

CUMMINS INC
Form 8-K
July 28, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report: July 28, 2015

CUMMINS INC.
(Exact name of registrant as specified in its charter)
Indiana 1-4949 35-0257090
(State or other Jurisdiction of (Commission File Number) (I.R.S. Employer
Incorporation) 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

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 28, 2015, 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 2015, which is furnished herewith as Exhibit 99.

The information furnished pursuant to this Item 2.02, including Exhibit 99, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibit is furnished pursuant to Item 2.02 herewith:
99-Press Release dated July 28, 2015

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 28, 2015

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, 2015 | June 29, 2014 |
| NET SALES | \$5,015 | \$4,835 |
| Cost of sales | 3,683 | 3,630 |
| GROSS MARGIN | 1,332 | 1,205 |
| OPERATING EXPENSES AND INCOME | | |
| Selling, general and administrative expenses | 537 | 513 |
| Research, development and engineering expenses | 166 | 179 |
| Equity, royalty and interest income from investees | 94 | 105 |
| Other operating (expense) income, net | — | (6) |
| OPERATING INCOME | 723 | 612 |
| Interest income | 6 | 6 |
| Interest expense | 17 | 15 |
| Other (expense) income, net | (8) |) 39 |
| INCOME BEFORE INCOME TAXES | 704 | 642 |
| Income tax expense | 208 | 170 |
| CONSOLIDATED NET INCOME | 496 | 472 |
| Less: Net income attributable to noncontrolling interests | 25 | 26 |
| NET INCOME ATTRIBUTABLE TO CUMMINS INC. | \$471 | \$446 |
| EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC. | | |
| Basic | \$2.63 | \$2.44 |
| Diluted | \$2.62 | \$2.43 |
| WEIGHTED AVERAGE SHARES OUTSTANDING | | |
| Basic | 179.2 | 182.8 |
| Diluted | 179.6 | 183.2 |
| CASH DIVIDENDS DECLARED PER COMMON SHARE | \$0.78 | \$0.625 |

(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 INCOME
 (Unaudited) (a)

| In millions, except per share amounts | Six months ended | |
|---|------------------|------------------|
| | June 28, 2015 | June 29, 2014 |
| NET SALES | \$9,724 | \$9,241 |
| Cost of sales | 7,197 | 6,937 |
| GROSS MARGIN | 2,527 | 2,304 |
| OPERATING EXPENSES AND INCOME | | |
| Selling, general and administrative expenses | 1,054 | 998 |
| Research, development and engineering expenses | 361 | 369 |
| Equity, royalty and interest income from investees | 162 | 195 |
| Other operating (expense) income, net | (3 |) (7 |
| OPERATING INCOME | 1,271 | 1,125 |
| Interest income | 11 | 11 |
| Interest expense | 31 | 32 |
| Other income, net | 1 | 49 |
| INCOME BEFORE INCOME TAXES | 1,252 | 1,153 |
| Income tax expense | 352 | 323 |
| CONSOLIDATED NET INCOME | 900 | 830 |
| Less: Net income attributable to noncontrolling interests | 42 | 46 |
| NET INCOME ATTRIBUTABLE TO CUMMINS INC. | \$858 | \$784 |
| EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC. | | |
| Basic | \$4.77 | \$4.27 |
| Diluted | \$4.76 | \$4.26 |
| WEIGHTED AVERAGE SHARES OUTSTANDING | | |
| Basic | 179.9 | 183.5 |
| Diluted | 180.3 | 183.9 |
| CASH DIVIDENDS DECLARED PER COMMON SHARE | \$1.56 | \$1.25 |

(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, 2015 | December 31, 2014 |
|--|------------------|----------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$1,760 | \$2,301 |
| Marketable securities | 89 | 93 |
| Total cash, cash equivalents and marketable securities | 1,849 | 2,394 |
| Accounts and notes receivable, net | 3,422 | 2,946 |
| Inventories | 2,986 | 2,866 |
| Prepaid expenses and other current assets | 746 | 849 |
| Total current assets | 9,003 | 9,055 |
| Long-term assets | | |
| Property, plant and equipment | 7,151 | 7,123 |
| Accumulated depreciation | (3,498 |) (3,437 |
| Property, plant and equipment, net | 3,653 | 3,686 |
| Investments and advances related to equity method investees | 995 | 981 |
| Goodwill | 473 | 479 |
| Other intangible assets, net | 339 | 343 |
| Prepaid pensions | 784 | 637 |
| Other assets | 631 | 595 |
| Total assets | \$15,878 | \$15,776 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable (principally trade) | \$1,974 | \$1,881 |
| Loans payable | 70 | 86 |
| Current portion of accrued product warranty | 405 | 363 |
| Accrued compensation, benefits and retirement costs | 432 | 508 |
| Deferred revenue | 402 | 401 |
| Other accrued expenses | 739 | 759 |
| Current maturities of long-term debt | 31 | 23 |
| Total current liabilities | 4,053 | 4,021 |
| Long-term liabilities | | |
| Long-term debt | 1,576 | 1,589 |
| Postretirement benefits other than pensions | 351 | 369 |
| Pensions | 291 | 289 |
| Other liabilities and deferred revenue | 1,393 | 1,415 |
| Total liabilities | \$7,664 | \$7,683 |
| EQUITY | | |
| Cummins Inc. shareholders' equity | | |
| Common stock, \$2.50 par value, 500 shares authorized, 222.3 and 222.3 shares issued | \$2,164 | \$2,139 |
| Retained earnings | 10,123 | 9,545 |
| Treasury stock, at cost, 43.7 and 40.1 shares | (3,350 |) (2,844 |
| Common stock held by employee benefits trust, at cost, 1.0 and 1.1 shares | (12 |) (13 |

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| | | | |
|---|----------|----------|---|
| Accumulated other comprehensive loss | (1,071 |) (1,078 |) |
| Total Cummins Inc. shareholders' equity | 7,854 | 7,749 | |
| Noncontrolling interests | 360 | 344 | |
| Total equity | \$8,214 | \$8,093 | |
| Total liabilities and equity | \$15,878 | \$15,776 | |

(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, 2015 | June 29, 2014 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Consolidated net income | \$900 | \$830 |
| Adjustments to reconcile consolidated net income to net cash provided by operating activities | | |
| Depreciation and amortization | 254 | 217 |
| Deferred income taxes | (63 |) (88 |
| Equity in income of investees, net of dividends | (68 |) (108 |
| Pension contributions in excess of expense | (122 |) (127 |
| Other post-retirement benefits payments in excess of expense | (15 |) (14 |
| Stock-based compensation expense | 17 | 21 |
| Translation and hedging activities | 27 | (9 |
| Changes in current assets and liabilities, net of acquisitions | | |
| Accounts and notes receivable | (426 |) (321 |
| Inventories | (127 |) (223 |
| Other current assets | 18 | 4 |
| Accounts payable | 97 | 289 |
| Accrued expenses | (21 |) 120 |
| Changes in other liabilities and deferred revenue | 133 | 116 |
| Other, net | (35 |) (6 |
| Net cash provided by operating activities | 569 | 701 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures | (247 |) (245 |
| Investments in internal use software | (22 |) (26 |
| Investments in and advances to equity investees | (17 |) (11 |
| Acquisitions of businesses, net of cash acquired | (15 |) (193 |
| Investments in marketable securities—acquisitions | (173 |) (179 |
| Investments in marketable securities—liquidations | 155 | 179 |
| Cash flows from derivatives not designated as hedges | 5 | 4 |
| Other, net | 14 | 8 |
| Net cash used in investing activities | (300 |) (463 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | 12 | 17 |
| Payments on borrowings and capital lease obligations | (31 |) (39 |
| Net payments under short-term credit agreements | (10 |) (48 |
| Distributions to noncontrolling interests | (14 |) (32 |
| Dividend payments on common stock | (280 |) (229 |
| Repurchases of common stock | (514 |) (430 |
| Other, net | 8 | 5 |
| Net cash used in financing activities | (829 |) (756 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | 19 | 38 |

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| | | | |
|---|----------------|----------------|---|
| Net decrease in cash and cash equivalents | (541 |) (480 |) |
| Cash and cash equivalents at beginning of year | 2,301 | 2,699 | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | \$1,760 | \$2,219 | |

(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 | Distribution | Components | Power Generation | Non-segment Items ⁽¹⁾ | Total |
|--|---------|--------------|--------------------|---------------------|-------------------------------------|---------|
| Three months ended June 28, 2015 | | | | | | |
| External sales | \$2,058 | \$ 1,487 | \$ 1,017 | \$ 453 | \$ — | \$5,015 |
| Intersegment sales | 739 | 8 | 380 | 294 | (1,421) | — |
| Total sales | 2,797 | 1,495 | 1,397 | 747 | (1,421) | 5,015 |
| Depreciation and amortization ⁽²⁾ | 60 | 25 | 28 | 13 | — | 126 |
| Research, development and engineering expenses | 91 | 3 | 57 | 15 | — | 166 |
| Equity, royalty and interest income from investees | 57 | 21 | 8 | 8 | — | 94 |
| Interest income | 3 | 1 | 1 | 1 | — | 6 |
| Segment EBIT | 341 | 113 | 223 | 57 | (13) | 721 |
| Segment EBIT as a percentage of total sales | 12.2 | % 7.6 | % 16.0 | % 7.6 | % | 14.4 % |
| Three months ended June 29, 2014 | | | | | | |
| External sales | \$2,178 | \$ 1,229 | \$ 953 | \$ 475 | \$ — | \$4,835 |
| Intersegment sales | 566 | 9 | 327 | 268 | (1,170) | — |
| Total sales | 2,744 | 1,238 | 1,280 | 743 | (1,170) | 4,835 |
| Depreciation and amortization ⁽²⁾ | 52 | 20 | 26 | 13 | — | 111 |
| Research, development and engineering expenses | 105 | 3 | 53 | 18 | — | 179 |
| Equity, royalty and interest income from investees | 45 | 42 | 9 | 9 | — | 105 |
| Interest income | 4 | — | 1 | 1 | — | 6 |
| Segment EBIT | 311 | 126 | ⁽³⁾ 185 | 61 | (26) | 657 |
| Segment EBIT as a percentage of total sales | 11.3 | % 10.2 | % 14.5 | % 8.2 | % | 13.6 % |

(1) Includes intersegment sales and profit in inventory eliminations and unallocated corporate expenses. There were no significant unallocated corporate expenses for the three months ended June 28, 2015 and June 29, 2014.

(2) Depreciation and amortization as shown on a segment basis excludes the amortization of debt discount and deferred costs included in the Condensed Consolidated Statements of Income as "Interest expense."

(3) Distribution segment EBIT included gains of \$14 million on the fair value adjustments resulting from the acquisitions of the controlling interests in North American distributors for the three months ended June 29, 2014.

CUMMINS INC. AND SUBSIDIARIES
SEGMENT INFORMATION
(Unaudited)

| In millions | Engine | Distribution | Components | Power Generation | Non-segment Items ⁽¹⁾ | Total |
|--|---------|--------------|--------------------|------------------|----------------------------------|---------|
| Six months ended June 28, 2015 | | | | | | |
| External sales | \$3,947 | \$2,956 | \$1,948 | \$873 | \$— | \$9,724 |
| Intersegment sales | 1,446 | 15 | 748 | 554 | (2,763) | — |
| Total sales | 5,393 | 2,971 | 2,696 | 1,427 | (2,763) | 9,724 |
| Depreciation and amortization ⁽²⁾ | 118 | 52 | 54 | 29 | — | 253 |
| Research, development and engineering expenses | 205 | 6 | 118 | 32 | — | 361 |
| Equity, royalty and interest income from investees | 87 | 41 | 17 | 17 | — | 162 |
| Interest income | 5 | 2 | 2 | 2 | — | 11 |
| Segment EBIT | 594 | 201 | 418 | 106 | (36) | 1,283 |
| Segment EBIT as a percentage of total sales | 11.0 % | 6.8 % | 15.5 % | 7.4 % | | 13.2 % |
| Six months ended June 29, 2014 | | | | | | |
| External sales | \$4,268 | \$2,171 | \$1,875 | \$927 | \$— | \$9,241 |
| Intersegment sales | 1,039 | 17 | 635 | 455 | (2,146) | — |
| Total sales | 5,307 | 2,188 | 2,510 | 1,382 | (2,146) | 9,241 |
| Depreciation and amortization ⁽²⁾ | 103 | 36 | 52 | 25 | — | 216 |
| Research, development and engineering expenses | 221 | 5 | 106 | 37 | — | 369 |
| Equity, royalty and interest income from investees | 77 | 83 | 18 | 17 | — | 195 |
| Interest income | 6 | 1 | 2 | 2 | — | 11 |
| Segment EBIT | 580 | 202 | ⁽³⁾ 352 | 86 | (35) | 1,185 |
| Segment EBIT as a percentage of total sales | 10.9 % | 9.2 % | 14.0 % | 6.2 % | | 12.8 % |

(1) Includes intersegment sales and profit in inventory eliminations and unallocated corporate expenses. There were no significant unallocated corporate expenses for the six months ended June 28, 2015 and June 29, 2014.

(2) Depreciation and amortization as shown on a segment basis excludes the amortization of debt discount and deferred costs included in the Condensed Consolidated Statements of Income as "Interest expense." The amortization of debt discount and deferred costs were \$1 million and \$1 million for the six months ended June 28, 2015 and June 29, 2014, respectively.

(3) Distribution segment EBIT included gains of \$20 million on the fair value adjustments resulting from the acquisitions of the controlling interests in North American distributors for the six months ended June 29, 2014.

A reconciliation of our segment information to the corresponding amounts in the Condensed Consolidated Statements of Income is shown in the table below:

| In millions | Three months ended | | Six months ended | |
|-------------|--------------------|---------------|------------------|---------------|
| | June 28, 2015 | June 29, 2014 | June 28, 2015 | June 29, 2014 |
| | | | | |

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| | | | | |
|----------------------------|-------|-------|---------|---------|
| Total EBIT | \$721 | \$657 | \$1,283 | \$1,185 |
| Less: Interest expense | 17 | 15 | 31 | 32 |
| Income before income taxes | \$704 | \$642 | \$1,252 | \$1,153 |

CUMMINS INC. AND SUBSIDIARIES
 SELECTED FOOTNOTE DATA
 (Unaudited)

NOTE 1. EQUITY, ROYALTY AND INTEREST INCOME FROM INVESTEEES

Equity, royalty and interest income from investees included in our Condensed Consolidated Statements of Income for the reporting periods was as follows:

| In millions | Three months ended | | Six months ended | |
|--|--------------------|------------------|------------------|------------------|
| | June 28, 2015 | June 29, 2014 | June 28, 2015 | June 29, 2014 |
| Distribution Entities | | | | |
| North American distributors | \$8 | \$30 | \$18 | \$62 |
| Komatsu Cummins Chile, Ltda. | 8 | 8 | 15 | 14 |
| All other distributors | — | 1 | 1 | 2 |
| Manufacturing Entities | | | | |
| Dongfeng Cummins Engine Company, Ltd. | 15 | 22 | 29 | 36 |
| Beijing Foton Cummins Engine Co., Ltd. (Light-duty) | 15 | 8 | 23 | 14 |
| Chongqing Cummins Engine Company, Ltd. | 11 | 15 | 23 | 26 |
| Beijing Foton Cummins Engine Co., Ltd. (Heavy-duty) | 7 | (7 |) 6 | (13) |
| All other manufacturers | 21 | 19 | 28 | 34 |
| Cummins share of net income | 85 | 96 | 143 | 175 |
| Royalty and interest income | 9 | 9 | 19 | 20 |
| Equity, royalty and interest income from investees | \$94 | \$105 | \$162 | \$195 |

NOTE 2. INCOME TAXES

The effective tax rate for the three and six month periods ended June 28, 2015, was 29.5 percent and 28.1 percent, respectively. The six month tax rate included an \$18 million discrete tax benefit to reflect the release of reserves for uncertain tax positions related to a favorable federal audit settlement.

CUMMINS INC. AND SUBSIDIARIES
 FINANCIAL MEASURES THAT SUPPLEMENT GAAP
 (Unaudited)

Net income and diluted earnings per share (EPS) attributable to Cummins Inc. excluding special items

We believe this is a useful measure of our operating performance for the periods presented as it illustrates our operating performance without regard to special items including tax adjustments. This measure is not in accordance with, or an alternative for, accounting principles generally accepted in the United States of America (GAAP) and may not be consistent with measures used by other companies. It should be considered supplemental data. The following table reconciles net income attributable to Cummins Inc. to net income attributable to Cummins Inc. excluding special items for the following periods:

| In millions | Six months ended | | June 29, 2014 | |
|---|------------------|----------------|---------------|---------|
| | June 28, 2015 | | Net Income | Diluted |
| | Net Income | Diluted EPS | Net Income | EPS |
| Net income attributable to Cummins Inc. | \$858 | \$4.76 | \$784 | \$4.26 |
| Less | | | | |
| Tax items | 18 | 0.10 | — | — |
| Net income attributable to Cummins Inc. excluding special items | \$840 | \$4.66 | \$784 | \$4.26 |

CUMMINS INC. AND SUBSIDIARIES
 FINANCIAL MEASURES THAT SUPPLEMENT GAAP
 (Unaudited)

Earnings before interest, taxes and noncontrolling interests

We define EBIT as earnings before interest expense, income tax expense and noncontrolling interests in income of consolidated subsidiaries (EBIT). We use EBIT to assess and measure the performance of our operating segments and also as a component in measuring our variable compensation programs. This measure is not in accordance with, or an alternative for, GAAP and may not be consistent with measures used by other companies. It should be considered supplemental data. Below is a reconciliation of EBIT to "Net income attributable to Cummins Inc.," for each of the applicable periods:

| In millions | Three months ended | | Six months ended | | |
|--|--------------------|---------------|------------------|---------------|---|
| | June 28, 2015 | June 29, 2014 | June 28, 2015 | June 29, 2014 | |
| Earnings before interest expense and income taxes | \$721 | \$657 | \$1,283 | \$1,185 | |
| EBIT as a percentage of net sales | 14.4 | % 13.6 | % 13.2 | % 12.8 | % |
| Less | | | | | |
| Interest expense | 17 | 15 | 31 | 32 | |
| Income tax expense | 208 | 170 | 352 | 323 | |
| Consolidated net income | 496 | 472 | 900 | 830 | |
| Less | | | | | |
| Net income attributable to noncontrolling interests | 25 | 26 | 42 | 46 | |
| Net income attributable to Cummins Inc. | \$471 | \$446 | \$858 | \$784 | |
| Net income attributable to Cummins Inc. as a percentage of net sales | 9.4 | % 9.2 | % 8.8 | % 8.5 | % |

CUMMINS INC. AND SUBSIDIARIES
 BUSINESS UNIT SALES DATA
 (Unaudited)

Engine Segment Net Sales by Market

In the first quarter of 2015, our Engine segment reorganized its reporting structure to include the following markets: heavy-duty truck, medium-duty truck and bus, light-duty automotive (pickup and light commercial vehicle), industrial and stationary power. Sales by market for our Engine segment by business (including 2014 and 2013 reorganized balances) were as follows:

2015

| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
|---------------------------|---------|---------|-----|-----|---------|
| Heavy-duty truck | \$757 | \$875 | \$— | \$— | \$1,632 |
| Medium-duty truck and bus | 608 | 674 | — | — | 1,282 |
| Light-duty automotive | 381 | 354 | — | — | 735 |
| Industrial | 616 | 624 | — | — | 1,240 |
| Stationary power | 234 | 270 | — | — | 504 |
| Total sales | \$2,596 | \$2,797 | \$— | \$— | \$5,393 |

2014

| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
|---------------------------|---------|---------|---------|---------|----------|
| Heavy-duty truck | \$718 | \$769 | \$801 | \$784 | \$3,072 |
| Medium-duty truck and bus | 575 | 605 | 599 | 652 | 2,431 |
| Light-duty automotive | 391 | 392 | 396 | 388 | 1,567 |
| Industrial | 669 | 739 | 768 | 775 | 2,951 |
| Stationary power | 210 | 239 | 252 | 240 | 941 |
| Total sales | \$2,563 | \$2,744 | \$2,816 | \$2,839 | \$10,962 |

2013

| In millions | YTD |
|---------------------------|----------|
| Heavy-duty truck | \$2,618 |
| Medium-duty truck and bus | 2,064 |
| Light-duty automotive | 1,465 |
| Industrial | 2,921 |
| Stationary power | 945 |
| Total sales | \$10,013 |

Unit shipments by engine classification (including unit shipments to Power Generation):

2015

| Units | Q1 | Q2 | Q3 | Q4 | YTD |
|-----------------|---------|---------|----|----|---------|
| Mid-range | 112,400 | 120,000 | — | — | 232,400 |
| Heavy-duty | 28,700 | 32,800 | — | — | 61,500 |
| High-horsepower | 3,500 | 3,700 | — | — | 7,200 |
| Total units | 144,600 | 156,500 | — | — | 301,100 |

2014

| Units | Q1 | Q2 | Q3 | Q4 | YTD |
|-----------------|---------|---------|---------|---------|---------|
| Mid-range | 118,900 | 118,700 | 117,700 | 115,900 | 471,200 |
| Heavy-duty | 28,800 | 30,300 | 32,300 | 30,700 | 122,100 |
| High-horsepower | 3,400 | 3,900 | 3,900 | 3,600 | 14,800 |
| Total units | 151,100 | 152,900 | 153,900 | 150,200 | 608,100 |

CUMMINS INC. AND SUBSIDIARIES
 BUSINESS UNIT SALES DATA
 (Unaudited)

Distribution Segment Sales by Business

2015

| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
|----------------------|---------|---------|-----|-----|---------|
| Parts and filtration | \$573 | \$598 | \$— | \$— | \$1,171 |
| Engines | 321 | 318 | — | — | 639 |
| Power generation | 298 | 272 | — | — | 570 |
| Service | 284 | 307 | — | — | 591 |
| Total sales | \$1,476 | \$1,495 | \$— | \$— | \$2,971 |

2014

| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
|----------------------|-------|---------|---------|---------|---------|
| Parts and filtration | \$382 | \$461 | \$491 | \$590 | \$1,924 |
| Engines | 174 | 249 | 270 | 368 | 1,061 |
| Power generation | 193 | 278 | 279 | 413 | 1,163 |
| Service | 201 | 250 | 252 | 323 | 1,026 |
| Total sales | \$950 | \$1,238 | \$1,292 | \$1,694 | \$5,174 |

Component Segment Sales by Business

2015

| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
|--------------------|---------|---------|-----|-----|---------|
| Emission Solutions | \$613 | \$679 | \$— | \$— | \$1,292 |
| Turbo Technologies | 301 | 307 | — | — | 608 |
| Filtration | 255 | 266 | — | — | 521 |
| Fuel systems | 130 | 145 | — | — | 275 |
| Total sales | \$1,299 | \$1,397 | \$— | \$— | \$2,696 |

2014

| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
|--------------------|---------|---------|---------|---------|---------|
| Emission Solutions | \$543 | \$582 | \$598 | \$620 | \$2,343 |
| Turbo Technologies | 313 | 307 | 297 | 305 | 1,222 |
| Filtration | 265 | 275 | 268 | 267 | 1,075 |
| Fuel systems | 109 | 116 | 124 | 129 | 478 |
| Total sales | \$1,230 | \$1,280 | \$1,287 | \$1,321 | \$5,118 |

CUMMINS INC. AND SUBSIDIARIES
 BUSINESS UNIT SALES DATA
 (Unaudited)

Power Generation Segment Sales by Business

In the first quarter of 2015, our Power Generation segment reorganized its reporting structure to include the following businesses: power systems, alternators and power solutions. Sales for our Power Generation segment by business (including 2014 and 2013 reorganized balances) were as follows:

2015

| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
|-----------------|-------|-------|-----|-----|---------|
| Power systems | \$543 | \$611 | \$— | \$— | \$1,154 |
| Alternators | 98 | 92 | — | — | 190 |
| Power solutions | 39 | 44 | — | — | 83 |
| Total sales | \$680 | \$747 | \$— | \$— | \$1,427 |

2014

| In millions | Q1 | Q2 | Q3 | Q4 | YTD |
|-----------------|-------|-------|-------|-------|---------|
| Power systems | \$510 | \$586 | \$598 | \$606 | \$2,300 |
| Alternators | 105 | 126 | 115 | 103 | 449 |
| Power solutions | 24 | 31 | 41 | 51 | 147 |
| Total sales | \$639 | \$743 | \$754 | \$760 | \$2,896 |

2013

| In millions | YTD |
|-----------------|---------|
| Power systems | \$2,381 |
| Alternators | 496 |
| Power solutions | 154 |
| Total sales | \$3,031 |