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**News
Release**

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Eaton To Acquire MGE's Small Systems Business From Schneider Electric

CLEVELAND ... Diversified industrial manufacturer Eaton Corporation (NYSE:ETN) announced today it has committed to acquire the small systems business of Schneider Electric's MGE UPS Systems for €425 million (\$570 million). Subject to the satisfaction of certain customary closing conditions, the transaction is expected to close in the third quarter.

"The addition of MGE's products will bring us valuable technology to fill product gaps in our UPS single-phase portfolio," said Randy W. Carson, Eaton senior vice president and president – Electrical Group. "In addition, MGE's presence in more than 40 countries will provide us with access to new markets and important distribution channels and will further establish our manufacturing presence in regions like China. This transaction clearly underlines Eaton's stated strategic focus to expand our Power Quality business globally."

For the 12-month period ending May 31, 2007, the small systems business of MGE had sales of approximately €163 million (\$218 million) and EBITDA of approximately €39 million (\$52 million).

MGE's small systems business employs approximately 600 people worldwide and is a global provider of power quality solutions designed to increase the availability and uptime of mission-critical applications and processes. Its products include uninterruptible power systems (UPS), power distribution units, static transfer switches and surge suppressors. The business is headquartered in Saint-Ismier, France.

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Eaton Corporation is a diversified industrial manufacturer with 2006 sales of \$12.4 billion. Eaton is a global leader in electrical systems and components for power quality, distribution and control; fluid power systems and services for industrial, mobile and aircraft equipment; intelligent truck drivetrain systems for safety and fuel economy; and automotive engine air management systems, powertrain solutions and specialty controls for performance, fuel economy and safety. Eaton has 61,000 employees and sells products to customers in more than 125 countries. For more information, visit www.eaton.com.

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