

EATON CORP
Form 11-K
June 22, 2011

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

b **Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2010

Or

o **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 Personal Investment 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 PERSONAL INVESTMENT PLAN

Date: June 22, 2011

By: Eaton Corporation Pension
Administration Committee

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

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EATON PERSONAL INVESTMENT PLAN
FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM
December 31, 2010

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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 PERSONAL INVESTMENT PLAN as of December 31, 2010 and 2009 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 provide a reasonable basis for our opinion.

As discussed in Note 1, during 2010, the Plan retrospectively adopted the changes related to classifying and measuring loans to participants in accordance with ASC 962 Plan Accounting - Defined Contribution Pension Plans. In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Eaton Personal Investment Plan as of December 31, 2010 and 2009, 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, 2010, 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.

Certified Public Accountants

June 22, 2011

Cleveland, Ohio

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STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
Eaton Personal Investment Plan

	December 31	
	2010	2009
ASSETS		
Receivable Employer contributions	\$ 7,355	\$ 2,813
Receivable Employee contributions	58,563	47,276
Receivable Interest	2,047	2,077
Notes receivable from participants	2,567,887	2,452,521
Total Receivables	2,635,852	2,504,687
Investments:		
Plan interest in Eaton Employee Savings Trust	75,425,998	67,421,191
Plan interest in Eaton Employee Savings Trust Eaton Stable Value Fund	9,154,618	8,676,310
Total Investments	84,580,616	76,097,501
Net Assets Available for Benefits at Fair Value	87,216,468	78,602,188
Adjustment from fair value to contract value for fully benefit- responsive investment contract	(319,333)	(155,548)
Net Assets Available for Benefits	\$ 86,897,135	\$ 78,446,640

See accompanying notes.

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STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Eaton Personal Investment Plan

	Year Ended December 31	
	2010	2009
Additions to Net Assets Attributed to:		
Contributions:		
Employer	\$ 302,041	\$ 295,940
Employee	3,954,145	3,495,323
Rollover	156,433	53,790
	4,412,619	3,845,053
Plan interest in Eaton Employee Savings		
Trust investment gain	11,798,283	11,683,241
Interest and dividend income	134,603	160,229
Total Additions before Transfers	16,345,505	15,688,523
Transfers from other plans		43,611
Total Additions	16,345,505	15,732,134
Deductions from Net Assets Attributed to:		
Benefits paid to participants	7,755,386	6,752,515
Administrative expenses	30,670	32,823
Total Deductions before Transfers	7,786,056	6,785,338
Transfers to other plans	108,954	33,635
Total Deductions	7,895,010	6,818,973
Net Increase	8,450,495	8,913,161
Net Assets Available for Benefits:		
Beginning of Year	78,446,640	69,533,479
End of Year	\$ 86,897,135	\$ 78,446,640

See accompanying notes.

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NOTES TO FINANCIAL STATEMENTS
Eaton Personal Investment Plan

1 Description of Plan

The following description of The Eaton Personal Investment 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, 1996, Eaton Corporation (the Company, or the Plan Sponsor) established the Plan. On May 1, 1998, the Company amended the Plan and restated certain articles therein to qualify the Plan as a profit-sharing plan under Section 401(a) of the Internal Revenue Code (the Code), and include a cash or deferred arrangement that is intended to qualify under Section 401(k) of the Code. Effective January 1, 2002, the Plan was amended and restated to rename the Plan the Eaton Personal Investment Plan. Effective January 1, 2010, the Plan was amended and restated to incorporate previous amendments to the Plan into the Plan document.

Eligibility:

The Plan provides that all union employees that belong to IAM Local 78 and IAM Local 1061, Milwaukee, Wisconsin; USWA Local 7509, Shelbyville, Tennessee; UAW Local 164, Auburn, Indiana; Metal Processors Union IUAP and NW AFL-CIO Local 16, Rochelle, Illinois; UAW Local 220, Marshall, Michigan; IAM and Aerospace Workers, Local 77, Eden Prairie, Minnesota; Beaver Salaried Employees Association and IBEW, AFL-CIO, Local 201, Beaver, Pennsylvania; IBEW, AFL-CIO, Local 1833, Horseheads, New York; UAW Local 1609, Winamac, Indiana; UPIU Local 7171 & Local 7565, Omaha, Nebraska; IAMAW Local 725, Los Angeles, California; IAM Local 70, Hutchinson, Kansas; UPIU Local 7967, Cleveland, Ohio; UAW Local 1966 and UAW Local 475, Jackson, Michigan; IUE Local 792, Jackson, Mississippi; IAMAW Local 2528, Hohenwald, Tennessee; PACE Local 7433, Saginaw, Michigan; UAW Local 1404, Columbia City, Indiana; IAM Lodge 1165, Lincoln, Illinois; United Employees Union, Elizabeth, New Jersey; Eagle American Shop Union, Warwick, RI; International Association of Machinists and Aerospace Workers, AFL-CIO, Portage, MI; and UAW Local 2262, Euclid, OH, will be eligible for membership in the Plan on the date at which the employee has completed the specified probationary period as stated in the applicable collective bargaining agreement.

Contributions:

Employee Contributions Employees may make before-tax or after-tax contributions with maximum employee contribution percentages determined by the applicable collective bargaining agreement. 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.

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NOTES TO FINANCIAL STATEMENTS
Eaton Personal Investment Plan

1 Description of Plan, Continued

Contributions, Continued:

Employer Contributions Certain eligible participants of the Plan may receive a Company matching contribution of 50% up to 6% of their compensation or 25% up to 6% of their compensation, depending on the location. The Company matching contribution was suspended for the Beaver, Pennsylvania, and Horseheads, New York locations effective with the first full pay period beginning after July 17, 2009. The Company matching contribution was reinstated for the Beaver, Pennsylvania, and Horseheads, New York locations 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.

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.

Notes Receivable from Participants

Participants may borrow from their fund accounts up to a maximum equal to the lesser of \$50,000 or 50% of their account balance, 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.

In September 2010, the FASB issued an amendment, Plan Accounting-Defined Contribution Pension Plans (Topic 962): Reporting Loans to Participants by Defined Contribution Pension Plans (ASU 2010-25), which provides guidance on how loans to participants should be classified and measured by defined contribution pension plans. The amendment requires that participant loans be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest. This amendment requires retrospective application to all periods presented. This amendment was adopted for the year ended December 31, 2010, and retrospectively applied to December 31, 2009. Prior year amounts and disclosures have been revised to reflect the retrospective application of adopting this new amendment. There was no impact to the net assets as of December 31, 2010 or 2009, as a result of the adoption.

Hardship Withdrawals:

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

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NOTES TO FINANCIAL STATEMENTS
Eaton Personal Investment Plan

1 Description of Plan, Continued

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:

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

2 Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of the 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 notes receivables from participants, were invested in the Eaton Employee Savings Trust (Master Trust), which was established for the investment of assets of the Plan and the Eaton Savings 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 institution, 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.

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NOTES TO FINANCIAL STATEMENTS
Eaton Personal Investment Plan

2 Summary of Significant Accounting Policies, Continued

Investment Valuation and Income Recognition, Continued:

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.

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 2010 and 2009 on behalf of the Plan. Certain transaction costs are paid by employees.

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.

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Eaton Personal Investment Plan**2 Summary of Significant Accounting Policies, Continued*****Subsequent Events:***

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements.

3 Tax Status

On July 29, 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 are pooled for investment purposes in the Master Trust.

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

	2010	2009
Registered investment companies	\$ 1,218,817,740	\$ 1,054,862,616
Eaton common shares	\$ 773,662,830	\$ 566,855,536
Common collective trusts	\$ 408,092,967	\$ 348,625,820
U.S. government securities	\$ 138,676,004	\$ 115,814,070
Guaranteed investment contracts	\$ 130,534,458	\$ 112,783,573
Interest-bearing cash	\$ 45,318,397	\$ 48,056,220
Corporate debt instruments	\$ 50,669,806	\$ 40,675,433
Receivables	\$ 8,908,308	\$ 13,517,793
Non interest-bearing cash	\$	\$ 9,417
Liabilities	\$ (8,924,009)	\$ (12,943,413)
Adjustment from fair value to contract value for fully benefit-responsive investment contract	\$ (4,961,335)	\$ (2,393,042)
 Total Investments	 \$ 2,760,795,166	 \$ 2,285,864,023

The Plan had a 3.1% and 3.3% interest in the assets of the Master Trust as of December 31, 2010 and 2009, respectively.

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NOTES TO FINANCIAL STATEMENTS
Eaton Personal Investment Plan

4 Investments, Continued

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, 2010 and 2009, is as follows:

	2010	2009
Interest and dividend income	\$ 44,010,926	\$ 42,408,799
Net appreciation in fair value of investment funds:		
Registered investment companies	139,351,523	228,371,890
Separate accounts	319,014,837	130,869,711
Common collective trusts	24,433,596	32,793,242
	\$ 526,810,882	\$ 434,443,642

At December 31, 2010 and 2009, respectively, the Eaton Fixed Income Fund was comprised of U.S. government securities (69% and 69%), corporate debt instruments (25% and 24%), interest-bearing and non interest-bearing cash (5% and 5%), and other investments (1% and 2%).

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:

	2010	2009
Eaton Stable Value Fund	N/A	\$ 130,724,187
Fidelity Contrafund	\$ 157,309,901	\$ 137,679,930
Vanguard Institutional Index	\$ 152,898,887	\$ 138,868,213
EB Money Market Fund	\$ 163,797,652	\$ 155,936,734
Eaton Fixed Income Fund	\$ 201,626,331	\$ 167,290,070
Eaton Common Shares Fund (unitized fund consisting of Eaton Shares and cash)	\$ 791,626,366	\$ 580,209,860

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NOTES TO FINANCIAL STATEMENTS
Eaton Personal Investment Plan

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 2010 and 2009, the Master Trust received \$18,201,828 and \$18,218,408, respectively, in common stock dividends from the Company.

6 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 2010 and 2009 was 3.13% and 3.39%, 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 2.97% and 3.19%, respectively.

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NOTES TO FINANCIAL STATEMENTS
Eaton Personal Investment Plan

6 Benefit-Responsive Investment Fund

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 on a quarterly basis for resetting.

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

7 Fair Value Measurements

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.

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NOTES TO FINANCIAL STATEMENTS
Eaton Personal Investment Plan

7 Fair Value Measurements, Continued

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, 2010 and 2009.

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.

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.

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, 2010. There are no assets which fall under Level 3 of the hierarchy.

	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value	Totals
Registered investment companies				
Large-cap equity funds	\$ 18,328,632	\$	\$	\$ 18,328,632
Balanced funds	6,350,151			6,350,151
International equity funds	4,301,998			4,301,998
Bond funds	2,491,459			2,491,459
Mid-cap equity funds	2,376,873			2,376,873
Small-cap equity funds	1,503,556			1,503,556
REIT funds	616,106			616,106
World equity funds	106,519			106,519
Total	\$ 36,075,294	\$	\$	\$ 36,075,294

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Eaton Personal Investment Plan**7 Fair Value Measurements, Continued**

	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value	Totals
Guaranteed investment contracts				
Stable value funds		9,154,618		9,154,618
Common collective trusts				
Money market funds		7,932,682		7,932,682
Asset allocation funds		3,643,804		3,643,804
Bond funds		2,291,896		2,291,896
International equity funds		1,203,458		1,203,458
Mid-cap equity funds		858,795		858,795
Total		15,930,635		15,930,635
Separate accounts				
Company stock funds		13,250,180		13,250,180
Bond funds		10,169,889		10,169,889
Total		23,420,069		23,420,069
Total assets at fair value	\$ 36,075,294	\$ 48,505,322	\$	\$ 84,580,616

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. There are no assets which fall under Level 3 of the hierarchy.

	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value	Totals
Registered investment companies				
Large-cap equity funds	\$ 17,031,598	\$	\$	\$ 17,031,598
Balanced funds	6,153,849			6,153,849
International equity funds	4,144,006			4,144,006
Bond funds	2,230,267			2,230,267
Mid-cap equity funds	1,849,489			1,849,489
Small-cap equity funds	1,171,931			1,171,931
REIT funds	333,372			333,372
World equity funds	110,637			110,637
Total	\$ 33,025,149	\$	\$	\$ 33,025,149

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NOTES TO FINANCIAL STATEMENTS
Eaton Personal Investment Plan

7 Fair Value Measurements, Continued

	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value	Totals
Guaranteed investment contracts				
Stable value funds		8,676,310		8,676,310
Common collective trusts				
Money market funds		7,426,871		7,426,871
Asset allocation funds		2,620,631		2,620,631
Bond funds		1,918,128		1,918,128
International equity funds		1,161,009		1,161,009
Mid-cap equity funds		724,251		724,251
Total		13,850,890		13,850,890
Separate accounts				
Company stock funds		10,728,356		10,728,356
Bond funds		9,816,796		9,816,796
Total		20,545,152		20,545,152
Total assets at fair value	\$ 33,025,149	\$ 43,072,352	\$	\$ 76,097,501

8 Recent Accounting Pronouncements

In January 2010, the FASB issued an accounting standard update titled Fair Value Measurements and Disclosures (Topic 820), Improving Disclosures about Fair Value Measurements. This new guidance requires additional disclosures to be provided, including: 1) transfers in and out of Levels 1 and 2 and the reasons for the transfers, 2) additional breakout of asset and liability categories and 3) purchases, sales, issuances and settlements to be reported separately in the Level 3 roll forward. This guidance was effective for periods beginning after December 15, 2009, except for the item related to the Level 3 roll forward which is effective for periods beginning after December 15, 2010 and interim periods within those years. This guidance was effective for the Company for the year ended December 31, 2010. The adoption did not have a material impact on the Plan.

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SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR

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

Eaton Personal Investment Plan

EIN 34-0196300

Plan Number 162

December 31, 2010

(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	Master Trust	N/A	\$75,425,998
*	Participant Loans	4.0 9.7%; various maturity dates	N/A	\$ 2,567,887
*	Eaton Stable Value Fund see Footnote 1	Guaranteed Investment Contract	N/A	\$ 8,835,285
				\$86,829,170

Footnote 1 denotes contract value

* Party-in-interest to the Plan.

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Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-150637 and Form S-8 No. 133-166331) pertaining to the Eaton Personal Investment Plan of our report dated June 22, 2011, with respect to the financial statements of the Eaton Personal Investment Plan included in this Annual Report (Form 11-K) for the years ended December 31, 2010 and 2009.

/s/ Meaden & Moore, Ltd

Cleveland, Ohio

June 22, 2011