

**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:** October 29, 2013

**CUMMINS INC.**

(Exact name of registrant as specified in its charter)

|   |                          |   |
|---|--------------------------|---|
| <b>Indiana</b>                                    | <b>1-4949</b>            | <b>35-0257090</b>                       |
| (State or other Jurisdiction of<br>Incorporation) | (Commission File Number) | (I.R.S. Employer Identification<br>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))
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**Item 2.02. Results of Operations and Financial Condition.**

On October 29, 2013, Cummins Inc. ("Cummins," "the Company," "the registrant," "we," "our," or "us") issued the attached press release reporting its financial results for the third quarter of 2013. A copy of Cummins' press release is attached hereto as Exhibit 99 and hereby incorporated by reference.

**Item 9.01. Financial Statements and Exhibits.**

- (d) The following exhibit is furnished pursuant to Item 2.02  
herewith:  
99-Press Release dated October 29, 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: October 29, 2013

CUMMINS INC.

/s/ Marsha L. Hunt

Marsha L. Hunt  
Vice President - Corporate Controller  
(Principal Accounting Officer)

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

| In millions, except per share amounts                         | Three months ended    |                  |                       |
|---|-----------------------|------------------|-----------------------|
|   | September 29,<br>2013 | June 30,<br>2013 | September 30,<br>2012 |
| <b>NET SALES</b>  | <b>\$ 4,266</b>       | <b>\$ 4,525</b>  | <b>4,118</b>          |
| Cost of sales   | 3,157                 | 3,372            | 3,076                 |
| <b>GROSS MARGIN</b>   | <b>1,109</b>          | <b>1,153</b>     | <b>1,042</b>          |
| <b>OPERATING EXPENSES AND INCOME</b>                          |                       |                  |                       |
| Selling, general and administrative expenses                  | 492                   | 484              | 456                   |
| Research, development and engineering expenses                | 173                   | 177              | 186                   |
| Equity, royalty and interest income from investees (Note 1)   | 91                    | 108              | 94                    |
| Other operating income (expense), net                         | (11)                  | 10               | (1)                   |
| <b>OPERATING INCOME</b>                                       | <b>524</b>            | <b>610</b>       | <b>493</b>            |
| Interest income   | 6                     | 10               | 5                     |
| Interest expense  | 8                     | 8                | 9                     |
| Other income (expense), net                                   | 6                     | 1                | (2)                   |
| <b>INCOME BEFORE INCOME TAXES</b>                             | <b>528</b>            | <b>613</b>       | <b>487</b>            |
| Income tax expense (Note 2)                                   | 154                   | 172              | 117                   |
| <b>CONSOLIDATED NET INCOME</b>                                | <b>374</b>            | <b>441</b>       | <b>370</b>            |
| Less: Net income attributable to noncontrolling interests     | 19                    | 27               | 18                    |
| <b>NET INCOME ATTRIBUTABLE TO CUMMINS INC.</b>                | <b>\$ 355</b>         | <b>\$ 414</b>    | <b>\$ 352</b>         |
| <b>EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.</b> |                       |                  |                       |
| Basic   | \$ 1.91               | \$ 2.20          | \$ 1.87               |
| Diluted   | \$ 1.90               | \$ 2.20          | \$ 1.86               |
| <b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>                    |                       |                  |                       |
| Basic   | 186.0                 | 187.8            | 188.6                 |
| Diluted   | 186.5                 | 188.2            | 189.0                 |
| <b>CASH DIVIDENDS DECLARED PER COMMON SHARE</b>               | <b>\$ 0.625</b>       | <b>\$ 0.50</b>   | <b>\$ 0.50</b>        |

(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                         | Nine months ended     |                       |
|---|-----------------------|-----------------------|
|   | September 29,<br>2013 | September 30,<br>2012 |
| <b>NET SALES</b>  | <b>\$ 12,713</b>      | <b>\$ 13,042</b>      |
| Cost of sales   | 9,494                 | 9,592                 |
| <b>GROSS MARGIN</b>   | <b>3,219</b>          | <b>3,450</b>          |
| <b>OPERATING EXPENSES AND INCOME</b>                          |                       |                       |
| Selling, general and administrative expenses                  | 1,420                 | 1,418                 |
| Research, development and engineering expenses                | 532                   | 554                   |
| Equity, royalty and interest income from investees (Note 1)   | 281                   | 302                   |
| Gain on sale of businesses                                    | —                     | 6                     |
| Other operating income (expense), net                         | —                     | 3                     |
| <b>OPERATING INCOME</b>                                       | <b>1,548</b>          | <b>1,789</b>          |
| Interest income   | 21                    | 20                    |
| Interest expense  | 22                    | 25                    |
| Other income (expense), net                                   | 25                    | 14                    |
| <b>INCOME BEFORE INCOME TAXES</b>                             | <b>1,572</b>          | <b>1,798</b>          |
| Income tax expense (Note 2)                                   | 445                   | 458                   |
| <b>CONSOLIDATED NET INCOME</b>                                | <b>1,127</b>          | <b>1,340</b>          |
| Less: Net income attributable to noncontrolling interests     | 76                    | 64                    |
| <b>NET INCOME ATTRIBUTABLE TO CUMMINS INC.</b>                | <b>\$ 1,051</b>       | <b>\$ 1,276</b>       |
| <b>EARNINGS PER COMMON SHARE ATTRIBUTABLE TO CUMMINS INC.</b> |                       |                       |
| Basic   | \$ 5.61               | \$ 6.73               |
| Diluted   | \$ 5.60               | \$ 6.72               |
| <b>WEIGHTED AVERAGE SHARES OUTSTANDING</b>                    |                       |                       |
| Basic   | 187.4                 | 189.6                 |
| Diluted   | 187.8                 | 190.0                 |
| <b>CASH DIVIDENDS DECLARED PER COMMON SHARE</b>               | <b>\$ 1.625</b>       | <b>\$ 1.30</b>        |

(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  | September 29,<br>2013 | December 31,<br>2012 |
|--|-----------------------|----------------------|
| <b>ASSETS</b>  |                       |                      |
| Current assets   |                       |                      |
| Cash and cash equivalents  | \$ 2,499              | \$ 1,369             |
| Marketable securities  | 162                   | 247                  |
| Total cash, cash equivalents and marketable securities                               | 2,661                 | 1,616                |
| Accounts and notes receivable, net   | 2,709                 | 2,475                |
| Inventories  | 2,513                 | 2,221                |
| Prepaid expenses and other current assets  | 643                   | 855                  |
| Total current assets   | 8,526                 | 7,167                |
| Long-term assets   |                       |                      |
| Property, plant and equipment  | 6,182                 | 5,876                |
| Accumulated depreciation   | (3,234)               | (3,152)              |
| Property, plant and equipment, net   | 2,948                 | 2,724                |
| Investments and advances related to equity method investees                          | 966                   | 897                  |
| Goodwill   | 457                   | 445                  |
| Other intangible assets, net   | 362                   | 369                  |
| Other assets   | 1,077                 | 946                  |
| Total assets   | \$ 14,336             | \$ 12,548            |
| <b>LIABILITIES</b>   |                       |                      |
| Current liabilities  |                       |                      |
| Loans payable  | \$ 15                 | \$ 16                |
| Accounts payable (principally trade)   | 1,613                 | 1,339                |
| Current maturities of long-term debt   | 47                    | 61                   |
| Current portion of accrued product warranty  | 374                   | 386                  |
| Accrued compensation, benefits and retirement costs                                  | 413                   | 400                  |
| Deferred revenue   | 269                   | 215                  |
| Taxes payable (including taxes on income)  | 112                   | 173                  |
| Other accrued expenses   | 547                   | 546                  |
| Total current liabilities  | 3,390                 | 3,136                |
| Long-term liabilities  |                       |                      |
| Long-term debt (Note 3)  | 1,731                 | 698                  |
| Postretirement benefits other than pensions  | 407                   | 432                  |
| Other liabilities and deferred revenue   | 1,344                 | 1,308                |
| Total liabilities  | 6,872                 | 5,574                |
| <b>EQUITY</b>  |                       |                      |
| Cummins Inc. shareholders' equity  |                       |                      |
| Common stock, \$2.50 par value, 500 shares authorized, 222.3 and 222.4 shares issued | 2,095                 | 2,058                |
| Retained earnings  | 8,089                 | 7,343                |
| Treasury stock, at cost, 34.9 and 32.6 shares  | (2,104)               | (1,830)              |
| Common stock held by employee benefits trust, at cost, 1.3 and 1.5 shares            | (16)                  | (18)                 |
| Accumulated other comprehensive loss   |                       |                      |
| Defined benefit postretirement plans   | (738)                 | (794)                |
| Other  | (230)                 | (156)                |
| Total accumulated other comprehensive loss   | (968)                 | (950)                |
| Total Cummins Inc. shareholders' equity  | 7,096                 | 6,603                |
| Noncontrolling interests   | 368                   | 371                  |
| Total equity   | 7,464                 | 6,974                |
| Total liabilities and equity   | \$ 14,336             | \$ 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)

| <b>In millions</b>  | <b>Nine months ended</b>  |                           |
|---|---------------------------|---------------------------|
|   | <b>September 29, 2013</b> | <b>September 30, 2012</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                           |                           |
| Consolidated net income   | \$ 1,127                  | \$ 1,340                  |
| Adjustments to reconcile consolidated net income to net cash provided by operating activities |                           |                           |
| Depreciation and amortization   | 305                       | 262                       |
| Restructuring payments, net   | (25)                      | —                         |
| Gain on sale of businesses  | —                         | (6)                       |
| Gain on fair value adjustment for consolidated investees                                      | (12)                      | (7)                       |
| Deferred income taxes   | 78                        | 91                        |
| Equity in income of investees, net of dividends   | (98)                      | (51)                      |
| Pension contributions in excess of expense  | (96)                      | (74)                      |
| Other post-retirement benefits payments in excess of expense                                  | (20)                      | (16)                      |
| Stock-based compensation expense  | 29                        | 29                        |
| Excess tax benefits on stock-based awards   | (13)                      | (12)                      |
| Translation and hedging activities  | 26                        | 16                        |
| Changes in current assets and liabilities, net of acquisitions:                               |                           |                           |
| Accounts and notes receivable   | (216)                     | 66                        |
| Inventories   | (206)                     | (367)                     |
| Other current assets  | 182                       | (54)                      |
| Accounts payable  | 252                       | (145)                     |
| Accrued expenses  | (146)                     | (398)                     |
| Changes in other liabilities and deferred revenue   | 147                       | 154                       |
| Other, net  | 19                        | (41)                      |
| Net cash provided by operating activities   | <b>1,333</b>              | <b>787</b>                |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                           |                           |
| Capital expenditures  | (417)                     | (424)                     |
| Investments in internal use software  | (43)                      | (62)                      |
| Investments in and advances to equity investees   | (12)                      | (92)                      |
| Acquisition of businesses, net of cash acquired   | (145)                     | (215)                     |
| Proceeds from sale of business, net of cash sold  | —                         | 10                        |
| Investments in marketable securities—acquisitions   | (360)                     | (433)                     |
| Investments in marketable securities—liquidations   | 433                       | 475                       |
| Cash flows from derivatives not designated as hedges  | (15)                      | 13                        |
| Other, net  | 14                        | 9                         |
| Net cash used in investing activities   | <b>(545)</b>              | <b>(719)</b>              |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                           |                           |
| Proceeds from borrowings (Note 3)   | 987                       | 64                        |
| Payments on borrowings and capital lease obligations  | (62)                      | (120)                     |
| Net borrowings under short-term credit agreements   | 34                        | 5                         |
| Distributions to noncontrolling interests   | (53)                      | (50)                      |
| Dividend payments on common stock   | (305)                     | (246)                     |
| Repurchases of common stock   | (289)                     | (231)                     |
| Excess tax benefits on stock-based awards   | 13                        | 12                        |
| Other, net  | 19                        | 16                        |
| Net cash provided by (used in) financing activities   | <b>344</b>                | <b>(550)</b>              |
| <b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>                           | <b>(2)</b>                | <b>31</b>                 |
| Net increase (decrease) in cash and cash equivalents  | <b>1,130</b>              | <b>(451)</b>              |
| Cash and cash equivalents at beginning of year  | <b>1,369</b>              | <b>1,484</b>              |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>   | <b>\$ 2,499</b>           | <b>\$ 1,033</b>           |

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

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

| In millions  | Engine   | Components | Power Generation | Distribution | Non-segment Items <sup>(1)</sup> | Total    |
|--|----------|------------|------------------|--------------|----------------------------------|----------|
| <b>Three months ended September 29, 2013</b>       |          |            |                  |              |                                  |          |
| External sales                                     | \$ 2,045 | \$ 784     | \$ 499           | \$ 938       | \$ —                             | \$ 4,266 |
| Intersegment sales                                 | 447      | 288        | 213              | 6            | (954)                            | —        |
| Total sales  | 2,492    | 1,072      | 712              | 944          | (954)                            | 4,266    |
| Depreciation and amortization <sup>(2)</sup>       | 53       | 24         | 13               | 15           | —                                | 105      |
| Research, development and engineering expenses     | 103      | 51         | 18               | 1            | —                                | 173      |
| Equity, royalty and interest income from investees | 31       | 5          | 13               | 42           | —                                | 91       |
| Interest income                                    | 4        | 1          | 1                | —            | —                                | 6        |
| Segment EBIT                                       | 272      | 132        | 45               | 86           | 1                                | 536      |
| Segment EBIT as a percentage of total sales        | 10.9%    | 12.3%      | 6.3%             | 9.1%         |                                  | 12.6%    |
| <b>Three months ended June 30, 2013</b>            |          |            |                  |              |                                  |          |
| External sales                                     | \$ 2,209 | \$ 786     | \$ 583           | \$ 947       | \$ —                             | \$ 4,525 |
| Intersegment sales                                 | 447      | 331        | 231              | 7            | (1,016)                          | —        |
| Total sales  | 2,656    | 1,117      | 814              | 954          | (1,016)                          | 4,525    |
| Depreciation and amortization <sup>(2)</sup>       | 51       | 23         | 12               | 15           | —                                | 101      |
| Research, development and engineering expenses     | 102      | 57         | 17               | 1            | —                                | 177      |
| Equity, royalty and interest income from investees | 52       | 9          | 10               | 37           | —                                | 108      |
| Interest income                                    | 7        | —          | 2                | 1            | —                                | 10       |
| Segment EBIT <sup>(3)</sup>                        | 339      | 136        | 76               | 100          | (30)                             | 621      |
| Segment EBIT as a percentage of total sales        | 12.8%    | 12.2%      | 9.3%             | 10.5%        |                                  | 13.7%    |
| <b>Three months ended September 30, 2012</b>       |          |            |                  |              |                                  |          |
| External sales                                     | \$ 2,131 | \$ 663     | \$ 526           | \$ 798       | \$ —                             | \$ 4,118 |
| Intersegment sales                                 | 396      | 275        | 288              | 3            | (962)                            | —        |
| Total sales  | 2,527    | 938        | 814              | 801          | (962)                            | 4,118    |
| Depreciation and amortization <sup>(2)</sup>       | 48       | 21         | 12               | 8            | —                                | 89       |
| Research, development and engineering expenses     | 115      | 51         | 19               | 1            | —                                | 186      |
| Equity, royalty and interest income from investees | 25       | 7          | 12               | 50           | —                                | 94       |
| Interest income                                    | 2        | 1          | 2                | —            | —                                | 5        |
| Segment EBIT <sup>(3)</sup>                        | 239      | 89         | 73               | 99           | (4)                              | 496      |
| Segment EBIT as a percentage of total sales        | 9.5%     | 9.5%       | 9.0%             | 12.4%        |                                  | 12.0%    |

<sup>(1)</sup> Includes intersegment sales and profit in inventory eliminations and unallocated corporate expenses. There were no significant unallocated corporate expenses for the three months ended September 29, 2013, June 30, 2013, and September 30, 2012.

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

<sup>(3)</sup> Distribution segment EBIT for the three months ended June 30, 2013, included a \$5 million gain on the fair value adjustment resulting from the acquisition of a controlling interest in Cummins Rocky Mountain LLC. Distribution segment EBIT for the three months ended September 30, 2012, included a \$7 million gain on the fair value adjustment resulting from the acquisition of a controlling interest in Cummins Central Power.

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

| In millions  | Engine   | Components | Power<br>Generation | Distribution | Non-segment<br>Items <sup>(1)</sup> | Total    |
|--|----------|------------|---------------------|--------------|-------------------------------------|----------|
| <b>Nine months ended September 29, 2013</b>        |          |            |                     |              |                                     |          |
| External sales                                     | \$ 6,139 | \$ 2,292   | \$ 1,621            | \$ 2,661     | \$ —                                | \$12,713 |
| Intersegment sales                                 | 1,312    | 915        | 651                 | 15           | (2,893)                             | —        |
| Total sales  | 7,451    | 3,207      | 2,272               | 2,676        | (2,893)                             | 12,713   |
| Depreciation and amortization <sup>(2)</sup>       | 156      | 71         | 37                  | 40           | —                                   | 304      |
| Research, development and engineering expenses     | 310      | 165        | 53                  | 4            | —                                   | 532      |
| Equity, royalty and interest income from investees | 106      | 21         | 30                  | 124          | —                                   | 281      |
| Interest income                                    | 13       | 2          | 5                   | 1            | —                                   | 21       |
| Segment EBIT <sup>(3)</sup>                        | 806      | 387        | 172                 | 281          | (52)                                | 1,594    |
| Segment EBIT as a percentage of total sales        | 10.8%    | 12.1%      | 7.6%                | 10.5%        |                                     | 12.5%    |
| <b>Nine months ended September 30, 2012</b>        |          |            |                     |              |                                     |          |
| External sales                                     | \$ 6,924 | \$ 2,147   | \$ 1,614            | \$ 2,357     | \$ —                                | \$13,042 |
| Intersegment sales                                 | 1,303    | 926        | 889                 | 13           | (3,131)                             | —        |
| Total sales  | 8,227    | 3,073      | 2,503               | 2,370        | (3,131)                             | 13,042   |
| Depreciation and amortization <sup>(2)</sup>       | 142      | 59         | 34                  | 23           | —                                   | 258      |
| Research, development and engineering expenses     | 341      | 153        | 56                  | 4            | —                                   | 554      |
| Equity, royalty and interest income from investees | 100      | 23         | 32                  | 147          | —                                   | 302      |
| Interest income                                    | 9        | 3          | 7                   | 1            | —                                   | 20       |
| Segment EBIT <sup>(3)</sup>                        | 996      | 348        | 243                 | 285          | (49)                                | 1,823    |
| Segment EBIT as a percentage of total sales        | 12.1%    | 11.3%      | 9.7%                | 12.0%        |                                     | 14.0%    |

<sup>(1)</sup> Includes intersegment sales and profit in inventory eliminations and unallocated corporate expenses. The nine months ended September 30, 2012, included a \$6 million gain (\$4 million after-tax) related to adjustments from our 2011 divestitures. The gain has been excluded from segment results as it was not considered in our evaluation of operating results for the corresponding periods. There were no other significant unallocated corporate expenses for the nine months ended September 29, 2013 and September 30, 2012.

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

<sup>(3)</sup> Distribution segment EBIT for the nine months ended September 29, 2013, included a \$7 million gain and \$5 million gain on the fair value adjustment resulting from the acquisitions of a controlling interest in Cummins Northwest LLC and Cummins Rocky Mountain LLC, respectively. Distribution segment EBIT for the nine months ended September 30, 2012, included a \$7 million gain on the fair value adjustment resulting from the acquisition of a controlling interest in Cummins Central Power.

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

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

| In millions                | Three months ended    |                  |                       | Nine months ended     |                       |
|----------------------------|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
|                            | September 29,<br>2013 | June 30,<br>2013 | September 30,<br>2012 | September 29,<br>2013 | September 30,<br>2012 |
| Total EBIT                 | \$ 536                | \$ 621           | \$ 496                | \$ 1,594              | \$ 1,823              |
| Less: Interest expense     | 8                     | 8                | 9                     | 22                    | 25                    |
| Income before income taxes | \$ 528                | \$ 613           | \$ 487                | \$ 1,572              | \$ 1,798              |



**CUMMINS INC. AND SUBSIDIARIES**  
**SELECTED FOOTNOTE DATA**  
(Unaudited)

**NOTE 1. EQUITY, ROYALTY AND INTEREST INCOME FROM INVESTEES**

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

| In millions  | Three months ended    |                  |                       | Nine months ended     |                       |
|--|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
|  | September 29,<br>2013 | June 30,<br>2013 | September 30,<br>2012 | September 29,<br>2013 | September 30,<br>2012 |
| <b>Distribution Entities</b>                       |                       |                  |                       |                       |                       |
| North American distributors                        | \$ 34                 | \$ 29            | \$ 37                 | \$ 98                 | \$ 115                |
| Komatsu Cummins Chile, Ltda.                       | 6                     | 6                | 9                     | 17                    | 20                    |
| All other distributors                             | 1                     | —                | —                     | 1                     | 3                     |
| <b>Manufacturing Entities</b>                      |                       |                  |                       |                       |                       |
| Chongqing Cummins Engine Company, Ltd.             | 15                    | 17               | 14                    | 44                    | 49                    |
| Dongfeng Cummins Engine Company, Ltd.              | 13                    | 20               | 9                     | 45                    | 42                    |
| Beijing Foton Cummins Engine Co., Ltd.             | 4                     | 9                | 3                     | 14                    | 3                     |
| Shanghai Fleetguard Filter Co., Ltd.               | 4                     | 4                | 3                     | 11                    | 10                    |
| Cummins Westport, Inc.                             | 2                     | 3                | 2                     | 5                     | 11                    |
| Tata Cummins, Ltd.                                 | 1                     | 2                | —                     | 4                     | 7                     |
| Komatsu manufacturing alliances                    | —                     | 4                | (1)                   | 3                     | (1)                   |
| Valvoline Cummins, Ltd.                            | —                     | 2                | 2                     | 5                     | 6                     |
| Xian Cummins Engine Company Ltd.                   | —                     | 1                | 1                     | 1                     | (5)                   |
| All other manufacturers                            | 3                     | 1                | 6                     | 6                     | 12                    |
| Cummins share of net income                        | 83                    | 98               | 85                    | 254                   | 272                   |
| Royalty and interest income                        | 8                     | 10               | 9                     | 27                    | 30                    |
| Equity, royalty and interest income from investees | \$ 91                 | \$ 108           | \$ 94                 | \$ 281                | \$ 302                |

**NOTE 2. INCOME TAXES**

Our effective tax rate for the year is expected to approximate 28.5 percent, excluding any one-time items that may arise. Our tax rate is generally less than the 35 percent U.S. statutory income tax rate primarily due to lower tax rates on foreign income and research tax credits. The tax rates for the three and nine month periods ended September 29, 2013, were 29.2 percent and 28.3 percent, respectively. These tax rates include a \$7 million discrete net tax expense for the third quarter tax adjustments: \$4 million expense attributable to prior year tax return true-up adjustments, \$1 million benefit related to release of prior year tax reserves and a discrete tax charge for \$4 million related to a third quarter enactment of U.K. tax law changes. In addition, the nine month tax rate includes a discrete tax benefit in the first quarter of 2013 of \$28 million attributable to the reinstatement of the research credit back to 2012, as well as a discrete tax expense in the first quarter of 2013 of \$17 million, which primarily relates to the write-off of a deferred tax asset deemed unrecoverable. On January 2, 2013, the American Taxpayer Relief Act of 2012 was signed into law and reinstated the research tax credit. As tax law changes are accounted for in the period of enactment, we recognized the discrete tax benefit in the first quarter of 2013.

Our tax rates for the three and nine month periods ended September 30, 2012, were 24.1 percent and 25.5 percent, respectively. These tax rates include a \$16 million tax benefit for third quarter discrete tax adjustments, \$6 million of which related to a dividend distribution of accumulated foreign income earned in prior years. These discrete tax adjustments also included a discrete tax benefit of \$13 million for prior year tax return true-up adjustments and a discrete tax charge of \$3 million related to the third quarter enactment of U.K. tax law changes. The increase in the 2013 effective tax rates compared to 2012 is primarily due to unfavorable changes in the pre-tax mix of income taxed in higher rate jurisdictions and discrete tax items.

**CUMMINS INC. AND SUBSIDIARIES**  
**SELECTED FOOTNOTE DATA**  
**(Unaudited)**

**NOTE 3. DEBT**

In September 2013, we issued \$1 billion aggregate principal amount of senior notes consisting of \$500 million aggregate principal amount of 3.65% senior unsecured notes due in 2023 and \$500 million aggregate principal amount of 4.875% senior unsecured notes due in 2043. We received net proceeds of \$979 million. The senior notes pay interest semi-annually on April 1 and October 1, commencing on April 1, 2014. The indenture governing the senior 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. We currently anticipate using a portion of the net proceeds from the sale of the notes for the planned acquisitions of the equity that we do not already own in our partially-owned United States and Canadian distributors, as well as for general corporate purposes.

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

**Net income and diluted earnings per share (EPS) attributable to Cummins Inc. excluding special items**

We believe this is a useful measure of our operating performance for the periods presented as it illustrates our operating performance without regard to special items including the one-time tax adjustments and gain related to the sale of certain assets and liabilities. This measure is not in accordance with, or an alternative for, accounting principles generally accepted in the United States of America and may not be consistent with measures used by other companies. It should be considered supplemental data. The following table reconciles net income attributable to Cummins Inc. to net income attributable to Cummins Inc. excluding special items for the quarters ended September 29, 2013, June 30, 2013 and September 30, 2012:

| In millions   | Three months ended |                |                    |                |                    |                |
|---|--------------------|----------------|--------------------|----------------|--------------------|----------------|
|   | September 29, 2013 |                | June 30, 2013      |                | September 30, 2012 |                |
|   | Net Income         | Diluted EPS    | Net Income         | Diluted EPS    | Net Income         | Diluted EPS    |
| Net income attributable to Cummins Inc.                         | \$ 355             | \$ 1.90        | \$ 414             | \$ 2.20        | \$ 352             | \$ 1.86        |
| Less  |                    |                |                    |                |                    |                |
| One-time tax items <sup>(1)</sup>                               | (7)                | (0.04)         | —                  | —              | 16                 | 0.08           |
| Net income attributable to Cummins Inc. excluding special items | <u>\$ 362</u>      | <u>\$ 1.94</u> | <u>\$ 414</u>      | <u>\$ 2.20</u> | <u>\$ 336</u>      | <u>\$ 1.78</u> |
|   |                    |                |                    |                |                    |                |
| In millions   | Nine months ended  |                |                    |                |                    |                |
|   | September 29, 2013 |                | September 30, 2012 |                |                    |                |
|   | Net Income         | Diluted EPS    | Net Income         | Diluted EPS    |                    |                |
| Net income attributable to Cummins Inc.                         | \$ 1,051           | \$ 5.60        | \$ 1,276           | \$ 6.72        |                    |                |
| Less  |                    |                |                    |                |                    |                |
| One-time tax items <sup>(1)</sup>                               | 4                  | 0.03           | 16                 | 0.09           |                    |                |
| Gain on sale of businesses <sup>(2)</sup>                       | —                  | —              | 4                  | 0.02           |                    |                |
| Net income attributable to Cummins Inc. excluding special items | <u>\$ 1,047</u>    | <u>\$ 5.57</u> | <u>\$ 1,256</u>    | <u>\$ 6.61</u> |                    |                |

<sup>(1)</sup> The one-time tax items for the three and nine months ended September 29, 2013, included a \$7 million discrete tax expense. In addition, the nine months ended September 29, 2013, included a discrete tax benefit of \$28 million attributable to the 2012 research credit as well as discrete tax expense of \$17 million, which relates to the write-off of a deferred tax asset deemed unrecoverable.

The three and nine month periods ended September 30, 2012, included a \$16 million tax benefit for third quarter 2012 discrete tax adjustments, \$6 million of which related to a dividend distribution of accumulated foreign income earned in prior years. These discrete tax adjustments also included a discrete tax benefit of \$13 million for prior year tax return true-up adjustments and a discrete tax charge of \$3 million related to the third quarter enactment of U.K. tax law changes.

<sup>(2)</sup> The gain has been excluded from operating results as it was not considered in our evaluation of performance for the nine months ended September 30, 2012.

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

**Earnings before interest, taxes and noncontrolling interests**

We define EBIT as earnings before interest expense, income tax expense and noncontrolling interests in income of consolidated subsidiaries (EBIT). We use EBIT to assess and measure the performance of our operating segments and also as a component in measuring our variable compensation programs. Below is a reconciliation of EBIT, a non-GAAP financial measure, to "Net income attributable to Cummins Inc.," for each of the applicable periods:

| In millions  | Three months ended    |               |                       | Nine months ended     |                       |
|--|-----------------------|---------------|-----------------------|-----------------------|-----------------------|
|  | September 29,<br>2013 | June 30, 2013 | September 30,<br>2012 | September 29,<br>2013 | September 30,<br>2012 |
| Earnings before interest income, income taxes and special items                                      | \$ 536                | \$ 621        | \$ 496                | \$ 1,594              | \$ 1,817              |
| <i>Earnings before interest expense, income taxes and special items as a percentage of net sales</i> | <i>12.6%</i>          | <i>13.7%</i>  | <i>12.0%</i>          | <i>12.5%</i>          | <i>13.9%</i>          |
| <b>Add</b>   |                       |               |                       |                       |                       |
| Gain on sale of businesses   | —                     | —             | —                     | —                     | 6                     |
| Earnings before interest expense and income taxes  | <u>\$ 536</u>         | <u>\$ 621</u> | <u>\$ 496</u>         | <u>\$ 1,594</u>       | <u>\$ 1,823</u>       |
| <i>EBIT as a percentage of net sales</i>   | <i>12.6%</i>          | <i>13.7%</i>  | <i>12.0%</i>          | <i>12.5%</i>          | <i>14.0%</i>          |
| <b>Less</b>  |                       |               |                       |                       |                       |
| Interest expense   | 8                     | 8             | 9                     | 22                    | 25                    |
| Income tax expense   | 154                   | 172           | 117                   | 445                   | 458                   |
| Consolidated net income  | <u>374</u>            | <u>441</u>    | <u>370</u>            | <u>1,127</u>          | <u>1,340</u>          |
| <b>Less</b>  |                       |               |                       |                       |                       |
| Net income attributable to noncontrolling interests  | 19                    | 27            | 18                    | 76                    | 64                    |
| Net income attributable to Cummins Inc.  | <u>\$ 355</u>         | <u>\$ 414</u> | <u>\$ 352</u>         | <u>\$ 1,051</u>       | <u>\$ 1,276</u>       |
| <i>Net income attributable to Cummins Inc. as a percentage of net sales</i>                          | <i>8.3%</i>           | <i>9.1%</i>   | <i>8.5%</i>           | <i>8.3%</i>           | <i>9.8%</i>           |

**CUMMINS INC. AND SUBSIDIARIES**  
**BUSINESS UNIT SALES DATA**  
(Unaudited)

Engine segment net sales by market

**2013**

| In millions                  | Q1       | Q2       | Q3       | Q4 | YTD      |
|------------------------------|----------|----------|----------|----|----------|
| Heavy-duty truck             | \$ 654   | \$ 723   | \$ 690   | —  | \$ 2,067 |
| Medium-duty truck and bus    | 448      | 595      | 570      | —  | 1,613    |
| Light-duty automotive and RV | 260      | 345      | 330      | —  | 935      |
| Industrial                   | 714      | 762      | 709      | —  | 2,185    |
| Stationary power             | 227      | 231      | 193      | —  | 651      |
| Total sales                  | \$ 2,303 | \$ 2,656 | \$ 2,492 | —  | \$ 7,451 |

**2012**

| In millions                  | Q1       | Q2       | Q3       | Q4       | YTD       |
|------------------------------|----------|----------|----------|----------|-----------|
| Heavy-duty truck             | \$ 892   | \$ 807   | \$ 656   | \$ 609   | \$ 2,964  |
| Medium-duty truck and bus    | 526      | 512      | 478      | 575      | 2,091     |
| Light-duty automotive and RV | 286      | 297      | 353      | 343      | 1,279     |
| Industrial                   | 861      | 859      | 766      | 747      | 3,233     |
| Stationary power             | 294      | 366      | 274      | 232      | 1,166     |
| Total sales                  | \$ 2,859 | \$ 2,841 | \$ 2,527 | \$ 2,506 | \$ 10,733 |

Unit shipments by engine classification (including unit shipments to Power Generation)

**2013**

| Units           | Q1      | Q2      | Q3      | Q4 | YTD     |
|-----------------|---------|---------|---------|----|---------|
| Midrange        | 94,600  | 121,900 | 113,800 | —  | 330,300 |
| Heavy-duty      | 24,900  | 28,300  | 26,500  | —  | 79,700  |
| High-horsepower | 4,200   | 3,600   | 3,500   | —  | 11,300  |
| Total units     | 123,700 | 153,800 | 143,800 | —  | 421,300 |

**2012**

| Units           | Q1      | Q2      | Q3      | Q4      | YTD     |
|-----------------|---------|---------|---------|---------|---------|
| Midrange        | 109,000 | 110,000 | 113,000 | 108,500 | 440,500 |
| Heavy-duty      | 36,000  | 33,000  | 26,000  | 24,100  | 119,100 |
| High-horsepower | 5,500   | 5,800   | 4,600   | 3,900   | 19,800  |
| Total units     | 150,500 | 148,800 | 143,600 | 136,500 | 579,400 |

**CUMMINS INC. AND SUBSIDIARIES**  
**BUSINESS UNIT SALES DATA**  
(Unaudited)

Component segment sales by business

**2013**

| In millions        | Q1       | Q2       | Q3       | Q4 | YTD      |
|--------------------|----------|----------|----------|----|----------|
| Emission solutions | \$ 400   | \$ 444   | \$ 458   | —  | \$ 1,302 |
| Turbo technologies | 266      | 294      | 263      | —  | 823      |
| Filtration         | 255      | 271      | 248      | —  | 774      |
| Fuel systems       | 97       | 108      | 103      | —  | 308      |
| Total sales        | \$ 1,018 | \$ 1,117 | \$ 1,072 | —  | \$ 3,207 |

**2012**

| In millions        | Q1       | Q2       | Q3     | Q4     | YTD      |
|--------------------|----------|----------|--------|--------|----------|
| Emission solutions | \$ 404   | \$ 349   | \$ 325 | \$ 337 | \$ 1,415 |
| Turbo technologies | 298      | 297      | 257    | 254    | 1,106    |
| Filtration         | 270      | 266      | 260    | 252    | 1,048    |
| Fuel systems       | 127      | 124      | 96     | 96     | 443      |
| Total sales        | \$ 1,099 | \$ 1,036 | \$ 938 | \$ 939 | \$ 4,012 |

Power Generation segment sales by business

**2013**

| In millions            | Q1     | Q2     | Q3     | Q4 | YTD      |
|------------------------|--------|--------|--------|----|----------|
| Power products         | \$ 409 | \$ 474 | \$ 421 | —  | \$ 1,304 |
| Generator technologies | 126    | 125    | 126    | —  | 377      |
| Power systems          | 179    | 187    | 122    | —  | 488      |
| Power solutions        | 32     | 28     | 43     | —  | 103      |
| Total sales            | \$ 746 | \$ 814 | \$ 712 | —  | \$ 2,272 |

**2012**

| In millions            | Q1     | Q2     | Q3     | Q4     | YTD      |
|------------------------|--------|--------|--------|--------|----------|
| Power products         | \$ 375 | \$ 459 | \$ 425 | \$ 395 | \$ 1,654 |
| Generator technologies | 141    | 160    | 138    | 127    | 566      |
| Power systems          | 188    | 217    | 174    | 178    | 757      |
| Power solutions        | 76     | 73     | 77     | 65     | 291      |
| Total sales            | \$ 780 | \$ 909 | \$ 814 | \$ 765 | \$ 3,268 |

Distribution segment sales by business

**2013**

| In millions          | Q1     | Q2     | Q3     | Q4 | YTD      |
|----------------------|--------|--------|--------|----|----------|
| Parts and filtration | \$ 322 | \$ 369 | \$ 377 | —  | \$ 1,068 |
| Power generation     | 163    | 241    | 234    | —  | 638      |
| Engines              | 152    | 183    | 170    | —  | 505      |
| Service              | 141    | 161    | 163    | —  | 465      |
| Total sales          | \$ 778 | \$ 954 | \$ 944 | —  | \$ 2,676 |

**2012**

| In millions          | Q1     | Q2     | Q3     | Q4     | YTD      |
|----------------------|--------|--------|--------|--------|----------|
| Parts and filtration | \$ 288 | \$ 302 | \$ 326 | \$ 319 | \$ 1,235 |
| Power generation     | 186    | 201    | 178    | 242    | 807      |
| Engines              | 166    | 147    | 157    | 195    | 665      |
| Service              | 135    | 144    | 140    | 151    | 570      |
| Total sales          | \$ 775 | \$ 794 | \$ 801 | \$ 907 | \$ 3,277 |



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**For Immediate Release**

October 29, 2013

## **Cummins reports results for the third quarter of 2013**

- **Third quarter revenues of \$4.3 billion and EBIT of 12.6 percent of sales**
- **Now expects full year revenues to be down 3 percent compared to 2012**
- **Full year EBIT to be in the range 12.5 to 13 percent of sales**

COLUMBUS, IN – Cummins Inc. (NYSE: CMI) today reported results for the third quarter of 2013.

Third quarter revenues of \$4.3 billion increased 4 percent from the third quarter of 2012. Revenues in North America increased by 11 percent and international revenues declined by 4 percent. Within international markets, growth in China and Brazil was offset by weaker demand in India, Australia and Europe.

Earnings before interest and taxes (EBIT) were \$536 million or 12.6 percent of sales, compared to \$496 million or 12.0 percent of sales a year ago.

Net income attributable to Cummins in the third quarter was \$355 million (\$1.90 per diluted share), compared to \$352 million (\$1.86 per diluted share) in the third quarter of 2012.

“The Company increased gross margins in the third quarter primarily due to the benefits of our cost reduction initiatives. Material cost savings, productivity gains and lower warranty expenses all contributed to the improvement,” said Tom Linebarger, Chairman and CEO. “Revenues were below our expectations as we continue to face an environment of weak demand for capital goods in most of our major markets. Our focus on lowering costs in all parts of our business positions us well to deliver strong earnings growth as market conditions improve.”

Based on the current forecast, the Company expects full year revenues to be down 3 percent compared to 2012 and EBIT to be in the range of 12.5 to 13 percent of sales. Previously the Company expected revenues to be flat compared to 2012 and EBIT to be in the range of 13 to 14 percent.

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Recent highlights include:

- The Company issued \$1 billion of debt, consisting of \$500 million of 3.65% senior unsecured notes due in 2023 and \$500 million of 4.875% senior unsecured notes due in 2043
- Cummins leaders shared their five-year plans for profitable growth with analysts and investors, including expected revenues of between \$25 and \$31 billion and EBIT in the range of 16 to 18 percent by 2018
- The Company announced plans to acquire the remaining interest in its North American distributors, principally over the next three to five years
- Cummins made the Dow Jones Sustainability Indices for the 9th consecutive year and was recognized for the strides it has made in decreasing energy use
- Nissan announced plans to offer the Cummins 5.0 L V8 Turbo Diesel engine in its next generation Titan pickup truck
- The Company received its best score ever on greenhouse gas reduction from CDP, formerly known as the Carbon Disclosure Project

### **Third quarter detail (all comparisons to same period in 2012)**

#### **Engine Segment**

- Sales – \$2.5 billion, down 1 percent
- Segment EBIT – \$272 million, or 10.9 percent of sales, compared to \$239 million or 9.5 percent of sales
- Lower demand in global mining, stationary power and the light duty on-highway market in the US were the most significant drivers of the lower revenues
- Demand increased for medium duty truck engines in North America and Brazil

#### **Components**

- Sales - \$1.1 billion, an increase of 14 percent
  - Segment EBIT - \$132 million, or 12.3 percent of sales, compared to \$89 million or 9.5 percent of sales
  - Higher revenues primarily related to higher on-highway demand in North America, Europe and China
-



## **Power Generation**

- Sales – \$712 million, down 13 percent
- Segment EBIT – \$45 million, or 6.3 percent of sales, compared to \$73 million or 9.0 percent of sales
- Weaker demand in most international markets, particularly Europe and India, offsetting stronger revenues in North America

## **Distribution**

- Sales – \$944 million, up 2% excluding acquisitions
- Segment EBIT – \$86 million, or 9.1 percent of sales, compared to \$99 million or 12.4 percent of sales
- Higher power generation and parts sales in North America offset by lower sales in South Pacific and China

## **About Cummins**

Cummins Inc., a global power leader, is a corporation of complementary business units that design, manufacture, distribute and service diesel and natural gas engines and related technologies, including fuel systems, controls, air handling, filtration, emission solutions and electrical power generation systems. Headquartered in Columbus, Indiana, (USA) Cummins currently employs approximately 46,000 people worldwide and serves customers in approximately 190 countries and territories through a network of approximately 600 company-owned and independent distributor locations and approximately 6,500 dealer locations. Cummins earned \$1.65 billion on sales of \$17.3 billion in 2012. Press releases can be found on the Web at [www.cummins.com](http://www.cummins.com). Follow Cummins on Twitter at @Cummins and on YouTube at CumminsInc.

## **Forward-looking disclosure statement**

Information provided in this release that is not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our forecasts, guidance, preliminary results, expectations, hopes, beliefs and intentions on strategies regarding the future. These forward looking statements include, without limitation, statements relating to our plans and expectations for our revenues for the full year of 2013. Our actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including, but not limited to: the adoption and implementation of global emission standards; the price and availability of energy; the pace of infrastructure development; increasing global competition among our customers; general economic, business and financing conditions; governmental action; changes in our customers' business strategies; competitor pricing activity; expense volatility; labor relations; and other risks detailed from time to time in our Securities and Exchange Commission filings, including particularly in the Risk Factors section of our 2012 Annual Report on Form 10-K. 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 press release and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, which are

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available at <http://www.sec.gov> or at <http://www.cummins.com> in the Investor Relations section of our website.

**Presentation of Non-GAAP Financial Information**

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

**Webcast information**

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