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November 12, 2010

VIA E-MAIL
Rule-comments@sec.gov.
Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F. Street, NE
Washington, D.C. 20549-1092

RE: File Number S7-31-10

Dear Ms. Murphy:

Eaton Corporation ("Eaton") is pleased to provide its comments on the proposed amendments to the rules of the Securities and Exchange Commission ("Commission") to implement the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Act") relating to shareholder approval of executive compensation. Eaton is a diversified power management company with 2009 sales of $11.9 billion. Eaton has 70,000 employees and sells products to customers in more than 150 countries.

The Act requires companies to conduct a separate shareholder advisory vote to approve the compensation of executives and a separate shareholder advisory vote to determine how often an issuer will conduct such a shareholder advisory vote on executive compensation. In addition, the Act requires companies that solicit votes to approve merger or acquisition transactions to provide disclosure of certain "golden parachute" compensation arrangements and, in certain circumstances, conduct a separate vote to approve the golden parachute compensation arrangements.

In general, Eaton supports the clarification to the Act provided by the proposed rule amendments. However, Eaton does have concerns regarding some of these proposals relating to the say-on-pay votes. Eaton's responses to certain of the Commission's numbered requests for comment contained in the proposals (which are summarized below) are as follows:

Request For Comment (7)

Should the requirement to discuss the issuer's consideration of the results of the shareholder vote be included in Item 402(b) as a mandatory topic, as proposed, or as a non-exclusive example of information that should be addressed depending upon materiality?

Eaton notes that this requirement is not set forth in the Act and believes that any discussion in the CD&A of the consideration of the voting results should not be

mandatory. Although it expects most issuers would discuss its consideration of these results, it should be for the issuer to make that decision based on its view of its materiality in the total context of executive compensation matters.

Request For Comment (8)

Should the proposed requirement for CD&A discussion of the issuer's consideration of previous shareholder advisory votes be revised to relate only to consideration of the most recent shareholder advisory votes?

In our view, any requirement for a CD&A discussion should relate only to the most recent votes. An issuer would have the option to include a discussion of previous votes if it thought that would be helpful to readers of the CD&A or material to investors.

Request For Comment (18) (19)

Rule 14a-8 of the Exchange Act provides eligible shareholders with an opportunity to include proposals in an issuer's proxy materials for a vote at an annual or special meeting. Issuers can exclude these shareholder proposals if the proposal has already been substantially implemented by the issuer. The proposed rules would amend Rule 14a-8 to provide that issuers be permitted to exclude shareholder proposals that (1) would propose a say-on-pay vote with substantially the same scope as votes required under Rule 14a-21(a) or (2) seek future say-on-pay votes more or less regularly than the frequency vote standard endorsed by a plurality of votes cast in the most recent required frequency vote.

Eaton supports the proposal to permit the exclusion of shareholder proposals that seek say-on-pay votes with substantially the same scope or at times in variation to the shareholder-approved frequency. There is no compelling justification for permitting additional votes on matters where a plurality of the shareholders have spoken, and the company's policies conform with that vote. Obligating issuers to respond to such proposals and/or include them in the proxy statement would only serve to increase burdens on issuers and would be confusing to shareholders who have already voted on these matters.

Request For Comment (21)

Should the proposed note to Rule 14a-8(i)(10) be available if the issuer has materially changed its compensation program in the time period since the most recent say-on-pay vote required by Section 14A(a)(1) and Rule 14a-21(a) or the most recent frequency vote required by Section 14A(a)(2) and Rule 14a-21(b)?

We do not support the concept of having a say-on-pay vote earlier than the shareholder-endorsed frequency even if there were material amendments to the issuer's compensation arrangements. It seems very likely that there will be changes in compensation practices

between say-on-pay votes, and issuers should not be placed in a position of trying to determine which changes are material and require a new vote. In casting an advisory vote on the frequency of the say-on-pay vote, shareholders have the opportunity to consider the issuer's history of changing its compensation practices and any problematic past compensation practices.

Request For Comment (23)

Would the proposed Form 10-Q or Form 10-K disclosure notify shareholders on a timely basis of the issuer's determination regarding the frequency of the say-on-pay vote?

Eaton is concerned that its Board of Directors may not be afforded sufficient time to consider the results of the shareholder advisory vote and decide on the frequency of say-on-pay voting. We suggest that the disclosure not be required until the second report (either 10-Q or 10-K) following the shareholder vote on frequency. For the same reason, Eaton is opposed to any requirement to disclose this determination on a Form 8-K report that would be due within four business days.

Request For Comment (26)(27)(28)

Should issuers be required to file a preliminary proxy statement as a consequence of including in the proxy statement a separate required say-on-pay shareholder vote on executive compensation or a frequency vote?

Eaton believes there are no compelling reasons to require the filing of a preliminary proxy statement in these circumstances. The nature of the voting process is straightforward and the subject of executive compensation disclosure is governed by very fulsome disclosure rules. The requirement to file a preliminary proxy statement would only serve to place unnecessary burdens on issuers.

We appreciate this opportunity to comment on the rule proposals.

Very truly yours,

Mark M. McGuire
Executive Vice President and General Counsel