

About Eaton

Eaton Corporation is a global manufacturer of highly engineered products which serve industrial, vehicle, construction, commercial and aerospace markets. Principal products include electrical power distribution and control equipment, truck transmissions and axles, engine components, hydraulic products, ion implanters and a wide variety of controls. Headquartered in Cleveland, the company has 54,000 employees and 155 manufacturing sites in 26 countries around the world. Sales for 1996 were \$7 billion.

1 About Eaton | 2 Five-Year Review | 3 Financial Highlights | 4 To Our Shareholders | 6 Serving an Expanding Worldwide Customer Base | 9 Eaton Products Help Build Infrastructure | 10 Capitalizing on Growth in Asian Markets | 13 Eaton Semiconductor Equipment a Global Success | 14 Enlarging the Business in Latin America | 17 Trade Agreement Stimulates Growth in Mexico | 18 Building Competitive Advantage in Key Markets | 20 Consolidated Financial Statements | 24 Financial Review | 33 Management's Discussion and Analysis | 37 Report of Management | 37 Report of Independent Auditors | 38 Five-Year Consolidated Financial Summary | 39 Corporate Officers | 39 Appointed Vice Presidents | 40 Directors | 40 Committees of the Board | 41 Shareholder Information

About the Cover The cover of this year's annual report features closeup photographs of key products, all of which are spotlighted inside. Eaton manufactures more than 40,000 different products. Nearly 40 percent of sales are outside the United States. This 1996 report to shareholders discusses the company's continuing drive to market products in developing countries.