EATON

Powering Business Worldwide

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Alexander M. Cutler
Chairman and Chief Executive Officer

The Honorable Luis A. Aguilar
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Commissioner Aguilar:

This letter is submitted on behalf of Eaton Corporation, a global power management company with 2009 sales of $11.9B, employing 70,000 employees and doing business in over 150 countries. We appreciate the opportunity to comment on the Commission's proposed rule to require companies to include shareholder nominees for director in company proxy materials, commonly referred to as shareholder "proxy access".

Proxy access will further contribute to the short-term focus that many consider to have been a contributing factor to the recent financial crisis and accompanying global recession. At a time when a continued focus on long-term strategy and long-term investment is needed, the prospect of frequent and time consuming proxy contests will distract management and board attention from the creation of long-term shareholder value. Furthermore, we believe the Commission has grossly underestimated the costs and resources for companies to implement a proxy access regime.

If the Commission, nevertheless, moves forward to implement a proxy access, it must ensure that the interests of mainstream long-term investors are served, not just special interests. In this regard, we strongly urge the Commission adopt a direct 5% ownership threshold and a two year net long holding requirement with protections to guard against the borrowing of shares to achieve ownership thresholds.

Shareholders should be eligible to nominate directors only if they own a significant percentage of a company's shares for a significant period of time. A 3% ownership threshold would result in Eaton Corporation having four individual shareholders that could nominate directors. We strongly urge a 5% ownership threshold.

Only shareholders who have a long-term economic interest in the company should be able to nominate directors under a proxy access regime. Shareholders should not be allowed to decouple voting rights from economic interest by borrowing shares cheaply to meet the eligibility threshold to nominate candidates. It is important that any new rule adopted ensure that this is prohibited.

Thank you for this opportunity to share our thinking on this critical element of corporate governance.

Sincerely,

Alexander M. Cutler

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