December 2, 2013

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number S7-07-13
Proposed Rules for Implementing the Pay Ratio Disclosure Provision of Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Dear Ms. Murphy:

This letter is submitted on behalf of Eaton, a diversified power management company, with over 102,000 employees. We sell to customers in more than 175 countries.

We appreciate the opportunity to comment on the rules proposed by the U.S. Securities and Exchange Commission ("SEC" or "Commission") to implement Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"), as set forth in the Commission's accompanying proposing release.

In general, we do not believe that the proposed pay ratio rules will provide investors with useful or accurate information. The federal securities laws are intended to provide disclosure to investors to enable them to make informed investment and voting decisions, but the disclosures required by the proposed pay ratio rules will depend on issues having nothing to do with a company's performance, as the Commission acknowledges in the proposing release. Moreover, the proposed disclosure will exacerbate the growing length of required disclosures that make it difficult for investors to identify the material information that is relevant to their investment and voting decisions. For example Eaton's 2013 Proxy statement was over 80 pages long, with over half of those pages already dealing with Executive Compensation. The information being requested is not something that our shareholders have ever requested. In addition the costs of compiling this information are considerable. Our preliminary estimate is over $1.6 million, which does not include the cost of any modifications to payroll or accounting systems.

While we appreciate the Commission's efforts to attempt to make it feasible for companies to comply with Section 953(b), we believe that revisions in the proposal are necessary to make compliance possible on a cost-effective basis. Our recommendations are designed to achieve this goal while satisfying Section 953(b) of the Dodd-Frank Act.

First and most significantly, if compliance is to be achieved on a cost-effective basis, the employees included in the identification of the median should be limited to U.S. employees. As noted above, Eaton operates in over 175 countries and has over 100 payroll systems. In order to identify a global median employee, we will incur significant expense, including employee time and external advisor fees, as we seek to aggregate compensation data from incompatible systems and comply with foreign data privacy laws. In many countries we use unique methods of compensating our employees, such as profit-sharing arrangements and allowances for housing, transportation or family care. The proposed rules require non-U.S. employees to be included in the identification of the median employee, but prohibit adjustments to reflect non-U.S. approaches to compensation in the calculation of the median employee's total annual compensation. For example, under the proposed rules, government-provided benefits are not permitted to be included, while in many countries outside the U.S., this is the prevalent practice. We are concerned that this and other important subtleties will be lost as companies struggle to force non-U.S. pay into the framework of Item 402.

Second, in order to avoid unnecessary costs and burdens, only those employed by the registrant and its consolidated subsidiaries, rather than all subsidiaries, should be included for purposes of identifying the median employee. It will take us considerable time and effort to gather the necessary information from our unconsolidated subsidiaries. Moreover, limiting the rules to cover employees of the registrant and its consolidated subsidiaries is consistent with the guidance provided by the SEC staff under the conflict minerals rule, another rule mandated by the Dodd-Frank Act.

Third, additional time is necessary each year in order for companies to be able to gather the information needed to comply with the pay ratio rules. Accordingly, we recommend that companies be permitted to use pay data from the fiscal year prior to the most recent fiscal year both to identify the median employee and calculate his or her compensation as well as the compensation of the CEO. The burden on our personnel during the first three months of each fiscal year is already significant due to year-end closing financial statements. In addition, Eaton does not have final compensation data for all employees until well into the next fiscal year. Similarly, a transition is necessary in the case of acquisitions as the Commission provides for in several of its other rules.

Fourth, companies will need additional time following the effective date of the final rules in order to implement the rules for the first time. Among other things, we will have to develop processes and systems to implement the rules (which are unlikely to have other uses), train personnel, and retain advisors and experts. We suggest that registrants have at least two full years to implement the rules after the final rules become effective.

Finally, but importantly, the proposed rules should not require that the pay ratio information be "filed" with the Commission; instead it should be "furnished." This is both necessary and supported by SEC precedent. Given the amount of data necessary to be considered and the significant number of estimates, assumptions and judgment calls necessary to produce the ratio, we believe it will be impossible for our CEO and CFO to verify the information sufficiently in order to be able to make the certification the

proposed rules would require. This is especially the case if the Commission determines to include non-U.S. employees in the final rules. We note that, with respect to certain other disclosures, the SEC has provided for "furnished" status where "filing" the disclosures in question would have imposed undue liability.

In conclusion, while we appreciate that the Commission's attempt to make it possible for companies to comply with Section 953(b) in a cost-effective manner, changes are necessary in order to prevent the disclosures required by the proposed rules from being prohibitively costly and burdensome to prepare.

Thank you for considering our comments. We would be happy to discuss our concerns or any other matters that you believe would be helpful. Please contact me at (440) 523-4664.

Sincerely,

William B. Doggett
Senior Vice President, Public and Community Affairs

cc: The Honorable Mary Jo White, Chairman
The Honorable Luis A. Aguilar, Commissioner
The Honorable Daniel M. Gallagher, Commissioner
The Honorable Kara M. Stein, Commissioner
The Honorable Michael S. Piwowar, Commissioner
Mr. Keith F. Higgins, Director, Division of Corporate Finance
Ms. Anne K. Small, General Counsel and Senior Policy Director