STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

Eaton Corporation

(shares in thousands, dollars in millions)	Common Shares		Capital in excess of par value	Retained earnings	Foreign currency translation adjustments	Unallocated ESOP shares	Total share-holders' equity
	Shares	Amount					
Balance at January 1, 1991	33.948	$17	$411	$837	$ 9	$(134)	$1,140
Net income				74			74
Cash dividends paid, net of Employee Stock Ownership Plan (ESOP) tax benefit				(72)			(72)
Issuance of shares under employee benefit plans, including tax benefit	145		7				7
Purchase of shares for treasury	(24)			(1)			(1)
Reduction of unallocated ESOP shares						12	12
Foreign currency translation adjustments					(7)		(7)
Balance at December 31, 1991	34,069	17	418	838	2	(122)	1,153
Net loss				(128)			(128)
Cash dividends paid, net of ESOP tax benefit				(74)			(74)
Issuance of shares under employee benefit plans, including tax benefit	598		34				34
Reduction of unallocated ESOP shares						12	12
Foreign currency translation adjustments					(49)		(49)
Balance at December 31, 1992	34,667	17	452	636	(47)	(110)	948
Net income				173			173
Cash dividends paid, net of ESOP tax benefit				(83)			(83)
Issuance of shares under employee benefit plans, including tax benefit	483		22				22
Two-for-one stock split	34,867	18		(18)			
Sale of shares	1,287	1	61				62
Reduction of unallocated ESOP shares						14	14
Foreign currency translation adjustments					(31)		(31)
Balance at December 31, 1993	71,304	$36	$535	$708	$ (78)	$ (96)	$1,105

The Financial Review on pages 22 to 30 is an integral part of the consolidated financial statements