

EATON CORP
Form 11-K
June 23, 2010

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 11-K
Annual Report Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

Ⓟ **Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2009

OR

○ **Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934**
For the transition period from _____ to _____
Commission file number _____

- A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
Eaton Savings Plan
- B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Eaton Corporation
1111 Superior Avenue
Cleveland, Ohio 44114-2584

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

(Name of Plan)
EATON SAVINGS PLAN

Date: June 23, 2010

By: Eaton Corporation Pension
Administration Committee

By: /s/ B. K. Rawot
B. K. Rawot
Senior Vice President and Controller
Eaton Corporation

EATON SAVINGS PLAN
FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM
December 31, 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Pension Administration Committee and the Pension Investment Committee Eaton Corporation

We have audited the accompanying Statement of Net Assets Available for Benefits of the EATON SAVINGS PLAN as of December 31, 2009 and 2008 and the related Statement of Changes in Net Assets Available for Benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis of designing audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Eaton Savings Plan as of December 31, 2009 and 2008, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2009, is presented for the purposes of additional analysis and is not a required part of the financial statements but is supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ MEADEN & MOORE, LTD.

MEADEN & MOORE, LTD.

Certified Public Accountants

June 22, 2010

Cleveland, Ohio

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
Eaton Savings Plan

	December 31	
	2009	2008
ASSETS		
Receivable Employee contributions	\$ 2,826,023	\$
Receivable Interest	108,761	
 Total Receivables	 2,934,784	
 Investments:		
Plan interest in Eaton Employee Savings Trust	2,087,666,025	1,733,203,859
Plan interest in Eaton Employee Savings Trust Eaton Stable Value Fund	124,440,918	127,328,754
 Total Master Trust Investments	 2,212,106,943	 1,860,532,613
Participant Loans	56,228,661	54,859,860
 Total Investments	 2,268,335,604	 1,915,392,473
 Net Assets Available for Benefits, at Fair Value	 2,271,270,388	 1,915,392,473
 Adjustment from fair value to contract value for fully benefit-responsive investment contract	 (2,237,494)	 1,532,613
 Net Assets Available for Benefits	 \$ 2,269,032,894	 \$ 1,916,925,086

See accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Eaton Savings Plan

	Year Ended December 31	
	2009	2008
Additions to Net Assets Attributed to:		
Contributions:		
Employer	\$ 11,258,427	\$ 47,719,474
Employee	87,387,026	111,303,564
Rollover	13,996,905	13,065,781
	112,642,358	172,088,819
Plan interest in Eaton Employee Savings		
Trust investment gain	422,826,617	
Interest and dividend income	3,677,529	4,453,408
Total Additions before Transfers	539,146,504	176,542,227
Transfers from other plans	96,338	216,640
Total Additions	539,242,842	176,758,867
Deductions from Net Assets Attributed to:		
Plan interest in Eaton Employee Savings		
Trust investment loss		860,090,357
Benefits paid to participants	186,503,026	198,032,409
Administrative expenses	525,695	606,085
Total Deductions before Transfers	187,028,721	1,058,728,851
Transfers to other plans	106,313	2,224
Total Deductions	187,135,034	1,058,731,075
Net Increase/(Decrease)	352,107,808	(881,972,208)
Net Assets Available for Benefits:		
Beginning of Year	1,916,925,086	2,798,897,294
End of Year	\$ 2,269,032,894	\$ 1,916,925,086

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS
Eaton Savings Plan

1 Description of Plan

The following description of The Eaton Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document and summary plan description, which is available from the Company's Human Resources Department upon request, for a complete description of the Plan's provisions.

General:

Effective July 1, 1974, Eaton Corporation (Eaton, the Company, or the Plan Sponsor) established the Plan. The Plan was established to encourage eligible employees to make systematic savings through payroll deductions, to provide additional security at retirement and to acquire a proprietary interest in the Company. Effective July 5, 1989, the portion of the Plan attributable to Company contributions was designed to be invested primarily in Eaton Common Shares and constitute an employee stock ownership plan within the meaning of Code Section 4975(e)(7). Effective January 1, 2002, the Plan was amended and restated. In conjunction with the amendment and restatement, the Plan was renamed the Eaton Savings Plan.

Eligibility:

An Eaton employee who is in the regular service of a class of an employee in a division or group to which Eaton Corporation has extended eligibility for membership in the Plan (other than a temporary employee who is hired for a specific, limited period of time or for the performance of a specific, limited assignment or employees covered by a collective bargaining agreement that does not specify coverage under the Plan) will be eligible to participate on any date established in accordance with administrative procedure which follows the date an employee first incurs an hour of service.

Contributions:

Employee Contributions Employees may make a combination of before-tax and after-tax contributions ranging from 1% to 30% of their compensation. Catch-up contributions are permitted in the Plan, allowing participants age 50 and older to defer an additional amount of their compensation as prescribed by the Internal Revenue Code.

Employer Contributions Participants of the Plan receive a Company matching contribution of 100% of the first 3% of their compensation, plus 50% of the next 2% of compensation. The Company matching contribution was suspended effective with the first full pay period beginning after April 1, 2009. The Company matching contribution will be reinstated effective July 1, 2010.

Contributions are subject to limitations on annual additions and other limitations imposed by the Internal Revenue Code as defined in the Plan agreement.

Rollover contributions from other Plans are also accepted, providing certain specified conditions are met.

NOTES TO FINANCIAL STATEMENTS

Eaton Savings Plan

1 Description of Plan, Continued

Participants Accounts:

Each participant's account is credited with the participant's contributions, Company matching contributions, and an allocation of the Plan's earnings and is charged with an allocation of administrative expenses. Allocations are based on participant account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Vesting:

All participants are 100% vested, subject to certain provisions as defined by the Plan, in elective deferrals, company contributions and rollover contributions made to the Plan, and actual earnings thereon.

Participants Loans:

Participants may borrow from their fund accounts up to a maximum equal to the lesser of \$50,000 or 50% of their account balance (excluding any contributions made under a Savings Plan, Individual Retirement Account or Company contributions made in the previous 24 months), reduced by their highest outstanding loan balance during the preceding 12 months. Loan terms range from 1-5 years except for loans used for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate based on the prime interest rate as determined by the Trustee. Principal and interest are paid through payroll deduction.

Hardship Withdrawals:

Hardship withdrawals are permitted in accordance with Internal Revenue Service guidelines.

Payment of Benefits:

Upon termination of service, retirement, death or total and permanent disability, a participant is eligible to receive a lump sum amount equal to the value of his or her account. A participant may choose to take partial withdrawals.

Investment Options:

Contributions may be invested in any of the fund options available under the Plan.

NOTES TO FINANCIAL STATEMENTS

Eaton Savings Plan

2 Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of the Eaton Savings Plan are prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition:

The Plan's trustee is Fidelity Management Trust Company, and the Plan's investments, excluding participant loans, were invested in the Eaton Employee Savings Trust (Master Trust), which was established for the investment of assets of the Plan and the Eaton Personal Investment Plan. The fair value of the Plan's interest in the individual funds of the Master Trust is based on the value of the Plan's interest in the fund as of January 1, 2002, plus actual contributions and allocated investment income (loss) less actual distributions.

Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year. Investments traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the average of the last reported bid and asked prices. Common/collective trust funds and pooled separate accounts are valued at the redemption value of the units held at year-end. Participant loans are valued at cost, which approximates fair value. The Eaton Stable Value Fund invests primarily in investment contracts issued by insurance companies, banks or other financial institutions, including investment contracts backed by high-quality fixed income securities.

Under the revised accounting standards, investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Purchases and sales of securities are recorded on a trade-date basis.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Eaton Savings Plan

2 Summary of Significant Accounting Policies, Continued

Administrative Fees:

All administrative costs, management fees and expenses of the Plan are paid by the trustee from the Master Trust unless such costs, fees and expenses are paid by the Company. The Company elected to pay certain administrative costs during 2009 and 2008 on behalf of the Plan. Certain transaction costs are paid by the employee.

Plan Termination:

The Company may amend, modify, suspend, or terminate the Plan. No amendment, modification, suspension, or termination of the Plan shall have the effect of providing that any amounts then held under the Plan may be used or diverted to any purpose other than for the exclusive benefit of members or their beneficiaries.

Risks and Uncertainties:

The Master Trust's investments include investments, as listed in Footnote 4, with varying degrees of risk, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of net assets available for Plan benefits.

Reclassifications:

Certain prior year amounts have been reclassified to conform with the current years presentation.

3 Tax Status

On May 16, 2003, the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended; however, the Plan Administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

4 Investments

Fidelity Management Trust Company, trustee and recordkeeper of the Plan, holds the Plan's investment assets and executes investment transactions, and all investment assets of the Plan, except for participant loans, are pooled for investment purposes in the Master Trust.

NOTES TO FINANCIAL STATEMENTS
Eaton Savings Plan

4 Investments, Continued

A summary of the assets of the Master Trust is as follows:

	2009	2008
Registered investment companies	\$ 1,054,862,616	\$ 809,602,073
Eaton common shares	566,855,536	458,101,411
Common collective trusts	348,625,820	340,126,988
U.S. government securities	115,814,070	96,371,693
Guaranteed investment contracts	112,783,573	119,563,824
Interest-bearing cash	48,056,220	45,304,644
Corporate debt instruments	40,675,433	54,137,923
Receivables	13,517,793	11,755,944
Non interest-bearing cash	9,417	
Liabilities	(12,943,413)	(7,440,527)
Adjustment from fair value to contract value for fully benefit-responsive investment contract	(2,393,042)	1,632,175
Total Investments	\$ 2,285,864,023	\$ 1,929,156,148

The Plan had a 96.7% and 96.5% interest in the assets of the Master Trust as of December 31, 2009 and 2008, respectively.

Investment income and administrative expenses relating to the Master Trust are allocated to the individual Plans based upon the average balance invested by each Plan in each of the individual funds of the Master Trust. A summary of the Master Trust's net investment income allocated to the participating Plans for the year ended December 31, 2009 and 2008, is as follows:

	2009	2008
Interest and dividend income	\$ 42,408,799	\$ 64,413,793
Net appreciation in fair value of investment funds:		
Registered investment companies	228,371,890	(516,817,688)
Separate accounts	130,869,711	(378,690,874)
Common collective trusts	32,793,242	(52,253,485)
	\$ 434,443,642	\$ (883,348,254)

At December 31, 2009 and 2008, respectively, the Eaton Fixed Income Fund was comprised of U.S. government securities (69% and 57%), corporate debt instruments (24% and 32%), interest-bearing and non interest-bearing cash (5% and 6%), and pooled separate accounts (2% and 5%).

NOTES TO FINANCIAL STATEMENTS
Eaton Savings Plan

4 Investments, Continued

The Master Trust funds are invested in various investments through the Fidelity Management Trust Company. Investments which constitute more than 5% of the Master Trust's net assets are:

	2009	2008
Eaton Stable Value Fund	\$ 130,724,187	\$ 137,217,538
Fidelity Contrafund	\$ 137,679,930	\$ 110,825,820
Vanguard Institutional Index	\$ 138,868,213	\$ 115,777,490
EB Money Market Fund	\$ 155,936,734	\$ 177,522,862
Eaton Fixed Income Fund	\$ 167,290,070	\$ 169,955,591
Eaton Common Shares Fund (A unitized fund consisting of Eaton Shares and cash)	\$ 580,209,860	\$ 466,831,646

5 Party-in-Interest Transactions

Party-in-interest transactions included the investments in the common stock of Eaton and the investment funds of the trustee and the payments of administrative expenses by the Company. Such transactions are exempt from being prohibited transactions.

During 2009 and 2008, the Master Trust received \$18,218,408 and \$16,649,395, respectively, in common stock dividends from the Company.

6 Recently Issued Accounting Pronouncements

In 2009, the Financial Accounting Standards Board (FASB) issued the Accounting Standards Codification, which establishes a sole source of U.S. authoritative generally accepted accounting principles (GAAP). The Codification is meant to simplify user access to all authoritative accounting standards by reorganizing U.S. GAAP pronouncements into approximately ninety accounting topics within a consistent structure; its purpose is not to create new accounting and reporting standards. Pursuant to the provisions of the Codification, the Plan has updated references to U.S. GAAP in these financial statements. The adoption of the Codification did not have a material effect on the net assets available for benefits and changes in those net assets.

In 2009, the Plan adopted the new Subsequent Events Standard, as amended, which established general guidance for accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued. The Plan has evaluated subsequent events through the date the financial statements were issued, and reports that the Company matching contribution will be reinstated effective July 1, 2010.

NOTES TO FINANCIAL STATEMENTS

Eaton Savings Plan

6 Recently Issued Accounting Pronouncements, continued

In 2009, the Plan adopted the additional required guidance of the Fair Value Measurements and Disclosures Standard. This standard addresses accounting and disclosures related to non-financial assets and liabilities, primarily goodwill, intangible assets, non-financial assets and liabilities related to acquired businesses, and impairment and restructuring activities. In 2009, the Plan also adopted the revised guidance for measuring liabilities at fair value. This guidance addresses circumstances in which a quoted price in an active market for the identical liability is not available. The adoption of these standards did not have a material effect on the net assets available for benefits and changes in those net assets.

7 Benefit-Responsive Investment Fund

The Plan holds the Eaton Stable Value Fund, a fund managed by Vanguard, that invests in benefit-responsive investment contracts. The fund is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional guaranteed investment contract issuers are contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan and the synthetic contract issuers are contractually obligated to guarantee the payment of a specific interest rate to the Plan.

As described in Note 2, because the guaranteed investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract. Contract value, as reported to the Plan by Vanguard, represents contributions made under the contracts, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The average market yield of the Fund for 2009 and 2008 was 4.03% and 4.38%, respectively. This yield is calculated based on actual investment income from the underlying investments for the last month of the year, annualized and divided by the fair value of the investment portfolio on the report date. The average yield of the Fund with an adjustment to reflect the actual interest rate credited to participants in the Fund was 3.13% and 3.86%, respectively.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than zero percent. Such interest rates are reviewed quarterly for resetting.

The fair value is based on various valuation approaches dependent on the underlying investments of the contract.

NOTES TO FINANCIAL STATEMENTS

Eaton Savings Plan

7 Benefit-Responsive Investment Fund, Continued

Certain events limit the ability of the Plan to transact at contract value with the issuers. The Plan Administrator does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with participants is probable.

The issuer may terminate the contract for cause at any time.

8 Fair Value Measurements

In the first quarter 2008, the Plan adopted ASC 820, Fair Value Measurements and Disclosures, which became effective on January 1, 2008. ASC 820, which applies to financial assets and liabilities, establishes a framework for measuring fair value, establishes a fair value hierarchy based on inputs used to measure fair value, and expands disclosure about fair value measurements. Adopting this statement has not had an effect on the Plan's net assets available for benefits and changes in those net assets.

In accordance with ASC 820, the Plan has categorized the financial instruments, based on the degree of subjectivity inherent in the valuation technique, into a fair value hierarchy of three levels, as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Registered investment companies (mutual funds), and separate accounts: Valued at the net asset value (NAV) of shares held by the Plan at year end. Separate accounts may include U.S. government securities and corporate debt securities.

Common collective trusts: Valued at the net unit value of units held by the trust at year end. The unit value is determined by dividing the Total Value of fund Assets by the Total Number of Units of the Fund owned.

Participant loans: Valued at amortized cost, which approximates fair value.

Guaranteed investment contract: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

NOTES TO FINANCIAL STATEMENTS

Eaton Savings Plan

8 Fair Value Measurements, Continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level on a recurring basis, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009:

	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value	Totals
Registered investment companies				
Large-cap equity funds	\$ 471,406,767	\$	\$	\$ 471,406,767
Balanced funds	169,850,256			169,850,256
International equity funds	152,374,956			152,374,956
Mid-cap equity funds	85,234,313			85,234,313
Bond funds	75,639,467			75,639,467
Small-cap equity funds	46,457,036			46,457,036
REIT funds	13,876,296			13,876,296
World equity funds	6,998,377			6,998,377
Total	1,021,837,468			1,021,837,468
Guaranteed investment contracts				
Stable value funds		124,440,918		124,440,918
Common collective trusts				
Money market funds		148,509,864		148,509,864
Bond funds		66,568,952		66,568,952
Asset allocation funds		59,398,871		59,398,871
International equity funds		36,354,478		36,354,478
Mid-cap equity funds		28,041,614		28,041,614
Total		338,873,779		338,873,779
Separate accounts				
Company stock funds		569,481,504		569,481,504
Bond funds		157,473,274		157,473,274
Total		726,954,778		726,954,778
Participant loans			56,228,661	56,228,661
Total assets at fair value	\$ 1,021,837,468	\$ 1,190,269,475	\$ 56,228,661	\$ 2,268,335,604

NOTES TO FINANCIAL STATEMENTS
Eaton Savings Plan

8 Fair Value Measurements, Continued

The following table sets forth by level on a recurring basis, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2008:

	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value	Totals
Registered investment companies				
Large-cap equity funds	\$ 377,690,688	\$	\$	\$ 377,690,688
Balanced funds	153,310,186			153,310,186
International equity funds	96,445,313			96,445,313
Mid-cap equity funds	57,751,929			57,751,929
Bond funds	47,101,268			47,101,268
Small-cap equity funds	35,896,888			35,896,888
REIT funds	9,037,459			9,037,459
World equity funds	5,280,919			5,280,919
Total	782,514,650			782,514,650
Guaranteed investment contracts				
Stable value funds		127,328,754		127,328,754
Common collective trusts				
Money market funds		169,332,916		169,332,916
Bond funds		67,270,488		67,270,488
Asset allocation funds		44,099,453		44,099,453
International equity funds		29,623,393		29,623,393
Mid-cap equity funds		21,476,123		21,476,123
Total		331,802,373		331,802,373
Separate accounts				
Company stock funds		458,814,090		458,814,090
Bond funds		160,072,746		160,072,746
Total		618,886,836		618,886,836
Participant loans			54,859,860	54,859,860
Total assets at fair value	\$ 782,514,650	\$ 1,078,017,963	\$ 54,859,860	\$ 1,915,392,473

NOTES TO FINANCIAL STATEMENTS
Eaton Savings Plan

8 Fair Value Measurements, Continued

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2009:

	Participant Loans
Balance, beginning of year	\$ 54,859,860
Borrowings and repayments (net)	1,368,801
Balance, end of year	\$ 56,228,661

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended December 31, 2008:

	Participant Loans
Balance, beginning of year	\$ 56,525,751
Borrowings and repayments (net)	(1,665,891)
Balance, end of year	\$ 54,859,860

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR

Form 5500, Schedule H, Part IV, Line 4i

Eaton Savings Plan

EIN 34-0196300

Plan Number 055

December 31, 2009

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	Interest in Eaton Employee Savings Trust	Master Trust	N/A	
*	Master Trust			\$ 2,087,666,025
*	Eaton Stable Value Fund see Footnote 1	Guaranteed Investment Contract	N/A	122,203,424
*	Participant Loans	4%-10.5%, various maturity dates	N/A	56,228,661
				\$ 2,266,098,110

Footnote 1
denotes contract
value

* Party-in-interest
to the Plan.

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-147267, Form S-8 No. 333-77243, Form S-8 No. 333-03599, Form S-8 No. 333-104367 and Form S-8 No. 333-158820) pertaining to the Eaton Savings Plan of our report dated June 22, 2010, with respect to the financial statements of the Eaton Savings Plan included in this Annual Report (Form 11-K) for the years ended December 31, 2009 and 2008.

/s/ Meaden & Moore, Ltd

Meaden & Moore, Ltd

Cleveland, Ohio

June 22, 2010