

CRAIG ARNOLD
Form 5
February 13, 2003

OMB APPROVAL
OMB Number: 3235-0362
Expires: January 31, 2005
Estimated average burden hours per response...1.0

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 5

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935 or
Section 30(h) of the Investment Company Act of 1940**

- Check box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
- Form 3 Holdings Reported
- Form 4 Transactions Reported

1. Name and Address of Reporting Person* Arnold, Craig <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <i>(Last) (First) (Middle)</i>	2. Issuer Name and Ticker or Trading Symbol Eaton Corporation (ETN) <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/>	3. I.R.S. Identification Number of Reporting Person, if an entity (Voluntary) <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/>
Eaton Corporation Eaton Center 1111 Superior Avenue <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <i>(Street)</i>	4. Statement for Month/Year 12/2002 <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/>	5. If Amendment, Date of Original (Month/Year) <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/>
Cleveland, OH 44114 <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> <i>(City) (State) (Zip)</i>	6. Relationship of Reporting Person(s) to Issuer (Check All Applicable) <input type="radio"/> Director <input type="radio"/> 10% Owner <input checked="" type="radio"/> Officer <i>(give title below)</i>	7. Individual or Joint/Group Reporting (Check Applicable Line) <input checked="" type="radio"/> Form filed by One Reporting Person <input type="radio"/>

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Other (*specify below*)

Senior Vice President and Group
Executive - Fluid Power

Form filed by More
than One Reporting
Person

* If the form is filed by more than one reporting person, see instruction 4(b)(v).

Table I Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security <i>(Instr. 3)</i>	2. Transaction Date <i>(Month/Day/Year)</i>	2A. Deemed Execution Date, if any <i>(Month/Day/Year)</i>	3. Transaction Code <i>(Instr. 8)</i>	4. Securities Acquired (A) or Disposed of (D) <i>(Instr. 3, 4 and 5)</i>	5. Amount of Securities Beneficially Owned at the End of Issuer's Fiscal Year <i>(Instr. 3 and 4)</i>	6. Ownership Form: Direct (D) or Indirect (I) <i>(Instr. 4)</i>	7. Nature of Indirect Beneficial Ownership <i>(Instr. 4)</i>
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(A)
or
Amount (D) Price

Common Shares	2/26/2002		A (1)	2,500.00	A	54,505.00	D
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						27.60	I	by trustee of Eaton Savings Plan
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Table II Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security <i>(Instr. 3)</i>	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date <i>(Month/Day/Year)</i>	3A. Deemed Execution Date, if any <i>(Month/Day/Year)</i>	4. Transaction Code <i>(Instr. 8)</i>	5. Number of Derivative Securities Acquired (A) or Disposed of (D) <i>(Instr. 3, 4 and 5)</i>	
					(A)	(D)
Stock Option	\$81.21	2/26/2002		A	22,000.00	
Phantom Share Units	N/A	3/15/2002		A	1,424.07	

Table II Derivative Securities Acquired, Disposed of, or Beneficially Owned Continued
(e.g., puts, calls, warrants, options, convertible securities)

6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned at End of Year (Instr. 4)	10. Ownership of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
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Date Exercisable	Expiration Date	Title	Amount or Number of Shares	22,000.00	D (3)
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(2)

2/26/2012

Common Shares

22,000.00

22,000.00

D (3)

N/A

Common Shares

1,424.07

1,456.39

D (4)

Explanation of Responses:

1. These shares represent restricted shares issued under an Eaton Corporation stock plan, and are subject to risk of forfeiture which lapses over time.

2. These options are exercisable as to one-third of the shares granted on each of the first, second and third anniversaries of the date of grant.

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3. Granted under an employee stock option plan pursuant to Rule 16b-3.

4. Phantom Share Units acquired during 2002 pursuant to the Eaton Corporation Deferred Incentive Compensation Plan in transactions exempt under Rule 16b-3.

*/s/ Craig Arnold

2/13/2003

**Signature of Reporting
Person

Date

*By /s/ Claudia J. Taller as
Attorney-in-fact

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, *see* Instruction 6 for procedure.

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