

Improving Productivity

For three years running, Eaton has achieved its corporate goal of at least 4 percent improved productivity annually. Inventory management, judged by annual turnover, has improved 25 percent in the last five years.

The spotlight on numbers does not obscure our clear and continuous focus on the customers who determine our success. Our goal is total customer support. We seek to anticipate their needs so completely that they are delighted by their association with Eaton. Here are a few of the ways Eaton's service translates into customer delight.

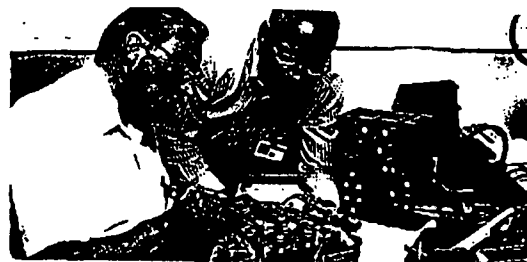
- Strategic alliances between Eaton and its customers are flourishing. Eaton and Cummins, the leading manufacturer of engines for heavy-duty trucks, now work jointly on valve train designs. This alliance gives Cummins access to Eaton's extensive technical expertise and gives Eaton the inside track on new business. Engineers at Black &

Decker, a company renowned for its power tools, routinely form cross-functional teams with their Eaton counterparts to design better, more versatile power tool switches.

- Total service is an everyday goal. Cutler-Hammer recently worked closely with Ford Motor Company and Lamb Technicon, an equipment manufacturer, to design a multiplexed, microprocessor-based system to control a transfer machine that processes engine parts at Ford's plant in Windsor, Ontario, Canada. Cutler-Hammer also worked hand-in-glove with Moore Electric Supply, Inc., its distributor in Charlotte, North Carolina, to win the multi-million dollar electrical contract for the new stadium where the National Football League's Carolina Panthers will play.

Generating New Business

- High quality and timely delivery often mean more orders. Since 1991, Eaton's business with Chrysler has grown four-fold and today Eaton is Chrysler's preferred supplier of valves and hydraulic roller lifters. Eaton is also a major supplier to Chrysler of automotive controls, including switches, cruise controls, air conditioning expansion valves and drier receivers.



Robert E. Shuchbrook, left, senior product development engineer, and Thomas M. Hall, manufacturing engineer, examine a high-power electrical load distribution module for the Apache helicopter. The units provide cost, weight and size savings and are extremely reliable and efficient in managing power aboard our craft.

- Tackling tough problems builds goodwill. Boeing and Pratt & Whitney were delighted when Eaton designed problem-free hydraulic and differential pressure switches that resolved problems and enabled jet engines to perform at optimum efficiency.

The focus on customers is at the heart of operational excellence and the essence of good business – and of growing market leadership. But having market leadership – as Eaton does – is not enough. The challenge is to sustain and build on that leadership to steadily improve financial performance. The hard-won financial rewards of our success are being carefully reinvested to achieve this goal.