

CUMMINS INC  
Form 8-K  
August 01, 2017  
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: August 1, 2017

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 Identification No.)  
Incorporation)

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

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.



Item 2.02. Results of Operations and Financial Condition.

On August 1, 2017, 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 2017, 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 August 1, 2017

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: August 1, 2017

CUMMINS INC.  
/s/ CHRISTOPHER C. CLULOW  
Christopher C. Clulow  
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 |              |
|---|--------------------|--------------|
|   | July 2, 2017       | July 3, 2016 |
| NET SALES   | \$5,078            | \$4,528      |
| Cost of sales   | 3,829              | 3,331        |
| GROSS MARGIN  | 1,249              | 1,197        |
| OPERATING EXPENSES AND INCOME                             |                    |              |
| Selling, general and administrative expenses              | 596                | 524          |
| Research, development and engineering expenses            | 174                | 155          |
| Equity, royalty and interest income from investees        | 98                 | 88           |
| Loss contingency  | —                  | 39           |
| Other operating income (expense), net                     | 18                 | —            |
| OPERATING INCOME  | 595                | 567          |
| Interest income   | 5                  | 6            |
| Interest expense  | 21                 | 16           |
| Other income (expense), net                               | 20                 | 18           |
| INCOME BEFORE INCOME TAXES                                | 599                | 575          |
| Income tax expense  | 158                | 148          |
| CONSOLIDATED NET INCOME                                   | 441                | 427          |
| Less: Net income attributable to noncontrolling interests | 17                 | 21           |
| NET INCOME ATTRIBUTABLE TO CUMMINS INC.                   | \$424              | \$406        |
| EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.    |                    |              |
| Basic   | \$2.53             | \$2.41       |
| Diluted   | \$2.53             | \$2.40       |
| WEIGHTED AVERAGE SHARES OUTSTANDING                       |                    |              |
| Basic   | 167.3              | 168.8        |
| Diluted   | 167.8              | 169.0        |
| CASH DIVIDENDS DECLARED PER COMMON SHARE                  | \$1.025            | \$0.975      |

(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 |              |
|---|------------------|--------------|
|   | July 2, 2017     | July 3, 2016 |
| NET SALES   | \$9,667          | \$8,819      |
| Cost of sales   | 7,290            | 6,566        |
| GROSS MARGIN  | 2,377            | 2,253        |
| OPERATING EXPENSES AND INCOME                             |                  |              |
| Selling, general and administrative expenses              | 1,133            | 1,014        |
| Research, development and engineering expenses            | 332              | 321          |
| Equity, royalty and interest income from investees        | 206              | 160          |
| Loss contingency  | —                | 39           |
| Other operating income (expense), net                     | 23               | (2)          |
| OPERATING INCOME  | 1,141            | 1,037        |
| Interest income   | 7                | 12           |
| Interest expense  | 39               | 35           |
| Other income (expense), net                               | 38               | 26           |
| INCOME BEFORE INCOME TAXES                                | 1,147            | 1,040        |
| Income tax expense  | 301              | 280          |
| CONSOLIDATED NET INCOME                                   | 846              | 760          |
| Less: Net income attributable to noncontrolling interests | 26               | 33           |
| NET INCOME ATTRIBUTABLE TO CUMMINS INC.                   | \$820            | \$727        |
| EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.    |                  |              |
| Basic   | \$4.90           | \$4.27       |
| Diluted   | \$4.88           | \$4.26       |
| WEIGHTED AVERAGE SHARES OUTSTANDING                       |                  |              |
| Basic   | 167.4            | 170.3        |
| Diluted   | 167.9            | 170.5        |
| CASH DIVIDENDS DECLARED PER COMMON SHARE                  | \$2.05           | \$1.95       |

(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  | July 2,<br>2017 | December 31,<br>2016 |
|--|-----------------|----------------------|
| <b>ASSETS</b>  |                 |                      |
| Current assets   |                 |                      |
| Cash and cash equivalents  | \$1,293         | \$ 1,120             |
| Marketable securities  | 174             | 260                  |
| Total cash, cash equivalents and marketable securities                               | 1,467           | 1,380                |
| Accounts and notes receivable, net   | 3,553           | 3,025                |
| Inventories  | 2,982           | 2,675                |
| Prepaid expenses and other current assets  | 600             | 627                  |
| Total current assets   | 8,602           | 7,707                |
| Long-term assets   |                 |                      |
| Property, plant and equipment  | 7,804           | 7,635                |
| Accumulated depreciation   | (4,017          | ) (3,835             |
| Property, plant and equipment, net   | 3,787           | 3,800                |
| Investments and advances related to equity method investees                          | 1,162           | 946                  |
| Goodwill   | 488             | 480                  |
| Other intangible assets, net   | 339             | 332                  |
| Pension assets   | 852             | 731                  |
| Other assets   | 1,030           | 1,015                |
| Total assets   | \$16,260        | \$ 15,011            |
| <b>LIABILITIES</b>   |                 |                      |
| Current liabilities  |                 |                      |
| Accounts payable (principally trade)   | \$2,300         | \$ 1,854             |
| Loans payable  | 54              | 41                   |
| Commercial paper   | 134             | 212                  |
| Accrued compensation, benefits and retirement costs                                  | 475             | 412                  |
| Current portion of accrued product warranty  | 392             | 333                  |
| Current portion of deferred revenue  | 520             | 468                  |
| Other accrued expenses   | 974             | 970                  |
| Current maturities of long-term debt   | 45              | 35                   |
| Total current liabilities  | 4,894           | 4,325                |
| Long-term liabilities  |                 |                      |
| Long-term debt   | 1,564           | 1,568                |
| Postretirement benefits other than pensions  | 318             | 329                  |
| Pensions   | 327             | 326                  |
| Other liabilities and deferred revenue   | 1,335           | 1,289                |
| Total liabilities  | \$8,438         | \$ 7,837             |
| <b>EQUITY</b>  |                 |                      |
| Cummins Inc. shareholders' equity  |                 |                      |
| Common stock, \$2.50 par value, 500 shares authorized, 222.3 and 222.4 shares issued | \$2,184         | \$ 2,153             |
| Retained earnings  | 11,517          | 11,040               |
| Treasury stock, at cost, 54.7 and 54.2 shares  | (4,586          | ) (4,489             |
| Common stock held by employee benefits trust, at cost, 0.6 and 0.7 shares            | (7              | ) (8                 |

Edgar Filing: CUMMINS INC - Form 8-K

|   |          |   |           |   |
|---|----------|---|-----------|---|
| Accumulated other comprehensive loss    | (1,615   | ) | (1,821    | ) |
| Total Cummins Inc. shareholders' equity | 7,493    |   | 6,875     |   |
| Noncontrolling interests                | 329      |   | 299       |   |
| Total equity                            | \$7,822  |   | \$ 7,174  |   |
| Total liabilities and equity            | \$16,260 |   | \$ 15,011 |   |

(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<br>ended |                 |
|---|---------------------|-----------------|
|   | July 2,<br>2017     | July 3,<br>2016 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |                 |
| Consolidated net income   | \$846               | \$760           |
| Adjustments to reconcile consolidated net income to net cash provided by operating activities |                     |                 |
| Depreciation and amortization   | 284                 | 259             |
| Deferred income taxes   | —                   | 2               |
| Equity in income of investees, net of dividends   | (132)               | (87)            |
| Pension contributions in excess of expense  | (44)                | (82)            |
| Other post-retirement benefits payments in excess of expense                                  | (8)                 | (17)            |
| Stock-based compensation expense  | 23                  | 20              |
| Restructuring payments  | —                   | (42)            |
| Loss contingency  | —                   | 39              |
| Translation and hedging activities  | 31                  | (45)            |
| Changes in current assets and liabilities   |                     |                 |
| Accounts and notes receivable   | (488)               | (252)           |
| Inventories   | (264)               | (101)           |
| Other current assets  | 21                  | 189             |
| Accounts payable  | 403                 | 143             |
| Accrued expenses  | 132                 | (209)           |
| Changes in other liabilities and deferred revenue   | 103                 | 129             |
| Other, net  | (81)                | 32              |
| Net cash provided by operating activities   | 826                 | 738             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |                 |
| Capital expenditures  | (182)               | (189)           |
| Investments in internal use software  | (40)                | (27)            |
| Investments in and advances to equity investees   | (64)                | (17)            |
| Investments in marketable securities—acquisitions   | (69)                | (379)           |
| Investments in marketable securities—liquidations   | 162                 | 237             |
| Cash flows from derivatives not designated as hedges  | 19                  | (21)            |
| Other, net  | 14                  | 5               |
| Net cash used in investing activities   | (160)               | (391)           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                     |                 |
| Proceeds from borrowings  | 2                   | 109             |
| Net (payments) borrowings of commercial paper   | (78)                | 200             |
| Payments on borrowings and capital lease obligations  | (29)                | (133)           |
| Distributions to noncontrolling interests   | (10)                | (24)            |
| Dividend payments on common stock   | (343)               | (333)           |
| Repurchases of common stock   | (120)               | (695)           |
| Other, net  | 34                  | (20)            |
| Net cash used in financing activities   | (544)               | (896)           |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>                           |                     |                 |
| Net increase (decrease) in cash and cash equivalents  | 173                 | (666)           |
| Cash and cash equivalents at beginning of year  | 1,120               | 1,711           |



CASH AND CASH EQUIVALENTS AT END OF PERIOD

\$1,293 \$1,045

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

6

---

CUMMINS INC. AND SUBSIDIARIES  
 SEGMENT INFORMATION  
 (Unaudited)

| In millions  | Engine  | Distribution | Components | Power<br>Systems | Intersegment<br>Eliminations<br>(1) | Total   |
|--|---------|--------------|------------|------------------|-------------------------------------|---------|
| Three months ended July 2, 2017                    |         |              |            |                  |                                     |         |
| External sales                                     | \$1,711 | \$ 1,716     | \$ 1,064   | \$ 587           | \$ —                                | \$5,078 |
| Intersegment sales                                 | 596     | 6            | 390        | 430              | (1,422 )                            | —       |
| Total sales  | 2,307   | 1,722        | 1,454      | 1,017            | (1,422 )                            | 5,078   |
| Depreciation and amortization (2)                  | 46      | 31           | 38         | 29               | —                                   | 144     |
| Research, development and engineering expenses     | 63      | 4            | 57         | 50               | —                                   | 174     |
| Equity, royalty and interest income from investees | 56      | 13           | 15         | 14               | —                                   | 98      |
| Interest income                                    | 2       | 1            | 1          | 1                | —                                   | 5       |
| Segment EBIT                                       | 277     | 96           | 190        | 61               | (4 )                                | 620     |
| Segment EBIT as a percentage of total sales        | 12.0    | % 5.6        | % 13.1     | % 6.0            | %                                   | 12.2 %  |
| Three months ended July 3, 2016                    |         |              |            |                  |                                     |         |
| External sales                                     | \$1,504 | \$ 1,538     | \$ 933     | \$ 553           | \$ —                                | \$4,528 |
| Intersegment sales                                 | 498     | 6            | 346        | 368              | (1,218 )                            | —       |
| Total sales  | 2,002   | 1,544        | 1,279      | 921              | (1,218 )                            | 4,528   |
| Depreciation and amortization (2)                  | 41      | 29           | 32         | 29               | —                                   | 131     |
| Research, development and engineering expenses     | 53      | 3            | 51         | 48               | —                                   | 155     |
| Equity, royalty and interest income from investees | 46      | 19           | 12         | 11               | —                                   | 88      |
| Loss contingency                                   | 39      | —            | —          | —                | —                                   | 39      |
| Interest income                                    | 3       | 1            | 1          | 1                | —                                   | 6       |
| Segment EBIT                                       | 206     | 87           | 190        | 90               | 18                                  | 591     |
| Segment EBIT as a percentage of total sales        | 10.3    | % 5.6        | % 14.9     | % 9.8            | %                                   | 13.1 %  |

Includes intersegment sales, intersegment profit in inventory eliminations and unallocated corporate expenses.

(1) There were no significant unallocated corporate expenses for the three months ended July 2, 2017 and July 3, 2016.

(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."

CUMMINS INC. AND SUBSIDIARIES  
SEGMENT INFORMATION  
(Unaudited)

| In millions  | Engine  | Distribution | Components | Power<br>Systems | Intersegment<br>Eliminations <sup>(1)</sup> | Total   |
|--|---------|--------------|------------|------------------|---|---------|
| Six months ended July 2, 2017                      |         |              |            |                  |   |         |
| External sales                                     | \$3,168 | \$ 3,353     | \$ 2,044   | \$1,102          | \$ —  | \$9,667 |
| Intersegment sales                                 | 1,162   | 14           | 754        | 797              | (2,727 )                                    | —       |
| Total sales  | 4,330   | 3,367        | 2,798      | 1,899            | (2,727 )                                    | 9,667   |
| Depreciation and amortization <sup>(2)</sup>       | 90      | 61           | 75         | 57               | —   | 283     |
| Research, development and engineering expenses     | 117     | 8            | 107        | 100              | —   | 332     |
| Equity, royalty and interest income from investees | 128     | 24           | 28         | 26               | —   | 206     |
| Interest income                                    | 3       | 2            | 1          | 1                | —   | 7       |
| Segment EBIT                                       | 506     | 196          | 369        | 118              | (3 )  | 1,186   |
| Segment EBIT as a percentage of total sales        | 11.7    | % 5.8        | % 13.2     | % 6.2            | %   | 12.3 %  |
| Six months ended July 3, 2016                      |         |              |            |                  |   |         |
| External sales                                     | \$2,993 | \$ 2,996     | \$ 1,830   | \$1,000          | \$ —  | \$8,819 |
| Intersegment sales                                 | 985     | 11           | 686        | 729              | (2,411 )                                    | —       |
| Total sales  | 3,978   | 3,007        | 2,516      | 1,729            | (2,411 )                                    | 8,819   |
| Depreciation and amortization <sup>(2)</sup>       | 80      | 57           | 63         | 58               | —   | 258     |
| Research, development and engineering expenses     | 110     | 7            | 107        | 97               | —   | 321     |
| Equity, royalty and interest income from investees | 82      | 37           | 20         | 21               | —   | 160     |
| Loss contingency                                   | 39      | —            | —          | —                | —   | 39      |
| Interest income                                    | 5       | 2            | 2          | 3                | —   | 12      |
| Segment EBIT                                       | 403     | 174          | 353        | 136              | 9   | 1,075   |
| Segment EBIT as a percentage of total sales        | 10.1    | % 5.8        | % 14.0     | % 7.9            | %   | 12.2 %  |

- (1) Includes intersegment sales, intersegment profit in inventory eliminations and unallocated corporate expenses. There were no significant unallocated corporate expenses for the six months ended July 2, 2017 and July 3, 2016. 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
- (2) amortization of debt discount and deferred costs was \$1 million for both of the six months ended July 2, 2017 and July 3, 2016.

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 |              |
|-------------|--------------------|--------------|------------------|--------------|
|             | July 2, 2017       | July 3, 2016 | July 2, 2017     | July 3, 2016 |

Edgar Filing: CUMMINS INC - Form 8-K

|                            |        |        |         |         |
|----------------------------|--------|--------|---------|---------|
| Total segment EBIT         | \$ 620 | \$ 591 | \$1,186 | \$1,075 |
| Less: Interest expense     | 21     | 16     | 39      | 35      |
| Income before income taxes | \$ 599 | \$ 575 | \$1,147 | \$1,040 |

8

---

CUMMINS INC. AND SUBSIDIARIES  
 SELECT FOOTNOTE DATA  
 (Unaudited)

## 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 |                 |
|--|--------------------|-----------------|------------------|-----------------|
|  | July 2,<br>2017    | July 3,<br>2016 | July 2,<br>2017  | July 3,<br>2016 |
| Distribution entities                              |                    |                 |                  |                 |
| Komatsu Cummins Chile, Ltda.                       | \$ 8               | \$ 8            | \$15             | \$ 18           |
| North American distributors                        | —                  | 6               | —                | 11              |
| All other distributors                             | —                  | 1               | —                | 1               |
| Manufacturing entities                             |                    |                 |                  |                 |
| Beijing Foton Cummins Engine Co., Ltd.             | 22                 | 22              | 55               | 40              |
| Dongfeng Cummins Engine Company, Ltd.              | 19                 | 15              | 41               | 22              |
| Chongqing Cummins Engine Company, Ltd.             | 10                 | 9               | 19               | 17              |
| All other manufacturers                            | 27                 | 16              | 51               | 32              |
| Cummins share of net income                        | 86                 | 77              | 181              | 141             |
| Royalty and interest income                        | 12                 | 11              | 25               | 19              |
| Equity, royalty and interest income from investees | \$ 98              | \$ 88           | \$206            | \$ 160          |

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

Earnings before interest, income taxes and noncontrolling interests

We define EBIT as earnings before interest expense, income tax expense and noncontrolling interests in income of consolidated subsidiaries. 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, accounting principles generally accepted in the United States and may not be consistent with measures used by other companies. It should be considered supplemental data. Below is a reconciliation of "Net income attributable to Cummins Inc." to EBIT for each of the applicable periods:

| In millions  | Three months ended |              | Six months ended |              |
|--|--------------------|--------------|------------------|--------------|
|  | July 2, 2017       | July 3, 2016 | July 2, 2017     | July 3, 2016 |
| Net income attributable to Cummins Inc.                              | \$424              | \$406        | \$820            | \$727        |
| Net income attributable to Cummins Inc. as a percentage of net sales | 8.3 %              | 9.0 %        | 8.5 %            | 8.2 %        |
| Add  |                    |              |                  |              |
| Net income attributable to noncontrolling interests                  | 17                 | 21           | 26               | 33           |
| Consolidated net income  | 441                | 427          | 846              | 760          |
| Add  |                    |              |                  |              |
| Interest expense   | 21                 | 16           | 39               | 35           |
| Income tax expense   | 158                | 148          | 301              | 280          |
| Earnings before interest expense and income taxes                    | \$620              | \$591        | \$1,186          | \$1,075      |
| EBIT as a percentage of net sales                                    | 12.2 %             | 13.1 %       | 12.3 %           | 12.2 %       |

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

Engine Segment Sales by Market and Unit Shipments by Engine Classification

Sales for our Engine segment by market were as follows:

2017

| In millions               | Q1      | Q2      | Q3  | Q4  | YTD     |
|---------------------------|---------|---------|-----|-----|---------|
| Heavy-duty truck          | \$620   | \$714   | \$— | \$— | \$1,334 |
| Medium-duty truck and bus | 544     | 701     | —   | —   | 1,245   |
| Light-duty automotive     | 423     | 429     | —   | —   | 852     |
| Off-highway               | 436     | 463     | —   | —   | 899     |
| Total sales               | \$2,023 | \$2,307 | \$— | \$— | \$4,330 |

2016

| In millions               | Q1      | Q2      | Q3      | Q4      | YTD     |
|---------------------------|---------|---------|---------|---------|---------|
| Heavy-duty truck          | \$631   | \$622   | \$625   | \$565   | \$2,443 |
| Medium-duty truck and bus | 549     | 600     | 517     | 606     | 2,272   |
| Light-duty automotive     | 433     | 394     | 345     | 409     | 1,581   |
| Off-highway               | 363     | 386     | 372     | 387     | 1,508   |
| Total sales               | \$1,976 | \$2,002 | \$1,859 | \$1,967 | \$7,804 |

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

2017

| Units       | Q1      | Q2      | Q3 | Q4 | YTD     |
|-------------|---------|---------|----|----|---------|
| Heavy-duty  | 19,200  | 24,100  | —  | —  | 43,300  |
| Medium-duty | 60,300  | 71,600  | —  | —  | 131,900 |
| Light-duty  | 63,100  | 65,600  | —  | —  | 128,700 |
| Total units | 142,600 | 161,300 | —  | —  | 303,900 |

2016

| Units       | Q1      | Q2      | Q3      | Q4      | YTD     |
|-------------|---------|---------|---------|---------|---------|
| Heavy-duty  | 19,700  | 20,700  | 20,100  | 18,500  | 79,000  |
| Medium-duty | 55,400  | 62,300  | 53,400  | 58,000  | 229,100 |
| Light-duty  | 61,700  | 57,100  | 49,800  | 60,000  | 228,600 |
| Total units | 136,800 | 140,100 | 123,300 | 136,500 | 536,700 |

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

Distribution Segment Sales by Product Line

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

2017

| In millions      | Q1      | Q2      | Q3  | Q4  | YTD     |
|------------------|---------|---------|-----|-----|---------|
| Parts            | \$745   | \$759   | \$— | \$— | \$1,504 |
| Service          | 319     | 320     | —   | —   | 639     |
| Power generation | 306     | 329     | —   | —   | 635     |
| Engines          | 275     | 314     | —   | —   | 589     |
| Total sales      | \$1,645 | \$1,722 | \$— | \$— | \$3,367 |

2016

| In millions      | Q1      | Q2      | Q3      | Q4      | YTD     |
|------------------|---------|---------|---------|---------|---------|
| Parts            | \$648   | \$642   | \$643   | \$694   | \$2,627 |
| Service          | 299     | 297     | 299     | 320     | 1,215   |
| Power generation | 275     | 326     | 291     | 347     | 1,239   |
| Engines          | 241     | 279     | 271     | 309     | 1,100   |
| Total sales      | \$1,463 | \$1,544 | \$1,504 | \$1,670 | \$6,181 |

Component Segment Sales by Business

In the first quarter of 2017, our Components segment reorganized its reporting structure to move an element of the emission solutions business to the fuel systems business to enhance operational, administrative and product development efficiencies. Prior year sales were reclassified to conform with this change.

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

2017

| In millions        | Q1      | Q2      | Q3  | Q4  | YTD     |
|--------------------|---------|---------|-----|-----|---------|
| Emission solutions | \$616   | \$674   | \$— | \$— | \$1,290 |
| Turbo technologies | 287     | 307     | —   | —   | 594     |
| Filtration         | 277     | 291     | —   | —   | 568     |
| Fuel systems       | 164     | 182     | —   | —   | 346     |
| Total sales        | \$1,344 | \$1,454 | \$— | \$— | \$2,798 |

2016

| In millions        | Q1      | Q2      | Q3      | Q4      | YTD     |
|--------------------|---------|---------|---------|---------|---------|
| Emission solutions | \$589   | \$603   | \$522   | \$524   | \$2,238 |
| Turbo technologies | 265     | 276     | 241     | 254     | 1,036   |
| Filtration         | 252     | 262     | 244     | 252     | 1,010   |
| Fuel systems       | 131     | 138     | 136     | 147     | 552     |
| Total sales        | \$1,237 | \$1,279 | \$1,143 | \$1,177 | \$4,836 |

2015

| In millions        | YTD     |
|--------------------|---------|
| Emission solutions | \$2,449 |
| Turbo technologies | 1,141   |
| Filtration         | 1,010   |
| Fuel systems       | 572     |



Total sales        \$5,172

12

---

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

Power Systems Segment Sales by Product Line and Unit Shipments by Engine Classification

In the first quarter of 2017, our Power Systems segment reorganized its product lines to better reflect how the segment is managed. Prior year sales were reclassified to reflect these changes.

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

2017

| In millions            | Q1    | Q2      | Q3  | Q4  | YTD     |
|------------------------|-------|---------|-----|-----|---------|
| Power generation       | \$526 | \$570   | \$— | \$— | \$1,096 |
| Industrial             | 275   | 353     | —   | —   | 628     |
| Generator technologies | 81    | 94      | —   | —   | 175     |
| Total sales            | \$882 | \$1,017 | \$— | \$— | \$1,899 |

2016

| In millions            | Q1    | Q2    | Q3    | Q4    | YTD     |
|------------------------|-------|-------|-------|-------|---------|
| Power generation       | \$518 | \$602 | \$543 | \$593 | \$2,256 |
| Industrial             | 215   | 236   | 235   | 255   | 941     |
| Generator technologies | 75    | 83    | 78    | 84    | 320     |
| Total sales            | \$808 | \$921 | \$856 | \$932 | \$3,517 |

2015

| In millions            | YTD     |
|------------------------|---------|
| Power generation       | \$2,588 |
| Industrial             | 1,121   |
| Generator technologies | 358     |
| Total sales            | \$4,067 |

High-horsepower unit shipments by engine classification were as follows:

2017

| Units            | Q1    | Q2    | Q3 | Q4 | YTD   |
|------------------|-------|-------|----|----|-------|
| Power generation | 1,900 | 2,100 | —  | —  | 4,000 |
| Industrial       | 1,300 | 1,700 | —  | —  | 3,000 |
| Total units      | 3,200 | 3,800 | —  | —  | 7,000 |

2016

| Units            | Q1    | Q2    | Q3    | Q4    | YTD    |
|------------------|-------|-------|-------|-------|--------|
| Power generation | 1,800 | 2,200 | 2,000 | 1,900 | 7,900  |
| Industrial       | 1,000 | 1,100 | 1,000 | 1,300 | 4,400  |
| Total units      | 2,800 | 3,300 | 3,000 | 3,200 | 12,300 |