

CUMMINS INC
Form 8-K
February 06, 2013

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

FORM 8-K

CURRENT REPORT

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

Date of Report: February 6, 2013

CUMMINS INC.

(Exact name of registrant as specified in its charter)

Indiana

(State or other Jurisdiction of
Incorporation)

1-4949

(Commission File Number)

35-0257090

(I.R.S. Employer Identification
No.)

500 Jackson Street

P. O. Box 3005

Columbus, IN 47202-3005

(Principal Executive Office) (Zip Code)

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

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

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

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- 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, 2013, Cummins Inc. issued a press release regarding its release of fourth quarter and full year 2012 results.

Item 9.01. Financial Statements and Exhibits.

(d) The following exhibit is furnished herewith:

99-Press Release dated February 6, 2013

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, 2013

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)

	Three months ended		
	December 31, 2012	September 30, 2012	December 31, 2011
In millions, except per share amounts			
NET SALES	\$ 4,292	\$ 4,118	\$ 4,921
Cost of sales	3,234	3,076	3,680
GROSS MARGIN	1,058	1,042	1,241
OPERATING EXPENSES AND INCOME			
Selling, general and administrative expenses	482	456	496
Research, development and engineering expenses	174	186	179
Equity, royalty and interest income from investees (Note 1)	82	94	101
Gain on sale of businesses	-	-	53
Other operating income (expense), net	1	(1)	25
OPERATING INCOME	485	493	745
Interest income	5	5	9
Interest expense	7	9	10
Other income (expense), net	10	(2)	14
INCOME BEFORE INCOME TAXES	493	487	758
Income tax expense (Note 3)	83	117	186
CONSOLIDATED NET INCOME	410	370	572
Less: Net income attributable to noncontrolling interests	29	18	24
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	\$ 381	\$ 352	\$ 548
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.			
Basic	\$ 2.02	\$ 1.87	\$ 2.87
Diluted	\$ 2.02	\$ 1.86	\$ 2.86
WEIGHTED AVERAGE SHARES OUTSANDING			
Basic	188.4	188.6	190.9
Diluted	188.8	189.0	191.5
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.50	\$ 0.50	\$ 0.40

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

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

In millions, except per share amounts	For the years ended	
	December 31, 2012	December 31, 2011
NET SALES	\$ 17,334	\$ 18,048
Cost of sales	12,826	13,459
GROSS MARGIN	4,508	4,589
OPERATING EXPENSES AND INCOME		
Selling, general and administrative expenses	1,900	1,837
Research, development and engineering expenses	728	629
Equity, royalty and interest income from investees (Note 1)	384	416
Gain on sale of businesses	6	121
Other operating income, net	4	21
OPERATING INCOME	2,274	2,681
Interest income	25	34
Interest expense	32	44
Other income, net	24	-
INCOME BEFORE INCOME TAXES	2,291	2,671
Income tax expense (Note 3)	541	725
CONSOLIDATED NET INCOME	1,750	1,946
Less: Net income attributable to noncontrolling interests	93	98
NET INCOME ATTRIBUTABLE TO CUMMINS INC.	\$ 1,657	\$ 1,848
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.		
Basic	\$ 8.75	\$ 9.58
Diluted	\$ 8.74	\$ 9.55
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	189.3	193.0
Diluted	189.7	193.6
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$ 1.80	\$ 1.325

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

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

In millions, except par value	December 31,	December 31,
	2012	2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,369	\$ 1,484
Marketable securities	247	277
Total cash, cash equivalents and marketable securities	1,616	1,761
Accounts and notes receivable, net	2,475	2,526
Inventories	2,221	2,141
Prepaid expenses and other current assets	855	663
Total current assets	7,167	7,091
Long-term assets		
Property, plant and equipment, net	2,724	2,288
Investments and advances related to equity method investees	897	838
Goodwill and other intangibles, net	814	566
Other assets	939	885
Total assets	\$ 12,541	\$ 11,668
LIABILITIES		
Current liabilities		
Loans payable	\$ 16	\$ 28
Accounts payable (principally trade)	1,339	1,546
Accrued expenses	1,761	2,083
Total current liabilities	3,116	3,657
Long-term liabilities		
Long-term debt	698	658
Other liabilities	1,741	1,522
Total liabilities	5,555	5,837
EQUITY		
Cummins Inc. shareholders' equity		
Common stock, \$2.50 par value, 500 shares authorized, 222.4 and 222.2 shares issued	2,058	2,001
Retained earnings	7,355	6,038
Treasury stock, at cost, 32.6 and 30.2 shares	(1,830)	(1,587)
Common stock held by employee benefits trust, at cost, 1.5 and 1.8 shares	(18)	(22)
Accumulated other comprehensive loss	(950)	(938)
Total Cummins Inc. shareholders' equity	6,615	5,492
Noncontrolling interests	371	339
Total equity	6,986	5,831
Total liabilities and equity	\$ 12,541	\$ 11,668

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

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

In millions	For the years ended	
	December 31,	December 31,
	2012	2011
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 1,532	\$ 2,073
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(690)	(622)
Investments in internal use software	(87)	(60)
Proceeds from disposals of property, plant and equipment	11	8
Investments in and advances to equity investees	(70)	(81)
Acquisition of businesses, net of cash acquired	(215)	-
Proceeds from sale of businesses, net of cash sold	10	199
Investments in marketable securities-acquisitions	(561)	(729)
Investments in marketable securities-liquidations	585	750
Proceeds from sale of equity investment	23	-
Cash flows from derivatives not designated as hedges	12	(18)
Other, net	-	1
Net cash used in investing activities	(982)	(552)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	64	127
Payments on borrowings and capital lease obligations	(145)	(237)
Net borrowings under short-term credit agreements	11	6
Distributions to noncontrolling interests	(62)	(56)
Dividend payments on common stock	(340)	(255)
Repurchases of common stock	(256)	(629)
Excess tax benefits on stock-based awards	14	5
Other, net	20	14
Net cash used in financing activities	(694)	(1,025)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	29	(35)
Net increase (decrease) in cash and cash equivalents	(115)	461
Cash and cash equivalents at beginning of year	1,484	1,023
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 1,369	\$ 1,484

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

CUMMINS INC. AND SUBSIDIARIES

SEGMENT INFORMATION

(Unaudited)

In millions	Engine	Power Components	Power Generation	Distribution	Non-segment Items ⁽¹⁾	Total
Three months ended December 31, 2012						
External sales	\$ 2,177	\$ 662	\$ 549	\$ 904	\$ -	\$ 4,292
Intersegment sales	329	277	216	3	(825)	-
Total sales	2,506	939	765	907	(825)	4,292
Depreciation and amortization ⁽²⁾	50	23	13	11	-	97
Research, development and engineering expenses	92	60	20	2	-	174
Equity, royalty and interest income from investees	27	6	8	41	-	82
Interest income	2	-	2	1	-	5
Segment EBIT	252	78	42	84	44	500
Add back restructuring charges ⁽³⁾	20	6	12	14	-	52
Segment EBIT excluding restructuring charges	272	84	54	98	44	552
Segment EBIT as a percentage of total sales	10.1%	8.3%	5.5%	9.3%		11.6%
Segment EBIT excluding restructuring charges as a percentage of total sales	10.9%	8.9%	7.1%	10.8%		12.9%
Three months ended September 30, 2012						