

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

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

For the Fiscal Year Ended December 31, 1997

CUMMINS ENGINE COMPANY, INC.

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

Commission File Number 1-4949.

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

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

Telephone Number: (812) 377-5000

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1997 AND 1996
TOGETHER WITH AUDITORS' REPORT
(Full title of the plan)

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

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

We have audited the accompanying combining statements of net assets by plan and by fund, of the CUMMINS ENGINE COMPANY, INC. AND AFFILIATES RETIREMENT AND SAVINGS PLANS (the Plans) as of December 31, 1997 and 1996, and the related statements of changes in net assets by plan and by fund, for the years ended December 31, 1997, 1996 and 1995. These financial statements and the schedules referred to below are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Plans as of December 31, 1997 and 1996, and the changes in the net assets for the years ended December 31, 1997, 1996 and 1995, in conformity with generally accepted accounting principles.

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

ARTHUR ANDERSEN LLP

Chicago, Illinois
June 17, 1998.

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF NET ASSETS BY PLAN
DECEMBER 31, 1997
(stated in 000's)

<TABLE>
<CAPTION>

CDC	TOTAL	Salaried	Bargaining	Onan	Lubricon
<S>		<C>	<C>	<C>	<C>
<C>	<C>				
Assets					

Cash and investments:

The Northern Trust Company					
Short-Term Investment Fund	\$ 1,130	\$ -	\$ -	\$ -	\$ -
\$ -	\$ 1,130				
Cummins Engine Company, Inc.					

Fixed Income Fund	88,160	111,266	20,194	75
5,884 225,579				
Vanguard Wellington Fund	96,263	62,915	29,895	103
5,750 194,926				
Vanguard U.S. Growth Fund	57,069	20,390	16,735	116
4,359 98,669				
Vanguard Index Trust Fund	79,880	36,215	22,475	133
5,569 144,272				
Vanguard Explorer Fund	13,112	3,093	2,547	84
501 19,337				
Vanguard International Fund	7,542	1,256	1,295	32
344 10,469				
Cummins Engine Company, Inc. Common Stock	148,332	9,890	3,217	21
1,783 163,243				
Participant Loans	6,346	4,142	1,475	28
1,102 13,093				
Total cash and investments	497,834	249,167	97,833	592
25,292 870,718				
Receivables:				
Employer contributions	3,786	1,354	141	15
686 5,982				
Employee contributions	1,382	1,437	342	5
300 3,466				
Employee loan repayments	286	230	79	1
77 673				
Accrued interest	4	-	-	-
- - 4				
Total receivables	5,458	3,021	562	21
1,063 10,125				
Total assets	503,292	252,188	98,395	613
26,355 880,843				
Liabilities				
Interest payable	2,819	-	-	-
- - 2,819				
Note payable - ESOP	64,950	-	-	-
- - 64,950				
Total liabilities	67,769	-	-	-
- - 67,769				
Net Assets	\$435,523	\$252,188	\$98,395	\$613
\$26,355 \$813,074				

The accompanying notes and schedules are an integral part of these statements.

</TABLE>

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF NET ASSETS BY PLAN
DECEMBER 31, 1996
(stated in 000's)

		Salaried	Bargaining	Onan	Lubricon
CDC	TOTAL				
<S>		<C>	<C>	<C>	<C>
<C>	<C>				
Assets					

Cash and investments:

The Northern Trust Company				
Short-Term Investment Fund	\$ 1,134	\$ -	\$ -	\$ -
\$ - \$ 1,134				
Cummins Engine Company, Inc.				
Fixed Income Fund	89,808	111,753	19,473	68
5,920 227,022				
Vanguard Wellington Fund	77,360	49,591	24,290	74
4,352 155,667				
Vanguard U.S. Growth Fund	45,475	17,367	13,167	91
3,182 79,282				
Vanguard Index Trust Fund	53,581	23,567	15,973	105
3,323 96,549				
Vanguard Explorer Fund	9,192	2,262	2,179	43
411 14,087				
Vanguard International Fund	6,971	1,335	1,292	33
312 9,943				
Cummins Engine Company, Inc.				
Common Stock	111,725	5,847	2,383	18
858 120,831				
Participant Loans	5,919	4,084	1,734	21
954 12,712				
Total cash and investments	401,165	215,806	80,491	453
19,312 717,227				

Receivables:

Employer contributions	3,555	1,332	262	21
562 5,732				
Employee contributions	1,411	1,384	436	3
239 3,473				
Employee loan repayments	274	208	85	1
65 633				
Accrued interest	4	-	-	-
- - 4				
Total receivables	5,244	2,924	783	25
866 9,842				

Total assets	406,409	218,730	81,274	478
20,178 727,069				

Liabilities

Interest payable	2,888	-	-	-
- - 2,888				
Note payable - ESOP	66,550	-	-	-
- - 66,550				
Total liabilities	69,438	-	-	-
- - 69,438				

Net Assets	\$336,971	\$218,730	\$81,274	\$478
\$20,178 \$657,631				

The accompanying notes and schedules are an integral part of these statements.
</TABLE>

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY PLAN
DECEMBER 31, 1997
(stated in 000's)

<TABLE>
<CAPTION>

Lubricon	CDC	TOTAL	Salaried	Bargaining	Onan

<S>	<C>	<C>	<C>	<C>	<C>
Net Assets - beginning of year		\$336,971	\$218,730	\$81,274	
\$478	\$20,178	\$657,631			
<hr/>					
Investment income:					
Fund investment income		57,480	33,293	16,480	
95	3,837	111,185			
Interest income		23	-	-	
- -	-	23			
Dividend income		1,488	-	-	
- -	-	1,488			
Net realized & unrealized depreciation in the value of investments		29,137	-	-	
- -	-	29,137			
<hr/>					
Total investment income		88,128	33,293	16,480	
95	3,837	141,833			
Less: investment advisory expense		17	-	-	
- -	-	17			
interest expense		5,638	-	-	
- -	-	5,638			
<hr/>					
Net investment income		82,473	33,293	16,480	
95	3,837	136,178			
<hr/>					
Contributions:					
Employer		12,649	1,363	152	
14	1,247	15,425			
Employee		22,737	13,927	5,631	
68	2,596	44,959			
Rollover		1,475	129	178	
- -	30	1,812			
<hr/>					
Total contributions		36,861	15,419	5,961	
82	3,873	62,196			
<hr/>					
Participant withdrawals		(21,231)	(15,182)	(6,215)	
(40)	(1,789)	(44,457)			
Inter-plan transfers		449	(72)	895	
(2)	256	1,526			
<hr/>					
Net assets - end of year		\$435,523	\$252,188	\$98,395	
\$613	\$26,355	\$813,074			
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The accompanying notes and schedules are an integral part of these statements.

</TABLE>

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY PLAN
DECEMBER 31, 1996
(stated in 000's)

<TABLE>	<CAPTION>	Salaried	Bargaining	Onan	<C>
Lubricon	CDC	TOTAL			
<hr/>					
<S>	<C>	<C>	<C>	<C>	<C>
<C>	<C>				

Net Assets - beginning of year			\$274,796	\$195,517	\$69,026
\$469	\$17,064	\$556,872			
<hr/>					
Investment income:					
Fund investment income			39,001	23,367	11,144
68	2,550	76,130			
Interest income			26	-	-
- -	-	26			
Dividend income			2,252	-	-
- -	-	2,252			
Net realized & unrealized depreciation in the value of investments			20,256	-	-
- -	-	20,256			
<hr/>					
Total investment income			61,535	23,367	11,144
68	2,550	98,664			
Less: investment advisory expense			44	-	-
- -	-	44			
interest expense			5,777	-	-
- -	-	5,777			
<hr/>					
Net investment income			55,714	23,367	11,144
68	2,550	92,843			
<hr/>					
Contributions:					
Employer			5,342	1,346	266
21	564	7,539			
Employee			19,798	13,885	5,768
46	2,161	41,658			
Rollover			779	34	193
- -	44	1,050			
<hr/>					
Total contributions			25,919	15,265	6,227
67	2,769	50,247			
<hr/>					
Participant withdrawals			(19,649)	(15,218)	(5,191)
(126)	(2,147)	(42,331)			
Inter-plan transfers			191	(201)	68
- -	(58)	-			
<hr/>					
Net assets - end of year			\$336,971	\$218,730	\$81,274
\$478	\$20,178	\$657,631			
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The accompanying notes and schedules are an integral part of these statements.

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CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY PLAN
DECEMBER 31, 1995
(stated in 000's)

			Salaried	Bargaining	Onan	
Lubricon	CDC	TOTAL				
<hr/>						
<S>			<C>	<C>	<C>	<C>
<C>	<C>					
<hr/>						
Net Assets - beginning of year			\$238,898	\$167,221	\$54,262	
\$369	\$13,892	\$474,642				
<hr/>						

Cummins Engine Company, Inc.									
Fixed Income Fund				225,579	-	-	-	-	-
-	-	-	-	-	225,579	-	-	-	-
Vanguard Wellington Fund				-	194,925	-	-	-	-
-	-	-	-	-	194,925	-	-	-	-
Vanguard U.S. Growth Fund				-	-	98,669	-	-	-
-	-	-	-	-	98,669	-	-	-	-
Vanguard Index Trust Fund				-	-	-	144,273	-	-
-	-	-	-	-	144,273	-	-	-	-
Vanguard Explorer Fund				-	-	-	-	19,339	-
-	-	-	-	-	19,339	-	-	-	-
Vanguard International Fund				-	-	-	-	-	-
10,468	-	-	-	-	10,468	-	-	-	-
Cummins Engine Company, Inc.									
Common Stock				-	-	-	-	-	-
-	-	29,398	127,787	6059	-	163,244	-	-	-
Participant Loans				-	-	-	-	-	-
-	-	-	-	13,092	13,092	-	-	-	-
Total cash and investments				225,579	194,925	98,669	144,273	19,339	
10,468	29,398	128,652	6324	13,092	870,719				
Receivables:									
Employer contributions				1,009	433	256	324	50	
32	95	3,781	-	-	5,980				
Employee contributions				1,026	835	545	715	122	
74	151	-	-	-	3,468				
Employee loan repayments				210	160	104	131	17	
10	40	-	-	-	672				
Accrued interest				-	-	-	-	-	
-	-	4	-	-	4				
Total receivables				2,245	1,428	905	1,170	189	
116	286	3,785	-	-	10,124				
Total assets				227,824	196,353	99,574	145,443	19,528	
10,584	29,684	132,437	6324	13,092	880,843				
Liabilities									
Interest payable				-	-	-	-	-	
-	-	2,819	-	-	2,819				
Note payable - ESOP				-	-	-	-	-	
-	-	64,950	-	-	64,950				
Total liabilities				-	-	-	-	-	
-	-	67,769	-	-	67,769				
Net Assets				\$227,824	\$196,353	\$99,574	\$145,443	\$19,528	
\$10,584	\$29,684	\$64,668	\$6324	\$13,092	\$813,074				

The accompanying notes and schedules are an integral part of these statements.

</TABLE>

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CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF NET ASSETS BY FUND
DECEMBER 31, 1996
(stated in 000's)

<CAPTION>

Cummins	Loan		Fixed		U.S.	Index	Explorer
Intl.	Stock	ESOP	Income	Wellington	Growth	Fund	Fund
		Fund	Total				

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets									
Cash and investments:									
The Northern Trust Company									
Short-Term Investment Fund	\$	-	\$	-	\$	-	\$	-	\$
- - \$	-	\$ 1,134	\$	-	\$ 1,134				
Cummins Engine Company, Inc.									
Fixed Income Fund		227,022		-		-		-	
- -	-	-	-	227,022					
Vanguard Wellington Fund		-	155,667		-		-		-
- -	-	-	155,667						
Vanguard U.S. Growth Fund		-	-	79,282		-		-	
- -	-	-	79,282						
Vanguard Index Trust Fund		-	-	-	96,550		-		-
- -	-	-	96,550						
Vanguard Explorer Fund		-	-	-	-	14,088		-	-
- -	-	-	14,088						
Vanguard International Fund		-	-	-	-	-		-	-
9,942	-	-	-	9,942					
Cummins Engine Company, Inc.									
Common Stock		-	-	-	-	-		-	-
- -	18,135	102,694	-	120,829					
Participant Loans									
- -	-	-	12,712	12,712					
Total cash and investments									
9,942	18,135	103,828	12,712	227,022	155,667	79,282	96,550	14,088	
				717,226					
Receivables:									
Employer contributions									
41	78	3,365	-	1,037	500	303	350	58	
				5,732					
Employee contributions									
79	100	-	-	1,126	838	555	646	129	
				3,473					
Employee loan repayments									
12	26	-	-	209	155	102	112	18	
				634					
Accrued interest									
- -	-	4	-	-	-	-	-	-	
				4					
Total receivables									
132	204	3,369	-	2,372	1,493	960	1,108	205	
				9,843					
Total assets									
10,074	18,339	107,197	12,712	229,394	157,160	80,242	97,658	14,293	
				727,069					
Liabilities									
Interest payable									
- -	-	2,888	-	-	-	-	-	-	
				2,888					
Note payable - ESOP									
- -	-	66,550	-	-	-	-	-	-	
				66,550					
Total liabilities									
- -	-	69,438	-	-	-	-	-	-	
				69,438					
Net Assets									
\$10,074	\$18,339	\$37,759	\$12,712	\$229,394	\$157,160	\$80,242	\$97,658	\$14,293	
				\$657,631					

The accompanying notes and schedules are an integral part of these statements.

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<TABLE>

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY FUND
DECEMBER 31, 1997
(stated in 000's)

<CAPTION>

Cummins		Flexi	Loan	Fixed		U.S.			
Intl.	Stock	ESOP	Trust	Income Fund	Wellington Total	Growth	Index	Explorer	
<S>				<C>	<C>	<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net Assets - beginning of year				\$229,394	\$157,160	\$80,242	\$97,658	\$14,293	
\$10,074	\$18,339	\$37,759	-	\$12,712	\$657,631				
Investment income:									
Fund investment income (loss)				14,236	36,584	20,540	34,077	1,983	
(593)	4,359	-	-	-	111,186				
Interest income				-	-	-	-	-	
-	-	23	-	-	23				
Dividend income				-	-	-	-	-	
-	-	1,431	56	-	1,487				
Net realized and unrealized depreciation in the value of investments				-	-	-	-	-	
-	-	29,484	(346)	-	29,138				
Total investment income (loss)				14,236	36,584	20,540	34,077	1,983	
(593)	4,359	30,938	(290)	-	141,834				
Less: investment advisory expense				-	-	-	-	-	
-	-	17	-	-	17				
interest expense				-	-	-	-	-	
-	-	5,637	-	-	5,637				
Net investment income (loss)				14,236	36,584	20,540	34,077	1,983	
(593)	4,359	25,284	(290)	-	136,180				
Contributions:									
Employer				1,228	540	358	430	66	
45	133	5,894	6730	-	15,424				
Employee				12,136	10,908	7,792	9,537	1,766	
1,232	1,587	-	-	-	44,958				
Rollover				348	250	329	508	130	
46	202	-	-	-	1,813				
Total contributions				13,712	11,698	8,479	10,475	1,962	
1,323	1,922	5,894	6730	-	62,195				
Participant loan repayments				2,747	2,124	1,446	1,662	237	
158	408	-	-	(8,782)	-				
Inter-fund transfers				(11,277)	60	(4,527)	8,773	2,079	
238	6,180	-	(44)	-	-				
Payments:									
Participant withdrawals				(18,124)	(8,913)	(5,124)	(5,547)	(803)	
(489)	(1,073)	(2,787)	(72)	-	(42,932)				
Participant loan withdrawals				(2,864)	(2,360)	(1,482)	(1,655)	(223)	
(127)	(451)	-	-	9,162	-				
Total payments				(20,988)	(11,273)	(6,606)	(7,202)	(1,026)	
(616)	(1,524)	(2,787)	(72)	9,162	(42,932)				

Net Assets - end of year	\$227,824	\$196,353	\$99,574	\$145,443	\$19,528
\$10,584	\$29,684	\$64,668	\$6324	\$13,092	\$813,074

The accompanying notes and schedules are an integral part of these statements.

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<TABLE>

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY FUND
DECEMBER 31, 1996
(stated in 000's)

<CAPTION>

Cummins		Loan		Fixed	U.S.			
Intl.	Stock	ESOP	Fund	Income Total	Wellington	Growth	Index	Explorer
<S>				<C>	<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net Assets - beginning of year				\$227,822	\$135,360	\$54,293	\$71,047	\$9,352
8,102	\$21,651	\$17,667	\$11,578	\$556,872				\$
Investment income:								
Fund investment income (loss)				14,358	21,730	15,259	17,403	1,357
904	5,120	-	-	76,131				
Interest income				-	-	-	-	-
-	-	26	-	26				
Dividend income				-	-	-	-	-
-	-	2,252	-	2,252				
Net realized and unrealized depreciation in the value of investments				-	-	-	-	-
-	-	20,257	-	20,257				
Total investment income (loss)				14,358	21,730	15,259	17,403	1,357
904	5,120	22,535	-	98,666				
Less: investment advisory expense				-	-	-	-	-
-	-	44	-	44				
interest expense				-	-	-	-	-
-	-	5,777	-	5,777				
Net investment income (loss)				14,358	21,730	15,259	17,403	1,357
904	5,120	16,714	-	92,845				
Contributions:								
Employer				1,080	501	303	351	59
41	79	5,125	-	7,539				
Employee				13,169	10,273	6,426	7,533	1,657
1,194	1,405	-	-	41,657				
Rollover				207	182	192	265	91
53	60	-	-	1,050				
Total contributions				14,456	10,956	6,921	8,149	1,807
1,288	1,544	5,125	-	50,246				
Participant loan repayments				2,751	1,971	1,229	1,405	244
180	364	-	(8,144)	-				
Inter-fund transfers				(7,367)	(470)	8,234	5,399	2,371
389	(8,556)	-	-	-				

Payments:								
Participant withdrawals				(19,211)	(10,208)	(4,406)	(4,179)	(673)
(644)	(1,264)	(1,747)	-	(42,332)				
Participant loan withdrawals				(3,415)	(2,179)	(1,288)	(1,566)	(165)
(145)	(520)	-	9,278	-				
Total payments								
(789)	(1,784)	(1,747)	9,278	(22,626)	(12,387)	(5,694)	(5,745)	(838)
				(42,332)				
Net Assets - end of year								
\$10,074	\$18,339	\$37,759	\$12,712	\$229,394	\$157,160	\$80,242	\$97,658	\$14,293
				\$657,631				

The accompanying notes and schedules are an integral part of these statements.

</TABLE>

<TABLE>

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
COMBINING STATEMENTS OF CHANGES IN NET ASSETS BY FUND
DECEMBER 31, 1995
(stated in 000's)

<CAPTION>

Cummins	Loan	Fixed	U.S.					
Explorer	Intl.	Stock	ESOP	Income Fund	Wellington Total	Growth	Index	
<S>			<C>	<C>	<C>	<C>	<C>	<C>
<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net Assets - beginning of year				\$214,951	\$ 99,306	\$31,985	\$44,135	\$4,134
\$10,511	\$22,298	\$35,953	\$11,369	\$474,642				
Investment income:								
Fund investment income (loss)				15,416	31,854	13,383	17,250	1,429
770	(3,255)	-	-	76,847				
Interest income				-	-	-	-	-
-	-	28	-	28				
Dividend income				-	-	-	-	-
-	-	2,287	-	2,287				
Net realized and unrealized depreciation in the value of investments				-	-	-	-	-
-	-	(18,865)	-	(18,865)				
Total investment income (loss)				15,416	31,854	13,383	17,250	1,429
770	(3,255)	(16,550)	-	60,297				
Less: investment advisory expense				51	-	-	-	-
-	-	50	-	101				
interest expense				-	-	-	-	-
-	-	5,907	-	5,907				
Net investment income (loss)				15,365	31,854	13,383	17,250	1,429
770	(3,255)	(22,507)	-	54,289				
Contributions:								
Employer				1,309	526	268	309	45
40	96	5,157	-	7,750				
Employee				16,125	10,654	5,579	6,694	1,175
1,489	2,007	-	-	43,723				
Rollover				254	262	235	291	68
62	74	-	-	1,246				

Total contributions				17,688	11,442	6,082	7,294	1,288
1,591	2,177	5,157	-	52,719				
<hr/>								
Participant loan repayments				2,994	1,835	945	1,137	151
204	461	-	(7,727)	-				
<hr/>								
Inter-fund transfers				(6,077)	(2,427)	4,462	4,288	2,792
(4,420)	1,382	-	-	-				
<hr/>								
Payments:								
Participant withdrawals				(13,912)	(4,811)	(1,651)	(1,922)	
(298)	(361)	(887)	(936)	-	(24,778)			
Participant loan withdrawals				(3,187)	(1,838)	(913)	(1,136)	
(144)	(193)	(525)	-	7,936	-			
<hr/>								
Total payments				(17,099)	(6,649)	(2,564)	(3,058)	
(442)	(554)	(1,412)	(936)	7,936	(24,778)			
<hr/>								
Net assets - end of year				\$227,822	\$135,361	\$54,293	\$71,046	\$9,352
\$ 8,102	\$21,651	\$17,667	\$11,578	\$556,872				
<hr/>								
<hr/>								

The accompanying notes and schedules are an integral part of these statements.

</TABLE>

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1997 AND 1996

1. SUMMARY OF THE PLAN

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

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Combination

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

Cummins Engine Company, Inc. and Affiliates Retirement and Savings Plan for Salaried and Non-Bargaining Hourly Employees (Salaried Plan)

Cummins Engine Company, Inc. and Affiliates Retirement and Savings Plan for Bargaining Unit Employees (Bargaining Plan)

Cummins Engine Company, Inc. Retirement and Savings Plan for Onan Corporation Employees (Onan Plan)

Cummins Engine Company, Inc. Retirement and Savings Plan for Lubricant Consultants, Inc. Employees (Lubricon Plan)

Cummins Engine Company, Inc. Retirement and Savings Plan for Consolidated Diesel Company Employees (CDC Plan)

Trust Arrangements

A single trust arrangement is maintained with the Trustee for the administration of all the investments in the Plans; however, the Employee Stock Ownership Plan (ESOP) was maintained with The Northern Trust Company (Vanguard assumed responsibility effective February 1997) for the ESOP portion of the Plans (as described in Note 3).

Accounting Method

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

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

Investments

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

The Fixed Income Fund consists primarily of insurance contracts and bank investment contracts with various insurance companies. The insurance companies maintain investment accounts for each contract. The accounts are credited with earnings on the underlying investments at interest rates ranging from 4.95% to 7.88% for both 1996 and 1997 and charged for withdrawals and administrative expenses by the insurance companies. The contracts are included in the financial statements at contract value. Fair Values of the contracts approximate \$228,086,000 and \$227,560,000 at December 31, 1997 and 1996, respectively. Contract values represent contributions made under the contracts, plus earnings, less Plan withdrawals and administrative expenses. The crediting interest rate is based on an agreed upon formula with the issuer.

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

Like all the other investment alternatives, the Cummins Common Stock Fund is valued in units. The net asset value per unit fluctuates on a daily basis with the change in the price of Cummins Stock. At December 31, 1997 there were a total of 2,599,000 units and a net asset value of \$29,680,000.

The assets of the Fixed Income Fund consist primarily of insurance and bank investment contracts. The Wellington Fund consists primarily of equity, fixed income, and cash equivalent marketable securities. The Vanguard U.S. Growth Fund consists primarily of long-term domestic and foreign capital growth stock. The Vanguard Institutional Index Fund consists primarily of equity and cash equivalent marketable securities whose investment results should correspond to the performance of the Standard & Poor's 500 Composite Stock Price (S & P 500) Index. The Explorer Fund consists of common stocks of small companies with favorable prospects for above-average growth in market value. The International Fund consists of a broadly diversified portfolio of non-U.S. equity securities selected on the basis of relative value. The Cummins Common Stock Fund consists of investments in Company common stock. The ESOP Fund consists of matching contributions in the form of common stock for certain plans. The Flexi Trust Fund also consists of matching contributions in the form of common stock for certain plans.

Effective January 1996, the Vanguard Institutional Index Fund replaced Vanguard Index Trust-500 Fund.

Net investment income (loss) of each fund is allocated to each Plan based on the relationship of each Plan's investment in the fund

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

Participant Loans

The Plans permit participants to borrow portions of their accounts subject to Department of Labor regulations. Participants may take out loans limited to the lesser of \$50,000 or 50 percent of the present value of their accounts (excluding ESOP and Flexi Trust accounts) over a period not to exceed 54 months. The annual interest rate is the Prime Rate, as quoted in the Wall Street Journal, plus 1 percent. The amount used to secure a loan is 50 percent of the participant's account balance.

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

Administrative Expenses and Investment Advisory Fees

Administrative expenses such as record keeping fees are paid by the Companies. Investment advisory fees for portfolio management of Vanguard Funds are paid directly from fund earnings. Investment advisory fees for the Fixed Income Fund are paid directly from the fund. The trust agreement entitles the Trustee to receive reasonable compensation for services rendered and expenses incurred in the administration and execution of the Plans.

3. DESCRIPTION OF THE PLANS

Participation

Substantially all full-time, domestic employees of the Company and designated subsidiaries are eligible to participate in one of the Plans no later than the first day of the month following the 60th day after date of employment. Nonresident aliens employed by the Company or a foreign subsidiary are eligible to participate if the Company owns at least 80 percent of the foreign subsidiary's common stock.

The Plans encourage voluntary savings through regular payroll deductions. Subject to limitations contained in the Internal Revenue Code and Regulations, participants may contribute up to 15 percent of gross pay (10 percent with respect to certain highly compensated participants) as pre-tax contributions, and 10 percent of gross pay as after-tax contributions (not to exceed 20% in total). In addition, participants are permitted to make voluntary additional after-tax contributions once each year.

Either at the end of each Plan year or on a monthly basis (monthly matching new in January, 1997), the Companies make matching contributions for each participant's pre-tax and after-tax contributions that remain in the Plans at the end of the Plan year or month. The formulas for these matches, as set forth in the Plans, vary for each Company (see Schedule III). Certain groups of participants receive cash matches and other groups participate in the ESOP and Flexi Trust (as described below) and receive matching contributions in the form of Company common stock. All matching cash contributions, ESOP shares, Flexi Trust shares, and earnings thereon are immediately vested and nonforfeitable.

In July 1989, the Company established the ESOP Trust and sold 2,362,206 shares of its common stock at \$31.75 per share (amounts reflect two-for-one common stock split) to the ESOP Trust in exchange for a \$75 million promissory note (the Note) secured by the shares. In December 1990, the ESOP Trust prepaid its then-current indebtedness to the Company with proceeds from the issuance of \$72,750,000 of 8.76 percent ESOP Notes due 1998 and guaranteed by the Company (see Note 6). The arrangement requires the Companies to contribute an aggregate annual amount to the ESOP Trust equal to the annual principal and interest payable under the terms of the Note after application of dividends paid on shares held in the ESOP Trust. As the ESOP Trust's indebtedness is repaid from these sources of funds, shares are allocated to the accounts of participants in the ESOP in relative proportion to each participant's contributions to the Plans as well as dividends received on shares previously allocated to the participant's account in the ESOP Trust. Effective July, 1998 the ESOP Notes will be refinanced at 6.96 percent due 2010 and guaranteed by the Company (see Note 6). As of December 31, 1997,

1,030,978 shares were allocated and 1,331,228 remain unallocated in the ESOP Trust.

In January 1997, the Company established the Flexi Trust and sold 3,750,000 shares of its common stock at \$48.25 per share to the Flexi Trust in exchange for a \$180,937,500 promissory note (the Note) at 7.65 percent due 2012 secured by the shares. In the event contributions to, and earnings of, the Trust are insufficient to satisfy any installment of principal and interest on the due date thereof, the Company (acting through the Trust Committee) may, in its discretion, forgive such installment to the extent of the insufficiency.

Participant and Company cash matching contributions are deposited in the Trust and then invested in the seven investment funds in accordance with participant elections. Account balances and contributions can be invested in one or more of the seven investment funds in multiples of 1 percent. Investment direction can be changed daily with a limit of two times per month. Until February 3, 1997, common stock account balances in the ESOP and Flexi Trust accounts could not be redirected. As of February 3, 1997, participants 55 years of age or older are able to diversify their stock account balances in the ESOP and Flexi Trust accounts into the other RSP investment options. Investment experience is allocated to participant accounts on a daily basis.

Participant Withdrawals

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

Plan Payouts

Upon termination of employment, immediate distribution is made to those participants with account balances less than or equal to \$3,500. Terminating participants with account balances greater than \$3,500 must consent to any payment prior to the attainment of age 70 1/2. Participants who do not consent to immediate distribution may subsequently elect in writing to begin receiving benefits as soon as is practical, provided that in any event the distribution commences no later than April 1 of the Plan year following the Plan year in which age 70 1/2 occurs. Account balances remaining in the Plans will continue to share in the earnings of the investments prior to distribution. Distributions from the ESOP and Flexi Trust portions of the Plans are in whole shares of stock allocated to participant accounts, with cash for partial shares unless participants elect to receive the entire distribution in cash at current market value.

4. PLAN AMENDMENTS

Effective January 1, 1996, the after-tax match for OCU employees hired after June 19, 1990 and OCU-CMEP employees (Bargaining Plan) was replaced by a pre-tax match of \$1 for every \$1 contributed up to 2% of gross pay and \$.25 for every \$1 contributed up to the next 4% of gross pay.

Effective January 1, 1997, the pre- and after-tax matches for Salaried and Nonbargaining Hourly and Consolidated Diesel Company (CDC) was replaced by a pre-tax match of \$.50 for every \$1 contributed up to 6% of gross pay. However, hourly employees meeting certain criteria at Jamestown, Charleston and CDC had the option of adopting the above mentioned amendment or remaining with the old plan.

As of February 3, 1997, participants 55 years of age or older are able to diversify their stock account balances in the ESOP and Flexi Trust accounts into the other RSP investment options.

5. TAX STATUS

The Internal Revenue Service issued determination letters stating

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

6. LONG-TERM DEBT

The ESOP Trust has issued \$72,750,000 of ESOP Notes due in 1998 with an annual interest rate of 8.76 percent payable semi-annually to the Note holders (see Note 3). Effective January 1, 1993, the interest rate on the notes was reduced to 8.68 percent due to a tax law change. Effective July, 1998 the ESOP Notes will be refinanced at 6.96 percent due 2010 and guaranteed by the Company. A principal payment of \$2.3 million is due in 1999. The final principal payment, \$3.15 million, is due on January 4, 2010.

7. PARTIES-IN-INTEREST AND REPORTABLE TRANSACTIONS

Party-in-interest transactions during the plan year ended December 31, 1997 are included in Schedules I and II of these statements.

Reportable transactions during the plan year ended December 31, 1997 are included in Schedule II of these statements.

SCHEDULE I

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

ITEM 27 A: SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
AS OF DECEMBER 31, 1997
(cost and market value amounts stated in 000's)

ISSUER/DESCRIPTION	COST	MARKET VALUE
Salaried:		
The Northern Trust Company Short-Term Investment Fund	\$ 1,130	\$ 1,130
Cummins Engine Company, Inc. Fixed Income Fund****	88,160	88,160
Vanguard Wellington Fund***	74,789	96,263
Vanguard U.S. Growth Fund***	40,676	57,069
Vanguard Index Trust Fund***	57,236	79,880
Vanguard Explorer Fund***	13,073	13,112
Vanguard International Fund***	9,700	7,542
Cummins Engine Company, Inc. Common Stock***	73,911	148,332
Participant Loans (7.0%-10.0%)	6,346	6,346
	<u>\$365,021</u>	<u>\$497,834</u>
Bargaining:		
The Northern Trust Company Short-Term Investment Fund	\$ -	\$ -
Cummins Engine Company, Inc. Fixed Income Fund****	111,266	111,266
Vanguard Wellington Fund***	48,880	62,915
Vanguard U.S. Growth Fund***	14,533	20,390
Vanguard Index Trust Fund***	25,949	36,215
Vanguard Explorer Fund***	3,084	3,093
Vanguard International Fund***	1,615	1,256
Cummins Engine Company, Inc. Common Stock***	4,928	9,890
Participant Loans (7.0%-10.0%)	4,142	4,142
	<u>\$214,397</u>	<u>\$249,167</u>

Onan:		
The Northern Trust Company		
Short-Term Investment Fund	\$ -	\$ -
Cummins Engine Company, Inc.		
Fixed Income Fund****	20,194	20,194
Vanguard Wellington Fund***	23,226	29,895
Vanguard U.S. Growth Fund***	11,928	16,735
Vanguard Index Trust Fund***	16,104	22,475
Vanguard Explorer Fund***	2,539	2,547
Vanguard International Fund***	1,666	1,295
Cummins Engine Company, Inc.		
Common Stock***	1,603	3,217
Participant Loans (7.0%-10.0%)	1,475	1,475
	<hr/>	<hr/>
	\$ 78,735	\$ 97,833

Lubricon:		
The Northern Trust Company		
Short-Term Investment Fund	\$ -	\$ -
Cummins Engine Company, Inc.		
Fixed Income Fund****	75	75
Vanguard Wellington Fund***	80	103
Vanguard U.S. Growth Fund***	83	116
Vanguard Index Trust Fund***	95	133
Vanguard Explorer Fund***	84	84
Vanguard International Fund***	41	32
Cummins Engine Company, Inc.		
Common Stock***	10	21
Participant Loans (7.0%-10.0%)	28	28
	<hr/>	<hr/>
	\$ 496	\$ 592

CDC:		
The Northern Trust Company		
Short-Term Investment Fund	\$ -	\$ -
Cummins Engine Company, Inc.		
Fixed Income Fund****	5,884	5,884
Vanguard Wellington Fund***	4,467	5,750
Vanguard U.S. Growth Fund***	3,107	4,359
Vanguard Index Trust Fund***	3,990	5,569
Vanguard Explorer Fund***	499	501
Vanguard International Fund***	442	344
Cummins Engine Company, Inc.		
Common Stock***	888	1,783
Participant Loans (7.0%-10.0%)	1,102	1,102
	<hr/>	<hr/>
	\$ 20,381	\$ 25,292

Total:		
The Northern Trust Company		
Short-Term Investment Fund	\$ 1,130	\$ 1,130
Cummins Engine Company, Inc.		
Fixed Income Fund****	225,579	225,579
Vanguard Wellington Fund***	151,443	194,926
Vanguard U.S. Growth Fund***	70,327	98,669
Vanguard Index Trust Fund***	103,374	144,272
Vanguard Explorer Fund***	19,279	19,337
Vanguard International Fund***	13,465	10,469
Cummins Engine Company, Inc.		
Common Stock***	81,341	163,243
Participant Loans (7.0%-10.0%)	13,093	13,093
	<hr/>	<hr/>
	\$679,031	\$870,718

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

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

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND INVESTMENT PLANS
EIN 35-0257090
ITEM 27A: SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
AS OF DECEMBER 31, 1997
(cost and market value amounts stated in 000's)

SECURITY NAME UNDERLYING ASSET	RATE	CONTRACT VALUE AT 12/31/97	MARKET VALUE AT 12/31/97
AIG 129128	7.07%	\$ 8,883	\$ 9,197
AIG 18175B	4.95%	3,048	3,048
Caisse Des Depots 31701	6.78%	10,054	10,270
Canada Life P45735	5.90%	7,308	7,308
Deutschi Bank VG-CUM-1	6.35%	17,833	18,008
Deutschi Bank VG-CUM-2	7.04%	8,385	8,689
John Hancock 8760	6.48%	7,452	7,452
Metropolitan 13753	6.93%	4,478	4,478
New York Life GA-06971	7.10%	6,380	6,380
New York Life GA-06971-002	7.32%	12,730	12,730
New York Life GA-30196	7.88%	12,865	12,865
New York Life GA-30196-002	7.35%	6,352	6,352
Principal 4-15203-1	7.75%	4,434	4,434
Principal 4-15203-2	7.86%	8,897	8,897
Principal 4-15203-3	7.30%	7,307	7,307
Prudential GA 5036-214	5.21%	4,941	4,941
Prudential GA 5036-216	7.26%	9,056	9,056
Rabobank CUM-119601	6.18%	10,654	10,875
Rabobank CUM-089501	6.38%	11,547	11,847
Rabobank CUM-049601	6.51%	11,129	11,585
Sun Life Canada S-0856-G	5.77%	10,487	10,487
Sun Life Canada S-0877-G	5.70%	6,416	6,416
Bank of Union Switzerland 2112	6.26%	14,044	14,372
WLB4001	6.21%	5,046	5,063
VGI Money Market Prime	5.48%	16,029	16,029
Total		\$225,755	\$228,086

<TABLE>

Schedule II

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND INVESTMENT PLANS
SCHEDULE OF REPORTABLE TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 1997
(amounts stated in 000's)

<CAPTION>

Current Proceeds	Gain or Value	(Loss)	Number of Transactions	Par Value or Principal Amount	Purchased Cost	Sales
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Description of Issue						
<hr/>						
Vanguard Wellington Fund***			158	N/A	\$43,247	\$
- -	\$43,247	\$ -				
Vanguard Wellington Fund***			161	N/A	18,041	
23,835	-	5,794				
Vanguard World-U.S. Growth***			161	N/A	23,263	
- -	23,263	-				
Vanguard World-U.S. Growth***			161	N/A	14,647	
20,525	-	5,878				
VMMR - Prime Portfolio***			147	N/A	59,055	
- -	59,055	-				
VMMR - Prime Portfolio***			77	N/A	58,762	

58,762	-	-			
Vanquard Institutional Index***	184	N/A	36,258		
- - 36,258	-				
Vanquard Institutional Index***	132	N/A	14,462		
19,186	-	4,724			
Fixed Income Fund	165	N/A	60,283		
- - 60,283	-				
Fixed Income Fund	159	N/A	61,717		
61,717	-	-			
Cummins Common Stock Fund***	163	N/A	22,561		
- - 22,561	-				
Cummins Common Stock Fund***	151	N/A	10,914		
15,230	-	4,316			
Cummins ESOP Fund***	85	N/A	3,328		
4,125	-	797			
Transfer of Assets from TNT	2	N/A	-		
- - 50,975	-				
To Vanguard					

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

</TABLE>

Schedule III

CUMMINS ENGINE COMPANY, INC. AND AFFILIATES
RETIREMENT AND SAVINGS PLANS
SCHEDULE OF MATCHING CONTRIBUTION FORMULAS
AS OF DECEMBER 31, 1997

EMPLOYING COMPANY	LOC CODE	LOCATION NAME	CASH CONTRIBUTIONS	ESOP STOCK CONTRIBUTION
Cummins Engine Company	110	Columbus Exempt	No	Yes (12)
"	120	Columbus DWU	Yes (3) (4)	No
"	121	Walesboro DWU	Yes (13)	No
"	122	DWU New Hires	Yes (13)	No
"	130	Columbus OCU	Yes (3) (4)	No
"	131	OCU New Hires	Yes (13)	No
"	132	Walesboro OCU	Yes (13)	No
"	135	Cols. Security	No	Yes (1) (2)
CADEC	190	CADEC	No	Yes (12)
Cummins Engine Company	200 (O)	CHS Mgmt. Services	No	Yes (1) (2)
"	200 (N)	CHS Mgmt. Services	No	Yes (12)
"	220 (O)	CTI Charleston	No	Yes (1) (2)
"	220 (N)	CTI Charleston	No	Yes (12)
Cummins Engine Company	240 (O)	CHS Cylinder Head	No	Yes (1) (2)
"	240 (N)	CHS Cylinder Heads	No	Yes (12)
"	250 (O)	CHS Recon	No	Yes (1) (2)
"	250 (N)	CHS Recon	No	Yes (12)
"	260 (O)	CHS Engr Test Svcs	No	Yes (1) (2)
"	260 (N)	CHS Engr Test Svcs	No	Yes (12)
"	291 (O)	Cummins Marine	No	Yes (1) (2)
"	291 (N)	Cummins Marine	No	Yes (12)
"	300 (O)	Jamestown	No	Yes (1) (2)
"	300 (N)	Jamestown	No	Yes (12)
"	301	JEP New Hires	No	Yes (12)
Cummins Natural Gas Engines	390	Cummins Natural Gas	No	Yes (12)
Cummins Americas, Inc.	400	Miami PDC	No	Yes (12)
Atlas Crankshaft	500	Atlas Salaried	No	Yes (12)
"	510	Atlas Union	Yes (14)	No
Onan Corporation	550	Onan-Multiple Loc.	Yes (8)	Yes (7)
"	551	Onan Huntsville	Yes (8)	Yes (7)
"	552	Onan OPE St. Peter	Yes (8)	Yes (7)
Fleetguard, Inc.	600	Fleetguard TN Salaried	No	Yes (12)
"	610	Fleetguard Lake Mills Salaried	No	Yes (12)
"	620	Fleetguard Lake Mills Hourly	No	Yes (1) (2)
Fleetguard, Inc.	630	Fleetguard TN Hrly	Yes (9)	No

Lubricant Consultants	640	Lubricon	Yes (11)	No
Kuss	650	Kuss Salaried	No	Yes (1) (2)
Kuss	651	Kuss Union	No	Yes (1) (2)
Cummins Engine Company	700	DRC Salaried	No	Yes (12)
"	* 720	DRC TN Union	Yes (10)	No
Cummins Diesel Intl.	810	CDIL	No	Yes (12)
Consolidated Diesel Co.	900(O)	Consol. Diesel Co.	Yes (10) (6)	No
"	900(N)	Consol. Diesel Co.	Yes (5)	No
Holset Engr. Company	950	Holset Memphis	No	Yes (12)
"	951	Holset CHS	No	Yes (12)
"	952	Holset Air Compressors	No	Yes (12)

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

Matching Contribution Legend

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

Schedule IV

Cummins Engine Company, Inc. and Affiliates
Retirement and Savings Plans
Employing Locations by Plan
As of December 31, 1997

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

110 Columbus Exempt	400 Miami PDC
135 Columbus Security	500 Atlas Salaried
190 CADEC	600 Fleetguard TN Salaried
200 Charleston Management Svcs.	610 Fleetguard Lake Mills Salaried

220	CTI Charleston	620	Fleetguard Lake Mills Hourly
240	Headline	650	Kuss Salaried
250	Charleston ReCon	700	DRC Salaried
260	CHS Engr. Test Services	810	CDIL
291	Cummins Marine	950	Holset Memphis
300	Jamestown	951	Holset Charleston
301	Jamestown New Hires	952	Holset Air Compressors
390	Cummins Natural Gas Engines		

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

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

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

900	Consolidated Diesel Company
901	

Schedule IV

Cummins Engine Company, Inc. and Affiliates
 Retirement and Savings Plans
 Employing Locations by Plan

Cummins Engine Company, Inc. Retirement and Savings Plan for
 Lubricant Consultants, Inc. Employees
 EIN # 22-2083361
 Plan 020

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

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

Schedule V

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

ITEM 27B: SCHEDULE OF LOANS OR FIXED INCOME OBLIGATIONS
 AS OF DECEMBER 31, 1997
 (amounts stated in 000's)

PLAN	ORIGINAL AMOUNT OF LOAN	PRINCIPAL RECEIVED DURING THE YEAR	UNPAID PRINCIPAL AT 12/31/97	AMOUNT OVERDUE
Salaried	\$212	\$23	\$135	\$45
Bargaining	204	14	126	46
Onan	71	7	31	13

CDC	14	-	4	2
Lubricon	5	1	3	1

Participants may borrow amounts contributed up to 50% of the participant's account balance, not to exceed \$50,000. Loans must be repaid at least quarterly over a period not to exceed five years. Interest rates vary depending upon the time the loans are requested. A collection policy has been implemented to tax all delinquent loans greater than 90 days past due as distributions to the participant.

SIGNATURE

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

CUMMINS ENGINE COMPANY, INC.

RETIREMENT AND SAVINGS PLAN

(Name of Plan)

By /s/ Lori G. Roberts

Lori G. Roberts
Secretary - Pension
Policy Committee

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated June 17, 1998, included in this Form 11-K, into the Company's previously filed Registration Statement File Nos. 2-32091, 2-53247, 2-58696, 33-2161, 33-8842, 33-31095, 33-37690, 33-46096, 33-46097, 33-46098, 33-50665, 33-56115, 333-2165, 333-31573 and 333-42687.

ARTHUR ANDERSEN LLP

Chicago, Illinois
June 17, 1998.