EATON CORPORATION STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

	Common Shares		Capital in excess of par value	Retained earnings	Foreign currency translation adjustments	Unallocated ESOP shares	Total shareholders' equity
	Shares	Amount					
(Shares in thousands, dollars in millions)							
Balance at January 1, 1993	34,667	$17	$452	$ 636	$(47)	$(110)	$ 948
Net income				173			173
Cash dividends paid, net of Employee Stock Ownership Plan (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
Net foreign currency translation adjustments					(31)		(31)
Balance at December 31, 1993	71,304	36	535	708	(78)	(96)	1,105
Net income				333			333
Cash dividends paid, net of ESOP tax benefit				(89)			(89)
Issuance of shares under employee benefit plans, including tax benefit	503		21				21
Sale of shares	4,560	2	250				252
Pooling-of-interests with Lectron Products, Inc.	1,600	1		25			26
'et unrealized gain on available-for-sale securities				11			11
Reduction of unallocated ESOP shares						14	14
Net foreign currency translation adjustments					7		7
Balance at December 31, 1994	77,967	39	806	988	(71)	(82)	1,680
Net income				399			399
Cash dividends paid, net of ESOP tax benefit				(116)			(116)
Issuance of shares under employee benefit plans, including tax benefit	401		14	(1)			13
Net unrealized loss on available-for-sale securities				(6)			(6)
Purchase of shares	(766)		(8)	(32)			(40)
Reduction of unallocated ESOP shares						29	29
Net foreign currency translation adjustments					16		16
Balance at December 31, 1995	77,602	$39	$812	$1,232	$(55)	$ (53)	$1,975

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