

EATON CORP
Form 4
January 16, 2007

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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 *
FRANKLIN EARL R

(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)
01/11/2007

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)

Vice President and Secretary

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)			
				(A) or (D)	Price					
Common Shares	01/11/2007		M ⁽¹⁾	V	17,424	A	\$ 30.91	33,289	D	
Common Shares	01/11/2007		S ⁽²⁾		100	D	\$ 74.27	33,189	D	
Common Shares	01/11/2007		S ⁽²⁾		100	D	\$ 74.22	33,089	D	
Common Shares	01/11/2007		S ⁽²⁾		100	D	\$ 74.19	32,989	D	
Common Shares	01/11/2007		S ⁽²⁾		300	D	\$ 74.15	32,689	D	

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Common Shares	01/11/2007	<u>S(2)</u>	200	D	\$ 74.14	32,489	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 74.13	32,389	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 74.12	32,289	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 74.11	32,189	D
Common Shares	01/11/2007	<u>S(2)</u>	400	D	\$ 74.08	31,789	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 74.07	31,689	D
Common Shares	01/11/2007	<u>S(2)</u>	200	D	\$ 74.06	31,489	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 74.05	31,389	D
Common Shares	01/11/2007	<u>S(2)</u>	200	D	\$ 74.04	31,189	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 74.01	31,089	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 74	30,989	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 73.99	30,889	D
Common Shares	01/11/2007	<u>S(2)</u>	400	D	\$ 73.98	30,489	D
Common Shares	01/11/2007	<u>S(2)</u>	300	D	\$ 73.96	30,189	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 73.95	30,089	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 73.94	29,989	D
Common Shares	01/11/2007	<u>S(2)</u>	179	D	\$ 73.93	29,810	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 73.89	29,710	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 73.82	29,610	D
Common Shares	01/11/2007	<u>S(2)</u>	100	D	\$ 73.8	29,510	D
	01/11/2007	<u>S(2)</u>	100	D		29,410	D

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Common Shares					\$	73.78	
Common Shares	01/11/2007	S ⁽²⁾	100	D	\$	73.74	29,310 D
Common Shares	01/11/2007	S ⁽²⁾	100	D	\$	73.71	29,210 D
Common Shares	01/11/2007	S ⁽²⁾	100	D	\$	73.67	29,110 D

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

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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)
Stock Option	\$ 30.91	01/11/2007	(3)	M ⁽¹⁾	17,424	07/21/1997 ⁽⁴⁾ 01/21/2007	Common Shares 17,424

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FRANKLIN EARL R EATON CENTER 1111 SUPERIOR AVE. CLEVELAND, OH 44114			Vice President and Secretary	

Signatures

/s/ Sean T. Peppard as attorney-in-fact 01/16/2007

**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) The exercise of options reported in this Form 4 were effected pursuant to a Rule 105b-1 trading plan adopted by the reporting person on June 12, 2006.
- (2) The sale of shares reported in this Form 4 were effected pursuant to a Rule 105b-1 trading plan adopted by the reporting person on June 12, 2006.
- (3) This field is not applicable.
- (4) 1997 Performance Options - 50% of these options vested when a market price goal for Eaton shares was met. The remaining 50% vested on January 11, 2007 (10 days before the expiration of their ten-year 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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