

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, 1994

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  
(Full title of the plan)

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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, 1994 and 1993, and the related statements of changes in net assets by plan and by fund, for the years ended December 31, 1994 and 1993. 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 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, 1994 and 1993, and the changes in the net assets for the years ended December 31, 1994 and 1993, in conformity with generally accepted accounting principles.

Our audits were performed 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, reportable transactions and matching contribution formulas 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 9, 1995.

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
COMBINING STATEMENTS OF NET ASSETS BY PLAN  
DECEMBER 31, 1994

	Salaried	Bargaining	Onan
Assets			
Cash and investments:			
The Northern Trust Company			
Short-Term Investment Fund	\$ 864,862	\$ -	\$ -
Cummins Engine Company, Inc.			
Fixed Income Fund	83,459,484	105,127,676	17,531,029
Vanguard Wellington Fund	49,907,017	29,285,706	15,810,805
Vanguard U.S. Growth Fund	18,623,556	5,619,719	5,915,367
Vanguard Index Trust Fund	24,002,785	9,948,550	7,764,266
Vanguard Explorer Fund	2,692,444	712,074	458,268
Vanguard International Fund	6,524,522	1,922,256	1,432,810
Cummins Engine Company, Inc.			
Common Stock	114,494,782	7,868,558	2,749,142
Participant Loans	5,130,460	3,772,332	1,582,428
Total cash & investments	305,699,912	164,256,871	53,244,115
Receivables:			
Employer contributions	3,644,360	1,486,954	293,845
Employee contributions	1,690,559	1,263,478	608,717
Employee loan repayments	245,107	213,310	115,543
Accrued interest	2,918	-	-
Total receivables	5,582,944	2,963,742	1,018,105

Total assets	311,282,856	167,220,613	54,262,220
Liabilities			
Interest payable	2,935,151	-	-
Note payable - ESOP	69,450,000	-	-
Total liabilities	72,385,151	-	-
Net Assets	\$238,897,705	\$167,220,613	\$ 54,262,220

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, 1994

	Lubricon	CDC	Total
Assets			
Cash and investments:			
The Northern Trust Company Short-Term Investment Fund	\$ -	\$ -	\$ 864,862
Cummins Engine Company, Inc. Fixed Income Fund	87,659	5,658,121	211,863,969
Vanguard Wellington Fund	67,539	2,653,124	97,724,191
Vanguard U.S. Growth Fund	30,240	1,114,166	31,303,048
Vanguard Index Trust Fund	45,034	1,517,919	43,278,554
Vanguard Explorer Fund	9,878	148,461	4,021,125
Vanguard International Fund	64,833	321,374	10,265,795
Cummins Engine Company, Inc. Common Stock	13,153	825,247	125,950,882
Participant Loans	24,285	858,952	11,368,457
Total cash & investments	342,621	13,097,364	536,640,883
Receivables:			
Employer contributions	20,182	516,902	5,962,243
Employee contributions	4,578	213,246	3,780,578
Employee loan repayments	1,270	65,509	640,739
Accrued interest	-	-	2,918
Total receivables	26,030	795,657	10,386,478
Total assets	368,651	13,893,021	547,027,361
Liabilities			
Interest payable	-	-	2,935,151
Note payable - ESOP	-	-	69,450,000
Total liabilities	-	-	72,385,151
Net Assets	\$ 368,651	\$ 13,893,021	\$474,642,210

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

	Salaried	Bargaining	Onan
Assets			
Cash and investments:			
The Northern Trust Company			

Short-Term Investment Fund	\$ 328,685	\$ -	\$ -
Cummins Engine Company, Inc.			
Fixed Income Fund	72,788,095	93,361,040	15,691,005
Vanguard Wellington Fund	55,003,648	32,495,620	15,820,919
Vanguard U.S. Growth Fund	17,586,368	5,620,077	5,283,722
Vanguard Index Trust Fund	24,009,361	10,301,987	7,058,607
Vanguard Explorer Fund	-	-	-
Vanguard International Fund	-	-	-
Cummins Engine Company, Inc.			
Common Stock	131,980,775	6,035,210	1,543,540
Participant Loans	5,130,161	3,517,829	1,599,264
	<hr/>	<hr/>	<hr/>
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	1,516,057	1,230,214	535,889
Employee loan repayments	214,921	147,118	82,807
Accrued interest	523	-	-
	<hr/>	<hr/>	<hr/>
Total receivables	5,828,702	2,834,923	884,689
Total assets	<hr/> 312,655,795	<hr/> 154,166,686	<hr/> 47,881,746
Liabilities			
Interest payable	3,094,470	-	-
Note payable - ESOP	70,650,000	-	-
Total liabilities	<hr/> 73,744,470	<hr/> -	<hr/> -
Net Assets	<hr/> \$238,911,325	<hr/> \$154,166,686	<hr/> \$ 47,881,746
	<hr/>	<hr/>	<hr/>

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
	<hr/>	<hr/>	<hr/>
Assets			
Cash and investments:			
The Northern Trust Company			
Short-Term Investment Fund	\$ -	\$ -	\$ 328,685
Cummins Engine Company, Inc.			
Fixed Income Fund	103,310	4,950,119	186,893,569
Vanguard Wellington Fund	161,980	2,769,269	106,251,436
Vanguard U.S. Growth Fund	48,042	1,050,410	29,588,619
Vanguard Index Trust Fund	38,593	1,616,380	43,024,928
Vanguard Explorer Fund	-	-	-
Vanguard International Fund	-	-	-
Cummins Engine Company, Inc.			
Common Stock	9,669	610,445	140,179,639
Participant Loans	12,143	746,443	11,005,840
	<hr/>	<hr/>	<hr/>
Total cash & investments	373,737	11,743,066	517,272,716
Receivables:			
Employer contributions	18,216	563,986	6,402,987
Employee contributions	1,568	153,169	3,436,897
Employee loan repayments	227	30,371	475,444
Accrued interest	-	-	523
	<hr/>	<hr/>	<hr/>
Total receivables	20,011	747,526	10,315,851
Total assets	<hr/> 393,748	<hr/> 12,490,592	<hr/> 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 CHANGES IN NET ASSETS BY PLAN  
DECEMBER 31, 1994

	Salaried	Bargaining	Onan
Net assets-beginning of year	\$238,911,325	\$154,166,686	\$ 47,881,746
Investment income:			
Fund investment income (loss)	5,234,515	6,033,655	1,167,475
Interest income	12,658	-	-
Dividend income	1,439,965	-	-
Net realized & unrealized appreciation in the value of investments	(19,687,908)	-	-
Total investment income	(13,000,770)	6,033,655	1,167,475
Less: administrative expense	86,300	44,753	7,463
interest expense	5,969,352	-	-
Net investment income	(19,056,422)	5,988,902	1,160,012
Contributions:			
Employer	6,389,432	1,533,717	298,407
Employee	20,708,446	13,125,606	6,390,058
Rollover	821,614	206,436	273,847
Total contributions	27,919,492	14,865,759	6,962,312
Participant withdrawals	8,887,419	7,640,655	2,058,325
Inter-plan transfers	10,729	(160,079)	316,475
Net assets - end of year	\$238,897,705	\$167,220,613	\$54,262,220

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, 1994

	Lubricon	CDC	Total
Net assets-beginning of year	\$ 393,748	\$ 12,490,592	\$453,844,097
Investment income:			
Fund investment income (loss)	(25,674)	257,872	12,667,843
Interest income	-	-	12,658
Dividend income	-	-	1,439,965
Net realized & unrealized appreciation in the value of investments	-	-	(19,687,908)
Total investment income	(25,674)	257,872	(5,567,442)

Less: administrative expense	37	2,409	140,962
interest expense	-	-	5,969,352
	<hr/>	<hr/>	<hr/>
Net investment income	(25,711)	255,463	(11,677,756)
	<hr/>	<hr/>	<hr/>
Contributions:			
Employer	21,228	523,398	8,766,182
Employee	100,535	2,221,367	42,546,012
Rollover	893	17,082	1,319,872
	<hr/>	<hr/>	<hr/>
Total contributions	122,656	2,761,847	52,632,066
	<hr/>	<hr/>	<hr/>
Participant withdrawals	125,975	1,443,823	20,156,197
Inter-plan transfers	3,933	(171,058)	-
	<hr/>	<hr/>	<hr/>
Net assets - end of year	\$ 368,651	\$ 13,893,021	\$474,642,210
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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
	<hr/>	<hr/>	<hr/>
Net assets-beginning of year	\$174,602,862	\$135,224,648	\$ 39,627,555
	<hr/>	<hr/>	<hr/>
Investment income:			
Fund investment income (loss)	14,731,470	12,860,279	3,761,103
Interest income	1,875	-	-
Dividend income	465,492	-	-
Net realized & unrealized appreciation in the value of investments	34,332,392	-	-
	<hr/>	<hr/>	<hr/>
Total investment income	49,531,229	12,860,279	3,761,103
	<hr/>	<hr/>	<hr/>
Less: administrative expense	116,787	86,905	15,075
interest expense	6,188,940	-	-
	<hr/>	<hr/>	<hr/>
Net investment income	43,225,502	12,773,374	3,746,028
	<hr/>	<hr/>	<hr/>
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
	<hr/>	<hr/>	<hr/>
Total contributions	27,361,253	15,191,289	6,274,044
	<hr/>	<hr/>	<hr/>
Participant withdrawals	6,743,662	8,871,882	1,588,030
Inter-plan transfers	465,370	(150,743)	(177,851)
	<hr/>	<hr/>	<hr/>
Net assets - end of year	\$238,911,325	\$154,166,686	\$47,881,746
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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:			
Fund investment income (loss)	28,466	952,019	32,333,337
Interest income	-	-	1,875
Dividend income	-	-	465,492
Net realized & unrealized appreciation in the value of investments	-	-	34,332,392
Total investment income	28,466	952,019	67,133,096
Less: administrative expense	95	4,887	223,749
interest expense	-	-	6,188,940
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
Participant 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 NET ASSETS BY FUND  
DECEMBER 31, 1994

	Fixed Income	Wellington	U.S. Growth	Index Fund
Assets				
Cash and investments:				
The Northern Trust Co.				
Short-Term Invest. Fund	\$ -	\$ -	\$ -	\$ -
Cummins Engine Co., Inc.				
Fixed Income Fund	211,863,969	-	-	-
Vanguard Wellington Fund	-	97,724,191	-	-
Vanguard U.S. Growth Fund	-	-	31,303,048	-
Vanguard Index Trust Fund	-	-	-	43,278,554
Vanguard Explorer Fund	-	-	-	-
Vanguard Intl. Fund	-	-	-	-
Cummins Engine Co., Inc.				
Common Stock	-	-	-	-
Participant Loans	-	-	-	-
Total cash & investments	211,863,969	97,724,191	31,303,048	43,278,554
Receivables:				
Employer contributions	1,348,208	490,978	194,415	245,236
Employee contributions	1,487,969	917,808	418,519	525,527
Employee loan repayments	251,037	171,833	68,190	85,413
Accrued interest	-	-	-	-
Total receivables	3,087,214	1,580,619	681,124	856,176
Total assets	214,951,183	99,304,810	31,984,172	44,134,730

Liabilities				
Interest payable	-	-	-	-
Note payable-ESOP	-	-	-	-
Total liabilities	-	-	-	-
Net Assets	\$214,951,183	\$99,304,810	\$31,984,172	\$44,134,730

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, 1994

	Explorer Fund	International	Cummins Stock
Assets			
Cash and investments:			
The Northern Trust Co.			
Short-Term Invest. Fund	\$ -	\$ -	\$ -
Cummins Engine Co., Inc.			
Fixed Income Fund	-	-	-
Vanguard Wellington Fund	-	-	-
Vanguard U.S. Growth Fund	-	-	-
Vanguard Index Trust Fund	-	-	-
Vanguard Explorer Fund	4,021,125	-	-
Vanguard Intl. Fund	-	10,265,795	-
Cummins Engine Co., Inc.			
Common Stock	-	-	21,946,924
Participant Loans	-	-	-
Total cash & investments	4,021,125	10,265,795	21,946,924
Receivables:			
Employer contributions	27,353	63,821	124,927
Employee contributions	77,512	163,456	189,787
Employee loan repayments	8,710	18,601	36,955
Accrued interest	-	-	-
Total receivables	113,575	245,878	351,669
Total assets	4,134,700	10,511,673	22,298,593
Liabilities			
Interest payable	-	-	-
Note payable-ESOP	-	-	-
Total liabilities	-	-	-
Net Assets	\$4,134,700	\$10,511,673	\$22,298,593

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, 1994

	ESOP	Loan Fund	Total
Assets			
Cash and investments:			



The Northern Trust Co.			
Short-Term Invest. Fund	\$ 864,862	\$ -	\$ 864,862
Cummins Engine Co., Inc.			
Fixed Income Fund	-	-	211,863,969
Vanguard Wellington Fund	-	-	97,724,191
Vanguard U.S. Growth Fund	-	-	31,303,048
Vanguard Index Trust Fund	-	-	43,278,554
Vanguard Explorer Fund	-	-	4,021,125
Vanguard Intl. Fund	-	-	10,265,795
Cummins Engine Co., Inc.			
Common Stock	104,003,958	-	125,950,882
Participant Loans	-	11,368,457	11,368,457
	<hr/>	<hr/>	<hr/>
Total cash & investments	104,868,820	11,368,457	536,640,883
	<hr/>	<hr/>	<hr/>
Receivables:			
Employer contributions	3,467,305	-	5,962,243
Employee contributions	-	-	3,780,578
Employee loan repayments	-	-	640,739
Accrued interest	2,918	-	2,918
	<hr/>	<hr/>	<hr/>
Total receivables	3,470,223	-	10,386,478
	<hr/>	<hr/>	<hr/>
Total assets	108,339,043	11,368,457	547,027,361
	<hr/>	<hr/>	<hr/>
Liabilities			
	<hr/>	<hr/>	<hr/>
Interest payable	2,935,151	-	2,935,151
Note payable-ESOP	69,450,000	-	69,450,000
	<hr/>	<hr/>	<hr/>
Total liabilities	72,385,151	-	72,385,151
	<hr/>	<hr/>	<hr/>
Net Assets	\$35,953,892	\$11,368,457	\$474,642,210
	<hr/>	<hr/>	<hr/>

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

	Fixed Income	Wellington	U.S. Growth	Index Fund
	<hr/>	<hr/>	<hr/>	<hr/>
Assets				
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and investments:				
The Northern Trust Co.				
Short-Term Invest. Fund	\$ -	\$ -	\$ -	\$ -
Cummins Engine Co., Inc.				
Fixed Income Fund	186,893,569	-	-	-
Vanguard Wellington Fund	-	106,251,436	-	-
Vanguard U.S. Growth Fund	-	-	29,588,619	-
Vanguard Index Trust Fund	-	-	-	43,024,928
Vanguard Explorer Fund	-	-	-	-
Vanguard Intl. Fund	-	-	-	-
Cummins Engine Co., Inc.				
Common Stock	-	-	-	-
Participant Loans	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash & investments	186,893,569	106,251,436	29,588,619	43,024,928
	<hr/>	<hr/>	<hr/>	<hr/>
Receivables:				
Employer contributions	1,190,247	588,278	231,420	281,703
Employee contributions	1,236,581	1,023,772	483,362	536,243
Employee loan repayments	177,061	134,471	66,545	68,818
Accrued interest	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total receivables	2,603,889	1,746,521	781,327	886,764
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	189,497,458	107,997,957	30,369,946	43,911,692
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities				

Interest payable	-	-	-	-
Note payable-ESOP	-	-	-	-
Total liabilities	-	-	-	-
Net Assets	\$189,497,458	\$107,997,957	\$30,369,946	\$43,911,692

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

	Explorer Fund	International	Cummins Stock
<b>Assets</b>			
Cash and investments:			
The Northern Trust Co.			
Short-Term Invest. Fund	\$ -	\$ -	\$ -
Cummins Engine Co., Inc.			
Fixed Income Fund	-	-	-
Vanguard Wellington Fund	-	-	-
Vanguard U.S. Growth Fund	-	-	-
Vanguard Index Trust Fund	-	-	-
Vanguard Explorer Fund	-	-	-
Vanguard Intl. Fund	-	-	-
Cummins Engine Co., Inc.			
Common Stock	-	-	15,200,731
Participant Loans	-	-	-
Total cash & investments	-	-	15,200,731
Receivables:			
Employer contributions	-	-	116,869
Employee contributions	-	-	156,939
Employee loan repayments	-	-	28,549
Accrued interest	-	-	-
Total receivables	-	-	302,357
Total assets	-	-	15,503,088
<b>Liabilities</b>			
Interest payable			
Note payable-ESOP	-	-	-
Total liabilities	-	-	-
Net Assets	\$ -	\$ -	\$15,503,088

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

	ESOP	Loan Fund	Total
<b>Assets</b>			
Cash and investments:			
The Northern Trust Co.			
Short-Term Invest. Fund	\$ 328,685	\$ -	\$ 328,685

Cummins Engine Co., Inc.			
Fixed Income Fund	-	-	186,893,569
Vanguard Wellington Fund	-	-	106,251,436
Vanguard U.S. Growth Fund	-	-	29,588,619
Vanguard Index Trust Fund	-	-	43,024,928
Vanguard Explorer Fund	-	-	-
Vanguard Intl. Fund	-	-	-
Cummins Engine Co., Inc.			
Common Stock	124,978,908	-	140,179,639
Participant Loans	-	11,005,840	11,005,840
	<hr/>	<hr/>	<hr/>
Total cash & investments	125,307,593	11,005,840	517,272,716
Receivables:			
Employer contributions	3,994,470	-	6,402,987
Employee contributions	-	-	3,436,897
Employee loan repayments	-	-	475,444
Accrued interest	523	-	523
	<hr/>	<hr/>	<hr/>
Total receivables	3,994,993	-	10,315,851
	<hr/>	<hr/>	<hr/>
Total assets	129,302,586	11,005,840	527,588,567
Liabilities			
	<hr/>	<hr/>	<hr/>
Interest payable	3,094,470	-	3,094,470
Note payable-ESOP	70,650,000	-	70,650,000
	<hr/>	<hr/>	<hr/>
Total liabilities	73,744,470	-	73,744,470
	<hr/>	<hr/>	<hr/>
Net Assets	\$55,558,116	\$11,005,840	\$453,844,097
	<hr/>	<hr/>	<hr/>

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, 1994

	Fixed Income	Wellington	U.S. Growth	Index
Net Assets - beginning of year	\$189,497,458	\$107,997,957	\$30,369,946	\$43,911,692
Investment income:				
Fund investment income (loss)	13,985,080	(644,090)	1,114,263	440,071
Interest income	-	-	-	-
Dividend income	-	-	-	-
Net realized & unrealized appreciation in the value of investments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total investment income	13,985,080	(644,090)	1,114,263	440,071
Less: admin. expense	90,191	-	-	-
interest expense	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net investment income	13,894,889	(644,090)	1,114,263	440,071
Contributions:				
Employer	1,552,288	547,696	213,021	272,326
Employee	15,224,068	11,562,925	4,976,097	6,388,363
Rollover	303,713	282,269	171,042	198,830
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions	17,080,069	12,392,890	5,360,160	6,859,519
	<hr/>	<hr/>	<hr/>	<hr/>
Participant loan repayments	2,587,469	1,673,280	718,515	890,849
	<hr/>	<hr/>	<hr/>	<hr/>
Inter-fund transfers	6,124,784	(16,307,770)	(3,840,873)	(5,691,398)
	<hr/>	<hr/>	<hr/>	<hr/>
Payments:				

Participant withdrawals	11,348,094	4,001,881	1,084,249	1,385,829
Participant loan withdrawals	2,885,392	1,805,576	653,590	890,174
	<hr/>	<hr/>	<hr/>	<hr/>
Total payments	14,233,486	5,807,457	1,737,839	2,276,003
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets - end of year	\$214,951,183	\$99,304,810	\$31,984,172	\$44,134,730
	<hr/>	<hr/>	<hr/>	<hr/>

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, 1994

	Explorer	International	Cummins Stock
Net Assets - beginning of year	\$ 0	\$ 0	\$15,503,088
Investment income:			
Fund investment income (loss)	2,595	(59,464)	(2,170,612)
Interest income	-	-	-
Dividend income	-	-	-
Net realized & unrealized appreciation in the value of investments	-	-	-
	<hr/>	<hr/>	<hr/>
Total investment income	2,595	(59,464)	(2,170,612)
Less: admin. expense	-	-	-
interest expense	-	-	-
	<hr/>	<hr/>	<hr/>
Net investment income	2,595	(59,464)	(2,170,612)
Contributions:			
Employer	28,786	66,478	133,691
Employee	646,563	1,615,587	2,132,409
Rollover	70,492	110,793	182,733
	<hr/>	<hr/>	<hr/>
Total contributions	745,841	1,792,858	2,448,833
Participant loan repayments	69,998	181,036	400,109
Inter-fund transfers	3,432,807	8,913,648	7,368,802
	<hr/>	<hr/>	<hr/>
Payments:			
Participant withdrawals	52,131	158,850	824,451
Participant loan withdrawals	64,410	157,555	427,176
	<hr/>	<hr/>	<hr/>
Total payments	116,541	316,405	1,251,627
	<hr/>	<hr/>	<hr/>
Net assets - end of year	\$4,134,700	\$10,511,673	\$22,298,593
	<hr/>	<hr/>	<hr/>

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, 1994

	ESOP	Loan Fund	Total
Net Assets - beginning of year	\$55,558,116	\$11,005,840	\$453,844,097
Investment income:			
Fund investment income (loss)	-	-	12,667,843
Interest income	12,658	-	12,658

Dividend income	1,439,965	-	1,439,965
Net realized & unrealized appreciation in the value of investments	(19,687,908)	-	(19,687,908)
Total investment income	(18,235,285)	-	( 5,567,442)
Less: admin. expense	50,771	-	140,962
interest expense	5,969,352	-	5,969,352
Net investment income	(24,255,408)	-	(11,677,756)
Contributions:			
Employer	5,951,896	-	8,766,182
Employee	-	-	42,546,012
Rollover	-	-	1,319,872
Total contributions	5,951,896	-	52,632,066
Participant loan repayments	-	(6,521,256)	-
Inter-fund transfers	-	-	-
Payments:			
Participant withdrawals	1,300,712	-	20,156,197
Participant loan withdrawals	-	(6,883,873)	-
Total payments	1,300,712	(6,883,873)	20,156,197
Net assets - end of year	\$35,953,892	\$11,368,457	\$474,642,210

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

	Fixed Income	Wellington	U.S. Growth	Index
Net Assets - beginning of year	\$177,783,735	\$ 78,997,524	\$29,626,817	\$32,861,220
Investment income:				
Fund investment income (loss)	13,689,198	11,418,610	(458,290)	3,570,736
Interest income	-	-	-	-
Dividend income	-	-	-	-
Net realized & unrealized appreciation in the value of investments	-	-	-	-
Total investment income	13,689,198	11,418,610	(458,290)	3,570,736
Less: admin. expense	150,447	-	-	-
interest expense	-	-	-	-
Net investment income	13,538,751	11,418,610	(458,290)	3,570,736
Contributions:				
Employer	1,190,239	588,279	231,420	281,703
Employee	14,923,408	12,038,643	6,065,512	6,653,884
Rollover	172,588	309,952	191,510	217,193
Total contributions	16,286,235	12,936,874	6,488,442	7,152,780
Participant loan repayments	1,840,057	1,305,821	655,318	704,539
Inter-fund transfers	(4,953,834)	8,501,670	(4,261,772)	1,616,795
Payments:				
Participant withdrawals	12,120,414	3,245,402	995,362	1,140,196

Participant loan withdrawals	2,877,072	1,917,140	685,207	854,182
Total payments	14,997,486	5,162,542	1,680,569	1,994,378
Net assets - end of year	\$189,497,458	\$107,997,957	\$30,369,946	\$43,911,692

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

	Explorer	International	Cummins Stock
Net Assets - beginning of year	\$ -	\$ -	\$11,295,812
Investment income:			
Fund investment income (loss)	-	-	4,113,083
Interest income	-	-	-
Dividend income	-	-	-
Net realized & unrealized appreciation in the value of investments	-	-	-
Total investment income	-	-	4,113,083
Less: admin. expense	-	-	26,761
interest expense	-	-	-
Net investment income	-	-	4,086,322
Contributions:			
Employer	-	-	116,867
Employee	-	-	1,411,911
Rollover	-	-	84,091
Total contributions	-	-	1,612,869
Participant loan repayments	-	-	222,594
Inter-fund transfers	-	-	(902,859)
Payments:			
Participant withdrawals	-	-	555,065
Participant loan withdrawals	-	-	256,585
Total payments	-	-	811,650
Net assets - end of year	-	-	\$15,503,088

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

	ESOP	Loan Fund	Total
Net Assets - beginning of year	\$20,397,115	\$ 9,143,983	\$360,106,206
Investment income:			
Fund investment income (loss)	-	-	32,333,337
Interest income	1,875	-	1,875

Dividend income	465,492	-	465,492
Net realized & unrealized appreciation in the value of investments	34,332,392	-	34,332,392
Total investment income	34,799,759	-	67,133,096
Less: admin. expense	46,541	-	223,749
interest expense	6,188,940	-	6,188,940
Net investment income	28,564,278	-	60,720,407
Contributions:			
Employer	6,984,249	-	9,392,757
Employee	-	-	41,093,358
Rollover	-	-	975,334
Total contributions	6,984,249	-	51,461,449
Participant loan repayments	-	(4,728,329)	-
Inter-fund transfers	-	-	-
Payments:			
Participant withdrawals	387,526	-	18,443,965
Participant loan withdrawals	-	(6,590,186)	-
Total payments	387,526	(6,590,186)	18,443,965
Net assets - end of year	\$55,558,116	\$11,005,840	\$453,844,097

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, 1994 AND 1993

1. SUMMARY OF THE PLAN

The Cummins Engine Company, Inc. and Affiliates Retirement and Savings Plans are defined contribution plans that cover five employee groups (as described in Note 2). Participants have the opportunity to make pre-tax and after-tax contributions to the plan and can choose from seven different investment options (investment options and details of the plans are described in Note 2 and Note 3, respectively).

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

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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 investment 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.

#### Investments

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

Assets of the Trust are segregated into seven investment funds: the Fixed Income Fund, the Wellington Fund, the Vanguard U.S. Growth Fund, the Index 500 Trust Fund, the Explorer Fund, the International 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 Fixed Income Fund consist primarily of insurance and bank investment contracts. The Wellington Fund consists 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 Explorer Fund consists of common stocks of small companies with favorable prospects for above-average growth in market value. The International Fund consists of a broadly diversified portfolio of non-U.S. equity securities selected on the basis of relative value. The Cummins Common 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. Investment advisory fees for the Fixed Income Fund are paid directly from the fund. 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

#### Participation

Substantially all full-time, domestic employees of the Company and designated subsidiaries are eligible to participate in one of the Plans no later than 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 III). 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 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 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 1994 plan year, 565,059 shares were allocated and 1,733,371 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 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. Investment direction can be changed daily. Common stock account balances in the ESOP account cannot be redirected. Investment experience is allocated to participant accounts on a daily basis.

#### Plan 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 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

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

Effective January 1, 1995, the after-tax match for DWU-CMEP employees (Bargaining Plan) was replaced by a pre-tax match of \$1 for every \$1 contributed up to 2% of gross pay and \$.25 for every \$1 contributed up to the next 4% of gross pay.

5. TAX STATUS

The Company has filed a request for the Internal Revenue Service to issue favorable determination letters for the Cummins Engine Company, Inc. and Affiliates Retirement and Savings 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

The ESOP Trust has issued \$72,750,000 of ESOP Notes due in 1998 with an annual interest rate of 8.76 percent payable semi-annually to the Note holders (see Note 3). Effective January 1, 1993, the interest rate on the notes was reduced to 8.68 percent due to a tax law change. Principal payments of \$1.4 million, \$1.5 million, \$1.6 million and \$1.7 million are due in 1995, 1996, 1997, and 1998 respectively. The final principal payment, \$63.3 million, is due on July 15, 1998.

7. PARTIES-IN-INTEREST TRANSACTIONS

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, 1994 and 1993.

SCHEDULE I

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, 1994

ISSUER/DESCRIPTION	SHARES	COST	MARKET VALUE
Salaried:			
The Northern Trust Company Short-Term Investment Fund Cummins Engine Company, Inc.		\$ 864,862	\$ 864,862
Fixed Income Fund		83,459,484	83,459,484
Vanguard Wellington Fund		52,303,978	49,907,017
Vanguard U.S. Growth Fund		18,198,789	18,623,556
Vanguard Index Trust Fund		24,447,877	24,002,785
Vanguard Explorer Fund		2,812,897	2,692,444
Vanguard International Fund		6,785,218	6,524,522
Cummins Engine Company, Inc. Common Stock	3,485,177	87,250,596	114,494,782
Participant Loans (7.0%-9.5%)		5,130,460	5,130,460
	3,485,177	\$281,254,161	\$305,699,912
Bargaining:			
The Northern Trust Company Short-Term Investment Fund Cummins Engine Company, Inc.		\$ -	\$ -
Fixed Income Fund		105,127,676	105,127,676
Vanguard Wellington Fund		30,692,256	29,285,706
Vanguard U.S. Growth Fund		5,491,544	5,619,719

Vanguard Index Trust Fund		10,133,030	9,948,550
Vanguard Explorer Fund		743,930	712,074
Vanguard International Fund		1,999,062	1,922,256
Cummins Engine Company, Inc. Common Stock	890,109	5,996,224	7,868,558
Participant Loans (7.0%-9.5%)		3,772,332	3,772,332
		<hr/>	<hr/>
	890,109	\$163,956,054	\$164,256,871
		<hr/>	<hr/>
Onan:			
The Northern Trust Company			
Short-Term Investment Fund		\$ -	\$ -
Cummins Engine Company, Inc. Fixed Income Fund		17,531,029	17,531,029
Vanguard Wellington Fund		16,570,174	15,810,805
Vanguard U.S. Growth Fund		5,780,449	5,915,367
Vanguard Index Trust Fund		7,908,242	7,764,266
Vanguard Explorer Fund		478,770	458,268
Vanguard International Fund		1,490,060	1,432,810
Cummins Engine Company, Inc. Common Stock	310,990	2,094,980	2,749,142
Participant Loans (7.0%-9.5%)		1,582,428	1,582,428
		<hr/>	<hr/>
	310,990	\$ 53,436,132	\$ 53,244,115
		<hr/>	<hr/>
Lubricon:			
The Northern Trust Company			
Short-Term Investment Fund		\$ -	\$ -
Cummins Engine Company, Inc. Fixed Income Fund		87,659	87,659
Vanguard Wellington Fund		70,783	67,539
Vanguard U.S. Growth Fund		29,550	30,240
Vanguard Index Trust Fund		45,869	45,034
Vanguard Explorer Fund		10,320	9,878
Vanguard International Fund		67,424	64,833
Cummins Engine Company, Inc. Common Stock	1,492	10,023	13,153
Participant Loans (7.0%-9.5%)		24,285	24,285
		<hr/>	<hr/>
	1,492	\$ 345,913	\$ 342,621
		<hr/>	<hr/>
CDC:			
The Northern Trust Company			
Short-Term Investment Fund		\$ -	\$ -
Cummins Engine Company, Inc. Fixed Income Fund		5,658,121	5,658,121
Vanguard Wellington Fund		2,780,550	2,653,124
Vanguard U.S. Growth Fund		1,088,754	1,114,166
Vanguard Index Trust Fund		1,546,066	1,517,919
Vanguard Explorer Fund		155,103	148,461
Vanguard International Fund		334,215	321,374
Cummins Engine Company, Inc. Common Stock	93,354	628,878	825,247
Participant Loans (7.0%-9.5%)		858,952	858,952
		<hr/>	<hr/>
	93,354	\$ 13,050,639	\$ 13,097,364
		<hr/>	<hr/>
Total:			
The Northern Trust Company			
Short-Term Investment Fund		\$ 864,862	\$ 864,862
Cummins Engine Company, Inc. Fixed Income Fund		211,863,969	211,863,969
Vanguard Wellington Fund		102,417,741	97,724,191
Vanguard U.S. Growth Fund		30,589,086	31,303,048
Vanguard Index Trust Fund		44,081,084	43,278,554
Vanguard Explorer Fund		4,201,020	4,021,125
Vanguard International Fund		10,675,979	10,265,795
Cummins Engine Company, Inc. Common Stock	4,781,122	95,980,701	125,950,882
Participant Loans (7.0%-9.5%)		11,368,457	11,368,457
		<hr/>	<hr/>

4,781,122    \$512,042,899    \$536,640,883

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CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
SCHEDULE OF REPORTABLE TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 1994

Description of Issue	Number of Transactions	Par Value or Principal Amount	Purchased Cost
Fixed Income Fund	263	N/A	\$51,197,817
Fixed Income Fund	241	N/A	26,192,630
Wellington Fund	170	N/A	20,841,393
Wellington Fund	357	N/A	24,675,090

Description of Issue	Sales Proceeds	Current Value	Gain or (Loss)
Fixed Income Fund	-	\$51,197,817	\$ -
Fixed Income Fund	\$26,192,630	-	-
Wellington Fund	-	20,841,393	-
Wellington Fund	24,129,372	-	(545,718)

Schedule III

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CUMMINS ENGINE COMPANY, INC. AND AFFILIATES  
RETIREMENT AND SAVINGS PLANS  
SCHEDULE OF MATCHING CONTRIBUTION FORMULAS  
AS OF DECEMBER 31, 1994

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
"		OCU Levels 4 & 5	Yes (17)	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)
Cummins Engine Company	280	Precision Gear	No	Yes (1) (2)
"	290	Fuel Systems	No	Yes (1) (2)
"	291	Cummins Marine	No	Yes (1) (2)
"	292	Quality Custom Comp	No	Yes (1) (2)
"	300	Jamestown	Yes (16)	Yes (1) (2)
"	301	JEP New Hires	Yes (5) (6) (16)	No
Cummins Natural Gas Engines	390	Cummins Natural Gas	Yes (15) (16)	No
Cummins Americas, Inc.	400	Miami PDC	No	Yes (1) (2)
Atlas Crankshaft	500	Atlas Salaried	No	Yes (1) (2)
"	510	Atlas Union	Yes (4)	No

Onan Corporation	550	Onan-Multiple Loc.	Yes (11)	Yes (10)
"	551	Onan Huntsville	Yes (11)	Yes (10)
"	552	Onan OPE St. Peter	Yes (11)	Yes (10)
Fleetguard, Inc.	600	Fleetguard TN	No	Yes (1) (2)
"		Salaried		
"	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
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)

\*Participants at locations 720, 730 and 740 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 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.
- (17) Cash Contribution of \$400 per year to Pre-Tax Contribution account, regardless of % of pay contributed.

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

\_\_\_\_\_  
(Name of Plan)

By /s/ Carol K. Smalley

\_\_\_\_\_  
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 9, 1995, 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 and 33-56115.

ARTHUR ANDERSEN LLP

Chicago, Illinois  
June 28, 1995.