

CUMMINS INC
Form 8-K
February 06, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report: February 6, 2014

CUMMINS INC.
(Exact name of registrant as specified in its charter)
Indiana 1-4949 35-0257090
(State or other Jurisdiction of (Commission File Number) (I.R.S. Employer
Incorporation) Identification No.)

500 Jackson Street
P. O. Box 3005
Columbus, IN 47202-3005
(Principal Executive Office) (Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On February 6, 2014, Cummins Inc. (“Cummins,” “the Company,” “the registrant,” “we,” “our,” or “us”) issued the attached press release reporting its financial results for the fourth quarter and full year of 2013, which is furnished herewith as Exhibit 99. The information furnished pursuant to this Item 2.02, including Exhibit 99, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d)The following exhibit is furnished pursuant to Item 2.02 herewith:
99-Press Release dated February 6, 2014

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 6, 2014

CUMMINS INC.
/s/ Marsha L. Hunt
Marsha L. Hunt
Vice President - Corporate Controller
(Principal Accounting Officer)

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

In millions, except per share amounts	Three months ended		
	December 31, 2013	September 29, 2013	December 31, 2012
NET SALES	\$4,588	\$4,266	\$4,292
Cost of sales	3,424	3,157	3,234
GROSS MARGIN	1,164	1,109	1,058
OPERATING EXPENSES AND INCOME			
Selling, general and administrative expenses	500	492	482
Research, development and engineering expenses	181	173	174
Equity, royalty and interest income from investees (Note 1)	80	91	82
Other operating expense, net	(10	) (11	) (19
OPERATING INCOME	553	524	465
Interest income	6	6	5
Interest expense	19	8	7
Other income, net	7	6	10
INCOME BEFORE INCOME TAXES	547	528	473
Income tax expense (Note 2)	86	154	75
CONSOLIDATED NET INCOME	461	374	398
Less: Net income attributable to noncontrolling interests	29	19	29
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	\$432	\$355	\$369
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.			
Basic	\$2.33	\$1.91	\$1.96
Diluted	\$2.32	\$1.90	\$1.95
WEIGHTED AVERAGE SHARES OUTSTANDING			
Basic	185.7	186.0	188.4
Diluted	186.3	186.5	188.8
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$0.625	\$0.625	\$0.50

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

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

In millions, except per share amounts	Years ended December 31,	
	2013	2012
NET SALES	\$17,301	\$17,334
Cost of sales	12,918	12,826
GROSS MARGIN	4,383	4,508
OPERATING EXPENSES AND INCOME		
Selling, general and administrative expenses	1,920	1,900
Research, development and engineering expenses	713	728
Equity, royalty and interest income from investees (Note 1)	361	384
Gain on sale of businesses	—	6
Other operating expense, net	(10	) (16
OPERATING INCOME	2,101	2,254
Interest income	27	25
Interest expense	41	32
Other income, net	32	24
INCOME BEFORE INCOME TAXES	2,119	2,271
Income tax expense (Note 2)	531	533
CONSOLIDATED NET INCOME	1,588	1,738
Less: Net income attributable to noncontrolling interests	105	93
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	\$1,483	\$1,645
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.		
Basic	\$7.93	\$8.69
Diluted	\$7.91	\$8.67
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	187.0	189.3
Diluted	187.4	189.7
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$2.25	\$1.80

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

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

In millions, except par value	December 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$2,699	\$1,369
Marketable securities	150	247
Total cash, cash equivalents and marketable securities	2,849	1,616
Accounts and notes receivable, net	2,649	2,475
Inventories	2,381	2,221
Prepaid expenses and other current assets	760	855
Total current assets	8,639	7,167
Long-term assets		
Property, plant and equipment, net	3,156	2,724
Investments and advances related to equity method investees	931	897
Goodwill and other intangibles, net	818	814
Other assets	1,184	946
Total assets	\$14,728	\$12,548
LIABILITIES		
Current liabilities		
Loans payable	\$17	\$16
Accounts payable (principally trade)	1,557	1,339
Accrued expenses	1,794	1,781
Total current liabilities	3,368	3,136
Long-term liabilities		
Long-term debt	1,672	698
Other liabilities	1,818	1,740
Total liabilities	6,858	5,574
EQUITY		
Cummins Inc. shareholders' equity		
Common stock, \$2.50 par value, 500 shares authorized, 222.3 and 222.4 shares issued	2,099	2,058
Retained earnings	8,406	7,343
Treasury stock, at cost, 35.6 and 32.6 shares	(2,195	) (1,830
Common stock held by employee benefits trust, at cost, 1.3 and 1.5 shares	(16	) (18
Accumulated other comprehensive loss	(784	) (950
Total Cummins Inc. shareholders' equity	7,510	6,603
Noncontrolling interests	360	371
Total equity	7,870	6,974
Total liabilities and equity	\$14,728	\$12,548

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

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

In millions	Years ended December 31,	
	2013	2012
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$2,089	\$1,532
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(676	) (690
Investments in internal use software	(64	) (87
Investments in and advances to equity investees	(42	) (70
Acquisition of businesses, net of cash acquired	(147	) (215
Proceeds from sale of businesses, net of cash sold	—	10
Investments in marketable securities—acquisitions	(418	) (561
Investments in marketable securities—liquidations	525	585
Proceeds from sale of equity investment	—	23
Purchases of other investments	(40) —
Cash flows from derivatives not designated as hedges	1	12
Other, net	15	11
Net cash used in investing activities	(846	) (982
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	1,004	64
Payments on borrowings and capital lease obligations	(90	) (145
Net borrowings under short-term credit agreements	(3	) 11
Distributions to noncontrolling interests	(75	) (62
Dividend payments on common stock	(420	) (340
Repurchases of common stock	(381	) (256
Excess tax benefits on stock-based awards	13	14
Other, net	4	20
Net cash provided by (used in) financing activities	52	(694
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	35	29
Net increase (decrease) in cash and cash equivalents	1,330	(115
Cash and cash equivalents at beginning of year	1,369	1,484
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$2,699	