

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2010</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☒ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>EATON ELECTRICAL DE PUERTO RICO, INC. PENSION PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>11/30/1985</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>11/30/1985</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>11/30/1985</u>					
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>CUTLER-HAMMER ELECTRICAL CO</u> <u>50 JESUS T. PINEIRO</u> <u>LAS PIEDRAS, PR 00771-3123</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>98-0474648</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>787-656-7791</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>335900</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>98-0474648</u>	2c Sponsor's telephone number <u>787-656-7791</u>	2d Business code (see instructions) <u>335900</u>	
2b Employer Identification Number (EIN) <u>98-0474648</u>					
2c Sponsor's telephone number <u>787-656-7791</u>					
2d Business code (see instructions) <u>335900</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/17/2011	ELLEN P. COLLIER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") CUTLER-HAMMER ELECTRICAL CO 50 JESUS T. PINEIRO LAS PIEDRAS, PR 00771-3123	3b Administrator's EIN 98-0474648 3c Administrator's telephone number 787-656-7791
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	2753
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	0
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	0
d Subtotal. Add lines 6a , 6b , and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	71

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1A 1G 3H 3J

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☐ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>EATON ELECTRICAL DE PUERTO RICO, INC. PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>CUTLER-HAMMER ELECTRICAL CO</u>	D Employer Identification Number (EIN) <u>98-0474648</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>	
2 Assets:	
a Market value	2a <u>22751380</u>
b Actuarial value	2b <u>23487449</u>
3 Funding target/participant count breakdown	
	(1) Number of participants (2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>498</u> <u>10331236</u>
b For terminated vested participants	3b <u>954</u> <u>8597039</u>
c For active participants:	
(1) Non-vested benefits	3c(1) <u>914270</u>
(2) Vested benefits	3c(2) <u>11435307</u>
(3) Total active	3c(3) <u>1301</u> <u>12349577</u>
d Total	3d <u>2753</u> <u>31277852</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.74</u> %
6 Target normal cost	6 <u>1019490</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>10/05/2011</u>
Signature of actuary	Date
<u>ELIZABETH S BYRD</u>	<u>11-05355</u>
Type or print name of actuary	Most recent enrollment number
<u>TOWERS WATSON DELAWARE INC</u>	<u>786-552-1100</u>
Firm name	Telephone number (including area code)
<u>255 ALHAMBRA CIRCLE STE 950</u> <u>CORAL GABLES, FL 33134</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2010
v.092308.1

Part II	Beginning of year carryover and prefunding balances	
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)		
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)		
9 Amount remaining (Item 7 minus item 8).....		
10 Interest on item 9 using prior year's actual return of <u>29.66</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		
b Interest on (a) using prior year's effective rate of <u>7.97</u> %		
c Total available at beginning of current plan year to add to prefunding balance		
d Portion of (c) to be added to prefunding balance.....		
12 Reduction in balances due to elections or deemed elections.....		
13 Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....		

Part III	Funding percentages	
14 Funding target attainment percentage.....	14	75.09 %
15 Adjusted funding target attainment percentage.....	15	75.09 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	75.62 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls				
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/14/2010	486506				
07/14/2010	486506				
10/13/2010	486506				
12/14/2010	486506				
08/12/2011	304707				
			Totals ►	18(b)	2250731
				18(c)	

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c
2141026	
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of Quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 %	☐ N/A, full yield curve used
b Applicable month (enter code)	21b			4
22 Weighted average retirement age	22			65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	1019490
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	6539289	1121387
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	2140877
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement		Total balance
36 Additional cash requirement (item 34 minus item 35).....	36	2140877
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	2141026
38 Interest-adjusted excess contributions for current year (see instructions).....	38	149
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	
40 Unpaid minimum required contribution for all years	40	0

<div>SCHEDULE D</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div>		<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2010</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010					
A Name of plan EATON ELECTRICAL DE PUERTO RICO, INC. PENSION PLAN				B Three-digit plan number (PN) ▶ 001	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 CUTLER-HAMMER ELECTRICAL CO				D Employer Identification Number (EIN) 98-0474648	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: EATON CORPORATION MASTER RETIREMENT					
b Name of sponsor of entity listed in (a): EATON CORPORATION					
c EIN-PN 34-0196300-001		d Entity code M		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
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code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2010 This Form is Open to Public Inspection
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>		
A Name of plan <u>EATON ELECTRICAL DE PUERTO RICO, INC. PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CUTLER-HAMMER ELECTRICAL CO</u>	D Employer Identification Number (EIN) <u>98-0474648</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.				
	Assets			
a	Total noninterest-bearing cash	1a		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	671148	0
	(2) Participant contributions	1b(2)		
	(3) Other	1b(3)		
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
	(2) U.S. Government securities	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)		
	(9) Value of interest in common/collective trusts	1c(9)		
	(10) Value of interest in pooled separate accounts	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)	22097668	0
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
	(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	22768816	0

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k		

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	22768816	0
---	-----------	----------	---

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	2250731	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		2250731

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		1969636
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		4220367

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	945743	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		945743
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	164815	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		164815
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		1110558

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		3109809
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		25878625

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MEADEN & MOORE, LTD.

(2) EIN: 34-1818258

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		25000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	X		
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
PENSION PLAN FOR EATON EMPLOYEES IN PUERTO RICO	98-0474648	003

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>EATON ELECTRICAL DE PUERTO RICO, INC. PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>CUTLER-HAMMER ELECTRICAL CO</u>	D Employer Identification Number (EIN) <u>98-0474648</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-3275867</u>	
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3 <u>0</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☒ Increase	☐ Decrease	☐ Both	☐ No
--	--	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 95.0% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: 5.0%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☒ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

EATON ELECTRICAL DE PUERTO RICO INC. PENSION PLAN

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT**

December 31, 2010

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INDEPENDENT AUDITORS' REPORT

Pension Administration Committee of the
Eaton Electrical de Puerto Rico Inc. Pension Plan
Cleveland, Ohio

We were engaged to audit the financial statements of the EATON ELECTRICAL DE PUERTO RICO INC. PENSION PLAN as of December 31, 2010 and 2009, and for the years then ended and the supplemental schedule as of December 31, 2010 as listed in the accompanying index. These financial statements are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information in Note 3, which was certified by Bank of New York Mellon (the Trustee of the Plan), except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the Trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the Trustee as of December 31, 2010 and 2009 and for the years then ended, that the information provided to the Plan Administrator by the Trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and schedule taken as a whole. The form and content of the information included in the financial statements and schedule, other than that derived from the information certified by the Trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

MEADEN & MOORE, LTD.
Certified Public Accountants

October 7, 2011
Cleveland, Ohio



Meaden & Moore, Ltd.

(A Meaden & Moore Company)

1100 Superior Avenue Suite 1100 Cleveland, Ohio 44114-2523 216-241-3272 FAX 216-771-4511
Akron Atlanta Charlotte Chicago Cleveland Columbus Los Angeles Naperville New York Orlando Pittsburgh Wooster

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

Eaton Electrical de Puerto Rico Inc. Pension Plan

	December 31	
	<u>2010</u>	<u>2009</u>
ASSETS		
Receivable - Employer contributions	\$ -	\$ 671,148
Investments:		
Value of interest in the Eaton Corporation Master Retirement Trust	<u>-</u>	<u>22,097,668</u>
Total Assets	-	22,768,816
LIABILITIES		
Accrued - Administrative Expenses	<u>-</u>	<u>-</u>
Net Assets Available for Benefits	<u>\$ -</u>	<u>\$ 22,768,816</u>

See accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Eaton Electrical de Puerto Rico Inc. Pension Plan

	Year Ended December 31	
	2010	2009
Additions to Net Assets Attributed to:		
Contributions:		
Employer ¹	\$ 2,250,731	\$ 2,062,027
Net investment gain from participation in the Eaton Corporation Master Retirement Trust	<u>1,969,636</u>	<u>4,977,059</u>
Total Additions	4,220,367	7,039,086
Deductions from Net Assets Attributed to:		
Benefits paid to participants	945,743	879,493
Administrative expenses	<u>164,815</u>	<u>165,660</u>
Total Deductions	<u>1,110,558</u>	<u>1,045,153</u>
Net Increase (Decrease)	3,109,809	5,993,933
Transfer of plan assets due to spinoff ¹	(25,878,625)	-
Net Increase (Decrease)	(22,768,816)	5,993,933
Net Assets Available for Benefits:		
Beginning of Year	<u>22,768,816</u>	<u>16,774,883</u>
End of Year	<u>\$ -</u>	<u>\$ 22,768,816</u>

¹ Includes Employer Contributions deposited after the December 1, 2010 asset transfer of \$486,506 on December 14, 2010 and \$304,707 on August 12, 2011.

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension Plan

1 Description of Plan

The following description of The Eaton Electrical de Puerto Rico Inc. Pension Plan provides only general information. Participants should refer to the Summary Plan Description, which is available from the Pension Administrative Committee, for a complete description of the Plan's provisions.

General:

The Plan, which began February 1, 1994, is a noncontributory defined benefit plan that covers substantially all hourly and salaried nonexempt employees of Cutler-Hammer Electrical Company (the Company or the Plan Sponsor), a wholly owned subsidiary of Eaton Corporation. The Plan provides for retirement and death benefits. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Company has elected to use the transitional relief provision of Revenue Ruling 2008-40. The Sponsoring Employer established the Pension Plan for Eaton Employees in Puerto Rico effective December 1, 2010. All assets and liabilities of the Plan were transferred to the Pension Plan for Eaton Employees in Puerto Rico as of December 1, 2010, in accordance with Section 414(l) of the Code. On and after December 1, 2010, Plan Participants will be eligible to accrue benefits solely under the Pension Plan for Eaton Employees in Puerto Rico.

Funding Policy:

The Company makes contributions in amounts sufficient to maintain the Plan on a sound actuarial basis. The Plan has met the ERISA minimum funding requirements. The Company has the right to amend and/or terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

2 Summary of Significant Accounting Policies

Basis of Accounting:

The Plan's transactions are reported on the accrual basis of accounting.

Investment Valuation:

The fair value of the Plan's interest in the Eaton Corporation Master Retirement Trust (Master Retirement Trust) is based on the beginning of the year value of the Plan's interest in the Master Retirement Trust plus actual contributions and allocated investment income (loss) less actual distributions and allocated administrative expenses. Within the Master Retirement Trust, marketable securities are stated at fair value. Securities traded on a national securities exchange are valued at the closing price on the last business day of the Plan year.

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension Plan

2 Summary of Significant Accounting Policies, Continued

Investment Valuation, Continued:

The fair value of participation units owned by the Master Retirement Trust in the collective trust funds is based on the closing price, as reported by the fund administrator on the last business day of the Plan's fiscal year. Fixed income securities consist of publicly traded United States and non-United States fixed interest obligations (principally corporate and government bonds and debentures). The fair value of corporate and government debt securities is determined through models that consider various assumptions, including time value, yield curves, credit ratings and current market prices. United States treasuries are valued at the closing price of each security.

Real estate and equity securities are securities that consist of direct investments in the stock of publicly traded companies. Such investments are valued based on the closing price reported in an active market on which the individual securities are traded. Investments in limited partnerships are valued at the last quarterly valuation received by the trustee, adjusted for cash flows. Notes are valued in accordance with a formula based on their rating, maturity and coupon. Shares of registered investment companies are valued at the closing price on the last business day of the Plan year. Swaps and over the counter option contracts are valued based on the closing price of futures contracts or indices as available on Bloomberg or similar service and, additionally for options, the implied volatility of similar exchange-traded options.

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.

Actuarial Present Value of Accumulated Plan Benefits:

Accumulated Plan benefits are those future periodic payments and mandatory cash-out distributions, that are attributable under the Plan's provisions to the service employees have rendered. Accumulated Plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Accumulated Plan benefits for active, retired or terminated employees or their beneficiaries are based on the greater of career pensionable compensation multiplied by a predetermined percentage or years of credited service multiplied by a monthly factor.

Benefits payable under all circumstances-retirement, death, disability and termination of employment are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated Plan benefits.

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension Plan

2 Summary of Significant Accounting Policies, Continued

Administrative Fees:

The Company elected to pay certain administrative costs during 2010 and 2009, on behalf of the Plan. The assumed rate of return on investments is expressed as a net of return after payment of Plan expenses. It is assumed that administrative expenses will reduce the rate of return of investment by not more than 25 basis points per year.

Payment of Benefits:

Benefit payments to participants are recorded upon distribution.

Plan Termination:

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. Benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC). In the event that the Plan terminates, the net assets of the Plan shall be allocated among the participants and beneficiaries in accordance with the priorities mandated by ERISA. Whether a particular participant's accumulated Plan benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then existing assets and the PBGC guarantee, while other benefits may not be provided for at all. A full description of the defined benefit plan termination priorities is available in the Plan Document.

Risks and Uncertainties:

The Plan's investment include investments in exchange traded funds and collective funds holding securities 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 statements of net assets available for Plan benefits.

Plan contributions are made and the actuarial present value of accumulated Plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension 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.

Subsequent events have been evaluated through October 7, 2011, which is the date the financial statements were available to be issued.

3 Investment in the Master Retirement Trust

All investment information disclosed in the accompanying financial statements, including investments held at December 31, 2010 and 2009, and net appreciation (depreciation) in fair value of investments, net investment gain (loss) and interest and dividends for the years then ended, were obtained or derived from information supplied to the Plan Administrator and certified as complete and accurate by Bank of New York Mellon, the trustee.

The Plan's investments are in the Master Retirement Trust, which was established for the investment of assets of the Plan and the Pension Plan for Eaton Corporation Employees. The trustee is the custodian of the Master Retirement Trust's assets and buys and sells such assets in accordance with guidelines established by the Company. Each participating retirement plan has an undivided interest in the Master Retirement Trust. At December 31, 2010 and 2009, the Plan's interest in the net assets of the Master Retirement Trust was 0.00% and 1.8%, respectively. Certain administrative expenses are recorded in amounts directly expended by the Plan.

Due to the transfer of the Plan's assets on December 1, 2010, the Plan is no longer invested in the Master Retirement Trust as of December 31, 2010.

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension Plan

3 Investment in the Master Retirement Trust, Continued

The following table presents the net assets for the Master Retirement Trust at December 31:

	<u>2010</u>	<u>2009</u>
Assets:		
Investments, at Fair Value:		
Cash equivalents	\$ -	\$ 52,671,464
Shares of registered investment companies	-	25,410,895
Common/collective trust	-	1,111,344,606
Partnership/joint venture interests	-	396,300
U.S. government securities	-	32,229,668
Derivative instruments	-	635,460
Total Investments	-	<u>1,222,688,393</u>
Receivables:		
Income	-	244,091
Total Assets	-	<u>1,222,932,484</u>
Liabilities:		
Other liabilities	-	-
Net Assets	<u>\$ -</u>	<u>\$ 1,222,932,484</u>

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension Plan

3 Investment in the Master Retirement Trust, Continued

The net investment gain (loss) of the Master Retirement Trust for the year ended December 31 is as follows:

	<u>2010</u>	<u>2009</u>
Net investment Gain:		
Interest	9,444,361	\$ 713,907
Dividends	857,251	103,028
Net Appreciation (Depreciation) in Fair Value of Investments:		
Corporate debt instruments	4,868,013	110,720
Corporate Stock - Common	2,703,023	-
Shares of registered investment companies	3,482,094	5,628,677
Common/collective trusts	168,974,564	250,109,879
Partnership/joint venture interest	24,114	(88,733)
U.S. government securities	(1,095,560)	279,726
Real Estate (Equities)	4,127,840	-
Derivative instruments	3,752,205	12,334,634
Other	(840,081)	49,807
Total Appreciation (Depreciation)	185,996,212	268,424,710
Other	834,968	878,968
Fees and expenses	(1,360,293)	(932,833)
Net Investment Gain (Loss)	<u>\$ 195,772,499</u>	<u>\$ 269,187,780</u>

Investment gain (loss) and administrative expenses related to the Master Retirement Trust were allocated to the individual plans based upon average monthly balances invested by each plan. As of December 31, 2010, the Plan's interest is 0.00%.

The Master Retirement Trust uses options, futures and total return swaps to increase or decrease its exposure to U.S. and non-U.S. equity instruments. For such investments, 2009 cash equivalents of \$21 million were used in conjunction with Derivative instruments to earn equity returns. There were no derivative investments at the end of 2010.

During the years ended December 31, 2010 and 2009, derivative instruments experienced net appreciation (depreciation) in fair value of \$3,752,205 and \$12,334,634, respectively.

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension Plan

3 Investment in the Master Retirement Trust, Continued

The Master Trust engages in securities lending whereby certain securities in its portfolio are loaned to other institutions generally for a short period of time. The Trust receives negotiated fees from securities lending activities which are included in income on the Statement of Changes in Net Assets Available for Benefits. Bank of New York Mellon, as agent for the Plan, receives cash and securities, as collateral against the loaned securities, in an amount equal to 102% of fair value of the loaned securities at the inception and throughout the life of the loans.

At December 31, 2010 and 2009, the fair value of outstanding securities lent by the Trust was \$0 and \$4,364,521, respectively. During 2010 and 2009, the Trust received \$52,754 and \$878,968 respectively, of income relating to securities lending.

In accordance with ASC 860, Accounting for Transfers and Servicing, the Master Trust records the collateral received as both an asset and liability since the Trust is obligated to return the collateral upon the return of the borrowed securities.

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

	2010	2009
Barclays S&P 500 Fund	N/A	\$ 376,612,191
Barclays Mid- Cap Index Fund	N/A	\$ 129,012,968
Barclays EAFE Fund	N/A	\$ 299,608,857
Barclays Emerging Market Fund	N/A	\$ 154,555,190
TIPS Fund	N/A	\$ 106,958,074

4 Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated June 19, 2002, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension Plan

4 Tax Status, Continued

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. The Plan administrator has analyzed tax positions taken by the Plan and has concluded that, as of December 31, 2010, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or that would require disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions. However, currently no audits for any tax periods are in progress. The Plan administrator believes that the Plan is no longer subject to income tax examinations for years prior to December 31, 2007.

5 Accumulated Plan Benefits

The Plan's actuary estimates the actuarial present value of accumulated Plan benefits, which is the amount that results from applying actuarial assumptions to adjust the accumulated Plan benefits earned by the participants to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The accumulated Plan benefit information as of the beginning of the Plan year is as follows:

	<u>2010</u>
Actuarial present value of accumulated Plan benefits:	
Vested benefits:	
Participants currently receiving payments	\$ 9,248,338
Other participants	<u>15,752,147</u>
	25,000,485
Non-vested benefits	<u>837,742</u>
Total	<u>\$ 25,838,227</u>

The changes in actuarial present value of accumulated Plan benefits are as follows:

	<u>2010</u>
Beginning of the year - January 1, 2009	\$ 24,085,685
Benefits accumulated	912,981
Interest	1,964,714
Benefits paid	(879,493)
Actuarial (gain)/loss	<u>(245,660)</u>
End of the year - January 1, 2010	<u>\$ 25,838,227</u>

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension Plan

5 Accumulated Plan Benefits, Continued

Significant assumptions underlying the actuarial computations are:

Assumed rate of return	8.00%
Salary Scale	3.50%
Mortality Basis	RP - 2000 Combined Healthy Mortality for males and females projected to 2015 using Scale AA for all participants.
Actuarial cost method	Projected unit credit
Employee Turnover	97% of the SOA's 2003 Basic Service Table
Retirement	Graduated scale (age 60 to 70)
Proportion Married	80% of all participants are assumed to be married

These actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated Plan benefits.

6 Transfers to Other Plans

During 2010, assets totaling \$25,087,412 were transferred from the Plan to Banco Popular Trust in accordance with the establishment of the Pension Plan for Eaton Employees in Puerto Rico, effective

7 Party-in-Interest Transactions

During 2010 and 2009, internal costs attributed to certain accounting and legal services and external fees for certain professional services were paid by the Company on behalf of the Plan, while the Plan paid fees for PBGC premiums, trustee, actuarial, investment management and other professional services.

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension Plan

8 Fair Value Measurements

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 or changes in those net assets.

In accordance with ASC 820, we have categorized our 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, 2010 and 2009.

Registered investment companies : Valued at the net asset value (NAV) of shares held by the Plan at year end.

Common collective trusts : Valued at the net unit value of units held by the Trust at year end. The unit value is determined by the Total Value of Fund Assets divided by the Total Number of Units of the Fund owned. The equity investments in collective trusts are predominantly in index funds for which the underlying securities are actively traded in public markets based upon readily measurable prices.

US Treasuries : Valued at the closing price of each security.

Other Fixed Income : Asset backed securities, agencies and variable rate bonds valued based on pricing models which incorporate information from market sources and observed market movements.

Partnership/Joint Ventures : Money made available for investment in innovative enterprises or research, especially in high technology, in which both the risk of loss and the potential for profit may be considerable.

Cash Equivalent : Primarily certificates of deposit, commercial paper and repurchase agreements.

Derivative Instruments (Total Return Swaps) : Payment of the total return of an equity index is received versus paying a stream of interest payments plus or minus a spread.

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension Plan

8 Fair Value Measurements, Continued

Fixed income securities – These securities consist of publicly traded United States and non-United States fixed interest obligations (principally corporate and government bonds and debentures). The fair value of corporate and government debt securities is determined through models that consider various assumptions, including time value, yield curves, credit ratings and current market prices.

Other: Futures contracts and over the counter options. These investments are valued based on the closing prices of future contracts or indices as available on Bloomberg.

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.

There are no investments in the Plan at December 31, 2010 that would require the fair value disclosure.

NOTES TO FINANCIAL STATEMENTS

Eaton Electrical de Puerto Rico Inc. Pension Plan

8 Fair Value Measurements, Continued

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009 *(Represents 1.8% interest in Master Retirement Trust)* :

	Level 1 Fair Value	Level 2 Fair Value	Level 3 Fair Value	Totals
Registered investment companies	\$ 459,160	\$ -	\$ -	\$ 459,160
Common Collective Trusts				
U.S. Equity	-	9,942,196	-	9,942,196
Non-U.S. Equity	-	8,206,477	-	8,206,477
Fixed Income	-	1,932,669	-	1,932,669
U.S. Treasuries	664,542	-	-	664,542
Other Fixed Income	-	382,625	-	382,625
Cash equivalents	-	491,356	-	491,356
Venture Capital Investments	-	-	7,161	7,161
Other	11,482	-	-	11,482
Totals	<u>\$ 1,135,184</u>	<u>\$ 20,955,323</u>	<u>\$ 7,161</u>	<u>\$ 22,097,668</u>

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:

	Venture Capital
Balance, beginning of year	\$ 7,796
Unrealized Gain/Loss	(635)
Balance, end of year	<u>\$ 7,161</u>

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
 Form 5500, Schedule H, Part IV, Line 4i

Eaton Corporation
 Eaton Electrical de Puerto Rico Inc. Pension Plan

EIN 34-1756466
 Plan Number 001

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
<hr/>				
*	Value of interest in the Eaton Corporation Master Retirement Trust	Master Trust	\$ -	\$ -

* Party-in-interest to the Plan.

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
Form 5500, Schedule H, Part IV, Line 4i

Eaton Corporation
Eaton Electrical de Puerto Rico Inc. Pension Plan

EIN 34-1756466
Plan Number 001

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
<hr/>				
*	Value of interest in the Eaton Corporation Master Retirement Trust	Master Trust	\$ -	\$ -

* Party-in-interest to the Plan.

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	<small>OMB No. 1210-0110</small> 2010 This Form is Open to Public Inspection
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Eaton Electrical de Puerto Rico, Inc. Pension Plan	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Cutler-Hammer Electrical Company	D Employer Identification Number (EIN) 98-0474648	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		
F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information			
1	Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>		
2	Assets:		
	a Market value.....	2a	22,751,380
	b Actuarial value.....	2b	23,487,449
3	Funding target/participant count breakdown	(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment.....	3a	498
	b For terminated vested participants.....	3b	954
	c For active participants:		
	(1) Non-vested benefits.....	3c(1)	914,270
	(2) Vested benefits.....	3c(2)	11,435,307
	(3) Total active.....	3c(3)	1,301
	d Total.....	3d	2,753
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐		
	a Funding target disregarding prescribed at-risk assumptions.....	4a	
	b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b	
5	Effective interest rate.....	5	6.74 %
6	Target normal cost.....	6	1,019,490

Statement by Enrolled Actuary
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Elizabeth S. Byrd Signature of actuary	10/05/2011 Date
	Elizabeth S. Byrd Type or print name of actuary	11-05355 Most recent enrollment number
	Towers Watson Delaware Inc. 255 Alhambra Circle, Suite 950 Coral Gables FL 33134 Address of the firm	(786) 552-1100 Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	0	0
10 Interest on item 9 using prior year's actual return of <u>29.66</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		0
b Interest on (a) using prior year's effective rate of <u>7.97</u> %		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	0	0

Part III Funding percentages

14 Funding target attainment percentage	14	75.09 %
15 Adjusted funding target attainment percentage	15	75.09 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	75.62 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/14/2010	486,506				
07/14/2010	486,506				
10/13/2010	486,506				
12/14/2010	486,506				
08/12/2011	304,707				
			Totals ▶	18(b)	18(c)
				2,250,731	0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	2,141,026

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a)	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions)	31	1,019,490
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	6,539,289	1,121,387
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33)	34	2,140,877
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35)	36	2,140,877
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	37	2,141,026
38 Interest-adjusted excess contributions for current year (see instructions)	38	149
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37)	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Effective Date

- November 30, 1985 – As the Challenger Caribbean Pension Plan for Salaried Employees.
- February 1, 1994 – Amended and restated as the Cutler-Hammer de Puerto Rico Pension Plan.
- January 1, 2001 – Amended and restated to include the GUST amendments and EGTRRA model provisions.
- March 28, 2005 – Amended to limit payment of small amount to \$1,000.
- January 1, 2008 – To comply with the provisions of the Pension Protection Act of 2006.

Plan Year

The twelve-month period ending December 31st.

Eligibility

Immediate participation on date of hire for employees hired after February 1, 1994, unless they belong to Welco or any other division acquired after date.

Service

One year of service is credited for benefit purposes for each elapsed year in which the employee works for the plan sponsor. One year of service is credited for eligibility purposes for each elapsed year in which the employee works for the plan sponsor. Service under the provisions of the Challenger Caribbean Pension Plan for Salaried Employees (the "Prior Plan") and under Westinghouse Pension Plan for Operations in Puerto Rico for participants who were members of that plan prior to February 1, 1994 is included for purposes of eligibility under the Eaton Electrical de Puerto Rico, Inc. Pension Plan.

Plan Name:	Eaton Electrical de Puerto Rico, Inc. Pension Plan
EIN / PN:	98-0474648 / 001
Plan Sponsor:	Cutler-Hammer Electrical Company
Valuation Date:	January 1, 2010

SCHEDULE SB ATTACHMENTS (cont.)

Normal Retirement Benefit

Normal Retirement Date: The first day of the month coincident with or next following the later of the participant's attainment of age 65 or the fifth anniversary of participation in the plan.

Benefit Formula: The annual benefit is the greater of 1. and 2., plus 3., below:

1. 1.2% of total compensation for each year of Credited Service under the Eaton Electrical de Puerto Rico, Inc. Pension Plan,
2. \$96.00 per year of Credited Service,
3. The accrued benefit as of January 31, 1994 under the Challenger Caribbean Pension Plan for Salaried Employees.

Normal Form of Benefit: The normal form of benefit payment under the Eaton Electrical de Puerto Rico, Inc. Pension Plan is a life annuity with sixty (60) monthly payments guaranteed. The normal form of payment under the Challenger Caribbean Pension Plan for Salaried Employees is a life annuity.

Late Retirement Benefit

The benefit accrued up to the late retirement date, considering compensation and credited service up to that date. Benefits are increased actuarially if payment is not deferred after age 70½.

Early Retirement Benefit

Early Retirement Date: Age 60 and completion of ten (10) years of eligibility service.

Benefit:

1. The monthly benefit accrued at the early retirement date reduced by 1/3 of 1.0% for each month by which the Early Retirement Date precedes the Normal Retirement Date; plus
2. A supplemental benefit payable for the period from the Early Retirement Date to the first day of the month coincident with or next following attainment of age 62, equal to the greater of (a) and (b):
 - a. \$4.00 per month per year of Credited Service, or
 - b. \$50.00 plus \$1.00 per month per year of Credited Service in excess of ten (10) years.

If eligibility service under Westinghouse as of February 1, 1994 was at least equal to ten (10) years, Westinghouse will be responsible for the payment of the minimum supplemental amount shown in item 2.b. in respect of service up to February 1, 1994. The Eaton Electrical de Puerto Rico, Inc. Pension Plan will pay the balance of \$1.00 per year of service after February 1, 1994.

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Plan Sponsor:	Cutler-Hammer Electrical Company
Valuation Date:	January 1, 2010

SCHEDULE SB ATTACHMENTS (cont.)

Vested Benefits upon Termination of Service

Vesting: 100% of the accrued benefit is vested after completion of five (5) years of eligibility service.

Termination Benefit: The vested deferred benefit is the vested portion of the accrued benefit determined as of the termination date. Payment may commence prior to age 65 if the participant had completed ten (10) years of eligibility service, in which case it is reduced by $\frac{1}{2}$ of 1.0% for each month by which the benefit commencement date precedes Normal Retirement Date.

Death Benefits

Upon the death of a participant who has been married for at least one (1) year and who is eligible for early retirement, an immediate pension is payable to the participant's spouse. The monthly benefit is equal to 55% of the accrued benefit as of the date of death reduced for commencement prior to age 65 and by the applicable joint and survivor reduction factors.

Upon the death of a vested participant who has been married for at least one (1) year and who is not eligible for early retirement, a deferred pension is payable to the participant's spouse. The monthly benefit is equal to 55% of the actuarial equivalent of the accrued benefit on the date of death on a joint and 55% survivor basis. Payment can begin on the earliest date the participant could have retired; however, if payment begins before age 65, the early retirement reduction factor will apply.

Optional Forms of Retirement Income in Lieu of Normal Form

The plan provides the following optional forms of Retirement Income: Joint and survivor annuities with 50%, 55%, 75% or 100% to the survivor.

Special Provisions for Top-Heavy Plans

Not applicable; the plan has never been top-heavy.

Employee Contributions

None. Note that there were employee contributions under the predecessor Westinghouse Pension Plan for Operations in Puerto Rico.

Substantive Commitments

No substantive commitments other than the above plan provisions have been included in this valuation.

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SCHEDULE SB ATTACHMENTS (cont.)

Significant Events Occurring During 2010

Effective December 1, 2010, all assets and liabilities were spun-off from the Eaton Electrical de Puerto Rico, Inc. Pension Plan and transferred to the successor plan, the Pension Plan for Eaton Employees in Puerto Rico (EIN / PN: 98-0474648 / 003).

Changes in Plan Provisions since Last Actuarial Valuation

None.

Plan Name: Eaton Electrical de Puerto Rico, Inc. Pension Plan
EIN / PN: 98-0474648 / 001
Plan Sponsor: Cutler-Hammer Electrical Company
Valuation Date: January 1, 2010

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 25 Change in Method

The following change in method was made as part of this valuation:

- The discount rate was changed from the full yield curve during the month of October before the valuation date to the IRS prescribed 24-month average segment rates based on the month of September before the valuation date. This change is being made as elected by the plan sponsor and is automatically approved by the IRS pursuant to final funding valuation regulations issued October 15, 2009.
- In accordance with 1.430(d)-1(g)(3)(ii)(A), automatic approval has been granted for the first plan year for which all the provisions of 1.430(d)-1, 1.430(f)-1, 1.430(g)-1, 1.430(i)-1 and 1.436-1 are reflected of any changes to funding methods permitted by the Pension Protection Act. 2010 is the first year for which all of these provisions were reflected, and thus all funding method changes are automatically approved.

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Plan Sponsor:	Cutler-Hammer Electrical Company
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SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Actuarial Assumptions

Other than the prescribed change in mortality, the following other change in assumption was made as part of this valuation:

- The amount of plan-related expenses included in the Target Normal Cost was changed from \$160,000 for the 2009 plan year to \$163,167 for the 2010 plan year.

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SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions / Methods

Discount Rates

Current plan year PPA effective interest rate is 6.74% based on the IRS prescribed 24-month average segment rates based on the month of September before the valuation date.

0-5 years: 5.03%

6-20 years: 6.73%

> 20 years: 6.82%

Prior plan year PPA effective interest rate is 7.97% based on the October 2008 full yield curve.

Assumed Cost of Living Adjustments

Not applicable.

Inclusion Date

The valuation date coincident with or next following the date on which the employee becomes a participant.

Plan-related Expenses

The amount included this year for plan-related expenses is \$163,167.

Mortality

For all participants: The prescribed mortality assumption under IRC §430(h)(3)(A) using static tables with separate mortality rates for annuitants and non-annuitants.

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SCHEDULE SB ATTACHMENTS (cont.)

Retirement

For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants are assumed to retire by age are shown below.

Percentage retiring during the year	
Attained Age	% Retiring
Prior to 60	0%
60	20%
61	5%
62	30%
63	15%
64	5%
65	10%
66 – 69	5%
70	100%

Disability Rates

The 1985 Pension Disability tables by the Watson Wyatt Company – Class II.

Sample rates at which participants are assumed to become disabled by age and gender are shown below:

Percentage becoming disabled during the year		
Age	Males	Females
25	0.093%	0.096%
30	0.134%	0.165%
35	0.199%	0.252%
40	0.314%	0.357%
45	0.505%	0.522%
50	0.830%	0.854%
55	1.502%	1.490%
60	2.266%	1.793%

Compensation Increases

For purposes of determining the normal cost and the maximum deductible contribution, compensation is assumed to increase by 3.50% per annum.

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SCHEDULE SB ATTACHMENTS (cont.)

Future Increases in Social Security

Not applicable.

Future Increases in Maximum Benefits and Plan Compensation Limitations

Accrued benefits projected to be paid in future years are limited to the maximum presently allowed under IRC §415. Plan compensation is limited to the maximum presently allowed under IRC §401(a)(17). No provision is made for future increases in the maximum annual benefit or compensation limit.

Representative Termination Rates (not due to disability, retirement or mortality)

97% of the 2003 SOA Pension Turnover Study – Basic Service Table

Sample rates at which participants are assumed to leave the company by years of service are shown below:

Percentage leaving during the year	
Years of Service	Applicable Percentage
5	8.0898%
10	4.7627%
15	3.5502%
20	2.7257%
25	2.0564%
30	1.4744%
35	0.3880%

Form of Payment

Participants are assumed to elect the normal form of payment, which is a life annuity with five years guaranteed. However, Challenger frozen benefits are valued as life only annuities, the normal form of payment for these benefits. (There are 80 participants from Challenger.)

Marriage

For purposes of valuing the pre-retirement surviving spouse's benefit, 80% of all participants are assumed to be married, and male spouses are assumed to be three (3) years older than female spouses.

Employees

It was assumed there will be no new or rehired employees.

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SCHEDULE SB ATTACHMENTS (cont.)

Plan Compensation

Plan compensation is actual gross earning during the prior year, provided by the employer, adjusted to exclude non-pensionable compensation.

Asset Method: Average Value

Under this method, the valuation assets are equal to the average of three values (all determined without regard to receivable contributions), the result increased by the discounted present value of contributions expected to be made after the valuation date based on the prior plan year PPA effective interest rate. This amount is then subject to a 10% corridor around the market value of assets (including the discounted present value of receivable contributions) as of the valuation date. The three values used to develop the average value are: the market value of assets as of the current valuation date, the adjusted market value of assets as of the prior valuation date and the adjusted market value of assets as of the second prior valuation date. The adjusted market value as of a relevant valuation date is equal to the market value of assets as of the prior valuation date increased by actual plan contributions and assumed return on plan assets and decreased by actual plan disbursements after that date until the current valuation date.

The assumed rate of return on plan assets for the prior plan year (pursuant to IRS Notice 2009-22) was 6.69%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 8.00%, and the applicable limitation for the plan year, equal to 6.69%. The assumed rate of return on plan assets for the second prior plan year (pursuant to IRS Notice 2009-22) was 6.43%, which is the lesser of the anticipated rate of return on assets for the plan year, equal to 8.00%, and the applicable limitation for the plan year, equal to 6.43%. The algebraically equivalent development of this method (pursuant to IRS Notice 2009-22) is shown in Section 2.4.

Participant Data

Participant data as of the valuation date was supplied by the employer.

Tax Policy

The actuarial valuation performed for the plan year ending December 31, 2010 is used to determine the maximum deductible contribution for the tax year ending December 31, 2010.

Benefits not Included in Valuation

Actual early retirement supplements have not been valued. The total amount of early retirement supplements that has been paid to actual retirees over the last several years has been deemed immaterial.

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SCHEDULE SB ATTACHMENTS (cont.)

PBGC Premium Funding Target

The Alternative Premium Funding Target was determined using the assumptions described above.

Nature of Actuarial Calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed insignificant and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations. Certain percentages determined in this report, such as the Funding Target Attainment Percentage, are truncated to be consistent with the instructions for Schedule SB of the Form 5500.

The assumptions selected for this valuation other than those prescribed by law, generally reflect long-term average expectations. If overall future plan experience is less favorable than assumed, the relative level of plan costs or contribution requirements determined in this valuation will likely increase in future valuations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this actuarial valuation to analyze the potential range of future pension contributions, but we can do so upon request.

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SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age as of January 1, 2010

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

x	q_x^r	l_x	${}_{x-60}p_{60} = l_x / l_{60}$	$q_x^r * l_x / l_{60}$	$x * q_x^r * l_x / l_{60}$
60	0.2000	1,000,000	1.000000	0.200000	12.000000
61	0.0500	800,000	0.800000	0.040000	2.440000
62	0.3000	760,000	0.760000	0.228000	14.136000
63	0.1500	532,000	0.532000	0.079800	5.027400
64	0.0500	452,200	0.452200	0.022610	1.447040
65	0.1000	429,590	0.429590	0.042959	2.792335
66	0.0500	386,631	0.386631	0.019332	1.275882
67	0.0500	367,299	0.367299	0.018365	1.230453
68	0.0500	348,934	0.348934	0.017447	1.186377
69	0.0500	331,488	0.331488	0.016574	1.143633
70	1.0000	314,913	0.314913	0.314913	22.043936

Average Age at Retirement 64.723056

Rounded for Schedule SB Line 22 65

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SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2010

Attained Age	Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	2		38	16,741	0		0		0		0		0		0		0		0	
25 - 29	4		72	18,776	32	22,528	1		0		0		0		0		0		0	
30 - 34	9		47	19,164	65	23,066	60	20,964	6		0		0		0		0		0	
35 - 39	3		18		36	20,707	87	22,040	31	23,652	0		0		0		0		0	
40 - 44	2		29	14,727	26	18,592	61	22,012	73	25,391	0		0		0		0		0	
45 - 49	1		39	15,297	27	15,424	54	20,370	85	25,012	0		0		0		0		0	
50 - 54	0		18		9		44	18,885	106	25,160	0		0		0		0		0	
55 - 59	0		9		12		20	19,854	94	24,296	0		0		0		0		0	
60 - 64	0		1		4		8		53	20,824	0		0		0		0		0	
65 - 69	0		0		0		2		10		0		0		0		0		0	
70 & Over	0		0		0		0		3		0		0		0		0		0	

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SCHEDULE SB ATTACHMENTS

Schedule SB, Line 32
Schedule of Amortization Bases
as of January 1, 2010

Type of Base		Date Established	Initial Amount	Remaining Amortization Period (Years)	Outstanding Balance	Amortization Payment ¹
1	Shortfall	01/01/2010	2,387,057	7	2,387,057	368,246
2	Shortfall	01/01/2009	3,272,325	6	3,057,535	532,281
3	Shortfall	01/01/2008	1,458,134	5	1,094,697	220,860
Total					6,539,289	1,121,387

¹ Reflects 11-month proration due to transfer of all liabilities and assets on December 1, 2010 to successor plan.

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SCHEDULE SB ATTACHMENTS

Statement by Enrolled Actuary

Plan Sponsor	Cutler-Hammer Electrical Company
EIN/PN	98-0474648 / 001
Plan Name	Eaton Electrical de Puerto Rico, Inc. Pension Plan
Valuation Date	January 1, 2010
Enrolled Actuary	Elizabeth S. Byrd
Enrollment Number	11-05355

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

Form 5500Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security
Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**OMB Nos. 1210-0110
1210-0089**2010****This Form is Open to Public Inspection****Annual Report Identification Information**For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

- A** This return/report is for: ☐ a multiemployer plan; ☐ a multiple-employer plan; or
☒ a single-employer plan; ☐ a DFE (specify) _____
- B** This return/report is: ☐ the first return/report; ☒ the final return/report;
☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
- C** If the plan is a collectively-bargained plan, check here ☐
- D** Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program;
☐ special extension (enter description) _____

Basic Plan Information -enter all requested information

1a Name of plan EATON ELECTRICAL DE PUERTO RICO, INC. PENSION PLAN	1b Three-digit plan number (PN) ▶ <u>001</u> 1c Effective date of plan <u>11/30/1985</u>
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) CUTLER-HAMMER ELECTRICAL CO 50 JESUS T. PINEIRO LAS PIEDRAS PR 00771-3123	2b Employer Identification Number (EIN) <u>98-0474648</u> 2c Sponsor's telephone number <u>787-656-7791</u> 2d Business code (see instructions) <u>335900</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<i>Ellen P. Collier</i> Signature of plan administrator	<u>10-14-11</u> Date	<i>Ellen P. Collier</i> Enter name of individual signing as plan administrator
SIGN HERE	<i>Ellen P. Collier</i> Signature of employer/plan sponsor	<u>10-14-11</u> Date	<i>Ellen P. Collier</i> Enter name of individual signing as employer or plan sponsor
SIGN HERE	_____ Signature of DFE	_____ Date	_____ Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SAME	3b Administrator's EIN 3c Administrator's telephone number
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	2753
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a, 6b, 6c, and 6d).		
a Active participants	6a	0
b Retired or separated participants receiving benefits	6b	0
c Other retired or separated participants entitled to future benefits	6c	0
d Subtotal. Add lines 6a, 6b, and 6c	6d	0
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	6e	0
f Total. Add lines 6d and 6e	6f	0
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g	0
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6h	71
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1A 1G 3H 3J

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single - Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information - Small Plan) (3) ☐ A (Insurance Information) (4) ☐ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)
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