

CUMMINS INC
Form 8-K
October 30, 2009
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report: October 30, 2009

CUMMINS INC.

(Exact name of registrant as specified in its charter)

Indiana

1-4949

35-0257090

(State or other Jurisdiction of
Incorporation)

(Commission File Number)

(I.R.S. Employer Identification
No.)

500 Jackson Street

P. O. Box 3005

Columbus, IN 47202-3005

(Principal Executive Office) (Zip Code)

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

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On October 30, 2009, Cummins Inc. issued a press release regarding its release of third quarter results.

Item 7.01. Regulation FD Disclosure

The following information is furnished pursuant to Item 2.02, "Results of Operations and Financial Condition" and Item 7.01, "Regulation FD Disclosure."

On October 30, 2009, Cummins Inc. ("Cummins," "the Company," "the registrant," "we," "our," or "us") issued the attached press release reporting its financial results for the third quarter of 2009. A copy of Cummins' press release is attached hereto as Exhibit 99 and hereby incorporated by reference.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibit is furnished herewith:

99-Press Release dated October 30, 2009

SIGNATURE

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

Date: October 30, 2009

CUMMINS INC.

/s/ Marsha L. Hunt

Marsha L. Hunt

Vice President - Corporate Controller

(Principal Accounting Officer)

CUMMINS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited) (a)

In millions (except per share amounts)	Three months ended		
	September 27, 2009	June 28, 2009	September 28, 2008
NET SALES	\$ 2,530	\$ 2,431	\$ 3,693
Cost of sales	2,027	1,983	2,873
GROSS MARGIN	503	448	820
OPERATING EXPENSES AND INCOME			
Selling, general and administrative expenses	304	287	388
Research, development and engineering expenses	90	79	113
Equity, royalty and interest income from investees	57	57	66
Restructuring and other charges	22	7	
Other operating income (expense), net	3	(11)	(2)
OPERATING INCOME	147	121	383
Interest income	2	1	4
Interest expense	9	10	10
Other income (expense), net	6	(13)	(7)
INCOME BEFORE INCOME TAXES	146	99	370
Income tax expense	36	29	123
NET INCOME	110	70	247
Less: net income attributable to noncontrolling interests	15	14	18
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	\$ 95	\$ 56	\$ 229
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.			
Basic	\$ 0.48	\$ 0.28	\$ 1.18
Diluted	\$ 0.48	\$ 0.28	\$ 1.17
WEIGHTED AVERAGE SHARES OUTSTANDING			
Basic	197.4	197.1	194.9
Diluted	197.8	197.4	196.5
CASH DIVIDENDS DECLARED PER COMMON SHARE			
	\$ 0.175	\$ 0.175	\$ 0.175

(a) Prepared on an unaudited basis in accordance with accounting principles generally accepted in the United States of America (GAAP).

CUMMINS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited) (a)

In millions (except per share amounts)	Nine months ended September	
	27, 2009	September 28, 2008
NET SALES	\$ 7,400	\$ 11,054
Cost of sales	6,004	8,648
GROSS MARGIN	1,396	2,406
OPERATING EXPENSES AND INCOME		
Selling, general and administrative expenses	891	1,109
Research, development and engineering expenses	254	320
Equity, royalty and interest income from investees	147	202
Restructuring and other charges	95	
Other operating (expense) income, net	(6)	(9)
OPERATING INCOME	297	1,170
Interest income	5	14
Interest expense	26	33
Other (expense) income, net	(10)	(20)
INCOME BEFORE INCOME TAXES	266	1,131
Income tax expense	72	372
NET INCOME	194	759
Less: net income attributable to noncontrolling interests	36	47
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	\$ 158	\$ 712
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.		
Basic	\$ 0.80	\$ 3.65
Diluted	\$ 0.80	\$ 3.62
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	197.1	195.1
Diluted	197.4	196.5
CASH DIVIDENDS DECLARED PER COMMON SHARE		
	\$ 0.525	\$ 0.425

(a) Prepared on an unaudited basis in accordance with accounting principles generally accepted in the United States of America.

CUMMINS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited) (a)

In millions (except par value)	September 27, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 686	\$426
Marketable securities	148	77
Accounts and notes receivable, net	1,731	1,782
Inventories	1,461	1,783
Deferred income taxes	363	347
Prepaid expenses and other current assets	254	298
Total current assets	4,643	4,713
Long-term assets		
Property, plant and equipment	4,736	4,539
Accumulated depreciation	(2,877)	(2,698)
Property, plant and equipment, net	1,859	1,841
Investments and advances related to equity method investees	538	588
Goodwill	363	362
Other intangible assets, net	229	223
Deferred income taxes	400	491
Other assets	323	301
Total assets	\$ 8,355	\$8,519
LIABILITIES		
Current liabilities		
Current portion of long-term debt and loans payable	\$ 60	\$69
Accounts payable (principally trade)	875	1,009
Current portion of accrued product warranty	422	434
Accrued compensation, benefits and retirement costs	335	364
Other accrued expenses	619	763
Total current liabilities	2,311	2,639
Long-term liabilities		
Long-term debt	621	629
Pensions	425	574
Postretirement benefits other than pensions	455	452
Other liabilities and deferred revenue	740	745
Total liabilities	4,552	5,039
EQUITY		
Cummins Inc. shareholders' equity		
Common stock, \$2.50 par value, 500 shares authorized, 222.1 and 221.7 shares issued	1,842	1,793
Retained earnings	3,340	3,288

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Treasury stock, at cost, 20.3 and 20.4 shares	(713)	(715)
Common stock held by employee benefits trust, at cost, 3.5 and 5.1 shares	(43)	(61)
Unearned compensation	(1)	(5)
Accumulated other comprehensive loss		
Defined benefit postretirement plans	(741)	(798)
Other	(121)	(268)
Total accumulated other comprehensive loss	(862)	(1,066)
Total Cummins Inc. shareholders' equity	3,563	3,234
Noncontrolling interests	240	246
Total equity	3,803	3,480
Total liabilities and equity	\$ 8,355	\$8,519

(a) Prepared on an unaudited basis in accordance with accounting principles generally accepted in the United States of America.

CUMMINS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) (a)

In millions	Nine months ended	
	September 27, 2009	September 28, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 194	\$ 759
Adjustments to reconcile net income to net cash provided by operating activities:		
Restructuring and other charges, net of cash payments	21	
Depreciation and amortization	238	233
Deferred income taxes	(11	) 38
Equity in income of investees, net of dividends	56	(80
Pension expense, net of pension contributions	(49	) (40
Other post-retirement benefits expense, net of cash payments	(18	) (11
Stock-based compensation expense	16	27
Excess tax deficiencies (benefits) on stock-based awards	2	(12
Translation and hedging activities	33	15
Changes in current assets and liabilities, net of acquisitions and dispositions:		
Accounts and notes receivable	89	(310
Inventories	360	(334
Other current assets	32	(35
Accounts payable	(155	) 198
Accrued expenses	(185	) 206
Changes in long-term liabilities	103	78
Other, net	4	(7
Net cash provided by operating activities	730	725
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(204	) (330
Investments in internal use software	(24	) (53
Proceeds from disposals of property, plant and equipment	8	20
Investments in and advances to equity investees	(5	) (51
Acquisition of businesses, net of cash acquired	(2	) (142
Proceeds from the sale of an equity investee		64
Investments in marketable securities acquisitions	(234	) (264
Investments in marketable securities liquidations	171	281
Purchases of other investments	(54	) (54
Cash flows from derivatives not designated as hedges	(21	) (24
Other, net	1	1
Net cash used in investing activities	(364	) (552
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	11	91
Payments on borrowings and capital lease obligations	(60) (111
Net borrowings under short-term credit agreements	(4) 5

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Distributions to noncontrolling interests	(16) (14)
Dividend payments on common stock	(106) (86)
Proceeds from sale of common stock held by employee benefit trust	54	52	
Repurchases of common stock		(123)
Excess tax (deficiencies) benefits on stock-based awards	(2	) 12	
Other, net	3	3	
Net cash used in financing activities	(120	) (171)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	14	(7)
Net increase (decrease) in cash and cash equivalents	260	(5)
Cash and cash equivalents at beginning of year	426	577	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 686	\$ 572	

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CUMMINS INC. AND SUBSIDIARIES

SEGMENT INFORMATION

(Unaudited)

In millions	Engine	Power Generation	Components	Distribution	Non-segment items(1)	Total
Three months ended September 27, 2009						
External sales	\$ 1,270	\$ 444	\$ 395	\$ 421	\$	\$ 2,530
Intersegment sales	169	105	196	1	(471)	
Total sales	1,439	549	591	422	(471)	2,530
Depreciation and amortization(2)	49	13	18	5		85
Research, development and engineering expense	59	9	22			90
Equity, royalty and interest income from investees	16	5	4	32		57
Restructuring and other charges					22	22
Interest income	1		1			2
Segment EBIT	61	23	31	55	(15)	155
Three months ended June 28, 2009						
External sales	\$ 1,133	\$ 481	\$ 355	\$ 462	\$	\$ 2,431
Intersegment sales	173	129	147	1	(450)	
Total sales	1,306	610	502	463	(450)	2,431
Depreciation and amortization(2)	45	11	17	4		77
Research, development and engineering expense	51	8	20			79
Equity, royalty and interest income from investees	17	6	4	30		57
Restructuring and other charges					7	7
Interest income				1		1
Segment EBIT	(4)	41	(10)	55	27	109
Three months ended September 28, 2008						
External sales	\$ 1,927	\$ 653	\$ 535	\$ 578	\$	\$ 3,693
Intersegment sales	352	235	266	3	(856)	
Total sales	2,279	888	801	581	(856)	3,693
Depreciation and amortization(2)	43	9	16	6		74
Research, development and engineering expense	75	11	27			113
	26	6	3	31		66

Equity, royalty and interest income from investees						
Interest income	2	1	1			4
Segment EBIT	160	108	61	61	(10)	380

Nine months ended September 27, 2009

External sales	\$ 3,608	\$ 1,402	\$ 1,096	\$ 1,294	\$	\$ 7,400
Intersegment sales	629	414	527	4	(1,574)	
Total sales	4,237	1,816	1,623	1,298	(1,574)	7,400
Depreciation and amortization(2)	135	35	53	14		237
Research, development and engineering expense	168	25	61			