EATON CORPORATION

STATEMENTS OF CONSOLIDATED INCOME

Year ended December 31	*1994*	*1993*	*1992*
(Millions except for per share data)			
Net sales	$6,052	$4,401	$4,101
Costs and expenses			
Cost of products sold	4,397	3,284	3,134
Selling and administrative expense	882	591	578
Research and development expense	213	154	151
Acquisition integration charge		55	
	5,492	4,084	3,863
Income from operations	560	317	238
Other income and (expense)			
Interest expense	(91)	(75)	(89)
Interest income	7	8	9
Other income – net	12	12	23
	(72)	(55)	(57)
Income before income taxes	488	262	181
Income taxes	155	82	41
Income before extraordinary item and cumulative effect of accounting changes	333	180	140
Extraordinary item		(7)	
Cumulative effect of accounting changes			
Postretirement benefits other than pensions			(274)
Income taxes			6
Net income (loss)	$ 333	$ 173	$ (128)
Per Common Share			
Income before extraordinary item and cumulative effect of accounting changes	$ 4.40	$ 2.57	$ 2.03
Extraordinary item		(.10)	
Cumulative effect of accounting changes			
Postretirement benefits other than pensions			(3.97)
Income taxes			.09
Net income (loss)	$ 4.40	$ 2.47	$(1.85)
Cash dividends paid	$ 1.20	$ 1.15	$ 1.10
Average number of Common Shares outstanding	75.6	69.8	68.9

The Financial Review on pages 24 to 32 is an integral part of the consolidated financial statements.