

EATON CORP
Form 10-Q
July 24, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2012
Commission file number 1-1396

EATON CORPORATION

(Exact name of registrant as specified in its charter)

Ohio 34-0196300

(State or other jurisdiction of incorporation or organization) (IRS Employer Identification Number)

Eaton Center, Cleveland, Ohio 44114-2584
(Address of principal executive offices) (Zip Code)

(216) 523-5000
(Registrant's telephone number, including area code)

Not applicable
(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 337.6 million Common Shares outstanding as of June 30, 2012.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

EATON CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(In millions except for per share data)	Three months ended		Six months ended	
	June 30	June 30	June 30	June 30
	2012	2011	2012	2011
Net sales	\$4,068	\$4,090	\$8,028	\$7,893
Cost of products sold	2,815	2,862	5,569	5,544
Selling and administrative expense	690	698	1,392	1,363
Research and development expense	106	107	211	212
Interest expense-net	30	31	58	63
Other expense (income)-net	8	(4)	11	(20)
Income before income taxes	419	396	787	731
Income tax expense	37	58	94	107
Net income	382	338	693	624
Less net income for noncontrolling interests	—	(2)	—	(1)
Net income attributable to Eaton common shareholders	\$382	\$336	\$693	\$623
Net income per common share				
Diluted	\$1.12	\$0.97	\$2.04	\$1.80
Basic	1.13	0.99	2.06	1.83
Weighted-average number of common shares outstanding				
Diluted	339.5	345.7	339.6	345.7
Basic	337.0	340.9	336.2	340.5
Cash dividends paid per common share	\$0.38	\$0.34	\$0.76	\$0.68

The accompanying notes are an integral part of these condensed consolidated financial statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)	Three months ended		Six months ended		
	June 30		June 30		
	2012	2011	2012	2011	
Net income	\$382	\$338	\$693	\$624	
Less net income for noncontrolling interests	—	(2) —	(1)
Net income attributable to Eaton common shareholders	382	336	693	623	
Other comprehensive (loss) income, net of tax					
Foreign currency translation and related hedging instruments	(271) 121	(99) 338	
Pensions and other postretirement benefits	33	19	71		