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), 6057(b), 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

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] 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:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
PENSION PLAN FOR EATON EMPLOYEES IN PUERTO RICO

1b Three-digit plan number (PN) ▶ 003

1c Effective date of plan 12/01/2010

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

CUTLER-HAMMER ELECTRICAL COMPANY

50 JESUS T. PINEIRO
LAS PIEDRAS, PR 00771-3123

2b Employer Identification Number (EIN) 98-0474648

2c Sponsor's telephone number 787-656-7791

2d Business code (see instructions) 335900

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.	10/10/2012	GORDON HARMAN
	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

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
CUTLER-HAMMER ELECTRICAL COMPANY

50 JESUS T. PINEIRO
LAS PIEDRAS, PR 00771-3123

3b Administrator's EIN
98-0474648

3c Administrator's telephone number

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

5	Total number of participants at the beginning of the plan year	**5**	3050
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**	1541
b	Retired or separated participants receiving benefits	**6b**	619
c	Other retired or separated participants entitled to future benefits	**6c**	1033
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	3193
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	40
f	Total. Add lines **6d** and **6e**	**6f**	3233
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	16
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 3C 3H

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

b General Schedules

(1)	X	**H** (Financial Information)
(2)		**I** (Financial Information – Small Plan)
(3)		**A** (Insurance Information)
(4)	X	**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

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **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
PENSION PLAN FOR EATON EMPLOYEES IN PUERTO RICO

B Three-digit plan number (PN) ▶ 003

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: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2011

2 Assets:

a	Market value	**2a**	38106972
b	Actuarial value	**2b**	35912698

3 Funding target/participant count breakdown:

			(1) Number of participants	**(2)** Funding Target
a	For retired participants and beneficiaries receiving payment	**3a**	597	13646495
b	For terminated vested participants	**3b**	1082	12121605
c	For active participants:			
	(1) Non-vested benefits	**3c(1)**		1266587
	(2) Vested benefits	**3c(2)**		19862510
	(3) Total active	**3c(3)**	1371	21129097
d	Total	**3d**	3050	46897197

4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	

5	Effective interest rate	**5**	6.39 %
6	Target normal cost	**6**	2027418

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

Signature of actuary

10/04/2012
Date

GILLIAN NICOLETTA
Type or print name of actuary

11-06831
Most recent enrollment number

TOWERS WATSON DELAWARE INC
Firm name

Telephone number (including area code)

CORPORATE CENTER 4 AT INTL PLAZA
4301 W BOY SCOUT BLVD SUITE 570
TAMPA, FL 33607
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 [ ]

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 (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 12.60%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		3
b	Interest on (a) using prior year's effective rate of 6.63 % except as otherwise provided (see instructions)		0
c	Total available at beginning of current plan year to add to prefunding balance		3
d	Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding percentages

14	Funding target attainment percentage	14	76.57 %
15	Adjusted funding target attainment percentage	15	75.29 %
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	77.65 %
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
04/14/2011	1000000				
07/14/2011	851504				
10/13/2011	925752				
01/12/2012	925752				
09/13/2012	620467				
			Totals ► 18(b)	4323475	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 contributions 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	4114990

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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:	2nd segment:	3rd segment:	
3.78%	6.31%	6.57 %	☐ 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 contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	2027418
b Excess assets, if applicable, but not greater than 31a	**31b**	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	10984499	2087033
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**	0
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	**34**	4114451

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	4114451
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	4114990

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	539
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2011** **This Form is Open to Public Inspection.**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
PENSION PLAN FOR EATON EMPLOYEES IN PUERTO RICO

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500
CUTLER-HAMMER ELECTRICAL COMPANY

D Employer Identification Number (EIN)
98-0474648

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

KEEFE BRUYETTE AND WOODS INC DTC
787 SEVENTH AVENUE
NEW YORK, NY 10019

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

TOWERS WATSON DELAWARE INC.

4301 W. BOY SCOUT BLVD., SUITE 570
TAMPA, FL 33607

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11		61604	Yes [ ] No [X]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

FIDELITY MANAGEMENT TRUST COMPANY

04-3523427

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 49		411603	Yes [X] No [ ]	Yes [X] No [ ]		Yes [X] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

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(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

a	Name:	**b** EIN:
c	Position:	
d	Address:	**e** Telephone:

Explanation:

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

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.**

OMB No. 1210-0110

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
PENSION PLAN FOR EATON EMPLOYEES IN PUERTO RICO

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500
CUTLER-HAMMER ELECTRICAL COMPANY

D Employer Identification Number (EIN)
98-0474648

Part I Asset and Liability Statement

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) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	620395	1546219
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	3754	653
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	4334393	3929292
(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)		
(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)	33141768	35313744
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(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	38100310	40789908
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	0	147124
k Total liabilities (add all amounts in lines 1g through1j)	1k	0	147124
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	38100310	40642784

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) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	4323475	
(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)		4323475
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)	6353	
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		6353
(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)	1007418	
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		1007418
(3) Rents	2b(3)		
(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)		
(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)		-522754
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		4814492
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1484952	
(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)		1484952
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)	198726	
(2) Contract administrator fees	2i(2)	411603	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	206548	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		816877
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		2301829
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		2512663
l Transfers of assets:			
(1) To this plan	2l(1)		29811
(2) From this plan	2l(2)		

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.) **4a**		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.) **4b**		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.) **4c**		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.) **4d**		X	
e	Was this plan covered by a fidelity bond? **4e**	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? **4f**		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? **4g**		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? **4h**		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.) **4i**	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.) **4j**		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? **4k**		X	
l	Has the plan failed to provide any benefit when due under the plan? **4l**		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) **4m**			
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. **4n**			

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)

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

2011

This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan
PENSION PLAN FOR EATON EMPLOYEES IN PUERTO RICO

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500
CUTLER-HAMMER ELECTRICAL COMPANY

D Employer Identification Number (EIN)
98-0474648

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): 04-3275867

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** | 0

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 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 (include any prior year accumulated funding deficiency not waived)	**6a**	0
	b Enter the amount contributed by the employer to the plan for this plan year	**6b**	0
	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 or other authority 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. 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**

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: 60.0% Investment-Grade Debt: 28.0% High-Yield Debt: _____% Real Estate: _____% Other: 12.0%

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):

PENSION PLAN FOR EATON EMPLOYEES IN PUERTO RICO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

December 31, 2011

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Meaden&Moore

INDEPENDENT AUDITORS' REPORT

Pension Administration Committee of the
Pension Plan for Eaton Employees in Puerto Rico
Cleveland, Ohio

We were engaged to audit the financial statements of the EATON CORPORATION PENSION PLAN FOR EATON EMPLOYEES IN PUERTO RICO as of December 31, 2011 and 2010 and for the year ended December 31, 2011 and for the one month period ended December 31, 2010, and the supplemental schedule as of December 31, 2011 as listed in the accompanying index. These financial statements and the supplemental schedule 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 9, which was certified by Banco Popular Trust (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, 2011 and 2010 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 supplemental schedule taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental 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.

MEADEN & MOORE, LTD.
Certified Public Accountants

October 4, 2012
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

Pension Plan for Eaton Employees in Puerto Rico

	December 31	
	2011	2010
ASSETS		
Cash	**$ 3,929,292**	$ 4,334,393
Receivable - Employer contributions	**1,546,219**	620,395
Receivable - Other	**653**	3,754
Total Receivables	**1,546,872**	624,149
Investments (at fair value):		
Vanguard Long Term Corporate Bond Fund	**8,942,238**	8,042,355
iShares S & P 500 Index Fund	**8,006,899**	7,480,186
iShares MSCI EAFE Index Fund	**7,526,529**	7,509,565
iShares MSCI Emerging Markets Index	**3,773,171**	3,714,742
Vanguard Long-Term Government Bond Fund	**3,018,370**	2,629,279
iShares Russell 2000 Index Fund	**2,034,836**	1,889,809
iShares S&P Mid Cap 400 Index Fund	**2,011,701**	1,875,832
Total Investments	**35,313,744**	33,141,768
Total Assets	**40,789,908**	38,100,310
LIABILITIES		
Accrued - Administrative Expenses	**147,124**	-
Net Assets Available for Benefits	**$ 40,642,784**	$ 38,100,310

See accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Pension Plan for Eaton Employees in Puerto Rico

	Year Ended December 31 **2011**	Period Ended December 31, 2010
Additions to Net Assets Attributed to:		
Contributions:		
Employer	**$ 4,323,475**	$ 315,688
Transfer of plan assets due to spinoff	**29,811**	36,882,914
Investment Income /(Loss)		
Interest and dividend income	**1,013,771**	272,059
Net unrealized/realized appreciation/(depreciation)	**(522,754)**	742,104
Total Additions	**4,844,303**	38,212,765
Deductions from Net Assets Attributed to:		
Benefits paid to participants	**1,484,952**	100,351
Administrative expenses	**816,877**	12,104
Total Deductions	**2,301,829**	112,455
Net Increase	**2,542,474**	38,100,310
Net Assets Available for Benefits:		
Beginning of Year	**38,100,310**	-
End of Year	**$ 40,642,784**	$ 38,100,310

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

Pension Plan for Eaton Employees in Puerto Rico

1 Description of Plan

The following description of The Pension Plan for Eaton Employees in Puerto Rico 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 Pension Plan for Eaton Employees in Puerto Rico, which began December 1, 2010, is a noncontributory defined benefit plan that covers substantially all hourly and salary 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 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 ("the Plan") effective December 1, 2010. All assets and liabilities were assumed by the Plan 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. The Plan covers substantially all hourly and salary non-exempt employees of Cutler-Hammer Electrical Company. Prior to December 1, 2010, the Plan's participants accrued benefits under prior plans, all credited service earned under prior plans was carried over to the new Plan.

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).

Pension Benefits:

Participants are vested in their benefits earned under various methods defined in the Plan. Normal retirement age is 65. Participants may be entitled to early retirement payments based on the Plan Document. Forms of payment include lump sum options, and various annuity options depending if they have a spouse and what type of joint survivor option the participant chooses.

Cash Balance:

The Plan also offers a cash balance feature to certain plan participants. Certain plan participants receive a pay credit and interest rate credit based on plan provisions

2 Summary of Significant Accounting Policies

Basis of Accounting:

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

Investment Valuation:

Plan investments are reported 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. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Fixed income securities consist of publicly traded 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.

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.

2 Summary of Significant Accounting Policies, Continued

Administrative Fees:

The Company elected to pay certain administrative costs during 2011 and 2010, on behalf of the Plan. The amount of administrative costs paid by the Plan are accounted for in setting the assumed rate of return on investments.

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 registered investment companies 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.

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 4, 2012, which is the date the financial statements were available to be issued.

3 Investments

Investments which constitute more than 5% of the Plan's net assets are:

	2011	2010
iShares MSCI EAFE Index Fund	**$ 7,526,529**	$ 7,509,565
iShares MSCI Emerging Markets Index	**$ 3,773,171**	$ 3,714,742
iShares Russell 2000 Index Fund	**$ 2,034,836**	N/A
iShares S & P 500 Index Fund	**$ 8,006,899**	$ 7,480,186
Vanguard Long Term Corporate Bond Fund	**$ 8,942,238**	$ 8,042,354
Vanguard Long-Term Government Bond Fund	**$ 3,018,370**	$ 2,629,279

4 Tax Status

Prior to establishment of the Plan, Eaton Corporation maintained the Pension Plan for Eaton Corporation covering certain employees in Puerto Rico and Cutler-Hammer Electrical Company maintained the Eaton Electrical de Puerto Rico Inc. Pension Plan for Employees in Puerto Rico (each a "Prior Plan"), plans which were dual qualified under the Internal Revenue Code of 1986 and the Puerto Rico Internal Revenue Code of 1994 ("PRIRC '94"). Hacienda most recently issued favorable opinion letters on each of the Prior Plans dated February 3, 2009 and May 6, 2003, respectively. Cutler-Hammer Electrical Company determined to create the Plan (as a new plan) effective December 1, 2010 and to accept transfer of certain assets of the Prior Plans to the Plan pursuant to Rev. Rul. 2008-40 published by the United States Internal Revenue Service. Subsequently, the Plan has been restated effective January 1, 2011, to reflect the provisions of the Puerto Rico Internal Revenue Code of 2011 ("PRIRC '11 ") and for other purposes.

The Plan applied for a determination letter with the Hacienda on December 21, 2011. The plan was established on December 1, 2010, and is intended to be qualified in Puerto Rico only.

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, 2011, 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.

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:

	2011
Actuarial present value of accumulated Plan benefits:	
Vested benefits:	
Participants currently receiving payments	$ 11,327,657
Other participants	22,439,410
	33,767,067
Non-vested benefits	981,236
Total	$ 34,748,303

Due to the formation of the Plan as of December 1, 2010, below is the reconciliation of the prior Plan's (Eaton Electrical de Puerto Rico Inc. Pension Plan) actuarial present value of the accumulated plan benefits to the current Plan. The changes in actuarial present value of accumulated Plan benefits are as follows:

	2011
Beginning of the year - January 1, 2010	$ 25,838,227
Benefits accumulated	721,923
Interest	2,083,363
Benefits paid	(1,036,216)
Actuarial (gain)/loss	(1,461,584)
Plan Combination	8,602,590
End of the year - January 1, 2011	$ 34,748,303

5 Accumulated Plan Benefits, Continued

Significant assumptions underlying the actuarial computations are:

Assumed rate of return	8.50%
Salary Scale	3.5% (hourly employees beginning 2011 and thereafter, salaried employees beginning 2012 and thereafter) 3.0% (salaried employees in 2011)
Mortality Basis	RP - 2000 Combined Healthy Mortality for males and females projected to 2015 using Scale AA for all participants.
Employee Turnover	97% of the SOA's Pension Turnover Study - Basic Service Table
Actuarial cost method	Projected unit credit
Retirement	For Salaried participants, a graduated scale is used for ages 55-70. For Hourly participants, the retirement rates are based on Eaton experience between ages 60 - 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 from Other Plans

During 2011 and 2010, assets totaling $29,811 and $36,882,914 were transferred by the Plan to Banco Popular Trust in accordance with the establishment of the Pension Plan for Eaton Employees in Puerto Rico, effective December 1, 2010 (see Note 1).

7 Party-in-Interest Transactions

During 2011 and 2010, 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.

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, the Plan 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, 2011 and 2010.

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

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, 2011:

	Level 1 Fair Value	**Level 2 Fair Value**	**Level 3 Fair Value**	**Totals**
Registered Investment Companies				
Index Funds	**$ 23,353,136**	**$ -**	**$ -**	**$ 23,353,136**
Fixed Income Funds	**11,960,608**	**-**	**-**	**11,960,608**
Totals	**$ 35,313,744**	$ -	$ -	**$ 35,313,744**

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010:

	Value Fair Value	Level 2 Fair Value	Level 3 Fair Value	Totals
Registered Investment Companies				
Index Funds	$ 22,470,134	$ -	$ -	$ 22,470,134
Fixed Income Funds	10,671,634	-	-	10,671,634
Totals	$ 33,141,768	$ -	$ -	$ 33,141,768

9 Information Prepared and Certified by Trustee

The following information included in the accompanying financial statements and supplemental schedules was obtained from data that has been prepared and certified as complete and accurate by the Trustee:

	2011	2010
Investments and cash	**$ 39,243,036**	$ 37,476,161
Interest and dividend income	**$ 1,013,771**	$ 272,059
Net unrealized/realized appreciation/(depreciation)	**$ (522,754)**	$ 742,104

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

Eaton Corporation
Pension Plan for Eaton Employees in Puerto Rico

EIN 98-0474648
Plan Number 003

December 31, 2011

(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
	Vanguard Long Term Corporate Bond Fund	Registered Investment Companies	$ 8,055,940	$ 8,942,238
	iShares S & P 500 Index Fund	Registered Investment Companies	7,749,724	8,006,899
	iShares MSCI EAFE Index Fund	Registered Investment Companies	8,424,919	7,526,529
	iShares MSCI Emerging Markets Index	Registered Investment Companies	4,509,929	3,773,171
	Vanguard Long-Term Government Bond Fund	Registered Investment Companies	2,477,991	3,018,370
	iShares Russell 2000 Index Fund	Registered Investment Companies	2,049,895	2,034,836
	iShares S&P Mid Cap 400 Index Fund	Registered Investment Companies	1,999,839	2,011,701
			$ 35,268,237	$ 35,313,744

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), 6057(b), 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

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for:
- [ ] a multiemployer plan;
- [X] a single-employer plan;
- [ ] a multiple-employer plan; or
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] an amended return/report;
- [ ] the final 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:
- [X] Form 5558;
- [ ] special extension (enter description)
- [ ] automatic extension;
- [ ] the DFVC program;

Part II Basic Plan Information - enter all requested information

1a Name of plan
PENSION PLAN FOR EATON EMPLOYEES IN PUERTO RICO

1b Three-digit plan number (PN) ▶ 003

1c Effective date of plan 12/01/2010

2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)
CUTLER-HAMMER ELECTRICAL COMPANY
50 JESUS T. PINEIRO
LAS PIEDRAS PR 00771-3123

2b Employer Identification Number (EIN)
98-0474648

2c Sponsor's telephone number
787-656-7791

2d Business code (see instructions)
335900

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	Gordon Harman Signature of plan administrator	10/10/12 Date	Gordon Harman Enter name of individual signing as plan administrator
SIGN HERE	Gordon Harman Signature of employer/plan sponsor	10/10/12 Date	Gordon Harman 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 (2011)**
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
SAME

3b Administrator's EIN

3c Administrator's telephone number

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

5	Total number of participants at the beginning of the plan year	5	3050
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	1541
b	Retired or separated participants receiving benefits	6b	619
c	Other retired or separated participants entitled to future benefits	6c	1033
d	Subtotal. Add lines **6a, 6b,** and **6c**	6d	3193
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.	6e	40
f	Total. Add lines **6d** and **6e**.	6f	3233
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	16
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 3C 3H

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

b General Schedules

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

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26
Schedule of Active Participant Data as of January 1, 2011

Alternative B, Scatter 1

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	11		13		0		0		0		0		0		0		0		0	
25 - 29	13		54	26,505	26	27,672	3		0		0		0		0		0		0	
30 - 34	3		48	32,292	56	30,831	46	28,658	2		0		0		0		0		0	
35 - 39	6		21	34,005	38	35,180	84	30,736	47	29,978	0		0		0		0		0	
40 - 44	5		23	38,184	35	39,894	63	34,652	95	34,798	1		0		0		0		0	
45 - 49	4		27	23,506	22	34,479	57	29,651	94	32,514	6		0		0		0		0	
50 - 54	3		17		19		49	32,213	119	30,217	2		1		0		0		0	
55 - 59	0		10		7		30	34,979	112	33,676	0		0		1		0		0	
60 - 64	0		0		4		13		63	32,257	0		0		0		1		0	
65 - 69	0		0		0		1		12		0		0		0		0		0	
70 & Over	0		0		0		0		4		0		0		0		0		0	

Plan Name: Pension Plan for Eaton Employees in Puerto Rico
EIN / PN: 98-0474648 / 003
Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS (cont.)

Alternative B, Scatter 2

	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	
Attained Age	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.
Under 25	0		0		0		0		0		0		0		0		0		0	
25 - 29	3		9		1		1		0		0		0		0		0		0	
30 - 34	0		9		9		1		0		0		0		0		0		0	
35 - 39	2		7		4		7		3		0		0		0		0		0	
40 - 44	2		4		7		8		11		1		0		0		0		0	
45 - 49	1		3		3		3		6		6		0		0		0		0	
50 - 54	1		3		5		5		1		2		1		0		0		0	
55 - 59	0		3		1		5		2		0		0		1		1		0	
60 - 64	0		0		1		1		1		0		0		0		1		0	
65 - 69	0		0		0		0		0		0		0		0		0		0	
70 & Over	0		0		0		0		0		0		0		0		0		0	

Plan Name: Pension Plan for Eaton Employees in Puerto Rico
EIN / PN: 98-0474648 / 003
Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V
Statement of Actuarial Assumptions / Methods

Discount Rates

Current plan year PPA effective interest rate is 6.39% based on the IRS prescribed 24-month average segment rates based on the month of September before the valuation date.

0-5 years: 3.78%

6-20 years: 6.31%

> 20 years: 6.57%

Cash Balance Interest Credits

With respect to interest credits, account balances are assumed to increase by 5.00% per year.

Cash Balance Index Credits

Opening account balances subject to indexing are assumed to increase by 3.00% per year (in addition to interest credits) during active employment.

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 $188,000.

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.

SCHEDULE SB ATTACHMENTS (cont.)

Retirement

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

Salaried Cash Balance Participants	
Attained Age	**% Retiring**
Prior to 55	0.00%
55	3.50%
56	6.00%
57	7.00%
58	8.00%
59	7.00%
60 – 61	15.00%
62	28.00%
63	25.00%
64	27.00%
65	45.33%
66 – 67	43.33%
68	61.67%
69	62.33%
70	100.00%

Salaried Non-Cash Balance Participants	
Attained Age	**% Retiring**
Prior to 55	0.00%
55	3.50%
56	6.00%
57	7.00%
58	8.00%
59	8.67%
60	15.00%
61	18.33%
62	28.67%
63	26.67%
64	28.00%
65 – 67	50.00%
68 – 69	66.67%
70	100.00%

SCHEDULE SB ATTACHMENTS (cont.)

Hourly Participants	
Attained Age	**% Retiring**
Prior to 60	0.00%
60	20.00%
61	5.00%
62	30.00%
63	15.00%
64	5.00%
65	10.00%
66 – 69	5.00%
70	100.00%

Disability Rates

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

Salaried Participants	
Age	**Males & Females**
25	0.09%
30	0.10%
35	0.13%
40	0.20%
45	0.33%
50	0.58%
55	1.02%
60	1.60%

Hourly Participants The 1985 Pension Disability tables by the Watson Wyatt Company – Class II		
Age	**Males**	**Females**
25	0.09%	0.10%
30	0.13%	0.17%
35	0.20%	0.25%
40	0.31%	0.36%
45	0.51%	0.52%
50	0.83%	0.85%
55	1.50%	1.49%
60	2.27%	1.79%

Plan Name: Pension Plan for Eaton Employees in Puerto RIco
EIN / PN: 98-0474648 / 003
Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS (cont.)

Compensation Increases

For salaried participants, compensation is assumed to increase by 3.00% per annum for 2011 and 3.50% per annum each year thereafter. For hourly participants, compensation is assumed to increase by 3.50% per annum.

Future Increases in Social Security

Social Security Taxable Wage Base is assumed to increase in the future due to increases in the National Average Wage index of 3.00% per year, compounded annually.

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)

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

Salaried Participants (Less than 5 years of Vesting Service)		
Years of Service	**Males**	**Females**
Less than 1	22.47%	25.73%
1	18.57%	21.03%
2	15.03%	17.37%
3	12.07%	14.67%
4	9.60%	13.13%

Salaried Participants (5+ years of Vesting Service)		
Age	**Males**	**Females**
25	10.06%	20.39%
30	8.94%	15.19%
35	7.80%	10.58%
40	6.63%	7.01%
45	5.35%	4.46%
50	3.85%	2.52%

Plan Name: Pension Plan for Eaton Employees in Puerto RIco
EIN / PN: 98-0474648 / 003
Valuation Date: January 1, 2011

SCHEDULE SB ATTACHMENTS (cont.)

Hourly Participants 97% of the 2003 SOA Pension Turnover Study – Basic Service Table	
Years of Service	**Males & Females**
5	8.09%
10	4.76%
15	3.55%
20	2.73%
25	2.06%
30	1.47%
35	0.39%

Form of Payment

Salaried cash balance participants: 18% of participants are assumed to elect a single life annuity, 1% are assumed to elect a joint and 50% survivor annuity, 1% are assumed to elect a joint and 100% survivor annuity, and 80% are assumed to elect the lump sum optional form of payment. It is assumed that terminated participants commence their benefits at age 62.

Salaried non-cash balance participants: 30% of participants are assumed to elect a single life annuity, 5% are assumed to elect a joint and 50% survivor annuity, 5% are assumed to elect a joint and 100% survivor annuity, and 60% are assumed to elect the lump sum optional form of payment. It is assumed that terminated participants commence their benefits at age 62.

Hourly participants: 100% of participants are assumed to elect the normal form of payment, which is a life annuity with five years guaranteed. It is assumed that terminated participants commence their benefits at age 65.

Challenger Caribbean frozen benefits are valued with the normal form of payment for these benefits, which is a single life annuity. It is assumed that terminated participants commence their benefits at age 65. (There are 80 participants with frozen Challenger benefits.)

Calculation of Lump Sum

Lump sums were valued using the 3-segment yield curve as of the September prior to the valuation date and current year 417(e)(3) applicable mortality without projection.

At-Risk Assumptions

For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan years are assumed to commence benefits at the earliest possible date under the plan, but not before the end of the current plan year, except in accordance with the regular valuation assumptions. In addition, all participants (not just those eligible to begin benefits within the next 11 years) are assumed to elect the most valuable form of benefit under the plan, which is usually the life annuity form of payment for participants in pay-related formulas and the lump sum form of payment for participants in cash balance formulas.

SCHEDULE SB ATTACHMENTS (cont.)

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.

Plan Compensation

Salaried cash balance participants: Plan compensation is the expected base pay rate for the valuation year plus one year of executive incentive compensation (EIC) plus a three-year average of variable non-EIC bonus compensation.

Salaried non-cash balance participants: Plan compensation is the expected base pay rate for the valuation year plus a three-year average of executive incentive compensation (EIC) plus a three-year average of variable non-EIC bonus compensation.

Hourly participants: Plan compensation is actual gross earnings during the prior year, provided by the employer.

Smoothed Asset Method

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 6.82%, 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 6.82%. The assumed rate of return on plan assets for the second 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%.

SCHEDULE SB ATTACHMENTS (cont.)

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 2011 is used to determine the maximum deductible contribution for the tax year ending December 31, 2011.

Benefits not Included in Valuation

Actual early retirement supplements for Hourly participants 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.

Nature of Actuarial Calculations

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated or selected by Towers Watson, we consider reasonable and within the "best-estimate range" as described by the Actuarial Standards of Practice. Other actuarial assumptions could also be considered to be reasonable and within the best-estimate range. Thus, reasonable results differing from those presented in this report could have been developed by selecting different points within the best-estimate ranges for various assumptions.

The results shown in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with any certainty. The effects of certain plan provisions may be approximated, or determined to be insignificant and therefore not valued. Assumptions may be made, in consultation with Cutler-Hammer Electrical Company, about participant data or other factors. Reasonable efforts were made in preparing this valuation to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and are not excluded or included inappropriately. The numbers shown in this report are not rounded, but this is for convenience only and should not imply precision, which is not a characteristic of actuarial calculations.

If overall future plan experience produces higher benefit payments or lower investment returns than assumed, the relative level of plan costs or contribution requirements reported in this valuation will likely increase in future valuations (and vice versa). Future actuarial measurements may differ significantly from the current measurements presented in this report due to many factors, including: 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 valuation to analyze the potential range of future pension contributions, but we can do so upon request.

SCHEDULE SB ATTACHMENTS

Statement by Enrolled Actuary

Plan Sponsor	Cutler-Hammer Electrical Company
EIN/PN	98-0474648 / 003
Plan Name	Pension Plan for Eaton Employees in Puerto Rico
Valuation Date	January 1, 2011
Enrolled Actuary	Gillian Nicoletta
Enrollment Number	11-06831

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.

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

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **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

Pension Plan for Eaton Employees in Puerto Rico

B Three-digit plan number (PN) ▶ 003

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: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1 Enter the valuation date: Month 1 Day 1 Year 2011

2	Assets:			
a	Market value	**2a**		38,106,972
b	Actuarial value	**2b**		35,912,698
3	Funding target/participant count breakdown:		(1) Number of participants	(2) Funding Target
a	For retired participants and beneficiaries receiving payment	**3a**	597	13,646,495
b	For terminated vested participants	**3b**	1,082	12,121,605
c	For active participants:			
	(1) Non-vested benefits	**3c(1)**		1,266,587
	(2) Vested benefits	**3c(2)**		19,862,510
	(3) Total active	**3c(3)**	1,371	21,129,097
d	Total	**3d**	3,050	46,897,197
4	If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**		
5	Effective interest rate	**5**		6.39 %
6	Target normal cost	**6**		2,027,418

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

Gillian Nicoletta

Signature of actuary

10/04/2012

Date

Gillian Nicoletta

Type or print name of actuary

11-06831

Most recent enrollment number

Towers Watson Delaware Inc.

Firm name

(813) 287-7342

Telephone number (including area code)

Corporate Center 4 at Int'l Plaza
4301 W. Boy Scout Blvd, Suite 570
Tampa FL 33607

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 [ ]

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 (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 12.60%		
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38 from prior year)		3
	b Interest on (a) using prior year's effective rate of 6.63% except as otherwise provided (see instructions)		0
	c Total available at beginning of current plan year to add to prefunding balance		3
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding percentages

14	Funding target attainment percentage	14	76.57 %
15	Adjusted funding target attainment percentage	15	75.29 %
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	77.65 %
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
04/14/2011	1,000,000				
07/14/2011	851,504				
10/13/2011	925,752				
01/12/2012	925,752				
09/13/2012	620,467				
			Totals • 18(b)	4,323,475	18(c) 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 contributions 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	4,114,990

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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:

	1st segment:	2nd segment:	3rd segment:	
a Segment rates:	3.78 %	6.31 %	6.57 %	☐ 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 contributions for all prior years	**28**	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	**29**	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	**30**	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	2,027,418
b Excess assets, if applicable, but not greater than 31a	**31b**	0

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	10,984,499	2,087,033
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 (lines 31a - 31b + 32a + 32b - 33)	**34**	4,114,451

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	4,114,451
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	4,114,990
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	**38a**	539
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:

a Schedule elected	☐ 2 plus 7 years	☐ 15 years
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011	

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22
Description of Weighted Average Retirement Age
as of January 1, 2011

See Statement of Actuarial Assumptions and Methods for retirement rates. The average retirement age of 65 for Line 22 was calculated by determining the average age at retirement for those current active participants expected to reach retirement, based on all current decrements assumed.

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V
Summary of Plan Provisions

Effective Date

December 1, 2010

Plan Year

The twelve-month period ending December 31st.

Outline of principal plan provisions applicable to employees covered under Appendix B of the Plan

Eligibility

All employees covered under Appendix B who have attained age 21.

Employee Contributions

No employee contributions are currently required or permitted.

Normal Retirement

Normal Retirement Date: Age 65.

Benefit Formula: Greater of (a) and (b):

a) The sum of:
   (i) The supplementary portion of pre-January 1, 1976 accrued benefits; plus
   (ii) 0.5% of Average Final Annual Compensation times service to January 1, 1976; plus
   (iii) 1% of Average Final Annual Compensation plus 0.5% of the excess of Average Final Annual Compensation over the average Social Security limit times service after January 1, 1976.

b) The sum of:
   (i) The supplementary portion of pre-January 1, 1976 accrued benefits; plus
   (ii) An annual benefit equal to $120 plus 0.6% of Average Final Annual Compensation in excess of $10,000, to a maximum of $2,160 times service.

SCHEDULE SB ATTACHMENTS (cont.)

For purposes of the above formula, service is counted from the participation date specified in the Plan. Benefits for periods prior to the specified participation date, if any, are determined with formulas specified in the Plan.

Annual Compensation is limited in accordance with IRC §401(a)(17).

Early Retirement Benefit

Eligibility:

a) Age 55 with completion of ten (10) years of eligibility service

b) Age 55 with completion of twenty-five (25) years of eligibility service

Benefit: The accrued normal retirement benefit.

Commencement: Between retirement and age 65 at participant's election. Benefits are reduced for early commencement as follows:

a) For retirement under (a), 3% per year for each year that commencement precedes age 65.

b) For retirement under (b), no reduction for commencement after age 62, 6.7% at age 61, 13.3% at age 60, 18% at age 59 and 3% additional for each year below age 59.

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 accrued normal retirement benefit.

Commencement: If hired prior to January 1, 2001, same as for early retirement. If hired on or after January 1, 2001, reduction is 0.5% for each month commencement precedes age 65.

Disability Retirement Benefit

Eligibility: Eligibility under Company LTD plan

Benefit: Computed as for normal retirement, except that service is projected to normal retirement date.

Commencement: Age 65.

SCHEDULE SB ATTACHMENTS (cont.)

Death Benefits

Eligibility: 5 years of vesting service

Benefit: 50% of the accrued early retirement benefit reduced as for a 50% survivor option.

Commencement: Immediate upon participant's death.

Optional Forms of Retirement Income in Lieu of Normal Form

50% joint and contingent form is automatic for eligible employees, unless participant elects another form. Other forms available include: lump sum (automatic if benefit amount is $1,000 or less); 5 and 10 years certain and life annuity; joint and survivor annuities with 50%, 75% or 100% to the survivor; or a Social Security level income annuity. All forms are actuarially equivalent and are paid on a modified cash refund basis.

Outline of principal plan provisions applicable to employees covered under Appendix CB of the Plan (EPPA)

Eligibility

Immediate participation for salaried participants hired or rehired on January 1, 2002 and later. Also, eligible are those salaried participants who elected to participate in the EPPA as of January 1, 2003 through a pension choice process from Appendix B.

Employee Contributions

The Company pays the full cost of the plan. No contributions are required from employees.

Pay-Based Credits

The basic cash balance account is accumulated with interest credits and pay credits. The pay-based credits are equal to a percent of earnings during each month. The percent of a participant's pay that the plan will credit to the cash balance account is based upon the number of age/service points accumulated up to that point. The percentage is based on the following table:

Pay Credits	
Age/Service Points	**Percent of Pay to be Credited to the Account**
Less than 50	5.00%
50 – 59	6.00%
60 – 69	7.00%
70 or more	8.00%

SCHEDULE SB ATTACHMENTS (cont.)

Interest Credits

The Interest Credit interest rate applicable for January through June will be based on the monthly 30-year average Treasury bond rate of the November of the preceding calendar year. The Interest Credit interest rate applicable for July through December will be based on the monthly 30-year average Treasury bond rate of the May of the current calendar year.

Index Credits

Index Credits are applicable for active participants who were former Appendix B participants who elected the EPPA during the choice process. The Index Credit rate applicable for January through June will be based on the rate of increase experienced in the Consumer Price Index from November 1 of the second preceding calendar year to October 21 of the immediately preceding calendar year. The Index Credit rate applicable for July through December will be based on the rate of increase experienced in the Consumer Price Index from May 1 of the immediately preceding calendar year to April 30 of the current calendar year. Index credits apply only to opening balances and during active employment.

Normal Retirement Benefit

Normal Retirement Date: The first day of the month coincident with or next following the participant's attainment of age 65.

Benefit: The monthly retirement benefit payable to a participant at any retirement date is equal to the actuarial equivalent of his account as of such date.

Normal Form of Benefit: For non-married employees, a single life annuity paid monthly. For married participants, a joint and 50% surviving spouse annuity.

Vested Benefits upon Termination of Service

Vesting: 100% of the accrued benefit is vested after completion of three (3) years of eligibility service.

Termination Benefit: The benefit is the full account payable at termination.

Disability Retirement Benefit

If a participant becomes totally and permanently disabled and received disability benefits under Eaton Corporation's Long Term Disability (LTD) Plan, his account will continue to earn pay-based and interest credits. The pay-based credits are calculated based on the following pay formula; base pay in effect at the date of disability; plus a three-year average of the executive incentive compensation; plus a three-year average of the variable pay. During the disability, the participant will also continue to earn Service for purposes of vesting. When the participant reaches age 65 or the LTD benefits end – whichever comes later – the participant will begin receiving benefits under any of the payment options offered by the plan.

SCHEDULE SB ATTACHMENTS (cont.)

Death Benefits

Upon the participant's death, the vested portion of the account will be payable to the beneficiary. If the participant is married, the spouse will be automatically designated to be the beneficiary. If the participant is single, the participant may name anyone as beneficiary to receive the death benefit payable.

Optional Forms of Retirement Income in Lieu of Normal Form

The participant, depending on marital status, may elect to receive the plan benefit under one of the following payment options: lump sum (automatic if benefit amount is $1,000 or less); 10 years certain and life annuity; joint and survivor annuities with 50%, 75% or 100% to the survivor; or a Social Security level income annuity.

Outline of principal plan provisions applicable to employees covered under Appendix PR of the Plan

Eligibility

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

Employee Contributions

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

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.

SCHEDULE SB ATTACHMENTS (cont.)

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.

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 ½ 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.

Benefit Limitations

In no event will the annual funded pension benefit exceed the limitation of IRC §415.

Substantive Commitments

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

Changes in Plan Provisions since Last Actuarial Valuation

None.

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

Eaton Corporation
Pension Plan for Eaton Employees in Puerto Rico

EIN 98-0474648
Plan Number 003

December 31, 2011

(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
	Vanguard Long Term Corporate Bond Fund	Registered Investment Companies	$ 8,055,940	$ 8,942,238
	iShares S & P 500 Index Fund	Registered Investment Companies	7,749,724	8,006,899
	iShares MSCI EAFE Index Fund	Registered Investment Companies	8,424,919	7,526,529
	iShares MSCI Emerging Markets Index	Registered Investment Companies	4,509,929	3,773,171
	Vanguard Long-Term Government Bond Fund	Registered Investment Companies	2,477,991	3,018,370
	iShares Russell 2000 Index Fund	Registered Investment Companies	2,049,895	2,034,836
	iShares S&P Mid Cap 400 Index Fund	Registered Investment Companies	1,999,839	2,011,701
			$ 35,268,237	$ 35,313,744

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 32
Schedule of Amortization Bases
as of January 1, 2011

	Type of Base	Date Established	Initial Amount	Remaining Amortization Period (Years)	Outstanding Balance	Amortization Payment
1	Shortfall	01/01/2011	1,019,308	7.000	1,019,308	167,706
2	Shortfall	12/01/2010	4,217,234	6.917	4,190,043	695,996
3	Shortfall	01/01/2010	2,387,057	6.000	2,163,367	401,723
4	Shortfall	01/01/2009	3,272,325	5.000	2,699,416	580,670
5	Shortfall	01/01/2008	1,458,134	4.000	912,365	240,938
Total					10,984,499	2,087,033

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24
Change in Actuarial Assumptions

Other than the prescribed changes in interest rate and mortality, the following changes in assumptions were made as part of this valuation:

- The plan-related expense assumption changed from $178,000 in 2010 to $188,000 in 2011.