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DELTA REPORT

10-Q

CMI - CUMMINS INC

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	892
CHANGES	199
DELETIONS	346
ADDITIONS	347

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

cumminslogoa02.jpg

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2024 June 30, 2024

Commission File Number 1-4949

CUMMINS INC.

(Exact name of registrant as specified in its charter)

Indiana	**35-0257090**
(State of Incorporation)	(IRS Employer Identification No.)

500 Jackson Street
Box 3005
Columbus, Indiana 47202-3005
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, $2.50 par value	CMI	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that registrant was required to submit such files). Yes x No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	x	Accelerated filer	☐	Non-accelerated filer	☐
Smaller reporting company	☐	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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

As of March 31, 2024 June 30, 2024, there were 136,779,875 137,047,646 shares of common stock outstanding with a par value of $2.50 per share.

CUMMINS INC. AND SUBSIDIARIES
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QUARTERLY REPORT ON FORM 10-Q

PART I. FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

CUMMINS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME
(Unaudited)

		Three months ended		Six months ended	
		Three months ended			
		Three months ended		Six months ended	
			June 30,		
		Three months ended			
In millions, except per share amounts					
In millions, except per share amounts					
In millions, except per share amounts	**In millions, except per share amounts**	**2024**	**2023**	**2024**	**2023**
NET SALES (Notes 1 and 2)					
NET SALES (Notes 1 and 2)					
NET SALES (Notes 1 and 2)					
Cost of sales					
Cost of sales					
Cost of sales					
GROSS MARGIN					
GROSS MARGIN					
GROSS MARGIN					
OPERATING EXPENSES AND INCOME					
OPERATING EXPENSES AND INCOME					

OPERATING EXPENSES AND INCOME

Selling, general and administrative expenses
Selling, general and administrative expenses
Selling, general and administrative expenses
Research, development and engineering expenses
Research, development and engineering expenses
Research, development and engineering expenses
Equity, royalty and interest income from investees (Note 4)
Equity, royalty and interest income from investees (Note 4)
Equity, royalty and interest income from investees (Note 4)
Other operating expense, net
Other operating expense, net
Other operating expense, net

OPERATING INCOME
OPERATING INCOME
OPERATING INCOME

Interest expense
Interest expense
Interest expense
Other income, net (Note 14)
Other income, net (Note 14)
Other income, net (Note 14)

INCOME BEFORE INCOME TAXES
INCOME BEFORE INCOME TAXES
INCOME BEFORE INCOME TAXES

Income tax expense (Note 5)
Income tax expense (Note 5)
Income tax expense (Note 5)

CONSOLIDATED NET INCOME
CONSOLIDATED NET INCOME
CONSOLIDATED NET INCOME

Less: Net income attributable to noncontrolling interests
Less: Net income attributable to noncontrolling interests
Less: Net income attributable to noncontrolling interests

NET INCOME ATTRIBUTABLE TO CUMMINS INC.
NET INCOME ATTRIBUTABLE TO CUMMINS INC.
NET INCOME ATTRIBUTABLE TO CUMMINS INC.

EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.

Basic
Basic
Basic
Diluted
Diluted
Diluted

WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING

Basic

Basic
Basic
Dilutive effect of stock compensation awards
Dilutive effect of stock compensation awards
Dilutive effect of stock compensation awards
Diluted
Diluted
Diluted

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

CUMMINS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

		Three months ended			
		Three months ended			
		Three months ended	Six months ended		
			June 30,		
In millions					
In millions					
In millions	In millions	2024	2023	2024	2023
CONSOLIDATED NET INCOME					
CONSOLIDATED NET INCOME					
CONSOLIDATED NET INCOME					
Other comprehensive (loss) income, net of tax (Note 12)					
Other comprehensive (loss) income, net of tax (Note 12)					
Other comprehensive (loss) income, net of tax (Note 12)	Other comprehensive (loss) income, net of tax (Note 12)				
Change in pension and other postretirement defined benefit plans					
Change in pension and other postretirement defined benefit plans					
Change in pension and other postretirement defined benefit plans					
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Unrealized gain (loss) on derivatives					
Unrealized gain (loss) on derivatives					
Unrealized gain (loss) on derivatives					
Total other comprehensive (loss) income, net of tax					
Total other comprehensive (loss) income, net of tax					
Total other comprehensive (loss) income, net of tax					
COMPREHENSIVE INCOME					
COMPREHENSIVE INCOME					
Unrealized (loss) gain on derivatives					
Unrealized (loss) gain on derivatives					
Unrealized (loss) gain on derivatives					
Total other comprehensive loss, net of tax					
COMPREHENSIVE INCOME					
Less: Comprehensive income attributable to noncontrolling interests					
Less: Comprehensive income attributable to noncontrolling interests					
Less: Comprehensive income attributable to noncontrolling interests					

COMPREHENSIVE INCOME ATTRIBUTABLE TO CUMMINS INC.
COMPREHENSIVE INCOME ATTRIBUTABLE TO CUMMINS INC.
COMPREHENSIVE INCOME ATTRIBUTABLE TO CUMMINS INC.

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

CUMMINS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

In millions, except par value	In millions, except par value	March 31, 2024	December 31, 2023	In millions, except par value	June 30, 2024	December 31, 2023
ASSETS	**ASSETS**		**ASSETS**			
Current assets	Current assets		Current assets			
Cash and cash equivalents						
Marketable securities (Note 6)						
Marketable securities (Note 6)						
Marketable securities (Note 6)						
Total cash, cash equivalents and marketable securities						
Accounts and notes receivable, net						
Inventories (Note 7)						
Inventories (Note 7)						
Inventories (Note 7)						
Prepaid expenses and other current assets						
Total current assets						
Long-term assets	Long-term assets			Long-term assets		
Property, plant and equipment						
Accumulated depreciation						
Property, plant and equipment, net						
Investments and advances related to equity method investees						
Goodwill						
Other intangible assets, net						
Pension assets (Note 3)						
Other assets (Note 8)						
Total assets						
LIABILITIES						
LIABILITIES						
LIABILITIES						
Current liabilities	Current liabilities			Current liabilities		
Accounts payable (principally trade)						
Loans payable (Note 9)						
Commercial paper (Note 9)						
Current maturities of long-term debt (Note 9)						
Accrued compensation, benefits and retirement costs						
Current portion of accrued product warranty (Note 10)						
Current portion of deferred revenue (Note 2)						
Other accrued expenses (Note 8)						
Other accrued expenses (Note 8)						
Other accrued expenses (Note 8)						
Total current liabilities						
Long-term liabilities	Long-term liabilities			Long-term liabilities		
Long-term debt (Note 9)						

Deferred revenue (Note 2)

Deferred revenue (Note 2)

Deferred revenue (Note 2)

Other liabilities (Note 8)

Total liabilities

Commitments and contingencies (Note 11)

Commitments and contingencies (Note 11)

Commitments and contingencies (Note 11)

EQUITY

EQUITY

EQUITY

Cummins Inc. shareholders' equity

Cummins Inc. shareholders' equity

Cummins Inc. shareholders' equity

Common stock, $2.50 par value, 500 shares authorized, 222.5 and 222.5 shares issued

Retained earnings

Treasury stock, at cost, 85.7 and 80.7 shares

Treasury stock, at cost, 85.5 and 80.7 shares

Accumulated other comprehensive loss (Note 12)

Accumulated other comprehensive loss (Note 12)

Accumulated other comprehensive loss (Note 12)

Total Cummins Inc. shareholders' equity

Total Cummins Inc. shareholders' equity

Total Cummins Inc. shareholders' equity

Noncontrolling interests

Total equity

Total liabilities and equity

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

CUMMINS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

			Three months ended			Six months ended	
		March 31,			June 30,		
In millions	**In millions**	**2024**	**2023**	**In millions**	**2024**		**2023**
CASH FLOWS FROM OPERATING ACTIVITIES	**CASH FLOWS FROM OPERATING ACTIVITIES**		**CASH FLOWS FROM OPERATING ACTIVITIES**				
Consolidated net income							
Adjustments to reconcile consolidated net income to net cash provided by operating activities							
Adjustments to reconcile consolidated net income to net cash (used in) provided by operating activities							
Gain related to divestiture of Atmus (Note 14)							
Depreciation and amortization							
Deferred income taxes							
Deferred income taxes							
Deferred income taxes							
Equity in income of investees, net of dividends							
Pension and OPEB expense (Note 3)							
Pension contributions and OPEB payments (Note 3)							
Changes in current assets and liabilities, net of acquisitions and divestitures							

Changes in current assets and liabilities, net of acquisitions and divestitures
Changes in current assets and liabilities, net of acquisitions and divestitures
Accounts and notes receivable
Inventories
Other current assets
Accounts payable
Accrued expenses
Accrued expenses (Notes 1 and 11)
Other, net
Other, net
Other, net
Net cash provided by operating activities
Net cash (used in) provided by operating activities
CASH FLOWS FROM INVESTING ACTIVITIES
CASH FLOWS FROM INVESTING ACTIVITIES
CASH FLOWS FROM INVESTING ACTIVITIES
Capital expenditures
Acquisition of business, net of cash acquired
Acquisition of businesses, net of cash acquired (Note 15)
Acquisition of business, net of cash acquired
Acquisition of businesses, net of cash acquired (Note 15)
Acquisition of business, net of cash acquired
Acquisition of businesses, net of cash acquired (Note 15)
Investments in marketable securities—acquisitions
Investments in marketable securities—acquisitions
Investments in marketable securities—acquisitions
Investments in marketable securities—liquidations (Note 6)
Cash associated with Atmus divestiture
Cash associated with Atmus divestiture
Cash associated with Atmus divestiture
Other, net
Other, net
Other, net
Net cash used in investing activities
CASH FLOWS FROM FINANCING ACTIVITIES
CASH FLOWS FROM FINANCING ACTIVITIES
CASH FLOWS FROM FINANCING ACTIVITIES
Proceeds from borrowings
Net payments of commercial paper
Net borrowings (payments) of commercial paper
Payments on borrowings and finance lease obligations
Dividend payments on common stock
Dividend payments on common stock
Dividend payments on common stock
Other, net
Other, net
Other, net
Net cash provided by (used in) financing activities
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS
Net increase (decrease) in cash and cash equivalents

Net decrease in cash and cash equivalents	
Cash and cash equivalents at beginning of year	
CASH AND CASH EQUIVALENTS AT END OF PERIOD	

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

CUMMINS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN REDEEMABLE NONCONTROLLING INTERESTS AND EQUITY

(Unaudited)

Three months ended

Three months ended

Three months ended

In millions, except per share amounts	In millions, except per share amounts	Redeemable Noncontrolling Interests	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total Cummins Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity	In millions, except per share amounts	Redeemable Noncontrolling Interests	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	A C
BALANCE AT DECEMBER 31, 2023																	
BALANCE AT MARCH 31, 2024																	
Net income																	
Net income																	
Net income																	
Other comprehensive loss, net of tax (Note 12)																	
Issuance of common stock																	
Cash dividends on common stock, $1.68 per share																	
Cash dividends on common stock, $1.68 per share																	
Cash dividends on common stock, $1.68 per share																	
Cash dividends on common stock, $1.68 per share																	
Distributions to noncontrolling interests																	
Share-based awards																	
Share-based awards																	
Share-based awards																	
Divestiture of Atmus (Note 14)																	
Other shareholder transactions																	

Divestiture of Atmus (Note 14)

Other shareholder transactions

Divestiture of Atmus (Note 14)

Other shareholder transactions

BALANCE AT MARCH 31, 2024

BALANCE AT JUNE 30, 2024

BALANCE AT DECEMBER 31, 2022

BALANCE AT DECEMBER 31, 2022

BALANCE AT DECEMBER 31, 2022

BALANCE AT MARCH 31, 2023

BALANCE AT MARCH 31, 2023

BALANCE AT MARCH 31, 2023

Net income

Net income

Net income

Other comprehensive income, net of tax (Note 12)

Other comprehensive loss, net of tax (Note 12)

Issuance of common stock

Cash dividends on common stock, $1.57 per share

Cash dividends on common stock, $1.57 per share

Cash dividends on common stock, $1.57 per share

Distributions to noncontrolling interests

Share-based awards

Fair value adjustment of redeemable noncontrolling interests

Fair value adjustment of redeemable noncontrolling interests

Fair value adjustment of redeemable noncontrolling interests

Acquisition of redeemable noncontrolling interests (Note 15)

Sale of Atmus stock (Note 14)

Other shareholder transactions

BALANCE AT MARCH 31, 2023

BALANCE AT JUNE 30, 2023

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

	Six months ended								
In millions, except per share amounts	**Redeemable Noncontrolling Interests**	**Common Stock**	**Additional Paid-in Capital**	**Retained Earnings**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Total Cummins Inc. Shareholders' Equity**	**Noncontrolling Interests**	**Total Equity**
BALANCE AT DECEMBER 31, 2023	**$ —**	**$ 556**	**$ 2,008**	**$ 17,851**	**$ (9,359)**	**$ (2,206)**	**$ 8,850**	**$ 1,054**	**$ 9,904**
Net income				**2,719**			**2,719**	**61**	**2,780**
Other comprehensive loss, net of tax (Note 12)						**(190)**	**(190)**	**(5)**	**(195)**
Issuance of common stock			**1**				**1**	**—**	**1**
Cash dividends on common stock, $3.36 per share				**(469)**			**(469)**	**—**	**(469)**
Distributions to noncontrolling interests							**—**	**(33)**	**(33)**
Share-based awards			**(8)**		**93**		**85**	**—**	**85**
Divestiture of Atmus (Note 14)					**(1,532)**	**61**	**(1,471)**	**(19)**	**(1,490)**
Other shareholder transactions			**25**		**1**		**26**	**(33)**	**(7)**
BALANCE AT JUNE 30, 2024	**$ —**	**$ 556**	**$ 2,026**	**$ 20,101**	**$ (10,797)**	**$ (2,335)**	**$ 9,551**	**$ 1,025**	**$ 10,576**
BALANCE AT DECEMBER 31, 2022	$ 258	$ 556	$ 1,687	$ 18,037	$ (9,415)	$ (1,890)	$ 8,975	$ 992	$ 9,967
Net income	(20)			1,510			1,510	53	1,563
Other comprehensive (loss) income, net of tax (Note 12)						(27)	(27)	1	(26)
Issuance of common stock			2				2	—	2
Cash dividends on common stock, $3.14 per share				(445)			(445)	—	(445)
Distributions to noncontrolling interests							—	(24)	(24)
Share-based awards			(4)		32		28	—	28
Fair value adjustment of redeemable noncontrolling interests	33		(33)				(33)	—	(33)
Acquisition of redeemable noncontrolling interests (Note 15)	(271)						—	—	—
Sale of Atmus stock (Note 14)			285				285	(3)	282
Other shareholder transactions			39		3		42	—	42
BALANCE AT JUNE 30, 2023	$ —	$ 556	$ 1,976	$ 19,102	$ (9,380)	$ (1,917)	$ 10,337	$ 1,019	$ 11,356

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

CUMMINS INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

Overview

Cummins Inc. (“Cummins,” “we,” “our” or “us”) was founded in 1919 as Cummins Engine Company, a corporation in Columbus, Indiana, and one of the first diesel engine manufacturers. In 2001, we changed our name to Cummins Inc. We are a global power solutions leader comprised of five business segments - Components, Engine, Distribution, Power Systems and Accelera - supported by our global manufacturing and extensive service and support network, skilled workforce and vast technical expertise. Our products range from advanced diesel, natural gas, electric and hybrid powertrains and powertrain-related components including aftertreatment, turbochargers, fuel systems, valvetrain technologies, controls systems, air handling systems, automated transmissions, axles, drivelines, brakes, suspension systems, electric power generation systems, batteries, electrified power systems, hydrogen production technologies and fuel cell products. We sell our products to original equipment manufacturers (OEMs), distributors, dealers and other customers worldwide. We serve our customers through a service network of approximately 450 wholly-owned, joint venture and independent distributor locations and more than 19,000 Cummins certified dealer locations in approximately 190 countries and territories.

Divestiture of Atmus

On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus Filtration Technologies Inc. (Atmus) common stock through a tax-free split-off. See NOTE 14, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

Settlement Agreements

In December 2023, we announced that we reached an agreement in principle with the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), the Environmental and Natural Resources Division of the U.S. Department of Justice and the California Attorney General's Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024 (collectively, the Settlement Agreements). In the second quarter of 2024, we made $1.9 billion of payments required by the Settlement Agreements. See NOTE 11, “COMMITMENTS AND CONTINGENCIES,” for additional information.

Interim Condensed Financial Statements

The unaudited *Condensed Consolidated Financial Statements* reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results of operations, financial position and cash flows. All such adjustments are of a normal recurring nature. The *Condensed Consolidated Financial Statements* were prepared in accordance with accounting principles in the United States of America (GAAP) pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim financial information. Certain information and footnote disclosures normally included in annual financial statements were condensed or omitted as permitted by such rules and regulations.

These interim condensed consolidated financial statements should be read in conjunction with the *Consolidated Financial Statements* included in our Annual Report on Form 10-K for the year ended December 31, 2023. Our interim period financial results for the three and six month periods presented are not necessarily indicative of results to be expected for any other interim period or for the entire year. The year-end *Condensed Consolidated Balance Sheet* data was derived from audited financial statements but does not include all required annual disclosures.

Reclassifications

Certain amounts for prior year periods were reclassified to conform to the current year presentation.

Use of Estimates in Preparation of Financial Statements

Preparation of financial statements requires management to make estimates and assumptions that affect reported amounts presented and disclosed in our *Condensed Consolidated Financial Statements*. Significant estimates and assumptions in these *Condensed Consolidated Financial Statements* require the exercise of judgment. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be different from these estimates.

Weighted-Average Diluted Shares Outstanding

The weighted-average diluted common shares outstanding exclude the anti-dilutive effect of certain stock options. The options excluded from diluted earnings per share were as follows:

	Three months ended		
	Three months ended		
	Three months ended	**Three months ended**	**Six months ended**
	June 30,	**June 30,**	

	2024	2023	2024	2023
Options excluded				
Options excluded				
Options excluded				

Related Party Transactions

In accordance with the provisions of various joint venture agreements, we may purchase products and components from our joint ventures, sell products and components to our joint ventures and our joint ventures may sell products and components to unrelated parties.

The following is a summary of sales to and purchases from nonconsolidated equity investees:

		Three months ended		Three months ended	Six months ended
		Three months ended			
		Three months ended			
			June 30,		
In millions	In millions	2024	2023	2024	2023
In millions					
In millions					
Sales to nonconsolidated equity investees					
Sales to nonconsolidated equity investees					
Sales to nonconsolidated equity investees					
Purchases from nonconsolidated equity investees					
Purchases from nonconsolidated equity investees					
Purchases from nonconsolidated equity investees					

The following is a summary of accounts receivable from and accounts payable to nonconsolidated equity investees:

In millions	In millions	March 31, 2024		December 31, 2023		Balance Sheet Location	In millions	June 30, 2024		December 31, 2023	Balance Sheet Location	
Accounts receivable from nonconsolidated equity investees	Accounts receivable from nonconsolidated equity investees	$425	$	$ 530	Accounts and notes receivable, net	Accounts and notes receivable, net	Accounts receivable from nonconsolidated equity investees	$ 454	$	$ 530	Accounts and notes receivable, net	A a r n
Accounts payable to nonconsolidated equity investees	Accounts payable to nonconsolidated equity investees	325	324	324	Accounts payable (principally trade)	Accounts payable (principally trade)	Accounts payable to nonconsolidated equity investees	298	324	324	Accounts payable (principally trade)	A p (t

Supply Chain Financing

We currently have supply chain financing programs with financial intermediaries, which provide certain vendors the option to be paid by financial intermediaries earlier than the due date on the applicable invoice. When a vendor utilizes the program and receives an early payment from a financial intermediary, they take a discount on the invoice. We then pay the financial intermediary the face amount of the invoice on the original due date, which generally have 60 to 90 day payment terms. The maximum amount that we could have outstanding under the program these programs was $512 million $538 million at March 31, 2024 June 30, 2024. We do not reimburse vendors for any costs they incur for participation in the program, their participation is completely voluntary and there are no assets pledged as security or other forms of guarantees provided for the committed payment to the finance provider or intermediary. As a result, all amounts owed to the financial intermediaries are presented as accounts payable in our *Condensed Consolidated Balance Sheets*. Amounts due to the financial intermediaries reflected in accounts payable at March 31, 2024 June 30, 2024, and December 31, 2023, were $193 million $212 million and $199 million, respectively.

Accounts Receivable Sales Program

In May 2024, we entered into an accounts receivable sales agreement with Wells Fargo Bank, N.A., to sell certain accounts receivable up to a Board approved limit of $500 million. We classify proceeds received from the sales of accounts receivable as an operating cash flow in the *Condensed Consolidated Statements of Cash Flows*, and we record the discount as other expense, net in the *Condensed Consolidated Statements of Net Income*. There was no material activity under the program in the second quarter of 2024.

NOTE 2. REVENUE FROM CONTRACTS WITH CUSTOMERS

Long-term Contracts

We have certain arrangements, primarily long-term maintenance agreements, construction contracts, product sales with associated performance obligations extending beyond a year, product sales with lead times extending beyond one year that are non-cancellable or for which the customer incurs a penalty for cancellation and extended warranty coverage arrangements that span a period in excess of one year. The aggregate amount of the transaction price for these contracts, excluding extended warranty coverage arrangements, as of March 31, 2024 June 30, 2024, was $3.1 billion $2.9 billion. We expect to recognize the related revenue of $1.4 billion $1.5 billion over the next 12 months and $1.7 billion $1.4 billion over periods up to 10 years. See NOTE 10, "PRODUCT WARRANTY LIABILITY," for additional disclosures on extended warranty coverage arrangements. Our other contracts generally are for a duration of less than one year, include payment terms that correspond to the timing of costs incurred when providing goods and services to our customers or represent sales-based royalties.

Deferred and Unbilled Revenue

The following is a summary of our unbilled and deferred revenue and related activity:

In millions	In millions	March 31, 2024	December 31, 2023	In millions	June 30, 2024	December 31, 2023
Unbilled revenue						
Deferred revenue						

We recognized revenue of $248 million $250 million and $498 million for the three and six months ended March 31, 2024 June 30, 2024, compared with $206 million $178 million and $384 million for the comparable period periods in 2023, that was included in the deferred revenue balance at the beginning of each year. We did not record any impairment losses on our unbilled revenues during the three and six months ended March 31, 2024 June 30, 2024 or 2023.

Disaggregation of Revenue

Consolidated Revenue

The table below presents our consolidated net sales by geographic area. Net sales attributed to geographic areas were area based on the location of the customer. customer:

		Three months ended		Three months ended	Six months ended
		Three months ended			
		Three months ended			
			June 30,		
In millions	In millions	2024	2023	2024	2023
In millions					
In millions					
United States					
United States					
United States					
China					
China					
China					
India					
India					
India					
Other international					
Other international					
Other international					
Total net sales					
Total net sales					
Total net sales					

Segment Revenue

Beginning in the second quarter of 2024, we realigned certain businesses within our Components segment to be consistent with how our segment manager now monitors performance. We reorganized the businesses to combine the engine components and software and electronics businesses into the newly formed components and software business. In addition, we rebranded our axles and brakes business as drivetrain and braking systems. We began reporting results for these changes within our Components segment effective April 1, 2024, and reflected these changes in the historical periods presented. The change had no impact on our consolidated results.

Components segment external sales by business were as follows:

	Three months ended		Three months ended	Six months ended
	Three months ended			
	Three months ended			
	March 31,			
	March 31,			
	March 31,			
	June 30,		June 30,	
In millions / In millions	2024	2023	2024	2023
In millions				
In millions				
Axles and brakes				
Axles and brakes				
Axles and brakes				
Drivetrain and braking systems				
Emission solutions				
Emission solutions				
Emission solutions				
Components and software				
Automated transmissions				
Atmus				
Atmus				
Atmus				
Engine components				
Engine components				
Engine components				
Automated transmissions				
Automated transmissions				
Automated transmissions				
Software and electronics				
Software and electronics				
Software and electronics				
Total sales				
Total sales				
Total sales				

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS DIVESTITURE," for additional information.

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS DIVESTITURE," for additional information.

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS DIVESTITURE," for additional information.

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

Engine segment external sales by market were as follows:

	Three months ended	Three months ended	Six months ended
	Three months ended		
	Three months ended		
	March 31,		

		March 31,			
		March 31,			
In millions					
In millions					
		June 30,		June 30,	
In millions	In millions	2024	2023	2024	2023
Heavy-duty truck					
Heavy-duty truck					
Heavy-duty truck					
Medium-duty truck and bus					
Medium-duty truck and bus					
Medium-duty truck and bus					
Light-duty automotive					
Light-duty automotive					
Light-duty automotive					
Total on-highway					
Total on-highway					
Total on-highway					
Off-highway					
Off-highway					
Off-highway					
Total sales					
Total sales					
Total sales					

Distribution segment external sales by region were as follows:

		Three months ended		Three months ended	Six months ended
		Three months ended			
		Three months ended			
		March 31,			
		March 31,			
		March 31,			
In millions					
In millions					
		June 30,		June 30,	
In millions	In millions	2024	2023	2024	2023
North America					
North America					
North America					
Asia Pacific					
Asia Pacific					
Asia Pacific					
Europe					
Europe					
Europe					
China					
China					
China					
India					
India					
India					

Latin America
Latin America
Latin America
Africa and Middle East
Africa and Middle East
Africa and Middle East
Total sales
Total sales
Total sales

Distribution segment external sales by product line were as follows:

	Three months ended		Three months ended	Six months ended
	Three months ended			
	Three months ended			
	March 31,			
	March 31,			
	March 31,			
In millions				
In millions				
	June 30,		June 30,	
In millions	In millions 2024	2023	2024	2023
Parts				
Parts				
Parts				
Power generation				
Power generation				
Power generation				
Service				
Engines				
Engines				
Engines				
Service				
Service				
Service				
Total sales				
Total sales				
Total sales				

Power Systems segment external sales by product line were as follows:

	Three months ended		Three months ended	Six months ended
	Three months ended			
	Three months ended			
	March 31,			
	March 31,			
	March 31,			
In millions				
In millions				
	June 30,		June 30,	
In millions	In millions 2024	2023	2024	2023

Power generation
Power generation
Power generation
Industrial
Industrial
Industrial
Generator technologies
Generator technologies
Generator technologies
Total sales
Total sales
Total sales

NOTE 3. PENSIONS AND OTHER POSTRETIREMENT BENEFITS

We sponsor funded and unfunded domestic and foreign defined benefit pension and other postretirement benefit (OPEB) plans. Contributions to these plans were as follows:

		Three months ended		Three months ended	Six months ended
		Three months ended			
		Three months ended			
		June 30,			
In millions					
In millions					
In millions	In millions	2024	2023	2024	2023
Defined benefit pension contributions					
Defined benefit pension contributions					
Defined benefit pension contributions					
OPEB payments, net					
OPEB payments, net					
OPEB payments, net					
Defined contribution pension plans					
Defined contribution pension plans					
Defined contribution pension plans					
Defined contribution pension plans					

We anticipate making additional defined benefit pension contributions during the remainder of 2024 of $29 million $22 million for our U.S. and U.K. qualified and non-qualified pension plans. These contributions may be made from trusts or company funds either to increase pension assets or to make direct benefit payments to plan participants. We expect our 2024 annual net periodic pension cost to approximate $34 million.

The components of net periodic pension and OPEB expense (income) under our plans were as follows:

		Pension					Pension							
		U.S. Plans		U.K. Plans		OPEB	U.S. Plans		U.K. Plans		OPEB			
		Three months ended March 31,					Three months ended June 30,							
In millions	In millions	2024	2023	2024	2023	2024	2023	In millions	2024	2023	2024	2023	2024	2023
Service cost														
Interest cost														
Expected return on plan assets														
Recognized net actuarial loss (gain)														
Recognized net actuarial loss (gain)														
Recognized net actuarial loss (gain)														
Amortization of prior service cost														
Recognized net actuarial loss														
Net periodic benefit expense (income)														

	Pension

In millions	U.S. Plans				U.K. Plans				OPEB			
	Six months ended June 30,											
	2024		2023		2024		2023		2024		2023	
Service cost	**$**	**71**	$	58	**$**	**9**	$	8	**$**	**—**	$	—
Interest cost		**83**		84		**35**		35		**3**		4
Expected return on plan assets		**(145)**		(138)		**(50)**		(52)		**—**		—
Amortization of prior service cost		**1**		1		**—**		—		**—**		—
Recognized net actuarial loss (gain)		**7**		4		**6**		—		**(1)**		(1)
Net periodic benefit expense (income)	**$**	**17**	$	9	**$**	**—**	$	(9)	**$**	**2**	$	3

NOTE 4. EQUITY, ROYALTY AND INTEREST INCOME FROM INVESTEES

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

	Three months ended
	Three months ended
	Three months ended
In millions	
In millions	
In millions	
Manufacturing entities	
Manufacturing entities	
Manufacturing entities	
Chongqing Cummins Engine Company, Ltd.	
Chongqing Cummins Engine Company, Ltd.	
Chongqing Cummins Engine Company, Ltd.	
Dongfeng Cummins Engine Company, Ltd.	
Dongfeng Cummins Engine Company, Ltd.	
Dongfeng Cummins Engine Company, Ltd.	
Chongqing Cummins Engine Company, Ltd.	
Chongqing Cummins Engine Company, Ltd.	
Chongqing Cummins Engine Company, Ltd.	
Beijing Foton Cummins Engine Co., Ltd.	
Beijing Foton Cummins Engine Co., Ltd.	
Beijing Foton Cummins Engine Co., Ltd.	
Tata Cummins, Ltd.	
Tata Cummins, Ltd.	
Tata Cummins, Ltd.	
All other manufacturers	
All other manufacturers	
All other manufacturers	
Distribution entities	
Distribution entities	
Distribution entities	
Komatsu Cummins Chile, Ltda.	
Komatsu Cummins Chile, Ltda.	
Komatsu Cummins Chile, Ltda.	
All other distributors	
All other distributors	

All other distributors

Cummins share of net income

Cummins share of net income

Cummins share of net income

Royalty and interest income

Royalty and interest income

Royalty and interest income

Equity, royalty and interest income from investees

Equity, royalty and interest income from investees

Equity, royalty and interest income from investees

In September 2023, our Accelera business signed an agreement to form a joint venture, Amplify Cell Technologies LLC, with Daimler Trucks and Buses US Holding LLC (Daimler Truck), PACCAR Inc. (PACCAR) and EVE Energy to accelerate and localize battery cell production and the battery supply chain in the U.S., including building a 21-gigawatt hour battery production facility in Marshall County, Mississippi. The joint venture will manufacture battery cells for electric commercial vehicles and industrial applications. The joint venture meets the definition of a variable interest entity since the equity-at-risk is not currently sufficient to support the future operations of the joint venture. Accelera, Daimler Truck and PACCAR will each own 30 percent of the joint venture and have two board positions, while EVE Energy will own 10 percent. Total investment by percent and have one board position. All significant decisions require majority or super-majority approval of the partners board. As a result, we are not the primary beneficiary of the joint venture, and the joint venture will not be consolidated. We will account for the joint venture using the equity method. Our maximum required contribution (the majority of which is expected to be in the range of $2 billion contributed by 2028) to $3 billion for the 21-gigawatt hour facility. The transaction received all applicable merger control and regulatory approvals during or prior to April 2024, and the joint venture formation is $830 million, which could be reduced by future government incentives received by the joint venture. As of June 30, 2024, we had contributed approximately $50 million. In addition, we are required to purchase 33 percent of the joint venture's output in the future or be subject to certain penalties. The joint venture received all government approvals and initial funding are began operations in May 2024, but is not expected to be finalized in the second quarter of 2024. begin production until 2027.

NOTE 5. INCOME TAXES

Our effective tax rates for the three and six months ended March 31, 2024 and 2023, June 30, 2024, were 8.7 23.0 percent and 21.7 13.1 percent, respectively. Our effective tax rates for the three and six months ended June 30, 2023, were 22.3 percent and 22.0 percent, respectively.

The three months ended March 31, 2024 June 30, 2024, contained favorable discrete tax items of $9 million primarily due to share-based compensation tax benefits.

The six months ended June 30, 2024, contained favorable discrete tax items primarily due to the $1.3 billion $1.3 billion non-taxable gain on the Atmus split-off. Other discrete tax items were $21 $30 million favorable primarily due to adjustments related to audit settlements. settlements and share-based compensation benefits.

The three months ended March 31, 2023 June 30, 2023, contained favorable net unfavorable discrete tax items of $3 million, million.

The six months ended June 30, 2023, contained net discrete tax items of zero, as the result of offsetting amounts for the first two quarters, primarily due to share-based compensation tax benefits. benefits and other discrete items.

NOTE 6. MARKETABLE SECURITIES

A summary of marketable securities, all of which were classified as current, was as follows:

			March 31, 2024		December 31, 2023				June 30, 2024		December 31, 2023			
In millions	In millions	Cost	Gross unrealized gains/(losses) (1)	Estimated fair value	Cost	Gross unrealized gains/(losses) (1)	Estimated fair value	In millions	Cost	Gross unrealized gains/(losses) (1)	Estimated fair value	Cost	Gross unrealized gains/(losses) (1)	Estimated fair value
Equity securities														
Equity securities														
Equity securities														
Level 1														
Publicly-traded shares														
Publicly-traded shares														
Publicly-traded shares														
Level 2														
Level 2														
Level 2														
Debt mutual funds														

Debt mutual funds
Debt mutual funds
Certificates of deposit
Certificates of deposit
Certificates of deposit
Debt mutual funds
Equity mutual funds
Equity mutual funds
Equity mutual funds
Debt securities
Debt securities
Debt securities
Marketable securities
Marketable securities
Marketable securities

(1) Unrealized gains and losses for debt securities are recorded in other comprehensive income while unrealized gains and losses for equity securities are recorded in our *Condensed Consolidated Statements of Net Income*.

(1) Unrealized gains and losses for debt securities are recorded in other comprehensive income while unrealized gains and losses for equity securities are recorded in our *Condensed Consolidated Statements of Net Income*.

(1) Unrealized gains and losses for debt securities are recorded in other comprehensive income while unrealized gains and losses for equity securities are recorded in our *Condensed Consolidated Statements of Net Income*.

All debt securities are classified as available-for-sale. All marketable securities presented use a Level 2 The fair value measure. of Level 1 securities is derived from the market price at the end of the period. The fair value of Level 2 securities is estimated using actively quoted prices for similar instruments from brokers and observable inputs where available, including market transactions and third-party pricing services, or net asset values provided to investors. We do not currently have any Level 3 securities, and there were no transfers between Level 2 or 3 levels during the three six months ended March 31, 2024 June 30, 2024, or the year ended December 31, 2023. All debt securities are classified as available-for-sale.

A description of the valuation techniques and inputs used for our Level 2 fair value measures is as follows:

- *Debt mutual funds* — The fair value measures for the vast majority of these investments are the daily net asset values published on a regulated governmental website. Daily quoted prices are available from the issuing brokerage and are used on a test basis to corroborate this Level 2 input measure.
- *Certificates of deposit* — These investments provide us with a contractual rate of return and generally range in maturity from three months to five years. The counterparties to these investments are reputable financial institutions with investment grade credit ratings. Since these instruments are not tradable and must be settled directly by us with the respective financial institution, our fair value measure is the financial institution's month-end statement.
- *Debt mutual funds* — The fair value measures for the vast majority of these investments are the daily net asset values published on a regulated governmental website. Daily quoted prices are available from the issuing brokerage and are used on a test basis to corroborate this Level 2 input measure.
- *Equity mutual funds* — The fair value measures for these investments are the net asset values published by the issuing brokerage. Daily quoted prices are available from reputable third-party pricing services and are used on a test basis to corroborate this Level 2 input measure.
- *Debt securities* — The fair value measures for these securities are broker quotes received from reputable firms. These securities are infrequently traded on a national exchange and these values are used on a test basis to corroborate our Level 2 input measure.

The proceeds from sales and maturities of marketable securities were as follows:

	Three months ended
	Three months ended
	Three months ended

					March 31,	
		Six months ended				
		Six months ended				
		Six months ended				
					June 30,	
In millions	In millions	2024	2023	In millions	2024	2023
Proceeds from sales of marketable securities						
Proceeds from maturities of marketable securities						
Investments in marketable securities - liquidations						

NOTE 7. INVENTORIES

Inventories are stated at the lower of cost or net realizable value. Inventories included the following:

In millions	In millions	March 31, 2024	December 31, 2023	In millions	June 30, 2024	December 31, 2023
Finished products						
Work-in-process and raw materials						
Inventories at FIFO cost						
Excess of FIFO over LIFO						
Inventories						

NOTE 8. SUPPLEMENTAL BALANCE SHEET DATA

Other assets included the following:

In millions

In millions

In millions	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Deferred income taxes				
Operating lease assets				
Corporate owned life insurance				
Other				
Other				
Other				
Other assets				

Other accrued expenses included the following:

In millions

In millions

In millions	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Settlement Agreements (1)				
Marketing accruals				
Income taxes payable				
Marketing accruals				
Other taxes payable				
Current portion of operating lease liabilities				
Settlement Agreements (1)				
Other				
Other accrued expenses				

(1) See NOTE 11, "COMMITMENTS AND CONTINGENCIES," for additional information.

(1) See NOTE 11, "COMMITMENTS AND CONTINGENCIES," for additional information.

(1) See NOTE 11, "COMMITMENTS AND CONTINGENCIES," for additional information.

Other liabilities included the following:

In millions

In millions

In millions	**March 31, 2024**	**December 31, 2023**	**June 30, 2024**	**December 31, 2023**
Accrued product warranty (1)				
Accrued product warranty (1)				
Accrued product warranty (1)				
Pensions				
Deferred income taxes				
Operating lease liabilities				
Accrued compensation				
Other postretirement benefits				
Mark-to-market valuation on interest rate derivatives				
Other postretirement benefits				
Long-term income taxes				
Other				
Other liabilities				

(1) See NOTE 10, "PRODUCT WARRANTY LIABILITY," for additional information.

(1) See NOTE 10, "PRODUCT WARRANTY LIABILITY," for additional information.

(1) See NOTE 10, "PRODUCT WARRANTY LIABILITY," for additional information.

NOTE 9. DEBT

Loans Payable and Commercial Paper

Loans payable, commercial paper and the related weighted-average interest rates were as follows:

In millions

In millions

In millions
Loans payable (1)
Loans payable (1)
Loans payable (1)
Commercial paper (2)
Commercial paper (2)
Commercial paper (2)

(1) Loans payable consist primarily of notes payable to various domestic and international financial institutions. It is not practicable to aggregate these notes and calculate a quarterly weighted-average interest rate.

(1) Loans payable consist primarily of notes payable to various domestic and international financial institutions. It is not practicable to aggregate these notes and calculate a quarterly weighted-average interest rate.

(1) Loans payable consist primarily of notes payable to various domestic and international financial institutions. It is not practicable to aggregate these notes and calculate a quarterly weighted-average interest rate.

(2) The weighted-average interest rate, inclusive of all brokerage fees, was 5.23 percent and 5.43 percent at March 31, 2024, and December 31, 2023, respectively.

(2) The weighted-average interest rate, inclusive of all brokerage fees, was 5.23 percent and 5.43 percent at March 31, 2024, and December 31, 2023, respectively.

(2) The weighted-average interest rate, inclusive of all brokerage fees, was 5.23 percent and 5.43 percent at March 31, 2024, and December 31, 2023, respectively.

(2) The weighted-average interest rate, inclusive of all brokerage fees, was 5.35 percent and 5.43 percent at June 30, 2024, and December 31, 2023, respectively.

(2) The weighted-average interest rate, inclusive of all brokerage fees, was 5.35 percent and 5.43 percent at June 30, 2024, and December 31, 2023, respectively.

(2) The weighted-average interest rate, inclusive of all brokerage fees, was 5.35 percent and 5.43 percent at June 30, 2024, and December 31, 2023, respectively.

We can issue up to $4.0 billion of unsecured, short-term promissory notes (commercial paper) pursuant to the Board of Directors authorized commercial paper programs. These programs facilitate the private placement of unsecured short-term debt through third-party brokers. We intend to use the net proceeds from the commercial paper borrowings for general corporate purposes.

Revolving Credit Facilities

On June 3, 2024, we entered into an amended and restated five-year credit agreement that allows us to borrow up to $2.0 billion of unsecured funds at any time prior to June 3, 2029. The credit agreement amended and restated the prior $2.0 billion five-year credit agreement that would have matured on August 18, 2026.

On June 3, 2024, we entered into an amended and restated 364-day credit agreement that allows us to borrow up to $2.0 billion of unsecured funds at any time prior to June 2, 2025. This credit agreement amended and restated the prior $2.0 billion 364-day credit facility that matured on June 3, 2024.

Our committed credit facilities provide access up to $4.0 billion, including our $2.0 billion $2.0 billion 364-day facility that expires June 3, 2024 June 2, 2025, and our $2.0 billion $2.0 billion five-year facility that expires on August 18, 2026 June 3, 2029. We intend to maintain credit facilities at the current or higher aggregate amounts by renewing or replacing these facilities at or before expiration. These revolving credit facilities are maintained primarily to provide backup liquidity for our commercial paper borrowings and general corporate purposes. There were no outstanding borrowings under these facilities at March 31, 2024 June 30, 2024, and December 31, 2023. At March 31, 2024 June 30, 2024, the $609 million $1.6 billion of outstanding commercial paper effectively reduced the $4.0 billion of revolving credit capacity to $3.4 billion $2.4 billion.

At March 31, 2024 June 30, 2024, we also had an additional $396 million $385 million available for borrowings under our international and other domestic credit facilities.

Long-term Debt

A summary of long-term debt was as follows:

In millions	In millions	Interest Rate	March 31, 2024	December 31, 2023	In millions	Interest Rate	June 30, 2024	December 31, 2023
Long-term debt	Long-term debt				Long-term debt			
Hydrogenics promissory notes, due 2024 and 2025								
Hydrogenics promissory notes, due 2024 and 2025								
Hydrogenics promissory notes, due 2024 and 2025								
Term loan, due 2025 (1) (2)								
Senior notes, due 2025 (3)								
Atmus term loan, due 2027 (4)								
Atmus term loan, due 2027 (4)								
Atmus term loan, due 2027 (4)								
Debentures, due 2027								
Debentures, due 2028								
Senior notes, due 2029								
Senior notes, due 2030 (3)								

Senior notes, due 2034

Senior notes, due 2043

Senior notes, due 2050

Senior notes, due 2054

Debentures, due 2098 (5)

Other debt

Other debt

Other debt

Unamortized discount and deferred issuance costs

Unamortized discount and deferred issuance costs

Unamortized discount and deferred issuance costs

Fair value adjustments due to hedge on indebtedness

Finance leases

Total long-term debt

Less: Current maturities of long-term debt

Long-term debt

(1) During the first three months of 2024, we paid down $650 million of the term loan.

(1) During the first three months of 2024, we paid down $650 million of the term loan.

(1) During the first three months of 2024, we paid down $650 million of the term loan.

(1) During the first six months of 2024, we repaid $1.1 billion of the outstanding balance of the term loan.

(1) During the first six months of 2024, we repaid $1.1 billion of the outstanding balance of the term loan.

(1) During the first six months of 2024, we repaid $1.1 billion of the outstanding balance of the term loan.

(2) In 2023, we entered into a series of interest rate swaps in order to trade a portion of the floating rate debt into fixed rate. See "Interest Rate Risk" in NOTE 13, "DERIVATIVES," for additional information.

(3) In 2021, we entered into a series of interest rate swaps to effectively convert debt from a fixed rate to floating rate. See "Interest Rate Risk" in NOTE 13, "DERIVATIVES," for additional information.

(4) See NOTE 14, "ATMUS DIVESTITURE," for additional information.

(4) See NOTE 14, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

(5) The effective interest rate is 7.48 percent.

On February 20, 2024, we issued $2.25 billion aggregate principal amount of senior unsecured notes consisting of $500 million aggregate principal amount of 4.90 percent senior unsecured notes due in 2029, $750 million aggregate principal amount of 5.15 percent senior unsecured notes due in 2034 and $1.0 billion aggregate principal amount of 5.45 percent senior unsecured notes due in 2054. We received net proceeds of $2.2 billion. The senior unsecured notes pay interest semi-annually on February 20 and August 20, commencing on August 20, 2024. The indenture governing the senior unsecured notes contains covenants that, among other matters, limit (i) our ability to consolidate or merge into, or sell, assign, convey, lease, transfer or otherwise dispose of all or substantially all of our and our subsidiaries' assets to another person, (ii) our and certain of our subsidiaries' ability to create or assume liens and (iii) our and certain of our subsidiaries' ability to engage in sale and leaseback transactions.

Principal payments required on long-term debt during the next five years are as follows:

In millions

In millions

In millions	2024	2025	2026	2027	2028	2024	2025	2026	2027	2028
Principal payments										

Fair Value of Debt

Based on borrowing rates currently available to us for bank loans with similar terms and average maturities, considering our risk premium, the fair values and carrying values of total debt, including current maturities, were as follows:

In millions	In millions	March 31, 2024	December 31, 2023	In millions	June 30, 2024	December 31, 2023
Fair value of total debt (1)						
Carrying value of total debt						

(1) The fair value of debt is derived from Level 2 input measures.

(1) The fair value of debt is derived from Level 2 input measures.

(1) The fair value of debt is derived from Level 2 input measures.

NOTE 10. PRODUCT WARRANTY LIABILITY

A tabular reconciliation of the product warranty liability, including the deferred revenue related to our extended warranty coverage and accrued product campaigns, was as follows:

		Three months ended			March 31,	Six months ended	June 30,
In millions	In millions	2024	2023	In millions	2024	2023	
Balance at beginning of year							
Provision for base warranties issued							
Deferred revenue on extended warranty contracts sold							
Provision for product campaigns issued							
Payments made during period							
Amortization of deferred revenue on extended warranty contracts							
Amortization of deferred revenue on extended warranty contracts							
Amortization of deferred revenue on extended warranty contracts							
Changes in estimates for pre-existing product warranties and campaigns							
Foreign currency translation adjustments and other							
Foreign currency translation adjustments and other							
Foreign currency translation adjustments and other							
Balance at end of period							
Balance at end of period							
Balance at end of period							

We recognized supplier recoveries of $22 million $12 million and $34 million for the three and six months ended March 31, 2024 June 30, 2024, compared with $10 million $2 million and $12 million for the comparable period periods in 2023.

Warranty related deferred revenues and warranty liabilities on our *Condensed Consolidated Balance Sheets* were as follows:

In millions	In millions	March 31, 2024	December 31, 2023	Balance Sheet Location	In millions	June 30, 2024	December 31, 2023	Balance Sheet Location
Deferred revenue related to extended coverage programs	Deferred revenue related to extended coverage programs				Deferred revenue related to extended coverage programs			

Current portion	Current portion	$	**274**	$	$	279	Current portion of deferred revenue	Current portion of deferred revenue	Current portion	**$**	**277**	$	$	279	Current portion of deferred revenue	Current portion of deferred revenue
Long-term portion	Long-term portion		**797**	774		774	Deferred revenue	Deferred revenue	Long-term portion		**809**	774		774	Deferred revenue	Deferred revenue
Total	Total	**$**	**1,071**	$	$	1,053			Total	**$**	**1,086**	$	$	1,053		

Product warranty

Product warranty

Product warranty

Current portion	Current portion	$	**652**	$	$	667	Current portion of accrued product warranty	Current portion of accrued product warranty	Current portion	**$**	**660**	$	$	667	Current portion of accrued product warranty	Current portion of accrued product warranty
Long-term portion	Long-term portion		**816**	777		777	Other liabilities	Other liabilities	Long-term portion		**857**	777		777	Other liabilities	Other liabilities
Total	Total	**$**	**1,468**	$	$	1,444			Total	**$**	**1,517**	$	$	1,444		

Total warranty accrual

Total warranty accrual

Total warranty accrual

NOTE 11. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

We are subject to numerous lawsuits and claims arising out of the ordinary course of our business, including actions related to product liability; personal injury; the use and performance of our products; warranty matters; product recalls; patent, trademark or other intellectual property infringement; contractual liability; the conduct of our business; tax reporting in foreign jurisdictions; distributor termination; workplace safety; environmental and regulatory matters, including the enforcement of environmental and emissions standards; and asbestos claims. We also have been identified as a potentially responsible party at multiple waste disposal sites under U.S. federal and related state environmental statutes and regulations and may have joint and several liability for any investigation and remediation costs incurred with respect to such sites. We have denied liability with respect to many of these lawsuits, claims and proceedings and are vigorously defending such lawsuits, claims and proceedings. We carry various forms of commercial, property and casualty, product liability and other forms of insurance; however, such insurance may not be applicable or adequate to cover the costs associated with a judgment against us with respect to these lawsuits, claims and proceedings. We do not believe that these lawsuits are material individually or in the aggregate. While we believe we have also established adequate accruals for our expected future liability with respect to pending lawsuits, claims and proceedings, where the nature and extent of any such liability can be reasonably estimated based upon then presently available information, there can be no assurance that the final resolution of any existing or future lawsuits, claims or proceedings will not have a material adverse effect on our business, results of operations, financial condition or cash flows.

We conduct significant business operations in Brazil that are subject to the Brazilian federal, state and local labor, social security, tax and customs laws. While we believe we comply with such laws, they are complex, subject to varying interpretations and we are often engaged in litigation regarding the application of these laws to particular circumstances.

In December 2023, we announced that we reached an agreement in principle with the EPA, CARB, the Environmental and Natural Resources Division of the U.S. Department of Justice and the California Attorney General's Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024 (collectively, the Settlement Agreements). As part of the Settlement Agreements, among other things, we agreed to pay civil penalties, complete recall requirements, undertake mitigation projects, provide extended warranties, undertake certain testing, take certain corporate compliance measures and make other payments. Failure to comply with the Settlement Agreements will subject us to stipulated penalties. We recorded a charge of $2.0 billion in the fourth quarter of 2023 to resolve the matters addressed by the Settlement Agreements involving approximately one million of our pick-up truck applications in the U.S. This charge was in addition to the previously announced charges of $59 million for the recalls of model years 2013 through 2018 RAM 2500 and 3500 trucks and model years 2016 through 2019 Titan trucks. We began making made $1.9 billion of payments on certain of required by the Settlement Agreements in April 2024; however, the majority second quarter of the Settlement Agreement payments will be made in May 2024.

We have also been in communication with other non-U.S. regulators regarding matters related to the emission systems in our engines and may also become subject to additional regulatory review in connection with these matters.

In connection with our announcement of our entry into the agreement in principle, we became subject to shareholder, consumer and third-party litigation regarding the matters covered by the Settlement Agreements, and we may become subject to additional litigation in connection with these matters.

The consequences resulting from the resolution of the foregoing matters are uncertain and the related expenses and reputational damage could have a material adverse impact on our results of operations, financial condition and cash flows.

Guarantees and Commitments

Periodically, we enter into guarantee arrangements, including guarantees of non-U.S. distributor financings, residual value guarantees on equipment under operating leases and other miscellaneous guarantees of joint ventures or third-party obligations. At March 31, 2024 June 30, 2024, the maximum potential loss related to these guarantees was $39 million $49 million.

We have arrangements with certain suppliers that require us to purchase minimum volumes or be subject to monetary penalties. At March 31, 2024 June 30, 2024, if we were to stop purchasing from each of these suppliers, the aggregate amount of the penalty would be approximately $584 million. These arrangements enable us to secure supplies of critical components and IT services. We do not currently anticipate paying any penalties under these contracts.

We enter into physical forward contracts with suppliers of platinum, palladium and iridium to purchase certain volumes of the commodities at contractually stated prices for various periods, which generally fall within two years. At March 31, 2024 June 30, 2024, the total commitments under these contracts were $64 million $67 million. These arrangements enable us to guarantee the prices of these commodities, which otherwise are subject to market volatility.

We have guarantees with certain customers that require us to satisfactorily honor contractual or regulatory obligations, or compensate for monetary losses related to nonperformance. These performance bonds and other performance-related guarantees were $192 million $220 million at March 31, 2024 June 30, 2024.

Indemnifications

Periodically, we enter into various contractual arrangements where we agree to indemnify a third-party against certain types of losses. Common types of indemnities include:

- product liability and license, patent or trademark indemnifications;
- asset sale agreements where we agree to indemnify the purchaser against future environmental exposures related to the asset sold; and
- any contractual agreement where we agree to indemnify the counterparty for losses suffered as a result of a misrepresentation in the contract.

We regularly evaluate the probability of having to incur costs associated with these indemnities and accrue for expected losses that are probable. Because the indemnifications are not related to specified known liabilities and due to their uncertain nature, we are unable to estimate the maximum amount of the potential loss associated with these indemnifications.

NOTE 12. ACCUMULATED OTHER COMPREHENSIVE LOSS

Following are the changes in accumulated other comprehensive income (loss) by component for the three months ended:

In millions

In millions

In millions		Change in pension and OPEB plans	Foreign currency translation adjustment	Unrealized gain (loss) on derivatives	Total attributable to Cummins Inc.	Noncontrolling interests		Total	Change in pension and OPEB plans	Foreign currency translation adjustment	Unrealized gain (loss) on derivatives	Total attributable to Cummins Inc.	Noncontrolli interests
Balance at December 31, 2023		$ (848)	$ (1,457)	$ 99	$ (2,206)								
Balance at March 31, 2024		$ (861)	$ (1,514)	$ 111	$ (2,264)								
Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications						Other comprehensive income (loss) before reclassifications						
Before-tax amount													
Tax expense													
Tax benefit (expense)													

After-tax amount				
Amounts reclassified from accumulated other comprehensive income (loss) (1)				
Net current period other comprehensive (loss) income				
Net current period other comprehensive (loss) income				
Net current period other comprehensive (loss) income				
Balance at March 31, 2024	**$ (861)**	**$ (1,514)**	**$ 111**	**$ (2,264)**
Net current period other comprehensive income (loss)				
Net current period other comprehensive income (loss)				
Net current period other comprehensive income (loss)				
Balance at June 30, 2024	**$ (848)**	**$ (1,595)**	**$ 108**	**$ (2,335)**
Balance at December 31, 2022				
Balance at December 31, 2022				
Balance at December 31, 2022	$ (427)	$ (1,552)	$ 89	$ (1,890)
Balance at March 31, 2023				
Balance at March 31, 2023				
Balance at March 31, 2023	$ (436)	$ (1,473)	$ 86	$ (1,823)

Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications	Other comprehensive income (loss) before reclassifications

Before-tax amount				
Tax benefit				
Tax benefit (expense)				
After-tax amount				
Amounts reclassified from accumulated other comprehensive income (loss) (1)				
Net current period other comprehensive (loss) income				
Balance at March 31, 2023	$ (436)	$ (1,473)	$ 86	$ (1,823)

Net current period other comprehensive income (loss)				
Balance at June 30, 2023	$ (434)	$ (1,581)	$ 98	$ (1,917)

(1) Amounts are net of tax. Reclassifications out of accumulated other comprehensive income (loss) and the related tax effects are immaterial for separate disclosure.

(1) Amounts are net of tax. Reclassifications out of accumulated other comprehensive income (loss) and the related tax effects are immaterial for separate disclosure.

(1) Amounts are net of tax. Reclassifications out of accumulated other comprehensive income (loss) and the related tax effects are immaterial for separate disclosure.

(2) Primarily related to the divestiture of Atmus. See NOTE 14, "ATMUS DIVESTITURE," for additional information.

Following are the changes in accumulated other comprehensive income (loss) by component for the six months ended:

In millions	Change in pension and OPEB plans	Foreign currency translation adjustment	Unrealized gain (loss) on derivatives	Total attributable to Cummins Inc.	Noncontrolling interests	Total
Balance at December 31, 2023	**$ (848)**	**$ (1,457)**	**$ 99**	**$ (2,206)**		
Other comprehensive income (loss) before reclassifications						
Before-tax amount	**(15)**	**(198)**	**26**	**(187)**	**$ (5)**	**$ (192)**
Tax benefit (expense)	**3**	**(1)**	**(6)**	**(4)**	**—**	**(4)**
After-tax amount	**(12)**	**(199)**	**20**	**(191)**	**(5)**	**(196)**
Amounts reclassified from accumulated other comprehensive income (loss) (1)	**12**	**61** (2)	**(11)**	**62**	**—**	**62**
Net current period other comprehensive (loss) income	**—**	**(138)**	**9**	**(129)**	**$ (5)**	**$ (134)**
Balance at June 30, 2024	**$ (848)**	**$ (1,595)**	**$ 108**	**$ (2,335)**		
Balance at December 31, 2022	$ (427)	$ (1,552)	$ 89	$ (1,890)		
Other comprehensive income (loss) before reclassifications						
Before-tax amount	(13)	(36)	15	(34)	$ 1	$ (33)
Tax benefit (expense)	2	7	(1)	8	—	8
After-tax amount	(11)	(29)	14	(26)	1	(25)
Amounts reclassified from accumulated other comprehensive income (loss) (1)	4	—	(5)	(1)	—	(1)
Net current period other comprehensive (loss) income	(7)	(29)	9	(27)	$ 1	$ (26)
Balance at June 30, 2023	$ (434)	$ (1,581)	$ 98	$ (1,917)		

(1) Amounts are net of tax. Reclassifications out of accumulated other comprehensive income (loss) and the related tax effects are immaterial for separate disclosure.

(2) Primarily related to the divestiture of Atmus. See NOTE 14, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

NOTE 13. DERIVATIVES

We are exposed to financial risk resulting from volatility in foreign exchange rates, interest rates and commodity prices. This risk is closely monitored and managed through the use of physical forward contracts (which are not considered derivatives) and financial derivative instruments including foreign currency forward contracts, commodity swap contracts and interest rate swaps. Financial derivatives are used expressly for hedging purposes and under no circumstances are they used for speculative purposes. When material, we adjust the estimated fair value of our derivative contracts for counterparty or our credit risk. None of our derivative instruments are subject to collateral requirements. Substantially all of our derivative contracts are subject to master netting arrangements, which provide us with the option to settle certain contracts on a net basis when they settle on the same day with the same currency. In addition, these arrangements provide for a net settlement of all contracts with a given counterparty in the event that the arrangement is terminated due to the occurrence of default or a termination event.

Foreign Currency Exchange Rate Risk

We had foreign currency forward contracts with notional amounts of $5.0 billion $4.4 billion at March 31, 2024 June 30, 2024, with the following currencies comprising 86 84 percent of outstanding foreign currency forward contracts: British pound, Chinese renminbi, Canadian Australian dollar, Australian Canadian dollar and Euro. We had foreign currency forward contracts with notional amounts of $4.5 billion at December 31, 2023, with the following currencies comprising 85 percent of outstanding foreign currency forward contracts: British pound, Chinese renminbi, Canadian dollar, Australian dollar and Swedish kronor. krona.

We are further exposed to foreign currency exchange risk as many of our subsidiaries are subject to fluctuations as the functional currencies of the underlying entities are not our U.S. dollar reporting currency. To help reduce volatility in the equity value of our subsidiaries, we enter into foreign exchange forwards designated as net investment hedges for certain of our investments. Under the current terms of our foreign exchange forwards, we agreed with third parties to sell British pounds and Chinese renminbi in exchange for U.S. dollar currency at a specified rate at the maturity of the contract. The notional amount of these hedges at March 31, 2024 June 30, 2024, was $1.0 billion $890 million.

The following table summarizes the net investment hedge activity in accumulated other comprehensive loss (AOCL):

		Three months ended Three months ended Three months ended				Six months ended			
		March 31, March 31, March 31,							
		June 30,				June 30,			
In millions	In millions	2024		2023		2024		2023	
In millions In millions Type of Derivative Type of Derivative									
Type of Derivative	Type of Derivative	Gain (Loss) Recognized in AOCL	Gain (Loss) Reclassified from AOCL into Earnings	Gain (Loss) Recognized in AOCL	Gain (Loss) Reclassified from AOCL into Earnings	Gain (Loss) Recognized in AOCL	Gain (Loss) Reclassified from AOCL into Earnings	Gain (Loss) Recognized in AOCL	Gain (Loss) Reclassified from AOCL into Earnings
Foreign exchange forwards									
Foreign exchange forwards									
Foreign exchange forwards									
Foreign exchange forwards									

Interest Rate Risk

In September 2023, we entered into a series of interest rate swaps with a total notional value of $500 million in order to trade a portion of the floating rate into a fixed rate on our term loan, due in 2025. The maturity date of the interest rate swaps is August 1, 2025. The weighted-average interest rate of the interest rate swaps is was 5.72 percent. We designated the swaps as cash flow hedges. The gains and losses on these derivative instruments are initially recorded in other comprehensive income and reclassified into earnings as interest expense in the *Condensed Consolidated Financial Statements* as each interest payment is accrued. In the second quarter of 2024, we settled a portion of these interest rate swaps with a notional amount of $400 million, and $100 million of the notional amount remained unsettled at June 30, 2024. The loss recognized on settlement was immaterial.

The following table summarizes the interest rate swap activity in AOCL:

	Three months ended	
	March 31,	
In millions	2024	
Type of Swap	Gain (Loss) Recognized in AOCL	Gain (Loss) Reclassified from AOCL into Interest Expense
Interest rate swaps	$ 3	$ —

	Three months ended	Six months ended
	June 30,	June 30,

In millions	2024		2024	
Type of Swap	Gain (Loss) Recognized in AOCL	Gain (Loss) Reclassified from AOCL into Interest Expense	Gain (Loss) Recognized in AOCL	Gain (Loss) Reclassified from AOCL into Interest Expense
Interest rate swaps	$ 1	$ 1	$ 4	$ 1

In 2021, we entered into a series of interest rate swaps to effectively convert our $500 million senior notes, due in 2025, from a fixed rate of 0.75 percent to a floating rate equal to the three-month London Interbank Offered Rate (LIBOR) plus a spread (subsequently adjusted to Secured Overnight Financing Rate (SOFR) under a fallback protocol in our derivative agreements in the third quarter of 2023), and $400 million of the notional amount remained unsettled at March 31, 2024 June 30, 2024. We also entered into a series of interest rate swaps to effectively convert $765 million of our $850 million senior notes, due in 2030, from a fixed rate of 1.50 percent to a floating rate equal to the three-month LIBOR plus a spread (also similarly adjusted to SOFR). We designated the swaps as fair value hedges. The gain or loss on these derivative instruments, as well as the offsetting gain or loss on the hedged item attributable to the hedged risk, are recognized in current income as interest expense. The net swap settlements that accrue each period are also reported in the *Condensed Consolidated Financial Statements* as interest expense.

The following table summarizes the gains and losses:

		Three months ended			Three months ended			Six months ended	
		Three months ended							
		Three months ended							
		March 31,							
		March 31,							
		March 31,							
In millions									
In millions									
		June 30,			June 30,				
In millions	In millions	2024		2023		2024	2023		
Type of Swap	Type of Swap	Gain (Loss) on Swaps	Gain (Loss) on Borrowings	Gain (Loss) on Swaps	Gain (Loss) on Borrowings	Gain (Loss) on Swaps	Gain (Loss) on Borrowings	Gain (Loss) on Swaps	Gain (Loss) on Borrowings
Type of Swap									
Type of Swap									
Interest rate swaps (1)									
Interest rate swaps (1)									
Interest rate swaps (1)									

(1) The difference between the gain (loss) on swaps and borrowings represents hedge ineffectiveness.

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(1) The difference between the gain (loss) on swaps and borrowings represents hedge ineffectiveness.

Derivatives Not Designated as Hedging Instruments

The following table summarizes the effect on our *Condensed Consolidated Statements of Net Income* for derivative instruments not designated as hedging instruments:

		Three months ended		Three months ended	Six months ended
		Three months ended			
		Three months ended			
		March 31,			
		March 31,			
		March 31,			
		June 30,		June 30,	
In millions	In millions	2024	2023	2024	2023

In millions
In millions
Loss recognized in income - Cost of sales (1)
Loss recognized in income - Cost of sales (1)
Loss recognized in income - Cost of sales (1)
(Loss) gain recognized in income - Other income (expense), net (1)
(Loss) gain recognized in income - Other income (expense), net (1)
(Loss) gain recognized in income - Other income (expense), net (1)
Gain (loss) recognized in income - Cost of sales (1)
Loss recognized in income - Other income (expense), net (1)

(1) Includes foreign currency forward contracts.

(1) Includes foreign currency forward contracts.

(1) Includes foreign currency forward contracts.

(1) Includes foreign currency forward contracts.

Fair Value Amount and Location of Derivative Instruments

The following table summarizes the location and fair value of derivative instruments on our *Condensed Consolidated Balance Sheets*:

		Derivatives Designated as Hedging Instruments		Derivatives Designated as Hedging Instruments	Derivatives Not Designated as Hedging Instruments			Derivatives Designated as Hedging Instruments		Derivatives Not Designated as Hedging Instruments
In millions	In millions	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	In millions	June 30, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Notional amount										
Derivative assets										
Derivative assets										
Derivative assets										
Prepaid expenses and other current assets (1)										
Prepaid expenses and other current assets (1)										
Prepaid expenses and other current assets (1)										
Derivative liabilities										
Derivative liabilities										
Derivative liabilities										
Other accrued expenses										
Other accrued expenses										
Other accrued expenses										
Other liabilities										
Total derivative liabilities (1)										

(1) Estimates of the fair value of all derivative assets and liabilities above are derived from Level 2 inputs, which are estimated using actively quoted prices for similar instruments from brokers and observable inputs where available, including market transactions and third-party pricing services, or net asset values provided to investors. We do not currently have any Level 3 input measures and there were no transfers into or out of Level 2 or 3 during the three months ended March 31, 2024, or the year ended December 31, 2023.

(1) Estimates of the fair value of all derivative assets and liabilities above are derived from Level 2 inputs, which are estimated using actively quoted prices for similar instruments from brokers and observable inputs where available, including market transactions and third-party pricing services, or net asset values provided to investors. We do not currently have any Level 3 input measures and there were no transfers into or out of Level 2 or 3 during the three months ended March 31, 2024, or the year ended December 31, 2023.

(1) Estimates of the fair value of all derivative assets and liabilities above are derived from Level 2 inputs, which are estimated using actively quoted prices for similar instruments from brokers and observable inputs where available, including market transactions and third-party pricing services, or net asset values provided to investors. We do not currently have any Level 3 input measures and there were no transfers into or out of Level 2 or 3 during the three months ended March 31, 2024, or the year ended December 31, 2023.

(1) Estimates of the fair value of all derivative assets and liabilities above are derived from Level 2 inputs, which are estimated using actively quoted prices for similar instruments from brokers and observable inputs where available, including market transactions and third-party pricing services, or net asset values provided to investors. We do not currently have any Level 3 input measures and there were no transfers into or out of Level 2 or 3 during the six months ended June 30, 2024, or the year ended December 31, 2023.

(1) Estimates of the fair value of all derivative assets and liabilities above are derived from Level 2 inputs, which are estimated using actively quoted prices for similar instruments from brokers and observable inputs where available, including market transactions and third-party pricing services, or net asset values provided to investors. We do not currently have any Level 3 input measures and there were no transfers into or out of Level 2 or 3 during the six months ended June 30, 2024, or the year ended December 31, 2023.

(1) Estimates of the fair value of all derivative assets and liabilities above are derived from Level 2 inputs, which are estimated using actively quoted prices for similar instruments from brokers and observable inputs where available, including market transactions and third-party pricing services, or net asset values provided to investors. We do not currently have any Level 3 input measures and there were no transfers into or out of Level 2 or 3 during the six months ended June 30, 2024, or the year ended December 31, 2023.

We elected to present our derivative contracts on a gross basis in our *Condensed Consolidated Balance Sheets*. Had we chosen to present on a net basis, we would have derivatives in a net asset position of $13 million $17 million and $4 million and derivatives in a net liability position of $130 million $133 million and $148 million at March 31, 2024 June 30, 2024, and December 31, 2023, respectively.

NOTE 14. ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE

IPO

On May 23, 2023, in connection with the Atmus IPO, Cummins issued approximately $350 million of commercial paper with certain lenders. On May 26, 2023, Atmus shares began trading on the New York Stock Exchange under the symbol "ATMU." The IPO was completed on May 30, 2023, whereby Cummins exchanged 19.5 percent (approximately 16 million shares) of its ownership in Atmus, at $19.50 per share, to retire $299 million of the commercial paper as proceeds from the offering through a non-cash transaction.

In connection with the completion of the IPO, through a series of asset and equity contributions, we transferred the filtration business to Atmus. In exchange, Atmus transferred consideration of $650 million to Cummins, which consisted primarily of the net proceeds from a term loan facility and revolver executed by Atmus during May 2023. The commercial paper issued and retired through the IPO proceeds, coupled with the $650 million received, was used for the retirement of our historical debt and payment of dividends. The difference between the commercial paper retired from the IPO, other IPO related fees and the net book value of our divested interest was $285 million and recorded as an offset to additional paid-in capital. Of our consolidated cash and cash equivalents at December 31, 2023, $166 million was retained by Atmus for its working capital purposes.

Divestiture

On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus common stock through a tax-free split-off. The transaction involved the exchange of our shares in Atmus for shares of Cummins stock with a 7.0 percent discount on the exchange ratio for Atmus shares. The exchange ratio was determined based on each entity's respective stock price using the daily volume weighted-average stock price for three days preceding the final exchange offer date. Based on the final exchange ratio, we exchanged all 67 million of our Atmus shares for 5.6 million shares of Cummins stock, which was recorded as treasury stock based on the fair value of the Cummins shares obtained.

We evaluated the full divestiture of Atmus and determined the transaction did not qualify for discontinued operation presentation. We recognized a gain related to the divestiture of approximately $1.3 billion (based on the difference between the fair value of the Cummins shares obtained less the carrying value of our Atmus investment), which was recorded as other income in the *Condensed Consolidated Statements of Net Income* for the three six months ended March 31, 2024 June 30, 2024. Approximately $114 million of goodwill was included in the carrying value of the Atmus investment for purposes of calculating the gain. The operating results of Atmus were reported in the *Condensed Consolidated Financial Statements* through March 18, 2024, the date of divestiture.

As part of the divestiture, the $600 million term loan remained with Atmus after the split. In addition, a net $61 million of other comprehensive income and $19 million $19 million of noncontrolling interests related to Atmus were written-off and netted against the gain recognized upon the split.

We entered into a transitional services agreement (TSA) with Atmus that is designed to facilitate the orderly transfer of various services to Atmus. The TSA relates primarily to administrative services, which are generally to be provided over the next 24 months. This agreement is not material and does not confer upon us the ability to influence the operating and/or financial policies of Atmus subsequent to March 18, 2024.

NOTE 15. ACQUISITIONS

Acquisitions for the six months ended June 30, 2024 and 2023, were as follows:

Entity Acquired (Dollars in millions)	Date of Acquisition	Additional Percent Interest Acquired	Payments to Former Owners	Acquisition Related Debt Retirements	Total Purchase Consideration	Type of Acquisition(1)	Goodwill Acquired	Intangibles Recognized(2)
2024								
Engendren Corporation	**02/16/24**	**100%**	**$ 65**	**$ —**	**$ 65**	**COMB**	**$ 33**	**$ 8**
2023 (3)								
Hydrogenics Corporation	06/29/23	19%	$ 287	$ 48	$ 335 (4)	EQUITY	$ —	$ —
Teksid Hierro de Mexico, S.A. de C.V.	04/03/23	100%	143	—	143	COMB	18	—

(1) All results from acquired entities were included in segment results subsequent to the acquisition date. Previously consolidated entities were accounted for as equity transactions (EQUITY). Newly consolidated entities were accounted for as business combinations (COMB).

(2) Intangible assets acquired in the business combination were mostly customer and trade name related.

(3) See NOTE 24, "ACQUISITIONS," of the Notes to the Consolidated Financial Statements of our 2023 Form 10-K for additional information on prior year acquisitions.

(4) Hydrogenics entered into three non-interest-bearing promissory notes with $175 million paid on July 31, 2023, and the remaining $160 million due in three installments through 2025.

NOTE 16. OPERATING SEGMENTS

Operating segments under GAAP are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the Chief Operating Decision Maker (CODM), or decision-making group, in deciding how to allocate resources and in assessing performance. Our CODM is the Chief Executive Officer.

Our reportable operating segments consist of Components, Engine, Distribution, Power Systems and Accelera. This reporting structure is organized according to the products and markets each segment serves. The Components segment sells axles, drivelines, brakes and suspension systems for commercial diesel and natural gas applications, aftertreatment systems, turbochargers, fuel systems, valvetrain technologies, automated transmissions and electronics. The Engine segment produces engines (15 liters and smaller) and associated parts for sale to customers in on-highway and various off-highway markets. Our engines are used in trucks of all sizes, buses and recreational vehicles, as well as in various industrial applications, including construction, agriculture, power generation systems and other off-highway applications. The Distribution segment includes wholly-owned and partially-owned distributorships engaged in wholesaling engines, generator sets and service parts, as well as performing service and repair activities on our products and maintaining relationships with various OEMs throughout the world. The Power Systems segment is an integrated power provider, which designs, manufactures and sells engines (16 liters and larger) for industrial applications (including mining, oil and gas, marine and rail), standby and prime power generator sets, alternators and other power components. The Accelera segment designs, manufactures, sells and supports hydrogen production technologies as well as electrified power systems with innovative components and subsystems, including battery, fuel cell and electric powertrain technologies. The Accelera segment is currently in the early stages of commercializing these technologies with efforts primarily focused on the development of our electrolyzers for hydrogen production and electrified power systems and related components and subsystems. We continue to serve all our markets as they adopt electrification and alternative power technologies, meeting the needs of our OEM partners and end customers.

We use segment earnings or losses before interest expense, income taxes, depreciation and amortization and noncontrolling interests (EBITDA) as the basis for the CODM to evaluate the performance of each of our reportable operating segments. We believe EBITDA is a useful measure of our operating performance as it assists investors and debt holders in comparing our performance on a consistent basis without regard to financing methods, capital structure, income taxes or depreciation and amortization methods, which can vary significantly depending upon many factors. Segment amounts exclude certain expenses not specifically identifiable to segments.

The accounting policies of our operating segments are the same as those applied in our *Condensed Consolidated Financial Statements.* We prepared the financial results of our operating segments on a basis that is consistent with the manner in which we internally disaggregate financial information to assist in making internal operating decisions. We allocate certain common costs and expenses, primarily corporate functions, among segments differently than we would for stand-alone financial information prepared in accordance with GAAP. These include certain costs and expenses of shared services, such as information technology, human resources, legal, finance and supply chain management. We do not allocate gains or losses of corporate owned life insurance and the gain and certain costs related to the divestiture of Atmus. See NOTE 14, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information. EBITDA may not be consistent with measures used by other companies.

Summarized financial information regarding our reportable operating segments for the three and six months ended June 30, 2024 and 2023 is shown in the table below:

In millions	Components	Engine	Distribution	Power Systems	Accelera	Total Segments
Three months ended June 30, 2024						
External sales	**$ 2,518**	**$ 2,468**	**$ 2,821**	**$ 888**	**$ 101**	**$ 8,796**
Intersegment sales	**464**	**683**	**8**	**701**	**10**	**1,866**
Total sales	**2,982**	**3,151**	**2,829**	**1,589**	**111**	**10,662**
Research, development and engineering expenses	**81**	**167**	**14**	**63**	**54**	**379**
Equity, royalty and interest income (loss) from investees	**13**	**48**	**24**	**26**	**(8)**	**103**

Interest income	**9**	**7**	**11**	**3**	**—**	**30**
Segment EBITDA	**406**	**445**	**314**	**301**	**(117)**	**1,349**
Depreciation and amortization (1)	**121**	**61**	**30**	**32**	**15**	**259**
Three months ended June 30, 2023						
External sales	$ 2,924	$ 2,263	$ 2,576	$ 794	$ 81	$ 8,638
Intersegment sales	501	725	19	663	4	1,912
Total sales	3,425	2,988	2,595	1,457	85	10,550
Research, development and engineering expenses	103	148	15	66	52	384
Equity, royalty and interest income (loss) from investees	24	71	24	18	(4)	133
Interest income	7	7	8	2	1	25
Segment EBITDA	486 (2)	425	299	201	(114)	1,297
Depreciation and amortization (1)	125	56	28	32	15	256
Six months ended June 30, 2024						
External sales	**$ 5,360**	**$ 4,708**	**$ 5,350**	**$ 1,596**	**$ 185**	**$ 17,199**
Intersegment sales	**954**	**1,371**	**14**	**1,382**	**19**	**3,740**
Total sales	**6,314**	**6,079**	**5,364**	**2,978**	**204**	**20,939**
Research, development and engineering expenses	**165**	**321**	**28**	**123**	**109**	**746**
Equity, royalty and interest income (loss) from investees	**39**	**105**	**48**	**45**	**(11)**	**226**
Interest income	**17**	**14**	**22**	**6**	**—**	**59**
Segment EBITDA	**879** (2)	**859**	**608**	**538**	**(218)**	**2,666**
Depreciation and amortization (1)	**246**	**119**	**61**	**66**	**29**	**521**
Six months ended June 30, 2023						
External sales	$ 5,967	$ 4,515	$ 4,975	$ 1,473	$ 161	$ 17,091
Intersegment sales	1,015	1,459	26	1,327	9	3,836
Total sales	6,982	5,974	5,001	2,800	170	20,927
Research, development and engineering expenses	194	282	29	129	100	734
Equity, royalty and interest income (loss) from investees	45	136	48	31	(8)	252
Interest income	13	10	15	4	1	43
Segment EBITDA	993 (2)	882	634	420	(208)	2,721
Depreciation and amortization (1)	248	107	56	61	29	501

(1) 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 Net Income* as interest expense. The amortization of debt discount and deferred costs was $7 million and $2 million for the six months ended June 30, 2024 and June 30, 2023, respectively. A portion of depreciation expense is included in research, development and engineering expenses.

(2) Included $21 million of costs associated with the divestiture of Atmus for the six months ended June 30, 2024. Included $18 million and $30 million of costs associated with the divestiture of Atmus for the three and six months ended June 30, 2023. See NOTE 14, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," for additional information.

In millions	Components	Engine	Distribution	Power Systems	Accelera	Total Segments
Three months ended March 31, 2024						
External sales	**$ 2,842**	**$ 2,240**	**$ 2,529**	**$ 708**	**$ 84**	**$ 8,403**
Intersegment sales	**490**	**688**	**6**	**681**	**9**	**1,874**
Total sales	**3,332**	**2,928**	**2,535**	**1,389**	**93**	**10,277**
Research, development and engineering expenses	**84**	**154**	**14**	**60**	**55**	**367**
Equity, royalty and interest income (loss) from investees	**26**	**57**	**24**	**19**	**(3)**	**123**
Interest income	**8**	**7**	**11**	**3**	**—**	**29**
Segment EBITDA	**473** (1)	**414**	**294**	**237**	**(101)**	**1,317**
Depreciation and amortization (2)	**125**	**58**	**31**	**34**	**14**	**262**
Three months ended March 31, 2023						
External sales	$ 3,043	$ 2,252	$ 2,399	$ 679	$ 80	$ 8,453

Intersegment sales	514	734	7	664	5	1,924
Total sales	3,557	2,986	2,406	1,343	85	10,377
Research, development and engineering expenses	91	134	14	63	48	350
Equity, royalty and interest income (loss) from investees	21	65	24	13	(4)	119
Interest income	6	3	7	2	—	18
Segment EBITDA	507 [3]	457	335	219	(94)	1,424
Depreciation and amortization [2]	123	51	28	29	14	245

(1) Included $21 million costs associated with the divestiture of Atmus for the three months ended March 31, 2024. See NOTE 14, "ATMUS DIVESTITURE," for additional information.

(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 Net Income* as interest expense. The amortization of debt discount and deferred costs was $3 million and $1 million for the three months ended March 31, 2024 and 2023, respectively. A portion of depreciation expense is included in research, development and engineering expenses.

(3) Included $12 million of costs associated with the divestiture of Atmus for the three months ended March 31, 2023.

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

Three months ended
Three months ended
Three months ended

In millions
In millions
In millions

TOTAL SEGMENT EBITDA
TOTAL SEGMENT EBITDA
TOTAL SEGMENT EBITDA

Intersegment eliminations and other (1)
Intersegment eliminations and other (1)
Intersegment eliminations and other (1) **(4)** 7 7 [2] [2] **1,251** [3] [3] (56) [2] [2]

Less:
Less:
Less:

Interest expense
Interest expense
Interest expense

Depreciation and amortization
Depreciation and amortization
Depreciation and amortization

INCOME BEFORE INCOME TAXES
INCOME BEFORE INCOME TAXES
INCOME BEFORE INCOME TAXES

(1) Included intersegment sales, intersegment profit in inventory and unallocated corporate expenses.
(1) Included intersegment sales, intersegment profit in inventory and unallocated corporate expenses.
(1) Included intersegment sales, intersegment profit in inventory and unallocated corporate expenses.

(2) Included $1.3 billion of gain related the divestiture of Atmus and $14 million of costs associated with the divestiture of Atmus (included in corporate expenses) for the three months ended March 31, 2024. See NOTE 14, "ATMUS DIVESTITURE," for additional information.

(3) Included $6 million of costs associated with the divestiture of Atmus for the three months ended March 31, 2023.

(2) Included $5 million and $11 million of costs associated with the divestiture of Atmus for the three and six months ended June 30, 2023.
(2) Included $5 million and $11 million of costs associated with the divestiture of Atmus for the three and six months ended June 30, 2023.
(2) Included $5 million and $11 million of costs associated with the divestiture of Atmus for the three and six months ended June 30, 2023.

(3) Included $1.3 billion of gain related the divestiture of Atmus and $14 million of costs associated with the divestiture of Atmus (included in corporate expenses) for the six months ended June 30, 2024. See NOTE 14, "ATMUS DIVESTITURE," for additional information.

(3) Included $1.3 billion of gain related the divestiture of Atmus and $14 million of costs associated with the divestiture of Atmus (included in corporate expenses) for the six months ended June 30, 2024. See NOTE 14, "ATMUS DIVESTITURE," for additional information.

(3) Included $1.3 billion of gain related the divestiture of Atmus and $14 million of costs associated with the divestiture of Atmus (included in corporate expenses) for the six months ended June 30, 2024. See NOTE 14, "ATMUS DIVESTITURE," for additional information.

NOTE 16. 17. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," to enhance disclosures for significant segment expenses for all public entities required to report segment information in accordance with ASC 280. The standard did not change the definition of a segment, the method for determining segments or the criteria for aggregating operating segments into reportable segments. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Retrospective adoption is required for all prior periods presented in the financial statements. We plan to adopt the standard beginning with our 2024 Form 10-K. The adoption is not expected to have a material impact to our financial statements or disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements in Income Tax Disclosures," to enhance the transparency and decision usefulness of income tax disclosures. This amendment requires public companies to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. Additionally, under the amendment, entities are required to disclose the amount of income taxes paid disaggregated by federal, state and foreign taxes, as well as disaggregated by material individual jurisdictions. Finally, the amendment requires entities to disclose income from continuing operations before income tax expense disaggregated between domestic and foreign and income tax expense from continuing operations disaggregated by federal, state and foreign. The new rules are effective for annual periods beginning after December 15, 2024. We will adopt this standard on a prospective basis as allowed by the standard beginning with our 2025 Form 10-K. The adoption of this standard is not expected to have a material impact on our *Condensed Consolidated Financial Statements. Statements*

NOTE 17. SUBSEQUENT EVENTS

Early Settlement of Interest Rate Swaps and Early Debt Payments

In April 2024, we settled a portion of our 2023 interest rate swaps with a notional amount of $100 million in conjunction with repayment of $100 million of our term loan, due 2025. The loss on settlement recognized was immaterial.

Issuance of Commercial Paper

In April 2024, we issued approximately $1.0 billion of commercial paper in anticipation of paying the substantial majority of payments required under the Settlement Agreements in May 2024. See NOTE 11, “COMMITMENTS AND CONTINGENCIES,” for additional information on the Settlement Agreements.

Net Investment Hedge

In April 2024, we entered into additional net investments hedges with a notional amount of $250 million where we agreed with third parties to sell Chinese renminbi in exchange for U.S. dollar currency at a specified rate at the maturity of the contract.

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ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Cummins Inc. and its consolidated subsidiaries are hereinafter sometimes referred to as “Cummins,” “we,” “our” or “us.”

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

Certain parts of this quarterly report contain forward-looking statements intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those that are based on current expectations, estimates and projections about the industries in which we operate and management’s beliefs and assumptions. Forward-looking statements are generally accompanied by words such as "anticipates," "expects," "forecasts," "intends," "plans," "believes," "seeks," "estimates," "could," "should," "may" or words of similar meaning. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions, which we refer to as "future factors," which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Some future factors that could cause our results to differ materially from the results discussed in such forward-looking statements are discussed below and shareholders, potential investors and other readers are urged to consider these future factors carefully in evaluating forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. Future factors that could affect the outcome of forward-looking statements include the following:

GOVERNMENT REGULATION

- any adverse consequences resulting from entering into the Settlement Agreements, including required additional mitigation projects, adverse reputational impacts and potential resulting legal actions;
- increased scrutiny from regulatory agencies, as well as unpredictability in the adoption, implementation and enforcement of emission standards around the world;
- evolving environmental and climate change legislation and regulatory initiatives;

- changes in international, national and regional trade laws, regulations and policies;
- changes in taxation;
- global legal and ethical compliance costs and risks;
- future bans or limitations on the use of diesel-powered products;

BUSINESS CONDITIONS / DISRUPTIONS

- failure to successfully integrate and / or failure to fully realize all of the anticipated benefits of the acquisition of Meritor, Inc.;
- raw material, transportation and labor price fluctuations and supply shortages;
- aligning our capacity and production with our demand;
- the actions of, and income from, joint ventures and other investees that we do not directly control;
- large truck manufacturers' and original equipment manufacturers' customers discontinuing outsourcing their engine supply needs or experiencing financial distress, or change in control;

PRODUCTS AND TECHNOLOGY

- product recalls;
- variability in material and commodity costs;
- the development of new technologies that reduce demand for our current products and services;
- lower than expected acceptance of new or existing products or services;
- product liability claims;
- our sales mix of products;

GENERAL

- climate change, global warming, more stringent climate change regulations, accords, mitigation efforts, greenhouse gas regulations or other legislation designed to address climate change;
- our plan to reposition our portfolio of product offerings through exploration of strategic acquisitions and divestitures and related uncertainties of entering such transactions;
- increasing interest rates;
- challenging markets for talent and ability to attract, develop and retain key personnel;
- exposure to potential security breaches or other disruptions to our information technology environment and data security;
- political, economic and other risks from operations in numerous countries including political, economic and social uncertainty and the evolving globalization of our business;
- competitor activity;
- increasing competition, including increased global competition among our customers in emerging markets;
- failure to meet environmental, social and governance (ESG) expectations or standards, or achieve our ESG goals;
- labor relations or work stoppages;
- foreign currency exchange rate changes;
- the performance of our pension plan assets and volatility of discount rates;
- the price and availability of energy;
- continued availability of financing, financial instruments and financial resources in the amounts, at the times and on the terms required to support our future business; and
- other risk factors described in Part II, Item 1A in this quarterly report and our 2023 Form 10-K, Part I, Item 1A, both under the caption "Risk Factors."

Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this quarterly report and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

ORGANIZATION OF INFORMATION

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) was prepared to provide the reader with a view and perspective of our business through the eyes of management and should be read in conjunction with our Management's Discussion and Analysis of Financial Condition and Results of Operations section of our 2023 Form 10-K. Our MD&A is presented in the following sections:

- **EXECUTIVE SUMMARY AND FINANCIAL HIGHLIGHTS**
- **RESULTS OF OPERATIONS**
- **OPERATING SEGMENT RESULTS**
- **OUTLOOK**
- **LIQUIDITY AND CAPITAL RESOURCES**
- **APPLICATION OF CRITICAL ACCOUNTING ESTIMATES**
- **RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

EXECUTIVE SUMMARY AND FINANCIAL HIGHLIGHTS

Overview

We are a global power solutions leader comprised of five business segments - Components, Engine, Distribution, Power Systems and Accelera - supported by our global manufacturing and extensive service and support network, skilled workforce and vast technical expertise. Our products range from advanced diesel, natural gas, electric and hybrid powertrains and powertrain-related components including aftertreatment, turbochargers, fuel systems, valvetrain technologies, controls systems, air handling systems, automated transmissions, axles, drivelines, brakes, suspension systems, electric power generation systems, batteries, electrified power systems, hydrogen production technologies and fuel cell products. We sell our products to original equipment manufacturers (OEMs), distributors, dealers and other customers worldwide. We have long-standing relationships with many of the leading manufacturers in the markets we serve, including PACCAR Inc, Traton Group, Daimler Trucks North America and Stellantis N.V. We serve our customers through a service network of approximately 450 wholly-owned, joint venture and independent distributor locations and more than 19,000 Cummins certified dealer locations in approximately 190 countries and territories.

Our segment reporting structure is organized according to the products and markets each segment serves. The Components segment sells axles, drivelines, brakes and suspension systems for commercial diesel and natural gas applications, aftertreatment systems, turbochargers, fuel systems, valvetrain technologies, automated transmissions and electronics. The Engine segment produces engines (15 liters and smaller) and associated parts for sale to customers in on-highway and various off-highway markets. Our engines are used in trucks of all sizes, buses and recreational vehicles, as well as in various industrial applications, including construction, agriculture, power generation systems and other off-highway applications. The Distribution segment includes wholly-owned and partially-owned distributorships engaged in wholesaling engines, generator sets and service parts, as well as performing service and repair activities on our products and maintaining relationships with various OEMs throughout the world. The Power Systems segment is an integrated power provider, which designs, manufactures and sells engines (16 liters and larger) for industrial applications (including mining, oil and gas, marine and rail), standby and prime power generator sets, alternators and other power components. The Accelera segment designs, manufactures, sells and supports hydrogen production technologies as well as electrified power systems with innovative components and subsystems, including battery, fuel cell and electric powertrain technologies. The Accelera segment is currently in the early stages of commercializing these technologies with efforts primarily focused on the development of our electrolyzers for hydrogen production and electrified power systems and related components and subsystems. We continue to serve all our markets as they adopt electrification and alternative power technologies, meeting the needs of our OEM partners and end customers.

Our financial performance depends, in large part, on varying conditions in the markets we serve, particularly the on-highway, off-highway, power generation and general industrial markets. Demand in these markets tends to fluctuate in response to overall economic conditions. Our sales may also be impacted by OEM inventory levels, production schedules, stoppages and supply chain challenges. Economic downturns in markets we serve generally result in reduced sales of our products and can result in price reductions in certain products and/or markets. As a worldwide business, our operations are also affected by geopolitical risks, currency fluctuations, political and economic uncertainty, public health crises (epidemics or pandemics) and regulatory matters, including adoption and enforcement of environmental and emission standards, in the countries we serve. As part of our growth strategy, we invest in businesses in certain countries that carry higher levels of these risks such as China, Brazil, India, Mexico and other countries in Europe, the Middle East and Africa. At the same time, our geographic diversity and broad product and service offerings have helped limit the impact from a drop in demand in any one industry, region, the economy of any single country or customer on our consolidated results.

Divestiture of Atmus

On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus Filtration Technologies Inc. (Atmus) common stock through a tax-free split-off. The exchange resulted in a reduction of shares of our common stock outstanding by 5.6 million shares. See NOTE 14, "ATMUS INITIAL PUBLIC OFFERING (IPO) AND DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

Settlement Agreements

In December 2023, we announced that we reached an agreement in principle with the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB), the Environmental and Natural Resources Division of the U.S. Department of Justice and the California Attorney General's Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024 (collectively, the Settlement Agreements). In the second quarter of 2024, we made $1.9 billion of payments required by the Settlement Agreements. See NOTE 11, "COMMITMENTS AND CONTINGENCIES," to our *Condensed Consolidated Financial Statements* for additional information.

2024 First Second Quarter and Year-to-Date Results

A summary of our results is as follows:

Three months ended
Three months ended
Three months ended
March 31,
March 31,
March 31,
June 30,
June 30,
June 30,
In millions, except per share amounts
In millions, except per share amounts
In millions, except per share amounts
Net sales
Net sales
Net sales
Net income attributable to Cummins Inc.
Net income attributable to Cummins Inc.
Net income attributable to Cummins Inc.
Earnings per common share attributable to Cummins Inc.
Earnings per common share attributable to Cummins Inc.
Earnings per common share attributable to Cummins Inc.
Basic
Basic
Basic
Diluted
Diluted
Diluted

The table below presents our consolidated net sales by geographic area based on the location of the customer:

	Three months ended June 30,		Favorable/ (Unfavorable)		Six months ended June 30,		Favorable/ (Unfavorable)	
In millions	2024	2023	Amount	Percent	2024	2023	Amount	Percent
United States and Canada	**$ 5,501**	$ 5,274	$ 227	4 %	**$ 10,612**	$ 10,402	$ 210	2 %
International	**3,295**	3,364	(69)	(2)%	**6,587**	6,689	(102)	(2)%
Total net sales	**$ 8,796**	$ 8,638	$ 158	2 %	**$ 17,199**	$ 17,091	$ 108	1 %

Worldwide revenues decreased increased by 1 2 percent in the three months ended March 31, 2024 June 30, 2024, compared to the same period in 2023, due to lower increased power generation demand and higher demand in heavy-duty North American on-highway truck markets, which negatively impacted Components partially offset by decreased sales due to the divestiture of Atmus. Net sales in the U.S. and Canada improved 4 percent primarily due to higher demand in on-highway truck markets and power generation markets, partially offset by lower sales due to the divestiture of Atmus. International demand (excludes the U.S. and Canada) declined 2 percent primarily due to lower sales in Europe and China, partially offset with higher sales in Asia Pacific and Latin America. The slight decrease in international sales was primarily due to decreased sales resulting from the divestiture of Atmus, mostly offset with higher demand across most Distribution product demand, as well as weaker lines and increased demand for construction engines power generation products (especially in China). Unfavorable foreign currency fluctuations impacted international sales by 2 percent (primarily the Chinese renminbi and South African rand).

Worldwide revenues increased by 1 percent in the six months ended June 30, 2024, compared to the same period in 2023, due to increased power generation demand and higher demand in North American on-highway truck markets, partially offset by decreased sales due to the divestiture of Atmus mostly offset by increased power generation demand. as well as weaker demand in global construction markets. Net sales in the U.S. and Canada remained flat as lower demand in North American heavy-duty truck markets, which negatively impacted Components product demand, and lower demand in oil and gas markets in North America were offset by improved 2 percent primarily due to higher demand in on-highway truck markets and power generation and medium-duty truck markets. markets, partially offset by lower sales due to the divestiture of Atmus. International demand (excludes the U.S. and Canada) declined 1 2 percent with primarily due to lower sales in China, Europe Africa and the Middle East, China, partially offset by with higher sales in Latin America and India. America. The decrease in international sales was primarily due to decreased sales due to the divestiture of Atmus and lower demand in construction markets (especially in China and Western

Europe) and weaker demand for emission solutions products (primarily in China and India), partially largely offset by higher demand across most Distribution product lines.

lines and increased demand in power generation markets (mainly China and Asia Pacific). Unfavorable foreign currency fluctuations impacted international sales by 1 percent (primarily the Chinese renminbi).

The following table contains tables contain sales and EBITDA (defined as earnings or losses before interest expense, income taxes, depreciation and amortization and noncontrolling interests) by operating segment for the three and six months ended March 31, 2024 June 30, 2024 and 2023. See NOTE 15, 16, "OPERATING SEGMENTS," to the *Condensed Consolidated Financial Statements* for additional information and a reconciliation of our segment information to the corresponding amounts in our *Condensed Consolidated Statements of Net Income*.

Operating Segments	Operating Segments	Three months ended March 31, 2024					2023				Percent change	Operating Segments	2024 vs. 2023
In millions	In millions	Sales		Percent of Total	EBITDA		Sales		Percent of Total	EBITDA	Sales		EBITDA / In millions
Components	Components	$3,332	40	40 %	$ 473	$	$ 3,557	42	42 %	$ 507	(6)	(6) %	(7) % C
Engine	Engine	2,928	35	35 %	414	2,986	2,986	36	36 %	457	(2)	(2)%	(9)
Distribution	Distribution	2,535	30	30 %	294	2,406	2,406	28	28 %	335	5	5 %	(12)
Power Systems	Power Systems	1,389	16	16 %	237	1,343	1,343	16	16 %	219	3	3 %	8
Accelera	Accelera	93	1	1 %	(101)	85	85	1	1 %	(94)	9	9 %	(7)
Intersegment eliminations	Intersegment eliminations	(1,874)	(22)	(22)%	1,255	(1,924)	(1,924)	(23)	(23)%	(63)	(3)	(3)%	
Total Total Total		$8,403	100	100 %	$2,572 (1) (1)	$8,453	100		100 %	$1,361 (2) (2)	(1) %	89 %	$ 8

"NM" - not meaningful information

"NM" - not meaningful information

"NM" - not meaningful information

(1) EBITDA included $1.3 billion of gain recognized on the divestiture of Atmus and $35 million of costs associated with the divestiture of Atmus for the three months ended March 31, 2024. See NOTE 14, "ATMUS DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

(1) EBITDA included $1.3 billion of gain recognized on the divestiture of Atmus and $35 million of costs associated with the divestiture of Atmus for the three months ended March 31, 2024. See NOTE 14, "ATMUS DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

(1) EBITDA included $1.3 billion of gain recognized on the divestiture of Atmus and $35 million of costs associated with the divestiture of Atmus for the three months ended March 31, 2024. See NOTE 14, "ATMUS DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

(2) EBITDA included $18 million of costs associated with the divestiture of Atmus for the three months ended March 31, 2023.

(1) EBITDA included $23 million of costs associated with the IPO and divestiture of Atmus for the three months ended June 30, 2023.

(1) EBITDA included $23 million of costs associated with the IPO and divestiture of Atmus for the three months ended June 30, 2023.

(1) EBITDA included $23 million of costs associated with the IPO and divestiture of Atmus for the three months ended June 30, 2023.

Net income attributable to Cummins Inc. was $2.0 billion $726 million, or $14.03 $5.26 per diluted share, on sales of $8.4 billion $8.8 billion for the three months ended March 31, 2024 June 30, 2024, versus the comparable prior year period net income attributable to Cummins Inc. of $790 million $720 million, or $5.55 $5.05 per diluted share, on sales of $8.5 billion $8.6 billion. The increases in net income attributable to Cummins Inc. and earnings per diluted share were driven by lower expenses resulting from the divestiture of Atmus and improved gross margin, partially offset by lower equity, royalty and interest income from investees and unfavorable foreign currency fluctuations (primarily in the Chinese renminbi and Mexican peso). The increase in gross margin was primarily due to favorable pricing and higher volumes, partially offset by the divestiture of Atmus, higher compensation expenses and increased product coverage.

Operating Segments	Six months ended June 30, 2024			2023			Percent change 2024 vs. 2023	
In millions	Sales	Percent of Total	EBITDA	Sales	Percent of Total	EBITDA	Sales	EBITDA
Components	$ 6,314	37 %	$ 879	$ 6,982	41 %	$ 993	(10)%	(11)%
Engine	6,079	36 %	859	5,974	35 %	882	2 %	(3)%

Distribution	**5,364**	**31 %**	**608**	5,001	29 %	634	7 %	(4)%
Power Systems	**2,978**	**17 %**	**538**	2,800	16 %	420	6 %	28 %
Accelera	**204**	**1 %**	**(218)**	170	1 %	(208)	20 %	(5)%
Intersegment eliminations	**(3,740)**	**(22)%**	**1,251**	(3,836)	(22)%	(56)	(3)%	NM
Total	**$ 17,199**	**100 %**	**$ 3,917** (1)	$ 17,091	100 %	$ 2,665 (2)	1 %	47 %

"NM" - not meaningful information

(1) EBITDA included $1.3 billion of gain recognized on the divestiture of Atmus and $35 million of costs associated with the divestiture of Atmus for the six months ended June 30, 2024.

(2) EBITDA included $41 million of costs associated with the IPO and divestiture of Atmus for the six months ended June 30, 2023.

Net income attributable to Cummins Inc. was $2.7 billion, or $19.42 per diluted share, on sales of $17.2 billion for the six months ended June 30, 2024, versus the comparable prior year period net income attributable to Cummins Inc. of $1.5 billion, or $10.60 per diluted share, on sales of $17.1 billion. The increases in net income attributable to Cummins Inc. and earnings per diluted share were driven by the gain recognized on the divestiture of Atmus, partially offset by higher compensation and consulting expenses. The increase in gross margin was primarily due to favorable pricing and lower material costs, partially offset by higher compensation expenses, the divestiture of Atmus and lower volumes. increased product coverage. Diluted earnings per common share for the three six months ended March 31, 2024 June 30, 2024, benefited $0.09 $0.45 from fewer weighted-average shares outstanding due to treasury shares reacquired in the Atmus divestiture. See NOTE 14, "ATMUS DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

2024 Highlights

We generated $276 million of used $575 million in cash from operations for the three six months ended March 31, 2024 June 30, 2024, compared to $495 million generating $978 million for the comparable period in 2023. See the section titled "Cash Flows" in the "LIQUIDITY AND CAPITAL RESOURCES" section for a discussion of items impacting cash flows.

Our debt to capital ratio (total capital defined as debt plus equity) at March 31, 2024 June 30, 2024, was 40.4 41.5 percent, compared to 40.3 percent at December 31, 2023. The increase was primarily due to higher debt balances at March 31, 2024 June 30, 2024. At March 31, 2024 June 30, 2024, we had $3.1 billion $2.2 billion in cash and marketable securities on hand and access to our $4.0 billion credit facilities (net of $1.6 billion of commercial paper outstanding), if necessary, to meet acquisition, working capital, investment, acquisition and funding needs.

In July 2024, we settled the remaining $100 million of interest rate swaps and repaid the outstanding $100 million of our related term loan due in 2025.

In July 2024, the Board authorized an increase to our quarterly dividend of approximately 8 percent from $1.68 per share to $1.82 per share.

On June 3, 2024, we entered into an amended and restated five-year credit agreement that allows us to borrow up to $2.0 billion of unsecured funds at any time prior to June 3, 2029. The credit agreement amended and restated the prior $2.0 billion five-year credit agreement that would have matured on August 18, 2026.

On June 3, 2024, we entered into an amended and restated 364-day credit agreement that allows us to borrow up to $2.0 billion of unsecured funds at any time prior to June 2, 2025. This credit agreement amended and restated the prior $2.0 billion 364-day credit facility that matured on June 3, 2024.

In May 2024, we entered into an accounts receivable factoring agreement with Wells Fargo Bank, N.A., to sell certain accounts receivable up to $500 million. See NOTE 1, "NATURE OF OPERATIONS AND BASIS OF PRESENTATION," to our *Condensed Consolidated Financial Statements* for additional information.

In the second quarter of 2024, we made $1.9 billion of required payments towards the Settlement Agreements. See NOTE 11, “COMMITMENTS AND CONTINGENCIES,” to our *Condensed Consolidated Financial Statements* for additional information.

In the second quarter of 2024, we settled $400 million of interest rate swaps and paid $400 million of our related term loan due in 2025. See NOTE 9, “DEBT,” and NOTE 13, "DERIVATIVES," to our *Condensed Consolidated Financial Statements* for additional information.

On February 20, 2024, we issued $2.25 billion aggregate principal amount of senior unsecured notes consisting of $500 million aggregate principal amount of 4.90 percent senior unsecured notes due in 2029, $750 million aggregate principal amount of 5.15 percent senior unsecured notes due in 2034 and $1.0 billion aggregate principal amount of 5.45 percent senior unsecured notes due in 2054. We received net proceeds of $2.2 billion. See NOTE 9, "DEBT," to the *Condensed Consolidated Financial Statements* for additional information.

In the first three six months of 2024, the investment gain on our U.S. pension trusts was 1.2 2.0 percent, while our U.K. pension trusts' loss was 2.3 4.3 percent. We anticipate making additional defined benefit pension contributions during the remainder of 2024 of $29 million $22 million for our U.S. and U.K. qualified and non-qualified pension plans. We expect our 2024 annual net periodic pension cost to approximate $34 million.

As of the date of this filing, our credit ratings and outlooks from the credit rating agencies remain unchanged.

RESULTS OF OPERATIONS

In millions, except per share amounts	Three months ended June 30, 2024	2023	Favorable/(Unfavorable) Amount	Percent	Six months ended June 30, 2024	2023	Favorable/(Unfavorable) Amount	Percent
NET SALES	**$ 8,796**	$ 8,638	$ 158	2 %	**$ 17,199**	$ 17,091	$ 108	1
Cost of sales	**6,603**	6,490	(113)	(2)%	**12,965**	12,914	(51)	
GROSS MARGIN	**2,193**	2,148	45	2 %	**4,234**	4,177	57	
OPERATING EXPENSES AND INCOME								
Selling, general and administrative expenses	**828**	873	45	5 %	**1,667**	1,626	(41)	(3)
Research, development and engineering expenses	**379**	384	5	1 %	**748**	734	(14)	

Equity, royalty and interest income from investees														
Equity, royalty and interest income from investees														
Equity, royalty and interest income from investees	Equity, royalty and interest income from investees	**103**	133	133	(30)	(30)	(23)	(23)%	**226**	252	252	(26)	(26)	
Other operating expense, net														
Other operating expense, net														
Other operating expense, net		**44**	27	27	(17)	(17)	(63)	(63)%	**77**	46	46	(31)	(31)	(67)
OPERATING INCOME														
OPERATING INCOME														
OPERATING INCOME	**OPERATING INCOME**	**1,045**	997	997	48	48	5	5 %	**1,968**	2,023	2,023	(55)	(55)	
Interest expense														
Interest expense														
Interest expense		**109**	99	99	(10)	(10)	(10)	(10)%	**198**	186	186	(12)	(12)	(6)
Other income, net	Other income, net	**41**	51	51	(10)	(10)	(20)	(20)%	**1,428**	141	141	1,287	1,287	
Other income, net														
Other income, net														
INCOME BEFORE INCOME TAXES														
INCOME BEFORE INCOME TAXES														
INCOME BEFORE INCOME TAXES	**INCOME BEFORE INCOME TAXES**	**977**	949	949	28	28	3	3 %	**3,198**	1,978	1,978	1,220	1,220	
Income tax expense	Income tax expense	**225**	212	212	(13)	(13)	(6)	(6)%	**418**	435	435	17	17	
Income tax expense														
Income tax expense														
CONSOLIDATED NET INCOME														

CONSOLIDATED NET INCOME

CONSOLIDATED NET INCOME	**CONSOLIDATED NET INCOME**	**752**	737	737	15	15	2	2 %	**2,780**	1,543	1,543	1,237		1,237
Less: Net income attributable to noncontrolling interests	Less: Net income attributable to noncontrolling interests	**26**	17	17	(9)	(9)	(53)	(53)%	**61**	33	33	(28)		(28)
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	**NET INCOME ATTRIBUTABLE TO CUMMINS INC.**	**$ 726**	$	$ 720	$	$ 6	1	1 %	**$ 2,719**	$	$ 1,510	$	$ 1,209	80
Diluted Earnings Per Common Share Attributable to Cummins Inc.	**Diluted Earnings Per Common Share Attributable to Cummins Inc.**	**$ 5.26**	$	$ 5.05	$	$0.21	4	4 %	**$ 19.42**	$	$ 10.60	$	$ 8.82	83

Less: Net income attributable to noncontrolling interests

Less: Net income attributable to noncontrolling interests

NET INCOME ATTRIBUTABLE TO CUMMINS INC.

NET INCOME ATTRIBUTABLE TO CUMMINS INC.

Diluted Earnings Per Common Share Attributable to Cummins Inc.

Diluted Earnings Per Common Share Attributable to Cummins Inc.

"NM" - not meaningful information

"NM" - not meaningful information

"NM" - not meaningful information

	Three months ended		Favorable/ (Unfavorable)	Six months ended		Favorable/ (Unfavorable)
Percent of sales	**2024**	**2023**	**Percentage Points**	**2024**	**2023**	**Percentage Points**
Gross margin						

Percent of sales

Percent of sales

Gross margin

Gross margin
Selling, general and administrative expenses
Selling, general and administrative expenses
Selling, general and administrative expenses
Research, development and engineering expenses
Research, development and engineering expenses
Research, development and engineering expenses

Net Sales

Net sales for the three months ended March 31, 2024 June 30, 2024, decreased increased by $50 million $158 million versus the comparable period in 2023. The primary drivers were as follows:

- Components segment sales decreased 6 percent largely due to lower demand in our emission solutions and axles and brakes businesses and the divestiture of Atmus on March 18, 2024.
- Engine segment sales decreased 2 percent primarily due to lower demand in global construction markets and North American heavy-duty truck markets, partially offset by higher demand in North American medium-duty truck markets.

These decreases were partially offset by the following:

- Distribution segment sales increased 5 9 percent principally due to higher demand in power generation markets, especially in North America and Europe.
- Engine segment sales increased 5 percent largely due to stronger demand in North American on-highway truck markets.
- Power Systems segment sales increased 3 9 percent primarily due to higher demand in power generation markets, especially in North America and China.

These increases were partially offset by a Components segment sales decrease of 13 percent mainly due to the divestiture of Atmus on March 18, 2024.

Net sales for the six months ended June 30, 2024, increased $108 millionversus the comparable period in 2023. The primary drivers were as follows:

- Distribution segment sales increased 7 percent principally due to higher demand in power generation markets, especially in North America, Europe and Asia.
- Power Systems segment sales increased 6 percent primarily due to higher demand in power generation markets, especially in North America.

- Engine segment sales increased 2 percent largely due to stronger demand in North American medium-duty truck markets, partially offset by lower demand in global construction markets.

These increases were partially offset by a Components segment sales decrease of 10 percent mainly due to the divestiture of Atmus on March 18, 2024.

Sales to international markets (excluding the U.S. and Canada), based on location of customers, for the three and six months ended March 31, 2024 June 30, 2024, were 39 37 percent and 38 percent of total net sales compared with 39 percent and 39 percent of total net sales for the comparable period periods in 2023. A more detailed discussion of sales by segment is presented in the “OPERATING SEGMENT RESULTS” section.

Cost of Sales

The types of expenses included in cost of sales are the following: parts and material consumption, including direct and indirect materials; compensation and related expenses, including variable compensation, salaries and fringe benefits; depreciation on production equipment and facilities and amortization of technology intangibles; estimated costs of warranty programs and campaigns; production utilities; production-related purchasing; warehousing, including receiving and inspection; freight costs; engineering support costs; repairs and maintenance; production and warehousing facility property insurance and rent for production facilities and other production overhead.

Gross Margin

Gross margin increased $12 million $45 million for the three months ended March 31, 2024 June 30, 2024, and remained flat as a percentage of net sales versus the comparable period in 2023. The increase in gross margin was primarily due to favorable pricing and higher volumes, partially offset by the divestiture of Atmus, higher compensation expenses and increased product coverage. Compensation and related expenses included salaries, fringe benefits and variable compensation.

Gross margin increased $57 million for the six months ended June 30, 2024, and increased 0.3 0.2 points as a percentage of net sales versus the comparable period in 2023. The increase in gross margin and gross margin as a percentage of sales was primarily due to favorable pricing and lower material costs, partially offset by higher compensation expenses, the divestiture of Atmus and lower volumes. Compensation and related expenses included salaries, fringe benefits and variable compensation. increased product coverage.

The provision for base warranties issued as a percent of sales for the three and six months ended March 31, 2024 June 30, 2024, was 1.9 percent and 1.9 percent, respectively, compared to 1.7 1.8 percent and 1.8 percent for the comparable period periods in 2023.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $86 million decreased $45 million for the three months ended March 31, 2024 June 30, 2024, versus the comparable period in 2023, primarily due to lower expenses resulting from the divestiture of Atmus. Overall, selling, general and administrative expenses as a percentage of net sales decreased to 9.4

percent in the three months ended June 30, 2024, from 10.1 percent in the comparable period in 2023.

Selling, general and administrative expenses increased $41 million for the six months ended June 30, 2024, versus the comparable period in 2023, primarily due to higher compensation consulting and consulting compensation expenses. Compensation and related expenses included salaries, fringe benefits and variable compensation. Overall, selling, general and administrative expenses as a percentage of net sales increased to 10.0 9.7 percent in the three six months ended March 31, 2024 June 30, 2024, from 8.9 9.5 percent in the comparable period in 2023.

Research, Development and Engineering Expenses

Research, development and engineering expenses increased $19 million decreased $5 million for the three months ended March 31, 2024 June 30, 2024, versus the comparable period in 2023, primarily due to higher compensation lower consulting expenses. Compensation and related expenses included salaries, fringe benefits and variable compensation. Overall, research, development and engineering expenses as a percentage of net sales increased decreased to 4.4 4.3 percent in the three months ended March 31, 2024 June 30, 2024, from 4.1 4.4 percent in the comparable period in 2023.

Research, development and engineering expenses increased $14 million for the six months ended June 30, 2024, versus the comparable period in 2023, primarily due to lower expense recoveries, partially offset by lower consulting expenses. Overall, research, development and engineering expenses as a percentage of net sales remained flat at 4.3 percent for both the six months ended June 30, 2024 and 2023.

Research activities continue to focus on development of new products and improvements of current technologies to meet future emission standards around the world, improvements in fuel economy performance of diesel and natural gas-powered engines and related components, as well as development activities around hydrogen engine solutions, battery electric, fuel cell electric and hydrogen production technologies.

Equity, Royalty and Interest Income from Investees

Equity, royalty and interest income from investees increased $4 million decreased $30 million and $26 million for the three and six months ended March 31, 2024 June 30, 2024, versus the comparable period periods in 2023, primarily due to lower royalty and interest income from investees, losses at NPROXX and lower earnings from Komatsu Cummins Chile, Ltda., partially offset by higher earnings at Chongqing Cummins Engine Co., Ltd., Dongfeng Cummins Engine Co., Ltd. and Sisamex, partially offset by lower royalty and interest income from investees.

Other Operating Expense, Net

Other operating (expense) income, net was as follows:

In millions	Three months ended
In millions	Three months ended
In millions	Three months ended
Amortization of intangible assets	
Amortization of intangible assets	
Amortization of intangible assets	
Other, net	
Other, net	
Other, net	
Total other operating expense, net	
Total other operating expense, net	
Total other operating expense, net	

Interest Expense

Interest expense was $89 million $109 million and $198 million for the three and six months ended March 31, 2024 June 30, 2024, versus $87 million $99 million and $186 million for the comparable period periods in 2023. Interest expense increased $2 million $10 million and $12 million, respectively, primarily due to the higher outstanding long-term borrowings related to the 2024 note issuance and higher weighted-average interest rates, partially offset by lower commercial paper and decreased average term loan borrowings outstanding.

weighted-average debt balances.

Other Income, Net

Other income (expense), net was as follows:

Three months ended

		Three months ended			
		Three months ended		Six months ended	
		June 30,		June 30,	
In millions					
In millions					
In millions	In millions	2024	2023	2024	2023
Gain related to divestiture of Atmus (1)					
Gain related to divestiture of Atmus (1)					
Gain related to divestiture of Atmus (1)					
Non-service pension and OPEB income					
Non-service pension and OPEB income					
Non-service pension and OPEB income					
Interest income					
Interest income					
Interest income					
Non-service pension and OPEB income					
Gain related to divestiture of Atmus (1)					
Gain on marketable securities, net					
Gain on marketable securities, net					
Gain on marketable securities, net					
Gain on corporate owned life insurance					
Gain on corporate owned life insurance					
Gain on corporate owned life insurance					
Foreign currency (loss) gain, net					
Foreign currency (loss) gain, net					
(Loss) gain on corporate owned life insurance					
Foreign currency (loss) gain, net					
Other, net					
Other, net					
Other, net					
Total other income, net					
Total other income, net					
Total other income, net					

(1) See NOTE 14, "ATMUS DIVESTITURE," to our *Condensed Consolidated Financial Statements* for additional information.

(1) See NOTE 14, "ATMUS IPO AND DIVESTITURE," to our *Condensed Consolidated Financial Statements* for additional information.

(1) See NOTE 14, "ATMUS DIVESTITURE," to our *Condensed Consolidated Financial Statements* for additional information.

(1) See NOTE 14, "ATMUS IPO AND DIVESTITURE," to our *Condensed Consolidated Financial Statements* for additional information.

(1) See NOTE 14, "ATMUS DIVESTITURE," to our *Condensed Consolidated Financial Statements* for additional information.

(1) See NOTE 14, "ATMUS IPO AND DIVESTITURE," to our *Condensed Consolidated Financial Statements* for additional information.

Income Tax Expense

Our effective tax rate for 2024 is expected to approximate 24.0 percent, excluding any discrete items that may arise.

Our effective tax rates for the three and six months ended March 31, 2024 and 2023, June 30, 2024, were 8.7 23.0 percent and 21.7 13.1 percent, respectively. Our effective tax rates for the three and six months ended June 30, 2023, were 22.3 percent and 22.0 percent, respectively.

The three months ended March 31, 2024 June 30, 2024, contained favorable discrete tax items of $9 million primarily due to share-based compensation tax benefits.

The six months ended June 30, 2024, contained favorable discrete tax items primarily due to the $1.3 billion non-taxable gain on the Atmus split-off. Other discrete tax items were $21 $30 million favorable primarily due to adjustments related to audit settlements. settlements and share-based compensation benefits.

The three months ended March 31, 2023 June 30, 2023, contained favorable net unfavorable discrete tax items of $3 million, million.

The six months ended June 30, 2023, contained net discrete tax items of zero, as the result of offsetting amounts for the first two quarters, primarily due to share-based compensation tax benefits. benefits and other discrete items.

Noncontrolling Interests

Noncontrolling interests eliminate the income or loss attributable to non-Cummins ownership interests in our consolidated entities. Noncontrolling interests in income of consolidated subsidiaries for the three and six months ended March 31, 2024 June 30, 2024, increased $19 million $9 million and $28 million versus the comparable period periods in 2023 2023. The increase for the three months ended June 30, 2024, was primarily due to higher earnings at Cummins India Limited and the absence of losses at Hydrogenics Corporation resulting from the June 2023 acquisition, partially offset by lower earnings at Eaton Cummins Joint Venture. The three increase for the six months ended March 31, 2024 June 30, 2024, included was primarily due to the noncontrolling interest associated with Atmus through March 18, 2024, the date absence of divestiture. losses at Hydrogenics Corporation and higher earnings at Cummins India Limited, partially offset by lower earnings at Eaton Cummins Joint Venture.

Comprehensive Income - Foreign Currency Translation Adjustment

The foreign currency translation adjustment was a net loss of $60 million $83 million and $143 million, for the three and six months ended March 31, 2024 June 30, 2024, respectively, compared to a net gain loss of $82 million $110 million and $28 million, for the three and six months ended March 31, 2023 June 30, 2023, respectively, driven by the following:

		Three months ended								March 31,				
		2024			2024			2023			2024			2023
In millions	In millions	Translation adjustment		Primary currency driver vs. U.S. dollar	Translation adjustment		Primary currency driver vs. U.S. dollar		In millions	Translation adjustment	Primary currency driver vs. U.S. dollar		Translation adjustment	Primary currency driver vs. U.S. dolla
Wholly-owned subsidiaries	Wholly-owned subsidiaries	$ (54)	Chinese renminbi, Euro	Chinese renminbi, Euro	$ 73	British pound, Brazilian real, Euro		British pound, Brazilian real, Euro	Wholly-owned subsidiaries	$ (69)	Brazilian real, Chinese renminbi	Brazilian real, Chinese renminbi	$ (72)	Chinese renminb partially offset by Brazilian real and British pound
Equity method investments	Equity method investments	(3)	Chinese renminbi, partially offset by Indian rupee	Chinese renminbi, partially offset by Indian rupee	6	Brazilian real, Chinese renminbi		Brazilian real, Chinese renminbi	Equity method investments	(12)	Chinese renminbi, Brazilian real	Chinese renminbi, Brazilian real	(36)	Chinese renminb
Consolidated subsidiaries with a noncontrolling interest	Consolidated subsidiaries with a noncontrolling interest	(3)	Indian rupee, Chinese renminbi, Euro	Indian rupee, Chinese renminbi, Euro	3	Indian rupee		Indian rupee	Consolidated subsidiaries with a noncontrolling interest	(2)	Indian rupee	Indian rupee	(2)	Chinese renminb
Total														

	Six months ended			
	Six months ended			
	Six months ended			
	June 30,			
	2024		2023	
In millions	Translation adjustment	Primary currency driver vs. U.S. dollar	Translation adjustment	Primary currency driver vs. U.S. dollar

Wholly-owned subsidiaries	**$ (123)**	Brazilian real, Chinese renminbi	$ 1	Chinese renminbi, partially offset by Brazilian real, British pound and Euro
Equity method investments	**(15)**	Chinese renminbi, partially offset by Indian rupee	(30)	Chinese renminbi, partially offset by Brazilian real
Consolidated subsidiaries with a noncontrolling interest	**(5)**	Indian rupee, Chinese renminbi	1	Indian rupee, partially offset by Chinese renminbi
Total				

OPERATING SEGMENT RESULTS

Our reportable operating segments consist of the Components, Engine, Distribution, Power Systems and Accelera segments. This reporting structure is organized according to the products and markets each segment serves. We use segment EBITDA as the basis for the Chief Operating Decision Maker to evaluate the performance of each of our reportable operating segments. We believe EBITDA is a useful measure of our operating performance as it assists investors and debt holders in comparing our performance on a consistent basis without regard to financing methods, capital structure, income taxes or depreciation and amortization methods, which can vary significantly depending upon many factors. Segment amounts exclude certain expenses not specifically identifiable to segments. See NOTE 15, 16, "OPERATING SEGMENTS," to the *Condensed Consolidated Financial Statements* for additional information and a reconciliation of our segment information to the corresponding amounts in our *Condensed Consolidated Statements of Net Income*.

Following is a discussion of results for each of our operating segments.

Components Segment Results

Financial data for the Components segment was as follows:

	Three months ended June 30,		Favorable/ (Unfavorable)		Six months ended June 30,		Favorable/ (Unfavorable)	
In millions	**2024**	**2023**	**Amount**	**Percent**	**2024**	**2023**	**Amount**	**Percent**
External sales	**$ 2,518**	$ 2,924	$ (406)	(14)%	**$ 5,360**	$ 5,967	$ (607)	(10)%
Intersegment sales	**464**	501	(37)	(7)%	**954**	1,015	(61)	(6)%
Total sales	**2,982**	3,425	(443)	(13)%	**6,314**	6,982	(668)	(10)%
Research, development and engineering expenses								

Research, development and engineering expenses										
Research, development and engineering expenses	**81**	103	22	21	21 %	**165**	194	29	15	15 %
Equity, royalty and interest income from investees	**13**	24	(11)	(46)	(46)%	**39**	45	(6)	(13)	(13)%
Interest income	**9**	7	2	29	29 %	**17**	13	4	31	31 %
Segment EBITDA (1)	**406**	486	(80)	(16)	(16) %	**879**	993	(114)	(11)	(11) %
			Percentage Points					Percentage Points		
Segment EBITDA as a percentage of total sales										

(1) Included $21 million of costs associated with the divestiture of Atmus for the three months ended March 31, 2024.

(1) Included $21 million of costs associated with the divestiture of Atmus for the six months ended June 30, 2024. Included $18 million and $30 million of costs associated with the divestiture of Atmus for the three and six months ended June 30, 2023, respectively. See NOTE 14, "ATMUS IPO AND DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

(1) Included $21 million of costs associated with the divestiture of Atmus for the three months ended March 31, 2024.

(1) Included $21 million of costs associated with the divestiture of Atmus for the six months ended June 30, 2024. Included $18 million and $30 million of costs associated with the divestiture of Atmus for the three and six months ended June 30, 2023, respectively. See NOTE 14, "ATMUS IPO AND DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

(1) Included $21 million of costs associated with the divestiture of Atmus for the three months ended March 31, 2024.

(2) Included $12 million of costs associated with the divestiture of Atmus for the three months ended March 31, 2023.

(1) Included $21 million of costs associated with the divestiture of Atmus for the six months ended June 30, 2024. Included $18 million and $30 million of costs associated with the divestiture of Atmus for the three and six months ended June 30, 2023, respectively. See NOTE 14, "ATMUS IPO AND DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

On March 18, 2024, we completed the divestiture of our remaining 80.5 percent ownership of Atmus common stock through a tax-free split-off. See NOTE 14, "ATMUS IPO AND DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

Beginning in the second quarter of 2024, we realigned certain businesses within our Components segment to be consistent with how our segment manager now monitors performance. We reorganized the businesses to combine the engine components and software and electronics businesses into the newly formed components and software business. In addition, we rebranded our axles and brakes business as drivetrain and braking systems. We began reporting results for these changes within our Components segment effective April 1, 2024, and reflected these changes in the historical periods presented. The change had no impact on our consolidated results.

Sales for our Components segment by business were as follows:

	Three months ended June 30,		Favorable/ (Unfavorable)		Six months ended June 30,		Favorable/ (Unfavorable)
In millions	**2024**	**2023**	**Amount**	**Percent**	**2024**	**2023**	**Amount**

Axles and brakes													
Axles and brakes													
Axles and brakes													
Drivetrain and braking systems		$1,256		$1,249		$ 7		1 %	$2,488		$2,521		$ (33)
Emission solutions	Emission solutions	941	964	964	(23)	(23)	(2)	(2)%	1,912	2,020	2,020		(108)
Emission solutions													
Emission solutions													
Engine components													
Engine components													
Engine components													
Components and software		623		616		7		1 %	1,234		1,249		(15)
Automated transmissions		162		179		(17)		(9)%	327		358		(31)
Atmus	Atmus	—	417	417	(417)	(417)	(100)	(100)%	353 [(1)] [(1)]		834	(481)	(481)
Atmus													
Atmus													
Automated transmissions													
Automated transmissions													
Automated transmissions													
Software and electronics													
Software and electronics													
Software and electronics													
Total sales													
Total sales													
Total sales	Total sales	$2,982	$	$3,425	$	$(443)	(13)	(13) %	$6,314	$	$ 6,982	$	$(668)

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS IPO AND DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS IPO AND DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS IPO AND DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

(1) Included sales through the March 18, 2024, divestiture. See NOTE 14, "ATMUS DIVESTITURE," to the *Condensed Consolidated Financial Statements* for additional information.

Sales

Components segment sales for the three months ended March 31, 2024 June 30, 2024, decreased $225 million $443 million versus the comparable period in 2023. The following were the primary drivers by business:

- Sales decreased $417 million due to the Atmus divestiture on March 18, 2024.
- Emission solutions sales decreased $85 million $23 million primarily due to weaker demand in China and India. North America, partially offset by higher demand in Mexico.

Components segment sales for the six months ended June 30, 2024, decreased $668 million versus the comparable period in 2023. The following were the primary drivers by business:

- Atmus sales Sales decreased $64 $481 million due to the Atmus divestiture on March 18, 2024.
- Axles and brakes Emission solutions sales decreased $40 million mainly $108 million principally due to weaker lower demand in China and North America, and Western Europe, partially offset by stronger higher demand in Brazil. Mexico.

Segment EBITDA

Components segment EBITDA for the three and six months ended March 31, 2024 June 30, 2024, decreased $34 million $80 million and $114 million, respectively, versus the comparable period periods in 2023, mainly due to lower volumes (including the divestiture of Atmus) and higher compensation expenses, partially offset by lower material costs and favorable mix. Atmus.

Engine Segment Results

Financial data for the Engine segment was as follows:

		Three months ended June 30,		Favorable/ (Unfavorable)			Six months ended June 30,		Favorable/ (Unfavorable)		
In millions	**In millions**	**2024**	**2023**	**Amount**		**Percent**	**2024**	**2023**	**Amount**		**Percent**
In millions											
In millions											
External sales											
External sales											
External sales	External sales	**$ 2,468**	$ 2,263	$205	9	9 %	**$ 4,708**	$ 4,515	$193	4	4 %
Intersegment sales	Intersegment sales	**683**	725	(42)	(6)	(6)%	**1,371**	1,459	(88)	(6)	(6)%
Intersegment sales											
Intersegment sales											
Total sales											
Total sales											
Total sales	Total sales	**3,151**	2,988	163	5	5 %	**6,079**	5,974	105	2	2 %
Research, development and engineering expenses											
Research, development and engineering expenses											
Research, development and engineering expenses		**167**	148	(19)	(13)	(13) %	**321**	282	(39)	(14)	(14) %
Equity, royalty and interest income from investees											

Equity, royalty and interest income from investees

		Three months 2024	2023	Amount	Percent		Six months 2024	2023	Amount	Percent	
Equity, royalty and interest income from investees	Equity, royalty and interest income from investees	48	71	(23)	(32)	(32)%	105	136	(31)	(23)	(23)%
Interest income											
Interest income											
Interest income		7	7	—	—	— %	14	10	4	40	40 %
Segment EBITDA											
Segment EBITDA											
Segment EBITDA		445	425	20	5	5 %	859	882	(23)	(3)	(3) %
				Percentage Points					Percentage Points		
Segment EBITDA as a percentage of total sales											
Segment EBITDA as a percentage of total sales											
Segment EBITDA as a percentage of total sales											

"NM" - not meaningful information
"NM" - not meaningful information
"NM" - not meaningful information

Sales for our Engine segment by market were as follows:

		Three months ended March 31, / June 30,		Favorable/ (Unfavorable)			Six months ended June 30,		Favorable/ (Unfavorable)		
In millions	In millions	2024	2023	Amount		Percent	2024	2023	Amount		Percent
Heavy-duty truck	Heavy-duty truck	$ 1,184	$1,117	$ 67	6	6 %	$ 2,243	$ 2,231	$ 12	1	1 %
Heavy-duty truck											
Heavy-duty truck											
Medium-duty truck and bus											
Medium-duty truck and bus											
Medium-duty truck and bus	Medium-duty truck and bus	1,074	942	132	14	14 %	2,069	1,845	224	12	12 %
Light-duty automotive	Light-duty automotive	461	445	16	4	4 %	899	884	15	2	2 %
Light-duty automotive											
Light-duty automotive											
Total on-highway											
Total on-highway											
Total on-highway	Total on-highway	2,719	2,504	215	9	9 %	5,211	4,960	251	5	5 %
Off-highway	Off-highway	432	484	(52)	(11)	(11) %	868	1,014	(146)	(14)	(14)%
Off-highway											
Off-highway											
Total sales											
Total sales											
Total sales	Total sales	$ 3,151	$2,988	$ 163	5	5 %	$ 6,079	$ 5,974	$ 105	2	2 %
				Percentage Points				Percentage Points			

On-highway sales as percentage of total sales

On-highway sales as percentage of total sales

On-highway sales as percentage of total sales

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

		Three months ended June 30,				Favorable/ (Unfavorable)			Six months ended June 30,				Favorable/ (Unfavorable)		
		2024		2023		Amount		Percent	2024		2023		Amount		Percent
Heavy-duty	Heavy-duty	**37,500**	36,400	36,400	1,100	1,100	3	3 %	**71,100**	71,100	71,100	—	—	—	— %
Heavy-duty															
Heavy-duty															
Medium-duty															
Medium-duty															
Medium-duty	Medium-duty	**79,600**	76,000	76,000	3,600	3,600	5	5 %	**155,400**	154,900	154,900	500	500	—	— %
Light-duty	Light-duty	**57,200**	53,600	53,600	3,600	3,600	7	7 %	**112,000**	108,600	108,600	3,400	3,400	3	3 %
Light-duty															
Light-duty															
Total unit shipments	Total unit shipments	**174,300**	166,000	166,000	8,300	8,300	5	5 %	**338,500**	334,600	334,600	3,900	3,900	1	1 %
Total unit shipments															
Total unit shipments															

Sales

Engine segment sales for the three months ended March 31, 2024 June 30, 2024, decreased $58 million increased $163 million versus the comparable period in 2023. The following were the primary drivers by market:

- Off-highway Medium-duty truck and bus sales increased $132 million primarily due to higher truck demand, especially in North America with shipments up 12 percent, and increased pricing.
- Heavy-duty truck sales increased $67 million mainly due to stronger demand in North America with shipments up 5 percent and favorable pricing.

These increases were partially offset by decreased $94 off-highway sales of $52 million mainly due to lower demand in global construction markets, especially in China, Western Europe and North America.

Engine segment sales for the six months ended June 30, 2024, increased $105 million versus the comparable period in 2023. The primary driver by market was an increase in medium-duty truck and bus sales of $224 million principally due to higher truck demand, especially in North America with shipments up 16 percent, and favorable pricing. The increase was partially offset by decreased off-highway sales of $146 million mainly due to lower demand in global construction markets, especially in China and Western Europe.

- Heavy-duty truck sales decreased $55 million principally due to weaker demand in North America.

These decreases were partially offset by increased medium-duty truck and bus sales of $92 million mainly due to higher demand in North America with higher medium-duty truck shipments of 20 percent.

Segment EBITDA

Engine segment EBITDA for the three months ended March 31, 2024 June 30, 2024, decreased $43 million increased $20 million versus the comparable period in 2023, primarily due to lower volumes, favorable pricing, partially offset by higher compensation expenses, lower equity, royalty and interest income from investees and unfavorable mix.

Engine segment EBITDA for the six months ended June 30, 2024, decreased $23 million versus the comparable period in 2023, primarily due to higher compensation expenses, increased product coverage, costs, lower equity, royalty and interest income from investees, lower parts volumes and unfavorable mix, partially offset by favorable pricing.

Distribution Segment Results

Financial data for the Distribution segment was as follows:

In millions	Three months ended June 30, 2024	2023	Favorable/ (Unfavorable) Amount		Percent	Six months ended June 30, 2024	2023	Favorable/ (Unfavorable) Amount		Percent
External sales	$ **2,821**	$ 2,576	$ 245	10	10 %	$ **5,350**	$ 4,975	$375	8	8 %
Intersegment sales	**8**	19	(11)	(58)	(58)%	**14**	26	(12)	(46)	(46)%
Total sales	**2,829**	2,595	234	9	9 %	**5,364**	5,001	363	7	7 %
Research, development and engineering expenses	**14**	15	1	7	7 %	**28**	29	1	3	3 %
Equity, royalty and interest income from investees	**24**	24	—	—	— %	**48**	48	—	—	— %
Interest income	**11**	8	3	38	38 %	**22**	15	7	47	47 %
Segment EBITDA	**314**	299	15	5	5 %	**608**	634	(26)	(4)	(4) %
			Percentage Points					Percentage Points		
Segment EBITDA as a percentage of total sales										

Sales for our Distribution segment by region were as follows:

In millions	Three months ended June 30, 2024	2023	Favorable/ (Unfavorable) Amount	Percent	Six months ended June 30, 2024	2023	Favorable/ (Unfavorable) Amount	Percent

In millions	Three months ended June 30, 2024	2023	Favorable/(Unfavorable) Amount	Percent	Six months ended June 30, 2024	2023	Favorable/(Unfavorable) Amount	Percent
North America	$1,901	$1,797	$104	6 %	$3,624	$3,492	$132	4 %
Asia Pacific	310	266	44	17 %	595	506	89	18
Europe	285	213	72	34 %	525	408	117	29
China	130	113	17	15 %	232	215	17	8
India	79	65	14	22 %	150	124	26	21
Latin America	64	61	3	5 %	124	114	10	9
Africa and Middle East	60	80	(20)	(25)%	114	142	(28)	(20)
Total sales	$2,829	$2,595	$234	9 %	$5,364	$5,001	$363	7 %

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

In millions	Three months ended June 30, 2024	2023	Favorable/(Unfavorable) Amount	Percent	Six months ended June 30, 2024	2023	Favorable/(Unfavorable) Amount	Percent

Parts																					
Parts																					
Parts	Parts	$ 990	$	$1,019	$	$(29)	(3)	(3)	%	$1,991	$	$2,076	$	$(85)	(4)	(4)%					
Power generation	Power generation	954	614	614	340	340	55	55	%	1,661	1,106	1,106	555	555	50	50	%				
Power generation																					
Power generation																					
Service		448		431		17		4	%	854		832		22		3	%				
Engines	Engines	437	531	531	(94)	(94)	(18)	(18)	%	858	987	987	(129)	(129)	(13)	(13)	%				
Engines																					
Engines																					
Service																					
Service																					
Service																					
Total sales																					
Total sales																					
Total sales	Total sales	$2,829	$	$2,595	$	$234	9	9	%	$5,364	$	$5,001	$	$363	7	7	%				

Sales

Distribution segment sales for the three months ended March 31, 2024 June 30, 2024, increased $129 million $234 million versus the comparable period in 2023. The following were the primary drivers by region:

- Asia Pacific North American sales increased $45 million primarily $104 million principally due to higher demand in power generation markets, especially data center and commercial markets, partially offset by lower demand for engines and service. aftermarket products.
- European sales increased $45 $72 million mainly due to favorable demand in power generation and parts. markets.

Distribution segment sales for the six months ended June 30, 2024, increased $363 million versus the comparable period in 2023. The following were the primary drivers by region:

- North American sales increased $28 million $132 million principally due to higher demand in power generation markets, especially commercial and data center markets, partially offset by lower demand for engines and aftermarket products.
- European sales increased $117 million mainly due to favorable demand in power generation markets.
- Asia Pacific sales increased $89 million primarily due to higher demand in power generation markets, especially data center markets, and service.

Segment EBITDA

Distribution segment EBITDA for the three months ended March 31, 2024 June 30, 2024, increased $15 million versus the comparable period in 2023, primarily due to favorable pricing, partially offset by higher compensation expenses.

Distribution segment EBITDA for the six months ended June 30, 2024, decreased $41 million $26 million versus the comparable period in 2023, primarily due to higher compensation expenses, unfavorable inventory adjustments mix and unfavorable mix, higher managed expenses, partially offset by favorable pricing.

Power Systems Segment Results

Financial data for the Power Systems segment was as follows:

		Three months ended June 30,		Favorable/ (Unfavorable)		Six months ended June 30,		Favorable/ (Unfavorable)	
In millions	**In millions**	**2024**	**2023**	**Amount**	**Percent**	**2024**	**2023**	**Amount**	**Percent**
In millions									
In millions									

External sales										
External sales										
External sales	External sales	$ 888	$ 794	$ 94	12	12 %	$ 1,596	$ 1,473	$123	8	8 %
Intersegment sales	Intersegment sales	701	663	38	6	6 %	1,382	1,327	55	4	4 %
Intersegment sales										
Intersegment sales										
Total sales										
Total sales										
Total sales	Total sales	1,589	1,457	132	9	9 %	2,978	2,800	178	6	6 %
Research, development and engineering expenses										
Research, development and engineering expenses										
Research, development and engineering expenses		63	66	3	5	5 %	123	129	6	5	5 %
Equity, royalty and interest income from investees	Equity, royalty and interest income from investees	26	18	8	44	44 %	45	31	14	45	45 %
Equity, royalty and interest income from investees										
Equity, royalty and interest income from investees										
Interest income										
Interest income										
Interest income	Interest income	3	2	1	50	50 %	6	4	2	50	50 %
Segment EBITDA										
Segment EBITDA										
Segment EBITDA		301	201	100	50	50 %	538	420	118	28	28 %
				Percentage Points					Percentage Points		
Segment EBITDA as a percentage of total sales										
Segment EBITDA as a percentage of total sales										
Segment EBITDA as a percentage of total sales										

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

		Three months ended June 30,			Favorable/ (Unfavorable)				Six months ended June 30,			Favorable/ (Unfavorable)			
In millions	**In millions**	**2024**		**2023**		**Amount**		**Percent**	**2024**		**2023**		**Amount**		**Percent**
In millions															
In millions															
Power generation															
Power generation															
Power generation	Power generation	$ 987	$	$ 854	$	$133	16	16 %	$ 1,840	$	$1,624	$	$216	13	13 %
Industrial	Industrial	478	468	468	10	10	2	2 %	898	923	923	(25)	(25)	(3)	(3) %
Industrial															
Industrial															
Generator technologies															
Generator technologies															
Generator technologies	Generator technologies	124	135	135	(11)	(11)	(8)	(8) %	240	253	253	(13)	(13)	(5)	(5) %
Total sales	Total sales	$ 1,589	$	$1,457	$	$132	9	9 %	$ 2,978	$	$2,800	$	$178	6	6 %
Total sales															

Total sales

Sales

Power Systems segment sales for the three months ended March 31, 2024 June 30, 2024, increased $46 million $132 million versus the comparable period in 2023. The primary driver was an increase in power generation sales of $83 133 million mainly principally due to higher demand in data center markets in North America and India, China, partially offset by weaker demand in Western Europe and Latin America. India.

Power Systems segment sales for the six months ended June 30, 2024, increased $178 million versus the comparable period in 2023. The primary driver was an increase was partially offset by a decrease in industrial power generation sales of $35 million mainly $216 million principally due to weaker higher demand in the oil and gas market data center markets in North America, partially offset by stronger weaker demand for industrial products in global mining the North American oil and gas markets.

Segment EBITDA

Power Systems segment EBITDA for the three months ended March 31, 2024 June 30, 2024, increased $18 million $100 million versus the comparable period in 2023, mainly due to favorable pricing, improved mix and higher volumes, partially offset by unfavorable mix increased product coverage costs.

Power Systems segment EBITDA for the six months ended June 30, 2024, increased $118 million versus the comparable period in 2023, primarily due to favorable pricing and higher compensation expenses. volumes, partially offset by increased product coverage costs.

Accelera Segment Results

Financial data for the Accelera segment was as follows:

		Three months ended June 30,		Favorable/ (Unfavorable)				Six months ended June 30,		Favorable/ (Unfavorable)			
In millions	**In millions**	**2024**	**2023**	**Amount**		**Percent**		**2024**	**2023**	**Amount**		**Percent**	
In millions													
In millions													
External sales													
External sales													
External sales	External sales	**$ 101**	$ 81	$ 20	25	25	%	**$ 185**	$ 161	$ 24	15	15	%
Intersegment sales	Intersegment sales	**10**	4	6	NM	NM		**19**	9	10	NM	NM	
Intersegment sales													
Intersegment sales													
Total sales													
Total sales													
Total sales	Total sales	**111**	85	26	31	31	%	**204**	170	34	20	20	%
Research, development and engineering expenses													
Research, development and engineering expenses													
Research, development and engineering expenses		**54**	52	(2)	(4)	(4)	%	**109**	100	(9)	(9)	(9)	%
Equity, royalty and interest loss from investees	Equity, royalty and interest loss from investees	**(8)**	(4)	(4)	(100)	(100)	%	**(11)**	(8)	(3)	(38)	(38)	%
Equity, royalty and interest loss from investees													
Equity, royalty and interest loss from investees													
Segment EBITDA													
Segment EBITDA													
Interest income		—	1	(1)		(100) %		—	1	(1)		(100) %	
Segment EBITDA	Segment EBITDA	**(117)**	(114)	(3)	(3)	(3)	%	**(218)**	(208)	(10)	(5)	(5)	%
"NM" - not meaningful information													
"NM" - not meaningful information													

"NM" - not meaningful information

Accelera segment sales for the three and six months ended March 31, 2024 June 30, 2024, increased $8 million $26 million and $34 million versus the comparable period periods in 2023 principally primarily due to improved sales of electrolyzers.

OUTLOOK

Our outlook reflects the following positive trends and challenges to our business that could impact our revenue and earnings potential for the remainder of 2024.

Positive Trends

- We expect demand for medium-duty trucks in North America to remain strong.
- We believe market demand for trucks in India will continue to be strong.
- We expect demand within our Power Systems business to remain strong, including the power generation and mining markets.
- We anticipate demand in our aftermarket business will continue to be robust, driven primarily by strong demand in our Engine and Power Systems businesses.
- We expect demand for trucks in China to remain stable or improve in 2024.

Challenges

- We expect demand for heavy-duty trucks in North America to weaken modestly particularly in the second half of 2024.
- Continued increases in material and labor costs, as well as other inflationary pressures, could negatively impact earnings.
- The financial implications resulting from our Settlement Agreements will negatively impact our liquidity in 2024 and will result in incremental interest expense for debt utilized in funding the civil penalty.

LIQUIDITY AND CAPITAL RESOURCES

Key Working Capital and Balance Sheet Data

We fund our working capital with cash from operations and short-term borrowings, including commercial paper, when necessary. Various assets and liabilities, including short-term debt, can fluctuate significantly from month to month depending on short-term liquidity needs. As a result, working capital is a prime focus of management's attention. Working capital and balance sheet measures are provided in the following table:

Dollars in millions	Dollars in millions	March 31, 2024	December 31, 2023	Dollars in millions	June 30, 2024	December 31, 2023
Working capital (1)						
Current ratio						
Accounts and notes receivable, net						
Days' sales in receivables						
Inventories						
Inventory turnover						
Accounts payable (principally trade)						
Days' payable outstanding						
Total debt						
Total debt as a percent of total capital	Total debt as a percent of total capital	**40.4 %**	40.3 %	Total debt as a percent of total capital	**41.5 %**	40.3 %

(1) Working capital included cash and cash equivalents

(1) Working capital included cash and cash equivalents

(1) Working capital included cash and cash equivalents

Cash Flows

Cash and cash equivalents were impacted as follows:

	Three months ended	
	Six months ended	
	March 31,	June 30,

In millions	In millions	2024	2023	Change	In millions	2024	2023	Change
Net cash provided by operating activities								
Net cash (used in) provided by operating activities								
Net cash used in investing activities								
Net cash provided by (used in) financing activities								
Effect of exchange rate changes on cash and cash equivalents								
Net increase (decrease) in cash and cash equivalents								
Net decrease in cash and cash equivalents								

Net cash provided by used in operating activities decreased $219 million increased $1.6 billion for the three six months ended March 31, 2024 June 30, 2024, versus the comparable period in 2023, primarily due to higher working capital requirements of $112 million and lower operating income of $103 million $1.6 billion. The higher working capital requirements resulted in a cash outflow of $606 million $2.5 billion compared to a cash outflow of $494 million $849 million in the comparable period of 2023, mainly due to higher variable compensation payouts in accrued expenses, increased inventories and unfavorable changes in accounts payable, $1.9 billion of payments required by the Settlement Agreements, partially offset by favorable changes in accounts and notes receivable.

Net cash used in investing activities increased $178 million $200 million for the three six months ended March 31, 2024 June 30, 2024, versus the comparable period in 2023, primarily due to cash associated with the Atmus divestiture of $174 million and higher acquisition activity of $59 million, partially offset by higher net liquidations of marketable securities of $33 million and lower capital expenditures of $24 million. divestiture.

Net cash provided by financing activities increased $862 million $1.4 billion for the three six months ended March 31, 2024 June 30, 2024, versus the comparable period in 2023, primarily due to higher proceeds from borrowings of $2.4 billion $1.7 billion (principally related to our 2024 note issuance) and increased net borrowings of commercial paper of $743 million, partially offset by higher net payments of commercial paper of $858 million and payments on borrowings and finance lease obligations of $606 million $995 million (largely related to increased early payments of $900 million on our term loan, due 2025).

The effect of exchange rate changes on cash and cash equivalents for the three six months ended March 31, 2024 June 30, 2024, versus the comparable period in 2023, increased $18 million $53 million primarily due to unfavorable favorable fluctuations in the British pound, partially offset by the Chinese renminbi. pound.

Sources of Liquidity

We generate significant ongoing cash flow. Cash provided by operations is generally our principal source of liquidity with $276 million generated liquidity. In February, we issued $2.25 billion in the three months ended March 31, 2024. long-term debt to pay down higher cost debt, finance Settlement Agreement payments and improve our overall liquidity. Our sources of liquidity include: include the following:

		March 31, 2024								June 30, 2024					
In millions	In millions	Total		U.S.		International		Primary location of international balances	In millions	Total		U.S.		International	Primary location of international balances
Cash and cash equivalents	Cash and cash equivalents	$2,541	$	$1,617	$	$ 924	Singapore, Australia, Belgium, Mexico, Canada, China	Singapore, Australia, Belgium, Mexico, Canada, China	Cash and cash equivalents	$ 1,590	$	$ 716	$	$ 874	Singapore, Australia, China, Mexico, Belgium, Canada
Marketable securities (1)															
Marketable securities (1)															
Marketable securities (1)		510	85	85	425	425	India	India		593	85	85	508	508	India
Total															
Available credit capacity															
Available credit capacity															
Available credit capacity															
Revolving credit facilities (2)															
Revolving credit facilities (2)															

Revolving credit facilities (2)

International and other uncommitted domestic credit facilities

International and other uncommitted domestic credit facilities

International and other uncommitted domestic credit facilities

(1) The majority of marketable securities could be liquidated into cash within a few days.

(1) The majority of marketable securities could be liquidated into cash within a few days.

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(2) The five-year credit facility for $2.0 billion and the 364-day credit facility for $2.0 billion, maturing August 2026 and June 2024, respectively, are maintained primarily to provide backup liquidity for our commercial paper borrowings and general corporate purposes. At March 31, 2024, we had $609 million of commercial paper outstanding, which effectively reduced our available capacity under our revolving credit facilities to $3.4 billion.

(2) The five-year credit facility for $2.0 billion and the 364-day credit facility for $2.0 billion, maturing June 2029 and June 2025, respectively, are maintained primarily to provide backup liquidity for our commercial paper borrowings and general corporate purposes. At June 30, 2024, we had $1.6 billion of commercial paper outstanding, which effectively reduced our available capacity under our revolving credit facilities to $2.4 billion.

Cash, Cash Equivalents and Marketable Securities

A significant portion of our cash flow is generated outside the U.S. We manage our worldwide cash requirements considering available funds among the many subsidiaries through which we conduct our business and the cost effectiveness with which those funds can be accessed. As a result, we do not anticipate any local liquidity restrictions to preclude us from funding our operating needs with local resources.

If we distribute our foreign cash balances to the U.S. or to other foreign subsidiaries, we could be required to accrue and pay withholding taxes, for example, if we repatriated cash from certain foreign subsidiaries whose earnings we asserted are completely or partially permanently reinvested. Foreign earnings for which we assert permanent reinvestment outside the U.S. consist primarily of earnings of our China, India, Canada (including underlying subsidiaries) and Netherlands domiciled subsidiaries. At present, we do not foresee a need to repatriate any earnings for which we assert permanent reinvestment. However, to help fund cash needs of the U.S. or other international subsidiaries as they arise, we repatriate available cash from certain foreign subsidiaries whose earnings are not completely permanently reinvested when it is cost effective to do so.

Debt Facilities and Other Sources of Liquidity

In April 2024, On June 3, 2024, we issued approximately $1.0 entered into an amended and restated five-year credit agreement that allows us to borrow up to $2.0 billion of commercial paper in anticipation unsecured funds at any time prior to June 3, 2029. The credit agreement amended and restated the prior $2.0 billion five-year credit agreement that would have matured on August 18, 2026.

On June 3, 2024, we entered into an amended and restated 364-day credit agreement that allows us to borrow up to $2.0 billion of paying unsecured funds at any time prior to June 2, 2025. This credit agreement amended and restated the substantial majority of payments required by the Settlement Agreements in May 2024. See NOTE 11, “COMMITMENTS AND CONTINGENCIES,” *to the Condensed Consolidated Financial Statements* for additional information prior $2.0 billion 364-day credit facility that matured on the Settlement Agreements. June 3, 2024.

On February 20, 2024, we issued $2.25 billion aggregate principal amount of senior unsecured notes consisting of $500 million aggregate principal amount of 4.90 percent senior unsecured notes due in 2029, $750 million aggregate principal amount of 5.15 percent senior unsecured notes due in 2034 and $1.0 billion aggregate principal amount of 5.45 percent senior unsecured notes due in 2054. We received net proceeds of $2.2 billion. See NOTE 9, "DEBT," to the *Condensed Consolidated Financial Statements* for additional information.

Our committed credit facilities provide access up to $4.0 billion, including our $2.0 billion 364-day facility that expires June 3, 2024 June 2, 2025, and our $2.0 billion five-year facility that expires on August 18, 2026 June 3, 2029. These revolving credit facilities are maintained primarily to provide backup liquidity for our commercial paper borrowings and general corporate purposes. We intend to maintain credit facilities at the current or higher aggregate amounts by renewing or replacing these facilities at or before expiration. There were no outstanding borrowings under these facilities at March 31, 2024 June 30, 2024.

Our committed credit facilities provide access up to $4.0 billion of unsecured, short-term promissory notes (commercial paper) pursuant to the Board of Directors (the Board) authorized commercial paper programs. These programs facilitate the private placement of unsecured short-term debt through third-party brokers. We intend to use the net proceeds from the commercial paper borrowings for general corporate purposes. The total combined borrowing capacity under the revolving credit facilities and commercial paper programs should not exceed $4.0 billion. At March 31, 2024 June 30, 2024, we had $609 million $1.6 billion of commercial paper outstanding, which effectively reduced our available capacity under our revolving credit facilities to $3.4 billion $2.4 billion. See NOTE 9, "DEBT," to the *Condensed Consolidated Financial Statements* for additional information.

As a well-known seasoned issuer, we filed an automatic shelf registration of an undetermined amount of debt and equity with the Securities and Exchange Commission (SEC) on February 8, 2022. Under this shelf registration we may offer, from time to time, debt securities, common stock, preferred and preference stock, depositary shares, warrants, stock purchase contracts and stock purchase units.

Supply Chain Financing

We currently have supply chain financing programs with financial intermediaries, which provide certain vendors the option to be paid by financial intermediaries earlier than the due date on the applicable invoice. When a vendor utilizes the program and receives an early payment from a financial intermediary, they take a discount on the invoice. We then pay the financial intermediary the face amount of the invoice on the original due date, which generally have 60 to 90 day payment terms. The maximum amount that we could have outstanding under the program these programs was $512 million $538 million. We do not reimburse vendors for any costs they incur for participation in the program, their participation is completely voluntary and there are no assets pledged as security or other forms of guarantees provided for the committed payment to the finance provider or intermediary. As a result, all amounts owed to the financial intermediaries are presented as accounts payable in our *Condensed Consolidated Balance Sheets*. Amounts due to the financial intermediaries reflected in accounts payable at March 31, 2024 June 30, 2024, were $193 million $212 million.

Accounts Receivable Sales Program

In May 2024, we entered into an accounts receivable sales agreement with Wells Fargo Bank, N.A., to sell certain accounts receivable up to a Board approved limit of $500 million. See NOTE 1, "NATURE OF OPERATIONS AND BASIS OF PRESENTATION," to the *Condensed Consolidated Financial Statements* for additional information.

Uses of Cash

Settlement Agreements

In December 2023, we announced that we reached an agreement in principle with the EPA, CARB, the Environmental and Natural Resources Division of the U.S. Department of Justice and the California Attorney General's Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024 (collectively, the Settlement Agreements). As part of the Settlement Agreements, among other things, we agreed to pay civil penalties, complete recall requirements, undertake mitigation projects, provide extended warranties, undertake certain testing, take certain corporate compliance measures and make certain payments. Failure to comply with the terms and conditions of the Settlement Agreements will subject us to stipulated penalties. We recorded a charge of $2.0 billion in the fourth quarter of 2023 to resolve the matters addressed by the Settlement Agreements involving approximately one million of our pick-up truck applications in the U.S. This charge was in addition to the previously announced charges of $59 million for the recalls of model years 2013 through 2018 RAM 2500 and 3500 trucks and model years 2016 through 2019 Titan trucks. Of this amount, We made $1.9 billion relates to of payments that we began making required by the Settlement Agreements in April 2024; however, the majority second quarter of these payments are expected to be made in May 2024. See NOTE 11, "COMMITMENTS AND CONTINGENCIES," to the *Condensed Consolidated Financial Statements* for additional information.

Repayment of Debt

We used a portion of the net proceeds of $2.2 billion from our February 2024 bond issuance to pay down $650 million of our term loan, due 2025, and commercial paper. We intend to use the remaining net proceeds for general corporate purposes.

In April 2024, we also repaid $100 million of our term loan, due 2025.

Dividends

We paid dividends of $239 million $469 million during the three six months ended March 31, 2024 June 30, 2024. In July 2024, the Board authorized an increase to our quarterly dividend of approximately 8 percent from $1.68 per share to $1.82 per share.

Capital Expenditures

Capital expenditures for the three six months ended March 31, 2024 June 30, 2024, were $169 million $409 million versus $193 million $414 million in the comparable period in 2023. We continue to invest in new product lines and targeted capacity expansions. We plan to spend an estimated $1.2 billion to $1.3 billion in 2024 on capital expenditures with over 65 percent of these expenditures expected to be invested in North America.

Current Maturities of Short and Long-Term Debt

We had $609 million $1,581 million of commercial paper outstanding at March 31, 2024 June 30, 2024, that matures in less than one year. The maturity schedule of our existing long-term debt requires significant cash outflows in 2025 when our term loan and 0.75 percent senior notes are due. Required annual long-term debt principal payments range from $41 million $61 million to $1.1 billion $755 million over the next five years (including the remainder of 2024). We intend to retain our strong investment credit ratings. See NOTE 9, "DEBT," to the *Condensed Consolidated Financial Statements* for additional information. In July 2024, we settled the remaining $100 million of interest rate swaps and repaid the outstanding $100 million of our related term loan due in 2025.

Pensions

Our global pension plans, including our unfunded and non-qualified plans, were 113 percent funded at December 31, 2023. Our U.S. defined benefit plans (qualified and non-qualified), which represented approximately 69 percent of the worldwide pension obligation, were 113 percent funded, and our U.K. defined benefit plans were 113 percent funded at December 31, 2023. The funded status of our pension plans is dependent upon a variety of variables and assumptions including return on invested assets, market interest rates and levels of voluntary contributions to the plans. In the first three six months of 2024, the investment gain on our U.S. pension trusts was 1.2 2.0 percent, while our U.K. pension trusts' loss was 2.3 4.3 percent. We anticipate making additional defined benefit pension contributions during the remainder of 2024 of $29 million $22 million for our U.S. and U.K. qualified and non-qualified pension plans. These contributions may be made from trusts or company funds either to increase pension assets or to make direct benefit payments to plan participants. We expect our 2024 annual net periodic pension cost to approximate $34 million.

Stock Repurchases

In December 2021, the Board authorized the acquisition of up to $2.0 billion of additional common stock upon completion of the $2.0 billion repurchase plan authorized in 2019. We did not make any repurchases of common stock in the first three six months of 2024. The dollar value remaining available for future purchases under the 2019 program at March 31, 2024 June 30, 2024, was $218 million.

Amplify Cell Technologies LLC Joint Venture

In September 2023, our Accelera business signed an agreement to form a joint venture, Amplify Cell Technologies LLC, with Daimler Trucks and Buses US Holding LLC (Daimler Truck), PACCAR Inc. (PACCAR) and EVE Energy to accelerate and localize battery cell production and the battery supply chain in the U.S., including building a 21-gigawatt hour battery production facility in Marshall County, Mississippi. The joint venture will manufacture battery cells for electric commercial vehicles and industrial applications. At June 30, 2024, our maximum remaining required contribution to the joint venture was $780 million, which could be reduced by future government incentives received by the joint venture. The majority of the contribution is expected to be made by the end of 2028. See NOTE 4, "EQUITY, ROYALTY AND INTEREST INCOME FROM INVESTEES," to the *Condensed Consolidated Financial Statements* for additional information.

Credit Ratings

Our rating and outlook from each of the credit rating agencies as of the date of filing are shown in the table below:

Credit Rating Agency (1)	Long-Term Senior Debt Rating	Short-Term Debt Rating	Outlook
Standard and Poor’s Rating Services	A	A1	Stable
Moody’s Investors Service, Inc.	A2	P1	Stable

(1) Credit ratings are not recommendations to buy, are subject to change, and each rating should be evaluated independently of any other rating. In addition, we undertake no obligation to update disclosures concerning our credit ratings, whether as a result of new information, future events or otherwise.

Management's Assessment of Liquidity

Our financial condition and liquidity remain strong. Our solid balance sheet and credit ratings enable us to have ready access to credit and the capital markets. We assess our liquidity in terms of our ability to generate adequate cash to fund our operating, investing and financing activities. We believe our access to capital markets, our existing cash and marketable securities, operating cash flow and revolving credit facilities provide us with the financial flexibility needed to make payments required by the Settlement Agreements, fund targeted capital expenditures, dividend payments, debt service obligations, projected pension obligations, common stock repurchases and fund joint venture contributions and acquisitions through 2024 and beyond. We continue to generate significant cash from operations and maintain access to our revolving credit facilities and commercial paper programs as noted above.

We anticipate making the substantial majority of payments required by the Settlement Agreements in May 2024 through the use of our existing liquidity and access to cash from commercial paper issued in April. See NOTE 17, "SUBSEQUENT EVENTS," to the *Condensed Consolidated Financial Statements* for additional information.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

A summary of our significant accounting policies is included in NOTE 1, “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,” of the Notes to the Consolidated Financial Statements of our 2023 Form 10-K, which discusses accounting policies that we have selected from acceptable alternatives.

Our *Condensed Consolidated Financial Statements* are prepared in accordance with generally accepted accounting principles that often require management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts presented and disclosed in the financial statements. Management reviews these estimates and assumptions based on historical experience, changes in business conditions and other relevant factors they believe to be reasonable under the circumstances. In any given reporting period, our actual results may differ from the estimates and assumptions used in preparing our *Condensed Consolidated Financial Statements.*

Critical accounting estimates are defined as follows: the estimate requires management to make assumptions about matters that were highly uncertain at the time the estimate was made; different estimates reasonably could have been used; or if changes in the estimate are reasonably likely to occur from period to period and the change would have a material impact on our financial condition or results of operations. Our senior management has discussed the development and selection of our accounting policies, related accounting estimates and the disclosures set forth below with the Audit Committee of the Board. Our critical accounting estimates disclosed in the Form 10-K address estimating liabilities for warranty programs, fair value of intangible assets, assessing goodwill impairment, accounting for income taxes and pension benefits.

A discussion of our critical accounting estimates may be found in the "Management's Discussion and Analysis" section of our 2023 Form 10-K under the caption "APPLICATION OF CRITICAL ACCOUNTING ESTIMATES." Within the context of these critical accounting estimates, we are not currently aware of any reasonably likely events or circumstances that would result in different policies or estimates being reported in the first three six months of 2024.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

See NOTE 16, 17, "RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS," in the *Notes to Condensed Consolidated Financial Statements* for additional information.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

A discussion of quantitative and qualitative disclosures about market risk may be found in Item 7A of our 2023 Form 10-K. There have been no material changes in this information since the filing of our 2023 Form 10-K.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation under the supervision and with the participation of our management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based upon that evaluation, our CEO and our CFO concluded that our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is (1) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) accumulated and communicated to management, including our CEO and CFO, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2024 June 30, 2024, that materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

The matters described under "Legal Proceedings" in NOTE 11, "COMMITMENTS AND CONTINGENCIES," to the *Condensed Consolidated Financial Statements* are incorporated herein by reference.

ITEM 1A. Risk Factors

In addition to other information set forth in this report and the risk factor noted below, you should consider other risk factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023, which could materially affect our business, financial condition or future results. Other than noted below, there have been no material changes to our risks described in our 2023 Annual Report on Form 10-K or the "CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION" in this Quarterly report. Additional risks and uncertainties not currently known to us or that we currently judge to be immaterial also may materially adversely affect our business, financial condition or operating results.

GOVERNMENT REGULATION

While we have reached Settlement Agreements with the EPA, CARB, the Environmental and Natural Resources Division of the U.S. Department of Justice and the California Attorney General's Office to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., we have incurred, and likely will incur, other additional claims, costs and expenses in connection with the matters covered by the Settlement Agreements and other matters related to our compliance with emission standards for our engines, including with respect to additional regulatory action and collateral litigation related to these matters. Those and related expenses and reputational damage could have a material adverse impact on our results of operations, financial condition and cash flows.

In December 2023, we announced that we reached the agreement in principle and recorded a charge of $2.0 billion in the fourth quarter of 2023 to resolve certain regulatory civil claims regarding our emissions certification and compliance process for certain engines primarily used in pick-up truck applications in the U.S., which became final and effective in April 2024. This fourth quarter of 2023 charge was in addition to the previously announced charges of $59 million for the recalls of model years 2013 through 2018 RAM 2500 and 3500 trucks and model years 2016 through 2019 Titan trucks. Failure to comply with the terms and conditions of the Settlement Agreements will also subject us to stipulated penalties.

We have also been in communication with other non-U.S. regulators regarding matters related to the emission systems in our engines and may also become subject to additional regulatory review in connection with these matters.

In connection with our announcement of our entry into the agreement in principle, we became subject to shareholder, consumer and third-party litigation regarding the matters covered by the Settlement Agreements, and we may become subject to additional litigation in connection with these matters.

The consequences resulting from the resolution of the foregoing matters are uncertain and the related expenses and reputational damage could have a material adverse impact on our results of operations, financial condition and cash flows. See NOTE 11, “COMMITMENTS AND CONTINGENCIES,” *to the Condensed Consolidated Financial Statements* for additional information.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following information is provided pursuant to Item 703 of Regulation S-K:

	Issuer Purchases of Equity Securities			
Period	**Total Number of Shares Purchased**	**Average Price Paid per Share**	**Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs**	**Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) (1)**
January April 1 - January 31 April 30	—	$ —	—	$ 2,218
February May 1 - February 29 May 31	—	—	—	2,218
March June 1 - March 31 June 30	—	—	—	2,218
Total	—	—	—	

(1) Shares repurchased under our Key Employee Stock Investment Plan only occur in the event of a participant default, which cannot be predicted, and were excluded from this column.

In December 2021, the Board authorized the acquisition of up to $2.0 billion of additional common stock upon completion of the $2.0 billion repurchase plan authorized in 2019. During the three months ended March 31, 2024 June 30, 2024, we did not make any repurchases of common stock. The dollar value remaining available for future purchases under the 2019 program at March 31, 2024 June 30, 2024, was $218 million.

Our Key Employee Stock Investment Plan allows certain employees, other than officers, to purchase shares of common stock on an installment basis up to an established credit limit. We hold participants’ shares as security for the loans and would, in effect, repurchase shares only if the participant defaulted in repayment of the loan. Shares associated with participants' sales are sold as open-market transactions via a third-party broker.

ITEM 3. Defaults Upon Senior Securities

Not applicable.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

(c) During the first second quarter of 2024, none of our directors or executive officers adopted or terminated any “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as each term is defined in Item 408(a) of Regulation S-K).

ITEM 6. Exhibits

The exhibits listed in the following Exhibit Index are filed as part of this Quarterly Report on Form 10-Q.

CUMMINS INC.
EXHIBIT INDEX

Exhibit No.	Description of Exhibit
4.1 10.1	Sixth Supplemental Indenture, Second Amended and Restated 364-Day Credit Agreement, dated as of February 20, 2024 June 3, 2024, between by and among Cummins Inc., the subsidiary borrowers referred to therein, the Lenders party thereto and U.S. JPMorgan Chase Bank, National Association N.A., as Administrative Agent. (incorporated by reference to Exhibit 4.2 10.1 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on February 20, 2024 June 3, 2024 (File No. 001-04949)).
4.2 10.2	Seventh Supplemental Indenture, Sixth Amended and Restated 364-Day Credit Agreement, dated as of February 20, 2024 June 3, 2024, between by and among Cummins Inc., the subsidiary borrowers referred to therein, the Lenders party thereto and U.S. JPMorgan Chase Bank, National Association N.A., as Administrative Agent. (incorporated by reference to Exhibit 4.3 10.2 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on February 20, 2024 June 3, 2024 (File No. 001-04949)).
4.3	Eighth Supplemental Indenture, dated as of February 20, 2024, between Cummins Inc. and U.S. Bank National Association (incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K filed by Cummins Inc. with the Securities and Exchange Commission on February 20, 2024 (File No. 001-04949)).
10	Form of Performance-Based Restricted Stock Unit Award Agreement under 2012 Omnibus Incentive Plan (filed herewith).
31(a)	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed with this quarterly report on Form 10-Q are the following documents formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the *Condensed Consolidated Statements of Net Income for the three and six months ended March 31, 2024 June 30, 2024 and 2023*, (ii) the *Condensed Consolidated Statements of Comprehensive Income for the three and six months ended March 31, 2024 June 30, 2024 and 2023*, (iii) the *Condensed Consolidated Balance Sheets at March 31, 2024 June 30, 2024 and December 31, 2023*, (iv) the *Condensed Consolidated Statements of Cash Flows for the three six months ended March 31, 2024 June 30, 2024 and 2023*, (v) the *Condensed Consolidated Statements of Changes in Redeemable Noncontrolling Interests and Equity for the three and six months ended March 31, 2024 June 30, 2024 and 2023,* (vi) *Notes to Condensed Consolidated Financial Statements and (vii) the information included in Part II. Item 5(c).*

SIGNATURES

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 thereunto duly authorized.

Cummins Inc.

Date: May 2, August 1, 2024

By:	/s/ MARK A. SMITH	By:	/s/ LUTHER E. PETERS
	Mark A. Smith		Luther E. Peters
	Vice President and Chief Financial Officer		*Vice President-Controller*
	(Principal Financial Officer)		*(Principal Accounting Officer)*

EXHIBIT 10

CUMMINS INC.

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT (this "Agreement"), which relates to a grant of performance-based Restricted Stock Units ("RSUs") made on _____________ (the "Date of Grant"), is between Cummins Inc. (the "Company"), and the individual whose name is set forth on the signature page hereof (the "Participant"):

RECITALS:

WHEREAS, the Company has adopted the Cummins Inc. 2012 Omnibus Incentive Plan (the "Plan"), which is incorporated herein by reference and made a part of this Agreement (capitalized terms not otherwise defined herein shall have the same meanings as in the Plan); and

WHEREAS, the Committee has determined that it would be in the best interests of the Company and its shareholders to grant the RSUs provided for herein to the Participant pursuant to the Plan, and the terms set forth herein.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Grant. The Company hereby grants to the Participant the number of RSUs set forth in the grant letter accompanying this Agreement (the "Grant Letter") on the terms and conditions set forth in this Agreement. [One hundred percent (100%) of such RSUs are referred to as the "Target RSUs."] The Participant's rights with respect to the RSUs will remain forfeitable at all times prior to the date such RSUs vest as described in Section 4.

2. Performance Period and Goals. The vesting of the RSUs is subject to the achievement of the performance goals (the "Performance Goals") indicated in the Grant Letter during the performance period indicated in the Grant Letter (the "Performance Period"), as well as on continuous employment by the Participant until the Vesting Date (as defined below).

3. Restrictions on Transfer. The Participant cannot sell, transfer, or dispose of or pledge or hypothecate or assign the unvested RSUs or the Shares underlying the vested RSUs prior to the date on which such vested RSUs are settled pursuant to Section 4 (collectively, the "Transfer Restrictions").

4. Vesting; Termination of Employment.

(a) Vesting. Except as set forth in subsection (c), the RSUs will be eligible to vest only if the Participant continues in employment with the Company or its Affiliate until _________ (the "Vesting Date"). If the Participant's employment with the Company and its Affiliates terminates for any reason prior to the Vesting Date, then[, except as set forth in subsection (c),] the RSUs shall be forfeited on the date of such termination without consideration therefor.

(b) Determination of Performance. As soon as practicable after the end of the Performance Period [INSERT DESCRIPTION OF PROCESS FOR PERFORMANCE DETERMINATION].

(c) [Death or Disability; Certain Involuntary Terminations Without Cause. Notwithstanding anything to the contrary in this Agreement, (i) if the Participant's employment terminates prior to the Vesting Date due to death or Disability, then the Participant shall immediately and automatically vest in [____] of the Target RSUs [(regardless of the achievement of the Performance Goals)], and the remaining unvested portion of the RSUs shall be forfeited without consideration therefor and (ii) if (A) the Participant's employment terminates prior to the Vesting Date as a result of an involuntary termination by the Company without Cause and (B) the Committee determines in its sole and absolute discretion that the Performance Goals have been achieved at a satisfactory level, then a number of the then-unvested RSUs determined by the Committee shall be deemed to have been earned and vested as of the date of such determination.]

5. Settlement.

(a) General. Except as otherwise provided in Section 5(b), as soon as practicable after the RSUs vest (but in all events during the year immediately following the end of the applicable Performance Period), the Company will settle such vested RSUs by making an appropriate book entry in the Participant's name for a number of Shares equal to the number of RSUs that have vested. The Transfer Restrictions applicable to any Shares issued in respect of the RSUs shall lapse upon such issuance.

(b) Restrictions. The Company shall not be liable to the Participant for damages relating to any delays in making an appropriate book entry, or any mistakes or errors in the making of the book entry, provided that the Company shall correct any such errors caused by it. Any such book entry shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws, and the Company may make an appropriate book entry notation to make appropriate reference to such restrictions.

6. No Shareholder Rights. The Participant shall not have any voting, dividend or other shareholder rights with respect to the Shares underlying the RSUs.

7. No Right to Continued Employment or Future Awards. The granting of the RSUs shall impose no obligation on the Company or any of its Affiliates to continue the employment of the Participant and shall not lessen or affect the Company's or its Affiliate's right to terminate the employment of the Participant. In addition, the granting of the RSUs shall impose no obligation on the Company or any of its Affiliates to make awards under the Plan to the Participant in the future.

8. Taxes. The Company and its Affiliates shall have the right and are hereby authorized to withhold any applicable withholding taxes in respect of the RSUs and to take such other action as may be necessary to satisfy all obligations for the payment of such withholding taxes, including withholding Shares otherwise deliverable hereunder to satisfy such tax obligations.

9. Securities Laws. Upon the acquisition of any Shares pursuant to the RSUs, the Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or with this Agreement.

10. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for the Participant or to either party at such other address as either party may designate in writing to the other. Any such notice shall be deemed effective upon receipt by the addressee.

11. Choice of Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF INDIANA WITHOUT REGARD TO CONFLICTS OF LAWS.**

12. RSUs Subject to Plan. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The RSUs are subject to the Plan. The terms and provisions of the Plan as they may be amended from time to time are incorporated herein by reference. In the event of a conflict between any term or provision in this Agreement and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern.

13. Recoupment. The award represented by this Agreement (this "Award") and the compensation received by the Participant under this Award shall be subject to the terms of any recoupment or clawback policy that may be adopted by the Company from time to time and to any requirement of applicable law, regulation or listing standard that requires the Company to recoup or clawback compensation paid under this Award.

14. Amendments. The Company may amend this Award at any time, provided that the Participant's consent to any amendment is required to the extent the amendment materially diminishes the rights of the Participant or results in cancellation of the Award. Notwithstanding the foregoing, the Company need not obtain Participant (or other interested party) consent for (a) the adjustment or cancellation of an Award pursuant to the adjustment provisions of the Plan; (b) the modification of the Award to the extent deemed necessary to comply with any applicable law, the listing

requirements of any principal securities exchange or market on which the Shares are then traded; (c) the modification of the Award to preserve favorable accounting or tax treatment of the Award for the Company; or (d) the modification of the Award to the extent the Committee determines that such action does not materially and adversely affect the value of an

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Award or that such action is in the best interest of the affected Participant or any other person(s) as may then have an interest in the Award.

15. Committee Interpretation. As a condition to the grant of this Award, the Participant agrees (with such agreement being binding upon the Participant's legal representatives, guardians, legatees or beneficiaries) that this Agreement will be interpreted by the Committee and that any interpretation by the Committee of the terms of this Agreement or the Plan, and any determination made by the Committee under this Agreement or the Plan, will be final, binding and conclusive.

16. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures were upon the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CUMMINS INC.

By: ___________________

Name: _________________

Title: __________________

Agreed and acknowledged as of the date first above written:

____

Participant: Participant Name

EXHIBIT 31(a)

Certification

I, Jennifer Rumsey, certify that:

1. I have reviewed this report on Form 10-Q of Cummins Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, August 1, 2024

/s/ JENNIFER RUMSEY

Jennifer Rumsey

Chair and Chief Executive Officer

EXHIBIT 31(b)

Certification

I, Mark A. Smith, certify that:

1. I have reviewed this report on Form 10-Q of Cummins Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, August 1, 2024

/s/ MARK A. SMITH

Mark A. Smith

Vice President and Chief Financial Officer

EXHIBIT 32

Cummins Inc.

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cummins Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to the best of such officer's knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 2, August 1, 2024	/s/ JENNIFER RUMSEY
	Jennifer Rumsey
	Chair and Chief Executive Officer
May 2, August 1, 2024	/s/ MARK A. SMITH
	Mark A. Smith
	Vice President and Chief Financial Officer