

EATON CORP
Form 4
July 20, 2007

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF
SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB
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2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
CRAIG ARNOLD

(Last) (First) (Middle)

**EATON CENTER, 1111 SUPERIOR
AVE.**

(Street)

CLEVELAND, OH 44114

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading
Symbol
EATON CORP [ETN]

3. Date of Earliest Transaction
(Month/Day/Year)
07/18/2007

4. If Amendment, Date Original
Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

____ Director ____ 10% Owner
____X____ Officer (give title below) ____ Other (specify below)

Sr VP & President-Fluid Power

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ Form filed by One Reporting Person
____ Form filed by More than One Reporting
Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price		
Common Shares	07/18/2007		M		44,000	A	\$ 40.6	76,376	D
Common Shares	07/18/2007		M		34,798	A	\$ 34.65	111,174	D
Common Shares	07/18/2007		S		1,000	D	\$ 101.9	110,174	D
Common Shares	07/18/2007		S		1,500	D	\$ 101.91	108,674	D
Common Shares	07/18/2007		S		100	D	\$ 101.92	108,574	D

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Common Shares	07/18/2007	S	100	D	\$ 101.925	108,474	D
Common Shares	07/18/2007	S	1,700	D	\$ 101.93	106,774	D
Common Shares	07/18/2007	S	3,988	D	\$ 101.94	102,786	D
Common Shares	07/18/2007	S	2,626	D	\$ 101.95	100,160	D
Common Shares	07/18/2007	S	1,400	D	\$ 101.96	98,760	D
Common Shares	07/18/2007	S	2,500	D	\$ 101.97	96,260	D
Common Shares	07/18/2007	S	3,600	D	\$ 101.98	92,660	D
Common Shares	07/18/2007	S	100	D	\$ 101.989	92,560	D
Common Shares	07/18/2007	S	3,800	D	\$ 101.99	88,760	D
Common Shares	07/18/2007	S	40,100	D	\$ 102	48,660	D
Common Shares	07/18/2007	S	100	D	\$ 102.005	48,560	D
Common Shares	07/18/2007	S	2,800	D	\$ 102.01	45,760	D
Common Shares	07/18/2007	S	500	D	\$ 102.02	45,260	D
Common Shares	07/18/2007	S	1,636	D	\$ 102.03	43,624	D
Common Shares	07/18/2007	S	600	D	\$ 102.04	43,024	D
Common Shares	07/18/2007	S	3,000	D	\$ 102.05	40,024	D
Common Shares	07/18/2007	S	100	D	\$ 102.06	39,924	D
Common Shares	07/18/2007	S	400	D	\$ 102.07	39,524	D
Common Shares	07/18/2007	S	100	D	\$ 102.08	39,424	D
Common Shares	07/18/2007	S	200	D	\$ 102.09	39,224	D
	07/18/2007	S	500	D	\$ 102.11	38,724	D

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Common
Shares

Common Shares	07/18/2007	S	1,000	D	\$ 101.88	37,724	D
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Common Shares	07/18/2007	F	<u>1,954</u> (1)	D	\$ 102.3	35,770	D
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Common Shares						59.014 <u>(2)</u>	I	by trustee of ESP
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Option	\$ 40.6	07/18/2007		M		44,000		02/26/2003	02/26/2012	Common Shares	44,000
Stock Option	\$ 34.65	07/18/2007		M		34,798		02/25/2004	02/25/2013	Common Shares	34,798

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

CRAIG ARNOLD
EATON CENTER
1111 SUPERIOR AVE.
CLEVELAND, OH 44114

Sr VP & President-Fluid Power

Signatures

/s/Kathleen S. O'Connor, as
Attorney-in-Fact

07/20/2007

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) These shares were delivered to the issuer to pay for the applicable option exercise price and withholding tax.
- (2) These shares are held in the Eaton Savings Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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