

EATON CORP  
Form 4  
November 09, 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 \*  
Holder Richard D

(Last) (First) (Middle)  
EATON CENTER, 1111 SUPERIOR AVENUE  
(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)  
11/07/2006

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)  
VP-Eaton Business System

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 (A) or (D) Price			
Common Shares	11/07/2006		M	7,920 A \$ 34.65	13,320 <sup>(1)</sup>	D	
Common Shares	11/07/2006		M	16,000 A \$ 40.6	29,320 <sup>(1)</sup>	D	
Common Shares	11/07/2006		S	5,280 D \$ 73.02	24,040 <sup>(1)</sup>	D	
Common Shares	11/07/2006		S	7,386 D \$ 73	16,654 <sup>(1)</sup>	D	
Common Shares	11/07/2006		S	8,614 D \$ 73.04	8,040 <sup>(1)</sup>	D	

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Common Shares	11/07/2006	F	1,251 (2)	D	\$ 34.65	6,789 (1)	D	
Common Shares						1,820.687 (3)	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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(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)	Amount or Number of Shares
Stock Option	\$ 40.6	11/07/2006		M	16,000	Date Exercisable: 02/26/2003(4) Expiration Date: 02/26/2012	Common Shares	16,000
Stock Option	\$ 34.65	11/07/2006		M	7,920	Date Exercisable: 02/25/2004(4) Expiration Date: 02/25/2013	Common Shares	7,920

### Reporting Owners

<b>Reporting Owner Name / Address</b>	<b>Relationships</b>			
Holder Richard D EATON CENTER 1111 SUPERIOR AVENUE CLEVELAND, OH 44114	Director	10% Owner	Officer	Other
	VP-Eaton Business System			

### Signatures

/s/ Claudia J. Taller as attorney-in-fact  
11/09/2006

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) These shares were delivered to the issuer to pay for the applicable option exercise price.
- (3) These shares are held in the Eaton Savings Plan.

These options combined grants of Non-Qualified Stock Options and Incentive Stock Options. Thirty-five percent (35%) of the

- (4) Non-Qualified Stock Options become exercisable on the first and second anniversaries of the date granted and thirty percent (30%) on the third anniversary of the date granted. The Incentive Stock Options are exercisable in their entirety three years from the date of grant.

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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