

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 27, 2010

CUMMINS INC.

(Exact name of registrant as specified in its charter)

Indiana
(State or other Jurisdiction of
Incorporation)

1-4949
(Commission File Number)

35-0257090
(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**

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 27, 2010, Cummins Inc. issued a press release regarding its release of second 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 27, 2010, 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 2010. 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 27, 2010

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 27, 2010

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 27, 2010	March 28, 2010	June 28, 2009
NET SALES	\$ 3,208	\$ 2,478	\$ 2,431
Cost of sales	<u>2,455</u>	<u>1,877</u>	<u>1,983</u>
GROSS MARGIN	753	601	448
OPERATING EXPENSES AND INCOME			
Selling, general and administrative expenses	354	335	287
Research, development and engineering expenses	96	92	79
Equity, royalty and interest income from investees	97	76	57
Restructuring charges	—	—	7
Other operating expense, net	<u>4</u>	<u>4</u>	<u>11</u>
OPERATING INCOME	396	246	121
Interest income	5	3	1
Interest expense	9	9	10
Other income (expense), net	<u>—</u>	<u>17</u>	<u>(13)</u>
INCOME BEFORE INCOME TAXES	392	257	99
Income tax expense	<u>122</u>	<u>87</u>	<u>29</u>
CONSOLIDATED NET INCOME	270	170	70
Less: net income attributable to noncontrolling interests	<u>24</u>	<u>21</u>	<u>14</u>
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	\$ 246	\$ 149	\$ 56
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.			
Basic	\$ 1.25	\$ 0.75	\$ 0.28
Diluted	\$ 1.25	\$ 0.75	\$ 0.28
WEIGHTED AVERAGE SHARES OUTSTANDING			
Basic	196.9	198.4	197.1
Diluted	197.3	198.7	197.4
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	Six months ended	
	June 27, 2010	June 28, 2009
NET SALES	\$ 5,686	\$ 4,870
Cost of sales	<u>4,332</u>	<u>3,977</u>
GROSS MARGIN	1,354	893
OPERATING EXPENSES AND INCOME		
Selling, general and administrative expenses	689	587
Research, development and engineering expenses	188	164
Equity, royalty and interest income from investees	173	90
Restructuring charges	—	73
Other operating expense, net	<u>8</u>	<u>9</u>
OPERATING INCOME	642	150
Interest income	8	3
Interest expense	18	17
Other income (expense), net	<u>17</u>	<u>(16)</u>
INCOME BEFORE INCOME TAXES	649	120
Income tax expense	<u>209</u>	<u>36</u>
CONSOLIDATED NET INCOME	440	84
Less: net income attributable to noncontrolling interests	<u>45</u>	<u>21</u>
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	\$ 395	\$ 63
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.		
Basic	\$ 2.00	\$ 0.32
Diluted	\$ 2.00	\$ 0.32

WEIGHTED AVERAGE SHARES OUTSTANDING			
Basic		197.6	197.0
Diluted		197.9	197.2
CASH DIVIDENDS DECLARED PER COMMON SHARE			
	\$	0.35	\$ 0.35

(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 27, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 924	\$ 930
Marketable securities	269	190
Accounts and notes receivable, net	2,052	2,004
Inventories	1,652	1,341
Deferred income taxes	312	295
Prepaid expenses and other current assets	236	243
Total current assets	<u>5,445</u>	<u>5,003</u>
Long-term assets		
Property, plant and equipment	4,705	4,765
Accumulated depreciation	<u>(2,867)</u>	<u>(2,879)</u>
Property, plant and equipment, net	1,838	1,886
Investments and advances related to equity method investees	622	574
Goodwill	363	364
Other intangible assets, net	225	228
Deferred income taxes	377	436
Other assets	340	325
Total assets	<u>\$ 9,210</u>	<u>\$ 8,816</u>
LIABILITIES		
Current liabilities		
Loans payable	\$ 87	\$ 37
Accounts payable (principally trade)	1,213	957
Current portion of accrued product warranty	407	426
Accrued compensation, benefits and retirement costs	346	366
Deferred revenue	142	128
Other accrued expenses	612	518
Total current liabilities	<u>2,807</u>	<u>2,432</u>
Long-term liabilities		
Long-term debt	669	637
Pensions	370	514
Postretirement benefits other than pensions	461	453
Other liabilities and deferred revenue	743	760
Total liabilities	<u>5,050</u>	<u>4,796</u>
EQUITY		
Cummins Inc. shareholders' equity		
Common stock, \$2.50 par value, 500 shares authorized, 221.9 and 222.0 shares issued	1,868	1,860
Retained earnings	3,900	3,575
Treasury stock, at cost, 23.1 and 20.7 shares	(890)	(731)
Common stock held by employee benefits trust, at cost, 2.9 and 3.0 shares	(35)	(36)
Accumulated other comprehensive loss		
Defined benefit postretirement plans	(786)	(788)
Other	(174)	(107)
Total accumulated other comprehensive loss	<u>(960)</u>	<u>(895)</u>
Total Cummins Inc. shareholders' equity	3,883	3,773
Noncontrolling interests	277	247
Total equity	<u>4,160</u>	<u>4,020</u>
Total liabilities and equity	<u>\$ 9,210</u>	<u>\$ 8,816</u>

(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 27, 2010	June 28, 2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	\$ 440	\$ 84
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Restructuring charges, net of cash payments	—	20
Depreciation and amortization	161	154

Gain on fair value adjustment for consolidated investee	(12)	—
Deferred income taxes	43	20
Equity in income of investees, net of dividends	(49)	60
Pension expense, net of pension contributions	(116)	(15)
Other post-retirement benefits expense, net of cash payments	(7)	(16)
Stock-based compensation expense	11	12
Translation and hedging activities	3	51
Changes in current assets and liabilities, net of acquisitions and divestitures:		
Accounts and notes receivable	(57)	86
Inventories	(301)	282
Other current assets	1	22
Accounts payable	239	(253)
Accrued expenses	(14)	(242)
Changes in long-term liabilities	66	73
Other, net	19	(17)
Net cash provided by operating activities	<u>427</u>	<u>321</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(91)	(139)
Investments in internal use software	(22)	(19)
Proceeds from disposals of property, plant and equipment	42	7
Investments in and advances (to) from equity investees	(1)	1
Acquisition of businesses, net of cash acquired	(71)	(2)
Investments in marketable securities—acquisitions	(358)	(69)
Investments in marketable securities—liquidations	278	133
Cash flows from derivatives not designated as hedges	(18)	(21)
Other, net	(2)	—
Net cash used in investing activities	<u>(243)</u>	<u>(109)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	85	10
Payments on borrowings and capital lease obligations	(37)	(44)
Net borrowings under short-term credit agreements	(1)	(5)
Distributions to noncontrolling interests	(4)	(10)
Dividend payments on common stock	(70)	(71)
Repurchases of common stock	(162)	—
Other, net	16	1
Net cash used in financing activities	<u>(173)</u>	<u>(119)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(17)</u>	<u>15</u>
Net (decrease) increase in cash and cash equivalents	(6)	108
Cash and cash equivalents at beginning of year	930	426
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 924</u>	<u>\$ 534</u>

(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	Power		Components		Distribution	Non-segment items(1)	Total
	Engine	Generation					
Three months ended June 27, 2010							
External sales	\$ 1,595	\$ 518	\$ 522	\$ 573	\$ —	\$ 3,208	
Intersegment sales	304	190	207	3	(704)	—	
Total sales	<u>1,899</u>	<u>708</u>	<u>729</u>	<u>576</u>	<u>(704)</u>	<u>3,208</u>	
Depreciation and amortization(2)	42	11	21	7	—	81	
Research, development and engineering expenses	62	8	26	—	—	96	
Equity, royalty and interest income from investees	52	9	6	30	—	97	
Interest income	2	1	1	1	—	5	
Segment EBIT	197	76	75	69	(16)	401	
Three months ended March 28, 2010							
External sales	\$ 1,173	\$ 378	\$ 453	\$ 474	\$ —	\$ 2,478	
Intersegment sales	250	139	177	2	(568)	—	
Total sales	<u>1,423</u>	<u>517</u>	<u>630</u>	<u>476</u>	<u>(568)</u>	<u>2,478</u>	
Depreciation and amortization(2)	41	10	20	7	—	78	
Research, development and engineering expenses	60	7	25	—	—	92	
Equity, royalty and interest income from investees	35	6	5	30	—	76	
Interest income	2	1	—	—	—	3	
Segment EBIT	133	34	57	72	(30)	266	
Three months ended June 28, 2009							
External sales	\$ 1,133	\$ 481	\$ 355	\$ 462	\$ —	\$ 2,431	
Intersegment sales	173	129	147	1	(450)	—	
Total sales	<u>1,306</u>	<u>610</u>	<u>502</u>	<u>463</u>	<u>(450)</u>	<u>2,431</u>	
Depreciation and amortization(2)	45	11	17	4	—	77	
Research, development and engineering expenses	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	
Six months ended June 27, 2010							
External sales	\$ 2,768	\$ 896	\$ 975	\$ 1,047	\$ —	\$ 5,686	

Intersegment sales	554	329	384	5	(1,272)	—
Total sales	3,322	1,225	1,359	1,052	(1,272)	5,686
Depreciation and amortization(2)	83	21	41	14	—	159
Research, development and engineering expenses	122	15	51	—	—	188
Equity, royalty and interest income from investees	87	15	11	60	—	173
Interest income	4	2	1	1	—	8
Segment EBIT	330	110	132	141	(46)	667

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	—	152
Research, development and engineering expenses	109	16	39	—	—	164
Equity, royalty and interest income from investees	14	11	5	60	—	90
Restructuring charges	—	—	—	—	73	73
Interest income	1	1	—	1	—	3
Segment EBIT	(20)	110	(9)	113	(57)	137

(1) Includes intersegment sales and profit in inventory eliminations and unallocated corporate expenses. There were no significant unallocated corporate expenses for the three and six months ended June 27, 2010 or the three months ended March 28, 2010. For the three and six months ended June 28, 2009, unallocated corporate expenses included restructuring charges of \$7 million and \$73 million and losses of \$9 million and \$3 million related to flood damages, respectively.

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

**CUMMINS INC. AND SUBSIDIARIES
RECONCILIATION OF SEGMENT INFORMATION
(Unaudited)**

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

	Three months ended			Six months ended	
	June 27, 2010	March 28, 2010	June 28, 2009	June 27, 2010	June 28, 2009
In millions					
Segment EBIT	\$ 401	\$ 266	\$ 109	\$ 667	\$ 137
Less:					
Interest expense	9	9	10	18	17
Income before income taxes	\$ 392	\$ 257	\$ 99	\$ 649	\$ 120

**FINANCIAL MEASURES THAT SUPPLEMENT GAAP
(Unaudited)**

Earnings before interest, taxes, noncontrolling interests and restructuring and other charges

We define EBIT as earnings or loss 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. Below is a reconciliation of EBIT, a non-GAAP financial measure, to "Net income attributable to Cummins Inc.," for each of the applicable periods:

	Three months ended			Six months ended	
	June 27, 2010	March 28, 2010	June 28, 2009	June 27, 2010	June 28, 2009
In millions					
Earnings before interest expense, income taxes and restructuring charges	\$ 401	\$ 266	\$ 116	\$ 667	\$ 210
<i>Earnings before interest expense, income taxes and restructuring and other charges as a percentage of sales</i>	12.5%	10.7%	4.8%	11.7%	4.3%
Less:					
Restructuring charges	—	—	7	—	73
Earnings before interest and income taxes	\$ 401	\$ 266	\$ 109	\$ 667	\$ 137
<i>EBIT as a percentage of net sales</i>	12.5%	10.7%	4.5%	11.7%	2.8%
Less:					
Interest expense	9	9	10	18	17
Income tax expense	122	87	29	209	36
Consolidated net income	270	170	70	440	84
Less:					
Net income attributable to noncontrolling interests	24	21	14	45	21
Net income attributable to Cummins Inc.	\$ 246	\$ 149	\$ 56	\$ 395	\$ 63
<i>Net income attributable to Cummins Inc. as a percentage of net sales</i>	7.7%	6.0%	2.3%	6.9%	1.3%

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

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

We believe this is a useful measure of our operating performance for the periods presented as it illustrates our operating performance without regard to restructuring. This measure is not in accordance with, or an alternative for, accounting principles generally accepted in the United States of America 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. excluding restructuring and other charges to "Net income attributable to Cummins Inc." for the three and six months ended June 28, 2009. There were no restructuring actions taken in the three or six months ended June 27, 2010 or three months ended March 28, 2010.

In millions	Three months ended		Six months ended	
	June 28, 2009	Diluted EPS	June 28, 2009	Diluted EPS
Net income attributable to Cummins Inc. excluding restructuring charges	\$ 60	\$ 0.30	\$ 111	\$ 0.56
Less:				
Restructuring charges, net(1)	4	0.02	48	0.24
Net income attributable to Cummins Inc.	<u>\$ 56</u>	<u>\$ 0.28</u>	<u>\$ 63</u>	<u>\$ 0.32</u>

(1) During the three and six months ended June 28, 2009, management approved and committed to undertake actions, which resulted in a pretax charge of \$7 million and \$73 million, respectively. These charges included employee-related liabilities for severance and benefits of approximately \$8 million and \$68 million, net of changes in estimate and exit costs of approximately zero and \$6 million, for the three and six months ended, respectively.

CUMMINS INC. AND SUBSIDIARIES SELECTED FOOTNOTE DATA (Unaudited)

NOTE 1. EQUITY, ROYALTY AND INTEREST INCOME FROM INVESTEES

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

In millions	Three months ended			Six months ended	
	June 27, 2010	March 28, 2010	June 28, 2009	June 27, 2010	June 28, 2009
Distribution Entities					
North American distributors	\$ 23	\$ 23	\$ 23	\$ 46	\$ 49
All other distributors	4	4	4	8	7
Manufacturing Entities					
Dongfeng Cummins Engine Company, Ltd.	34	18	7	52	7
Chongqing Cummins Engine Company, Ltd.	13	10	12	23	20
All other manufacturers	15	14	7	29	—
Cummins share of net income	89	69	53	158	83
Royalty and interest income	8	7	4	15	7
Equity, royalty and interest income from investees	<u>\$ 97</u>	<u>\$ 76</u>	<u>\$ 57</u>	<u>\$ 173</u>	<u>\$ 90</u>

NOTE 2. OTHER INCOME (EXPENSE)

Other income (expense) included the following:

In millions	Three months ended			Six months ended	
	June 27, 2010	March 28, 2010	June 28, 2009	June 27, 2010	June 28, 2009
Foreign currency gains (losses), net	\$ 2	\$ 7	\$ (10)	\$ 9	\$ (18)
Gain on acquisition of Cummins Western Canada	—	12	—	12	—
Other, net	(2)	(2)	(3)	(4)	2
Total other income (expense), net	<u>\$ —</u>	<u>\$ 17</u>	<u>\$ (13)</u>	<u>\$ 17</u>	<u>\$ (16)</u>

NOTE 3. INCOME TAXES

Our effective tax rate for the year is expected to approximate 31 percent, absent any additional discrete period activity. Our tax rate is generally less than the 35 percent U.S. income tax rate primarily due to lower tax rates on foreign income. The tax rates for the three and six month periods ended June 27, 2010, were 31 percent and 32 percent. The tax rate for the six month period includes a discrete tax charge of \$7 million (one percent) related to the enactment of the "Patient Protection and Affordable Care Act." The tax rate for the three month period ended March 28, 2010, was 34 percent and also included a discrete charge of \$7 million (3 percent) related to the enactment of the "Patient Protection and Affordable Care Act."

Our effective tax rates for the comparable prior year periods were 29 percent and 30 percent, respectively. These rates were less than the 35 percent U.S. income tax rate primarily due to lower tax rates on foreign income.



Contact:

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July 27, 2010

Cummins reports sharply higher second quarter sales and profitability, increases full-year guidance

- **Manufacturing productivity improvements and performance in international markets fuel growth**
- **Company now expects to earn 12 percent EBIT on \$13 billion in sales in 2010**

COLUMBUS, IN – Cummins Inc. (NYSE: CMI) today reported for the second quarter its highest quarterly earnings as a percentage of sales in more than 25 years. Continued productivity improvements in the Company's manufacturing operations, as well as strong performance in international markets, drove significant year-over-year gains across all the Company's business segments.

Earnings Before Interest and Taxes (EBIT) was \$401 million, or 12.5 percent of sales, up from \$109 million or 4.5 percent of sales in the second quarter of 2009. EBIT also improved from 10.7 percent in the first quarter of 2010. For the first time ever, all four segments posted quarterly EBIT in excess of 10 percent of sales.

Sales of \$3.21 billion in the second quarter were 32 percent higher than \$2.43 billion in the same quarter in 2009. Net income attributable to Cummins Inc. in the second quarter more than quadrupled to \$246 million, or \$1.25 a share, compared to \$56 million, or \$0.28 a share, in the same period a year ago.

The sales gains were led by the Company's Engine and Components segments, which each reported 45 percent sales improvements compared to the same period in 2009. Power Generation sales increased 16 percent, while Distribution sales rose 24 percent. The Company delivered these strong results even though the North American heavy duty truck market remains weak as result of the transition to new on-highway emissions standards at the beginning of the year.

Based on the Company's performance in the first half of 2010 and its forecast for the rest of the year, Cummins today increased its financial guidance for 2010. The Company now expects to generate EBIT of 12 percent of sales on revenues of \$13 billion.

"We had an outstanding quarter," said Cummins Chairman and Chief Executive Officer Tim Solso. "The work we have done to strengthen our manufacturing operations during the downturn has resulted in significant productivity gains, and we continue to benefit from our leadership position in large and growing international markets such as China, India and Brazil."

The Company's non- U.S. markets continued to perform well, with sales up 51 percent outside the United States in the second quarter compared to a year ago. Sales outside the U.S. accounted for 64 percent of the Company's revenue in the quarter.

The Company continued to return value to shareholders by repurchasing \$123 million of its shares during the second quarter. The Company has now repurchased \$310 million worth of stock under its current \$500 million authorization.

Even with the stock repurchase, the Company improved its cash position from the first quarter of the year. The Company generated \$301 million in cash from operations in the second quarter, compared to \$245 million in the same period last year and \$126 million in the first quarter.

"Our strong performance during the downturn has allowed us to make the investments necessary to position the Company for a period of long-term profitable growth as our markets continue to improve," said Cummins President and Chief Operating Officer Tom Linebarger. "We are working hard to prepare for future growth, even as we continue to concentrate on managing the business through this challenging economic period."

In other recent news:

- In early July, Cummins announced a \$100 million expansion of the High-Horsepower Technical Center and high-horsepower engine product line in Seymour, Ind. The investment in the newly renamed Seymour Engine Plant is expected to add about 200 engineering and manufacturing jobs over the next five years.
- The Company increased the quarterly cash dividend on its common stock by 50 percent to 26.25 cents per share from 17.5 cents per share. The dividend is payable on Sept. 1, 2010 to shareholders of record on Aug. 23, 2010. Cummins last raised its dividend in July 2008.

- Cummins negotiated a \$1.24 billion, four-year credit facility to replace its previous \$1.1 billion line of credit, which was set to expire in 2011. The revolver, combined with the Company's strong cash balance, ensures that Cummins will have adequate liquidity over the next several years.
- Moody's Investor Service raised the Company's senior unsecured debt rating from Baa3 to Baa2 and said the rating outlook remains "stable." In raising its investment grade rating, Moody's cited Cummins' ability to "maintain solid debt protection measures despite the most severe downturn in the North American medium and heavy-duty truck industry, and the broader weakening in the global economy."
- Cummins also was recognized for its long-term return to shareholders recently by *Bloomberg BusinessWeek* magazine, which ranked Cummins' stock performance 12th among the Standard & Poor's 500 companies from March 2005- March 2010.

Second quarter details (all comparisons to same period in 2009)

Engine Segment

- Sales - \$1.9 billion, up 45 percent
- Segment EBIT - \$197 million, or 10.4 percent of sales, compared to a loss of \$4 million. EBIT percentage is a quarterly record for the Engine segment.
- Total on-highway sales increased 36 percent
 - o Global heavy-duty truck engine sales declined 14 percent as result of transition to 2010 EPA-compliant engines in North America, where unit sales declined 58 percent.
 - o Medium-duty truck and bus sales increased 47 percent on strength of international markets and North American share gains
 - o Light-duty auto and RV sales more than tripled from very low base in 2009 when Chrysler ceased truck production for several weeks as part of its reorganization efforts
- Industrial sales increased 49 percent
 - o Construction sales increased 111 percent led by infrastructure investments in emerging markets such as China
 - o Mining sales increased 32 percent

Power Generation

- Sales - \$708 million, up 16 percent
- Segment EBIT - \$76 million, or 10.7 percent of sales, compared to \$41 million or 6.7 percent of sales
- Commercial Products sales rose 20 percent; Commercial Projects up 24 percent; Consumer sales increased 48 percent; Generator Technologies sales were flat; and Power Electronics down 6 percent
- Sales gains led by India, China, Latin America and Russia. North American sales declined 16 percent

Components

- Sales - \$729 million up 45 percent
- Segment EBIT - \$75 million, or 10.3 percent of sales, compared to a loss of \$10 million. EBIT percentage was a quarterly record for the Components segment.
- Turbo Technologies sales increased by 69 percent; Emission Solutions rose 53 percent, Fuel Systems up 41 percent, Filtration up 26 percent
- Higher volumes, increased product content on the aftertreatment product and manufacturing productivity improvements contributed to EBIT gain

Distribution

- Sales - \$576 million, an increase of 24 percent
- Segment EBIT - \$69 million, or 12 percent of sales, compared to \$55 million, or 11.9 percent of sales
- Consolidation of Western Canada distributor contributed 13 percent growth in revenue
- Organic growth of 7.5 percent from global aftermarket and industrial engine sales and service in support of construction and mining markets

Presentation of Non-GAAP Financial Information

EBIT is a non-GAAP measure used in this release. EBIT is defined and reconciled to what management believes to be the most comparable GAAP measure in a schedule attached to this release. Cummins presents this information as it believes it is useful to understanding the Company's operating performance, and because EBIT is a measure used internally to assess the performance of the operating units.

Webcast information

Cummins management will host a teleconference to discuss these results today at 10 a.m. EDT. This teleconference will be webcast and available on the Investor Relations section of the Cummins website at www.cummins.com. Participants wishing to view the visuals available with the audio are encouraged to sign-in a few minutes prior to the start of the teleconference.

About Cummins

Cummins Inc., a global power leader, is a corporation of complementary business units that design, manufacture, distribute and service engines and related technologies, including fuel systems, controls, air handling, filtration, emission solutions and electrical power generation systems. Headquartered in Columbus, Indiana, (USA) Cummins serves customers in approximately 190 countries and territories through a

network of more than 500 company-owned and independent distributor locations and approximately 5,200 dealer locations. The Company reported net income attributable to Cummins Inc. of \$428 million on sales of \$10.8 billion in 2009. Press releases can be found on the Web at www.cummins.com. Follow Cummins on Twitter at <http://twitter.com/cummins>.

Forward-looking disclosure statement

Information provided in this release that is not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the company's expectations, hopes, beliefs and intentions on strategies regarding the future. It is important to note that the company's actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including, but not limited to, general economic, business and financing conditions, labor relations, governmental action, competitor pricing activity, expense volatility and other risks detailed from time to time in Cummins Securities and Exchange Commission filings.