CAESARS ENTERTAINMENT Corp
Form 8-K
October 17, 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

October 17, 2014 (October 15, 2014)

Date of Report (Date of earliest event reported)

Caesars Entertainment Corporation

(Exact name of registrant as specified in its charter)

Delaware	**001- 10410**	**62-1411755**
(State of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification Number)**

One Caesars Palace Drive

Las Vegas, Nevada 89109

(Address of principal executive offices) (Zip Code)

(702) 407-6000

(Registrant s telephone number, including area code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

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:

¨ 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 7.01 Regulation FD Disclosure.

On October 15, 2014, Caesars Entertainment Operating Company, Inc. (CEOC), a majority-owned subsidiary of Caesars Entertainment Corporation (CEC), received a Notice of Default (the Notice) from holders (the Noteholders) purporting to own at least 30% in principal amount of CEOC s outstanding second-priority senior secured notes (the Notes) issued under the Indenture, dated December 24, 2008 (the Indenture), by and among CEOC, CEC and Wilmington Savings Fund Society, FSB (the Trustee), as successor trustee to U.S. Bank National Association. CEOC is party to a Collateral Agreement dated as of December 24, 2008 (the Second Lien Collateral Agreement) by and among CEOC, the subsidiary parties party thereto (together with CEOC, the Pledgors) and Wilmington Savings Fund Society, FSB (in such capacity, the Second Lien Collateral Agent), as successor collateral agent to U.S. Bank National Association. The Noteholders claims in the Notice are substantially similar to the claims made by the noteholders and the trustee of CEOC s second-priority senior secured notes issued under the Indenture, dated April 15, 2009, by and among CEOC, CEC and Wilmington Savings Fund Society, FSB, as successor trustee, as previously disclosed in CEC s and CEOC s Current Reports on Form 8-K dated June 6, 2014 and October 7, 2014 (such prior claims, the Prior Second Lien Claims).

The Notice alleges that the following defaults (the Specified Defaults) have occurred and are continuing under the Indenture: (i) the transactions (the May Transactions) consummated by CEOC and certain of its subsidiaries pursuant to the Transaction Agreement, dated as of March 1, 2014, among CEC, CEOC, certain of CEOC s subsidiaries, Caesars Acquisition Company and Caesars Growth Partners LLC (Caesars Growth Partners) and the transactions (the Services Transactions) consummated pursuant to the Omnibus License and Enterprise Services Agreement, dated as of May 20, 2014, by and among Caesars Enterprise Services, LLC, CEOC, Caesars Entertainment Resort Properties LLC, Caesars Growth Partners, Caesars Licensing Company, LLC and Caesars World, Inc., in each case, violated the asset sales and affiliate transactions covenants under the Indenture because, among other things, (a) the consideration received by CEOC and its subsidiaries was not at least equal to the fair market value of the assets transferred and CEOC could not in good faith have determined otherwise, (b) in the case of the May Transactions, any transfers of assets by restricted subsidiaries to unrestricted subsidiaries did not constitute permitted investments (as such transfers are allegedly not investments within the meaning of that term) under the Indenture and (c) the transactions were on terms that were materially less favorable to CEOC and the relevant restricted subsidiaries than those that could have been obtained in a comparable transaction by CEOC or such restricted subsidiaries with unrelated persons (clauses (a), (b) and (c) collectively, the Asset Sales and Services Transactions); (ii) the transactions (the Intercompany Transactions), including any transfers made in calendar years 2012, 2013 and 2014, consummated pursuant to (x) the Amended and Restated Credit Agreement, dated as of November 14, 2012, among CEOC, as borrower, and CEC, as lender, and (y) the Global Intercompany Note, dated as of January 28, 2008, among CEOC and certain affiliate parties thereto violated the affiliate transactions covenant in the Indenture because, among other things, such transactions were on terms that were materially less favorable to CEOC than those that could have been obtained in a comparable transaction by CEOC with unrelated persons; (iii) the transactions consummated pursuant to the Incremental Facility Amendment and Term B-7 Agreement, dated as of June 11, 2014, among Caesars Operating Escrow, LLC, CEC, the Incremental Lenders party thereto, Bank of America, N.A. and Credit Suisse AG, Cayman Islands Branch and the Amendment Agreement, dated as of July 25, 2014, among CEC, CEOC, Bank of America, N.A., Credit Suisse AG, Cayman Islands Branch and the lenders party thereto violated the lien incurrence covenant in the Indenture; (iv) the transactions consummated pursuant to the Note Purchase and Support Agreement among CEOC, CEC and certain holders of CEOC s 6.50% senior notes due 2016 and 5.75% senior notes due 2017 violated the restricted payments covenant in the Indenture (clauses (iii) and (iv) the Alleged Financing Defaults); (v) in violation of the Indenture, CEC denied and/or disaffirmed its obligations under the Indenture and/or its guarantee of the Notes by stating in its Current Report on Form 8-K dated May 6, 2014 that upon the sale of CEOC s common stock to certain investors, CEC s guarantee of CEOC s outstanding secured and unsecured notes was automatically released (the Alleged Guarantee Default) and such default has continued for 10 days; (vi) CEOC and other Pledgors failed to comply with the collateral release provisions in the Second Lien Collateral Agreement because the release of collateral by the Pledgors in connection with the Asset Sales and Services Transactions and the Intercompany Transactions were not permitted by the terms of the Indenture (the foregoing alleged defaults, the Alleged Transaction Defaults) and (vii) CEOC and other Pledgors failed to comply with the Second Lien Collateral Agreement because the Pledgors failed to grant to the Second Lien Collateral Agent a security interest in the alleged commercial tort claims that are substantially identified on Exhibit A to the Amended and Restated Waiver Agreement dated as of August 12, 2014 that was filed as Exhibit 10.1 to CEOC s Current Report on Form 8-K dated September 19, 2014 (the Alleged Commercial Tort Claims Default).

The Noteholders demand that the Specified Defaults be remedied, other than the Alleged Guarantee Default, which the Noteholders claim is an event of default and cannot be remedied. The Notice claims that to the extent the defaults are not remedied within 60 days following the date of the Notice, such defaults will become events of default under the Indenture (other than with respect to the Alleged Guarantee Default, which the Noteholders claim is already an event of default).

There is approximately $1.0 billion of Notes outstanding under the Indenture. Under certain circumstances, the holders of at least 30% in principal amount of outstanding Notes may accelerate CEOC s obligations under the Notes upon an actual event of default under the Indenture and may, after providing the Trustee reasonable security or indemnity satisfactory to the Trustee against any loss, liability or expense, request the Trustee to pursue remedies, which are subject to the terms of the agreements governing the Notes, including applicable intercreditor agreements.

If there were an actual event of default under the Indenture, it would constitute an event of default under CEOC s senior secured credit facilities. In addition, if CEOC s obligations with respect to the Notes are accelerated, it could trigger events of default under CEOC s other secured and unsecured notes. These consequences could have a material adverse effect on CEC s and CEOC s business, financial condition, results of operations and prospects.

With respect to the Alleged Transaction Defaults, as is the case with respect to the Prior Second Lien Claims, CEOC does not believe that a default or an event of default has occurred under the Indenture and, furthermore, CEOC believes that such claims are meritless.

With respect to the Alleged Commercial Tort Claim Default, CEOC is in the process of reviewing the Notice and intends to take required action, if any, within the sixty day period after delivery of the Notice to the extent required to avoid any event of default under the Indenture.

The information set forth in this Item 7.01 of this Current Report on Form 8-K is being furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any of CEC s filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing. The filing of this Item 7.01 of this Current Report on Form 8-K shall not be deemed an admission as to the materiality of any information herein that is required to be disclosed solely by reason of Regulation FD.

SIGNATURES

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

CAESARS ENTERTAINMENT CORPORATION

Date: October 17, 2014

By: /s/ SCOTT WIEGAND
Name: Scott Wiegand
Title: Senior Vice President, Deputy General Counsel and Corporate Secretary

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9,003

9,055

Long-term assets

Property, plant and equipment

7,151

7,123

Accumulated depreciation

(3,498
)

(3,437
)
Property, plant and equipment, net

3,653

3,686

Investments and advances related to equity method investees

995

981

Goodwill

473

479

Other intangible assets, net

339

343

Prepaid pensions

784

637

Other assets

631

595

Total assets

$
15,878

$
15,776

LIABILITIES

Current liabilities

Accounts payable (principally trade)

$
1,974

$
1,881

Loans payable

70

86

Current portion of accrued product warranty

405

363

Accrued compensation, benefits and retirement costs

432

508

Deferred revenue

402

401

Other accrued expenses

739

759

Current maturities of long-term debt

31

23

Total current liabilities

4,053

4,021

Long-term liabilities

Long-term debt

1,576

1,589

Postretirement benefits other than pensions

351

369

Pensions

291

289

Other liabilities and deferred revenue

1,393

1,415

Total liabilities

$
7,664

$
7,683

EQUITY

Cummins Inc. shareholders’ equity

Common stock, $2.50 par value, 500 shares authorized, 222.3 and 222.3 shares issued

$
2,164

$
2,139

Retained earnings

10,123

9,545

Treasury stock, at cost, 43.7 and 40.1 shares

(3,350
)

(2,844
)
Common stock held by employee benefits trust, at cost, 1.0 and 1.1 shares

(12
)

(13
)
Accumulated other comprehensive loss

(1,071
)

(1,078
)
Total Cummins Inc. shareholders’ equity

7,854

7,749

Noncontrolling interests

360

344

Total equity

$
8,214

$
8,093

Total liabilities and equity

$
15,878

$
15,776

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[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	Six months ended June 28, 2015	Six months ended June 29, 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net income	$900	$830
Adjustments to reconcile consolidated net income to net cash provided by operating activities		
Depreciation and amortization	254	217
Deferred income taxes	(63)	(88)
Equity in income of investees, net of dividends	(68)	(108)
Pension contributions in excess of expense	(122)	(127)
Other post-retirement benefits payments in excess of expense	(15)	(14)
Stock-based compensation expense	17	21
Translation and hedging activities	27	(9)
Changes in current assets and liabilities, net of acquisitions		
Accounts and notes receivable	(426)	(321)
Inventories	(127)	(223)
Other current assets	18	4
Accounts payable	97	289
Accrued expenses	(21)	120
Changes in other liabilities and deferred revenue	133	116
Other, net	(35)	(6)
Net cash provided by operating activities	569	701
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(247)	(245)
Investments in internal use software	(22)	(26)
Investments in and advances to equity investees	(17)	(11)
Acquisitions of businesses, net of cash acquired	(15)	(193)
Investments in marketable securities—acquisitions	(173)	(179)
Investments in marketable securities—liquidations	155	179
Cash flows from derivatives not designated as hedges	5	4
Other, net	14	8
Net cash used in investing activities	(300)	(463)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	12	17
Payments on borrowings and capital lease obligations	(31)	(39)
Net payments under short-term credit agreements	(10)	(48)
Distributions to noncontrolling interests	(14)	(32)
Dividend payments on common stock	(280)	(229)
Repurchases of common stock	(514)	(430)
Other, net	8	5
Net cash used in financing activities	(829)	(756)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	19	38

Net decrease in cash and cash equivalents	(541)	(480)
Cash and cash equivalents at beginning of year	2,301	2,699
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$1,760	$2,219

[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	Distribution	Components	Power Generation	Non-segment Items [1]	Total
Three months ended June 28, 2015						
External sales	$ 2,058	$ 1,487	$ 1,017	$ 453	$ —	$ 5,015
Intersegment sales	739	8	380	294	(1,421)	—
Total sales	2,797	1,495	1,397	747	(1,421)	5,015
Depreciation and amortization[2]	60	25	28	13	—	126
Research, development and engineering expenses	91	3	57	15	—	166
Equity, royalty and interest income from investees	57	21	8	8	—	94
Interest income	3	1	1	1	—	6
Segment EBIT	341	113	223	57	(13)	721
Segment EBIT as a percentage of total sales	12.2 %	7.6 %	16.0 %	7.6 %		14.4 %
Three months ended June 29, 2014						
External sales	$ 2,178	$ 1,229	$ 953	$ 475	$ —	$ 4,835
Intersegment sales	566	9	327	268	(1,170)	—
Total sales	2,744	1,238	1,280	743	(1,170)	4,835
Depreciation and amortization[2]	52	20	26	13	—	111
Research, development and engineering expenses	105	3	53	18	—	179
Equity, royalty and interest income from investees	45	42	9	9	—	105
Interest income	4	—	1	1	—	6
Segment EBIT	311	126 [3]	185	61	(26)	657
Segment EBIT as a percentage of total sales	11.3 %	10.2 %	14.5 %	8.2 %		13.6 %

(1) Includes intersegment sales and profit in inventory eliminations and unallocated corporate expenses. There were no significant unallocated corporate expenses for the three months ended June 28, 2015 and June 29, 2014.

(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 Income as "Interest expense."

(3) Distribution segment EBIT included gains of $14 million on the fair value adjustments resulting from the acquisitions of the controlling interests in North American distributors for the three months ended June 29, 2014.

CUMMINS INC. AND SUBSIDIARIES
SEGMENT INFORMATION
(Unaudited)

In millions	Engine	Distribution	Components	Power Generation	Non-segment Items [1]	Total
Six months ended June 28, 2015						
External sales	$3,947	$2,956	$1,948	$873	$—	$9,724
Intersegment sales	1,446	15	748	554	(2,763)	—
Total sales	5,393	2,971	2,696	1,427	(2,763)	9,724
Depreciation and amortization[2]	118	52	54	29	—	253
Research, development and engineering expenses	205	6	118	32	—	361
Equity, royalty and interest income from investees	87	41	17	17	—	162
Interest income	5	2	2	2	—	11
Segment EBIT	594	201	418	106	(36)	1,283
Segment EBIT as a percentage of total sales	11.0 %	6.8 %	15.5 %	7.4 %		13.2 %
Six months ended June 29, 2014						
External sales	$4,268	$2,171	$1,875	$927	$—	$9,241
Intersegment sales	1,039	17	635	455	(2,146)	—
Total sales	5,307	2,188	2,510	1,382	(2,146)	9,241
Depreciation and amortization[2]	103	36	52	25	—	216
Research, development and engineering expenses	221	5	106	37	—	369
Equity, royalty and interest income from investees	77	83	18	17	—	195
Interest income	6	1	2	2	—	11
Segment EBIT	580	202 [3]	352	86	(35)	1,185
Segment EBIT as a percentage of total sales	10.9 %	9.2 %	14.0 %	6.2 %		12.8 %

(1) Includes intersegment sales and profit in inventory eliminations and unallocated corporate expenses. There were no significant unallocated corporate expenses for the six months ended June 28, 2015 and June 29, 2014.

(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 Income as "Interest expense." The amortization of debt discount and deferred costs were $1 million and $1 million for the six months ended June 28, 2015 and June 29, 2014, respectively.

(3) Distribution segment EBIT included gains of $20 million on the fair value adjustments resulting from the acquisitions of the controlling interests in North American distributors for the six months ended June 29, 2014.

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		Six months ended	
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014

Total EBIT	$721	$657	$1,283	$1,185
Less: Interest expense	17	15	31	32
Income before income taxes	$704	$642	$1,252	$1,153

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 reporting periods was as follows:

In millions	Three months ended June 28, 2015	Three months ended June 29, 2014	Six months ended June 28, 2015	Six months ended June 29, 2014
Distribution Entities				
North American distributors	$8	$30	$18	$62
Komatsu Cummins Chile, Ltda.	8	8	15	14
All other distributors	—	1	1	2
Manufacturing Entities				
Dongfeng Cummins Engine Company, Ltd.	15	22	29	36
Beijing Foton Cummins Engine Co., Ltd. (Light-duty)	15	8	23	14
Chongqing Cummins Engine Company, Ltd.	11	15	23	26
Beijing Foton Cummins Engine Co., Ltd. (Heavy-duty)	7	(7)	6	(13)
All other manufacturers	21	19	28	34
Cummins share of net income	85	96	143	175
Royalty and interest income	9	9	19	20
Equity, royalty and interest income from investees	$94	$105	$162	$195

NOTE 2. INCOME TAXES

The effective tax rate for the three and six month periods ended June 28, 2015, was 29.5 percent and 28.1 percent, respectively. The six month tax rate included an $18 million discrete tax benefit to reflect the release of reserves for uncertain tax positions related to a favorable federal audit settlement.

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 tax adjustments. This measure is not in accordance with, or an alternative for, accounting principles generally accepted in the United States of America (GAAP) 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 following periods:

	Six months ended			
	June 28, 2015		June 29, 2014	
In millions	Net Income	Diluted EPS	Net Income	Diluted EPS
Net income attributable to Cummins Inc.	$858	$4.76	$784	$4.26
Less				
Tax items	18	0.10	—	—
Net income attributable to Cummins Inc. excluding special items	$840	$4.66	$784	$4.26

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. This measure is not in accordance with, or an alternative for, GAAP and may not be consistent with measures used by other companies. It should be considered supplemental data. Below is a reconciliation of EBIT to "Net income attributable to Cummins Inc.," for each of the applicable periods:

	Three months ended				Six months ended			
In millions	June 28, 2015		June 29, 2014		June 28, 2015		June 29, 2014	
Earnings before interest expense and income taxes	$721		$657		$1,283		$1,185	
EBIT as a percentage of net sales	14.4	%	13.6	%	13.2	%	12.8	%
Less								
Interest expense	17		15		31		32	
Income tax expense	208		170		352		323	
Consolidated net income	496		472		900		830	
Less								
Net income attributable to noncontrolling interests	25		26		42		46	
Net income attributable to Cummins Inc.	$471		$446		$858		$784	
Net income attributable to Cummins Inc. as a percentage of net sales	9.4	%	9.2	%	8.8	%	8.5	%

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

Engine Segment Net Sales by Market
In the first quarter of 2015, our Engine segment reorganized its reporting structure to include the following markets: heavy-duty truck, medium-duty truck and bus, light-duty automotive (pickup and light commercial vehicle), industrial and stationary power. Sales by market for our Engine segment by business (including 2014 and 2013 reorganized balances) were as follows:

2015

In millions	Q1	Q2	Q3	Q4	YTD
Heavy-duty truck	$757	$875	$—	$—	$1,632
Medium-duty truck and bus	608	674	—	—	1,282
Light-duty automotive	381	354	—	—	735
Industrial	616	624	—	—	1,240
Stationary power	234	270	—	—	504
Total sales	$2,596	$2,797	$—	$—	$5,393

2014

In millions	Q1	Q2	Q3	Q4	YTD
Heavy-duty truck	$718	$769	$801	$784	$3,072
Medium-duty truck and bus	575	605	599	652	2,431
Light-duty automotive	391	392	396	388	1,567
Industrial	669	739	768	775	2,951
Stationary power	210	239	252	240	941
Total sales	$2,563	$2,744	$2,816	$2,839	$10,962

2013

In millions	YTD
Heavy-duty truck	$2,618
Medium-duty truck and bus	2,064
Light-duty automotive	1,465
Industrial	2,921
Stationary power	945
Total sales	$10,013

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

2015

Units	Q1	Q2	Q3	Q4	YTD
Mid-range	112,400	120,000	—	—	232,400
Heavy-duty	28,700	32,800	—	—	61,500
High-horsepower	3,500	3,700	—	—	7,200
Total units	144,600	156,500	—	—	301,100

2014

Units	Q1	Q2	Q3	Q4	YTD
Mid-range	118,900	118,700	117,700	115,900	471,200
Heavy-duty	28,800	30,300	32,300	30,700	122,100
High-horsepower	3,400	3,900	3,900	3,600	14,800
Total units	151,100	152,900	153,900	150,200	608,100

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

Distribution Segment Sales by Business

2015

In millions	Q1	Q2	Q3	Q4	YTD
Parts and filtration	$573	$598	$—	$—	$1,171
Engines	321	318	—	—	639
Power generation	298	272	—	—	570
Service	284	307	—	—	591
Total sales	$1,476	$1,495	$—	$—	$2,971

2014

In millions	Q1	Q2	Q3	Q4	YTD
Parts and filtration	$382	$461	$491	$590	$1,924
Engines	174	249	270	368	1,061
Power generation	193	278	279	413	1,163
Service	201	250	252	323	1,026
Total sales	$950	$1,238	$1,292	$1,694	$5,174

Component Segment Sales by Business

2015

In millions	Q1	Q2	Q3	Q4	YTD
Emission Solutions	$613	$679	$—	$—	$1,292
Turbo Technologies	301	307	—	—	608
Filtration	255	266	—	—	521
Fuel systems	130	145	—	—	275
Total sales	$1,299	$1,397	$—	$—	$2,696

2014

In millions	Q1	Q2	Q3	Q4	YTD
Emission Solutions	$543	$582	$598	$620	$2,343
Turbo Technologies	313	307	297	305	1,222
Filtration	265	275	268	267	1,075
Fuel systems	109	116	124	129	478
Total sales	$1,230	$1,280	$1,287	$1,321	$5,118

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

Power Generation Segment Sales by Business
In the first quarter of 2015, our Power Generation segment reorganized its reporting structure to include the following businesses: power systems, alternators and power solutions. Sales for our Power Generation segment by business (including 2014 and 2013 reorganized balances) were as follows:

2015

In millions	Q1	Q2	Q3	Q4	YTD
Power systems	$543	$611	$—	$—	$1,154
Alternators	98	92	—	—	190
Power solutions	39	44	—	—	83
Total sales	$680	$747	$—	$—	$1,427

2014

In millions	Q1	Q2	Q3	Q4	YTD
Power systems	$510	$586	$598	$606	$2,300
Alternators	105	126	115	103	449
Power solutions	24	31	41	51	147
Total sales	$639	$743	$754	$760	$2,896

2013

In millions	YTD
Power systems	$2,381
Alternators	496
Power solutions	154
Total sales	$3,031