form 10-K for the year ended December 31, 2020 (File No. 001-04949)).
10 (n)#	Form of Restricted Stock Unit Award Agreement under the 2012 Omnibus Incentive Plan (incorporated by reference to Exhibit 10(o) to Cummins Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023 (File No. 001-04949)).
10 (o)#	Form of Performance-Based Restricted Stock Unit Award Agreement under the 2012 Omnibus Incentive Plan (incorporated by reference to Exhibit 10 to Cummins Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 (File No. 001-04949)).
10 (p)#	Key Employee Stock Investment Plan (incorporated by reference to Exhibit 4.3 to Cummins Inc.'s Registration Statement on Form S-8 filed on July 9, 2024 (File No. 333-280729)).
10 (q)	Second Amended and Restated 364-Day Credit Agreement, dated as of June 3, 2024, by and among Cummins Inc., the subsidiary borrowers referred to therein, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on June 3, 2024 (File No. 001-04949)).
10 (r)	Sixth Amended and Restated 364-Day Credit Agreement, dated as of June 3, 2024, by and among Cummins Inc., the subsidiary borrowers referred to therein, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent. (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on June 3, 2024 (File No. 001-04949)).
10 (s)#	Amendment No. 1 to Supplemental Life Insurance and Deferred Income Plan, effective as of July 14, 2020 (incorporated by reference to Exhibit 10.1 to Cummins Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 27, 2020 (File No. 001-04949)).
10 (t)#	Deposit Share Program, dated as of February 12, 2024 (incorporated by reference to Exhibit 10(y) to Cummins Inc.'s Annual Report on Form 10-K for the year ended December 31, 2023 (File No. 001-04949)).
19	Insider Trading Policy (filed herewith).
21	Subsidiaries of the Registrant (filed herewith).
23	Consent of PricewaterhouseCoopers LLP (filed herewith).
24	Powers of Attorney (filed herewith).
31 (a)	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31 (b)	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
97	Compensation Recovery Policy (filed herewith).
101 .INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101 .SCH*	Inline XBRL Taxonomy Extension Schema Document.
101 .CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101 .DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101 .LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101 .PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

A management contract or compensatory plan or arrangement.

* Filed with this annual report on Form 10-K are the following documents formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Statements of Net Income for the years ended December 31, 2024, 2023 and 2022, (ii) the Consolidated Statements of Comprehensive Income for the years ended December 31, 2024, 2023 and 2022, (iii) the Consolidated Balance Sheets for the years ended December 31, 2024 and 2023, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022, (v) the Consolidated Statements of Changes in Redeemable Noncontrolling Interests and Equity for the years ended December 31, 2024, 2023 and 2022, (vi) Notes to the Consolidated Financial Statements, (vii) the information included in Part I, Item 1C and (viii) the information included in Part II, Item 9B(b).

ITEM 16. Form 10-K Summary (optional)

Not Applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CUMMINS INC.

By:	/s/ MARK A. SMITH Mark A. Smith *Vice President and Chief Financial Officer* *(Principal Financial Officer)*	By:	/s/ LUTHER E. PETERS Luther E. Peters *Vice President—Corporate Controller* *(Principal Accounting Officer)*

Date: February 11, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ JENNIFER RUMSEY Jennifer Rumsey	Chair and Chief Executive Officer (Principal Executive Officer)	February 11, 2025
/s/ MARK A. SMITH Mark A. Smith	Vice President and Chief Financial Officer (Principal Financial Officer)	February 11, 2025
/s/ LUTHER E. PETERS Luther E. Peters	Vice President—Corporate Controller (Principal Accounting Officer)	February 11, 2025
* Gary L. Belske	Director	February 11, 2025
* Robert J. Bernhard	Director	February 11, 2025
* Bruno V. Di Leo Allen	Director	February 11, 2025
* Daniel W. Fisher	Director	February 11, 2025
* Carla A. Harris	Director	February 11, 2025
* Thomas J. Lynch	Director	February 11, 2025
* William I. Miller	Director	February 11, 2025
* Kimberly A. Nelson	Director	February 11, 2025
* Karen H. Quintos	Director	February 11, 2025
* John H. Stone	Director	February 11, 2025

*By: /s/ MARK A. SMITH

Mark A. Smith
Attorney-in-fact

POLICY OWNER: **Chief Legal Officer**

CCP-0005

Trading in Cummins Securities Policy

SCOPE

This policy applies to Cummins, the Cummins Board of Directors (“CMI Board Members”) and globally to the employees of Cummins entities in which Cummins has a controlling ownership interest or management responsibility, including its subsidiaries, joint ventures, affiliated companies and distributors (“Employees”). If Cummins does not have a controlling ownership interest or management responsibility, Cummins will take reasonable steps to require compliance with this policy and the law.

This policy also applies to transactions in Cummins securities by or for the account of Officers' or CMI Board Members’ Family Members, trusts, personal charitable foundations or similar arrangements as if such transactions were for the account of the Officer or CMI Board Member.

DEFINITIONS

Blackout Period(s) – A period designated by Cummins during which Cummins securities shall not be traded by certain individuals. Regular blackout periods are imposed upon Officers and CMI Board Members from the last business day of the second month of the Cummins’ accounting quarter through two business days following the day Cummins releases its financial results for the quarter. Certain Cummins-sponsored stock plans may also automatically prohibit transactions during certain periods surrounding Cummins earnings releases. Special blackout periods, which may include Employees, may occasionally be imposed.

Executive Officer – For purposes of this policy, “Executive Officers” refers to all Officers of Cummins who are subject to Sections 13, 14 and 16 of the Securities Exchange Act of 1934.

Family Member – Includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall also include adoptive relationships and anyone (other than domestic employees) who is sharing the same household.

Material Information – Information that would likely affect a reasonable investor's decision to buy, sell, or hold securities or would affect the market value of the securities if publicly disclosed. Examples of "Material Information" are listed in the Policy section of this document.

Material, Nonpublic Information – Information which is Material Information and has either not been disclosed to the public, or if it has been disclosed, the time elapsed since disclosure has not been sufficient for investors to fully evaluate the information.

Officers – For purposes of this policy, "Officers" shall refer to all officers of Cummins as designated by the CMI Board, including all Executive Officers.

Trading Plan – A plan satisfying the requirements of Securities and Exchange Commission ("SEC") Rule 10b5-1(c) that allows Officers, CMI Board Members and other insiders of publicly traded companies to transact in their company shares at all times, not just outside of Blackout Periods.

POLICY

1. **The following are rules for Cummins, all Employees and CMI Board Members.**

   A. **Cummins, all Employees and CMI Board Members must comply with all laws and policies prohibiting Insider Trading.**

   Insider Trading occurs when an individual or entity:

   1. Buys or sells Cummins securities based on Material, Nonpublic Information known or obtained by the individual or entity. Examples of Material, Nonpublic Information may include:
      - dividend increases or decreases;
      - earnings estimates or results, or a change in a previously announced earnings estimate;
      - a significant expansion or curtailment of operations or a significant increase or decline in business, including plans to close plants or planned layoffs;
      - a stock split or stock dividend;
      - a significant merger or acquisition proposal or agreement or joint venture, or an agreement or proposal to sell a significant subsidiary or business, or a proposal or agreement to purchase or sell substantial assets;

- significant new products, services, or discoveries;
- unusual or large borrowing;
- offerings or proposals to offer debt or equity securities for sale;
- the establishment of a repurchase program for securities;
- commencement or settlement of a major claim, lawsuit or regulatory matter;
- liquidity problems; or
- significant management developments.

2. Discloses or provides Material, Nonpublic Information concerning Cummins to another person to enable that person to either buy or sell Cummins securities or advise others to do so;
3. Buys or sells the securities of another company while in possession of Material, Nonpublic Information concerning that company, if that information was obtained during employment with or providing services to Cummins; or
4. Discloses or provides Material, Nonpublic Information regarding another company (obtained during employment with or providing services to Cummins) to another person to enable that person to either buy or sell the securities of that company or advise others to do so.

The following transactions are covered by this policy:

1. A transaction undertaken through a broker or investment manager, including a privately negotiated transaction or otherwise;
2. A purchase or sale transaction pursuant to the Cummins Inc. 2012 Omnibus Incentive Plan or Cummins Inc. Key Employee Stock Investment Plan (KESIP);
3. The exercise of stock options to purchase Cummins common stock pursuant to Cummins' stock option plans;
4. A change to future contributions to any Cummins stock fund in a 401(k) plan maintained by Cummins;
5. A transfer of an existing account balance into or out of any Cummins stock fund;
6. Any loan under a 401(k) plan that will result in a liquidation (or partial liquidation) of Cummins stock fund holdings;
7. Any pre-payment of a 401(k) plan loan if the prepayment will be allocated to the Cummins stock fund; or

8. An election to participate in the Cummins dividend reinvestment plan, to change the level of participation in the plan or to sell Cummins stock purchased pursuant to the plan.

This policy does not apply to:

1. Purchases of stock in a 401(k) plan or an employee stock purchase plan maintained by Cummins when those purchases result from an employee's periodic contribution of money to the plans pursuant to a payroll deduction election;
2. Purchases of Cummins stock through the Cummins dividend reinvestment plan when those purchases result solely from a prior reinvestment election with respect to dividends paid on Cummins securities; or
3. "Net exercises" of stock options in which there is not a sale of Cummins securities in the open market and the only purchase of Cummins securities is directly from Cummins.

B. **How to avoid Insider Trading**

1. Refrain from trading in Cummins securities from the time a material development involving Cummins is known until enough time has elapsed for investors to fully evaluate the information. This is generally three business days after the information has been publicly disclosed.
2. Only disclose Material, Nonpublic Information concerning Cummins to another person if that person has a need to know the information.
3. If in possession of Material, Nonpublic Information about another company obtained during your employment with Cummins, refrain from trading in that company's securities until after the information has been publicly disclosed. Use the three-day guideline and disclose that information to another person only if that person has a need to know the information.
4. Consider how the transaction might look six months in retrospect.
5. Obtain approval from the Corporate Secretary, Chief Legal Officer or either of their designees prior to taking any action if you are unsure.

C. **Trading in Cummins securities must not occur during a Blackout Period.**

Generally, Blackout Periods apply only to Officers and CMI Board Members. However, special Blackout Periods may be imposed by Cummins and may apply to Employees in addition to Officers and CMI Board Members. The Corporate Secretary, Chief Legal Officer, or the Chief Financial Officer will notify affected parties regarding any trading restrictions.

D. **Blackout Periods for Cummins-Sponsored Plans**

1. To avoid any appearance of impropriety, Cummins, at the end of each quarter, takes an extra measure by restricting Compensation Class 5 (Executive Director), or above, Employees trading of Cummins shares (a) held in the Key Employee Stock Investment Plan (KESIP) or the Employee Stock Purchase Plan (ESPP) or (b) held or received in connection with performance shares, restricted stock, restricted stock units or stock options granted to Employees under the 2012 Omnibus Incentive Plan (or any successor incentive plan). **We suspend the trading of shares held under these plans from the first business day of each quarter through the close of two business days after the day we release earnings.** This is known as an “automatic blackout period.”
2. Unless you are a Class 5 (Executive Director), or above, Employee, there is no automatic blackout period in place preventing the trading of shares (a) held in the KESIP or the ESPP or (b) held or received in connection with performance shares, restricted stock, restricted stock units or stock options granted to Employees under the 2012 Omnibus Incentive Plan (or any successor incentive plan). In addition, there is no automatic blackout period in place, for any Employee, preventing the trading of shares held in the Employee Stock Ownership Plan/Cummins Stock Fund component of the 401(k) Plan. Even so, **it is your responsibility to avoid trading in Cummins securities** when you are in possession of Material, Nonpublic Information, whether or not any blackout is in effect.
3. **This blackout only applies to the Cummins sponsored plans described above. You are still able to trade in Cummins shares through your own personal accounts at any time. However, remember that the prohibition against insider trading applies to you all the time and with every trade you make, whether it is through a Cummins account or purely on your own. If you have any questions, contact the Corporate Secretary or Chief Legal Officer for assistance.**

E. **Gifts**

Neither CMI Board Members nor any Employees may make a gift of Cummins securities while aware of Material, Nonpublic Information relating to Cummins if such CMI Board Member or Employee knows or is reckless in not knowing the recipient of the gift would sell the securities prior to Cummins’ disclosure of such information. Such a situation can arise with gifts of securities to charities, which are often required by their policies to sell securities soon after a gift.

F. **Trading Plans**

1. Rule 10b5-1 of the Securities Exchange Act of 1934 provides a defense from insider trading liability. To be eligible to rely on this defense, a person must enter into a Trading Plan for transactions in Cummins securities that meets certain conditions specified in the rule. If the plan meets the requirements of Rule 10b5-1, Cummins securities may be purchased or sold without regard to certain insider trading restrictions.

2. To comply with this policy, a Trading Plan must be approved by the Corporate Secretary and meet the requirements of Rule 10b5-1.
3. In general, a Trading Plan must be entered into in good faith at a time when the person entering into the plan is not aware of Material, Nonpublic Information regarding Cummins.
4. Rule 10b5-1 requires a person (other than a CMI Board Member or an Executive Officer) (i) to wait to begin trading under a Trading Plan until 30 days after the adoption of the plan, (ii) generally prohibits a person from having more than one plan in place at the same time, and (iii) restricts persons from relying on a single-trade plan more than once during any 12-month period.
5. Once the Trading Plan is adopted, the person must act in good faith with respect to the Trading Plan and not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The Trading Plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent party.
6. Additional requirements with respect to Trading Plans for CMI Board Members and Executive Officers, including a longer waiting period, are described herein.

2. The following are special rules for Officers and CMI Board Members.

A. **Trading in Cummins securities must not occur during a Blackout Period.**

1. Officers and CMI Board Members are subject to four Blackout Periods each year. The Blackout Periods can be found on the Ethics and Compliance Community, the Corporate Legal Community or can be obtained by sending an email to Ethics and Compliance.
2. Officers and CMI Board Members can only trade in Cummins Shares during pre-designated open trading windows. All Officers and CMI Board Members must contact the Corporate Secretary or Chief Legal Officer prior to trading in Cummins securities to receive approval for the trade. This applies to all activity, including:
   - buying and selling shares;
   - exercising options, gifts, loans, pledges or hedges; and
   - contributions to a trust or any other stock plan transaction.

   Pre-clearance must be obtained by speaking directly with either the Corporate Secretary, Chief Legal Officer or either of their designees. It cannot be done via email. The Corporate Secretary or Chief Legal Officer will determine if the transaction may proceed.

3. Completed transactions must be reported immediately to the Corporate Secretary or Chief Legal Officer to ensure compliance with applicable SEC reporting requirements.
4. Cummins prohibits Executive Officers and CMI Board Members from engaging in hedging transactions of any kind with respect to Cummins securities and from holding Cummins securities in a margin account. Additionally, Executive Officers and CMI Board Members may neither maintain nor enter into any arrangement that, directly or indirectly, involves the pledge of Cummins securities or other use of Cummins securities as collateral for a loan.
5. Officers and CMI Board Members must not trade in Cummins securities during a pension fund blackout period. A "pension fund blackout period" refers to a period of more than three consecutive business days during which Employee participants in Cummins-sponsored individual account retirement plans are prohibited from engaging in investment account transactions involving Cummins securities.

B. **Officers and CMI Board Members may implement a Trading Plan.**

1. Officers and CMI Board Members wishing to implement or modify a Trading Plan must:
    - pre-clear the Trading Plan or modification to a Trading Plan with the Corporate Secretary or Chief Legal Officer during an open trading window;
    - use an independent brokerage firm designated by Cummins;
    - for CMI Board Members and Executive Officers, certify that they are (a) not aware of any Material, Nonpublic Information about Cummins and (b) adopting the Trading Plan in good faith, and not as a scheme to evade the prohibitions of Rule 10b-5;
    - provide prompt notification of any adoption, modification or termination of a Trading Plan to the Corporate Secretary;
    - for CMI Board Members and Executive Officers, wait to make any trades under the Trading Plan until the later of (a) 90 days after the adoption of the Trading Plan or (b) two business days following the disclosure of Cummins' financial results in a Form 10-Q or Form 10-K relating to the quarter in which the Trading Plan was adopted, subject to a maximum of 120 days after adoption of the Trading Plan; and
    - for Officers and other Employees who are not Executive Officers, wait to make any trades under the Trading Plan until 30 days after the adoption of the Trading Plan.
2. Executive Officers and CMI Board Members who have a Trading Plan in place must not:

- have more than one Trading Plan in place at the same time, unless compliant with Rule 10b5-1 and expressly approved by the Corporate Secretary or Chief Legal Officer;
- make any trades outside the Plan during the period for which the Plan is effective; and
- include more than 500,000 shares or options in any one trading plan, unless an exception has been approved by the Chair of the Talent Management and Compensation Committee.

3. The Corporate Secretary or Chief Legal Officer will comply with any applicable SEC disclosure requirements regarding the implementation of a new Trading Plan.
4. Transactions effected pursuant to a pre-cleared Trading Plan will not require further pre-clearance at the time of the transaction if the Plan specifies the dates, prices and amounts of the contemplated trades, or establishes a formula for determining their dates, prices and amounts.
5. Completed transactions under a Trading Plan must be reported immediately to the Corporate Secretary or Chief Legal Officer to ensure compliance with applicable SEC reporting requirements.
6. Trading Plans may only be terminated for "hardship" reasons or in other exceptional circumstances, as determined by the Chief Executive Officer, the Chief Financial Officer, or Chief Legal Officer. If a Plan is terminated under this section, the Officer or CMI Board Member may not enter another plan for a period of six months. The Corporate Secretary or Chief Legal Officer will comply with any applicable SEC disclosure requirements regarding the termination of a Trading Plan.
7. Cummins may modify, suspend or terminate a Trading Plan in the event of a significant corporate event, such as a merger, acquisition, securities offering or significant legal/regulatory matter, and as approved by the Chief Executive Officer, Chief Financial Officer, or Chief Legal Officer.
8. In the event of major corporate transactions or developments, the Corporate Secretary, Chief Legal Officer and Chief Financial Officer will evaluate potential plan trades to determine if any public disclosures are required.

CONSEQUENCE FOR POLICY VIOLATION

The penalties for Insider Trading violations are severe.

Individuals may be subject to the following consequences which may include but are not limited to:

- the most serious disciplinary action, up to and including termination of employment;

- civil penalties of up to three times the profit gained or loss avoided, injunctions, and forfeiture of profits; and/or
- criminal penalties of up to $5,000,000 and/or 20 years in prison for each violation.

CONTACT FOR MORE INFORMATION

For questions or concerns relating to this policy or to report possible violations, Employees can seek assistance by contacting:

- The Cummins Legal Function
- Ethics and Compliance Function

You can report concerns through the Ethics Help Line.

If you are not comfortable taking your concerns to the above resources, you may report any concern to the Cummins Ethics Help Line. Go to ethics.cummins.com for information on how to report your concern either online or by phone in your country.

You may report your concerns anonymously where allowed by law.

Cummins strictly forbids retaliation against Employees who report concerns.

No action will be taken against you for reporting your concerns. Refer to the Employee Non-retaliation Policy for more information.

ASSOCIATED DOCUMENT AND RESOURCE LINKS

Policy Translations

Initial Release Date	Last Updated	VP Owner	Responsible Function
09/16/2002	2/11/2025	Nicole Y. Lamb-Hale	Ethics & Compliance

CUMMINS INC.

SUBSIDIARIES OF THE REGISTRANT

EXHIBIT 21

Entity Name	**Country or State of Organization**
Apollo FC Holdings Ltd	British Columbia
Arvin Environmental Management, LLC	Delaware
Arvin European Holdings (UK) Limited	England and Wales
Arvin Finance, LLC	Delaware
Arvin Holdings Netherlands B.V.	Netherlands
Arvin International (UK) Limited	United Kingdom
ArvinMeritor A&ET Limited	England and Wales
Arvinmeritor Filters Operating Co., LLC	Delaware
ArvinMeritor Finance Ireland Unlimited Company	Ireland
ArvinMeritor Holdings France SNC	France
ArvinMeritor Light Vehicle Systems Australia Pty Ltd.	Australia
ArvinMeritor Light Vehicle Systems (UK) Limited	England and Wales
ArvinMeritor Limited	England and Wales
ArvinMeritor OE, LLC	Delaware
ArvinMeritor Pension Trustees Limited	England and Wales
Arvinmeritor Receivables Corporation	Delaware
Arvinmeritor Sweden AB	Sweden
Arvinmeritor Technology, LLC	Delaware
Arvin Motion Control Limited	United Kingdom
Arvin Technologies, Inc.	Michigan
Atlantis Acquisitionco Canada 2 Corporation	Canada
Atlantis Holdco UK Limited	England
AVK Holdco UK Limited	United Kingdom
AxleTech India Private Limited	India
AxleTech International Holding Company Limited	Hong Kong
AxleTech International IP Holdings, LLC	Michigan
BCC EemsH2 V.O.F.	Netherlands
Beijing Foton Cummins Emission Solutions Co., Ltd.	China
Braseixos Administradora de Bens Ltda.	Brazil
Cax Holdings, LLC	Delaware
Cax Intermediate, LLC	Delaware
Centro de Fomento para Inclusión, S. de R.L. de C.V.	Mexico
CMI Africa Holdings B.V.	Netherlands
CMI Canada Financing Ltd.	United Kingdom
CMI Cooling Holdings LLC	Indiana
CMI Foreign Holdings B.V.	Netherlands
CMI Foundry Holdings LLC	Delaware
CMI Global Holdings B.V.	Netherlands
CMI Group Holdings B.V.	Netherlands
CMI International Finance Partner 2 LLC	Indiana
CMI International Finance Partner 5 LLC	Indiana
CMI Mexico LLC	Indiana
CMI Netherlands Holdings B.V.	Netherlands
CMI PGI Holdings LLC	Indiana

CUMMINS INC.

SUBSIDIARIES OF THE REGISTRANT

EXHIBIT 21

Entity Name	**Country or State of Organization**
CMI PGI International Holdings LLC	Indiana
Compania Industrial Frontera S.A. de C.V.	Mexico
Consolidated Diesel Company	North Carolina
Consolidated Diesel, Inc.	Delaware
Consolidated Diesel of North Carolina Inc.	North Carolina
Cummins Africa Middle East (Pty) Ltd	South Africa
Cummins Afrique de l'Ouest	Senegal
Cummins Americas, Inc.	Indiana
Cummins Angola Lda.	Angola
Cummins Argentina-Servicios Mineros S.A.	Argentina
Cummins Asia Pacific Pte. Ltd.	Singapore
Cummins Battery Systems North America LLC	Indiana
Cummins Belgium N.V.	Belgium
Cummins Botswana (Pty.) Ltd.	Botswana
Cummins Brasil Ltda.	Brazil
Cummins Burkina Faso SARL	Burkina Faso
Cummins Canada ULC	British Columbia
Cummins Caribbean LLC	Puerto Rico
Cummins CDC Holding Inc.	Indiana
Cummins Centroamerica Holding, S.de R.L.	Panama
Cummins Child Development Center, Inc.	Indiana
Cummins Chile SpA	Chile
Cummins (China) Investment Co. Ltd.	China
Cummins Comercializadora S. de R.L. de C.V.	Mexico
Cummins Cooling Systems Holdco LLC	Indiana
Cummins Corporation	Indiana
Cummins Czech Republic s.r.o.	Czechia
Cummins Deutschland GmbH	Germany
Cummins Diesel International Ltd.	Barbados
Cummins Distribution France S.A.S.	France
Cummins Distribution Holdco Inc.	Indiana
Cummins East Africa Regional Office Limited	Kenya
Cummins East Asia Research and Development Company, Ltd.	China
Cummins Electrified Power Europe Ltd.	Scotland
Cummins Electrified Power NA Inc.	Delaware
Cummins EMEA Holdings Limited	United Kingdom
Cummins Emission Solutions (China) Co., Ltd.	China
Cummins Emission Solutions Columbus South LLC	Indiana
Cummins Emission Solutions Inc.	Indiana
Cummins Emission Solutions Netherlands B.V.	The Netherlands
Cummins Emission Solutions Poland Sp. z.o.o.	Poland
Cummins Energie Algerie SpA	Algeria
Cummins Energy Solutions (Nigeria) Limited	Nigeria
Cummins Engine (Beijing) Co. Ltd.	China

CUMMINS INC.

SUBSIDIARIES OF THE REGISTRANT

EXHIBIT 21

Entity Name	**Country or State of Organization**
Cummins Engine Holding Company Inc.	Indiana
Cummins Engine IP, Inc.	Delaware
Cummins Engine (Shanghai) Co. Ltd.	China
Cummins Supply Chain Technologies and Management (Shanghai) Co., Ltd.	China
Cummins Engine Venture Corporation	Indiana
Cummins Enterprise LLC	Indiana
Cummins ESB Nigeria Limited	United Kingdom
Cummins France S.A.	France
Cummins Franchise Holdco LLC	Indiana
Cummins Fuel System (Wuhan) Co. Ltd.	China
Cummins Generator Technologies Americas Inc.	Pennsylvania
Cummins Generator Technologies (China) Co., Ltd.	China
Cummins Generator Technologies Germany GmbH	Germany
Cummins Generator Technologies India Private Limited	India
Cummins Generator Technologies Italy SRL	Italy
Cummins Generator Technologies Limited	United Kingdom
Cummins Generator Technologies Romania S.A.	Romania
Cummins Generator Technologies Singapore Pte Ltd.	Singapore
Cummins Ghana Limited	Ghana
Cummins Grupo Industrial S. de R.L. de C.V.	Mexico
Cummins Holland B.V.	Netherlands
Cummins Hong Kong Ltd.	Hong Kong
Cummins Hydrogen Technology (Shanghai) Co., Ltd.	China
Cummins India Ltd.	India
Cummins Intellectual Property, Inc.	Delaware
Cummins International Finance LLC	Indiana
Cummins International Holdings B.V.	Netherlands
Cummins Italia S.P.A.	Italy
Cummins Japan Ltd.	Japan
Cummins Korea Co. Ltd.	Republic of Korea
Cummins Ltd.	United Kingdom
Cummins Maroc SARL	Morocco
Cummins Middle East FZE	United Arab Emirates
Cummins Mining Services S. de R.L. de C.V.	Mexico
Cummins Mobility Services Inc.	Indiana
Cummins Mongolia Investment LLC	Mongolia
Cummins Motorenwerke Deutschland GmbH	Germany
Cummins Mozambique Ltda.	Mozambique
Cummins Natural Gas Engines, Inc.	Delaware
Cummins New Power (Shanghai) Co., Ltd.	China
Cummins New Power, S.L.	Spain
Cummins New Zealand Limited	New Zealand
Cummins Nigeria Ltd.	Nigeria
Cummins Norte De Colombia S.A.S.	Colombia

CUMMINS INC.

SUBSIDIARIES OF THE REGISTRANT

EXHIBIT 21

Entity Name	Country or State of Organization
Cummins North Africa Regional Office SARL	Morocco
Cummins Norway AS	Norway
Cummins NV	Belgium
Cummins Patton Acquisition LLC	Delaware
Cummins PGI Holdings Ltd.	United Kingdom
Cummins Power Generation (China) Co., Ltd.	China
Cummins Power Generation Deutschland GmbH	Germany
Cummins Power Generation Inc.	Indiana
Cummins Power Generation Limited	United Kingdom
Cummins Power Generation (s) Pte. Ltd.	Singapore
Cummins Power Generation (U.K.) Limited	United Kingdom
Cummins Power Solutions India Private Limited	India
Cummins Powergen IP, Inc.	Delaware
Cummins PowerTech India Private Limited	India
Cummins Romania Srl	Romania
Cummins Sales and Service Kazakhstan	Kazakhstan
Cummins Sales and Service Korea Co., Ltd.	Republic of Korea
Cummins Sales and Service Philippines, Inc.	Philippines
Cummins Sales and Service Sdn. Bhd.	Malaysia
Cummins Sales and Service Singapore Pte. Ltd.	Singapore
Cummins Sales & Service Private Limited	India
Cummins S. de RL de CV	Mexico
Cummins Software & Electronics (Wuxi) Co. Ltd.	China
Cummins South Africa (Pty.) Ltd.	South Africa
Cummins Southern Plains LLC	Texas
Cummins South Pacific Pty. Ltd.	Australia
Cummins Spain S.L.	Spain
Cummins Sweden AB	Sweden
Cummins Technologies India Private Limited	India
Cummins Turbo Technologies Limited	United Kingdom
Cummins Turkey Motor Güç Sistemleri Satış Servis Limited Şirketi	Turkey
Cummins UK Holdings LLC	Indiana
Cummins U.K. Holdings Ltd.	United Kingdom
Cummins U.K. Pension Plan Trustee Ltd.	United Kingdom
Cummins Vendas e Servicos de Motores e Geradores Ltda.	Brazil
Cummins Venture Corporation	Delaware
Cummins West Africa Limited	Nigeria
Cummins West Balkans d.o.o. Nova Pazova	Serbia
Cummins XBorder Operations (Pty) Ltd	South Africa
Cummins (Xiangyang) Engine Remanufacturing Co., Ltd.	China
Cummins Zambia Ltd.	Zambia
Cummins Zimbabwe Pvt. Ltd.	Zimbabwe
CWI LLC	Delaware
Distribuidora Cummins Centroamerica Costa Rica, S.de R.L.	Costa Rica

CUMMINS INC.

SUBSIDIARIES OF THE REGISTRANT

EXHIBIT 21

Entity Name	**Country or State of Organization**
Distribuidora Cummins Centroamerica Guatemala, Ltda.	Guatemala
Distribuidora Cummins Centroamerica Honduras, S.de R.L.	Honduras
Distribuidora Cummins de Panama, S. de R.L.	Panama
Distribuidora Cummins S.A.	Argentina
Distribuidora Cummins S.A. Sucursal Bolivia	Bolivia
Distribuidora Cummins S.A. Sucursal Uruguay	Uruguay
Distribuidora Cummins Sucursal Paraguay SRL	Paraguay
Dongfeng Cummins Emission Solutions Co., Ltd.	China
Dynamo Insurance Company, Inc.	Vermont
Engendren, LLC	Wisconsin
Electrified Power Holdco LLC	Indiana
ELFA New Energy Vehicles ePowertrain Systems Ltd., Tianjin	China
Energy-Ventures Angola, Lda.	Angola
Fonderie Vénissieux SAS	France
Hydrogen Holdco UK Limited	United Kingdom
Hydrogenics Corporation	Canada
Hydrogenics Europe N.V.	Belgium
Hydrogenics GmbH	Germany
Hydrogenics Holding GmbH	Germany
Hydrogenics USA, Inc.	Delaware
Ironcast Inc.	Delaware
Ironcast de Frontera, S.A. de C.V.	Mexico
Jacobs (Suzhou) Vehicle Systems Co., Ltd.	China
Jacobs Vehicle Systems, Inc.	Delaware
Meritor Aftermarket Canada Inc.	British Columbia
Meritor Aftermarket Europe Limited	England and Wales
Meritor Aftermarket France SAS	France
Meritor Aftermarket Italy S.r.l.	Italy
Meritor Aftermarket Netherlands B.V.	Netherlands
Meritor Aftermarket Spain, S.A.U.	Spain
Meritor Aftermarket Switzerland AG	Switzerland
Meritor Aftermarket UK Limited	England and Wales
Meritor Axles France SAS	France
Meritor Brazil Holdings, LLC	Delaware
Meritor Cayman Islands, Ltd.	Cayman Islands
Meritor (China) Holdings, Limited	China
Meritor Commercial Vehicle Systems India Private Limited	India
Meritor Czech s.r.o.	Czechia
Meritor do Brasil Sistemas Automotivos Ltda.	Brazil
Meritor Drivetrain Systems (Nanjing) Co. Ltd.	China
Meritor Electric Powertrain Systems UK Limited	England and Wales
Meritor Electric Vehicles Germany GmbH	Germany
Meritor Electric Vehicles, LLC	Delaware
Meritor Finance (Barbados) Limited	Barbados

CUMMINS INC.

SUBSIDIARIES OF THE REGISTRANT

EXHIBIT 21

Entity Name	Country or State of Organization
Meritor France Holdings, LLC	Delaware
Meritor France SNC	France
Meritor Germany GmbH	Germany
Meritor GmbH	Austria
Meritor Heavy Vehicle Braking Systems (UK) Limited	United Kingdom
Meritor Heavy Vehicle Braking Systems (U.S.A.), LLC	Delaware
Meritor Heavy Vehicle Systems Australia Ltd.	Australia
Meritor Heavy Vehicle Systems Cameri S.p.A.	Italy
Meritor Heavy Vehicle Systems de Venezuela S.A.	Venezuela
Meritor Heavy Vehicle Systems Limited	England
Meritor Heavy Vehicle Systems, LLC	Delaware
Meritor Heavy Vehicle Systems (Manufacturing) Limited	England
Meritor Heavy Vehicle Systems (Singapore) Pte., Ltd.	Delaware
Meritor Heavy Vehicle Systems (Venezuela), Inc.	Delaware
Meritor Holdings (Barbados) Limited	Barbados
Meritor Holdings France SNC	France
Meritor Holdings, LLC	Delaware
Meritor Holdings Spain, S.A.	Spain
Meritor Holdings UK Ltd.	England and Wales
Meritor HVS AB	Sweden
Meritor HVS (India) Limited	India
Meritor, Inc.	Indiana
Meritor, Inc.	Nevada
Meritor Industrial Acquisition Holdings, LLC	Delaware
Meritor Industrial Aftermarket, LLC	Michigan
Meritor Industrial France, LLC	Delaware
Meritor Industrial Holdings Brazil, LLC	Delaware
Meritor Industrial Holdings France, LLC	Delaware
Meritor Industrial Holdings, LLC	Delaware
Meritor Industrial International Holdings, LLC	Delaware
Meritor Industrial Overseas Services, LLC	Delaware
Meritor Industrial Products Holdings France SAS	France
Meritor Industrial Products, LLC	Delaware
Meritor Industrial Products Saint-Etienne	France
Meritor International Holdings, LLC	Delaware
Meritor Japan K.K.	Japan
Meritor Luxembourg S.a.r.l	Luxembourg
Meritor Management Corp.	Delaware
Meritor Manufacturing de Mexico, S.A. de C.V.	Mexico
Meritor Mexico, S. de R.L. de C.V.	Mexico
Meritor Netherlands Brazil B.V.	Netherlands
Meritor Netherlands B.V.	Netherlands
Meritor Specialty Products LLC	Delaware
Meritor Technology, LLC	Delaware

CUMMINS INC.

SUBSIDIARIES OF THE REGISTRANT

EXHIBIT 21

Entity Name	Country or State of Organization
Meritor Vehicle Systems (Xuzhou) Co., Ltd.	China
New Green Power LLC	Indiana
New Hydrogen IP LLC	Indiana
Newage Engineers GmbH	Germany
OOO Cummins	Russian Federation
Power Group International Ltd.	United Kingdom
Power Group International (Overseas Holdings) B.V.	Netherlands
Power Group International (Overseas Holdings) Ltd.	United Kingdom
Prevcummins Sociedade De Previdencia Privada	Brazil
Shanghai Cummins Trade Co., Ltd.	China
Silver Lining Systems, LLC	Wisconsin
Sky Power Holdco LLC	Delaware
Taiwan Cummins Sales & Services Co. Ltd.	Taiwan
TOO Cummins	Kazakhstan
Traction Drive Holdco LLC	Indiana
Transportation Power, LLC	California
Wilmot-Breeden (Holdings) Limited	England and Wales
Wuxi Cummins Turbo Technologies Co. Ltd.	China
Xuzhou Meritor Axle Co., Ltd.	China

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-172650, 333-181927 (as amended by Post-Effective Amendment No. 1), 333-184786, 333-218381, 333-218387, 333-280729, 333-280730 and 333-282654) of Cummins Inc. of our report dated February 11, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Indianapolis, Indiana

February 11, 2025

EXHIBIT 24

CUMMINS INC.

2024 Form 10-K

POWER OF ATTORNEY

I hereby legally appoint each of Mark A. Smith and Luther E. Peters as my attorneys-in-fact and agents, with full power of substitution and re-substitution, to sign on my behalf the Annual Report on Form 10-K, and any and all amendments thereto, of Cummins Inc. (the "Company") for the Company's year ended December 31, 2024 and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to do anything else that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done consistent herewith.

Dated: February 11, 2025

/s/ GARY L. BELSKE

Gary L. Belske

Director

CUMMINS INC.

2024 Form 10-K

POWER OF ATTORNEY

I hereby legally appoint each of Mark A. Smith and Luther E. Peters as my attorneys-in-fact and agents, with full power of substitution and re-substitution, to sign on my behalf the Annual Report on Form 10-K, and any and all amendments thereto, of Cummins Inc. (the “Company”) for the Company’s year ended December 31, 2024 and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to do anything else that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done consistent herewith.

Dated:	February 11, 2025	/s/ ROBERT J. BERNHARD
		Robert J. Bernhard
		Director

CUMMINS INC.

2024 Form 10-K

POWER OF ATTORNEY

I hereby legally appoint each of Mark A. Smith and Luther E. Peters as my attorneys-in-fact and agents, with full power of substitution and re-substitution, to sign on my behalf the Annual Report on Form 10-K, and any and all amendments thereto, of Cummins Inc. (the “Company”) for the Company’s year ended December 31, 2024 and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to do anything else that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done consistent herewith.

Dated: February 11, 2025

/s/ BRUNO V. DI LEO ALLEN
Bruno V. Di Leo Allen
Director

CUMMINS INC.

2024 Form 10-K

POWER OF ATTORNEY

I hereby legally appoint each of Mark A. Smith and Luther E. Peters as my attorneys-in-fact and agents, with full power of substitution and re-substitution, to sign on my behalf the Annual Report on Form 10-K, and any and all amendments thereto, of Cummins Inc. (the "Company") for the Company's year ended December 31, 2024 and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to do anything else that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done consistent herewith.

Dated: February 11, 2025

/s/ DANIEL W. FISHER

Daniel W. Fisher

Director

CUMMINS INC.

2024 Form 10-K

POWER OF ATTORNEY

I hereby legally appoint each of Mark A. Smith and Luther E. Peters as my attorneys-in-fact and agents, with full power of substitution and re-substitution, to sign on my behalf the Annual Report on Form 10-K, and any and all amendments thereto, of Cummins Inc. (the "Company") for the Company's year ended December 31, 2024 and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to do anything else that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done consistent herewith.

Dated:	February 11, 2025	/s/ CARLA A. HARRIS
		Carla A. Harris
		Director

CUMMINS INC.

2024 Form 10-K

POWER OF ATTORNEY

I hereby legally appoint each of Mark A. Smith and Luther E. Peters as my attorneys-in-fact and agents, with full power of substitution and re-substitution, to sign on my behalf the Annual Report on Form 10-K, and any and all amendments thereto, of Cummins Inc. (the “Company”) for the Company’s year ended December 31, 2024 and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to do anything else that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done consistent herewith.

Dated:	February 11, 2025	/s/ THOMAS J. LYNCH
		Thomas J. Lynch
		Director

CUMMINS INC.

2024 Form 10-K

POWER OF ATTORNEY

I hereby legally appoint each of Mark A. Smith and Luther E. Peters as my attorneys-in-fact and agents, with full power of substitution and re-substitution, to sign on my behalf the Annual Report on Form 10-K, and any and all amendments thereto, of Cummins Inc. (the "Company") for the Company's year ended December 31, 2024 and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to do anything else that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done consistent herewith.

Dated: February 11, 2025

/s/ WILLIAM I. MILLER

William I. Miller

Director

CUMMINS INC.

2024 Form 10-K

POWER OF ATTORNEY

I hereby legally appoint each of Mark A. Smith and Luther E. Peters as my attorneys-in-fact and agents, with full power of substitution and re-substitution, to sign on my behalf the Annual Report on Form 10-K, and any and all amendments thereto, of Cummins Inc. (the “Company”) for the Company’s year ended December 31, 2024 and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to do anything else that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done consistent herewith.

Dated:	February 11, 2025	/s/ KIMBERLY A. NELSON
		Kimberly A. Nelson
		Director

CUMMINS INC.

2024 Form 10-K

POWER OF ATTORNEY

I hereby legally appoint each of Mark A. Smith and Luther E. Peters as my attorneys-in-fact and agents, with full power of substitution and re-substitution, to sign on my behalf the Annual Report on Form 10-K, and any and all amendments thereto, of Cummins Inc. (the "Company") for the Company's year ended December 31, 2024 and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to do anything else that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done consistent herewith.

Dated:	February 11, 2025	/s/ KAREN H. QUINTOS
		Karen H. Quintos
		Director

CUMMINS INC.

2024 Form 10-K

POWER OF ATTORNEY

I hereby legally appoint each of Mark A. Smith and Luther E. Peters as my attorneys-in-fact and agents, with full power of substitution and re-substitution, to sign on my behalf the Annual Report on Form 10-K, and any and all amendments thereto, of Cummins Inc. (the "Company") for the Company's year ended December 31, 2024 and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and to do anything else that said attorneys-in-fact and agents or any of them, or his or her substitute or substitutes, may lawfully do or cause to be done consistent herewith.

Dated: February 11, 2025

/s/ JOHN H. STONE

John H. Stone

Director

EXHIBIT 31(a)

Certification

I, Jennifer Rumsey, certify that:

1. I have reviewed this report on Form 10-K of Cummins Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2025

/s/ JENNIFER RUMSEY
Jennifer Rumsey
Chair and Chief Executive Officer

EXHIBIT 31(b)

Certification

I, Mark A. Smith, certify that:

1. I have reviewed this report on Form 10-K of Cummins Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2025

/s/ MARK A. SMITH

Mark A. Smith

Vice President and Chief Financial Officer

EXHIBIT 32

Cummins Inc.

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cummins Inc. (the “Company”) on Form 10-K for the period ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to the best of such officer's knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 11, 2025	/s/ JENNIFER RUMSEY
	Jennifer Rumsey
	Chair and Chief Executive Officer
February 11, 2025	/s/ MARK A. SMITH
	Mark A. Smith
	Vice President and Chief Financial Officer

Cummins Inc.
Compensation Recovery Policy

1. **Recovery of Compensation Following Financial Restatement**

(a) *Restatement Resulting from Material Noncompliance*.

(i) Mandatory Recovery; Definitions. If Cummins Inc. (the “Company”) is required to prepare an Accounting Restatement (as defined below), the Company shall recover reasonably promptly the amount of Erroneously Awarded Compensation (as defined below). For purposes of this compensation recovery policy (this “Policy”), the following terms, when capitalized, shall have the meanings set forth below:

- “*Accounting Restatement*” shall mean any accounting restatement required due to material noncompliance of the Company with any financial reporting requirement under the securities laws, including to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

- “*Covered Officer*” shall mean the Company’s president; principal financial officer; principal accounting officer (or if there is no such accounting officer, the controller); any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance); any other officer who performs a significant policy-making function; or any other person who performs similar significant policy-making functions for the Company.

- *“Effective Date*” shall mean October 2, 2023.

- “*Erroneously Awarded Compensation*” shall mean the excess of (i) the amount of Incentive-Based Compensation Received by a person (A) after beginning service as a Covered Officer, (B) who served as a Covered Officer at any time during the performance period for that Incentive-Based Compensation, (C) while the Company has a class of securities listed on a national securities exchange or a national securities association and (D) during the Recovery Period; over (ii) the Recalculated Compensation. For the avoidance of doubt, a person who served as a Covered Officer during the periods set forth in clauses (A) and (B) of the preceding sentence shall continue to be subject to this Policy even after such person’s service as a Covered Officer has ended.

- “*Incentive-Based Compensation*” shall mean any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a financial reporting measure. A financial reporting measure is a measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures that are derived wholly or in part from such measures, regardless of whether such measure is presented within the financial statements or included in a filing with the Securities Exchange Commission. Each of stock price and total shareholder return is a financial reporting measure. For the avoidance of doubt, Incentive-Based Compensation for purposes of this Policy does not include stock options, restricted stock, restricted stock units or similar equity-based awards for which the grant is not contingent upon achieving any financial reporting measure performance goal and vesting is contingent solely upon completion of a specified employment period and/or attaining one or more non-financial reporting measures.

- "*Recalculated Compensation*" shall mean the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the restated amounts in the Accounting Restatement, computed without regard to any taxes paid. For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of the Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount of the Recalculated Compensation must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return, as the case may be, on the compensation Received. The Company must maintain documentation of the determination of that reasonable estimate and provide such documentation to the national securities exchange or association on which its securities are listed.

- Incentive-Based Compensation is deemed "*Received*" in the Company's fiscal period during which the financial reporting measure specified in the award of such Incentive-Based Compensation is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

- "*Recovery Period*" shall mean the three completed fiscal years of the Company immediately preceding the date the Company is required to prepare an Accounting Restatement; provided that the Recovery Period shall not begin before the Effective Date. For purposes of determining the Recovery Period, the Company is considered to be "required to prepare an Accounting Restatement" on the earlier to occur of: (i) the date the Company's Board of Directors, a committee thereof or the Company's authorized officers conclude, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement. If the Company changes its fiscal year, then the transition period within or immediately following such three completed fiscal years also shall be included in the Recovery Period, provided that if the transition period between the last day of the Company's prior fiscal year end and the first day of its new fiscal year comprises a period of nine to 12 months, then such transition period shall instead be deemed one of the three completed fiscal years and shall not extend the length of the Recovery Period.

- "*Talent Management and Compensation Committee*" shall mean the Talent Management and Compensation Committee of the Company's Board of Directors.

(ii) Exceptions. Notwithstanding anything to the contrary in this Policy, recovery of Erroneously Awarded Compensation will not be required to the extent the Talent Management and Compensation Committee (or such other committee of independent directors responsible for executive compensation decisions, or a majority of the independent directors on the Company's Board of Directors in the absence of such a committee) has made a determination that such recovery would be impracticable and one of the following conditions have been satisfied:

(A) The direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation that was Incentive-Based Compensation based on the expense of enforcement, the Company must make a reasonable attempt to recover such Erroneously Awarded Compensation, document such reasonable attempt(s) to recover, and provide that documentation to the national securities exchange or association on which its securities are listed.

(B) Recovery would violate home country law that was adopted prior to November 28, 2022; provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation that was Incentive-Based Compensation based on violation of home country law, the Company must obtain an opinion of home country counsel, acceptable to the national securities exchange or association on which its securities are listed, that recovery would result in such a violation, and must provide such opinion to the exchange or association.

(C) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

(iii) Manner of Recovery. In addition to any other actions permitted by law or contract, the Company may take any or all of the following actions to recover any Erroneously Awarded Compensation: (A) require the Covered Officer to repay such amount; (B) offset such amount from any other compensation owed by the Company or any of its affiliates to the Covered Officer, regardless of whether the contract or other documentation governing such other compensation specifically permits or specifically prohibits such offsets; and (C) subject to Section 1(a)(ii)(C), to the extent the Erroneously Awarded Compensation was deferred into a plan of deferred compensation, whether or not qualified, forfeit such amount (as well as the earnings on such amounts) from the Covered Officer's balance in such plan, regardless of whether the plan specifically permits or specifically prohibits such forfeiture. If the Erroneously Awarded Compensation consists of shares of the Company's common stock, and the Covered Officer still owns such shares, then the Company may satisfy its recovery obligations by requiring the Covered Officer to transfer such shares back to the Company.

(b) *Restatement Resulting from Fraud*. If the Company is required to prepare an Accounting Restatement as a result of the fraudulent actions of any officer, the Talent Management and Compensation Committee of the Company's Board of Directors may direct that the Company recover all or any portion of any award or any past or future compensation other than base salary from any such officer with respect to any year for which the Company's financial results are adversely affected by such restatement.

2. Reduction or Cancellation of Compensation Following Certain Conduct

If, in the Talent Management and Compensation Committee's judgment, any current or former Covered Officer has engaged in conduct that (a) constitutes a failure to appropriately identify, escalate, monitor or manage risks to the Company or is otherwise contrary to the best interests of the Company; and (b) has caused, or might reasonably be expected to cause, significant reputational or financial harm to the Company, then the Talent Management and Compensation Committee may in its sole and absolute discretion instruct the Company, and the Company shall be entitled (to the extent permitted by applicable law), to recover, reduce or cancel all or any portion of any award or any past or future compensation (other than base salary) paid or awarded to, or earned by, such current or former Covered Officer at any time.

3. Administration and Miscellaneous

(a) Any references in compensation plans, agreements, equity awards or other policies to the Company's "recoupment", "clawback" or similarly-named policy shall be deemed to refer to this Policy with respect to Incentive-Based Compensation Received and other compensation paid, awarded or earned on or after the Effective Date. With respect to Incentive-Based Compensation Received and other compensation paid, awarded or earned prior to the Effective Date, such references to the Company's "recoupment", "clawback" or similarly-named policy in compensation plans, agreements, equity awards or other policies shall be deemed to refer to the Company's "recoupment," "clawback" or similarly-named policy, if any, in effect prior to the Effective Date.

(b) This Policy shall be administered and interpreted, and may be amended from time to time, by the Talent Management and Compensation Committee, the Company's Board of Directors or any committee to which the Board of Directors may delegate its authority in its sole discretion in compliance with the applicable listing standards of the national securities exchange or association on which the Company's securities are listed, and the determinations of the Talent Management and Compensation Committee, the Company's Board of Directors or such committee shall be binding on all Covered Officers and other officers.

(c) The Company shall not indemnify any Covered Officer against the loss of Erroneously Awarded Compensation.

(d) The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the Federal securities laws, including disclosure required by the Securities Exchange Commission filings.

(e) Any right to recovery under this Policy shall be in addition to, and not in lieu of, any other rights of recovery that may be available to the Company.