

EATON CORP
Form 4
March 07, 2006

FORM 4

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

OMB APPROVAL

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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 *
CUTLER ALEXANDER M

(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)
03/03/2006

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)

Chairman and CEO; President

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 Ownership (Instr. 4)
				(A) or (D)	Price		
Common Shares	03/03/2006		M	51,260	A \$ 30.91	217,829 ⁽¹⁾	D
Common Shares	03/03/2006		M	41,821	A \$ 38.05	259,650 ⁽¹⁾	D
Common Shares	03/03/2006		S	500	D \$ 70.99	259,150 ⁽¹⁾	D
Common Shares	03/03/2006		S	600	D \$ 70.98	258,550 ⁽¹⁾	D
Common Shares	03/03/2006		S	100	D \$ 70.96	258,450 ⁽¹⁾	D

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Common Shares	03/03/2006	S	300	D	\$ 70.95	258,150 ⁽¹⁾	D
Common Shares	03/03/2006	S	2,200	D	\$ 70.94	255,950 ⁽¹⁾	D
Common Shares	03/03/2006	S	800	D	\$ 70.93	255,150 ⁽¹⁾	D
Common Shares	03/03/2006	S	1,500	D	\$ 70.92	253,650 ⁽¹⁾	D
Common Shares	03/03/2006	S	500	D	\$ 70.91	253,150 ⁽¹⁾	D

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	Amount or Number of Shares
Stock Option	\$ 30.91	03/03/2006	⁽²⁾	M	51,260	07/21/1997 ⁽³⁾	01/21/2007	Common Shares	51,260
Stock Option	\$ 38.05	03/03/2006	⁽²⁾	M	41,821	07/27/1998 ⁽⁴⁾	01/27/2008	Common Shares	41,821

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CUTLER ALEXANDER M EATON CENTER 1111 SUPERIOR AVE. CLEVELAND, OH 44114	X		Chairman and CEO; President	

Signatures

/s/ Claudia J. Taller as
attorney-in-fact

03/07/2006

__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) Certain of these shares represent restricted shares issued under an Eaton Corporation stock plan and are subject to risk of forfeiture.

(2) This field is not applicable.

1997 Performance Options - 50% of these options vested when a market price goal for Eaton shares was met. The remaining 50% will vest upon the earlier of (i) the achievement by Eaton of an earning per share target or (ii) 10 days before the expiration of their ten-year term.

1998 Performance Options - 50% of these options vested when a market price goal for Eaton shares was met. The remaining 50% of the options vest if Eaton Corporation earns \$8.80 or more per share by the end of the year 2001. If the goal is not met, the unmet goal will be increased by 10% per year thereafter. In all events, the options vest 10 days prior to the expiration of the 10 year option term.

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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