EXHIBIT 19

(Part 3 of 8)

Geographic Region Information (Millions of Dollars):

	United States	Canada	Europe	Latin America & Other	Eliminations	Total
1983						
Net sales	$2,195	$136	$319	$97	$73	$2,674
Income (loss) from continuing operations	[1]60	14	[1]33	[2](14)	......	93
Identifiable assets	1,390	56	326	82	232	$1,622
General corporate assets						566
Investments carried at equity						58
Net assets of discontinued operations						33
Total assets at Dec. 31						$2,279
1982						
Net sales	$1,939	$113	$331	$118	$48	$2,453
Income (loss) from continuing operations	[3][4](52)	6	[4](34)	9	......	(71)
Identifiable assets	1,405	51	353	118	278	$1,649
General corporate assets						205
Investments carried at equity						82
Net assets of discontinued operations						94
Total assets at Dec. 31						$2,030
1981						
Net sales	$2,289	$110	$371	$149	$77	$2,842
Income from continuing operations	101	6	11	10	......	128
Identifiable assets	1,483	44	367	142	229	$1,807
General corporate assets						181
Investments carried at equity						94
Net assets of discontinued operations						200
Total assets at Dec. 31						$2,282

[1] Includes a net aftertax charge for plant closings of $16 million for the United States and a related credit of $11 million for Europe.
[2] Includes a net loss to the Company of $20 million related to its investment in a Mexican associate company which was written off at the end of 1983.
[3] Includes a nontaxable gain of $16 million on exchange of Common Shares for debentures.
[4] Includes a provision for plant closings of $87 million net of income tax credits for the United States and $20 million for Europe.

Additional business segment information is shown below (Millions of Dollars):

	[1] Capital Expenditures			Depreciation and Amortization		
	1983	1982	1981	1983	1982	1981
Electronic and Electrical	$52	$49	$40	$45	$44	$43
Vehicle Components	32	40	93	43	47	40
Corporate	4	1	0	3	3	3

Effects of Inflation on Operations (Unaudited)

The Financial Accounting Standards Board (FASB) has initiated an experiment to determine the most appropriate method of reporting certain effects of inflation on financial data. Presented below is financial information prepared in accordance with the FASB guidelines.

Income Adjusted for the Effects of Inflation

The impact of inflation on 1983 income from continuing operations using the current cost method is presented in the Supplemental Statement of Operations Adjusted for Inflation. The impact of inflation is calculated on only inventories and property, plant and equipment. Restatement of these items reflects the most significant impact of inflation for most companies because they are purchased over an extended period of time and remain at historical cost on the balance sheet. Since all appropriate domestic inventories are accounted for using the LIFO method, the effects of domestic inventory price changes on cost of products sold are already reflected in the historical cost income statement. Consequently, the more significant restatement adjustment is for property, plant and equipment and the related charge for depreciation.

In the Supplemental Statement, cost of products sold and depreciation expense are restated to reflect the current cost of the related assets. Current cost of inventories was estimated using the FIFO method adjusted for changes in standard costs which reflect the current cost of material, labor and overhead. Current cost of products sold, exclusive of depreciation expense, was determined using two techniques. Costs of LIFO based inventories approximate current cost at date of sale. Costs of FIFO based inventories were adjusted to reflect standard costs in effect at the time sales were made. Current cost of property, plant and equipment was estimated by applying to presently owned assets indices that were developed by independent appraisers specifically for the Company's use. Current cost depreciation was based on the average current cost of properties during the year. The depreciation method (straight-line), salvage value percentages and useful lives are the same as those used in preparing the historical cost financial statements. Current cost information for operations outside the United States was translated into U.S. dollars at the year-end exchange rates as to inventories and property, plant and equipment and at average exchange rates as to cost of products sold and depreciation expense. The effect of general inflation on the current cost information was measured after translation and based on the U.S. Consumer Price Index (CPI) (translate-restate method).

The current cost of inventories and property, plant and equipment should not be construed to represent value for shareholders as it does not necessarily represent the amount at which the assets could be sold. Moreover, the cost of replacing existing assets with similar assets would require significantly greater capital outlays than reflected by the current cost of the assets presently owned by the Company. These higher replacement costs may, however, be offset to some extent by cost efficiencies which would result from the utilization by the Company of the latest manufacturing equipment and techniques. Many judgements as well as various cost effective estimating techniques were involved in determining the current cost measures. Therefore, the data should be regarded as reasonable approximations of price changes that have affected the Company's operations and care should be taken with respect to the isolated use of these current cost representations.

Included in the Supplemental Statement but not included in the calculation of adjusted loss from continuing operations is the unrealized gain from the decline in purchasing power of net amounts owed, which is based on the average excess balance of amounts owed to others over amounts receivable from others applied to the decline in general purchasing power (using the CPI). Also included in the Supplemental Statement is the excess of the increase in current costs of inventories and property, plant and equipment held during the year over the increase in general inflation.

Management Comment

As described in other sections of this Annual Report, this has been a year of turnaround for the Company. In spite of these gains recorded by the Company during 1983, they were more than offset by the impact of inflation on the historical statement of operations. However, the Company's net monetary liability position in this inflationary period has resulted in an unrealized gain that partially offsets the negative impact inflation has on the operating statement. Thus, the Company's current debt position and maintenance of additional credit flexibility permitting the borrowing of funds for capital spending for additional capacity and labor-saving devices has allowed the Company to maintain its ability to compete in today's highly competitive environment.

Additionally, there are various other means available to the Company and programs in place to reduce the detrimental effects of inflation. First, the Company has demonstrated the ability to adjust selling prices based on increased costs. The Company uses the LIFO method of accounting for cost of products sold for most of its domestic inventories, which charges current costs to the results of operations for both financial reporting and income tax purposes and results in improved cash flow. Additionally, continual review of the level of productivity of all operations, careful pruning of selected projects and an ongoing cost reduction program have all contributed to reducing the impact of inflation.

The effect of inflation, though, must continue to be seriously scrutinized as it adversely impacts capital maintenance and growth potential, principally due to income tax laws which assess taxes without regard for the effects of inflation. This point is illustrated through an analysis of the effective income tax rates and the distribution of income before taxes in 1983.

(Millions of Dollars)	Historical Cost	Current Cost
Income From Cont. Oper. Before Income Taxes	$116	$11
Income taxes	23	23
Income (Loss) From Cont. Oper.	$93	$(12)
Effective income tax rate	20%	209%

As reported in the 1983 historical cost statement of operations, 20% of income before income taxes was distributed to various worldwide governments as income taxes, 22% was distributed to shareholders as dividends, thus leaving presumably 58% of income before income taxes for capital maintenance. Since current U.S. tax laws do not allow deductions for higher depreciation adjustments for the effects of inflation, the provision for income taxes in the Supplemental Statement is the same as reported in the historical cost statement of operations. This analysis indicates income taxes are actually levied in extremely high proportions to "real" distributable income and that basic changes to the existing tax laws are needed to encourage capital maintenance and continued industrial development.

Five-Year Comparison of Selected Data Adjusted For Effects of Inflation

(Dollar Amounts in Millions of Average 1983 Dollars Except for Per Share Amounts)	1983	1982	1981	1980	1979
Net sales	$2,674	$2,531	$3,113	$3,360	$3,996
Current Cost Information:					
Income (loss) from continuing operations	(12)	(196)	55	6	73
Primary income (loss) from continuing operations per Common Share	(.38)	(6.92)	2.00	.20	2.74
Net assets at year-end	1,564	1,440	1,670	1,811	1,744
Excess of increase in current costs of inventories and property, plant and equipment over increase in general inflation	126	172	7	5	52
Foreign currency translation adjustments	(114)	(96)	(160)		
Other Information:					
Unrealized gain from decline in purchasing power of net amounts owed	18	27	69	107	132
Dividends per Common share	.80	1.78	1.90	2.09	2.39
Market price per Common Share at year-end	55¼	32⅝	33½	32⅞	33¼
Average Consumer Price Index	298.4	289.1	272.4	246.8	217.4

Supplemental Statement of Operations Adjusted for Inflation

Year Ended Dec. 31, 1983 (Millions of Dollars)	Historical Cost	Current Cost
Net sales	$2,674	$2,674
Costs and expenses:		
Cost of products sold	1,977	2,072
Selling and administrative expenses	420	428
Research and development expenses	103	105
	2,500	2,605
Income From Operations	174	69
Other income and (deductions)	(28)	(28)
Income From Continuing Operations Before Unusual Items and Income Taxes	146	41
Unusual Items	(30)	(30)
Income From Continuing Operations Before Income Taxes	116	11
Income taxes	23	23
Income (Loss) From Continuing Operations	$93	$(12)
Unrealized gain from decline in purchasing power of net amounts owed		$18

At Dec. 31, 1983, current cost of inventories was $471 million (historical amount—$394 million) and current cost of property, plant and equipment, net of accumulated depreciation, was $1,207 million (historical amount—$712 million). The excess of the increase in current costs of inventories and property, plant and equipment ($191 million) over the increase in general inflation of inventories and property, plant and equipment ($65 million) amounted to $126 million.

The aggregate total of depreciation expense that has been allocated to the various expense categories amounts to $91 million on a historical cost basis and $195 million adjusted for changes in current costs.

Management's Discussion and Analysis of Financial Condition and Results of Operations

(As Taken From Annual Report of Company)

Changes in Financial Condition

In 1983, the Company's financial condition and liquidity significantly improved. Cash and short-term investments increased to $361.1 million at December 31, 1983 from $53.0 million at the end of 1982. Net working capital increased to $743.0 million at Dec. 31, 1983 from $394.9 million at the end of 1982 and the current ratio climbed to 2.2 at year-end 1983 from 1.7 at the end of 1982. These increases were primarily the result of:

the sale in July of 2 million Common Shares which resulted in net proceeds to the Company of $83.5 million,

the issue in December of $75 million of 8½% Subordinated Convertible Debentures, due 2008,

the sales during the year of the Automotive Climate Control Division, the Hoisting Equipment Division, 41% of Yale Materials Handling Corporation and other smaller operations which resulted in net proceeds of $45.0 million,

the contribution in May of 500,000 Common Shares valued at $21.5 million, in lieu of cash, to the Company's pension fund,

the reduction in January 1983 of the quarterly dividend paid on the Company's Common Shares from a per share rate of $.43 to $.20, which generated cash savings of $27.4 million, and

the improved results of operations in 1983 over 1982, which generated substantial working capital.

The amounts for working capital and the current ratio do not reflect the current cost of inventories since the Company uses the LIFO method to account for most domestic inventories. At the end of 1983, working capital would have been $825.3 million and the current ratio would have been 2.4 if inventories were valued using the FIFO method.

Total debt, consisting of short and long-term debt and the current portion of long-term debt, increased to $447.7 million at Dec. 31, 1983 from $425.3 million at the end of 1982. The increase was primarily due to the issue of the $75 million of 8½% Subordinated Debentures. These debentures were issued in order to increase the Company's liquidity in anticipation of future capital requirements related to its growth and diversification strategies. On the other hand, this increase was partially offset by $14.6 million following the Company's call for the redemption of its 5% Subordinated Debentures, due 1987, when substantially all of these debentures were converted into Common Shars at the rate of $36⅔ a share. The net debt-to-capital ratio stood at 8% at the end of 1983 compared to just over 30% at the end of 1982 and 1981 reflecting an increase in short-term investments during 1983. Also, during 1983 the Company entered into new eight-year revolving credit agreements under which it has available up to $500 million.

During the second quarter of 1983, the Company issued 119,406 shares of $10 Serial Preferred Shares, Series B, in exchange for 597,979 Common Shares. In the fourth quarter of 1983, the Company called for the redemption of its outstanding 4¾% Cumulative Convertible Preferred Shares (32,967 shares) and its $2.30 Serial Preferred Shares, Series A (268,984 shares).

Substantially all of the preferred shares were converted into Common Shares at the rate of one and one-half Common Shares for each preferred share.

Capital expenditures were $88.3 million in 1983 compared to $89.7 million in 1982. In 1984, capital expenditures are expected to be approximately $135 million with the necessary funds provided by a mixture of existing cash resources and cash flow from operations.

In 1984, the Company expects to increase its investment in accounts receivable and inventories since it anticipates further increases in economic activity. The Company believes that during this period of increased product demand, the present capital resources available in the form of working capital on hand, credit agreements and funds provided from operations will continue to be more than adequate to meet these anticipated needs.

Results of Operations—1983 Compared with 1982

Net Sales

Net sales for continuing operations were $2.674 billion in 1983, up 9.0% from $2.453 billion in 1982. The Electronic and Electrical business segment posted sales of $1.449 billion in 1983, which was 7.9% higher than the comparable amount of $1.343 billion in 1982. The increase for 1983 reflects increased business with the U.S. government which caused sales of the Aerospace and Defense Systems class of product to increase almost 40% in 1983 over 1982. Also, sales of the Semiconductor Equipment Operations for 1983 were 45% ahead of 1982. Net sales of the Vehicle Components business segment for 1983 were $1.245 billion, up 10.3% from $1.129 billion in 1982. This increase was due to the improvement in the North American heavy-duty truck and retail automotive markets.

Net sales of international operations were adversely affected by the decline in the value of foreign currencies compared to the U.S. dollar.

Operating Results

Gross margin in 1983 increased to $697.6 million, or 26.1% of net sales, compared to $582.7 million in 1982, or 23.8% of net sales. The increases for 1983 reflect the results of management's continuing efforts to reduce costs and expenses, including closing several plants, the provision for which was recorded as an unusual item in 1982. These increases were partially offset by the effect on international operations of the strong U.S. dollar against foreign currencies and also the effect of the liquidation of inventories accounted for by the LIFO method which increased gross margin for 1982 by $17.0 million while the comparable amount for 1983 was only $8.3 million.

Selling and administrative expenses were $420.4 million in 1983, compared to $408.3 million in 1982. The Company was able to restrict the rate of growth in these expenses during 1983, compared to prior years, through its efforts to pare costs and expenses.

Research and development expenses were $103.1 million in 1983 up from $100.2 million in 1982, reflecting the continuation of aggressive product development programs.

Operating profit for the Electronic and Electrical segment increased to $51 million in 1983 from $32 million in 1982. Operating profit of the Vehicle Components segment for 1983 increased to $152 million from $56 million from 1982. These increases were primarily due to the increased sales volume experienced in 1983 compared to 1982 and the positive impact of concentrated efforts to control and reduce costs and expenses.

Other Income and Deductions

Interest expense declined sharply to $48.5 million in 1983 compared to $67.7 million in 1982. The decline resulted from the reduced amount of total debt carried by the Company during the majority of 1983 compared to 1982 and reduced average interest rates.

The Company's investments in finance subsidiaries and associate companies generated a loss of $10.4 million in 1983 compared to income of $14.6 million in 1982. The change was due to losses reported by the Company's associate company in Mexico and lower income of one of the company's domestic finance subsidiaries, Eaton Credit Corporation.

Other income-net increased to $16.4 million in 1983 from $6.8 million in 1982. The increase was primarily due to lower exchange losses and reduced refinancing costs.

The results for 1983 include a provision for plant closings of $18.8 million, before income tax credits, and a nontaxable charge of $11.5 million for the write-off of the investment in the Company's Mexican associate company. These items are more fully explained in the respective sections of the Financial Review.

An analysis of changes in income taxes and the effective tax rate of continuing operations is presented under "Income Taxes" in the Financial Review.

No loss was reported by discontinued operations in 1983 since expected operating losses of these operations through their estimated dates of disposal were provided in 1982.

A discussion of the effects of inflation on the Company's operations is presented on pages of the Financial Review.

Results of Operations—1982 Compared With 1981

Net Sales

Net sales for 1982 were $2.453 billion, down 13.7% from $2.842 billion in 1981. Severely reduced demand due to the prolonged recession and high interest rates caused sales of the Electronic and Electrical and Vehicle Components business segments to decline in 1982 to $1.343 billion and $1.129 billion, respectively, from $1.415 billion and $1.442 billion, respectively, in 1981. Also, the decline in the value of foreign currencies against the U.S. dollar further reduced sales of international operations. However, the Aerospace and Defense Systems class of product posted a sales increase of almost 50% due primarily to increased business with the U.S. government.

Operating Results

Gross margin in 1982 decreased to $582.7 million from $742.4 million in 1981 and also declined as a percent of sales to 23.8% in 1982 from 26.1% in 1981. These declines reflected the sharply reduced level of net sales in 1982 offset to some extent by the efforts of management to bring costs and capacity into line with very depressed business levels. The decline in the value of foreign currencies against the U.S. dollar had an additional adverse impact on gross margins for the Company's international operations. However, gross margin was increased by $17.0 million in 1982, and to a much lesser extent in 1981, as a result of the liquidation of inventories accounted for by the LIFO method.

Selling and administrative expenses were $408.3 million in 1982, down $10.8 million from 1981. The decline was a direct result of management's programs to reduce administrative costs at every level of the Company.

On the other hand, management's emphasis on increasing the technological edge of the Company accounted for the increase in research and development expenses to $100.2 million 1982 from $90.2 million in 1981.

Operating profit for the Electronic and Electrical segment fell to $32 million in 1982 from $89 million in 1981. Operating profit of the Vehicle Components segment also declined to $56 million in 1982 from $173 million in 1981. These declines were the result of the decline in net sales experienced in 1982 compared to 1981, which were not offset by a corresponding decline in costs and expenses.

Other Income and Deductions

Interest expense declined to $67.7 million in 1982 from $72.0 million in 1981. The decline was the result of reductions in total debt and generally lower levels of interest rates. The decline would have been greater except that interest capitalized on construction in progress was $6.6 million lower in 1982 compared to 1981 due to the reduced level of capital expenditures in 1982.

Sharply reduced earnings of the Company's associate company in Mexico and lower earnings of one of the Company's domestic finance subsidiaries, Eaton Credit Corporation, caused earnings of finance subsidiaries and associate companies to fall by $8.6 million in 1982 to $14.6 million.

Interest income increased to $14.6 million in 1982 from $10.6 million in 1981 because of increased amounts of short-term investments during 1982.

Other income-net fell $12.3 million in 1982 to $11.2 million. The decline was caused principally by refinancing costs and lower royalty income.

[illegible] for 1982 include a nontaxable gain [illegible] million on the exchange of 900,000 [illegible] Shares for $39.2 million principal [illegible] of certain of the Company's outstanding [illegible]bentures. Also, a pretax provision for [illegible] closings and restructurings of $181.4 million was recorded in 1982. These items are more fully explained in the respective sections of the Financial Review.

An analysis of changes in income taxes and the effective tax rate of continuing operations is presented under "Income Taxes" in the Financial Review.

The loss from discontinued operations was $118.7 million in 1982 compared to a loss of [illegible]3.3 million in 1981. The increased loss was primarily the result of the provision of $143.0 million, less income tax credits of $50.2 million, for the estimated loss on disposal of these operations.

Report of Management

(As Taken From Annual Report of Company)

We have prepared the accompanying consolidated financial statements and related information for the years 1983, 1982 and 1981. The opinion of the Company's independent auditors, Ernst & Whinney, on those financial statements appears below. The primary responsibility for the integrity of the financial information included in this annual report [illegible] with management. Such information was prepared in accordance with generally accepted accounting principles appropriate in the circumstances, based on our best estimates and judgements and giving due consideration to materiality.

Eaton maintains internal accounting control systems which are adequate to provide reasonable assurance that assets are safeguarded from loss or unauthorized use and which produce records adequate for preparation of financial information. There are limits inherent in all systems of internal accounting control based on the recognition that the cost of such systems should not exceed the benefits to be derived. We believe the Company's systems provide this appropriate balance.

The systems and controls and compliance therewith are reviewed by an extensive program of internal audits and by our independent auditors. Their activities are coordinated to obtain maximum audit coverage with a minimum of duplicate effort and cost. The independent auditors receive copies of all reports issued by the internal auditors at the same time they are released to management and have access to all internal audit work papers.

In an attempt to assure objectivity and remove bias, the financial data contained in this report is subject to review by the Audit Committee of the Board of Directors. The Audit Committee is composed of outside directors who meet regularly with management, internal auditors and independent auditors to review the audit scope, timing and fee arrangements.

The Company maintains high standards when selecting, training and developing personnel, to insure that management's objectives of maintaining strong, effective internal accounting controls and unbiased, uniform reporting standards are attained. We believe our policies and procedures provide reasonable assurance that operations are conducted in conformity with law and with our Company commitment to a high standard of business conduct.

Stephen R. Hardis
Executive Vice President—
Finance and Administration

Ronald L. Leach
Vice President—Accounting

February 10, 1984

Report of Independent Auditors

(As Taken From Annual Report of Company)
Board of Directors and Shareholders
Eaton Corporation
Cleveland, Ohio

We have examined the consolidated balance sheets of Eaton Corporation and subsidiaries as of December 31, 1983 and 1982, and the related consolidated statements of operations, shareholders' equity and changes in financial position for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Eaton Corporation and subsidiaries at December 31, 1983 and 1982, and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1983 in conformity with generally accepted accounting principles applied on a consistent basis.

Ernst & Whinney

Cleveland, Ohio
February 10, 1984

FINANCIAL & OPERATING DATA

Statistical Record

	1983	1982	1981	1980
Earned per share—common:				
Year end shares:				
Continuing oper.	$2.91	($2.47)	$4.68	$4.24
Discontinued oper.	......	($4.12)	($1.66)	$0.09
Net income	$2.91	($6.59)	$3.02	$4.33
Average Shares:				
Continuing oper.	$3.06	($2.54)	$4.68	$4.26
Discontinued oper.	......	($4.20)	($1.67)	$0.09
Net income	$3.06	($6.74)	$3.01	$4.35
Fully diluted shares:				
Continuing oper.	$2.95	($2.54)	$4.52	$4.09
Discontinued oper.	......	($4.20)	($1.60)	$0.09
Net income	$2.95	($6.74)	$2.92	$4.18
Dividends per sh.—4¾% pfd.	$1.18¾	$1.18¾	$1.18¾	$1.18¾
—$2.30 serial pfd. A	$2.30	$2.30	$2.30	$2.30
$10 serial pfd., B	7.50	......	......	......
—common	$0.80	$1.72	$1.72	$1.72
Price range—4¾% pfd.	......	50½-33¾	57-42	47¾-32½
—$2.30 serial pfd. A	......	51½-34	59-39½	50-30½
—$10 serial pfd., B	209-158	......	......	......
—common	55½-28⅝	35⅞-23¾	41½-26½	34⅞-20¼
Net tang. assets per $1,000 debt	$3,152	$2,856	$2,699	$2,867
Net curr. assets per $1,000 debt	$1,781	$1,038	$981	$1,301
Times charges earned:				
Before inc. tax	3.40	......	2.85	3.27
After inc. tax	2.93	......	2.10	2.30
Times chgs. & pfd. div. earned	......	......	2.07	2.28
Price range—deb. 4⅝s, 1988	56-52	52-50	64-50	66-50
—deb. 6s, 1992	69⅛-64	66-53⅝	63½-60¼	73¾-68
—deb. 7.60s, 1996	67⅝-63	58⅛-58⅛	62-52½	72½-61
—deb. 7⅞s, 2003	70-60	63-51	60-49	64⅛-59½
—deb. 8¾s, 2001	78-70	63-63	65-63⅞	75-71
—deb. 7s, 2011	59-55½	52-45½	44¼-44¼	......
—Cut.-Ham. deb. 5¾s, 1992	98⅞-69⅞	74½-54	80-54¾	81-63½
Net tangible assets per common share	$28.04	$24.53	$34.81	$37.00
Number of shs.—4¾% preferred	......	39,640	44,131	49,759
—$2.30 serial pfd., A	......	303,975	326,182	378,419
—$10 serial pfd., B	111,666	......	......	......
Number of shares—Common:				
At year end	32,020,359	28,771,656	27,301,831	26,724,738
Average shares	29,961,129	28,253,186	27,066,479	26,377,422
Fully diluted	31,723,195	28,263,186	28,347,558	27,893,948

Financial & Operating Ratios

	1983	1982	1981	1980
Current assets ÷ current liabilities	2.25	1.69	1.98	2.11
% cash and securities to curr. assets	26.96	5.47	9.70	1.67
% inventory to current assets	29.41	45.63	49.12	56.15
% net current assets to net worth	75.24	49.20	52.61	66.94
% property depreciated	40.70	40.09	36.02	35.38
% annual depr. to gross property	7.59	7.41	7.00	7.05
Capitalization:				
% long term debt	27.59	30.85	33.07	31.96
% deferred inc. taxes	7.15	4.03	5.26	5.88
% preferred stock	0.01	0.10	0.08	0.18
% Common stock and surplus	65.25	65.02	61.59	62.08
Sales ÷ inventory	6.79	5.54	5.36	3.87
Sales ÷ receivables	6.25	7.31	7.06	5.63
% sales to net property	375.49	323.57	360.79	338.72
% sales to total assets	117.33	120.81	124.55	120.71
% net income to total assets	4.09	......	3.53	5.03
% net income to net worth	9.45	......	8.11	11.52

Analysis of Operations

	%	%	%	%
Net sales	100.00	100.00	100.00	100.00
Cost of goods sold	73.92	76.24	73.87	75.13
Sell., adv., adm. & genl. exp.	19.58	20.73	17.93	16.70
Operating profit	6.50	3.03	8.20	8.17
Other income	0.77	2.11	1.86	1.16
Total income	7.27	5.14	10.06	9.33
Interest expense	1.81	2.75	2.53	3.16
Prov. for plant closings	0.70	7.40	......	0.91
Write-off of invest.	0.43	......	......	......
Net income before inc. taxes, etc.	4.33	(5.01)	7.53	7.07
Income tax & surtax	0.85	(2.12)	3.04	2.99
Inc. from cont. oper.	3.48	(2.89)	4.49	4.08
Discont. oper.	......	(4.84)	(1.59)	0.09
Net income	3.48	(7.73)	2.90	4.17

LONG TERM DEBT

1. Eaton Manufacturing Co. debenture 4⅜s, due 1988:

Rating—A 2

AUTHORIZED—$25,000,000; outstanding, Dec. 31, 1981, $4,392,000.
DATED—July 15, 1963.
MATURITY—July 15, 1988.
INTEREST—J&J 15 at office of trustee or Bankers Trust Co., New York.
TRUSTEE—AmeriTrust Co., Cleveland, O.
DENOMINATION—Coupon, $1,000; registerable as to principal; fully registered, $1,000 and multiples thereof. C&R interchangeable on payment of $2 charge for each debenture issued.
CALLABLE—As a whole or in part at any time on 30 days' notice to each July 14, incl. as follows:

1982	.....100.70	1983	.....100.50	1984	.....100.30
1985	.....100.10	1988	.....100.00		

Also callable on like notice at 100 for sinking fund (which see).
SINKING FUND—Cash (or debentures) to redeem at sinking fund redemption price $1,250,000 debentures each July 15, 1969-87 plus similar optional payments. Payments designed to retire entire issue at or before maturity.
SECURITY—Not secured. Company or any restricted subsidiary may not, with certain exceptions, create any mortgage on assets unless debentures are equally and ratably secured thereby; excepted are purchase money mortgages for not exceeding 75% of lower of cost or fair value of property acquired.

If on any consolidation or sale of substantially all assets, any property would become subject to mortgage, debentures will be secured by direct prior lien thereon except for any existing lien.
CREATION OF ADDITIONAL DEBT—Company may not create, except for refunding purposes, funded debt (excluding subordinated funded debt) unless thereafter consolidated net tangible assets would at least equal 250% of consolidated funded debt.
SALES AND LEASE-BACK PROVISION—Company or any restricted subsidiary may not sell any manufacturing plant for $1,000,000 or more (except to company or a restricted subsidiary) and lease back such plant unless (1) net proceeds at least equal fair value of such plant and (2) within 90 days after such sale company redeems debentures at least equal to, or applies to payment or redemption of other funded debt an amount equal to, net proceeds of such sale (less amount of debentures delivered to trustee within 45 days after such sale).
DIVIDEND RESTRICTION—Company may not pay cash dividends on or acquire capital stock in excess of consolidated net income after Dec. 31, 1962 (as provided) plus (1) $30,000,000; (2) net proceeds from stock sold after that date other than to a subsidiary and other than common issued in acquisition of assets of Dole Valve Co. and common and preferred issued in acquisition of assets of Yale & Towne assets. (3) net proceeds from sale after that date, other than to a subsidiary, of debt converted into stock subsequent to Dec. 31, 1962; foregoing will not prevent payment of dividends on preferred which may be issued in connection with acquisition of Yale & Towne assets. At Dec. 31, 1980, the specified levels were substantially in excess of such aggregate amounts of dividends and distributions.
RIGHTS ON DEFAULT—Trustee or 25% of debentures may declare principal due and payable (30 days' grace for payment of interest or sinking fund instalment).
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debentures.
PURPOSE—Proceeds to retire $20,000,000 4½% to 5% notes payable to banks and $2,000,000 short-term debt; balance for working capital.
OFFERED—($25,000,000) at 99⅝ (proceeds to company, 98½) on July 24, 1963 by Merrill Lynch, Pierce, Fenner & Smith, Inc., New York, and associates.

2. Eaton Corp. (Eaton Yale & Towne Inc.) debenture 6s (formerly 5½s), due 1992:

Rating—A 2

AUTHORIZED—$40,000,000; outstanding, Dec. 31, 1981, $5,087,000.
DATED—Mar. 15, 1967. DUE—Mar. 15, 1992.
INTEREST—M&S15 to holders registered Feb. 28 or Aug. 31 prior to interest date at office of trustee or Bankers Trust Co., New York.

Note: Interest rate increased from 5½% to 6% effective June 10, 1980.
TRUSTEE—AmeriTrust Co., Cleveland, O.
DENOMINATION—Fully registered, $1,000 and authorized multiples thereof.
CALLABLE—As a whole or in part on at least 30 days' notice to each Mar. 14, incl., as follows:

1983	....101.375	1984	....101.100	1985	....100.825
1986	....100.550	1987	....100.275	1992	....100.000

Also callable for sinking fund (which see) at par.
SINKING FUND—Annually, to retire debs. at par, each Mar. 14, 1973-91, incl., cash (or debs.) equal to $2,000,000 debs. outstg. plus similar optional payments. Payments are designed to retire 95% of issue prior to maturity.
SECURITY—Not secured. See also deb. 4⅜s, due 1988.
SALES & LEASEBACK PROVISION—Co. or any restricted subsidiary may not sell any manufacturing plant for $2,000,000 or more (except to Co. or a restricted subsidiary) and lease back such plant unless (1) net proceeds of sale are at least equal to fair value of such plant and (2) within 90 days after such sale Co. redeems debs. at least equal to, or applies to payment or redemption of other funded debt an amount equal to, net proceeds or such sale (less amount of debs. delivered to Trustee within 45 days after such sale).
DIVIDEND RESTRICTION—Co. may not pay cash divs. on or acquire capital stock in excess of consolidated net income after Dec. 31, 1966 plus net proceeds from sale of stock or any debt converted into stock after such date plus $45,000,000.
OTHER PROVISIONS—See deb. 4⅜s, due 1988.
LISTED—On New York Stock Exchange.
PURPOSE—($40,000,000) at 100 (proceeds to Co., 99⅛) on Mar. 14, 1967 thru Merrill Lynch, Pierce, Fenner & Smith, Inc., and Kuhn, Loeb & Co., and associates.

3. Eaton Corp. debenture 7.60s, due 1996:

Rating—A 2

AUTH.—$60,000,000; outstg. Dec. 31, 1983, $20,800,000.
DATED—Sept. 15, 1971. DUE—Sept. 15, 1996.
INTEREST—M&S15 to holders registered Feb. 28 & Aug. 31, payable in NYC.
TRUSTEE—Citibank, N.A.
DENOMINATION—Fully registered, $1,000 and any multiple thereof.
CALLABLE—As a whole or in part at any time on at least 30 days' notice to each Sept. 14, as follows:

1984	.....103.04	1985	.....102.66	1986	.....102.28
1987	.....101.90	1988	.....101.52	1989	.....101.14
1990	.....100.76	1991	.....100.38		

thereafter 100.

Also callable for sinking fund (which see) at 100.
SINKING FUND—Annually on Sept. 14, 1977-95, cash (or debs.) to retire $3,000,000 debs., plus similar optional payments.
SECURITY—Same as deb. 4⅜s, due 1988.
SALES AND LEASEBACK PROVISION—Subject to certain exceptions, Co. and restricted subsidiaries may not sell or transfer any manufacturing plant owned by Co. with intention of taking back a lease on such property unless (a) amount realized from such sale or transfer, together with value of then outstg. sale and leaseback transactions and outstg. aggregate principal amount of mtge. debt not otherwise permitted under indenture shall be less than 5% of consolidated net worth, or (b) at such time as Co. shall cause an amount equal to value of manufacturing plant to be sold or transferred and leased to be applied to retirement within 90 days of effective date of such sale and leaseback transaction of either debs. or other funded debt of Co. which is equal in rank to debs., or both.
DIVIDEND RESTRICTION—Same as deb. 6s, due 1992.
OTHER PROVISIONS—See deb. 4⅜s, due 1988.
RIGHTS ON DEFAULT—Trustee, or 25% debs. outstg. may declare interest due and payable (30 days' grace for interest, 60 days for sinking fund installment).
INDENTURE MODIFICATION—Same as deb. 4⅜s, due 1988.
LISTED—On New York Stock Exchange.
PURPOSE—Proceeds to repay short-term bank debt and outstg. commercial paper.
OFFERED—($60,000,000) at 100 (proceeds to Co., 99.125) on Sept. 9, 1971 thru Merrill Lynch, Pierce, Fenner & Smith, Inc. and associates.

4. Eaton Corp. debenture 7⅞s, due 2003:

Rating—A 2

AUTH.—$85,000,000; outstg., Dec. 31, 1983, $55,500,000.
DATED—Dec. 1, 1973. DUE—Dec. 1, 2003.
INTEREST—J&D 1, in NYC to holders registered M&N 15.
TRUSTEE—Chase Manhattan Bank (N.A.), NYC.
DENOMINATION—Fully registered, $1,000 and any multiple of $1,000.
CALLABLE—As a whole or in part at any time on at least 30 days' notice to each Nov. 30, as follows:

1983	....105.040	1984	....104.725	1985	....104.410
1986	....104.095	1987	....103.780	1988	....103.465
1989	....103.150	1990	....102.835	1991	....102.520
1992	....102.205	1993	....101.890	1994	....101.575
1995	....101.260	1996	....100.945	1997	....100.630
1998	....100.315				

and thereafter at 100. Not callable, however, prior to Dec. 1, 1983 thru refunding at interest cost less than 7⅞% per annum.
SINKING FUND—Annually, on or before Nov. 30, 1984-2002, cash (or debs.) equal to redeem $3,400,000 principal amount of debs.; plus similar optional payments. Sinking fund designed to retire 76% of issue prior to maturity.
SECURITY—OTHER PROVISIONS—Same as debs. 4⅜s, due 1988.
LISTED—On New York Stock Exchange.
PURPOSE—Proceeds to repay domestic short-term bank debt and commercial paper.
OFFERED—($85,000,000) at 100 (proceeds to Co., 99.125) on Nov. 29, 1973 thru Merrill Lynch, Pierce, Fenner & Smith, Inc. and associates.

5. Eaton Corp. debenture 8⅝s, due 2001:

Rating—A 2

AUTH.—$60,000,000; outstg., Dec. 31, 1983, $37,400,000.
DATED—July 15, 1976. DUE—July 15, 2001.
INTEREST—J&J 15 to holders registered J&J 1, payable in NYC.
TRUSTEE—Bankers Trust Co., New York, N.Y.
DENOMINATION—Fully registered, $1,000 and any multiple thereof.
CALLABLE—As a whole or in part at any time on at least 30 days' notice to each July 14, as follows:

1983	.....105.60	1984	.....105.20	1985	.....104.80
1986	.....104.40	1987	.....104.00	1988	.....103.60
1989	.....103.20	1990	.....102.80	1991	.....102.40
1992	.....102.00	1993	.....101.60	1994	.....101.20
1995	.....100.80	1996	.....100.40		

thereafter at 100.
Not callable, however, prior to July 15, 1986 thru refunding at interest cost less than 8.82% per annum. Also callable for sinking fund (which see) at 100.
SINKING FUND—Annually, on or before July 14, 1987-2000, cash (or debs.) to retire $3,600,000 principal amount of debs.; plus similar optional payments. Sinking fund designed to retire 84% of issue prior to maturity.
SECURITY—With certain exceptions neither Co. nor any restricted subsidiary may create or assume any mortgage, pledge or other lien of or upon any of its or their assets unless the debs. then outstg. are secured by such mortgage, pledge or lien equally and ratably with any and all other obligations and indebtedness thereby secured for so long as any such other obligations and indebtedness shall be so secured. Among the exceptions is the creation of any mortgage or other lien on any property of Co. or any restricted subsidiary to secure indebtedness incurred prior to, at the time of, or within 120 days after the later of the acquisition, the completion of construction or the commencement of full operation of such property; provided that such indebtedness so secured shall have been incurred for the purpose of financing all or any part of the acquisition or construction of any such property. In addition, Co. may incur mortgage indebtedness not otherwise permitted by the indenture so long as the aggregate of such outstg. indebtedness, together with the value of all outstg. sale and leaseback transactions not otherwise permitted, shall be less than 5% of consolidated net worth.

Co. covenants that if upon any merger, consolidation or sale of substantially all of its assets or any acquisition by it of any assets of another corporation, any of Co.'s property would become subject to any [illegible] pledge or lien (with certain exceptions), [illegible] debs. and all other indebtedness of Co. [illegible] to the benefit of a similar covenant will [illegible] cured, prior to such transaction, equally [illegible] ratably by a direct lien on such property [illegible] to all liens other than any theretofore [illegible] thereon.
SALE & LEASEBACK PROVISIONS—[illegible]ject to certain exceptions set forth in the indenture (such exceptions including the sale or transfer of property made within 120 days after the later of the date of (i) the acquisition of such property, (ii) the completion of construction of such property or (iii) the commencement of full operation thereof), Co. may not, and may not permit any restricted subsidiary to, sell or transfer any manufacturing plant owned by Co. or any restricted subsidiary with the intention of taking back a lease on such property unless (a) such lease has a term, including permitted extensions and renewals, of not more than three years, and it is intended that the use by Co. or the restricted subsidiary of the manufacturing plant covered by such lease will be discontinued on or before the expiration of such term or (b) the amount realized from such sale or transfer, together with the value (as defined) of then outstg. sale and leaseback transactions not otherwise permitted by the indenture and the outstg. aggregate principal amount of mortgage indebtedness not otherwise permitted by the indenture shall be less than 5% of consolidated net worth, or (c) Co. shall cause an amount equal to the value (as defined) of the manufacturing plant to be sold or transferred and leased to be applied to the retirement within 90 days of the effective date of such sale and leaseback transaction of either debs. or other funded indebtedness of Co. which is equal in rank to the debs., or both.
RIGHTS ON DEFAULT—Trustee, or 25% of debs. outstg., may declare principal due and payable.
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debs. outstg.
LISTED—On New York Stock Exchange.

PURPOSE—Proceeds for general corporate purposes, including future capital expenditures and working capital requirements.
OFFERED—($60,000,000) at 99.25 (proceeds to Co., 98.375) on July 9, 1976 thru Merrill Lynch, Pierce, Fenner & Smith, Inc. and associates.

6. Eaton Corp. debenture 7s, due 2011:

Rating—A 2

AUTH.—$200,000,000; outstg. Dec. 31, 1983, $98,300,000 (net of discount of $101,700,000).
DATED—Apr. 1, 1981. DUE—Apr. 1, 2011.
INTEREST—A&O1 to holders registered M&S15.
TRUSTEE—Morgan Guaranty Trust Co. of New York.
DENOMINATION—Fully registered; $1,000 and any multiple of $1,000.
CALLABLE—As a whole or in part at any time on at least 30 days' notice at 100.
SECURITY—SALE AND LEASEBACK—Same as deb. 8¾s, 2001.
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debs. outstg.
RIGHTS ON DEFAULT—Trustee, or 25% of debs. outstg. may declare principal due and payable (30 days' grace for payment of interest).
LISTED—On New York Stock Exchange.
PURPOSE—Proceeds will be used to refinance a portion of Co.'s indebtedness under its revolving credit and term loan arrangements and to issue commercial paper.
OFFERED—($200,000,000) at $48.80 plus accrued interest on April 8, 1981 thru Merrill Lynch White Weld Capital Markets Group; Salomon Brothers and associates.

7. Eaton Corp. convertible subordinated debentures, 8⅛s, due 2008:

Rating—A3

AUTH.—$75,000,000; outstg. Dec. 31, 1983, $75,000,000.
DATED—Dec., 1983. DUE—Dec. 15, 2008.
INTEREST—J&D15 to holders registered J&D1.
TRUSTEE—Continental Illinois National Bank & Trust Co. of Chicago, Illinois.
DENOMINATION—Fully registered, $1,000 or any integral thereof. Transferable and exchangeable without service charge.
CALLABLE—As a whole or in part, at any time at the option of Co. on not less than 15 days' nor more than 60 days' notice to each Dec. 14 as follows:

1986 .....106.80 1987 .....105.95 1988 .....105.10
1989 .....104.25 1990 .....103.40 1991 .....102.55
1992 .....101.70 1993 .....100.85

and thereafter at 100. Not callable prior to Dec. 15, 1988. Also callable for sinking fund (which see) at 100.
SINKING FUND—Annually Dec. 15, 1994-2007, sufficient to redeem $3,750,000 principal amounts of debs. outstg., plus similar optional payments. Sinking fund is designed to retire 70% of debs. prior to maturity.
SECURITY—Not secured. Subordinated to all senior indebtedness.
CONVERTIBLE—Into com. at any time to and including Dec. 14, 2008, unless previously redeemed, at a price of $63.25 per sh., subject to adjustment in certain events.
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of not less than a majority of debs. outstg.
RIGHTS ON DEFAULT—Trustee, or 25% of debs. outstg., may declare principal due and payable (30 days' grace for payment of interest).
LISTED—On New York Stock Exchange.
PURPOSE—Proceeds will be used to increase Co.'s liquidity in anticipation of future capital requirements related to Co.'s growth and diversification strategies.
OFFERED—($75,000,000) at 100% plus accrued interest (proceeds to Co. 99.875%) on Dec. 14, 1983 thru Lehman Brothers Kuhn Loeb Incorporated; Merrill Lynch Capital Markets; Salomon Brothers Inc. and associates.

8. Other Debt: Outstg. Dec. 31, 1983 (less curr. maturities), $58,500,000 comprised of:
(1) $23,700,000 capitalized lease obligations.
(2) $34,800,000 other debt.

Subsidiary Debt: 9. Cutler-Hammer, Inc. sinking fund debenture 5¾s, 1992.

Rating—A 2

AUTH.—$20,000,000; outstg., Dec. 31, 1981, $1,538,000.
DATED—May 1, 1967. DUE—May 1, 1992.
INTEREST—M&N1 by mail to registered holders 15 days prior to interest date.
TRUSTEE—Chase Manhattan Bank (N.A.), NYC.
DENOMINATION—Fully registered $1,000 and authorized multiples thereof. Transferable and exchangeable without charge.
CALLABLE—As a whole or in part on at least 30 days' notice to each Apr. 30, incl., as follows:

1983 .....101.25 1984 .....101.00 1985 .....100.75
1986 .....100.50 1987 .....100.25 1992 .....100.00

Also callable for sinking fund (which see) to Apr. 30, incl., as follows:

1983 .....100.38 1984 .....100.35 1985 .....100.32
1986 .....100.29 1987 .....100.26 1992 .....100.00

SINKING FUND—Annually, each May 1, 1973-91, to retire debs., cash (or debs.) equal to $1,000,000 plus similar optional payments.
SECURITY—Not secured. Co. or any restricted subsidiary will not incur, assume or guarantee any debt for money borrowed if debt. is secured by mortgage, pledge, lien or other encumbrance on any manufacturing plant or facility in U.S. or on any shares of stock or debt of any restricted subsidiary without securing debs. equally, except for, (1) mortgages on property, shares of stock or debt of a corp. at time it becomes a restricted subsidiary (2) mortgages on property at time of acquisition (3) mortgages securing debt owing by any restricted subsidiary to Co. or another subsidiary (4) mortgages in favor of any country or subdivision of any country to payment of any contract or to secure debt for construction of such property mortgaged (5) mortgages on property securing its 5½% Secured Notes outstg. in the amount of $1,875,261 at Dec. 31, 1968. Co. may incur, assume or guarantee secured debt without securing debs. if amount of debs. outstg. plus value of sale and leaseback transactions is not over 5% of stockholders equity.
ASSUMED—By Eaton Corp. pursuant to merger.
CREATION OF ADDITIONAL DEBT—Co. or any restricted subsidiary will not create, incur, issue or assume any debt unless consolidated net tangible assets are at least 200% of all outstg. debt.
DIVIDEND RESTRICTIONS—Co. may not pay cash divs. on or acquire stock in excess of consolidated net income after Jan. 1, 1967 plus $10,000,000.
SALE AND LEASEBACK—Co. or any restricted subsidiary may not sell or leaseback property unless (1) property could be mortgaged without securing debs. equally in accordance with other provisions or (2) an amount equal to proceeds of sale or value of property sold (whichever is higher) is applied to retirement of debs. or other prior debt.
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debs. outstg.
PURPOSE—Proceeds to retire debt; balance for working capital.
OFFERED—($20,000,000) at 100.625 (proceeds to Co. 99.625) on May 9, 1967 thru Morgan Stanley & Co. and Robert W. Baird & Co. and associates.

10. Cutler-Hammer International Finance Inc. guaranteed debenture 6s, due 1987:

AUTH.—$15,000,000; outstg., Dec. 31, 1981, $6,000,000.
DATED—June 16, 1972. DUE—June 15, 1987.
INTEREST—Annually, each June 15, commencing 1973 at offices of paying agents listed below.
TRUSTEE—Citibank, N.A., NYC.
PAYING AGENTS—Offices of trustee in NYC, Amsterdam, Brussels, Frankfurt am Main, London, Milan and Paris; Citibank (Luxembourg) S.A., Luxembourg; Kredietbank S.A. Luxembourgeoise, Luxembourg.
DENOMINATION—Bearer, $1,000.
GUARANTEED—As to payment of principal, premium and interest by Cutler-Hammer, Inc., parent.
CALLABLE—As a whole or in part at any time after June 15, 1980 on at least 30 days' notice to each June 14, as follows:

1981 ......100¼ 1982 ......100¼ 1983 ......100¼
1984 ......100⅛

and thereafter at 100.

If, as a result of any change in the tax laws of U.S. or any subdivision or taxing authority thereof or therein or in the tax treaties of U.S., which change becomes effective on or after May 31, 1972, it would be required, pursuant to provisions of debs., to pay additional interest (see Taxes on Principal, Premium or Interest), debs. may be redeemed as a whole at any time on at least 30 days' notice to each June 14, as follows:

1982 ......100¼ 1983 ......100¼ 1984 ......100⅛

and thereafter at 100. Also callable for sinking fund (which see) at 100.
SINKING FUND—Annually, prior to June 15 in each year: $500,000 from 1975-78; $1,000,000 from 1979-82; and $1,500,000 from 1983-86, inclusive, plus similar optional payments. Sinking fund designed to retire 80% of issue prior to maturity.
SECURITY—Not secured; debs. will be direct obligations of Co.
ASSUMED—By Eaton Corp. pursuant to merger.
TAXES ON PRINCIPAL, PREMIUM OR INTEREST—Co. will pay as additional interest such amounts as may be necessary to reimburse non-resident alien holders for any present or future U.S. withholding tax.
RIGHTS ON DEFAULT—Trustee, or 25% of debs. outstg. may declare principal due and payable.
INDENTURE MODIFICATION—Indenture may be modified, except as provided, with consent of 66⅔% of debs. outstg.
PURPOSE—Proceeds to refund advances and retire short-term debt and for parent's overseas operations.
OFFERED—($15,000,000) at 99 (proceeds to Co., 96½) on June 8, 1972 thru Morgan & Cie International S.A. and Morgan Grenfell & Co. Ltd. and associates.

11. Other Subsidiary Debt: Outstg., Dec. 31, 1983, $71,700,000 comprised of:
Cutler-Hammer, Inc. (assumed):
(1) $7,900,000 9.3% notes, due thru 1994.
(2) $13,800,000 8.95% notes due thru 1995.
(3) $50,000,000 13¼% Eurodollar notes.

CAPITAL STOCK

1. Eaton Corp. $10 cumulative convertible serial preferred B; no par:

AUTH.—$5,400,000 shs.; outstg., Dec. 31, 1983, 111,666 shs.; no par.
PREFERENCE—Ranks pari passu with other outstg. pfd. shs.
DIVIDEND RIGHTS—Entitled to cum. cash divs. at the rate of $10 per sh. annually payable quarterly Feb. 25, etc.
VOTING RIGHTS—One vote per sh. on all matters on which shareholders generally vote; except that if the Co. defaults in paying the equivalent of six quarterly divs. on such shs. the holders voting as a class can elect two additional Co. directors until all unpaid divs. have been paid.
LIQUIDATION RIGHTS—Holders of the shs. are entitled to receive $125 per sh. plus accrued and unpaid divs. in any liquidation, dissolution or winding up of the Co.
PREEMPTIVE RIGHTS—None.
CALLABLE—As a whole or in part at any time after May 1, 1988 at a price of $170 per sh., plus accrued divs.
CONVERTIBLE—Ser. B pfd. shs. are convertible into com. shs. at any time after Nov. 1, 1983 at the rate of four com. shs. for each ser. B pfd. shs. so converted. The terms of the ser. B pfd. shs. require that such conversion rate be adjusted in case Co. shall pay a div. of com. shs. on outstanding com. shs.; subdivide its outstanding com. shs. into a smaller number of com. shs. by reclassification or otherwise; issue rights or wrrts. to the holders of com. shs. entitling them to purchase com. shs. at a price less than the current market price of the com. shs.; or distribute to holders of com. shs. evidences of its indebtedness or assets excluding cash divs., and distributions.
TRANSFER AGENT AND REGISTRAR—AmeriTrust Co., Cleveland.
LISTED—On NYSE. (Symbol: ETN Pf B).
OFFERED—Pfd. shs. were offered in exchange for up to 5,400,000 com. shs., $0.50 par, on the basis of one ser. B pfd. sh. for each 5 com. shs. A total of 1,138 shareholders tendered 536,470 com. shs. and these shs. have been accepted for exchange by the Co. After the exchange, 28,334,090 of Co.'s com. shs. remain outstg. Co. exchanged one ser. B pfd. sh. for five com. shs. Offer expired Apr. 12, 1983.

2. Eaton Corp. common; par $0.50:

AUTHORIZED—70,000,000 shares; outstanding, Dec. 31, 1983, 32,020,359 shares; in treasury, 1,827,544 shares; reserved for options, conversion of preferred and debentures 3,724,895 shares; par $0.50.
Par changed from $100 to no par in Mar. 1922; from no par to $4, Oct. 10, 1936, share for share; from $4 to $2, Nov. 22, 1948, by 2-for-1 split; from $2 to $1, Sept. 30, 1959, by 2-for-1 split; from $1 to $0.50, July 15, 1966, by 2-for-1 split.

Dividend Record (in $)

($100 par shares)
[1]1916-21, not available.

(No par shares)
1922 ....Nil 1923 ....1.30 1924 .....1.70
1925 ....1.00 1926-28 ......2.00 1929-30....3.00
1931 ....1.45 1932 ....0.25 1933 .....0.20
1934 ....1.00 1935 ....1.50 1936 .....1.37½

($4 par shares)
1936 ....1.50 1937 ....2.75 1938 ....0.25
1939 ....2.50 1940-46 .....3.00 1947 ....5.00
1948 ....4.00

($2 par shares)
1948 ....1.50 1949 ....3.00 1950 ....4.00
1951-55 .....3.00 1956 ....3.50 1957-58 .....3.00
1959 ....2.40

($1 par shares)
1959 ....0.70 1960-63 ....1.80 1964 ....1.90
1965 ....2.15 1966 ......1.17½

($0.50 par shares)
1966 ......0.62½ 1967 ......1.25 1968 ......1.32½
1969-71 ...1.40 1972 ......1.45 1973 ......1.65
1974-75 ...1.80 1976 ......1.85 1977 ......2.00
1978 ......2.25 [2]1979....1.77

On $0.50 par shs. after 50% stk. div.:
1979 ....0.43 1980-82 ......1.72 1983 ......0.80
[3]1984.......0.20

[1]Cash dividends, if any, not reported but 10% paid in common stock in 1917.
[2]Also paid stk. divs. 1979, 50%.
[3]To Feb. 24.

Dividends payable quarterly about Feb. 25, etc. to stock of record about Feb. 5, etc.
DIVIDEND REINVESTMENT PLAN—A cost-free dividend reinvestment plan is available to Eaton shareholders of record thru AmeriTrust Co., Cleveland, O. Voluntary cash contributions may also be made in amounts from $10 up to $5,000 each quarter.
VOTING RIGHTS—One vote per share; subject to rights of preferred stock; cumulative voting permitted in election of directors.

TRANSFER AGENT, REGISTRAR AND DIVIDEND DISBURSING AGENT—AmeriTrust Co., Cleveland, O.

LISTED—On NYSE (Symbol: ETN); also listed on Pacific, Midwest, and London Stock Exchanges; unlisted trading on Boston and Philadelphia Stock Exchanges.

Preferred Retired: In Oct. 1983, the Company called for the redemption of its outstanding 4¾% Cumulative Convertible Preferred Shares ($25 par value) and its $2.30 Serial Preferred Shares, Series A ($.50 stated value). Substantially all of these outstanding preferred shares were converted into Common Shares at the rate of one preferred share for one and one-half Common Shares.

EG&G, INC.

CAPITAL STRUCTURE

LONG TERM DEBT

Issue	Rating	[2]Amount Outstanding	Times Charges Earned 1983	Times Charges Earned 1982	Interest Dates	Call Price	Price Range 1983	Price Range 1982
1. Subord. conv. deb. 3½s, 1987	Ba 1	$1,098,000	[4]...	[4]...	M&N15	[1]100.20	304 -239	151 -144
2. Other long term debt	....	10,202,000			....	.....	....	....

CAPITAL STOCK

Issue	Par Value	Amount Outstanding	Earned per sh. 1983	Earned per sh. 1982	Divs. per Sh. 1983	Divs. per Sh. 1982	Call Price	Price Range 1983	Price Range 1982
1. Common	1	[3]30,591,672 shs.	[3]$1.56	[3]$1.36	$0.36	[5]$0.40	.....	38⅛- 26	[6]30⅝- 28¼

[1]Subject to change; see text. [2]Excludes current maturities. [3]Based on weighted average shares outstanding; fully diluted: 1983, $1.53; 1982, $1.32.Adj. for 2-for-1 split Feb. 1, 1982. [4]Interest not shown separately. [5]Incl. $0.16 paid prior to 2-for-1 split on Feb. 1, 1982. [6]After 2-for-1 split; before, 48⅝-32⅞.

HISTORY

Incorporated in Massachusetts Nov. 13, 1947 as Edgerton, Germeshausen & Grier, Inc.; present name adopted Mar. 24, 1966.

In Mar. 1964, acquired Guillemin Networks, Inc. merged with EG&G in June 1967.

In early 1966 acquired Energy Conversion, Inc.

In May 1966 R-H Engineering Corp.

In Sept. 1966 acquired E.H. Plesset Associates, Inc.

In Oct. 1966 acquired Hydrospace Research Corp.

In Nov. 1966 acquired High Volt Linear Ltd., Eng.

In 1967 acquired Geophysical Associates International; W.E. Howell Associates, Inc.; Ortec, Inc.; Wolf Research and Development Corp.; Cambridge Systems, Inc.; E. Bollay Associates, Inc. and Reynolds Electrical & Engineering Co., Inc.; also formed EG&G Roxbury, Inc., a wholly-owned subsidiary.

In early 1968, acquired E. Van Noorden Co. and Geodyne Corp. E. Van Noorden Co. discontinued in 1970.

In late 1968, acquired Sealol, Inc.

In early 1969, acquired Mason Research Institute, Worcester, Mass.; Rotary Seal., Chicago, Ill.; and Star-Tronics, Inc., Georgetown, Mass.

In June 1971, established Health Test Center of Boston, to provide a broad range of measurement services on prescriptions by physicians for diagnostic and health maintenance purposes.

In May 1972, acquired Challenger Research, Inc., a firm providing research and analysis studies primarily for the navy, for 68,000 common shares.

In June 1972, acquired Millers Falls Paper Co., a producer of high quality paper, for 299,490 com. shares. (Sold Nov. 1982.)

In Oct. 1972, acquired Brookdeal Electronics, Ltd., a manufacturer of advanced instrumentation for electronic signal recovery, for 43,000 com. shares. Also acquired Diagnostic Sciences Inc. (sold in Jan., 1978), an operator of clinical laboratories, for 72,501 com. shares.

In Apr. 1973 acquired Automotive Research Associates, Inc. San Antonio, Tex.

In Dec. 1973, acquired Bionomics, Inc., marine biology measurements firm.

In Dec. 1973, acquired Marolda Clinical Laboratory, Inc. thru an exchange of stock.

In May 1974, acquired Hansen Clinical Laboratory, Inc. thru exchange of 11,500 Com. shs.

In June 1974, acquired Waxman Medical Laboratory for cash and Wakefield Engineering, Inc. for 280,076 Com. shs.

In Dec. 1974, acquired Geophysical Engineering (Pty.), Ltd. of Singapore for cash.

In Feb. 1975, acquired Canadian Packing and Seal Products, Ltd. and Reese Power Products, Ltd. for 110,000 shs. of com. stock.

In June 1975 acquired Physician's Medical Laboratory, Springfield, Ill., thru an exchange of 100,000 Com. shs.

In Jan. 1976, acquired Kane Medical Laboratories, Inc. for 52,500 shs. of com. stk.

In Feb. 1976, acquired GeoMetrics, Inc. for 330,350 shs. of com. stk. Also acquired Rotron, Inc. for $11,079,000 cash.

In Nov. 1976, acquired Torque Systems, Inc., Waltham, Mass., for 91,794 Co. com. shs.

In Dec. 1976, acquired Reticon Corp., Sunnyvale, Cal., for 540,226 Co. com. shs.

In July, 1977, acquired Princeton Applied Research Corp. for 540,083 common shares.

In Aug., 1977 acquired Quality Measurement Systems, Inc. for 142,481 common shares.

In Dec. 1978 acquired Sealink Systems operations from AMF Inc. for cash.

In June 1980, acquired GES Pty. Ltd. of Australia for cash.

In Aug. 1980, acquired Almond Instruments Co., Inc. in exchange for 220,010 shs. of com. stock.

In Feb. 1981, acquired Chandler Engineering Co. in exchange for 275,000 shs. of com. stock.

In Mar. 1982, acquired Gamma Scientific, Inc., for cash.

In Mar. 1982 acquired Continental Labs, Inc. and its Canadian affiliate, Continental Labs Ltd., in exchange for approximately 620,000 common shares.

In Mar. 1982, also acquired Mount Sopris Instrument Co. In addition Co. sold its Rockville, Md., branch laboratory of EG&G Mason Research Institute, Inc., to Whittaker Corp. for cash.

In Oct. 1982, Co. acquired for cash the assets of two related companies, Euroseals GmbH & Co. and J&S GmbH, West German manufacturers of mechanical seals and packings.

In Mar. 1983, Co. acquired Wright Components, Inc., a privately held manufacturer of sophisticated specialty valves, valve systems, and related hardware primarily for the aerospace industry.

In Dec., 1983, acquired Callisto S.A. and Frank Hill Associates.

In Jan., 1984, acquired Vactec, Inc.

In Mar., 1984, acquired Optoelectronics, Inc.

SUBSIDIARIES

As of Jan. 1, 1984 the following are the Company's active subsidiaries and their place of incorporation. All are wholly-owned, except as noted.

EG&G Australia Pty. Ltd. (Australia)
EG&G Automotive Research, Inc. (Tex.)
EG&G Canada Ltd. (Canada)
EG&G DISC, Inc. (Del.)
EG&G Euroseals GmbH (W. Germany)
EG&G Financial Services, Inc. (Del.)
EG&G Florida, Inc. (Flo.)
EG&G Gamma Scientific Inc. (Del.)
EG&G Geophysical Ltd. (U.K.)
EG&G Geophysical Services Malaysia Ltd. (Hong Kong)
EG&G Holdings, Inc. (Del.)
EG&G Idaho, Inc. (Idaho)
EG&G Instruments, Inc. (Del.)
EG&G Instruments Leasing, Inc. (Del.)
EG&G Instruments Limitada (Brazil)
EG&G Instruments, Ltd. (U.K.)
EG&G Instruments GmbH (W. Germany)
EG&G Instruments S.A.R.L. (France)
EG&G Instruments S.R.L. (Italy)
EG&G International, Inc. (Mass.)
EG&G International Ltd. (Cayman Islands)
EG&G International Marine Services, Ltd. (Hong Kong)
EG&G InterTech, Inc. (Del.)
EG&G ITOC, Inc. (Del.)
EG&G (Malaysia) Sdn. Bhd. (Malaysia) (30%)
EG&G Mason Research Institute, Inc. (Mass.)
EG&G Sealol, Inc. (Del.)
EG&G Sealol Eagle, Inc. (Del.) (51%)
EG&G Sealol (Ireland) Ltd. (Cayman Islands)
EG&G Sealol, Ltd. (U.K.)
EG&G Sealol, GmbH (West Germany)
Sealol-Egypt (Egypt) (90%)
Sealol Kuwait K.S.C. (Kuwait) (49%)
Sealol S.A. (Venezuela) (49%)
Sealol S.A. de C.V. (Mexico) (49%)
EG&G Sealol S.A.R.L. (France)
EG&G Sealol, SpA. (Italy)
EG&G Services, Inc. (Del.)
EG&G Services Singapore Pte. Ltd. (Singapore)
EG&G Washington Analytical Services Center, Inc. (D.C.)
Almond Instruments Co., Inc. (Cal.)
Arno-Rotron Equipamentos Eletricos Ltda. (Brazil) (40%)
Auscore Pty. Ltd. (Australia) (30%)
Auslog Pty. Ltd. (Australia) (30%)
Brookdeal Electronics, Ltd. (U.K.)
Chandler Engineering Co. (Okl.)
Continental Laboratories, Inc. (Mont.)
Continental Laboratories Ltd. (Alberta, Canada)
Continental Laboratories Pty. Ltd. (Australia)
Eagle Industry Ltd. (Japan) (10%)
GeoMetrics, Inc. (Cal.)
GeoMetrics International Corp. (Del.)
GES Pty. Ltd. (Australia)
Massive Corp. (Col.)
Mount Sopris Instruments Co. (Col.)
ORTEC Inc. (Del.)
Princeton Applied Research Corp. (N.J.)
Reticon Corp. (Cal.)
Reynolds Electrical & Engineering Co., Inc. (Tex.)
Rotron Inc. (N.Y.)
Rotron B.V. (Netherlands)
SSR Instruments Co. (Del.)
The Message Center (N.J.)
Torque Systems, Inc. (Mass.)
Wakefield Engineering, Inc. (Mass.)
Wakefield S.A. de C.V. (Mexico)
Wright Components, Inc. (N.Y.)

Joint Venture: In July, 1983, Co. announced that the company has entered into a joint venture with Daini Seikosha, a Seiko Group in Japan, to form a radiation-measuring instruments company named Seiko EG&G Co. Ltd.

BUSINESS

EG&G, Inc. and its subsidiaries provide a variety of advanced technical and scientific products and services to commercial, industrial, and governmental customers throughout the world. Its profile is one of diversification in terms of both technology and markets served—a diversification which permits flexibility and assists the Company in surviving recessions without interrupting its long-term pattern of achieving record sales and earnings. Corporate growth is attained through internal development supplemented by acquisitions, new-venture affiliations, and financial investments that strengthen existing business areas, introduce new products or services, and help to involve the Company in emerging technologies. The Company designs and produces sophisticated electronic instruments and systems. It also manufactures specialized mechanical, electro-mechanical, and electro-optic components; conducts energy-related investigations and surveys; and is involved in biomedical research. Under Government contracts, EG&G is increasingly active in engineering, developmental, and site-management programs related to national defense and security, physics and space research, and nuclear and nonnuclear energy research and development.

The Company's products include radiation detectors, nuclear instrumentation modules, and computer based instrumentation systems; signal-recovery instruments, polarographic and electrochemical instruments, tunable dye laser systems, and low cost optical multichannel analyzers; seafloor mapping systems, ocean-subbottom profiling systems, underwater acoustic remote release systems, underwater acoustic transponder navigation systems, ocean current meters, chilled mirror dewpoint hygrometers, calibration equipment for pressure gauges on pipelines and test equipment for oil well cement; magnetometers, and spectrometers, shallow refraction and reflection seismographs and borehole loggers for subsurface geologic evaluation; mechanical seals; bellows sealed valves; small solenoid and mechanical valves; fans and blowers; heat transfer devices and heat sinks; burn-in systems for electronic components; switching mode power conversion systems; DC servo motors and related drive systems; high energy switching components; flashtubes and related power supplies, silicon photo-detectors and related light instruments; LSI photodiode arrays and related camera systems, LSI analog devices for audio delays and specialized signal processing; switch capacitor filters and light measurement instruments and systems configured from standard modules; and cadmium sulfide and cadmium selenide photo-sensing components.

The Company also performs hydrocarbon well-logging services; automotive testing services; and custom biomedical services. In addition, the Company provides scientific, engineering, technical, maintenance, logistical, and other support activities for test operations related to nuclear weapons, nuclear and non-nuclear power generation, reactor development, and other programs primarily for the United States Departments of Energy ("DOE") and Defense ("DOD"). It is Base Operating Contractor responsible for managing NASA's Kennedy Space Center in Florida. The Company also provides equipment and certain support services to other agencies of the United States and foreign countries.

EG&G Financial Services, Inc., a wholly-owned unconsolidated finance subsidiary of the Company, provides third party financing for capital equipment acquisitions through equipment leases and other commercial ventures.

Instruments

The Company designs, produces, and markets instruments and instrument systems for physical property measurement and calibration; physics research; nondestructive materials analysis; life sciences research; analytical chemistry; ground and airborne surveys of petroleum and mineral resources; low-level signal detection; geophysical and oceanographic surveys; and environmental moisture measurement. Customers include university, government, and industrial research laboratories; industrial quality-control facilities; and public and private sector customers engaged in mineral and energy resource exploration.

For physics research, products include electronic instrumentation modules used in studies of nuclear reactions and interactions and the measurement of associated low-level signals; fast-logic modules; hardware for computer interface in high-energy physics; silicon surface-barrier radiation detectors; germanium and germanium lithium-drifted coaxial detectors used for charged-particle spectroscopy and gamma-ray spectroscopy; multichannel

MOODY'S®

INDUSTRIAL MANUAL

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