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

FORM 4

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 this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b)

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|--|---|---|
| 1. Name and Address of Reporting Person* (<i>Last, First, Middle</i>) <u>Buente, Stephen M.</u> Eaton Corporation Eaton Center 1111 Superior Avenue <i>(Street)</i> Cleveland, OH 44114 <i>(City) (State) (Zip)</i> | 2. Issuer Name and Ticker or Trading Symbol <u>Eaton Corporation (ETN)</u> 4. Statement for (<i>Month/Day/Year</i>) <u>1/23/2003</u> 6. Relationship of Reporting Person(s) to Issuer (<i>Check All Applicable</i>) <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (<i>give title below</i>) <input type="checkbox"/> Other (<i>specify below</i>) <u>Senior Vice President and Group Executive - Automotive</u> | 3. I.R.S. Identification Number of Reporting Person, if an entity (<i>Voluntary</i>) _____ 5. If Amendment, Date of Original (<i>Month/Day/Year</i>) _____ 7. Individual or Joint/Group Filing (<i>Check Applicable Line</i>) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person |
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* 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 (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2a. Deemed Execution Date, if any. (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transactions(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) | | | |
|------------------------------------|---|--|-----------------------------------|--|---|---|--|----------|---|----------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Shares | 1/23/2003 | | M | | 1,658.00 | A | \$33.86 | | | |
| Common Shares | 1/23/2003 | | F | | 778.00 | D | \$72.11 | 9,273.00 | D | |
| Common Shares | | | | | | | | 4,492.66 | 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> | |
|--|--|--|--|--|---|--|----------|
| | | | | Code | V | (A) | (D) |
| Employee Stock Option | \$33.86 | 1/23/2003 | | M | | | 1,658.00 |
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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 <i>(Month/Day/Year)</i> | 7. Title and Amount of Underlying Securities <i>(Instr. 3 and 4)</i> | 8. Price of Derivative Security <i>(Instr. 5)</i> | 9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) <i>(Instr. 4)</i> | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) <i>(Instr. 4)</i> | 11. Nature of Indirect Beneficial Ownership <i>(Instr. 4)</i> |
|--|---|--|--|--|--|
| Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | |
| (1) | 1/27/2003 | Common Shares | 1,658.00 | 0.00 | D |
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Explanation of Responses:

1. Exercisable on the 1st, 2nd, and 3rd anniversary of date of grant (1/27/1993).

* /s/ Stephen M. Buento

1/27/2003

**Signature of Reporting Person

Date

* By 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 is insufficient, see Instruction 6 for procedure.