UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

CUMMINS ENGINE COMPANY, INC.

For the Quarter Ended June 27, 1999 Commission File Number 1-4949

Indiana	35-0257090
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

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

812-377-5000
(Registrant's Telephone Number)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the proceeding 12 months and (2) has been subject to such filing requirements for the past 90 days:

Yes [x]
No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

As of June 27, 1999, the number of shares outstanding of the registrant's only class of common stock was 41.9 million.

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CUMMINS ENGINE COMPANY, INC.
CONSOLIDATED STATEMENT OF EARNINGS
FOR THE SECOND QUARTER AND FIRST HALF
ENDED JUNE 27, 1999 AND JUNE 28, 1998
Unaudited

	Second Quarter		First Half	
Millions, except per share amounts	1999	1998	1999	1998
Net sales	$1,667	$1,635	$3,172	$3,135
Cost of goods sold	1,296	1,266	2,500	2,426
Special charge	-	-	-	43
Gross profit	371	369	672	666
Selling & administrative expenses	200	199	378	401
Research & engineering expenses	60	65	114	132
Net expense from joint ventures and alliances	5	6	12	10
Interest expense	19	18	38	35
Other expense (income), net	3	-	10	(7)
Earnings before income taxes	84	81	120	95
Provision for income taxes	25	24	35	28
Minority interest	1	4	3	7
Net earnings	$ 58	$ 53	$ 82	$ 60
Basic earnings per share	$ 1.51	$ 1.39	$ 2.14	$ 1.57
Diluted earnings per share	1.50	1.38	2.13	1.55
Cash dividends declared per share	.275	.275	.55	.55

CUMMINS ENGINE COMPANY, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited

Millions, except per share amounts	6/27/99	12/31/98
Assets		
Current assets:		
Cash and cash equivalents	$ 67	$ 38
Receivables	1,015	833
Inventories	760	731
Other current assets	274	274
	2,116	1,876
Investments and other assets	303	280
Property, plant & equipment less accumulated depreciation of $1,469 and $1,424	1,626	1,671
Goodwill, net of amortization of $24 and $17	380	384
Other intangibles, deferred taxes and deferred charges	345	331
Total assets	$4,770	$4,542
Liabilities and shareholders' investment		
Current liabilities:		
Loans payable	$ 54	$ 64
Current maturities of long-term debt	26	26
Accounts payable	415	340
Other current liabilities	751	641
	1,246	1,071
Long-term debt	1,118	1,137

Other liabilities	1,008	1,000
Minority interest	71	62
Shareholders' investment:		
Common stock, $2.50 par value, 48.2 and 48.1 shares issued	121	120
Additional contributed capital	1,124	1,121
Retained earnings	707	648
Accumulated other comprehensive income	(173)	(167)
Common stock in treasury, at cost, 6.3 and 6.1 shares	(250)	(240)
Common stock held in trust for employee benefit plans, 3.5 and 3.6 shares	(167)	(172)
Unearned compensation (ESOP)	(35)	(38)
	1,327	1,272
Total liabilities and shareholders' investment	$4,770	$4,542

CUMMINS ENGINE COMPANY, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited

	First Half Ended	
Millions	6/27/99	6/28/98
Cash flows from operating activities:		
Net earnings	$ 82	$ 60
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation and amortization	114	98
Restructuring actions	(11)	(11)
Accounts receivable	(188)	(165)
Inventories	(28)	(48)
Accounts payable and accrued expenses	200	115
Income taxes payable	8	(6)
Equity in losses of joint ventures and alliances	16	16
Other	(10)	17
Total adjustments	101	16
Net cash provided by operating activities	183	76
Cash flows from investing activities:		
Property, plant and equipment:		
Additions	(80)	(154)
Disposals	21	4
Investments in joint ventures and alliances	(37)	(6)
Acquisition and disposition of businesses	3	(466)
Other	2	1
Net cash used in investing activities	(91)	(621)
Net cash flows provided by (used in) operating and investing activities	92	(545)
Cash flows from financing activities:		
Proceeds from borrowings	-	711
Payments on borrowings	(17)	(117)
Net payments under credit agreements	(10)	(37)
Repurchases of common stock	(10)	-
Dividend payments	(23)	(23)
Other	(3)	3
Net cash (used in) provided by financing activities	(63)	537
Effect of exchange rate changes on cash	-	(1)
Net change in cash and cash equivalents	29	(9)
Cash & cash equivalents at beginning of the year	38	49

Cash & cash equivalents at end of the first half	$ 67	$ 40

CUMMINS ENGINE COMPANY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Unaudited

Note 1. Accounting Policies: The Consolidated Financial Statements for the interim periods ended June 27, 1999 and June 28, 1998 have been prepared in accordance with the accounting policies described in the Company's Annual Report to Shareholders and Form 10-K. Management believes the statements include all adjustments of a normal recurring nature necessary to present fairly the results of operations for the interim periods. Inventory values at interim reporting dates are based upon estimates of the annual adjustments for taking physical inventory and for the change in cost of LIFO inventories.

Note 2. Acquisition: In January 1998, Cummins completed the acquisition of the stock of Nelson Industries, Inc., for $453 million. Nelson, a filtration and exhaust systems manufacturer, was consolidated from the date of its acquisition. In accordance with APB Opinion No.16, Nelson's net assets were recorded at fair value at the date of acquisition. The purchase price in excess of net assets will be amortized over 40 years.

Note 3. Special Charge: In the first quarter of 1998, the Company recorded a special charge for product coverage expense primarily attributable to the recent experience of higher-than-anticipated costs to repair certain automotive engines manufactured in previous years. The Company believes it was necessary to make a special charge of $43 million pre-tax to accrue for such product coverage costs expected to be incurred in the future on these engines currently in the field.

Note 4. Income Taxes: Income tax expense is reported during the interim reporting periods on the basis of the estimated annual effective tax rate for the taxable jurisdictions in which the Company operates.

Note 5. Long-term Debt: In February 1998, the Company issued $765 million face amount of notes and debentures. Net proceeds were used to finance the acquisition of Nelson and pay down other indebtedness outstanding at December 31, 1997.

NOTE 6. Earnings per Share: Basic earnings per share of common stock are computed by dividing net earnings by the weighted-average number of common shares outstanding during the period. Diluted earnings per share are computed by dividing net earnings by the weighted-average number of shares, assuming the exercise of stock options. Shares of stock held by the employee benefits trust are not included in outstanding shares for EPS until distributed from the trust.

	Second Quarter		
Millions, except per share amounts	Net Earnings	Weighted Average Shares	Per-Share Amount
1999			
Basic	$58	38.5	$1.51
Options	-	.2	
Diluted	$58	38.7	$1.50
1998			
Basic	$53	38.5	$1.39
Options	-	.3	
Diluted	$53	38.8	$1.38

First Half

	Weighted	Per-

Millions, except per share amounts	Net Earnings	Average Shares	Share Amount
1999			
Basic	$82	38.5	$2.14
Options	-	.2	
Diluted	$82	38.7	$2.13
1998			
Basic	$60	38.5	$1.57
Options	-	.3	
Diluted	$60	38.8	$1.55

Note 7. Comprehensive Income: Comprehensive income, which includes net income and all other nonowner changes in equity during a period, is as follows:

Millions	Second Quarter Ended June 27, 1999	Second Quarter Ended June 28, 1998
Net income	$ 58	$ 53
Unrealized gain (loss) on securities, net of tax	-	(1)
Translation loss, net of tax	(7)	(33)
Comprehensive income	$ 51	$ 19

Millions	First Half Ended June 27, 1999	First Half Ended June 28, 1998
Net income	$ 82	$ 60
Unrealized gain (loss) on securities, net of tax	1	(1)
Translation loss, net of tax	(7)	(52)
Comprehensive income	$ 76	$ 7

Note 8. Segment Information: Operating segment information is as follows:

Millions	Engine	Power Generation	Filtration And Other	Total
Second Quarter Ended June 27, 1999				
Net sales	$1,095	$305	$267	$1,667
Earnings before interest and income taxes	59	11	33	103
Net assets	974	509	815	2,298
Second Quarter Ended June 28, 1998				
Net sales	$1,049	$313	$273	$1,635
Earnings before interest and income taxes	56	10	33	99
Net assets	1,191	534	809	2,534
First Half Ended June 27, 1999				
Net sales	$2,095	$556	$521	$3,172
Earnings before interest and income taxes	86	13	59	158
First Half Ended June 28, 1998				
Net sales	$2,002	$604	$529	$3,135
Earnings before interest,				

income taxes & special charges	104	12	57	173
Special charges	43	-	-	43
Earnings before interest and income taxes	61	12	57	130

Reconciliation to Consolidated Financial Statements:

Millions	Second Quarter Ended 6/27/99	6/28/98
Earnings before interest and income taxes for reportable segments	$ 103	$ 99
Interest expense	19	18
Earnings before income taxes	$ 84	$ 81
Net assets for reportable segments	$2,298	$2,534
Liabilities deducted in arriving at net assets	2,116	1,716
Deferred tax assets not allocated to segments	334	256
Debt-related costs not allocated to segments	22	22
Total assets	$4,770	$4,528

Millions	First Half Ended 6/27/99	6/28/98
Earnings before interest and income taxes for reportable segments	$ 158	$ 130
Interest expense	38	35
Earnings before income taxes	$ 120	$ 95

Note 9. Investments to Joint Ventures and Alliances: Summary financial information for the joint ventures and alliances was as follows:

$ Millions	Year Ended December 31 1998	1997	1996
Net sales	$1,245	$1,307	$1,328
Gross profit	25	111	84
Net earnings (loss)	(105)	5	3
Cummins' share	(52)	2	2
Current assets	$ 527	$ 447	
Noncurrent assets	613	533	
Current liabilities	(406)	(258)	
Noncurrent liabilities	(455)	(305)	
Net assets	$ 279	$ 417	
Cummins' share	$ 136	$ 204	

Note 10. Restructuring and Other Non-Recurring Charges: The Company is continuing the restructuring plan implemented in the third quarter of 1998. As of June 27, 1999, approximately $60 million has been charged against the liabilities associated with these actions. The Company does not currently anticipate any material changes in the original charges recorded for these actions. Activity in the major components of these charges is as follows:

$ Millions	Original Provision	Charges 1998	Q1 1999	Q2 1999	Balance 6/27/99
Restructuring of majority-owned					

operations:					
Workforce reductions	$ 38	$(12)	$(5)	$(5)	$16
Asset impairment loss	22	-	(1)	(4)	17
Facility consolidations & other	17	(8)	(2)	-	7
	77	(20)	(8)	(9)	40
Restructuring of joint venture operations:					
Workforce reductions	$ 11	$ -	$ -	$(2)	$ 9
Tax asset impairment loss	7	-	-	(7)	-
Facility & equipment-related costs	5	-	-	-	5
	23	-	-	(9)	14
Inventory write-downs associated with exit activities	14	(5)	(4)	(5)	-
Total	$114	$(25)	$(12)	$(23)	$54

CUMMINS ENGINE COMPANY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
RESULTS OF OPERATIONS, CASH FLOW AND FINANCIAL CONDITION

Overview

Net sales were a record $1.67 billion in the second quarter of 1999, 2 percent higher than the second quarter of 1998. Earnings before interest and taxes in the second quarter of 1999 were also a record, totaling $103 million or 6.2 percent of sales. Net earnings were $58 million or $1.50 per share compared to $53 million or $1.38 per share in the second quarter of 1998. Net earnings for the first half of 1999 were $82 million or $2.13 per share compared to $60 million or $1.55 per share in the first half of 1998.

Results of Operations

Net Sales:

Revenues from sales of engines were 56 percent of the Company's net sales in the second quarter of 1999, with engine revenues 3 percent higher than second-quarter 1998 and unit shipments 2 percent higher. Revenue increased more than unit shipments due to higher heavy-duty engine sales, primarily in the North American heavy-duty truck market.

	Second Quarter		First Half	
Unit Shipments	1999	1998	1999	1998
Midrange Engines	76,600	77,300	150,300	142,300
Heavy-duty Engines	30,600	27,400	57,400	54,300
High-horsepower Engines	2,200	2,700	4,200	4,900
	109,400	107,400	211,900	201,500

Revenues from non-engine products, which were 44 percent of net sales in the second quarter of 1999, were essentially flat compared to the second quarter of 1998.

The Company's sales for each of its key businesses during the comparative periods were:

	Second Quarter		First Half	
$ Millions	1999	1998	1999	1998
Automotive markets	$ 820	$ 755	$1,580	$1,439
Industrial markets	275	294	515	563
Engine Business	1,095	1,049	2,095	2,002
Power Generation Business	305	313	556	604

Filtration Business & Other	267	273	521	529
	$1,667	$1,635	$3,172	$3,135

In the second quarter of 1999, engine business revenues of $1.1 billion increased 4 percent as compared to the second quarter of 1998, primarily due to the strength of the North American automotive market.

Sales of $820 million in the second quarter of 1999 for automotive markets were 9 percent higher than the second quarter of 1998. Heavy-duty truck revenues increased 17 percent from the second quarter of 1998 due to the strong market in North America, partially offset by reduced demand in Mexican automotive markets.

Medium-duty truck revenues decreased 3 percent from the second quarter of 1998 due to lower sales of kits into Turkey, where the truck market has declined 90 percent from the prior year. Revenues from the sales of engines for medium-duty trucks in the second quarter of 1999 remained flat with the prior year's quarter on a 10-percent increase in units. This variance reflected a mix shift towards engines with a lower selling price and margin.

Revenues of the bus and light commercial vehicle market were 1 percent higher than the second quarter of 1998. In the second quarter of 1999, Cummins shipped 23,700 engines to DaimlerChrysler, 7 percent lower than the second-quarter 1998 level. The decrease in sales to DaimlerChrysler was offset by record shipments to the North American bus and recreational vehicle market, where volumes were 34 percent higher than the year-ago quarter. Shipments for international bus markets declined 25 percent from the second quarter of 1998, due to lower sales into Mexico.

Sales to industrial markets were 6 percent lower than the second quarter of 1998, due to decreased volume and a shift in product mix. Engine revenues for this market were down 10 percent on an 8-percent decrease in units. Construction equipment business increased 8 percent compared to second quarter 1998, while agricultural equipment demand declined 57 percent from the prior year's quarter. Sales to marine markets increased 33 percent from second quarter 1998, with a shift to more mid-range engines in recreational applications. Mining market sales decreased 27 percent as compared to the second quarter of 1998, reflecting lower high-horsepower engine volumes.

In the second quarter of 1999, sales for the Company's power generation business decreased 3 percent compared to second quarter 1998. Sales of the Company's generator sets were 1 percent above second quarter last year with increased sales in North America largely offset by declines in China and Latin America. Engine sales to generator set assemblers were down 19 percent from the second quarter of 1998 due to lower Asian demand. However, generator set sales for the recreational vehicle market in North America continued to be strong, with revenues 9 percent above the year-ago quarter.

Filtration business and other sales were $267 million in the second quarter of 1999, a decrease of 2 percent from the second quarter of 1998. Within the filtration business, the Company was impacted by the global decline in agricultural equipment sales, offset by new business gained in truck, agricultural and construction markets. Sales of international company-owned distributors included in this segment decreased 14 percent compared to the second quarter of 1998.

In total, international markets represented 39 percent of the Company's revenues in the second quarter of 1999. The Company experienced declines in many of the international markets in which it participates. Sales to Europe and the CIS, representing 12 percent of the Company's sales in the second quarter of 1999, were 3 percent lower than the prior year's quarter. Business in Mexico, Brazil and Latin America represented 5 percent of sales in the second quarter of 1999, with revenues 28 percent below the year-ago levels. Asia and Australian markets, in total, represented 12 percent of sales in the second quarter of 1999 as compared to 13 percent in the prior year's quarter. Sales to Canada, representing 9 percent of sales in the second quarter of 1999, were 22 percent higher than the second quarter of 1998.

Gross Margin:

The Company's gross margin percentage was 22.3 percent in the second quarter of 1999, compared to 22.6 percent in the prior year's quarter. The decreased margin in 1999 was due to higher product coverage costs and a change in product mix, mitigated by a reduction in product cost and higher sales volume. For the first half of 1999, gross margin percentage was 21.2 percent, equal to the first half of 1998 including the special charge recorded for product coverage. Gross margin percentage excluding the special charge was 22.6 percent in the first half of 1998.

Operating Expenses:

Selling and administrative expenses as a percent of sales were 12.0 percent in the second quarter of 1999, compared to 12.2 percent in the second quarter of 1998, with total spending remaining flat. Research and engineering expenses declined from 4.0 percent of sales in the second quarter of 1998 to 3.6 percent in the second quarter of 1999. These improvements are primarily a result of the Company's cost reduction initiatives.

The Company is continuing the restructuring plan implemented in the third quarter of 1998. As of June 27, 1999, approximately $60 million has been charged against the liabilities associated with these actions. The Company does not currently anticipate any material changes in the original charges recorded for these actions.

The Company's losses from joint ventures and alliances were $1 million lower in the second quarter of 1999 as compared to the second quarter of 1998 due to a decrease in losses at the Company's joint venture with Wartsila.

Year 2000:

The Company continues to address the impact of the Year 2000 issue on its businesses worldwide. This issue affects computer systems that have date-sensitive programs that may not properly recognize the year 2000. With respect to the Company, this issue affects not only computer systems but also machinery and equipment used in production that may contain embedded computer technology. The Company substantially met its goal of Year 2000 readiness by June 30, 1999. Outstanding issues and plans to resolve them are addressed below.

The Company's Year 2000 program is a centrally coordinated, enterprise-wide effort which is carried out by the Company's Year 2000 Program Office under the leadership of the Director of the Year 2000 Program. The Year 2000 program is implemented at each of the Company's facilities and is overseen by a Year 2000 coordinator located at each site. The Company's Year 2000 Program Office monitors the progress and compliance of its facilities through audits and reports by the Year 2000 coordinators. In addition to internal resources, the Company continues to retain external resources to assist with its Year 2000 program. The Company believes that it is taking full advantage of its internal resources and all necessary external resources to understand, identify, and correct all Year 2000 issues within its control.

The Company's Year 2000 program involves:
1) mainframe (legacy systems); 2) distributed computing (includes manufacturing and warehousing systems, end user computing, facility systems, laboratory equipment, technical infrastructure and remote business systems); 3) products; 4) suppliers; 5) business readiness and contingency planning and 6) communication. The general phases of the program are: a) inventory; b) analyze and prioritize; c) determine compliance; d) remediate, replace, or retire and e) test, implement, audit and maintain.

Mainframe, Distributed Computing:
The Company completed the inventory, analysis and prioritization phases of its mainframe and distributed computing in 1998. Testing began in 1998 and will continue through 1999. Virtually all outstanding remediation and implementation work was completed by the end of the second quarter of 1999. Some outstanding issues remain. These were discovered through the Company's quality assurance activities and also through the regular testing and review process. Approximately 15 of the Company's 142 sites continue to resolve Year 2000 issues. Some of the issues currently being addressed involve software programs such as the "ALPS" program (Aftermarket Logistics and Planning System) used by the Company's aftermarket and distributor locations. The next six months will be used to address these and any other outstanding issues that emerge and to complete related contingency plans. The Company will use its best efforts to ensure that any outstanding Year 2000 item will be completed before the end of 1999.

Products:
During the first quarter of 1999, the Company announced that its commercial products met the Company's Year 2000 compliance standards.

Suppliers:
The greatest area of potential risk is the supply chain. This is particularly true because the Company utilizes sole suppliers for certain critical components used in the manufacture of the Company's products. The high level of skill and expertise required to develop certain components makes it impractical and sometimes impossible to change such suppliers quickly. The failure of a sole supplier may lead to a delay in production and/or business interruption. To mitigate this, the Company initiated a global effort in 1997 to evaluate its business critical suppliers. The Company continues its efforts to review the Year 2000 readiness of key suppliers through a formal program of prioritization and communication using questionnaires and /or follow up contacts, as appropriate. To further the Company's efforts with suppliers, the Company continues to be a member of the Automotive Industry Action Group (AIAG). The Company completed the identification of high-risk suppliers in April 1999 and has continued to update this information as additional AIAG surveys are completed. Contingency plans for suppliers that have been identified as "high-risk" are being developed.

Business Readiness and Contingency Planning:
The Company believes that its "reasonably likely worst case scenarios" may involve the failure of third parties with whom the Company does business to address Year 2000 issues. As a result, the Company is taking steps to minimize the impact of its exposure to Year 2000 risks outside its control. In the following months, the Company will continue to focus on business readiness and contingency planning to address possible external Year 2000 problems. A significant part of this effort will be the evaluation of the risk to the Company's operations from external sources, and the development of strategies to manage those risks. The Company's efforts in this regard include identifying alternate suppliers, setting up work-arounds and adjusting inventory levels. The Company's contingency planning also covers the identification and evaluation of risk areas at the Company's international locations and international independent distributors, particularly at countries that have been identified as behind in their Year 2000 readiness efforts. The Company is providing information on country and industry risk to its international locations, and is also considering country risk in the development of its contingency plans. Contingency plans will also address any potential internal issues that may arise.

Communication:
The Company continues to receive and respond to customer inquiries regarding the general Year 2000 readiness of the Company, and the Year 2000 compliance of the Company's commercial products. The inquiries and responses take the form of telephone calls, written communication and electronic mail. For the convenience of its customers, the Company also maintains a Year 2000 Internet website at www.cummins.com/custasis/y2k.html. The Company's product compliance information is also included on that website. The Company also maintains an Intranet Year 2000 website for the use of its employees.

Costs:
The Company expects to incur total expenditures of approximately $45 million in connection with its Year 2000 program and remediation efforts. To date, the Company has incurred approximately $37 million in costs relating to its Year 2000 efforts.

There can be no assurances that the systems or products of third parties relied upon by the Company, such as suppliers, vendors or significant customers, will be timely converted or that a failure by such third parties, or a conversion that is incompatible with the Company's systems, would not have a material adverse effect on the Company. Other undiscovered factors related to the Year 2000 issue may also have potential for an adverse effect on the Company. Such adverse effects may include an adverse effect on the Company's revenues. The estimated time of completion and success of the Company's Year 2000 program and compliance efforts, and the expenses related to the Company's Year 2000 compliance efforts are based upon management's best estimates, which were based on assumptions of future events, including the availability of certain resources, third party modification plans and other factors. There can be no assurances that these results and estimates will be achieved, and the actual results could materially differ from those anticipated. Specific factors that might cause such material differences include, but are not limited to, the availability of trained personnel, the ability to locate and correct all relevant computer code, and failure by third parties.

Other:

Interest expense was $19 million in the second quarter of 1999, compared to $18 million in the prior year's quarter. Other expense increased $3 million from the second quarter of 1998, with the variance resulting from non-recurring transactions recorded in the prior year.

Provision for Income Taxes:

The Company's income tax provision in the second quarter of 1999 was $25 million, reflecting an effective tax rate of 29 percent for the year.

Cash Flow and Financial Condition

Key elements of cash flows were:

$ Millions	First Half 1999	First Half 1998
Net cash provided by operating activities	$ 183	$(76)
Net cash used in investing activities	(91)	(621)
Net cash (used in) provided by financing activities	(63)	537
Effect of exchange rate changes on cash	-	(1)
Net change in cash and cash equivalents	$ 29	$(9)

In the first half of 1999, net cash provided by operating activities was $183 million. The high level of net cash requirements for investing activities in the first half of 1998 was due primarily to the acquisition of Nelson and planned capital expenditures of $154 million. In the first quarter of 1998, the Company issued $765 million face amount of notes and debentures to support working capital and to complete the acquisition of Nelson.

FORWARD-LOOKING STATEMENTS

When used herein, the terms "expect, plan, anticipate, believe" or similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements.

The Company has included certain forward-looking statements in this Management's Discussion and Analysis of Results of Operations, Cash Flow and Financial Condition and in the Company's press releases, teleconferences and other external communications. These statements are based on current expectations, estimates and projections about the industries in which the Company operates, management's beliefs and various assumptions made by management which are difficult to predict. Among the factors that could affect the outcome of the statements are general industry and market conditions and growth rates. Therefore, actual outcomes and their impact on the Company may differ materially from what is expressed or forecasted. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K:

(a) See the Index to Exhibits on page 15 for a list of exhibits filed herewith.

(b) The Company was not required to file a Form 8-K during the second quarter of 1999.

Signatures

Pursuant to the requirements 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/Rick J. Mills

Rick J. Mills
Vice President - Corporate Controller
(Chief Accounting Officer) August 10, 1999

CUMMINS ENGINE COMPANY, INC.

INDEX TO EXHIBITS

27 Financial Data Schedule (filed herewith)

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