

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1999

CUMMINS ENGINE COMPANY, INC.

(Name of issuer of the securities held pursuant to the plan)

Commission File Number 1-4949.

Incorporated in the State of Indiana I.R.S. Employer Identification
No. 35-0257090

500 Jackson Street, Box 3005, Columbus, Indiana 47202-3005
(Address of Principal Executive Office)

Telephone Number: (812) 377-5000

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
AS OF DECEMBER 31, 1999 AND 1998
TOGETHER WITH REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
(Full title of the plan)

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
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Exhibit

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Benefits Policy Committee
Of Cummins Engine Company, Inc.:

We have audited the accompanying combining statements of net assets available for benefits, of the CUMMINS ENGINE COMPANY, INC. AND AFFILIATES RETIREMENT AND SAVINGS PLANS (the Plans) as of December 31, 1999 and 1998, and the related statements of changes in net assets available for benefits, for the years ended December 31, 1999 and 1998. These financial statements and the schedules referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plans as of December 31, 1999 and 1998, and the changes in the net assets available for benefits for the years ended December 31, 1999 and 1998, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes, matching contribution formulas, employing locations by plan, and loans or fixed income obligations are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Chicago, Illinois
June 23, 2000

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 1999
(stated in 000's)

<TABLE>
<CAPTION>

CDC	Total	Salaried	Bargaining	Onan	Lubricon
<S>	<C>	<C>	<C>	<C>	<C>
<C>	<C>				
Assets					
Cash and investments:					
Cash & Cash Equivalents	\$ 1,120	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 1,120				
Cummins Engine Company, Inc. Fixed Income Fund at contract value (Note 3)	109,446	131,415	21,473	10	

10,135	272,479				
Investments at market value (Note 3)		484,983	170,778	98,515	551
26,066	780,893				
Participant Loans		4,430	3,594	1,015	27
1,218	10,284				
<hr/>					
Total cash and investments		599,979	305,787	121,003	588
37,419	1,064,776				
<hr/>					
Receivables:					
Employer contributions		7,552	1,527	113	-
674	9,866				
Employee contributions		1,704	1,472	368	-
224	3,768				
Employee loan repayments		280	218	64	-
42	604				
Accrued interest		1	-	-	-
- -	1				
<hr/>					
Total receivables		9,537	3,217	545	-
940	14,239				
<hr/>					
Total assets		609,516	309,004	121,548	588
38,359	1,079,015				
<hr/>					
Liabilities					
<hr/>					
Interest payable		1,710	-	-	-
- -	1,710				
Note payable - ESOP		60,950	-	-	-
- -	60,950				
Administrative Fees Payable		4	5	1	-
- -	10				
<hr/>					
Total liabilities		62,664	5	1	-
- -	62,670				
<hr/>					
Net Assets		\$546,852	\$308,999	\$121,547	\$588
\$38,359	\$1,016,345				
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The accompanying notes and schedules are an integral part of these statements.

</TABLE>

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 1998
(stated in 000's)

<TABLE>

<CAPTION>

CDC	Total	Salaried	Bargaining	Onan	Lubricon
<hr/>					
<S>		<C>	<C>	<C>	<C>
<C>	<C>				
Assets					
<hr/>					
Cash and investments:					
Cash and Cash Equivalents		\$ 1,290	\$ -	\$ -	\$ -
\$ -	\$ 1,290				
Cummins Engine Company, Inc. Fixed Income Fund at contract value (Note 3)		95,344	116,675	19,721	23
7,077	238,840				

Investments at market value (Note 3)	404,826	156,962	86,689	501
23,872 672,850				
Participant Loans	5,148	3,808	1,121	27
1,118 11,222				
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total cash and investments	506,608	277,445	107,531	551
32,067 924,202				
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Receivables:				
Employer contributions	6,394	1,538	149	-
681 8,762				
Employee contributions	1,605	1,378	358	-
305 3,646				
Employee loan repayments	275	233	66	-
87 661				
Accrued interest	1	-	-	-
- - 1				
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total receivables	8,275	3,149	573	-
1,073 13,070				
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	514,883	280,594	108,104	551
33,140 937,272				
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities				
Interest payable	1,856	-	-	-
- - 1,856				
Note payable - ESOP	63,250	-	-	-
- - 63,250				
Administrative Fees Payable	4	4	1	-
- - 9				
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	65,110	4	1	-
- - 65,115				
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets	\$449,773	\$280,590	\$108,103	\$551
\$33,140 \$872,157				
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
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The accompanying notes and schedules are an integral part of these statements.

</TABLE>

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR
BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 1999
(stated in 000's)

<TABLE>
<CAPTION>

Lubricon	CDC	Total	Salaried	Bargaining	Onan
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<S>			<C>	<C>	<C>
<C>	<C>	<C>			
Net Assets - beginning of year			\$449,773	\$280,590	\$108,103
\$551	\$33,140	\$ 872,157			
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Investment income:					
Fund investment income			67,676	36,006	17,326
98	5,134	126,240			
Interest income			333	-	-
- -	-	333			
Dividend income			2,296	-	-

- -	-	2,296			
	Net realized & unrealized appreciation in the value of investments		29,866	-	-
- -	-	29,866			
<hr/>					
Total investment income			100,171	36,006	17,326
98	5,134	158,735			
Less: investment advisory expense			5	-	-
- -	-	5			
interest expense			3,419	-	-
- -	-	3,419			
<hr/>					
Net investment income			96,747	36,006	17,326
98	5,134	155,311			
<hr/>					
Contributions:					
Employer			15,685	1,473	73
- -	1,346	18,577			
Employee			25,321	14,234	5,253
- -	2,706	47,514			
Rollover			1,088	142	139
- -	38	1,407			
<hr/>					
Total contributions			42,094	15,849	5,465
- -	4,090	67,498			
<hr/>					
Participant withdrawals			(40,880)	(23,154)	(10,574)
(61)	(3,952)	(78,621)			
Inter-plan transfers			(882)	(292)	1,227
- -	(53)	-			
<hr/>					
Net assets - end of year			\$546,852	\$308,999	\$121,547
\$588	\$38,359	\$1,016,345			
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The accompanying notes and schedules are an integral part of these statements.

</TABLE>

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR

BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1998
(stated in 000's)

<TABLE>
<CAPTION>

Lubricon	CDC	Total	Salaried	Bargaining	Onan	
<S>			<C>	<C>	<C>	<C>
<C>	<C>					
Net Assets - beginning of year			\$435,523	\$252,188	\$98,395	
\$613	\$26,355	\$813,074				
<hr/>						
Investment income:						
Fund investment income			58,052	28,316	15,696	
91	4,197	106,352				
Interest income			157	-	-	
- -	-	157				
Dividend income			2,093	-	-	
- -	-	2,093				
Net realized & unrealized depreciation						

in the value of investments	(52,861)	-	-
- - - (52,861)			
<hr/>			
Total investment income	7,441	28,316	15,696
91 4,197 55,741			
Less: investment advisory expense	5	-	-
- - - 5			
interest expense	4,523	-	-
- - - 4,523			
<hr/>			
Net investment income	2,913	28,316	15,696
91 4,197 51,213			
<hr/>			
Contributions:			
Employer	15,355	1,421	231
6 1,318 18,331			
Employee	23,995	13,912	5,466
(1) 2,843 46,215			
Rollover	3,338	279	185
- - 228 4,030			
<hr/>			
Total contributions	42,688	15,612	5,882
5 4,389 68,576			
<hr/>			
Participant withdrawals	(31,724)	(15,228)	(11,806)
(119) (1,829) (60,706)			
Inter-plan transfers	373	(298)	(64)
(39) 28 -			
<hr/>			
Net assets - end of year	\$449,773	\$280,590	\$108,103
\$551 \$33,140 \$872,157			
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The accompanying notes and schedules are an integral part of these statements.

</TABLE>

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

(Dollar amounts stated in 000's, except share and per share amounts)

1. SUMMARY OF THE PLAN

The Cummins Engine Company, Inc. (the Company or the Companies) and Affiliates Retirement and Savings Plans (the Plan or the Plans) are defined contribution plans that cover five employee groups, as described in Note 3. Participants have the opportunity to make pre-tax and after-tax contributions to the plan. Details of the plans are described in Note 2 and Note 3.

2. DESCRIPTION OF THE PLANS

Participation

Substantially all full-time, domestic employees of the Company and designated subsidiaries are eligible to participate in one of the Plans as soon as administratively possible. Nonresident aliens employed by the Company or a foreign subsidiary are eligible to participate if the Company owns at least 80 percent of the foreign subsidiary's common stock.

The Plans encourage voluntary savings through regular payroll deductions. Subject to limitations contained in the Internal Revenue Code

and Regulations, participants may contribute up to 15 percent of gross pay (10 percent with respect to certain highly compensated participants) as pre-tax contributions, and 10 percent of gross pay as after-tax contributions (not to exceed 20% in total). In addition, participants are permitted to make voluntary additional after-tax contributions once each year.

Either at the end of each Plan year or on a monthly basis, the Companies make matching contributions for each participant's pre-tax and after-tax contributions that remain in the Plans at the end of the Plan year or month. The formulas for these matches, as set forth in the Plans, vary for each Company (see Schedule II). Certain groups of participants receive cash matches and other groups participate in the ESOP and Flexi Trust (as described below) and receive matching contributions in the form of Company common stock.

In July 1989, the Company established the ESOP Trust and sold 2,362,206 shares of its common stock at \$31.75 per share (amounts reflect two-for-one common stock split) to the ESOP Trust in exchange for a \$75,000 promissory note (the Note) secured by the shares. In December 1990, the ESOP Trust prepaid its then-current indebtedness to the Company with proceeds from the issuance of \$72,750 of 8.76 percent ESOP Notes due 1998 and guaranteed by the Company (see Note 6). The arrangement requires the Companies to contribute an aggregate annual amount to the ESOP Trust equal to the annual principal and interest payable under the terms of the Note after application of dividends paid on shares held in the ESOP Trust. As the ESOP Trust's indebtedness is repaid from these sources of funds, shares are allocated to the accounts of participants in the ESOP in relative proportion to each participant's contributions to the Plans as well as dividends received on shares previously allocated to the participant's account in the ESOP Trust. Effective July, 1998 the ESOP Notes were refinanced at 6.96 percent due 2010 and guaranteed by the Company (see Note 6). As of December 31, 1999, 1,256,618 shares were allocated and 1,105,588 remain unallocated in the ESOP Trust.

In January 1997, the Company established the Flexi Trust and sold 3,750,000 shares of its common stock at \$48.25 per share to the Flexi Trust in exchange for a \$180,938 promissory note at 7.65 percent due 2012 secured by the shares. In the event contributions to, and earnings of, the Trust are insufficient to satisfy any installment of principal and interest on the due date thereof, the Company (acting through the Trust Committee) may, in its discretion, forgive such installment to the extent of the insufficiency.

Participant and Company cash matching contributions are deposited in the Trust and then invested in the seven investment funds in accordance with participant elections. Account balances and contributions can be invested in one or more of the seven investment funds in multiples of 1 percent. Fund reallocations can be changed daily with a limit of four times per month. Common stock account balances in the ESOP and Flexi Trust accounts can not be redirected into the other RSP investment options unless participants are 55 years of age or older. Investment income is allocated to participant accounts on a daily basis.

Participant Withdrawals

Participants are permitted to withdraw their after-tax contributions, the Company cash matching contributions (after remaining in the account for two full plan years) and accumulated earnings thereon. Participants are also permitted to take out loans (see Note 3). In the event of financial hardship, participants are permitted to withdraw pre-tax contributions and accumulated earnings thereon. In-service withdrawals from the ESOP account are prohibited.

Plan Payouts

Upon termination of employment, immediate distribution is made to those participants with account balances less than or equal to \$5. Terminating participants with account balances greater than \$5 must consent to any payment prior to the attainment of age 70 1/2. Participants who do not consent to immediate distribution may subsequently elect in writing to begin receiving benefits as soon as is practical, provided that in any event the distribution commences no later than April 1 of the Plan year following the Plan year in which age 70 1/2 occurs. Account balances remaining in the Plans will continue to share in the earnings of the investments prior to distribution. Distributions from the ESOP and Flexi Trust portions of the Plans are in whole shares of stock allocated to participant accounts, with cash for partial shares unless participants elect to receive the entire distribution in cash at current market value.

Plan Termination

While it has not expressed any intention to do so, the Company has the right to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Upon partial or total termination of the Plan, the participants' accounts shall become fully vested and nonforfeitable.

3. SUMMARY OF ACCOUNTING POLICIES

Basis of Combination

The Combining Statements of Net Assets Available for Benefits and Changes in Net Assets Available for Benefits reflect the financial activity of the Retirement and Savings Plans of Cummins Engine Company, Inc. (the Company) and certain subsidiary companies (the Companies). These Plans include:

- . Cummins Engine Company, Inc. and Affiliates Retirement and Savings Plan for Salaried and Non-Bargaining Hourly Employees (Salaried Plan)
- . Cummins Engine Company, Inc. and Affiliates Retirement and Savings Plan for Bargaining Unit Employees (Bargaining Plan)
- . Cummins Engine Company, Inc. Retirement and Savings Plan for Onan Corporation Employees (Onan Plan)
- . Cummins Engine Company, Inc. Retirement and Savings Plan for Lubricant Consultants, Inc. Employees (Lubricon Plan)
- . Cummins Engine Company, Inc. Retirement and Savings Plan for Consolidated Diesel Company Employees (CDC Plan)

Trust Arrangements

A single trust arrangement is maintained with The Vanguard Group (the Trustee) for the administration of all the investments in the Plans.

Accounting Method

Accounting records are maintained by the Trustee on a modified cash basis. All material adjustments have been made to present the financial statements under the accrual basis of accounting as required by generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Adoption of Statement of Position 99-3

The Accounting Standards Executive Committee issued Statement of Position ("SOP") 99-3, "Accounting for and Reporting of Certain Defined Contribution Plan Investments and Other Disclosure Matters," which eliminates the requirement for a defined contribution plan to disclose participant-directed investment programs. SOP 99-3 was adopted for the 1999 financial statements and, as such, the 1998 financial statements have been reclassified to eliminate the participant-directed fund investment program disclosures. There was no effect on the previously reported changes in net assets.

Investments

Investments held by the Trust are stated at market value except for the investment contracts, within the Fixed Income Fund, which are stated at contract value. Changes in market value of the investment contracts are reflected in Fund investment income (loss) on the Combining Statements of Changes in Net Assets Available for Benefits. Quoted market prices are used to value investments.

The following presents investments that represent 5% or more of the Plan's net assets at December 31:

Salaried Plan	1999	1998
Cummins Engine Company, Inc. Fixed Income Fund	\$109,446	\$ 95,344
Vanguard Wellington Fund	91,719	99,607
Vanguard U.S. Growth Fund	97,454	79,025
Vanguard Index Trust Fund	121,498	97,714
Cummins Engine Company, Inc. Common Stock Fund	146,539	109,977
*Cummins Engine Company, Inc. ESOP Fund	98,088	74,745

Bargaining Plan

Cummins Engine Company, Inc. Fixed Income Fund	\$131,415	\$116,675
Vanguard Wellington Fund	56,541	62,609
Vanguard U.S. Growth Fund	34,876	29,491
Vanguard Index Trust Fund	49,017	41,462
Cummins Engine Company, Inc. Common Stock Fund	24,845	20,319

Onan Plan

Cummins Engine Company, Inc. Fixed Income Fund	\$ 21,473	\$ 19,721
Vanguard Wellington Fund	29,073	29,501
Vanguard U.S. Growth Fund	26,746	21,470
Vanguard Index Trust Fund	31,327	26,094
Cummins Engine Company, Inc. Common Stock Fund	-	5,994

Lubricon Plan

Vanguard Wellington Fund	\$ 50	\$ 88
Vanguard U.S. Growth Fund	197	144
Vanguard Index Trust Fund	206	149
Vanguard Explorer Fund	47	80
Vanguard International Fund	40	31

CDC Plan

Cummins Engine Company, Inc. Fixed Income Fund	\$ 10,135	\$ 77
Vanguard Wellington Fund	6,015	6,436
Vanguard U.S. Growth Fund	8,192	6,823
Vanguard Index Trust Fund	8,667	7,640
Cummins Engine Company, Inc. Common Stock Fund	-	2,129

* Non-participant directed

During 1999 and 1998, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

Salaried Plan	1999	1998
Mutual funds	\$ 49,063	\$ 2,096
Common stock	41,393	(5,292)
Fixed income fund	6,291	6,109
Total	\$ 96,747	\$ 2,913
Bargaining Plan		
Mutual funds	\$ 19,431	\$ 24,640
Common stock	8,985	(3,654)
Fixed income fund	7,590	7,330
Total	\$ 36,006	\$ 28,316
Onan Plan		
Mutual funds	\$ 1,318	\$ 15,906
Common stock	12,827	(1,458)
Fixed income fund	3,181	1,248
Total	\$ 17,326	\$ 15,696

Lubricon Plan

Mutual funds	\$ 94	\$ 95
Common stock	3	(6)
Fixed income fund	1	2
Total	\$ 98	\$ 91

CDC Plan

Mutual funds	\$ 3,710	\$ 4,288
Common stock	889	(533)
Fixed income fund	535	442
Total	\$ 5,134	\$ 4,197

The Cummins Engine Company, Inc. ESOP and the Cummins Engine Company, Inc. FlexiFund, which are included on the Investments at market value in the Combining Statements of Net Assets Available for Benefits in the Salaried Plan only, are non-participant directed. Information about the net assets and changes in net assets for those funds for the year ended and ending December 31 is as follows:

	1999		1998	
	Unallocated	Allocated	Unallocated	Allocated
Net Assets:				
Cummins Engine Company, Inc. ESOP	\$ (5,062)	\$ 49,055	\$ (21,579)	\$ 38,500
Cummins Engine Company, Inc. Flexifund	17,089	-	7,360	-
Changes in Net Assets:				
Company contributions	\$ 10,917	\$ 4,606	\$ 9,100	\$ 7,076
Interest & Dividends	1,577	-	1,499	751
Net (depreciation)/ appreciation	17,974	12,944	(24,305)	(28,551)
Benefits paid to participants	(625)	(6,091)	(222)	(2,237)
Other	(3,596)	(905)	(62)	(571)
	\$ 26,247	\$ 10,554	\$ (13,990)	\$ (23,532)

The Plan's investments in non-participant directed funds, at December 31, are presented in the following table:

	1999		1998	
	Unallocated	Allocated	Unallocated	Allocated
Cummins Engine Company, Inc. ESOP				
Number of Units	1,105,588	1,256,618	1,198,026	1,164,180
Cost	\$ 35,102	\$ 39,898	\$ 38,037	\$ 36,963
Market Value	\$ 53,411	\$ 60,707	\$ 42,530	\$ 41,328
Cummins Engine Company, Inc. FlexiFund				
Number of Units	1,892,424	-	1,108,511	-
Cost	\$ 6,660	\$ -	\$ 10,088	\$ -
Market Value	\$ 16,983	\$ -	\$ 7,046	\$ -

The Fixed Income Fund consists primarily of insurance contracts and bank investment contracts with various insurance companies. The insurance companies maintain investment accounts for each contract. The accounts are credited with earnings on the underlying investments at interest rates ranging from 5.50% to 7.88% for 1999 and 5.48% to 7.88% for 1998 and charged for withdrawals and administrative expenses by the insurance companies. The contracts are included in the financial statements at contract value, as reported to the Plan by the investment administrator. Contract values represent contributions made under the contracts, plus earnings, less Plan withdrawals and administrative expenses. The crediting interest rate is based on an agreed upon formula with the issuer.

Like all the other investment alternatives, the Cummins Common Stock Fund is valued in units. The net asset value per unit fluctuates on a daily basis with the change in the price of Cummins Stock. At December 31, 1999 there were a total of 6,729,000 units and a net asset value of \$63,854.

Net investment income (loss) of each fund is allocated to each Plan based on the relationship of each Plan's investment in the fund to the total investment in the fund. Net investment income (loss) is likewise allocated to participants based on the relationship of participant account balances in each fund to the total balance in each fund.

Vesting

The interest of a participant or a former participant in his or her tax-deferred and after-tax contribution account, including the Company matching cash contributions, ESOP shares, Flexi Trust shares, and earnings thereon shall at all times be nonforfeitable and fully vested.

Participant Loans

The Plans permit participants to borrow portions of their accounts subject to Department of Labor regulations. Participants may take out loans limited to the lesser of \$50 or 50 percent of the present value of their accounts (excluding ESOP and Flexi Trust accounts) over a period not to exceed 54 months. The annual interest rate is the Prime Rate, as quoted in the Wall Street Journal, plus 1 percent. The amount used to secure a loan is 50 percent of the participant's account balance. The interest rates on the outstanding loans range from 7.75% to 8.50%.

Administrative Expenses and Investment Advisory Fees

Administrative expenses such as record keeping fees are paid by the Companies. Investment advisory fees for portfolio management of Vanguard Funds are paid directly from fund earnings. Investment advisory fees for the Fixed Income Fund and ESOP Fund are paid directly from the fund, which are included in fund investment income on the Combining Statement of Changes in Net Assets Available for Benefits. The trust agreement entitles the Trustee to receive reasonable compensation for services rendered and expenses incurred in the administration and execution of the Plans.

4. TAX STATUS

The Internal Revenue Service issued determination letters stating that the Plans were qualified in accordance with applicable plan design requirements as of their dates. In the opinion of the Plan Administrator and Internal Tax Counsel, the Plans are currently designed and continue to operate in a manner that qualifies them under Internal Revenue Code (IRC) Section 401(a) and, therefore, are exempt from income taxes under the provisions of IRC Section 501(a). Accordingly, no provision for Federal income taxes has been made.

5. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for plan participants as indicated in the financial statements to the federal tax Form 5500.

	Year Ended December 31,	
	1999	1998
Salaried Plan		
Net assets available for plan participants as indicated in the financial statements	\$546,852	\$ -

Amounts allocated to withdrawing participants	(332)	-
Net assets available for plan participants as indicated in the Form 5500	\$546,520	\$ -
<u>Bargaining Plan</u>		
Net assets available for plan participants as indicated in the financial statements	\$308,999	\$ -
Amounts allocated to withdrawing participants	(33)	-
Net assets available for plan participants as indicated in the Form 5500	\$308,966	\$ -
<u>Onan Plan</u>		
Net assets available for plan participants as indicated in the financial statements	\$127,547	\$ -
Amounts allocated to withdrawing participants	(105)	-
Net assets available for plan participants as indicated in the Form 5500	\$121,442	\$ -

Year Ended December 31,

CDC Plan	1999	1998
Net assets available for plan participants as indicated in the financial statements	\$ 38,359	\$ -
Amounts allocated to withdrawing participants	(16)	-
Net assets available for plan participants as indicated in the Form 5500	\$ 38,343	\$ -

The following is a reconciliation of benefits paid to participants as indicated in the financial statements to the Form 5500.

Salaried Plan	1999	1998
Participant benefit payments as indicated in the financial statements	\$ 40,880	\$ -
Amounts allocated to withdrawing participants	332	-
Participant benefit payments as indicated in the Form 5500	\$ 41,212	\$ -
<u>Bargaining Plan</u>		
Participant benefit payments as indicated in the financial statements	\$ 23,154	\$ -
Amounts allocated to withdrawing participants	33	-
Participant benefit payments as indicated in the Form 5500	\$ 23,187	\$ -
<u>Onan Plan</u>		
Participant benefit payments as indicated in the financial statements	\$ 10,574	\$ -
Amounts allocated to withdrawing participants	105	-
Participant benefit payments as indicated in the Form 5500	\$ 10,679	\$ -

	1999	1998
CDC Plan		
Participant benefit payments as indicated in the financial statements	\$ 3,952	\$ -
Amounts allocated to withdrawing participants	16	-
Participant benefit payments as indicated in the Form 5500	\$ 3,968	\$ -

6. LONG-TERM DEBT

The ESOP Trust issued \$72,750 of ESOP Notes due in 1998 with an annual interest rate of 8.76 percent payable semi-annually to the Note holders (see Note 2). Effective July 1998 the ESOP Notes were refinanced at 6.96 percent due 2010 and guaranteed by the Company. The final principal payment, \$3,150, is due on January 4, 2010.

7. PARTIES-IN-INTEREST AND REPORTABLE TRANSACTIONS

Party-in-interest transactions during the plan year ended December 31, 1999 are included in Schedule I of these statements.

There are no reportable transactions during the plan year ended December 31, 1999.

SCHEDULE I

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
EIN 35-0257090
ITEM 27A: SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
AS OF DECEMBER 31, 1999
(000's)

ISSUER/DESCRIPTION	MARKET VALUE
Salaried:	
Vanguard VMMR Prime Portfolio	\$ 1,120
Cummins Engine Company, Inc. Fixed Income Fund****	109,446
Vanguard Wellington Fund***	91,719
Vanguard U.S. Growth Fund***	97,454
Vanguard Index Trust Fund***	121,498
Vanguard Explorer Fund***	16,793
Vanguard International Fund*** Cummins Engine Company, Inc. Common Stock***	10,980 146,539
Participant Loans (7.75%-8.50%)	4,430
	\$599,979
Bargaining:	
Cummins Engine Company, Inc. Fixed Income Fund****	\$131,415
Vanguard Wellington Fund***	56,541
Vanguard U.S. Growth Fund***	34,876
Vanguard Index Trust Fund***	49,017
Vanguard Explorer Fund***	3,723
Vanguard International Fund*** Cummins Engine Company, Inc. Common Stock***	1,776 24,845
Participant Loans (7.75%-8.50%)	3,594
	\$305,787
Onan:	

Cummins Engine Company, Inc. Fixed Income Fund****	\$21,473
Vanguard Wellington Fund***	29,073
Vanguard U.S. Growth Fund***	26,746
Vanguard Index Trust Fund***	31,327
Vanguard Explorer Fund***	3,395
Vanguard International Fund***	2,322
Cummins Engine Company, Inc. Common Stock***	5,652
Participant Loans (7.75%-8.50%)	1,015

\$121,003

Lubricon:

Cummins Engine Company, Inc. Fixed Income Fund****	\$ 10
Vanguard Wellington Fund***	50
Vanguard U.S. Growth Fund***	197
Vanguard Index Trust Fund***	206
Vanguard Explorer Fund***	47
Vanguard International Fund***	40
Cummins Engine Company, Inc. Common Stock***	11
Participant Loans (7.75%-8.50%)	27

\$ 588

CDC:

Cummins Engine Company, Inc. Fixed Income Fund****	\$ 10,135
Vanguard Wellington Fund***	6,015
Vanguard U.S. Growth Fund***	8,192
Vanguard Index Trust Fund***	8,667
Vanguard Explorer Fund***	676
Vanguard International Fund***	633
Cummins Engine Company, Inc. Common Stock***	1,883
Participant Loans (7.75%-8.50%)	1,218

\$ 37,419

Total:

Vanguard VMMR Prime Portfolio	\$ 1,120
Cummins Engine Company, Inc. Fixed Income Fund****	272,479
Vanguard Wellington Fund***	183,398
Vanguard U.S. Growth Fund***	167,465
Vanguard Index Trust Fund***	210,715
Vanguard Explorer Fund***	24,634
Vanguard International Fund***	15,751
Cummins Engine Company, Inc. Common Stock***	178,930
Participant Loans (7.75%-8.50%)	10,284

\$1,064,776

*** Identifies known party-in-interest to the plan

****See detail of Cummins Engine Company, Inc. Fixed Income Fund following Schedule I.

Schedule I-A

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
EIN 35-0257090

ITEM 27A: SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
AS OF DECEMBER 31, 1999
(000's)

SECURITY NAME UNDERLYING ASSET	RATE	CONTRACT VALUE
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AIG 1035	5.50%	\$ 12,692
AIG 1085	7.05%	5,035
Allstate GA-6165	6.25%	12,471
Allstate GA-6174	6.82%	5,176
Bayerische 99-016	6.98%	10,262
Canada Life P46010	6.17%	10,099
GE Life & Annuity GS-3258	5.97%	10,506
John Hancock 8760	6.48%	7,400
John Hancock 9729	6.23%	11,157
Life of Virginia 3144	6.18%	5,502
Mass Mutual 35027	7.05%	6,019
Metropolitan Life 25192	6.63%	5,123
New York Life GA-30196	7.88%	6,433
New York Life GA-30196-002	7.35%	6,351
Principal 4-15203-3	7.30%	8,412
Principal 4-15203-4	7.32%	10,118
VGI Prime Money Market	5.61%	16,210

FAIR VALUE

AIG Financial 129128	7.23%	
Vanguard Targeted Return Trust (2-01)		10,243
Wrapper		(38)
Caisse Des Depots 317-01	6.78%	
FNR 1997-7 PM		10,097
Wrapper		(43)
Caisse Des Depots 317-02	5.75%	
CONHE 1999-2 A6		8,104
Wrapper		896
Caisse Des Depots 317-03	6.63%	
RFMS2 1999-H14 A4		4,873
Wrapper		159
Deutsche Bank VG-CUM-1	6.48%	
Vanguard Targeted Return Trust (3-00)		10,048
Vanguard Targeted Return Trust (4-00)		10,094
Wrapper		56
Deutsche Bank VG-CUM-2	7.13%	
Vanguard Targeted Return Trust (3-01)		4,818
Vanguard Targeted Return Trust (1-02)		4,824
Wrapper		(21)
Rabobank CUM-119601	6.36%	
Vanguard Short Term Corporate Bond		5,618
Vanguard Total Bond Market		7,235
Wrapper		232
Rabobank CUM-089501	6.43%	
Vanguard Total Bond Market Institutional		12,475
Wrapper		213
Rabobank CUM-049601	6.76%	
Vanguard Short Term Corporate Bond		2,880
Vanguard Total Bond Market		8,870
Wrapper		296
Union Bank of Switzerland 2112	6.40%	
Vanguard Total Bond Market		7,134
Vanguard Short Term Corporate Bond		8,454
Wrapper		301
West Landesbank 4001	6.32%	
Vanguard Targeted Return Trust (2-02)		2,795
Vanguard Targeted Return Trust (3-02)		2,796
Wrapper		104
Total Cummins Engine Company, Inc.		
Fixed Income Fund		\$272,479

Schedule II

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
SCHEDULE OF MATCHING CONTRIBUTION FORMULAS
AS OF DECEMBER 31, 1999

Loc

Cash

ESOP Stock

Employing Company	Code	Location Name	Contribution	Contribution
Cummins Engine Company	110	Columbus Salary	No	Yes (11)
"	111	CBS-Nashville	No	Yes (11)
"	120	Columbus DWU	Yes (3) (4)	No
"	121	CMEP DWU	Yes (12)	No
"	122	DWU New Hires	Yes (12)	No
"	130	Columbus OCU	Yes (3) (4)	No
"	131	OCU New Hires	Yes (12)	No
"	132	CMEP OCU	Yes (12)	No
"	135	Columbus Security	No	Yes (11)
CADEC	190	CADEC	No	Yes (11)
Cummins Engine Company	200 (O)	CHS Mgmt. Services	No	Yes (1) (2)
"	200 (N)	CHS Mgmt. Services	No	Yes (11)
Cummins Engine Company	240 (O)	CHS Cylinder Head	No	Yes (1) (2)
"	240 (N)	CHS Cylinder Head	No	Yes (11)
"	250 (O)	CHS Recon	No	Yes (1) (2)
"	250 (N)	CHS Recon	No	Yes (11)
"	260 (O)	CHS Engr.Test Svcs.	No	Yes (1) (2)
"	260 (N)	CHS Engr.Test Svcs.	No	Yes (11)
"	291 (O)	Cummins Marine	No	Yes (1) (2)
"	291 (N)	Cummins Marine	No	Yes (11)
"	300 (O)	Jamestown	No	Yes (1) (2)
"	300 (N)	Jamestown	No	Yes (11)
"	301	JEP New Hires	No	Yes (11)
Cummins Natural Gas Engines	390	Cummins Natural Gas	No	Yes (11)
Cummins Americas, Inc.	400	Miami PDC	No	Yes (11)
Atlas Crankshaft	500	Atlas Salary	No	Yes (11)
"	510	Atlas Union	Yes (13)	No
Onan Corporation	550	Onan-Multiple Loc.	Yes (8)	Yes (7)
"	551	Onan Huntsville	Yes (8)	Yes (7)
"	552	Onan OPE St. Peter	Yes (8)	Yes (7)
Fleetguard, Inc.	600	Fleetguard TN Salary	No	Yes (11)
"	610	Fleetguard Lake Mills Salary	No	Yes (11)
"	620	Fleetguard Lake Mills Hourly	No	Yes (11)
Fleetguard, Inc.	621	L-M Hrly. New Hires	No	Yes (11)
Fleetguard, Inc.	630	Fleetguard TN Hrly.	Yes (9)	No
Kuss	650	Kuss Salary	No	Yes (1) (2)
Kuss	651	Kuss Union	No	Yes (1) (2)
Cummins Engine Company	700	DRC Salary	No	Yes (11)
"	720 *	DRC TN Union	Yes (10)	No
Cummins Diesel Intl.	810	CDIL	No	Yes (11)
Consolidated Diesel Co.	900 (O)	Consol. Diesel Co.	Yes (10) (6)	No
"	900 (N)	Consol. Diesel Co.	Yes (5)	No
Holset Engr. Company	950	Holset Memphis	No	Yes (11)
"	951	Holset Charleston	No	Yes (11)
"	952	Holset Air Compressors	No	Yes (11)

*Participants at location 720 are not eligible to make Basic Savings Contributions.

Matching Contribution Legend

- (1) ESOP Stock Contribution based on 50% of 1st 2% of pay contributed as a Pre-Tax Contribution
- (2) ESOP Stock Contribution based on 50% of 1st \$900 of pay contributed as a Basic Savings Contribution
- (3) Cash Contribution of 50% (up to a max of \$325) of 1st 2% of pay contributed as a Pre-Tax Contribution
- (4) Cash Contribution of 50% of the 1st \$900 of pay contributed as a Basic Savings Contribution
- (5) Cash Contribution of 50% on 1st 6% of pay contributed as a Pre-Tax Contribution
- (6) Cash Contribution based on 50% (up to a max of \$900) on 1st \$1,800 of pay contributed as a Basic Savings Contribution
- (7) ESOP Stock Contribution based on 100% of 1st \$250, 75% of next \$250, 50% of next \$1,000, and 25% of next \$1,000 (max stock match = \$1,187.50) NOTE: Applies to Pre-Tax Contributions
- (8) Cash Contribution of 25% of the 1st \$1,000 of pay contributed

as a Basic Savings Contribution

- (9) Cash Contribution of 50% of the 1st 3% of pay contributed as a Pre-Tax Contribution
- (10) Cash Contribution of 50% of 1st 2% of pay contributed as a Pre-Tax Contribution
- (11) ESOP Stock Contribution based on 50% of 1st 6% of pay contributed as a Pre-Tax Contribution
- (12) Cash Contribution of \$1 for \$1 up to 2% of gross pay; \$.25 on dollar up to next 4% of gross pay for Pre-Tax
- (13) Cash Contribution of \$1 for \$1 up to 2% of gross pay contributed as a Pre-Tax Contribution

Schedule III

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
EMPLOYING LOCATIONS BY PLAN
AS OF DECEMBER 31, 1999

Cummins Engine Company, Inc. and Affiliates Retirement and Savings Plan for
Salaried and Non-Bargaining Hourly Employees
EIN # 35-0257090
Plan 020

110	Columbus Salary	400	Miami PDC
111	CBS Nashville	500	Atlas Salary
135	Columbus Security	600	Fleetguard TN Salary
190	CADEC	610	Fleetguard Lake Mills Salary
200	Charleston Management Svcs.	620	Fleetguard Lake Mills Hourly
240	Cylinder Head	621	Fleetguard Lake Mills Hourly New Hires
250	Charleston ReCon	650	Kuss Salary
260	Engineering Test	700	DRC Salary
291	Cummins Marine	810	CDIL
300	Jamestown	950	Holset Memphis
301	Jamestown New Hires	951	Holset Charleston
390	Cummins Natural Gas	952	Holset Air Compressors

Cummins Engine Company, Inc. Retirement and Savings Plan for
Onan Corporation Employees
EIN # 41-0965373
Plan 025

550	Onan Multiple Locations	552	Onan OPE St. Peter
551	Onan Huntsville		

Cummins Engine Company, Inc. Retirement and Savings Plan for
Consolidated Diesel Company Employees
EIN # 56-1896727
Plan 020

900	Consolidated Diesel Company		
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Cummins Engine Company, Inc. and Affiliates Retirement and Savings Plan for
Bargaining Unit Employees
EIN # 35-0257090
Plan 030

120	Columbus DWU	132	CMEP OCU
121	CMEP DWU	510	Atlas Hourly
122	DWU New Hires	630	Fleetguard TN Hourly
130	Columbus OCU	651	Kuss Union
131	OCU New Hires	720	DRC TN Union

Schedule IV

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
EIN 35-0257090

ITEM 27B: SCHEDULE OF LOANS OR FIXED INCOME OBLIGATIONS

IN DEFAULT OR CLASSIFIED AS UNCOLLECTIBLE
AS OF DECEMBER 31, 1999
(stated in 000's)

PLAN	ORIGINAL AMOUNT OF LOAN	PRINCIPAL RECEIVED DURING THE YEAR	UNPAID PRINCIPAL AT 12/31/99	AMOUNT OVERDUE
Salaried	\$23	\$ 4	\$ 7	\$ 2
Bargaining	9	-	7	4
CDC	2	-	2	1

Interest rates range from 7.75% through 8.50%.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

CUMMINS ENGINE COMPANY, INC.

RETIREMENT AND SAVINGS PLAN

(Name of Plan)

By /s/ Dave C. Wright

Dave C. Wright
Secretary - Pension
Policy Committee

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated June 23, 2000, included in this Form 11-K, into the Company's previously filed Registration Statement File Nos. 2-32091, 2-53247, 2-58696, 33-2161, 33-8842, 33-31095, 33-37690, 33-46096, 33-46097, 33-46098, 33-50665, 33-56115, 333-2165, 333-31573, 333-42687 and 333-67391.

ARTHUR ANDERSEN LLP

Chicago, Illinois
June 23, 2000