

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
 RETIREMENT AND SAVINGS PLANS  
 INDEX TO FINANCIAL STATEMENTS

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To the Pension Policy Committee  
 of Cummins Engine Company, Inc.:

We have audited the accompanying combining statements of net assets by plan and by fund, of the CUMMINS ENGINE COMPANY, INC. AND AFFILIATES RETIREMENT AND SAVINGS PLANS as of December 31, 1993 and 1992, and the related statements of changes in net assets by plan and by fund, for the years ended December 31, 1993 and 1992. 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 audit.

We conducted our audits in accordance with generally accepted auditing standards. 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 of the Plans as of December 31, 1993 and 1992, and the changes in their net assets for the years ended December 31, 1993 and 1992, in conformity with generally accepted accounting principles.

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 and matching contribution formulas are presented for purposes of additional analysis. They are not a required part of the basic financial statements but contain 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 audit 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 & CO.

Chicago, Illinois  
June 10, 1994

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF NET ASSETS BY PLAN  
DECEMBER 31, 1993

	SALARIED ~~~~~	BARGAINING ~~~~~	ONAN ~~~~~
Assets			
Cash and investments:			
Cash & short-term investments	\$ 328,685	\$ -	\$ -
Guaranteed investment contracts	72,788,095	93,361,040	15,691,005
Wellington mutual funds	55,003,648	32,495,620	15,820,919
Vanguard U.S. Growth Fund mutual funds	17,586,368	5,620,077	5,283,722
Vanguard Index Trust mutual funds	24,009,361	10,301,987	7,058,607
Investment in common stock of Cummins Engine Co., Inc.	131,980,775	6,035,210	1,543,540
Participant loan receivable	5,130,161	3,517,829	1,599,264
	~~~~~	~~~~~	~~~~~
Total cash & investments	306,827,093	151,331,763	46,997,057
	~~~~~	~~~~~	~~~~~
Receivables:			
Employer contributions	4,097,201	1,457,591	265,993
Employee contributions	1,730,978	1,377,332	618,696
Accrued income	523	-	-
	~~~~~	~~~~~	~~~~~
Total receivables	5,828,702	2,834,923	884,689
	~~~~~	~~~~~	~~~~~
Total assets	312,655,795	154,166,686	47,881,746
	~~~~~	~~~~~	~~~~~
Liabilities:			
Interest payable	3,094,470	-	-
Note payable - ESOP	70,650,000	-	-
	~~~~~	~~~~~	~~~~~
Total liabilities	73,744,470	-	-
	~~~~~	~~~~~	~~~~~
Net assets	\$238,911,325	\$154,166,686	\$ 47,881,746
	~~~~~	~~~~~	~~~~~

The accompanying notes are an integral part of these statements.

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF NET ASSETS BY PLAN  
DECEMBER 31, 1993

	LUBRICON ~~~~~	CDC ~~~~~	TOTAL ~~~~~
Assets			
Cash and investments:			
Cash & short-term investments	\$ -		\$ 328,685
Guaranteed investment contracts	103,310	4,950,119	186,893,569
Wellington mutual funds	161,980	2,769,269	106,251,436
Vanguard U.S. Growth Fund mutual funds	48,042	1,050,410	29,588,619
Vanguard Index Trust mutual funds	38,593	1,616,380	43,024,928
Investment in common stock of Cummins Engine Co., Inc.	9,669	610,445	140,179,639
Participant loan receivable	12,143	746,443	11,005,840
	~~~~~	~~~~~	~~~~~
Total cash & investments	373,737	11,743,066	517,272,716
	~~~~~	~~~~~	~~~~~
Receivables:			

Employer contributions	18,216	563,986	6,402,987
Employee contributions	1,795	183,540	3,912,341
Accrued income	-	-	523
	~~~~~	~~~~~	~~~~~
Total receivables	20,011	747,526	10,315,851
	~~~~~	~~~~~	~~~~~
Total assets	393,748	12,490,592	527,588,567
	~~~~~	~~~~~	~~~~~
Liabilities:			
Interest payable	-	-	3,094,470
Note payable - ESOP	-	-	70,650,000
	~~~~~	~~~~~	~~~~~
Total liabilities	-	-	73,744,470
	~~~~~	~~~~~	~~~~~
Net assets	\$ 393,748	\$ 12,490,592	\$453,844,097
	~~~~~	~~~~~	~~~~~

The accompanying notes are an integral part of these statements.  
CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF NET ASSETS BY PLAN  
DECEMBER 31, 1992

	SALARIED	BARGAINING	ONAN
	~~~~~	~~~~~	~~~~~
Assets			
Cash and investments:			
Cash & short-term investments	\$ 114,341	\$ -	\$ -
Guaranteed investment contracts	69,435,937	89,762,748	13,863,736
Wellington mutual funds	40,093,153	23,878,229	12,601,316
Vanguard U.S. Growth Fund mutual funds	17,034,355	5,879,896	5,567,243
Vanguard Index Trust mutual funds	18,058,189	7,683,622	5,690,486
Investment in common stock of Cummins Engine Co., Inc.	96,014,692	5,399,323	641,889
Participant loan receivable	4,609,149	2,620,830	1,262,885
	~~~~~	~~~~~	~~~~~
Total cash & investments	245,359,816	135,224,648	39,627,555
	~~~~~	~~~~~	~~~~~
Receivables:			
Employer contributions	4,135,439	-	-
Accrued income	257	-	-
	~~~~~	~~~~~	~~~~~
Total receivables	4,135,696	-	-
	~~~~~	~~~~~	~~~~~
Total assets	249,495,512	135,224,648	39,627,555
	~~~~~	~~~~~	~~~~~
Liabilities:			
Interest payable	3,142,650	-	-
Note payable - ESOP	71,750,000	-	-
	~~~~~	~~~~~	~~~~~
Total liabilities	74,892,650	-	-
	~~~~~	~~~~~	~~~~~
Net assets	\$174,602,862	\$135,224,648	\$ 39,627,555
	~~~~~	~~~~~	~~~~~

The accompanying notes are an integral part of these statements.  
CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF NET ASSETS BY PLAN  
DECEMBER 31, 1992

	LUBRICON	CDC	TOTAL
	~~~~~	~~~~~	~~~~~
Assets			
Cash and investments:			

Cash & short-term investments	\$ -	\$ -	\$ 114,341
Guaranteed investment contracts	77,078	4,644,234	177,783,733
Wellington mutual funds	71,894	2,352,933	78,997,525
Vanguard U.S. Growth Fund mutual funds	49,493	1,095,831	29,626,818
Vanguard Index Trust mutual funds	45,110	1,383,813	32,861,220
Investment in common stock of Cummins Engine Co., Inc.	6,023	273,613	102,335,540
Participant loan receivable	11,796	639,323	9,143,983
	~~~~~	~~~~~	~~~~~
Total cash & investments	261,394	10,389,747	430,863,160
	~~~~~	~~~~~	~~~~~
Receivables:			
Employer contributions	-	-	4,135,439
Accrued income	-	-	257
	~~~~~	~~~~~	~~~~~
Total receivables	-	-	4,135,696
	~~~~~	~~~~~	~~~~~
Total assets	261,394	10,389,747	434,988,856
	~~~~~	~~~~~	~~~~~
Liabilities:			
Interest payable	-	-	3,142,650
Note payable - ESOP	-	-	71,750,000
	~~~~~	~~~~~	~~~~~
Total liabilities	-	-	74,892,650
	~~~~~	~~~~~	~~~~~
Net assets	\$ 261,394	\$ 10,389,747	\$360,106,206
	~~~~~	~~~~~	~~~~~

The accompanying notes are an integral part of these statements.

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY PLAN  
DECEMBER 31, 1993

	SALARIED	BARGAINING	ONAN
	~~~~~	~~~~~	~~~~~
Net assets-beginning of year	\$174,602,862	\$135,224,648	\$ 39,627,555
	~~~~~	~~~~~	~~~~~
Investment income:			
Interest income	5,318,260	6,848,527	1,168,900
Dividend income from mutual funds	3,990,921	2,242,700	1,216,205
Dividend income from investment in stock	489,589	22,980	5,229
Net realized & unrealized appreciation in the value of investments	39,732,459	3,746,072	1,370,769
	~~~~~	~~~~~	~~~~~
Total investment income	49,531,229	12,860,279	3,761,103
Less: interest expense	6,188,940	-	-
administrative expenses	116,787	86,905	15,075
	~~~~~	~~~~~	~~~~~
Net investment income	43,225,502	12,773,374	3,746,028
	~~~~~	~~~~~	~~~~~
Contributions:			
Employer	7,086,975	1,457,590	265,992
Employee	19,346,598	13,716,542	5,981,731
Rollover	927,680	17,157	26,321
	~~~~~	~~~~~	~~~~~
Total contributions	27,361,253	15,191,289	6,274,044
	~~~~~	~~~~~	~~~~~
Participants' withdrawals	6,743,662	8,871,882	1,588,030
Inter-plan transfers	465,370	(150,743)	(177,851)
	~~~~~	~~~~~	~~~~~
Net assets - end of year	\$238,911,325	\$154,166,686	\$47,881,746

The accompanying notes are an integral part of these statements.  
 CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
 RETIREMENT AND SAVINGS PLANS  
 COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY PLAN  
 DECEMBER 31, 1993

	LUBRICON	CDC	TOTAL
Net assets-beginning of year	\$ 261,394	\$ 10,389,747	\$360,106,206
Investment income:			
Interest income	7,385	350,707	13,693,779
Dividend income from mutual funds	9,659	229,872	7,689,357
Dividend income from investment in stock	32	2,483	520,313
Net realized & unrealized appreciation in the value of investments	11,390	368,957	45,229,647
Total investment income	28,466	952,019	67,133,096
Less: interest expense	-	-	6,188,940
administrative expenses	95	4,887	223,749
Net investment income	28,371	947,132	60,720,407
Contributions:			
Employer	18,215	563,985	9,392,757
Employee	63,057	1,985,430	41,093,358
Rollover	1,100	3,076	975,334
Total contributions	82,372	2,552,491	51,461,449
Participants' withdrawals	20,228	1,220,163	18,443,965
Inter-plan transfers	41,839	(178,615)	-
Net assets - end of year	\$ 393,748	\$ 12,490,592	\$453,844,097

The accompanying notes are an integral part of these statements.  
 CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
 RETIREMENT AND SAVINGS PLANS  
 COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY PLAN  
 DECEMBER 31, 1992

	SALARIED	BARGAINING	ONAN
Net assets-beginning of year	\$123,366,657	\$114,659,163	\$ 31,725,910
Investment income:			
Interest income	5,110,495	6,386,288	956,224
Dividend income from mutual funds	2,920,270	1,557,963	926,598
Dividend income from investment in stock	244,219	10,635	1,453
Net realized & unrealized appreciation in the value of investments	30,580,141	1,944,510	662,672
Total investment income	38,855,125	9,899,396	2,546,947
Less: interest expense	6,285,300	-	-
administrative expenses	76,341	55,062	7,955
Net investment income	32,493,484	9,844,334	2,538,992

Contributions:	~~~~~	~~~~~	~~~~~
Employer	7,200,070	1,475,306	263,611
Employee	18,113,151	14,439,827	5,733,837
Rollover	2,591,878	2,760,690	747,788
	~~~~~	~~~~~	~~~~~
Total contributions	27,905,099	18,675,823	6,745,236
	~~~~~	~~~~~	~~~~~
Payments for:			
Participants' withdrawals	9,162,378	7,954,672	1,382,583
	~~~~~	~~~~~	~~~~~
Net assets - end of year	\$174,602,862	\$135,224,648	\$39,627,555
	~~~~~	~~~~~	~~~~~

The accompanying notes are an integral part of these statements.  
CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY PLAN  
DECEMBER 31, 1992

	LUBRICON	CDC	TOTAL
	~~~~~	~~~~~	~~~~~
Net assets-beginning of year	\$ 178,544	\$ 8,206,160	\$278,136,434
	~~~~~	~~~~~	~~~~~
Investment income:			
Interest income	3,900	325,906	12,782,813
Dividend income from mutual funds	3,838	163,760	5,572,429
Dividend income from investment in stock	9	611	256,927
Net realized & unrealized appreciation in the value of investments	3,234	160,853	33,351,410
	~~~~~	~~~~~	~~~~~
Total investment income	10,981	651,130	51,963,579
Less: interest expense	-	-	6,285,300
administrative expenses	36	2,827	142,221
	~~~~~	~~~~~	~~~~~
Net investment income	10,945	648,303	45,536,058
	~~~~~	~~~~~	~~~~~
Contributions:			
Employer	22,933	589,242	9,551,162
Employee	60,359	2,207,931	40,555,105
Rollover	-	44,085	6,144,441
	~~~~~	~~~~~	~~~~~
Total contributions	83,292	2,841,258	56,250,708
	~~~~~	~~~~~	~~~~~
Payments for:			
Participants' withdrawals	11,387	1,305,974	19,816,994
	~~~~~	~~~~~	~~~~~
Net assets - end of year	\$ 261,394	\$ 10,389,747	\$360,106,206
	~~~~~	~~~~~	~~~~~

The accompanying notes are an integral part of these statements.  
CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF NET ASSETS BY FUND  
DECEMBER 31, 1993

	WELLINGTON	U.S. GROWTH	INDEX FUND	FIXED INCOME
	~~~~~	~~~~~	~~~~~	~~~~~
Assets				
Cash and investments:				
Cash and short-term				

investments	\$	-	\$	-	\$	-	\$	-
Guaranteed investment contracts		-		-		-		186,893,569
Wellington mutual funds	106,251,436			-		-		-
Vanguard US Growth Fund mutual funds		-	29,588,619			-		-
Vanguard Index Trust mutual funds		-		-	43,024,928			-
Investment in common stock of Cummins Eng.Co.,Inc.		-		-		-		-
Participant loan rec.		-		-		-		-
	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~	~~~~~
Total cash & investments	106,251,436	29,588,619	43,024,928	186,893,569				
	~~~~~	~~~~~	~~~~~	~~~~~				
Receivables:								
Employer contributions	588,278	231,420	281,703	1,190,247				
Employee contributions	1,158,243	549,907	605,061	1,413,642				
Accrued interest	-	-	-	-				
	~~~~~	~~~~~	~~~~~	~~~~~				
Total receivables	1,746,521	781,327	886,764	2,603,889				
	~~~~~	~~~~~	~~~~~	~~~~~				
Total assets	107,997,957	30,369,946	43,911,692	189,497,458				
	~~~~~	~~~~~	~~~~~	~~~~~				
Liabilities:								
Interest payable	-	-	-	-				
Note payable-ESOP	-	-	-	-				
	~~~~~	~~~~~	~~~~~	~~~~~				
Total liabilities	-	-	-	-				
	~~~~~	~~~~~	~~~~~	~~~~~				
Net assets	\$107,997,957	\$30,369,946	\$43,911,692	\$189,497,458				
	~~~~~	~~~~~	~~~~~	~~~~~				

The accompanying notes are an integral part of these statements.  
CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF NET ASSETS BY FUND  
DECEMBER 31, 1993

	LOAN FUND	CUMMINS STOCK	ESOP	TOTAL
	~~~~~	~~~~~	~~~~~	~~~~~
Assets				
Cash and investments:				
Cash and short-term investments	\$	-	\$	328,685
				\$
				328,685
Guaranteed investment contracts	-	-	-	186,893,569
Wellington mutual funds	-	-	-	106,251,436
Vanguard US Growth Fund mutual funds	-	-	-	29,588,619
Vanguard Index Trust mutual funds	-	-	-	43,024,928
Investment in common stock of Cummins Eng.Co.,Inc.	-	15,200,731	124,978,908	140,179,639
Participant loan rec.	11,005,840	-	-	11,005,840
	~~~~~	~~~~~	~~~~~	~~~~~
Total cash & investments	11,005,840	15,200,731	125,307,593	517,272,716
	~~~~~	~~~~~	~~~~~	~~~~~
Receivables:				
Employer contributions	-	116,869	3,994,470	6,402,987
Employee contributions	-	185,488	-	3,912,341
Accrued interest	-	-	523	523
	~~~~~	~~~~~	~~~~~	~~~~~
Total receivables	-	302,357	3,994,993	10,315,851
	~~~~~	~~~~~	~~~~~	~~~~~
Total assets	11,005,840	15,503,088	129,302,586	527,588,567
	~~~~~	~~~~~	~~~~~	~~~~~
Liabilities:				
Interest payable	-	-	3,094,470	3,094,470
Note payable-ESOP	-	-	70,650,000	70,650,000
	~~~~~	~~~~~	~~~~~	~~~~~

Total liabilities	-	-	73,744,470	73,744,470
	~~~~~	~~~~~	~~~~~	~~~~~
Net assets	\$ 11,005,840	\$15,503,088	\$55,558,116	\$453,844,097
	~~~~~	~~~~~	~~~~~	~~~~~

The accompanying notes are an integral part of these statements.  
 CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
 RETIREMENT AND SAVINGS PLANS  
 COMBINING STATEMENTS OF NET ASSETS BY FUND  
 DECEMBER 31, 1992

	WELLINGTON	U.S. GROWTH	INDEX FUND	FIXED INCOME
	~~~~~	~~~~~	~~~~~	~~~~~
Assets				
Cash and investments:				
Cash and short-term investments	\$ -	\$ -	\$ -	\$ -
Guaranteed investment contracts	-	-	-	176,418,182
Wellington mutual funds	77,034,070	-	-	-
Vanguard US Growth Fund mutual funds	-	28,364,808	-	-
Vanguard Index Trust mutual funds	-	-	31,981,822	-
Investment in common stock of Cummins Eng.Co., Inc.	-	-	-	-
Participant loan rec.	-	-	-	-
	~~~~~	~~~~~	~~~~~	~~~~~
Total cash & investments	77,034,070	28,364,808	31,981,822	176,418,182
	~~~~~	~~~~~	~~~~~	~~~~~
Receivables:				
Employer contributions	529,792	273,634	292,865	1,238,098
Accrued income	860,848	444,622	475,870	1,733,148
Rollover contributions	40,789	31,763	10,423	66,127
Accrued interest	-	-	-	6,355
Inter-fund transfers	685,988	527,949	151,418	-
	~~~~~	~~~~~	~~~~~	~~~~~
Total receivables	2,117,417	1,277,968	930,576	3,043,728
	~~~~~	~~~~~	~~~~~	~~~~~
Total assets	79,151,487	29,642,776	32,912,398	179,461,910
	~~~~~	~~~~~	~~~~~	~~~~~
Liabilities:				
Withdrawals payable	153,963	15,959	51,178	417,351
Interest payable	-	-	-	-
Note payable-ESOP	-	-	-	-
Inter-fund transfers	-	-	-	1,260,824
	~~~~~	~~~~~	~~~~~	~~~~~
Total liabilities	153,963	15,959	51,178	1,678,175
	~~~~~	~~~~~	~~~~~	~~~~~
Net assets	\$ 78,997,524	\$29,626,817	\$32,861,220	\$177,783,735
	~~~~~	~~~~~	~~~~~	~~~~~

The accompanying notes are an integral part of these statements.  
 CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
 RETIREMENT AND SAVINGS PLANS  
 COMBINING STATEMENTS OF NET ASSETS BY FUND  
 DECEMBER 31, 1992

	LOAN FUND	CUMMINS STOCK	ESOP	TOTAL
	~~~~~	~~~~~	~~~~~	~~~~~
Assets				
Cash and investments:				
Cash and short-term investments	\$ -	\$ -	\$ 114,341	\$ 114,341
Guaranteed investment contracts	-	-	-	176,418,182
Wellington mutual funds	-	-	-	77,034,070
Vanguard US Growth Fund mutual funds	-	-	-	28,364,808



Vanguard Index Trust mutual funds	-	-	-	31,981,822
Investment in common stock of Cummins Eng.Co.,Inc.	-	11,275,805	91,039,728	102,315,533
Participant loan rec.	9,143,983	-	-	9,143,983
	~~~~~	~~~~~	~~~~~	~~~~~
Total cash & investments	9,143,983	11,275,805	91,154,069	425,372,739
	~~~~~	~~~~~	~~~~~	~~~~~
Receivables:				
Employer contributions	-	55,728	4,135,439	6,525,556
Accrued income	-	90,551	-	3,605,039
Rollover contributions	-	11,006	-	160,108
Accrued interest	-	7,439	257	14,051
Inter-fund transfers	-	-	-	1,365,355
	~~~~~	~~~~~	~~~~~	~~~~~
Total receivables	-	164,724	4,135,696	11,670,109
	~~~~~	~~~~~	~~~~~	~~~~~
Total assets	9,143,983	11,440,529	95,289,765	437,042,848
	~~~~~	~~~~~	~~~~~	~~~~~
Liabilities:				
Withdrawals payable	-	40,186	-	678,637
Interest payable	-	-	3,142,650	3,142,650
Note payable-ESOP	-	-	71,750,000	71,750,000
Inter-fund transfers	-	104,531	-	1,365,355
	~~~~~	~~~~~	~~~~~	~~~~~
Total liabilities	-	144,717	74,892,650	76,936,642
	~~~~~	~~~~~	~~~~~	~~~~~
Net assets	\$ 9,143,983	\$11,295,812	\$20,397,115	\$360,106,206
	~~~~~	~~~~~	~~~~~	~~~~~

The accompanying notes are an integral part of these statements.  
CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY FUND  
DECEMBER 31, 1993

	WELLINGTON	U.S. GROWTH	INDEX FUND	FIXED INCOME
	~~~~~	~~~~~	~~~~~	~~~~~
Net assets - beginning of year	\$ 78,997,524	\$29,626,817	\$32,861,220	\$177,783,735
	~~~~~	~~~~~	~~~~~	~~~~~
Investment income (loss):				
Interest income	-	-	-	13,689,198
Dividend income from mutual funds	6,210,466	413,911	1,064,980	-
Dividend income from investment in stock	-	-	-	-
Net realized & unrealized appreciation in the value of investments	5,208,144	(872,201)	2,505,756	-
	~~~~~	~~~~~	~~~~~	~~~~~
Total investment income (loss)	11,418,610	(458,290)	3,570,736	13,689,198
Less: interest expense administrative exp.	-	-	-	150,447
	~~~~~	~~~~~	~~~~~	~~~~~
Net investment income (loss)	11,418,610	(458,290)	3,570,736	13,538,751
	~~~~~	~~~~~	~~~~~	~~~~~
Contributions:				
Employer	588,279	231,420	281,703	1,190,239
Employee	12,038,643	6,065,512	6,653,884	14,923,408
Rollover	309,952	191,510	217,193	172,588
	~~~~~	~~~~~	~~~~~	~~~~~
Total contributions	12,936,874	6,488,442	7,152,780	16,286,235
	~~~~~	~~~~~	~~~~~	~~~~~
Participants' loan repayments	1,305,821	655,318	704,539	1,840,057
	~~~~~	~~~~~	~~~~~	~~~~~
Payments for				
Participants' withdrawals	3,245,402	995,362	1,140,196	12,120,414
Participant loan withdrawals	1,917,140	685,207	854,182	2,877,072

Inter-fund transfers	(8,501,670)	4,261,772	(1,616,795)	4,953,834
	~~~~~	~~~~~	~~~~~	~~~~~
Total payments and transfers	(3,339,128)	5,942,341	377,583	19,951,320
	~~~~~	~~~~~	~~~~~	~~~~~
Net assets - end of year	\$107,997,957	\$30,369,946	\$43,911,692	\$189,497,458
	~~~~~	~~~~~	~~~~~	~~~~~

The accompanying notes are an integral part of these statements.

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY FUND  
DECEMBER 31, 1993

	LOAN FUND	CUMMINS STOCK	ESOP	TOTAL
	~~~~~	~~~~~	~~~~~	~~~~~
Net assets - beginning of year	\$ 9,143,983	\$11,295,812	\$20,397,115	\$360,106,206
	~~~~~	~~~~~	~~~~~	~~~~~
Investment income (loss):				
Interest income	-	2,706	1,875	13,693,779
Dividend income from mutual funds	-	-	-	7,689,357
Dividend income from investment in stock	-	54,821	465,492	520,313
Net realized & unrealized appreciation in the value of investments	-	4,055,556	34,332,392	45,229,647
	~~~~~	~~~~~	~~~~~	~~~~~
Total investment income (loss)	-	4,113,083	34,799,759	67,133,096
Less: interest expense	-	-	6,188,940	6,188,940
administrative exp.	-	26,761	46,541	223,749
	~~~~~	~~~~~	~~~~~	~~~~~
Net investment income (loss)	-	4,086,322	28,564,278	60,720,407
	~~~~~	~~~~~	~~~~~	~~~~~
Contributions:				
Employer	-	116,867	6,984,249	9,392,757
Employee	-	1,411,911	-	41,093,358
Rollover	-	84,091	-	975,334
	~~~~~	~~~~~	~~~~~	~~~~~
Total contributions	-	1,612,869	6,984,249	51,461,449
	~~~~~	~~~~~	~~~~~	~~~~~
Participants' loan repayments	(4,728,329)	222,594	-	-
	~~~~~	~~~~~	~~~~~	~~~~~
Payments for				
Participants' withdrawals	-	555,065	387,526	18,443,965
Participant loan withdrawals	(6,590,186)	256,585	-	-
	~~~~~	~~~~~	~~~~~	~~~~~
Inter-fund transfers	-	902,859	-	-
	~~~~~	~~~~~	~~~~~	~~~~~
Total payments and transfers	(6,590,186)	1,714,509	387,526	18,443,965
	~~~~~	~~~~~	~~~~~	~~~~~
Net assets - end of year	\$ 11,005,840	\$15,503,088	\$55,558,116	\$453,844,097
	~~~~~	~~~~~	~~~~~	~~~~~

The accompanying notes are an integral part of these statements.

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY FUND  
DECEMBER 31, 1992

	WELLINGTON	U.S. GROWTH	INDEX FUND	FIXED INCOME
	~~~~~	~~~~~	~~~~~	~~~~~
Net assets - beginning of year	\$ 68,104,560	\$21,793,212	\$25,856,459	\$166,628,704
	~~~~~	~~~~~	~~~~~	~~~~~
Investment income (loss):				
Interest income	-	-	-	12,768,180
Dividend income from mutual funds	4,191,097	472,310	909,022	-

Dividend income from investment in stock	-	-	-	-
Net realized & unrealized appreciation in the value of investments	1,341,733	452,921	1,286,897	-
Total investment income (loss)	5,532,830	925,231	2,195,919	12,768,180
Less: interest expense administrative exp.	-	-	-	91,385
Net investment income (loss)	5,532,830	925,231	2,195,919	12,676,795
Contributions:				
Employer	572,426	258,755	283,950	1,187,282
Employee	11,508,246	5,960,624	6,360,674	15,584,564
Rollover	396,711	264,563	207,295	1,387,538
Total contributions	12,477,383	6,483,942	6,851,919	18,159,384
Payments for:				
Participants' withdrawals	3,330,466	878,094	1,022,348	13,871,192
Participant loan withdrawals	2,408,493	963,409	1,006,581	4,371,365
Inter-fund transfers	1,378,290	(2,265,935)	14,148	1,438,591
Total payments and transfers	7,117,249	(424,432)	2,043,077	19,681,148
Net assets - end of year	\$ 78,997,524	\$29,626,817	\$32,861,220	\$177,783,735

The accompanying notes are an integral part of these statements.  
CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY FUND  
DECEMBER 31, 1992

	LOAN FUND	CUMMINS STOCK	ESOP	TOTAL
Net assets - beginning of year	\$ -	\$ 3,869,864	\$ (8,116,365)	\$278,136,434
Investment income (loss):				
Interest income	-	12,635	1,998	12,782,813
Dividend income from mutual funds	-	-	-	5,572,429
Dividend income from investment in stock	-	22,870	234,057	256,927
Net realized & unrealized appreciation in the value of investments	-	2,479,053	27,790,806	33,351,410
Total investment income (loss)	-	2,514,558	28,026,861	51,963,579
Less: interest expense administrative exp.	-	-	6,285,300	6,285,300
	-	20,160	30,676	142,221
Net investment income (loss)	-	2,494,398	21,710,885	45,536,058
Contributions:				
Employer	-	70,659	7,178,090	9,551,162
Employee	-	1,140,997	-	40,555,105
Rollover	-	3,888,334	-	6,144,441
Total contributions	-	5,099,990	7,178,090	56,250,708
Payments for				
Participants' withdrawals	-	339,399	375,495	19,816,994
Participant loan withdrawals	(9,143,983)	394,135	-	-
Inter-fund transfers	-	(565,094)	-	-

Total payments and transfers	(9,143,983)	168,440	375,495	19,816,994
Net assets - end of year	\$ 9,143,983	\$11,295,812	\$20,397,115	\$360,106,206

The accompanying notes are an integral part of these statements.

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1993 AND 1992

1. MERGER OF EXISTING PLANS AND TRUSTS

Effective January 1, 1992, various Cummins Engine Company, Inc. and Affiliates Qualified Savings Plans, the Onan Retirement Savings Plan, and various Cummins Engine Company, Inc. and Affiliates Deferred Income Plans were merged into one defined contribution plan for each of five employee groups restated and renamed as the Cummins Engine Company, Inc. and Affiliates Retirement and Savings Plans (the Plans). Basic plan provisions remained the same under the restated Plan document, with the addition of a new loan feature (as described in Note 2) and new employee investment options (as described in Note 2).

On January 2, 1992, the assets maintained under the Qualified Savings Trust, Onan Retirement Savings Trust, and the Deferred Income Trust were transferred from their prior trustee, The Northern Trust Company, to their successor trustee, The Vanguard Fiduciary Trust Company (the Trustee) and are held in a single trust, The Retirement and Savings Trust (the Trust) (see Note 2).

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Combination

The Combining Statements of Net Assets and Changes in Net Assets 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).

Certain reclassifications have been made in the prior year financial statements. These reclassifications were made to conform with current year presentations and have no impact on previously reported net assets.

Trust Arrangements

As stated in Note 1, a single trust arrangement is maintained with the Trustee for the administration of the primary investments in the Plans; however, a separate trust arrangement is maintained with The Northern Trust Company for the Employee Stock Ownership ("ESOP") portion of the Plans (as described in Note 3).

Accounting Method

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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.

All investments included in the Combining Statements of Net Assets and Schedule I, and the related income included in the Combining Statements of Changes in Net Assets reflect amounts obtained from and certified by the respective trustees as being complete and accurate.

At December 31, 1992, the total asset balances in the Combining Statements of Net Assets by Plan do not agree with the total asset balances in the Combining Statements of Net Assets by Fund. Contributions and withdrawals and the related effect on investment balances were recorded in the Combining Statements of Net Assets by Plan in the period contributions and withdrawals were elected by the participants. Conversely, the Combining Statements of Net Assets by Fund recorded the activity in the period cash was transferred and the transaction was completed with an accrual for contributions and withdrawals elected but not completed at December 31, 1992. The difference in accounting affects the classification of assets between the two statements but does not affect net assets.

At December 31, 1993, both the Combining Statements of Net Assets by Plan and Fund recorded activity in the period cash was transferred and include all accruals necessary for the statements to be in accordance with generally accepted accounting principles.

#### Investments

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Investments held by the Trust are stated at market value and changes in market value are reflected in net investment income (loss). Quoted market prices are used to value investments.

Assets of the Trust are segregated into five investment funds: the Wellington Fund, the Vanguard U.S. Growth Fund, the Vanguard Index 500 Trust Fund, the Fixed Income Fund, and the Cummins Common Stock Fund. Maintenance of separate funds provides investment alternatives to participants in the Plans; the allocation of investments between the funds is at the direction of participants.

The assets of the Wellington Fund consist primarily of equity, fixed income, and cash equivalent marketable securities. The Vanguard U.S. Growth Fund consists primarily of long-term domestic and foreign capital growth stock. The Vanguard Index 500 Trust Fund consists primarily of equity and cash equivalent marketable securities whose investment results should correspond to the performance of the Standard & Poor's 500 Composite Stock Price (S & P 500) Index. The Fixed Income Fund consists primarily of insurance and bank investment contracts. The Cummins Stock Fund consists of investments in Company common stock. The ESOP Fund consists of matching contributions in the form of common stock for certain plans.

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.

#### Participant Loan Receivable

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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 \$50,000 or 50 percent of the present value of their accounts (excluding ESOP 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.

Participant loan activity is reported in the Combining Statements of Net Assets and Changes in Net Assets by Fund in the Loan Fund.

Administrative Expenses and Investment Advisory Fees  
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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 and will not reduce assets of the Plans. Investment advisory fees for the Fixed Income Fund are paid directly from the fund and will reduce assets of the Plans. The trust agreement entitles the Trustee to receive reasonable compensation for services rendered and expenses incurred in the administration and execution of the Plans.

3. DESCRIPTION OF THE PLANS  
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Participation  
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Substantially all full-time, domestic employees of the Company and designated subsidiaries are eligible to participate in one of the Plans on the first day of the month following the 60th day after date of employment. 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.

At the end of each plan year, 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. 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 (as described below) and receive matching contributions in the form of Company common stock. All matching cash contributions, ESOP shares, and earnings thereon are immediately vested and nonforfeitable.

In July 1989, the Company established the ESOP Trust and sold 2,362,206 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 million 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 \$72,750,000 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. For the 1993 plan year, 458,161 shares were allocated and 1,867,028 remain unallocated in the ESOP Trust.

On October 12, 1993, the Company announced a two-for-one common stock split that was distributed on November 11, 1993, to shareholders of record on October 25, 1993. All references to the number of shares have been adjusted to reflect the stock split on a retroactive basis.

Participant and Company cash matching contributions are deposited in the Trust and then invested in the five investment funds in accordance with participant elections. Account balances and contributions can be invested in one or

more of the five investment funds in multiples of 10 percent. Investment direction can be changed once each month. Common stock account balances in the ESOP account can not be redirected. Investment experience is allocated to participant accounts on a monthly basis.

#### Plan Withdrawals

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Participants are permitted to withdraw their after-tax contributions, the Company cash matching contributions for their after-tax contributions, and accumulated earnings thereon. Participants are also permitted to take out loans (see Note 2). In the event of financial hardship, participants are permitted to withdraw pre-tax contributions and accumulated earnings thereon. Each hardship withdrawal request, including proof of financial hardship, is reviewed individually by the Plans' Administrator. In-service withdrawals from the ESOP account are prohibited under any circumstance.

#### Plan Payouts

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Upon termination of employment, immediate distribution is made to those participants with account balances less than or equal to \$3,500. Terminating participants with account balances greater than \$3,500 must consent to any payment prior to the attainment of age 65. 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 portion 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.

#### 4. PLAN AMENDMENTS

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Effective April 1, 1992, Kuss union employees became eligible to participate in the Bargaining Plan.

Effective May 1, 1992, the pre-tax match for Diesel ReCon Los Angeles union employees was revised to \$.50 per \$1.00 contributed up to 4 percent (up from 3 percent) of gross pay.

#### 5. TAX STATUS

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The Company is currently relying on the favorable determinations received for the Cummins Engine Company, Inc. and Affiliates Qualified Savings Plans, the Onan Retirement Savings Plan, and the Cummins Engine Company, Inc. and Affiliates Deferred Income Plans for the qualified and exempt status of the Plans. The Company intends to request the Internal Revenue Service to issue separate determination letters for the Plans. The Plans' Administrator and the Plans' Tax Counsel believe that the Plans are currently designed and being operated in compliance with applicable requirements of the Internal Revenue Code. Therefore they believe that the Plans are qualified and the related trusts are tax exempt.

#### 6. LONG-TERM DEBT

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The ESOP Trust has issued \$72,750,000 of ESOP Notes due 1998 with an annual interest rate of 8.76 percent payable semi-annually to the Note holders (see Note 3). Principal payments of \$1.2 million, \$1.4 million, \$1.5 million, \$1.6 million, and \$1.7 million are due in 1994, 1995, 1996, 1997, and 1998 respectively.

#### 7. PARTIES-IN-INTEREST TRANSACTIONS

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There were no transactions with parties-in-interest (as defined in ERISA Section 3(14) and regulations under that section) during the plan years ended December 31, 1993 and

1992.

8. REPORTABLE TRANSACTIONS  
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There were no reportable transactions (as defined in ERISA Section 3(I) and regulations under that Section) during the year ended December 31, 1993.

9. SUBSEQUENT EVENTS  
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The Company stock price per share was \$53.75 at December 31, 1993 and was \$41.87 at June 10, 1994.

SCHEDULE I (Page 1 of 2)

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
 RETIREMENT AND SAVINGS PLANS  
 EIN 35-0257090  
 ITEM 27 A: SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES  
 AS OF DECEMBER 31, 1993

DESCRIPTION	SHARES	COST	MARKET VALUE
Salaried:			
Short-Term Investment Funds		\$ 328,685	\$ 328,685
Guaranteed Investment Contracts		72,788,095	72,788,095
Wellington Fund		51,381,395	55,003,648
Vanguard U.S. Growth Fund		17,618,011	17,586,368
Vanguard Index Trust Fund		22,074,862	24,009,361
Cummins Engine Company, Inc. Common stock	2,455,456	77,947,883	131,980,775
Participant Loan Receivable		5,130,161	5,130,161
	~~~~~	~~~~~	~~~~~
	2,455,456	247,269,092	306,827,093
	~~~~~	~~~~~	~~~~~
Bargaining:			
Short-Term Investment Funds		-	-
Guaranteed Investment Contracts		93,361,040	93,361,040
Wellington Fund		30,355,628	32,495,620
Vanguard U.S. Growth Fund		5,630,189	5,620,077
Vanguard Index Trust Fund		9,471,928	10,301,987
Cummins Engine Company, Inc. Common Stock	112,283	3,553,914	6,035,210
Participant Loan Receivable		3,517,829	3,517,829
	~~~~~	~~~~~	~~~~~
	112,283	145,890,528	151,331,763
	~~~~~	~~~~~	~~~~~
ONAN:			
Short-Term Investment Funds		-	-
Guaranteed Investment Contracts		15,691,005	15,691,005
Wellington Fund		14,779,035	15,820,919
Vanguard U.S. Growth Fund		5,293,229	5,283,722
Vanguard Index Trust Fund		6,489,876	7,058,607
Cummins Engine Company, Inc. Common Stock	28,716	908,902	1,543,540
Participant Loan Receivable		1,599,264	1,599,264
	~~~~~	~~~~~	~~~~~
	28,716	\$44,761,311	\$46,997,057
	~~~~~	~~~~~	~~~~~

SCHEDULE I (Page 2 of 2)

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
 RETIREMENT AND SAVINGS PLANS  
 EIN 35-0257090  
 ITEM 27 A: SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES  
 AS OF DECEMBER 31, 1993

DESCRIPTION	SHARES	COST	MARKET VALUE
Lubricon:			
Short-Term Investment Funds		\$ -	\$ -
Guaranteed Investment Contracts		103,310	103,310
Wellington Fund		151,314	161,980



Vanguard U.S. Growth Fund		48,128	48,042
Vanguard Index Trust Fund		35,483	38,593
Cummins Engine Company, Inc.			
Common stock	180	5,697	9,669
Participant Loan Receivable		12,143	12,143
	~~~~~	~~~~~	~~~~~
	180	356,075	373,737
	~~~~~	~~~~~	~~~~~
CDC:			
Short-Term Investment Funds		-	-
Guaranteed Investment Contracts		4,950,119	4,950,119
Wellington Fund		2,586,900	2,769,269
Vanguard U.S. Growth Fund		1,052,300	1,050,410
Vanguard Index Trust Fund		1,486,144	1,616,380
Cummins Engine Company, Inc.			
Common Stock	11,357	359,465	610,445
Participant Loan Receivable		746,443	746,443
	~~~~~	~~~~~	~~~~~
	11,357	11,181,371	11,743,066
	~~~~~	~~~~~	~~~~~
TOTAL:			
Short-Term Investment Funds		328,685	328,685
Guaranteed Investment Contracts		186,893,569	186,893,569
Wellington Fund		99,254,272	106,251,436
Vanguard U.S. Growth Fund		29,641,857	29,588,619
Vanguard Index Trust Fund		39,558,293	43,024,928
Cummins Engine Company, Inc.			
Common Stock	2,607,992	82,775,861	140,179,639
Participant Loan Receivable		11,005,840	11,005,840
	~~~~~	~~~~~	~~~~~
	2,607,992	\$449,458,377	\$517,272,716
	~~~~~	~~~~~	~~~~~

SCHEDULE II  
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CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
SCHEDULE OF MATCHING CONTRIBUTION FORMULAS  
AS OF DECEMBER 31, 1993

| EMPLOYING COMPANY          | LOC CODE | LOCATION NAME            | CASH CONTRIBUTIONS | ESOP STOCK CONTRIBUTION |
|----------------------------|----------|--------------------------|--------------------|-------------------------|
| ~~~~~                      | ~~~~~    | ~~~~~                    | ~~~~~              | ~~~~~                   |
| Cummins Engine Company     | 110      | Columbus Exempt          | No                 | Yes (1) (2)             |
| "                          | 120      | Columbus DWU             | Yes (3) (4)        | No                      |
| "                          | 121      | Walesboro DWU            | Yes (5) (6)        | No                      |
| "                          | 130      | Columbus OCU             | Yes (3) (4)        | No                      |
| "                          | 131      | OCU New Hires            | Yes (5)            | No                      |
| "                          | 132      | Walesboro OCU            | Yes (5) (6)        | No                      |
| "                          | 135      | Cols. Security           | No                 | Yes (1) (2)             |
| "                          | 136      | Cols Sec New Hires       | Yes (4) (5)        | No                      |
| Cummins Electronics        | 150      | CELCO Union              | Yes (13) (6)       | No                      |
| "                          | 160      | CELCO Exempt             | No                 | Yes (1) (7)             |
| Cum.Military Systems       | 170      | Cummins Military         | No                 | No                      |
| CADEC                      | 190      | CADEC                    | Yes (13)           | No                      |
| Cummins Engine Company     | 200      | Charleston               | No                 | Yes (1) (2)             |
| Combustion Technologies    | 210      | CTI Georgia              | No                 | Yes (1) (2)             |
| "                          | 220      | CTI Charleston           | No                 | Yes (1) (2)             |
| Cummins Engine Company     | 240      | CHS Headline             | No                 | Yes (1) (2)             |
| "                          | 250      | CHS Recon                | No                 | Yes (1) (2)             |
| "                          | 260      | CHS Engr. Svcs.          | No                 | Yes (1) (2)             |
| McCord Heat Transfer       | 270      | CHS McCord Heat Transfer | No                 | Yes (8)                 |
| Cummins Engine Company     | 280      | Precision Gear           | No                 | Yes (1) (2)             |
| HPI                        | 290      | HPI                      | No                 | Yes (1) (2)             |
| Cummins Engine Company     | 291      | Cummins Marine           | No                 | Yes (1) (2)             |
| "                          | 292      | CHS Tool Svc.            | No                 | Yes (1) (2)             |
| "                          | 293      | Kinetco                  | No                 | Yes (1) (2)             |
| "                          | 300      | Jamestown                | No                 | Yes (1) (2)             |
| "                          | 301      | JEP New Hires            | Yes (5) (6)        | No                      |
| Cummins Natural Gas Engine | * 390    | Cummins Natural Gas      | Yes (13) (16)      | No                      |
| Cummins Americas, Inc.     | 400      | Miami PDC                | No                 | Yes (1) (2)             |
| McCord Heat Transfer       | 430      | McCord Wall Lake         | No                 | Yes (8)                 |
|                            | 440      | McCord Canton            | No                 | Yes (8)                 |
| Atlas Crankshaft           | 500      | Atlas Salaried           | No                 | Yes (1) (2)             |
| "                          | 501      | Atlas Corporate          | No                 | Yes (1) (2)             |
| "                          | ** 510   | Atlas Union              | Yes (4)            | No                      |
| Onan Corporation           | 550      | Onan MN Salaried         | Yes (11)           | Yes (10)                |
| "                          | 551      | Onan Huntsville          | Yes (11)           | Yes (10)                |

|                         |       |                                |              |             |
|-------------------------|-------|--------------------------------|--------------|-------------|
| "                       | 552   | Onan OPE Salaried              | Yes (11)     | Yes (10)    |
| Fleetguard, Inc.        | 600   | Fleetguard TN Salaried         | No           | Yes (1) (2) |
| "                       | 610   | Fleetguard Lake Mills Salaried | No           | Yes (1) (2) |
| "                       | 620   | Fleetguard Lake Mills Hourly   | No           | Yes (1) (2) |
| "                       | 630   | Fleetguard TN Hr               | Yes (12)     | No          |
| Lubricant Consultants   | 640   | Lubricon                       | Yes (14)     | No          |
| Kuss                    | 650   | Kuss Salaried                  | No           | Yes (1) (2) |
| Kuss                    | 651   | Kuss Union                     | No           | Yes (1) (2) |
| Fleetguard, Inc.        | 655   | Separation Tech.               | No           | Yes (1) (2) |
| Cummins Engine Company  | 700   | DRC Salaried                   | No           | Yes (1) (2) |
| "                       | * 720 | DRC TN Union                   | Yes (13)     | No          |
| "                       | * 730 | DRC LA Union                   | Yes (15)     | No          |
| "                       | * 740 | DRC LA Union                   | Yes (15)     | No          |
| "                       | 750   | Cum. Tool Svc.                 | No           | Yes (1) (2) |
| Cummins Diesel Intl.    | 810   | CDIL                           | No           | Yes (1) (2) |
| Consolidated Diesel Co. | 900   | Consol. Diesel Co.             | Yes (13) (9) | No          |
| Holset Engr. Company    | 950   | Holset MI                      | No           | Yes (1) (2) |
| "                       | 951   | Holset CHS                     | No           | Yes (1) (2) |
| Cummins Engine Company  | 960   | Cum O-T-A                      | No           | Yes (1) (2) |

\*Participants at locations 390, 720, 730 and 740 are not eligible to make Basic Savings Contributions.

\*\*Participants at location 510 are not eligible to make Pre-Tax Contributions.

#### Matching Contribution Legend

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- ( 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 maximum 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 \$325 per year to Pre-Tax Contribution account, regardless of % of pay contributed.
- ( 6 ) Cash Contribution of 100% on 1st \$450 of pay contributed as a Basic Savings Contribution.
- ( 7 ) ESOP Stock Contribution based on 100% of 1st \$900 of pay contributed as a Basic Savings Contribution.
- ( 8 ) ESOP Stock Contribution based on 100% of the 1st 2.5% of pay contributed as a Pre-Tax Contribution.
- ( 9 ) Cash Contribution based on 50% (up to a maximum of \$900) on 1st \$1,800 of pay contributed as a Basic Savings Contribution.
- (10) ESOP Stock Contribution based on 100% of 1st \$250, 75% of next \$250, 50% of next \$1,000, and 25% of next \$1,000 (maximum stock match = \$1,187.50). NOTE: Applies to Pre-Tax Contributions.
- (11) Cash Contribution of 25% of the 1st \$1,000 of pay contributed as a Basic Savings Contribution.
- (12) Cash Contribution of 50% of the 1st 2% of pay contributed as a Pre-Tax Contribution with a minimum of \$200 if at least 2% is contributed.
- (13) Cash Contribution of 50% of 1st 2% of pay contributed as a Pre-Tax Contribution.
- (14) Cash Contribution of 100% of 1st 2.5% of pay contributed as a Pre-Tax Contribution.
- (15) Cash Contribution of 50% of 1st 4% of pay contributed as a Pre-Tax Contribution.
- (16) Discretionary Cash Contribution.

SIGNATURES  
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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  
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(Name of Plan)

By /s/ Carol K. Smalley  
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Carol K. Smalley  
Secretary - Pension  
Policy Committee

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS  
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As independent public accountants, we hereby consent to the incorporation of our report dated June 10, 1994, 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 and 33-50665.

ARTHUR ANDERSEN & CO.

Chicago, Illinois  
June 23, 1994