

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CUMMINS ENGINE COMPANY, INC.

(Exact name of registrant as specified in its charter)

Indiana 35-0257090
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

500 Jackson Street, Box 3005, Columbus, Indiana 47202-3005
(812) 377-5000
(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)

Mark R. Gerstle
Vice President, General Counsel and Secretary
Cummins Engine Company, Inc.
500 Jackson Street
Columbus, IN 47202-3005
(812) 377-5000

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies to: Kris F. Heinzelman, Esq.
Cravath, Swaine & Moore, Worldwide Plaza,
825 Eighth Avenue, New York, N.Y. 10019-7415
(212) 474-1000

Approximate date of commencement of proposed sale to the public: From
time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered
pursuant to dividend or interest reinvestment plans, please check the
following box. []

If any of the securities being registered on this Form are to be
offered on a delayed or continuous basis pursuant to Rule 415 under the
Securities Act of 1933, other than securities offered only in connection
with dividend or interest reinvestment plans, please check the following
box. [x]

If this Form is filed to register additional securities for an
offering pursuant to Rule 462(b) under the Securities Act, please check the
following box and list the Securities Act registration statement number of
the earlier effective registration statement for the same offering. []

If this Form is a post-effective amendment filed pursuant to Rule
462(c) under the Securities Act, check the following box and list the
Securities Act registration statement number of the earlier effective
registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule
434, please check the following box. []

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share (1)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Common Stock, \$2.50 par value per share	3,200,000 shares	\$40.75	\$130,400,000	\$44,966

(1) Estimated solely for the purpose of calculating the registration fee.

(2) Calculated in accordance with Rule 457(c) under the Securities Act based
upon the high and low price of securities of the same class on April 1,

1996, as quoted per the New York Stock Exchange composite Tape.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Prospectus

CUMMINS ENGINE COMPANY, INC.

3,200,000 Shares
Common Stock, par value \$2.50 per share

This Prospectus relates to 3,200,000 shares of common stock, par value \$2.50 per share (the "Common Stock"), of Cummins Engine Company, Inc., an Indiana corporation (the "Company"), owned by the shareholders named herein under the caption "Selling Shareholders" (the "Selling Shareholders") which shares of Common Stock are being offered for sale pursuant hereto for the account of such Selling Shareholders. This Prospectus is to be used in connection with the sale from time to time by the Selling Shareholders of such shares of Common Stock. This Prospectus also relates to such indeterminate number of additional shares of Common Stock as may be issued to the Selling Shareholders, pursuant to any stock dividend or stock split or in connection with a combination of shares, recapitalization, reorganization, merger, consolidation or otherwise.

The Company has agreed with the Selling Shareholders to register the Common Stock offered hereby and also has agreed to pay certain fees and expenses incident to such registration. It is estimated that the fees and expenses payable by the Company in connection with the registration of the Common Stock will be approximately \$52,816.00. The Company intends to keep the registration statement, of which this Prospectus is a part, effective until the earlier of March 8, 1999 and the date all the Common Stock offered hereby has been sold hereunder.

The Common Stock of the Company is listed on the New York Stock Exchange ("NYSE") and the Pacific Stock Exchange ("PSE") under the symbol "CUM". On April 1, 1996, the last sale price on the NYSE for one share of Common Stock of the Company was \$40.375.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Common Stock may be offered for sale from time to time during the periods specified herein by the Selling Shareholders in one or more transactions described herein on the NYSE, PSE or any other securities exchange on which the Common Stock is traded, in the over-the-counter market, in one or more private transactions or in a combination of such methods of sale, at prices and on terms then prevailing, at prices related to such prices or at negotiated prices. See "Plan of Distribution". The price at which any of the shares of Common Stock may be sold, and the commissions, if any, paid in connection with any such sale, are unknown and may vary from transaction to transaction. It is understood that the Securities and Exchange Commission (the "Commission") may take the view that, under certain circumstances, persons effecting resales of Common Stock purchased and dealers or brokers handling such transactions may be deemed (such persons not so conceding) to be "underwriters" within the meaning of the Securities Act of 1933, and the rules and regulations promulgated thereunder (the "Securities Act"), with respect to such sales.

The date of this Prospectus is April 2, 1996.

No person has been authorized to give any information or to make any representations not contained in this Prospectus in connection with the offer made by this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or by any underwriter, dealer or agent. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Common Stock offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than those to which it relates. Neither the delivery of this Prospectus nor any sale of or offer to sell the Common Stock offered hereby shall, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date hereof or that the information herein is correct as of any time subsequent to its date.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information filed by the Company with the Commission pursuant to the informational requirements of the Exchange Act can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the following Regional Offices of the Commission: New York Regional Office, 7 World Trade Center, 13th Floor, New York, New York 10048 and Chicago Regional Office, Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can also be obtained upon written request addressed to the Securities and Exchange Commission, Public Reference Section, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. Such reports, proxy statements and other information can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, and at the offices of the Pacific Stock Exchange, 301 Pine Street, San Francisco, California 94104, on which the Company's Common Stock is listed.

This Prospectus forms a part of a registration statement on Form S-3 (referred to herein, including all amendments and exhibits, as the "Registration Statement") which the Company has filed under the Securities Act with respect to the Common Stock. This Prospectus does not contain all the information otherwise set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is made to the Registration Statement and the exhibits filed as part thereof. The Registration Statement may be inspected at the public reference facilities maintained by the Commission at the addresses set forth in the preceding paragraph. Statements contained herein concerning any document filed as an exhibit are not necessarily complete and, in each instance, reference is made to the copy of such document filed as an exhibit to the Registration Statement. Each such statement is qualified in its entirety by such reference.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus incorporates documents by reference which are not presented herein or delivered herewith. These documents (other than exhibits to such documents unless such exhibits are specifically incorporated by reference) are available to any person to whom this Prospectus is delivered, on written or oral request, without charge. Requests should be directed to Cummins Engine Company, Inc., 500 Jackson Street, Columbus, Indiana, 47202-3005, Attention: Shareholder Relations (telephone number (812) 377-5000).

The Company hereby incorporates by reference its Annual Report on Form 10-K for the fiscal year ended December 31, 1995.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the termination of the offering of the Common Stock offered hereby shall be deemed to be incorporated by reference into this Prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

THE COMPANY

Cummins Engine Company, Inc. ("the Company") is a leading worldwide designer and manufacturer of diesel engines, ranging from 76 to 6,000 horsepower. The Company also produces natural gas engines and engine components and subsystems. The Company provides power for a wide variety of equipment in its key markets: heavy-duty truck, midrange truck, power generation, bus and light commercial vehicles, industrial products and marine.

The Company sells its products to original equipment manufacturers, distributors and other customers worldwide and conducts manufacturing, sales, distribution and service activities in most areas of the world. Sales of products to major international firms outside North America are transacted by exports directly from the United States and shipments from foreign facilities (operated through subsidiaries,

affiliates, joint ventures or licensees) which manufacture and/or assemble the Company's products.

In 1995, approximately 58 percent of net sales were made in the United States. Major international markets include Europe (15 percent of net sales); Asia, the Far East and Australia (14 percent of net sales); Canada (7 percent of net sales); and Mexico and South America (4 percent of net sales).

USE OF PROCEEDS

The Company will not receive any of the proceeds from the sales from time to time of the Common Stock offered hereby. All proceeds from the sale of the Common Stock offered hereby will be for the account of the Selling Shareholders, as described below. See "Selling Shareholders" and "Plan of Distribution".

DESCRIPTION OF COMMON STOCK

The following is a description of certain terms of the Common Stock. This description does not purport to be complete and is subject to, and qualified in its entirety by, reference to the Company's Restated Articles of Incorporation.

General. The Company is authorized to issue up to 150,000,000 shares of Common Stock. As of January 28, 1996, there were approximately 40.2 million shares of Common Stock outstanding. At December 31, 1995, the approximate number of holders of record of the Company's Common Stock was 5,000. Subject to the limitations described below and the prior rights of the Company's Preferred Stock (the "Preferred Stock") and the Company's Preference Stock (the "Preference Stock"), the Common Stock, \$2.50 par value, of the Company is entitled to dividends when and as declared by the Board of Directors out of funds legally available therefor. Holders of Common Stock are entitled to one vote per share. There is no provision for cumulative voting or preemptive rights. The holders of the Preferred Stock and the holders of the Preference Stock are each entitled to elect two directors of the Company upon default in the payment of six quarterly dividends on any series of such class and have voting rights with respect to amendments of the Restated Articles of Incorporation affecting certain of their rights and in the case of certain mergers, consolidations and dispositions of substantially all the Company's assets. Upon any liquidation, voluntary or involuntary, of the Company, holders of Common Stock are entitled ratably to all the assets of the Company after payment of the Company's liabilities and satisfaction of the liquidation preferences of the Preferred Stock and the Preference Stock. The outstanding shares of Common Stock are, and any shares of Common Stock offered pursuant to a Prospectus Supplement will be, upon issuance against full payment therefor, fully paid and nonassessable.

The Company's Common Stock is listed on the New York and Pacific Stock Exchanges. The transfer agent and registrar for the Common Stock is The First National Bank of Chicago, Chicago, Illinois.

Dividends. No dividends or distributions may be declared or paid or made on, or acquisitions made of, any Common Stock unless dividends on all outstanding Preferred Stock and Preference Stock for all past quarterly dividend periods have been declared and paid or a sum sufficient for payment set apart. A number of the agreements under which the Company has borrowed money restrict the Company's payment of dividends (other than stock dividends) and distributions on and the redemption, purchase and acquisition by the Company of its capital stock, including the Preferred Stock and the Preference Stock. These restrictions typically limit the sum of all such payments, distributions, redemptions, purchases and acquisitions from a given date to a specified amount of retained earnings at such date plus consolidated net income and the net proceeds to the Company from the sale of its capital stock and indebtedness converted into such stock after such date. Several such agreements require the Company to maintain minimum net worth and working capital at specified levels. In addition, at any time the Company is in default under its revolving credit facility or certain other financing arrangements, the Company would be prohibited from paying dividends. The Company is presently unaware of any facts or circumstances that would give rise to any such default.

Shareholders' Rights Plan. The Company has a Shareholders' Rights Plan which it first adopted in 1986 (the "Rights Plan"). The Rights Plan provides that each share of Common Stock has associated with it a stock purchase right. The Rights Plan becomes operative when a person or entity acquires 15% of the Common Stock or commences a tender offer to purchase 20% or more of the Common Stock without the approval of the Company's Board of Directors. In the event a person or entity acquires 15% of the Common Stock, each right, except for the acquiring person's rights, can be exercised to purchase \$400 worth of Common Stock for \$200. In addition, for a period of 10 days after such acquisition, the Board of Directors can exchange such right for a new right which permits the holders to purchase one share of Common Stock for \$1. If a person or entity commences a tender

offer to purchase 20% or more of the Common Stock, unless the Board of Directors redeems the rights within 10 days of the event, each right can be exercised to purchase one share for \$200. If the person or entity becomes an acquiring person, then the provisions noted above apply. The Rights Plan also allows holders of the rights to purchase shares of the acquiring person's stock at a discount if the Company is acquired or 50% of the assets or earnings power of the Company is transferred to an acquiring person.

Antitakeover Provisions of Indiana Law. Indiana Code 23-1-42 (the "Control Share Act") provides that any person or group of persons that acquires the power to vote more than one-fifth of certain corporations' shares shall not have the right to vote such shares unless granted voting rights by the holders of a majority of the outstanding shares of the corporation and by the holders of a majority of the outstanding shares excluding "interested shares". Interested shares are those shares held by the acquiring person, officers of the corporation and employees of the corporation who are also directors of the corporation. If the approval of voting power for the shares is obtained, additional shareholder approvals are required when a shareholder acquires the power to vote more than one-third and more than a majority of the voting power of the corporation's shares. In the absence of such approval, the additional shares acquired by the shareholder may not be voted.

If the shareholders grant voting rights to the shares after a shareholder has acquired more than a majority of the voting power, all shareholders of the corporation are entitled to exercise statutory dissenters' rights and to demand the value of their shares in cash from the corporation. If voting rights are not accorded to the shares, the corporation may have the right to redeem them. The provisions of the Control Share Act do not apply to acquisitions of voting power pursuant to a merger or share exchange agreement to which the corporation is a party.

The Company's By-laws provide that the Company is not subject to the Control Share Act; however, such By-laws may be amended by the Board of Directors without a shareholder vote.

Indiana Code Section 23-1-43 (the "Business Combination Act") prohibits a person who acquires beneficial ownership of 10% or more of certain corporations' shares (an "Interested Shareholder"), or any affiliate or associate of an Interested Shareholder, from effecting a merger or other business combination with the corporation for a period of five years from the date on which the person became an Interested Shareholder, unless the transaction in which the person became an Interested Shareholder was approved in advance by the corporation's Board of Directors. Following the five-year period, a merger or other business combination may be effected with an Interested Shareholder only if (a) the business combination is approved by the corporation's shareholders, excluding the Interested Shareholder and any of its affiliates or associates, or (b) the consideration to be received by shareholders in the business combination is at least equal to the highest price paid by the Interested Shareholder in acquiring its interest in the corporation, with certain adjustments, and certain other requirements are met. The Business Combination Act broadly defines the term "business combination" to include mergers, sales or leases of assets, transfers of shares of the corporation, proposals for liquidation and the receipt by an Interested Shareholder of any financial assistance or tax advantage from the corporation, except proportionately as a shareholder of the corporation.

The overall effect of the above provisions may be to render more difficult or to discourage a merger, tender offer, proxy contest, the assumption of control of the Company by a holder of a large block of the Company's stock or other person, or the removal of incumbent management, even if such actions may be beneficial to the Company's shareholders generally.

Investment Agreements. In July 1990, the Company entered into (i) an Investment Agreement with Ford Motor Company ("Ford") pursuant to which, among other things, in consideration of \$100,000,000 received from Ford, Ford was issued one share of a newly created series of the Company's Preference Stock, designated Convertible Preference Stock, Series F (the "Series F Preference Stock"), which Series F Preference Stock was subsequently converted into 1,600,000 shares of Common Stock (3,200,000 shares on a stock split basis), (ii) an Investment Agreement with Tenneco Inc., a Delaware corporation ("Tenneco"), pursuant to which, among other things, in consideration of \$100,000,000 received from Tenneco, Tenneco was issued one share of a newly created series of the Company's Preference Stock, designated Convertible Preference Stock, Series T (the "Series T Preference Stock"), which Series T Preference Stock was subsequently converted into 1,600,000 shares of Common Stock (3,200,000 shares on a stock split basis) and (iii) an Investment Agreement with Kubota Corporation, a Japanese corporation ("Kubota"), pursuant to which, among other things, in consideration of \$49,985,000 received from Kubota, Kubota was issued one share of a newly created series of the Company's Preference Stock, designated Convertible Preference Stock, Series K (the "Series K

Preference Stock"), which Series K Preference Stock was subsequently converted into 799,760 shares of Common Stock (1,599,520 shares on a stock split basis). The consideration received from each of Ford, Tenneco and Kubota (individually, an "Investor" and collectively, the "Investors") represented a price of \$62.50 per share of Common Stock (\$31.25 per share on a stock split basis).

In July 1990, the Company also entered into a Stock Option Agreement with Ford, pursuant to which, among other things, for a six-year period Ford has an option (the "Option") to purchase 1,480,702 shares (2,961,404 shares on a stock split basis) of Common Stock, subject to adjustment for various actions that Ford or the Company may or may not take, at a price per share equal to the higher of (x) \$62.50 per share (\$31.25 per share on a stock split basis) and (y) 120% of the Market Price (as defined in such Stock Option Agreement) at the time of exercise of the Option thereunder.

The Investment Agreement with each Investor, among other things, prohibits each Investor and its affiliates (as defined in Rule 12b-2 under the Exchange Act), except in limited circumstances, from (i) acquiring additional securities of the Company having the ordinary power to vote, in the absence of contingencies, in the election of directors of the Company ("Voting Securities") in excess of the percentage limitation specified therein (in the case of Ford 10.8% (plus the shares purchased pursuant to the Option), in the case of Tenneco 10.8%, and in the case of Kubota 5.4%; (ii) making any public announcement or proposal regarding any merger, consolidation or certain other extraordinary transactions unless solicited by the Company's Board of Directors; (iii) participating in any solicitation of proxies or election contest; (iv) proposing any matter for submission to a vote of the Company's shareholders; (v) participating in a group with respect to any Voting Securities; (vi) granting any proxy to any person not designated by the Company; (vii) entering into any discussions, negotiations, arrangements, or understandings with respect to any of the foregoing provisions; (viii) disclosing to any third party any intention, plan or arrangement inconsistent with the foregoing provisions or the provisions regarding restrictions on transfers of Voting Securities; and (ix) requesting the Company to waive, amend or modify any standstill provision.

If an Investor's interest is diluted through subsequent issuances of Voting Securities by the Company, each Investor has the right under its Investment Agreement to purchase additional Voting Securities of the Company in the open market, through privately negotiated transactions or directly from the Company (on the same terms as such subsequent issuances in the case of acquisitions directly from the Company), up to an amount that would result in the Investor beneficially owning the same percentage of the total Voting Securities as that owned immediately prior to such issuances. In the event that an Investor elects to acquire some or all of such shares of Common Stock, the Company could be required to issue new shares of Common Stock to such Investor.

If the Company issues Voting Securities to a person that would have a higher percentage interest of Voting Securities than Ford, Ford has the right pursuant to its Investment Agreement to purchase Voting Securities from the Company, on the same terms, up to such higher percentage. In the event any manufacturer or wholesale distributor of automobiles or trucks having annual or consolidated worldwide automobile or truck sales in excess of \$100,000,000 or any affiliate thereof ("Manufacturers") (i) files a Schedule 13D in respect of the acquisition of Voting Securities in the open market or through privately negotiated transaction or (ii) makes a filing under the Hart-Scott Rodino Antitrust Improvements Act of 1976 evidencing an intent to acquire Voting Securities, Ford would be permitted to buy, in the open market or, at the option of the Company, from the Company, Voting Securities representing the highest total voting power of Voting Securities of such Manufacturer; provided that Ford may not purchase more than a 10% interest in the Company in such transactions and that the number of shares purchasable upon exercise of the Option is reduced by the number of shares so purchased. The Investment Agreement with Ford provides that the Company will not issue or sell Voting Securities to any Manufacturer; provided that such prohibition will terminate in the event that Ford sells Voting Securities representing in excess of 33% of the voting power of the Voting Securities beneficially owned by it (excluding, for purposes of the calculation of such percentage, certain permitted sales and Voting Securities which may in the future be acquired by Ford pursuant to certain provisions of its Investment Agreement).

In the event the Board of Directors approves any transaction pursuant to which the Company is to be acquired in a merger, consolidation or sale of substantially all its assets, or pursuant to which a person is to acquire voting securities representing a majority of the voting power of all then outstanding Voting Securities, then, as long as that transaction is being pursued, each Investor would be permitted to make a tender or exchange offer notwithstanding the restrictions on acquiring additional Voting Securities and on making acquisition proposals described above.

Except in limited circumstances, each Investment Agreement prohibits transfers or sales of Voting Securities by the Investor for six years. After six years each Investor is subject to other limited restrictions on transfer, as more fully set forth in their respective Investment Agreements.

Notwithstanding the transfer restrictions, each Investor is permitted to tender its Voting Securities into a tender or exchange offer commenced by the Company (or a subsidiary of the Company) or approved by the Board of Directors. If any other tender or exchange offer is consummated and the bidder acquires Voting Securities representing more than 50% of the voting power of the Voting Securities then outstanding, each Investor has the right to require the Company to purchase the amount of Voting Securities which would have been purchased in that offer had such Investor tendered its shares.

Each Investor is free to vote its Voting Securities as it sees fit on any matter submitted to a vote of the Company's shareholders except that each Investor is required to vote for the election of all nominees included in the Company's slate of directors.

In the event the Company enters into an agreement pursuant to which it agrees to issue shares to a person that would have more than a 10% interest in the Company, Ford and Tenneco would be given the benefit of any terms more favorable (other than price and amount of securities being purchased) than those in their respective Investment Agreements.

Each of Ford and Tenneco, pursuant to their respective Investment Agreements, is entitled to designate one person (reasonably satisfactory to the Company) for election to the Board of Directors. Ford is presently entitled to designate at least one such person, and may in the future be entitled to designate more, depending upon and in proportion to its percentage ownership in the Company. Neither Ford nor Tenneco will be entitled to designate any persons for election to the Board of Directors if its respective percentage ownership of the voting power of the Company's voting securities drops to below 10% as a result of the transfer of voting securities.

The term of each Investment Agreement is until the earlier of (i) the later of six years and the first date on which the respective Investor ceases to beneficially own Voting Securities representing at least 5% of the total voting power of all then outstanding Voting Securities and (ii) ten years; provided that certain provisions of the respective Investment Agreements will explicitly survive their stated terms.

In connection with the Investment Agreements, the Company modified the Rights Plan to provide that (i) Ford would not be deemed an "Acquiring Person" thereunder; provided that Ford does not acquire Beneficial Ownership of Common Shares (as defined therein) except as permitted by the Investment Agreement and Stock Option Agreement between the Company and Ford and (ii) Tenneco would not be deemed an "Acquiring Person" thereunder; provided that Tenneco does not acquire Beneficial Ownership of Common Shares except as permitted by the Investment Agreement between the Company and Tenneco. Pursuant to, and as provided in, the Investment Agreements the Company also agreed to further amend the Rights Plan to permit acquisitions of Voting Securities permitted by the Investment Agreements.

Pursuant to a Joinder in Agreement dated as of December 29, 1993, Bankers Trust Company as trustee (the "Tenneco Trustee") of the Tenneco Inc. General Employment Benefit Trust (the "Tenneco Trust") became a party to the Investment Agreement with Tenneco pursuant to which Tenneco, with the consent of the Company, transferred the 3,200,000 shares of Common Stock of the Company held by it to the Tenneco Trustee. On March 8, 1996, the Tenneco Trustee transferred such shares (a) as to 958,200 shares, to the Investment Company of America ("ICA"), (b) as to 500,000 shares, to Fundamental Investors Inc. ("FI") and (c) as to 1,741,800 shares, to the Northern Trust Company (the "Cummins Trustee") as trustee of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust. All such shares of Common Stock of the Company may be sold pursuant to this Prospectus. See "Plan of Distribution". In connection with such transfer, the Company was released from all its obligations under the Investment Agreement with Tenneco and the Tenneco Trustee from March 8, 1996.

The foregoing descriptions of the Investment Agreements with each of Ford, Tenneco and Kubota, the Amendment to the Rights Agreement and the Joinder in Agreement are subject to, and qualified in their entirety by, reference to each such agreement, certificate or document.

SELLING SHAREHOLDERS

The following table sets forth as of the date of this Prospectus, the name of each Selling Shareholder, the nature of any position, office or other material relationship that such Selling Shareholder has had within

the past three years with the Company or any of its affiliates and the number of shares of Common Stock which each such Selling Shareholder owned as of such date. The table also sets forth the number of shares of Common Stock owned by each Selling Shareholder that may be offered for sale from time to time by this Prospectus and the number of shares of Common Stock to be held by each such Selling Shareholder assuming the sale of all the Common Stock offered hereby. The Company may amend or supplement this Prospectus from time to time to disclose the names, relationships to the Company and holdings of Common Stock of additional Selling Shareholders or to update the disclosure set forth herein.

Name and Relationship to the Company, if any	Number of Shares of Common Stock Owned as of this Date of this Prospectus	Number of Shares of Common Stock Which May Be Sold Pursuant to this Prospectus	Number of Shares of Common Stock Owned Assuming the Sale of All of the Shares Offered Hereby
Investment Company of America	958,200	958,200	0
Fundamental Investors Inc.	500,000	500,000	0
The Northern Trust Company as trustee of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust	1,741,800	1,741,800	0
Total	3,200,000	3,200,000	0

PLAN OF DISTRIBUTION

Of the 3,200,000 shares of Common Stock offered hereby (a) 958,200 shares (the "ICA Shares") are being offered by ICA and 500,000 shares (the "FI Shares") are being offered by FI, in each case, pursuant to a Consent and Agreement (the "First Consent and Agreement") dated as of March 7, 1996 among Tenneco, the Company, the Tenneco Trustee as trustee of the Tenneco Trust, ICA and FI; and (b) 1,741,800 shares (the "Cummins Trust Shares" and, with the FI Shares and the ICA Shares, the "Shares") are being offered by the Cummins Trustee (with ICA and FI, the "Selling Shareholders") as trustee of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust pursuant to a Consent and Agreement dated as of March 7, 1996 (the "Second Consent and Agreement" and, with the First Consent and Agreement, the "Consents and Agreements"), among the Tenneco Trustee and The Northern Trust Company as Trustee of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust. The Shares may be offered for sale by the Selling Shareholders named herein from time to time pursuant and subject to the applicable provisions of the Consents and Agreements. Pursuant to such provisions, this Prospectus shall be available for the offer and sale of the Shares subject to certain Blackout Periods described below. Under the Consents and Agreements, the Company is required to maintain the effectiveness of the Registration Statement until March 8, 1999 or, if sooner, until all the Shares covered by such registration statement have been sold thereunder.

Pursuant to the Consents and Agreements, the Company is entitled to elect that the Registration Statement not be useable, for a reasonable period of time, but not in excess of 90 days (a "Blackout Period"), if the Company determines in good faith that the distribution of Shares pursuant to the Registration Statement (or the use of the Registration Statement or this Prospectus) would interfere with any pending financing, acquisition, corporate reorganization or any other corporate development involving the Company or any of its subsidiaries or would require premature disclosure thereof and promptly gives ICA, FI and the Cummins Trustee written notice of such determination, provided, however, that the aggregate number of days included in all Blackout Periods during any consecutive 12 months during the period from the date hereof until March 8, 1999 shall not exceed 180 days.

The Common Stock may be offered for sale on the NYSE, PSE or any other securities exchange on which the Common Stock is traded, in the over-the-counter market, in one or more private transactions or in a combination of such methods of sale, at prices and on terms then prevailing, at prices related to such prices or at negotiated prices. Subject in all cases to the restrictions contained in the Consents and Agreements, the Common Stock may be sold by one or more of the following means of distribution: (a) a block

trade in which the broker-dealer so engaged will attempt to sell the Common Stock as agent but may position and resell a portion of the block as principal to facilitate the transaction; (b) purchases by a broker-dealer as principal and resale by such broker-dealer for its own account pursuant to this Prospectus; and (c) ordinary brokerage transactions and transactions in which the broker solicits purchasers. This Prospectus may be amended and supplemented from time to time to describe a specific plan of distribution.

In connection with distributions of the Common Stock or otherwise, the Selling Shareholders may enter into hedging transactions with broker-dealers or other financial institutions. In connection with such transactions, broker-dealers or other financial institutions may engage in short sales of Common Stock in the course of hedging the positions they assume with Selling Shareholders. The Selling Shareholders may also sell Common Stock short and redeliver the shares to close out such short positions. The Selling Shareholders may also enter into option or other transactions with broker-dealers or other financial institutions which require the delivery to such broker-dealer or other financial institutions which require the delivery of such broker-dealer or other financial institution of the Common Stock offered hereby, which Common Stock such broker-dealer or other financial institution may resell pursuant to this Prospectus (as supplemented or amended to reflect such transaction). The Selling Shareholders may also pledge the shares registered hereunder to a broker-dealer or other financial institution and, upon a default, such broker-dealer or other financial institution may, subject to the Consents and Agreements, effect sales of the pledged Common Stock pursuant to this Prospectus (as supplemented or amended to reflect such transaction).

Brokers, dealers or agents may receive compensation in the form of commissions, discounts or concessions from Selling Shareholders in amounts to be negotiated in connection with sales pursuant hereto. Any such remuneration will be disclosed in a prospectus or prospectus supplement filed under the Securities Act. Such brokers or dealers and any other participating brokers or dealers may be deemed to be "underwriters" within the meaning of the Securities Act, in connection with such sales and any such commission, discount or concession may be deemed to be underwriting discounts or commissions under the Securities Act. In addition, any securities covered by this Prospectus which qualify for sale pursuant to Rule 144 may be sold under Rule 144 rather than pursuant to this Prospectus.

Commissions, discounts and transfer taxes, if any, attributable to the sales of the Common Stock will be borne by the Selling Shareholders, as will the costs of legal counsel and accountants for the Selling Shareholders. The Selling Shareholders and the Company have agreed that, in the event that any offering pursuant to the Registration Statement is an underwritten offering, they shall enter into an Indemnification Agreement providing for indemnification of the Selling Shareholders by the Company and indemnification of the Company by the Selling Shareholders, on terms customary for such agreements at such time.

LEGAL MATTERS

The validity of the shares of Common Stock offered by the Selling Shareholders will be passed upon for the Company by Mark R. Gerstle, Vice President, General Counsel and Secretary of the Company.

EXPERTS

The consolidated financial statements of the Company and its subsidiaries appearing in the Company's Annual Report have been audited by Arthur Andersen LLP, independent auditors, as set forth in their reports thereon set forth therein and incorporated herein by reference. Such financial statements have been incorporated herein by reference in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

No dealer, salesperson or any other individual has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offer made by this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the facts. This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

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Cummins Engine Company, Inc.

Common Stock
(\$2.50 par value)

Prospectus Dated April 2, 1996

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.*

The following table sets forth those expenses to be incurred by the Company in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions. All of the amounts shown are estimates, except the applicable Securities and Exchange Commission registration fee.

Securities and Exchange Commission Filing Fees	\$44,966.00
Accounting Fees	\$ 2,850.00
Legal Fees	\$ 5,000.00
	<hr/>
Total Expenses	\$52,816.00

*Expenses of this offering, other than commission expenses and brokerage fees, set forth above will be paid by the Company.

Item 15. Indemnification of Directors and Officers

Article VI of the By-laws of the Corporation sets forth certain rights of the directors and officers of the Corporation to indemnification.

Section 23-1-37 of the Indiana Code provides that Indiana corporations have the power to indemnify their directors, officers, employees and agents against certain expenses and liabilities in connection with actions, suits and proceedings and the power to maintain certain insurance policies against liabilities incurred by such officers, directors, employees and agents.

The Corporation maintains insurance policies that provide for indemnification of directors, officers, employees and agents against certain liabilities.

Item 16. Exhibits

Exhibits filed as part of this Registration Statement are listed in the Exhibit Index on page E-1.

Item 17. Undertakings

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the

aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in this registration statement;

Provided, however, that paragraphs (i) and (ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, as amended, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) As to documents subsequently filed that are incorporated by reference: The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) As to indemnification: Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 15 herein, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CUMMINS ENGINE COMPANY, INC.

By /s/Kiran M. Patel

Kiran M. Patel
Vice President and Chief
Financial Officer
(Principal Financial
Officer)

By /s/John McLachlan

John McLachlan
Vice President -
Corporate Controller
(Principal Accounting
Officer)

Date: April 2, 1996

Pursuant to the requirements of the Securities Exchange Act of 1934, this

- 3(b) By-laws of Cummins Engine Company, Inc., as amended and restated effective as of August 12, 1994 (incorporated by reference to Quarterly Report on Form 10-Q for the quarter ended October 2, 1994).

- 5 Opinion of Mark R. Gerstle, Vice President, General Counsel and Secretary, with respect to securities registered hereunder (filed herewith).

- 23.1 Consent of Mark R. Gerstle, Esq. (included in Exhibit 5).

- 23.2 Consent of Arthur Andersen LLP (filed herewith).

- 24 Powers of Attorney (filed herewith).

- 99.1 Consent and Agreement dated as of March 7, 1996 among Tenneco Inc., Cummins Engine Company, Inc., Bankers Trust Company as trustee of the Tenneco Inc. General Employee Benefit Trust, the Investment Company of America and Fundamental Investors, Inc. (filed herewith).

- 99.2 Consent and Agreement dated as of March 7, 1996 among Tenneco Inc., Cummins Engine Company, Inc., Bankers Trust Company as trustee of the Tenneco Inc. General Employee Benefit Trust and The Northern Trust Company as trustee of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust (filed herewith).

CUMMINS ENGINE COMPANY, INC., AND SUBSIDIARIES

OPINION OF MARK R. GERSTLE
Vice President, General Counsel and Secretary
With Respect to Securities Registered Hereunder

Cummins Engine Company, Inc.
Common Stock, Par Value \$2.50 Per Share

I am the Vice President, General Counsel and Secretary of Cummins Engine Company, Inc., an Indiana corporation (the "Company"). I refer to the Registration Statement on Form S-3 (the "Registration Statement") being filed by the Company on the date hereof with the Securities and Exchange Commission under the Securities Act of 1933 with respect to the proposed shelf registration of 3,200,000 shares of common stock, par value \$2.50 per share, of the Company (the "Shares").

In connection with the foregoing I have examined originals, or copies certified or otherwise identified to my satisfaction, of such documents, corporate records and other instruments as I have deemed necessary or appropriate for the purpose of this opinion.

Based upon the foregoing, I am of opinion that the Shares are validly authorized and are legally issued, fully paid and nonassessable.

I know that I am referred to under the heading "Legal Matters" in the Registration Statement, and I consent to such use of my name in the Registration Statement and to the use of this opinion for filing as an exhibit to the Registration Statement.

Dated: April 2, 1996

/s/Mark R. Gerstle

Mark R. Gerstle
Vice President, General
Counsel and Secretary

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement of our report dated January 22, 1996 included in Cummins Engine Company, Inc's Form 10-K for the year ended December 31, 1995 and to all references to our Firm included in this registration statement.

ARTHUR ANDERSEN LLP

Chicago, Illinois
March 25, 1996

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Mark R. Gerstle and Kiran M. Patel and each of them, with full power to act without the other, as his true and lawful attorney-in-fact and agent, with full and several powers of substitution and resubstitution for him in his name, place and stead, in any and all capacities, to sign a shelf Registration Statement on Form S-3 to be filed under the Securities Act of 1933 by Cummins Engine Company, Inc. (the "Corporation") in connection with the sale from time to time of the Corporation's equity securities by (a) Investment Company of America, (b) Fundamental Investors, Inc., and (c) The Northern Trust Company as trustee of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust, and any amendments (including post-effective amendments) to such Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: March 29, 1996

/s/James A. Henderson

James A. Henderson
Director & Chairman of the
Board and Chief Executive
Officer

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Mark R. Gerstle and Kiran M. Patel and each of them, with full power to act without the other, as his true and lawful attorney-in-fact and agent, with full and several powers of substitution and resubstitution for him in his name, place and stead, in any and all capacities, to sign a shelf Registration Statement on Form S-3 to be filed under the Securities Act of 1933 by Cummins Engine Company, Inc. (the "Corporation") in connection with the sale from time to time of the Corporation's equity securities by (a) Investment Company of America, (b) Fundamental Investors, Inc., and (c) The Northern Trust Company as trustee of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust, and any amendments (including post-effective amendments) to such Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: March 29, 1996

/s/Theodore M. Solso

Theodore M. Solso

Director & President and
Chief Operating Officer
CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

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Dated: March 29, 1996

/s/Harold Brown

Harold Brown
Director

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

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Dated: March 29, 1996

/s/K. R. Dabrowski

K. R. Dabrowski
Director

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Mark R. Gerstle and Kiran M. Patel and each of them, with full power to act without the other, as his true and lawful attorney-in-fact and agent, with full and several powers of substitution and resubstitution for him in his name, place and stead, in any and all capacities, to sign a shelf Registration Statement on Form S-3 to be filed under the Securities Act of 1933 by Cummins Engine Company, Inc. (the "Corporation") in connection with the sale from time to time of the Corporation's equity securities by (a) Investment Company of America, (b) Fundamental Investors, Inc., and (c) The Northern Trust Company as trustee of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust, and any amendments (including post-effective amendments) to such Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: March 29, 1996

/s/Robert J. Darnall

Robert J. Darnall
Director

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

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Dated: March 29, 1996

/s/W. Y. Elisha

W. Y. Elisha
Director

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

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Dated: March 29, 1996

/s/Hanna H. Gray

Hanna H. Gray
Director

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

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Dated: March 29, 1996

/s/J. Irwin Miller

J. Irwin Miller
Director

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

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Dated: March 29, 1996

/s/William I. Miller

William I. Miller
Director

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

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Dated: March 29, 1996

/s/Donald S. Perkins

Donald S. Perkins
Director

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Mark R. Gerstle and Kiran M. Patel and each of them, with full power to act without the other, as his true and lawful attorney-in-fact and agent, with full and several powers of substitution and resubstitution for him in his name, place and stead, in any and all capacities, to sign a shelf Registration Statement on Form S-3 to be filed under the Securities Act of 1933 by Cummins Engine Company, Inc. (the "Corporation") in connection with the sale from time to time of the Corporation's equity securities by (a) Investment Company of America, (b) Fundamental Investors, Inc., and (c) The Northern

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Dated: March 29, 1996

/s/William D. Ruckelshaus

William D. Ruckelshaus
Director

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

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Dated: March 29, 1996

/s/H. B. Schacht

H. B. Schacht
Director

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Mark R. Gerstle and Kiran M. Patel and each of them, with full power to act without the other, as his true and lawful attorney-in-fact and agent, with full and several powers of substitution and resubstitution for him in his name, place and stead, in any and all capacities, to sign a shelf Registration Statement on Form S-3 to be filed under the Securities Act of 1933 by Cummins Engine Company, Inc. (the "Corporation") in connection with the sale from time to time of the Corporation's equity securities by (a) Investment Company of America, (b) Fundamental Investors, Inc., and (c) The Northern Trust Company as trustee of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust, and any amendments (including post-effective amendments) to such Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and

Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: March 29, 1996

/s/F. A. Thomas

F. A. Thomas
Director

CUMMINS ENGINE COMPANY, INC.
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned hereby constitutes and appoints Mark R. Gerstle and Kiran M. Patel and each of them, with full power to act without the other, as his true and lawful attorney-in-fact and agent, with full and several powers of substitution and resubstitution for him in his name, place and stead, in any and all capacities, to sign a shelf Registration Statement on Form S-3 to be filed under the Securities Act of 1933 by Cummins Engine Company, Inc. (the "Corporation") in connection with the sale from time to time of the Corporation's equity securities by (a) Investment Company of America, (b) Fundamental Investors, Inc., and (c) The Northern Trust Company as trustee of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust, and any amendments (including post-effective amendments) to such Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Dated: March 29, 1996

/s/J. Lawrence Wilson

J. Lawrence Wilson
Director

CONSENT AND AGREEMENT dated as of March 7, 1996 among TENNECO INC., a Delaware corporation ("Tenneco"), CUMMINS ENGINE COMPANY, INC., an Indiana corporation (the "Company"), BANKERS TRUST COMPANY, as Trustee (the "Tenneco Trustee") of the Tenneco Inc. General Employee Benefit Trust (the "Tenneco Trust"), and THE NORTHERN TRUST COMPANY as Trustee (the "Cummins Trustee") of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust (the "Cummins Trust").

WHEREAS, in connection with the acquisition by the Tenneco Trustee of 3,200,000 shares of common stock of the Company (the "Cummins Stock"), the Tenneco Trustee, pursuant to a Joinder in Agreement dated as of December 29, 1993 became a party to a Investment Agreement dated as of July 16, 1990 with the Company (as amended to date, the "Investment Agreement");

WHEREAS, the Investment Agreement restricts the ability of the Tenneco Trustee to transfer the Cummins Stock;

WHEREAS, the Tenneco Trustee desires to sell, and, pursuant to the direction of the Pension Policy Committee, the Cummins Trustee desires to acquire on behalf of the Cummins Trust, 1,741,800 shares of the Cummins Stock (the "Shares") at a purchase price of \$40 per share;

WHEREAS, the Company is willing to consent to such transfer on the terms and subject to the conditions herein set forth;

WHEREAS, the Company is willing to make a contribution of not less than \$69,672,000 to the Cummins Trust (the "Contribution") to enable the Cummins Trust to acquire the Shares; and

WHEREAS, the parties to the Investment Agreement desire to make certain other amendments to the Investment Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Purchase and Sale of the Shares. On the terms and subject to the conditions of this Agreement, the Tenneco Trustee shall sell, transfer and deliver to the Cummins Trustee, and the Cummins Trustee shall purchase from the Tenneco Trustee, the Shares for an aggregate purchase price of \$69,672,000 (the "Aggregate Purchase Price").

The closing (the "Closing") of the purchase and sale of the Shares shall be held at the office of Cravath, Swaine & Moore, Worldwide Plaza, New York, NY on March 8, 1996 (the "Closing Date"). The Company hereby consents to the transfer of the Shares. The transfer of the Shares effected hereby shall not constitute an assignment of any of Tenneco's or the Tenneco Trustee's rights under the Investment Agreement.

At the Closing, the Cummins Trustee shall deliver to the Tenneco Trustee, by wire transfer to a bank account designated by the Tenneco Trustee, immediately available funds in an amount equal to the Aggregate Purchase Price and the Tenneco Trustee shall deliver to First Chicago Trust Company, Newport Tower, Third Floor, 525 Washington Blvd., Jersey City, NJ 07310 Attention: Joseph Piotrowski a certificate or certificates representing the Shares, together with stock powers duly executed in blank by the Tenneco Trustee. As promptly as practicable, the Company shall give appropriate instructions to the Company's stock transfer agent and registrar to take such action as may be necessary on its part to effect the transfer and to register ownership of the Shares by the Cummins Trustee or its nominee in the stock records of the Company. The Company shall cause the certificates representing the Shares to be delivered to the Cummins Trustee at the Closing.

The certificate or certificates for the Shares issued to the Cummins Trustee shall have the following legend, which legend shall remain on such certificates until such time as there is delivered to the Company an opinion of counsel reasonably acceptable to the Company to the effect that such legend is no longer required under the applicable requirements of the Securities Act of 1933 or state securities or blue sky laws:

SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE AND MAY BE OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF ONLY IF SO REGISTERED OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

SECTION 2. Representations and Warranties of the Tenneco Trustee. The Tenneco Trustee hereby represents and warrants as follows:

(a) Authority. The Tenneco Trustee is a banking corporation

duly organized, validly existing and in good standing under the laws of the State of New York. The Tenneco Trustee has all requisite corporate power and authority, and has taken all required corporate acts and other proceedings, to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Tenneco Trustee. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any violation of, (i) any provision of the charter or by-laws of the Tenneco Trustee or of the Tenneco Trust or (ii) any material judgment, order, decree, statute, law (including the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code of 1986, as amended (the "Code")), ordinance, rule or regulation applicable to the Tenneco Trustee or its property or assets. No material consent, approval, order or authorization of any court, administrative agency or other governmental authority or instrumentality, domestic or foreign, is required to be obtained or made by or with respect to the Tenneco Trustee in connection with the execution and delivery of this Agreement or the consummation by the Tenneco Trustee of the transactions contemplated hereby.

(b) The Shares. The Tenneco Trustee has good and marketable title to the Shares, free and clear of any claims, liens, encumbrances or security interests whatsoever. At the Closing, good and marketable title to the Shares will pass to the Cummins Trustee, free and clear of any claims, liens, encumbrances or security interests whatsoever. The Shares are not subject to any voting trust agreement or other contract, agreement, arrangement, commitment or understanding restricting or otherwise relating to the voting, dividend rights or disposition of the Shares.

THE TENNECO TRUSTEE MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, ORAL OR WRITTEN, EXPRESS OR IMPLIED, CONCERNING THE SHARES OR THE TRANSACTIONS CONTEMPLATED HEREUNDER.

SECTION 3. Representations and Warranties of the Cummins Trustee. The Cummins Trustee hereby represents and warrants as follows:

(a) Authority. The Cummins Trustee is a banking corporation duly organized, validly existing and in good standing under the laws of Illinois. The Cummins Trustee has all requisite corporate power and authority, and has taken all required corporate acts and other proceedings, to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Cummins Trustee. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any violation of or default under, any provision of the charter or by-laws of the Cummins Trustee and the Pension Policy Committee has represented to the Cummins Trustee that the execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in violation of or default under any provision of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust Agreement or any agreement, instrument, license, judgment, order, decree, statute, law (including ERISA and the Code), ordinance, rule or regulation applicable to the Cummins Trustee or its property or assets. No material consent, approval, order or authorization of any court, administrative agency or other governmental authority or instrumentality, domestic or foreign, is required to be obtained or made by or with respect to the Cummins Trustee in connection with the execution and delivery of this Agreement or the consummation by the Cummins Trustee of the transactions contemplated hereby.

(b) Securities Act. The Pension Policy Committee has represented to the Cummins Trustee that the Shares purchased by the Cummins Trustee pursuant to this Agreement will be acquired for investment only and not with a view to any public distribution thereof, and the Cummins Trustee will not offer to sell or otherwise dispose of any Shares so acquired by it in violation of any of the registration requirements of the Securities Act of 1933.

(c) Investment. The Pension Policy Committee has represented to the Cummins Trustee that (i) it has conducted such investigations as it deems necessary or desirable in connection with the purchase of the Shares, including without limitation reviewing copies of the Company's filings with the Securities and Exchange Commission, (ii) except as set forth in Section 2 above, the Tenneco Trustee has made no representations or warranties, oral or written, express or implied, and (iii) as between it and the Tenneco Trustee, it accepts all risks associated with the purchase of the Shares.

SECTION 4. Termination of Obligations under Section 3.1 of the

Investment Agreement. From and after the Closing, the Company shall not have any obligations under Section 3.1 of the Investment Agreement, which Section shall be deemed null and void.

SECTION 5. Board Representation. Notwithstanding Article IV of the Investment Agreement, neither Tenneco nor the Tenneco Trustee shall be required to request following the Closing the resignation of any person then serving on the Board of Directors of the Company who shall have been designated by Tenneco or the Tenneco Trustee.

SECTION 6. Company's Covenant to Make Contribution. If all the other conditions to the Closing have been satisfied or waived, the Company shall make the Contribution at the Closing in order to permit the Cummins Trustee to purchase the Shares.

SECTION 7. Conditions to Closing. (a) Cummins Trustee's Obligations. The obligations of the Cummins Trustee to purchase and pay for the Shares are subject to the satisfaction (or waiver) as of the Closing of the following conditions:

(i) The representations and warranties of the Tenneco Trustee made in this Agreement shall be true and correct in all material respects as of the Closing, and the Tenneco Trustee shall have performed in all material respects the covenants of the Tenneco Trustee contained in this Agreement required to be performed by the time of the Closing; and the Tenneco Trustee shall have delivered to the Cummins Trustee a certificate dated the Closing Date and signed by an authorized officer of the Tenneco Trustee confirming the foregoing.

(ii) No injunction or order of any court or administrative agency of competent jurisdiction shall be in effect as of the Closing which restrains or prohibits the purchase and sale of the Shares.

(iii) The Cummins Trustee shall have received the Contribution.

(b) The Tenneco Trustee's Obligations. The obligations of the Tenneco Trustee to sell and deliver the Shares to the Cummins Trustee are subject to the satisfaction (or waiver) as of the Closing of the following conditions:

(i) The representations and warranties of the Cummins Trustee made in this Agreement shall be true and correct in all material respects as of the Closing, and the Cummins Trustee shall have performed in all material respects the covenants of the Cummins Trustee contained in this Agreement required to be performed by the time of the Closing; and the Cummins Trustee shall have delivered to the Tenneco Trustee a certificate dated the Closing Date and signed by an authorized officer of the Cummins Trustee confirming the foregoing.

(ii) No injunction or order of any court or administrative agency of competent jurisdiction shall be in effect as of the Closing which restrains or prohibits the purchase and sale of the Shares.

(iii) The Investment Company of America ("ICA") and Fundamental Investors, Inc. ("FI") (collectively, "Capital Research"), shall have acquired (or be concurrently acquiring) from the Tenneco Trustee 1,458,200 shares of the Cummins Stock (the "Capital Research Shares") for an aggregate purchase price of \$58,328,000.

SECTION 8. Registration Rights.

(a) Defined Terms. As used in this Section 8, the following terms shall have the meanings ascribed thereto below:

"Other Registrable Securities" means (i) the Capital Research Shares and (ii) any securities issued or distributed in respect of any Capital Research Shares by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, reorganization, merger, consolidation or otherwise.

"Prospectus" means the prospectus included in the Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement and by all other amendment and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus.

"Registrable Securities" means, collectively, (i) the Shares and (ii) any securities issued or distributed in respect of any Shares by way of stock dividend or stock split or in connection with a combination

of shares, recapitalization, reorganization, merger, consolidation or otherwise.

"Registration Statement" means any registration statement of the Company which covers Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such Registration Statement.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"SEC" means the Securities and Exchange Commission.

(b) Securities Subject to this Section 8. The securities entitled to the benefits of this Section 8 are the Registrable Securities held by the Cummins Trust and the Other Registrable Securities held by ICA and FI. For the purpose of this Section 8, Registrable Securities will cease to be Registrable Securities (i) when a Registration Statement covering such Registrable Securities has been declared effective under the Securities Act and they have been disposed of pursuant to such effective Registration Statement, (ii) when such Registrable Securities are distributed to the public pursuant to Rule 144 (or any similar provision then in force) under the Securities Act, (iii) when such Registrable Securities shall have been otherwise transferred, new certificates for such Registrable Securities not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent disposition of such Registrable Securities shall not require registration or qualification of such Registrable Securities under the Securities Act or any state securities or blue sky law then in force, (iv) on March 8, 1999 or (v) when such Registrable Securities shall have ceased to be outstanding.

(c) Shelf Registration. As promptly as practicable after the date hereof, the Company shall file and cause to be declared effective a "shelf" Registration Statement on any appropriate form pursuant to Rule 415 (or similar rule that may be adopted by the SEC) under the Securities Act for all the Registrable Securities and the Other Registrable Securities, which form shall be available for the sale of the Registrable Securities and the Other Registrable Securities in accordance with the intended methods of distribution thereof. The Company agrees to use its best efforts to keep such Registration Statement continuously effective and usable for resale of Registrable Securities until March 8, 1999 or, if sooner, until all the Registrable Securities covered by such Registration Statement cease to be Registrable Securities; provided, however, that the Company may elect that such Registration Statement not be usable during any Blackout Period (as defined in (d) below).

(d) Blackout Period. The Company shall be entitled to elect that the Registration Statement not be useable, for a reasonable period of time, but not in excess of 90 days (a "Blackout Period"), if the Company determines in good faith that the distribution of Registrable Securities pursuant to the Registration Statement (or the use of the Registration Statement or related Prospectus) would interfere with any pending financing, acquisition, corporate reorganization or any other corporate development involving the Company or any of its subsidiaries or would require premature disclosure thereof and promptly gives the Cummins Trustee written notice of such determination; provided, however, that the aggregate number of days included in all Blackout Periods during any consecutive 12 months during the period from the date hereof until March 8, 1999 shall not exceed 180 days.

(e) Registration Procedures. In connection with any offering of Shares to be registered pursuant to the terms hereof, the Company shall (i) furnish to the Cummins Trustee copies of any Prospectus (including any preliminary prospectus) as may reasonably be requested in order to effect the offering and sale of the securities to be offered and sold, but only while the Company shall be required under the provisions hereof to cause the Registration Statement to remain current and (ii) take such action as shall be necessary to qualify the securities covered by such registration under such blue sky or other state securities laws for offer and sale as the Cummins Trustee shall reasonably request; provided, however, that the Company shall not be obligated to qualify as a foreign corporation to do business under the laws of any jurisdiction in which it shall not then be qualified or to file any general consent to service of process. If any offering pursuant to the Registration Statement is an underwritten offering, the Company shall enter into an underwriting agreement containing representations, warranties, indemnities and agreements then customarily included by an issuer in underwriting agreements with respect to secondary distributions. The Company shall also enter into an agreement with the Cummins Trustee providing for indemnification of the Cummins Trustee by the Company, and indemnification of the Company by the Cummins Trustee (to the extent permitted by law), on terms customary for such agreements at that time

(it being understood that any disputes arising as to what is so customary shall be resolved by counsel to the underwriters). In connection with any offering of Shares registered pursuant to the terms hereof, the Company shall (x) furnish, at the Company's expense, unlegended certificates representing ownership of the securities being sold in such denominations as shall be requested and (y) instruct the transfer agent and registrar of such securities to release any stop transfer orders with respect to the securities being sold.

(f) Expenses. The Company shall pay all out-of-pocket expenses incurred in connection with the Registration Statement, including, without limitation, all SEC and blue sky registration and filing fees, printing expenses, transfer agents' fees, registrar's fees, fees and disbursements of the Company's counsel and accountants and fees and disbursements of experts used by the Company in connection with such registration, except that the Cummins Trustee shall pay all underwriting discounts, commissions and expenses, transfer taxes, and fees and expenses of its counsel and accountants.

(g) Tenneco Trustee Not Liable. The Cummins Trustee and the Company each acknowledges and agrees that the obligations set forth in this Section 8 are those of the Company and that the Tenneco Trustee shall have no obligation or liability whatsoever for any failure by the Company to meet its obligations under this Section 8.

SECTION 9. Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) when personally delivered or delivered by telecopy on a business day during normal business hours where such notice is to be received at the address or number designated below or (b) on the business day following the date of mailing by overnight courier fully prepaid, addressed to such address, whichever shall first occur. The addresses for such communications shall be:

If to the Company:

Cummins Engine Company, Inc.
500 Jackson Street
Box 3005, MC60701
Columbus, Indiana 47202-3005

Attention: General Counsel and Secretary
Telecopy: 812-377-3272

With a copy to:

Cummins Engine Company, Inc.
500 Jackson Street
Box 3005, MC60701
Columbus, Indiana 47202-3005

Attention: Chief Financial Officer
Telecopy: 812-377-3272

If to the Cummins Trustee:

The Northern Trust Company
50 South LaSalle Street
Chicago, Illinois 90071

Attention: John St. Laurent
Telecopy: 312-444-5828

If to the Tenneco Trustee:

Bankers Trust Company
3000 Two Houston Center
909 Fannin
Suite 3000
Houston, TX 77010

Attention:
Telecopy:

If to Tenneco:

Tenneco Inc.
P.O. Box 2511
Houston, TX

Attention: Richard A. Robinson
Telecopy: 713-651-1666

Any party hereto may from time to time change its address for

notices under this Section 9 by giving at least 10 days notice of such changed address to the other parties hereto.

SECTION 10. Waivers. No waiver by any party of any default with respect to any provision, condition or requirement hereof shall be deemed to be a continuing waiver in the future thereof or a waiver of any other provision, condition or requirement hereof nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter.

SECTION 11. Headings. The headings herein are for convenience only do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

SECTION 12. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and legal representatives. The parties hereto may amend this Agreement without notice to or the consent of any third party. No party shall assign this Agreement or any rights hereunder without the prior written consent of the other parties (which consent may be withheld for any reason in the sole discretion of the party from whom consent is sought). The assignment by a party of this Agreement or any rights hereunder shall not affect the obligations of such party under this Agreement.

SECTION 13. No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of nor may any provision hereof be enforced by any other person.

SECTION 14. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Indiana without regard to the principles of conflict of laws.

SECTION 15. Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other parties, it being understood that all parties need not sign the same counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date hereof.

CUMMINS ENGINE COMPANY, INC.

by: _____
Name:
Title:

THE NORTHERN TRUST COMPANY,
as Trustee of the
Cummins Engine Company, Inc.
and Affiliates Collective
Investment Trust Agreement

by: _____
Name:
Title:

BANKERS TRUST COMPANY, as
trustee of the Tenneco Inc.
General Employee Benefit Trust

by: _____
Name:
Title:

The undersigned is executing
this Agreement solely for
purposes of Section 4 and 5 hereof.

TENNECO INC.

by: _____
Name:
Title:

CONSENT AND AGREEMENT dated as of March 7, 1996 among TENNECO INC., a Delaware corporation ("Tenneco"), CUMMINS ENGINE COMPANY, INC., an Indiana corporation (the "Company"), BANKERS TRUST COMPANY, as Trustee (the "Tenneco Trustee") of the Tenneco Inc. General Employee Benefit Trust (the "Tenneco Trust"), and THE NORTHERN TRUST COMPANY as Trustee (the "Cummins Trustee") of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust (the "Cummins Trust").

WHEREAS, in connection with the acquisition by the Tenneco Trustee of 3,200,000 shares of common stock of the Company (the "Cummins Stock"), the Tenneco Trustee, pursuant to a Joinder in Agreement dated as of December 29, 1993 became a party to a Investment Agreement dated as of July 16, 1990 with the Company (as amended to date, the "Investment Agreement");

WHEREAS, the Investment Agreement restricts the ability of the Tenneco Trustee to transfer the Cummins Stock;

WHEREAS, the Tenneco Trustee desires to sell, and, pursuant to the direction of the Pension Policy Committee, the Cummins Trustee desires to acquire on behalf of the Cummins Trust, 1,741,800 shares of the Cummins Stock (the "Shares") at a purchase price of \$40 per share;

WHEREAS, the Company is willing to consent to such transfer on the terms and subject to the conditions herein set forth;

WHEREAS, the Company is willing to make a contribution of not less than \$69,672,000 to the Cummins Trust (the "Contribution") to enable the Cummins Trust to acquire the Shares; and

WHEREAS, the parties to the Investment Agreement desire to make certain other amendments to the Investment Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Purchase and Sale of the Shares. On the terms and subject to the conditions of this Agreement, the Tenneco Trustee shall sell, transfer and deliver to the Cummins Trustee, and the Cummins Trustee shall purchase from the Tenneco Trustee, the Shares for an aggregate purchase price of \$69,672,000 (the "Aggregate Purchase Price").

The closing (the "Closing") of the purchase and sale of the Shares shall be held at the office of Cravath, Swaine & Moore, Worldwide Plaza, New York, NY on March 8, 1996 (the "Closing Date"). The Company hereby consents to the transfer of the Shares. The transfer of the Shares effected hereby shall not constitute an assignment of any of Tenneco's or the Tenneco Trustee's rights under the Investment Agreement.

At the Closing, the Cummins Trustee shall deliver to the Tenneco Trustee, by wire transfer to a bank account designated by the Tenneco Trustee, immediately available funds in an amount equal to the Aggregate Purchase Price and the Tenneco Trustee shall deliver to First Chicago Trust Company, Newport Tower, Third Floor, 525 Washington Blvd., Jersey City, NJ 07310 Attention: Joseph Piotrowski a certificate or certificates representing the Shares, together with stock powers duly executed in blank by the Tenneco Trustee. As promptly as practicable, the Company shall give appropriate instructions to the Company's stock transfer agent and registrar to take such action as may be necessary on its part to effect the transfer and to register ownership of the Shares by the Cummins Trustee or its nominee in the stock records of the Company. The Company shall cause the certificates representing the Shares to be delivered to the Cummins Trustee at the Closing.

The certificate or certificates for the Shares issued to the Cummins Trustee shall have the following legend, which legend shall remain on such certificates until such time as there is delivered to the Company an opinion of counsel reasonably acceptable to the Company to the effect that such legend is no longer required under the applicable requirements of the Securities Act of 1933 or state securities or blue sky laws:

SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE AND MAY BE OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF ONLY IF SO REGISTERED OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

SECTION 2. Representations and Warranties of the Tenneco Trustee. The Tenneco Trustee hereby represents and warrants as follows:

(a) Authority. The Tenneco Trustee is a banking corporation

duly organized, validly existing and in good standing under the laws of the State of New York. The Tenneco Trustee has all requisite corporate power and authority, and has taken all required corporate acts and other proceedings, to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Tenneco Trustee. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any violation of, (i) any provision of the charter or by-laws of the Tenneco Trustee or of the Tenneco Trust or (ii) any material judgment, order, decree, statute, law (including the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code of 1986, as amended (the "Code")), ordinance, rule or regulation applicable to the Tenneco Trustee or its property or assets. No material consent, approval, order or authorization of any court, administrative agency or other governmental authority or instrumentality, domestic or foreign, is required to be obtained or made by or with respect to the Tenneco Trustee in connection with the execution and delivery of this Agreement or the consummation by the Tenneco Trustee of the transactions contemplated hereby.

(b) The Shares. The Tenneco Trustee has good and marketable title to the Shares, free and clear of any claims, liens, encumbrances or security interests whatsoever. At the Closing, good and marketable title to the Shares will pass to the Cummins Trustee, free and clear of any claims, liens, encumbrances or security interests whatsoever. The Shares are not subject to any voting trust agreement or other contract, agreement, arrangement, commitment or understanding restricting or otherwise relating to the voting, dividend rights or disposition of the Shares.

THE TENNECO TRUSTEE MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, ORAL OR WRITTEN, EXPRESS OR IMPLIED, CONCERNING THE SHARES OR THE TRANSACTIONS CONTEMPLATED HEREUNDER.

SECTION 3. Representations and Warranties of the Cummins Trustee. The Cummins Trustee hereby represents and warrants as follows:

(a) Authority. The Cummins Trustee is a banking corporation duly organized, validly existing and in good standing under the laws of Illinois. The Cummins Trustee has all requisite corporate power and authority, and has taken all required corporate acts and other proceedings, to enter into this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Cummins Trustee. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in any violation of or default under, any provision of the charter or by-laws of the Cummins Trustee and the Pension Policy Committee has represented to the Cummins Trustee that the execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, conflict with, or result in violation of or default under any provision of the Cummins Engine Company, Inc. and Affiliates Collective Investment Trust Agreement or any agreement, instrument, license, judgment, order, decree, statute, law (including ERISA and the Code), ordinance, rule or regulation applicable to the Cummins Trustee or its property or assets. No material consent, approval, order or authorization of any court, administrative agency or other governmental authority or instrumentality, domestic or foreign, is required to be obtained or made by or with respect to the Cummins Trustee in connection with the execution and delivery of this Agreement or the consummation by the Cummins Trustee of the transactions contemplated hereby.

(b) Securities Act. The Pension Policy Committee has represented to the Cummins Trustee that the Shares purchased by the Cummins Trustee pursuant to this Agreement will be acquired for investment only and not with a view to any public distribution thereof, and the Cummins Trustee will not offer to sell or otherwise dispose of any Shares so acquired by it in violation of any of the registration requirements of the Securities Act of 1933.

(c) Investment. The Pension Policy Committee has represented to the Cummins Trustee that (i) it has conducted such investigations as it deems necessary or desirable in connection with the purchase of the Shares, including without limitation reviewing copies of the Company's filings with the Securities and Exchange Commission, (ii) except as set forth in Section 2 above, the Tenneco Trustee has made no representations or warranties, oral or written, express or implied, and (iii) as between it and the Tenneco Trustee, it accepts all risks associated with the purchase of the Shares.

SECTION 4. Termination of Obligations under Section 3.1 of the

Investment Agreement. From and after the Closing, the Company shall not have any obligations under Section 3.1 of the Investment Agreement, which Section shall be deemed null and void.

SECTION 5. Board Representation. Notwithstanding Article IV of the Investment Agreement, neither Tenneco nor the Tenneco Trustee shall be required to request following the Closing the resignation of any person then serving on the Board of Directors of the Company who shall have been designated by Tenneco or the Tenneco Trustee.

SECTION 6. Company's Covenant to Make Contribution. If all the other conditions to the Closing have been satisfied or waived, the Company shall make the Contribution at the Closing in order to permit the Cummins Trustee to purchase the Shares.

SECTION 7. Conditions to Closing. (a) Cummins Trustee's Obligations. The obligations of the Cummins Trustee to purchase and pay for the Shares are subject to the satisfaction (or waiver) as of the Closing of the following conditions:

(i) The representations and warranties of the Tenneco Trustee made in this Agreement shall be true and correct in all material respects as of the Closing, and the Tenneco Trustee shall have performed in all material respects the covenants of the Tenneco Trustee contained in this Agreement required to be performed by the time of the Closing; and the Tenneco Trustee shall have delivered to the Cummins Trustee a certificate dated the Closing Date and signed by an authorized officer of the Tenneco Trustee confirming the foregoing.

(ii) No injunction or order of any court or administrative agency of competent jurisdiction shall be in effect as of the Closing which restrains or prohibits the purchase and sale of the Shares.

(iii) The Cummins Trustee shall have received the Contribution.

(b) The Tenneco Trustee's Obligations. The obligations of the Tenneco Trustee to sell and deliver the Shares to the Cummins Trustee are subject to the satisfaction (or waiver) as of the Closing of the following conditions:

(i) The representations and warranties of the Cummins Trustee made in this Agreement shall be true and correct in all material respects as of the Closing, and the Cummins Trustee shall have performed in all material respects the covenants of the Cummins Trustee contained in this Agreement required to be performed by the time of the Closing; and the Cummins Trustee shall have delivered to the Tenneco Trustee a certificate dated the Closing Date and signed by an authorized officer of the Cummins Trustee confirming the foregoing.

(ii) No injunction or order of any court or administrative agency of competent jurisdiction shall be in effect as of the Closing which restrains or prohibits the purchase and sale of the Shares.

(iii) The Investment Company of America ("ICA") and Fundamental Investors, Inc. ("FI") (collectively, "Capital Research"), shall have acquired (or be concurrently acquiring) from the Tenneco Trustee 1,458,200 shares of the Cummins Stock (the "Capital Research Shares") for an aggregate purchase price of \$58,328,000.

SECTION 8. Registration Rights.

(a) Defined Terms. As used in this Section 8, the following terms shall have the meanings ascribed thereto below:

"Other Registrable Securities" means (i) the Capital Research Shares and (ii) any securities issued or distributed in respect of any Capital Research Shares by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, reorganization, merger, consolidation or otherwise.

"Prospectus" means the prospectus included in the Registration Statement, as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement and by all other amendment and supplements to the prospectus, including post-effective amendments and all material incorporated by reference in such prospectus.

"Registrable Securities" means, collectively, (i) the Shares and (ii) any securities issued or distributed in respect of any Shares by way of stock dividend or stock split or in connection with a combination

of shares, recapitalization, reorganization, merger, consolidation or otherwise.

"Registration Statement" means any registration statement of the Company which covers Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus, amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference in such Registration Statement.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"SEC" means the Securities and Exchange Commission.

(b) Securities Subject to this Section 8. The securities entitled to the benefits of this Section 8 are the Registrable Securities held by the Cummins Trust and the Other Registrable Securities held by ICA and FI. For the purpose of this Section 8, Registrable Securities will cease to be Registrable Securities (i) when a Registration Statement covering such Registrable Securities has been declared effective under the Securities Act and they have been disposed of pursuant to such effective Registration Statement, (ii) when such Registrable Securities are distributed to the public pursuant to Rule 144 (or any similar provision then in force) under the Securities Act, (iii) when such Registrable Securities shall have been otherwise transferred, new certificates for such Registrable Securities not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent disposition of such Registrable Securities shall not require registration or qualification of such Registrable Securities under the Securities Act or any state securities or blue sky law then in force, (iv) on March 8, 1999 or (v) when such Registrable Securities shall have ceased to be outstanding.

(c) Shelf Registration. As promptly as practicable after the date hereof, the Company shall file and cause to be declared effective a "shelf" Registration Statement on any appropriate form pursuant to Rule 415 (or similar rule that may be adopted by the SEC) under the Securities Act for all the Registrable Securities and the Other Registrable Securities, which form shall be available for the sale of the Registrable Securities and the Other Registrable Securities in accordance with the intended methods of distribution thereof. The Company agrees to use its best efforts to keep such Registration Statement continuously effective and usable for resale of Registrable Securities until March 8, 1999 or, if sooner, until all the Registrable Securities covered by such Registration Statement cease to be Registrable Securities; provided, however, that the Company may elect that such Registration Statement not be usable during any Blackout Period (as defined in (d) below).

(d) Blackout Period. The Company shall be entitled to elect that the Registration Statement not be useable, for a reasonable period of time, but not in excess of 90 days (a "Blackout Period"), if the Company determines in good faith that the distribution of Registrable Securities pursuant to the Registration Statement (or the use of the Registration Statement or related Prospectus) would interfere with any pending financing, acquisition, corporate reorganization or any other corporate development involving the Company or any of its subsidiaries or would require premature disclosure thereof and promptly gives the Cummins Trustee written notice of such determination; provided, however, that the aggregate number of days included in all Blackout Periods during any consecutive 12 months during the period from the date hereof until March 8, 1999 shall not exceed 180 days.

(e) Registration Procedures. In connection with any offering of Shares to be registered pursuant to the terms hereof, the Company shall (i) furnish to the Cummins Trustee copies of any Prospectus (including any preliminary prospectus) as may reasonably be requested in order to effect the offering and sale of the securities to be offered and sold, but only while the Company shall be required under the provisions hereof to cause the Registration Statement to remain current and (ii) take such action as shall be necessary to qualify the securities covered by such registration under such blue sky or other state securities laws for offer and sale as the Cummins Trustee shall reasonably request; provided, however, that the Company shall not be obligated to qualify as a foreign corporation to do business under the laws of any jurisdiction in which it shall not then be qualified or to file any general consent to service of process. If any offering pursuant to the Registration Statement is an underwritten offering, the Company shall enter into an underwriting agreement containing representations, warranties, indemnities and agreements then customarily included by an issuer in underwriting agreements with respect to secondary distributions. The Company shall also enter into an agreement with the Cummins Trustee providing for indemnification of the Cummins Trustee by the Company, and indemnification of the Company by the Cummins Trustee (to the extent permitted by law), on terms customary for such agreements at that time

(it being understood that any disputes arising as to what is so customary shall be resolved by counsel to the underwriters). In connection with any offering of Shares registered pursuant to the terms hereof, the Company shall (x) furnish, at the Company's expense, unlegended certificates representing ownership of the securities being sold in such denominations as shall be requested and (y) instruct the transfer agent and registrar of such securities to release any stop transfer orders with respect to the securities being sold.

(f) Expenses. The Company shall pay all out-of-pocket expenses incurred in connection with the Registration Statement, including, without limitation, all SEC and blue sky registration and filing fees, printing expenses, transfer agents' fees, registrar's fees, fees and disbursements of the Company's counsel and accountants and fees and disbursements of experts used by the Company in connection with such registration, except that the Cummins Trustee shall pay all underwriting discounts, commissions and expenses, transfer taxes, and fees and expenses of its counsel and accountants.

(g) Tenneco Trustee Not Liable. The Cummins Trustee and the Company each acknowledges and agrees that the obligations set forth in this Section 8 are those of the Company and that the Tenneco Trustee shall have no obligation or liability whatsoever for any failure by the Company to meet its obligations under this Section 8.

SECTION 9. Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be effective (a) when personally delivered or delivered by telecopy on a business day during normal business hours where such notice is to be received at the address or number designated below or (b) on the business day following the date of mailing by overnight courier fully prepaid, addressed to such address, whichever shall first occur. The addresses for such communications shall be:

If to the Company:

Cummins Engine Company, Inc.
500 Jackson Street
Box 3005, MC60701
Columbus, Indiana 47202-3005

Attention: General Counsel and Secretary
Telecopy: 812-377-3272

With a copy to:

Cummins Engine Company, Inc.
500 Jackson Street
Box 3005, MC60701
Columbus, Indiana 47202-3005

Attention: Chief Financial Officer
Telecopy: 812-377-3272

If to the Cummins Trustee:

The Northern Trust Company
50 South LaSalle Street
Chicago, Illinois 90071

Attention: John St. Laurent
Telecopy: 312-444-5828

If to the Tenneco Trustee:

Bankers Trust Company
3000 Two Houston Center
909 Fannin
Suite 3000
Houston, TX 77010

Attention:
Telecopy:

If to Tenneco:

Tenneco Inc.
P.O. Box 2511
Houston, TX

Attention: Richard A. Robinson
Telecopy: 713-651-1666

Any party hereto may from time to time change its address for

notices under this Section 9 by giving at least 10 days notice of such changed address to the other parties hereto.

SECTION 10. Waivers. No waiver by any party of any default with respect to any provision, condition or requirement hereof shall be deemed to be a continuing waiver in the future thereof or a waiver of any other provision, condition or requirement hereof nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter.

SECTION 11. Headings. The headings herein are for convenience only do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

SECTION 12. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and legal representatives. The parties hereto may amend this Agreement without notice to or the consent of any third party. No party shall assign this Agreement or any rights hereunder without the prior written consent of the other parties (which consent may be withheld for any reason in the sole discretion of the party from whom consent is sought). The assignment by a party of this Agreement or any rights hereunder shall not affect the obligations of such party under this Agreement.

SECTION 13. No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of nor may any provision hereof be enforced by any other person.

SECTION 14. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Indiana without regard to the principles of conflict of laws.

SECTION 15. Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other parties, it being understood that all parties need not sign the same counterparts.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date hereof.

CUMMINS ENGINE COMPANY, INC.

by: _____
Name:
Title:

THE NORTHERN TRUST COMPANY,
as Trustee of the
Cummins Engine Company, Inc.
and Affiliates Collective
Investment Trust Agreement

by: _____
Name:
Title:

BANKERS TRUST COMPANY, as
trustee of the Tenneco Inc.
General Employee Benefit Trust

by: _____
Name:
Title:

The undersigned is executing
this Agreement solely for
purposes of Section 4 and 5 hereof.

TENNECO INC.

by: _____
Name:
Title: