Eaton Corporation

Five-Year Consolidated **Financial Summary**

For the year	1997	1996	1995	1994	1993
(Millions except for per share data)					
Net sales	$7,563	$6,961	$6,822	$6,052	$4,401
Income before income taxes and extraordinary item	668	485	592	488	262
Income before extraordinary item	$ 464	$ 349	$ 399	$ 333	$ 180
Extraordinary item	(54)				(7)
Net income	$ 410	$ 349	$ 399	$ 333	$ 173
Per Common Share					
Income before extraordinary item	$ 6.05	$ 4.50	$ 5.13	$ 4.40	$ 2.57
Extraordinary item	(.71)				(.10)
Net income	$ 5.34	$ 4.50	$ 5.13	$ 4.40	$ 2.47
Per Common Share-assuming dilution					
Income before extraordinary item	$ 5.93	$ 4.46	$ 5.08	$ 4.35	$ 2.55
Extraordinary item	(.69)				(.10)
Net income	$ 5.24	$ 4.46	$ 5.08	$ 4.35	$ 2.45
Cash dividends paid per Common Share	$ 1.72	$ 1.60	$ 1.50	$ 1.20	$ 1.15
Capital expenditures	$ 438	$ 347	$ 399	$ 267	$ 227
Research and development expense	319	267	227	213	154
At the year-end					
Total assets	$5,465	$5,307	$5,053	$4,682	$3,268
Working capital	698	787	822	744	679
Long-term debt	1,272	1,062	1,084	1,053	649
Shareholders' equity	2,071	2,160	1,975	1,680	1,105
Shareholders' equity per Common Share	$27.72	$28.00	$25.45	$21.54	$15.50

Income in 1997 was increased by pretax gains of $91 million related to the sales of AIL Systems Inc., and the Appliance Controls business ($69 million aftertax, or $.90 per Common Share).

Income in 1997 and 1996 was reduced by pretax restructuring charges of $24 million ($15 million aftertax, or $.19 per Common Share) and $50 million ($32 million aftertax, or $.41 per Common Share), respectively.

Net income in 1997 was reduced by an $85 million write-off of purchased in-process research and development, with no income tax benefit, or $1.11 per Common Share.

Net income in 1997 was reduced by a $54 million aftertax extraordinary loss for the redemption of debentures, or $.71 per Common Share.

Results reflect the acquisition of Distribution and Control Business Unit (DCBU) of Westinghouse Electric Corporation on January 31, 1994.

Income in 1993 was reduced by a $55 million acquisition integration charge related to the purchase of DCBU ($34 million aftertax, or $.49 per Common Share).

Net income in 1993 was reduced by a $7 million aftertax extraordinary loss for the redemption of debentures, or $.10 per Common Share.