

EATON CORP  
Form 4  
July 20, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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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

(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  
 Officer (give title below)  Other (specify below)  
**Sr VP & President-Fluid Power**

6. Individual or Joint/Group Filing(Check Applicable Line)  
 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	(D)	Price
Common Shares	07/18/2007		M		44,000	A	\$ 40.6 76,376
Common Shares	07/18/2007		M		34,798	A	\$ 34.65 111,174
Common Shares	07/18/2007		S		1,000	D	\$ 101.9 110,174
Common Shares	07/18/2007		S		1,500	D	\$ 101.91 108,674
Common Shares	07/18/2007		S		100	D	\$ 101.92 108,574

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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

Common Shares									
Common Shares	07/18/2007		S	1,000	D	\$ 101.88	37,724	D	
Common Shares	07/18/2007		F	<u>1,954</u> <sup>(1)</sup>	D	\$ 102.3	35,770	D	
Common Shares							59.014 <sup>(2)</sup>	I	by trustee of ESP

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**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)	Amount or Number of Shares	
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	
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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