Approximately $73 million, primarily related to the write-down of impaired equipment and software and employee severance payments, has been charged to the restructuring liabilities as of December 31, 2000. Of the total charges associated with the restructuring activities, cash outlays will approximate $54 million. The actions will be completed in 2001 and 2002 with the majority of the cash outlays in 2001. The associated annual savings are estimated at $55 million upon completion of the actions.

Activities in the major components of these charges were as follows:

$ Millions	Original Provision	Charges 2000	Balance 12/31/00
Workforce reductions	$ 42	$ (5)	$ 37
Impairment of software	30	(30)	-
Impairment of equipment and other assets	72	(38)	34
Exit costs	16	-	16
	$160	$(73)	$ 87

In December 1999, the Company recorded a charge of $60 million in connection with the dissolution of the Cummins Wärtsilä joint venture. The charge included $17 million to write off the Company's remaining investment in the joint venture, $29 million for impairment of assets transferred from the joint venture and $14 million for additional warranty and other liabilities assumed by the Company. The joint venture termination was effective December 31, 1999, with the Company taking over the operations and assets of the product line manufactured in Daventry, England.

The asset impairment loss was calculated according to the provisions of SFAS No. 121, using expected discounted cash flows as the estimate of fair value. The majority of the impaired assets are to be held and used in the Company's Power Generation Business, with depreciation continuing on such assets.

In the third quarter of 1998, the Company recorded charges of $125 million, comprised of $100 million for costs to reduce the worldwide workforce by approximately 1,100 people, as well as costs associated with streamlining certain majority-owned and international joint venture operations and $25 million for a civil penalty to be paid by the Company as a result of an agreement reached with the U.S. Environmental Protection Agency (EPA) regarding diesel engine emissions. In addition, the Company recorded special charges of $14 million for inventory write-downs associated with restructuring actions.

The Company is concluding the restructuring plan implemented in the third quarter of 1998. In the third quarter of 2000, the Company reversed excess accruals from 1998 of $7 million and recorded $7 million of charges related to new actions committed to during the quarter. As of December 31, 2000, approximately $127 million has been charged against the liabilities associated with these actions. The Company has funded the restructuring actions using cash generated from operations. The remaining actions to be completed consist primarily of the payment of severance commitments to terminated employees in early 2001 and the remaining payment to the EPA in July 2001.

Activity in the major components of these charges is as follows:

$ Millions	Original Provision	Charges 1998	Charges 1999	Charges 2000	Balance 12/31/00
Restructuring of majority-owned operations:					
Workforce reductions	$ 38	$(12)	$(14)	$ (9)	$ 3
Asset impairment loss	22	-	(7)	(15)	-
Facility consolidations and other	17	(8)	(4)	(4)	1
	77	(20)	(25)	(28)	4
Restructuring of joint venture operations:					
Workforce reductions	11	-	(10)	(1)	-
Tax asset impairment loss	7	-	(7)	-	-
Facility and equipment-related costs	5	-	(5)	-	-
	23	-	(22)	(1)	-
Inventory write-downs	14	(5)	(9)	-	-
Total restructuring charges	114	(25)	(56)	(29)	4
EPA penalty	25	-	(8)	(9)	8
Total	$139	$(25)	$(64)	$(38)	$ 12