

CUMMINS INC
Form 11-K
June 19, 2013

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 11-K

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
For the Fiscal Year Ended December 31, 2012**

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934
For the transition period from _____ to _____**

Commission File Number 1-4949

CUMMINS RETIREMENT AND SAVINGS PLAN FOR NON-BARGAINING EMPLOYEES
(Full title of the plan)

**CUMMINS INC.
500 Jackson Street
P. O. Box 3005
Columbus, IN 47202-3005**
(Name of Issuer of Securities Held Pursuant to the Plan and
the Address of its Principal Executive Office)

**CUMMINS RETIREMENT AND SAVINGS PLAN
FOR NON-BARGAINING EMPLOYEES**

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2012 AND 2011

**CUMMINS RETIREMENT AND SAVINGS PLAN
FOR NON-BARGAINING EMPLOYEES**

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* As the Plan is a member of the Cummins Inc. and Affiliates Retirement and Savings Plans Master Trust (Master Trust), the schedules of assets (held at end of year), at December 31, 2012 and of reportable transactions for the year ended December 31, 2012 of the Master Trust have been certified by the Master Trustee and have been separately filed with the Department of Labor. Other Supplemental Schedules not filed herewith are omitted because of the absence of the conditions under which they are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

report of INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Benefits Policy Committee and

Participants of the Cummins Retirement and

Savings Plan for Non-Bargaining Employees

Columbus, Indiana

We have audited the accompanying statements of net assets available for benefits of the Cummins Retirement and Savings Plan for Non-Bargaining Employees (the Plan) as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the year ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental Schedule H, line 4i Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental information is the responsibility of the Plan's management. The supplemental information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/S/ BLUE & CO., LLC

Seymour, Indiana

June 19, 2013

**Cummins RETIREMENT AND SAVINGS PLAN
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STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2012 AND 2011

	2012		2011
Assets			
Investments:			
Investment in Cummins Inc. and Affiliates Retirement and Savings Plans Master Trust, at fair value:			
Cummins Inc. common stock fund	\$ 461,132,847	\$	396,393,307
Other investments	1,250,163,123		1,065,826,114
Total investments	1,711,295,970		1,462,219,421
Employer contributions receivable	4,494,895		5,185,098
Participant loans receivable	22,133,878		19,999,345
Net assets available for benefits			
Net assets reflecting all investments at fair value	1,737,924,743		1,487,403,864
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(8,862,094)		(6,962,884)
Net assets available for benefits	\$ 1,729,062,649	\$	1,480,440,980

See accompanying notes to financial statements.

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**Cummins RETIREMENT AND SAVINGS PLAN
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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2012

Additions

Contributions:	
Employer	\$ 37,829,430
Employee	87,432,345
Plan interest in Cummins Inc. and Affiliates Retirement and Savings Plans Master Trust investment income	229,310,613
Interest on participant loans receivable	838,867
Total additions	355,411,255
Deductions	
Benefits paid to participants	106,589,608
Administrative expenses	796,725
Total deductions	107,386,333
Fund transfers with Affiliate Plans	596,747
Net change in net assets available for benefits	248,621,669
Net assets available for benefits, beginning of year	1,480,440,980
Net assets available for benefits, end of year	\$ 1,729,062,649

See accompanying notes to financial statements.

Cummins RETIREMENT AND SAVINGS PLAN FOR NON-BARGAINING EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

1. description of the plan

The following description of the Cummins Retirement and Savings Plan for Non-Bargaining Employees (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

General

The Plan is a defined contribution plan designed to provide participants with a systematic method of savings and at the same time enable such participants to benefit from contributions made to the Plan by Cummins Inc. and Affiliates (collectively, the Company). Eligible employees are salaried and non-bargaining hourly employees of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Master Trust

The Cummins Inc. and Affiliates Retirement and Savings Plans Master Trust (Master Trust) holds the assets of the Plan and the Cummins Retirement and Savings Plan for Collectively Bargained Employees.

The trustee for the Master Trust is State Street Corporation. As participants transfer between different locations within the Company, their related Plan account transfers to the appropriate Plan, if applicable. Such transfers are reflected in the accompanying financial statements as Fund transfers with Affiliate Plans .

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Contributions

Participants may contribute up to 50% of their eligible pay through a combination of pre-tax and after-tax contributions. Participants may direct their contributions in any of twenty-five investment options, including the Cummins Stock Fund.

Matching Contribution

The Company contributes to the Plan by matching 100% of the first 1% contributed plus 50% of the next 5% contributed. The matching contribution is made in the form of cash or Company stock, based on the participant's employing company, as defined. The entire amount of Company stock received as a match is available for diversification.

Cummins RETIREMENT AND SAVINGS PLAN FOR NON-BARGAINING EMPLOYEES

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Participant Accounts

Each participant's account is credited with the participant's contributions, the Company's contributions and an allocation of Plan earnings. Allocations of Plan earnings are made daily and are based upon the participant's weighted average account balance for the day, as described in the Plan document.

Vesting

Participants are fully vested in all employee and employer contributions and earnings thereon at all times.

Benefit Payments

Upon termination of employment or retirement, account balances are paid either as a lump-sum distribution or annual installments not to exceed the lesser of 15 years or the life expectancy of the participant and/or joint life expectancy of the participant and beneficiary, and commence no later than the participant reaching age 70-1/2. The Plan also permits hardship withdrawals from participant pre-tax contributions and actual earnings thereon. Participants may also withdraw their after-tax contributions.

Voting Rights

Each participant is entitled to exercise voting rights attributable to the Company shares allocated to his or her account. The Trustee shall vote all Company shares for which no voting instructions were received in the same manner and proportion as the shares for which voting instructions were received.

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Participant Loans

A participant can obtain a loan up to a maximum of the lesser of \$50,000 or 50% of the participant's account balance. Loans are secured by the participant's account balance and bear interest at the prime rate plus one percent, and mature no later than 4½ years from the date of the loan. Principal and interest is paid ratably through payroll deductions.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

Cummins RETIREMENT AND SAVINGS PLAN FOR NON-BARGAINING EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis of accounting.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Investments

The Plan's investment in the Master Trust is stated at fair value based on the fair value of the underlying investments of the Master Trust, determined primarily by quoted market prices, except for the Stable Value fund and common/collective trust investments. The Stable Value fund consists primarily of insurance contracts and bank investment contracts with various companies. Insurance contracts and bank contracts are nontransferable, but provide for benefit-responsive withdrawals by plan participants at contract value. Alternative investment contracts consist of investments together with contracts under which a bank or other institution provides for benefit-responsive

withdrawals by plan participants at contract value. Contract value represents contributions made to investment contracts, plus earnings, less participant withdrawals and administrative expenses. Fair value is determined using a discounted cash flow method by considering such factors as the benefit-responsiveness of the investment contracts, the ability of the parties to perform in accordance with the terms of the contracts, and the likelihood that plan-directed withdrawals would cause payment to plan participants to be at amounts other than contract value. There are no limitations on liquidity guarantees and no valuation reserves are being recorded to adjust contract amounts.

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The common/collective trust investments are public investment securities valued using the net asset value (NAV) provided by fund managers. The NAV is quoted on a private market that is not active; however, the unit price is based on underlying investments which are traded on an active market.

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Participant Loans

Participant loans are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as a distribution based upon the terms of the Plan document.