

CUMMINS INC
Form 8-K
July 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: July 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**

Edgar Filing: CUMMINS INC - Form 8-K

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))
-

Item 2.02. Results of Operations and Financial Condition.

On July 30, 2009, Cummins Inc. issued a press release regarding its release of first 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 July 30, 2009, Cummins Inc. ("Cummins," "the Company," "the registrant," "we," "our," or "us") issued the attached press release reporting its financial results for the second 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 July 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: July 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			
	June 28, 2009	March 29, 2009	June 29, 2008	
NET SALES	\$ 2,431	\$ 2,439	\$ 3,887	
Cost of sales	1,983	1,994	3,008	
GROSS MARGIN	448	445	879	
OPERATING EXPENSES AND INCOME				
Selling, general and administrative expenses	287	300	370	
Research, development and engineering expenses	79	85	104	
Equity, royalty and interest income from investees	57	33	69	
Restructuring charges	7	66		
Other operating (expense) income, net	(11) 2	(6)
OPERATING INCOME	121	29	468	
Interest income	1	2	4	
Interest expense	10	7	12	
Other (expense) income, net	(13) (3) (3)
INCOME BEFORE INCOME TAXES	99	21	457	
Income tax expense	29	7	147	
NET INCOME	70	14	310	
Less: net income attributable to noncontrolling interests	14	7	17	
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	\$ 56	\$ 7	\$ 293	
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.				
Basic	\$ 0.28	\$ 0.04	\$ 1.50	
Diluted	\$ 0.28	\$ 0.04	\$ 1.49	
WEIGHTED AVERAGE SHARES OUTSTANDING				
Basic	197.1	196.8	195.2	
Diluted	197.4	197.0	196.6	
CASH DIVIDENDS DECLARED PER COMMON SHARE				
	\$ 0.175	\$ 0.175	\$ 0.125	

- (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)	Six months ended	
	June 28, 2009	June 29, 2008
NET SALES	\$ 4,870	\$ 7,361
Cost of sales	3,977	5,775
GROSS MARGIN	893	1,586
OPERATING EXPENSES AND INCOME		
Selling, general and administrative expenses	587	721
Research, development and engineering expenses	164	207
Equity, royalty and interest income from investees	90	136
Restructuring charges	73	
Other operating (expense) income, net	(9)	(7)
OPERATING INCOME	150	787
Interest income	3	10
Interest expense	17	23
Other (expense) income, net	(16)	(13)
INCOME BEFORE INCOME TAXES	120	761
Income tax expense	36	249
NET INCOME	84	512
Less: net income attributable to noncontrolling interests	21	29
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	\$ 63	\$ 483
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.		
Basic	\$ 0.32	\$ 2.47
Diluted	\$ 0.32	\$ 2.46
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	197.0	195.1
Diluted	197.2	196.5

CASH DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.35	\$ 0.25
---	---------	---------

- (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)	June 28, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 534	\$ 426
Marketable securities	17	77
Accounts and notes receivable, net	1,725	1,782
Inventories	1,535	1,783
Deferred income taxes	364	347
Prepaid expenses and other current assets	198	298
Total current assets	4,373	4,713
Long-term assets		
Property, plant and equipment	4,681	4,539
Accumulated depreciation	(2,821)	(2,698)
Property, plant and equipment, net	1,860	1,841
Investments and advances related to equity method investees	527	588
Goodwill	362	362
Other intangible assets, net	241	223
Deferred income taxes	499	491
Other assets	259	301
Total assets	\$ 8,121	\$ 8,519
LIABILITIES		
Current liabilities		
Current portion of long-term debt and loans payable	\$ 63	\$ 69
Accounts payable (principally trade)	773	1,009
Current portion of accrued product warranty	373	434
Accrued compensation, benefits and retirement costs	283	364
Other accrued expenses	622	763
Total current liabilities	2,114	2,639
Long-term liabilities		
Long-term debt	617	629
Pensions	561	574
Postretirement benefits other than pensions	442	452
Other liabilities and deferred revenue	792	745
Total liabilities	4,526	5,039
EQUITY		
Cummins Inc. shareholders' equity		
Common stock, \$2.50 par value, 500 shares authorized, 222.1 and 221.7 shares issued	1,796	1,793
Retained earnings	3,280	3,288
Treasury stock, at cost, 20.3 and 20.4 shares	(714)	(715)

Edgar Filing: CUMMINS INC - Form 8-K

Common stock held by employee benefits trust, at cost, 4.8 and 5.1 shares	(58)	(61)
Unearned compensation	(1)	(5)
Accumulated other comprehensive loss		
Defined benefit postretirement plans	(794)	(798)
Other	(137)	(268)
Total accumulated other comprehensive loss	(931)	(1,066)
Total Cummins Inc. shareholders' equity	3,372	3,234
Noncontrolling interests	223	246
Total equity	3,595	3,480
Total liabilities and equity	\$ 8,121	\$ 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	Six months ended	
	June 28, 2009	June 29, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 84	\$ 512
Adjustments to reconcile net income to net cash provided by operating activities:		
Restructuring charges, net of cash payments	20	
Depreciation and amortization	154	158
Deferred income taxes	20	14
Equity in income of investees, net of dividends	60	(62)
Pension expense, net of pension contributions	(15)	(3)
Other post-retirement benefits expense, net of cash payments	(16)	(5)
Stock-based compensation expense	12	17
Excess tax deficiencies (benefits) on stock-based awards	2	(12)
Translation and hedging activities	51	8
Changes in current assets and liabilities, net of acquisitions and dispositions:		
Accounts and notes receivable	86	(316)
Inventories	282	(202)
Other current assets	22	(16)
Accounts payable	(253)	172
Accrued expenses	(242)	102
Changes in long-term liabilities	73	47
Other, net	(19)	(8)
Net cash provided by operating activities	321	406
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(139)	(201)
Investments in internal use software	(19)	(36)
Proceeds from disposals of property, plant and equipment	7	10
Investments in and advances (to) from equity investees	1	(41)
Acquisition of businesses, net of cash acquired	(2)	(76)
Investments in marketable securities acquisitions	(69)	(158)
Investments in marketable securities liquidations	133	159
Cash flows from derivatives not designated as hedges	(21)	(18)
Other, net		5
Net cash used in investing activities	(109)	(356)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	10	77
Payments on borrowings and capital lease obligations	(44)	(101)
Net borrowings under short-term credit agreements	(5)	1
Distributions to noncontrolling interests	(10)	(6)
Dividend payments on common stock	(71)	(51)

Repurchases of common stock		(45)
Excess tax (deficiencies) benefits on stock-based awards	(2)	12
Other, net	3		2
Net cash used in financing activities	(119)	(111
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	15		6
Net increase (decrease) in cash and cash equivalents	108		(55
Cash and cash equivalents at beginning of year	426		577
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$	534	\$ 522

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

CUMMINS INC. AND SUBSIDIARIES

SEGMENT INFORMATION

(Unaudited)

In millions	Engine	Power Generation	Components	Distribution	Non-segment items(1)	Total
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 charges					7	7
Interest income				1		1
Segment EBIT	(4)	41	(10)	55	27	109
Three months ended March 29, 2009						
External sales	\$ 1,205	\$ 477	\$ 346	\$ 411	\$	\$ 2,439
Intersegment sales	287	180	184	2	(653)	
Total sales	1,492	657	530	413	(653)	2,439
Depreciation and amortization(2)	41	11	18	5		75
Research, development and engineering expense	58	8	19			85
Equity, royalty and interest (loss) income from investees	(3)	5	1	30		33
Restructuring charges					66	66
Interest income	1	1				2
Segment EBIT	(16)	69	1	58	(84)	28
Three months ended June 29, 2008						
External sales	\$ 2,030	\$ 692	\$ 584	\$ 581	\$	\$ 3,887
Intersegment sales	356	246	271		(873)	
Total sales	2,386	938	855	581	(873)	3,887
Depreciation and amortization(2)	46	11	18	7		82
Research, development and engineering expense	70	10	24			104
Equity, royalty and interest	32	6	3	28		69

Edgar Filing: CUMMINS INC - Form 8-K

income from investees							
Interest income	2	1	1				4
Segment EBIT	221	115	77	68	(12)	469

**Six months ended June 28,
2009**

External sales	\$ 2,338	\$ 958	\$ 701	\$ 873	\$	\$ 4,870
Intersegment sales	460	309	331	3	(1,103)
Total sales	2,798	1,267	1,032	876	(1,103) 4,870
Depreciation and amortization(2)	86	22	35	9		