Credit Suisse 3rd Annual Industrials Conference

Richard H. Fearon – Vice Chairman and Chief Financial and Planning Officer

December 1, 2015
Forward Looking Statements and Non-GAAP Financial Information

This presentation and the comments we make on our call today contain forward-looking statements concerning, among other matters, the impact of planned restructuring actions, the fourth quarter 2015 operating earnings per share, full year 2015 operating earnings per share, segment margins, capital expenditures, certain corporate expenses, cash flow and tax rate, organic revenue growth, foreign currency exchange rates, the impact in 2015 from foreign exchange on revenues and earnings and our capital allocation plans. These statements should be used with caution and are subject to various risks and uncertainties, many of which are outside the company's control. The following factors could cause actual results to differ materially from those in the forward-looking statements: unanticipated changes in the markets for the company's business segments; unanticipated downturns in business relationships with customers or their purchases from us; competitive pressures on sales and pricing; unanticipated changes in the cost of material and other production costs, or unexpected costs that cannot be recouped in product pricing; the introduction of competing technologies; unexpected technical or marketing difficulties; unexpected claims, charges, litigation or dispute resolutions; strikes or other labor unrest; the performance of recent acquisitions; unanticipated difficulties integrating acquisitions; new laws and governmental regulations; interest rate changes; stock market and currency fluctuations; war, civil or political unrest or terrorism; and unanticipated deterioration of economic and financial conditions in the United States and around the world. We do not assume any obligation to update these forward-looking statements.

This presentation includes certain non-GAAP measures as defined by SEC rules. A reconciliation of those measures to the most directly comparable GAAP equivalent is included in this presentation or provided in the investor relations section of our website at www.eaton.com.
Eaton – A Power Management Leader

• Power management strategy is working
• Leading Electrical franchise with a successful Cooper integration nearing completion
• Industrial businesses are well positioned for growth
• Strong margin, cash flow and attractive capital deployment alternatives strengthen prospects
• Outlook
Eaton is a premier power management company…

We are uniquely positioned to provide reliable, efficient, safe and sustainable power management solutions for critical markets

Cities & Buildings

Energy & Utilities

Infrastructure

Information Technology

Industrial & Machinery

Transportation

Electrical

Fluid

Mechanical
...consisting of leading global power management businesses

**Electrical Sector**
- **Products**
  - $7.3B 32%
  - Providing comprehensive solutions from generation to the end user
- **Systems & Services**
  - $6.5B 29%

**Industrial Sector**
- **Hydraulics**
  - $3.0B 13%
  - Bringing a broad product portfolio to diverse global end markets
- **Aerospace**
  - $1.9B 8%
  - Serving global OEMs, airlines and governments
- **Vehicle**
  - $4.0B 18%
  - Delivering solutions to the global commercial vehicle and passenger car markets

**$22.6B total**
We have aggressively executed our strategy

**Goals**
- Higher earnings growth
- Reduced volatility
- Maintain high return on capital

**Strategy**
- Change the business mix
- Upgrade the talent
- Run the business better with EBS

**Actions Since 2000**
- Invested $5.5 billion in research & development
- Deployed $20 billion of capital to acquire 66 businesses, markedly changing the mix
- Divested businesses with sales of over $1.5 billion
Our strategy has resulted in a balanced business that serves diverse markets

- **Segment**
  - Electrical: 61%
  - Hydraulics: 13%
  - Aerospace: 8%
  - Vehicle: 18%

- **Cycle**
  - Early: 31%
  - Mid: 29%
  - Late: 29%
  - No: 11%

- **Country**
  - USA: 52%
  - Int'l Developed: 25%
  - Int'l Emerging: 23%
Over the last decade we have driven strong growth

Note: Cash from Operations and Operating EPS exclude Q2 2014 litigation settlements and gain from Aerospace divestitures
We have grown our dividend at a rapid rate...

Dividends per Share


$0.00  $0.50  $1.00  $1.50  $2.00  $2.50

14% CAGR
...and continue to aggressively return cash to our shareholders

Dividend Yield vs. Peers
as of 10/31/2015

Last 12 Months Share Repurchases ($M)

Total Cash Returned to Shareholders last 12 months ($M)

In the last 12 months we returned ~$1.8B to shareholders or 5.9% of our market cap on October 1, 2014
Over the long-run, we have generated outstanding returns for our shareholders.

Cumulative Shareholder Returns

- Eaton: 11.5%
- S&P 500: 10.3%
- Peer Group: 5.2%

Note – ** Peer Group represents an equal weighted index of ABB, DHR, DOV, EMR, HON, IR, ITW, LR, PH, ROK, SIE, SU, UTX
*CAGR = Calculated using the End Point Methodology
Source Data: Capital IQ, Eaton analysis
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Our Electrical businesses deliver solutions for the entire power system
Our Electrical businesses are balanced both geographically and across key end markets.

**Electrical Geographic Mix**
- **U.S.** 55%
- **Non-U.S.** 45%

**Electrical End Market Mix**
- **Commercial & Institutional / Gov’t** 30%
- **Industrial** 23%
- **Utility** 12%
- **Data Center / IT** 15%
- **Machine Builders** 11%
- **Resi** 9%
The successful integration of Cooper continues to drive significant earnings growth

Integration Update

- The Cooper integration is nearing completion in 2015
- We will deliver $390M of synergy benefits in final year of integration
- By January 2016, we will have fulfilled our commitment to pay down the acquisition debt
Cost synergies come from five main areas and are approaching mature levels

- **Plant & Distribution**: Rationalization projects on-schedule. Successful disposition of excess properties.
- **Application of EBS Tools**: Implementation of tools proceeding per plan.
- **Supply Chain Economies of Scale**: Leveraging common spend. Consolidating indirect spend. Leveraging distribution footprint to reduce freight costs.
- **Leveraging Eaton’s Infrastructure**: Operating SG&A actions ahead of plan. Office consolidation projects complete.
- **Corporate Cost Reduction**: All actions completed. IT and data center migrations ahead of schedule.
Sales synergies come from four main areas

**Boost Channel Sales**
Completed the rollout of a new distributor program to channel partners (EDAP)
Launched new channel web portal tools (MyEaton)

**Larger Package to Common Customers**
Implemented integrated selling organizations on a global basis
Added resources to focus on global accounts and key EPC firms

**Service Business**
Coupled service offers to all Industrial, Commercial and Utility quotations and projects
Rolled out a service channel module to key distributors

**Geographic Expansion**
Integrated selling, service, and channel activities in key regions
Enhanced and expanded Eaton Tech Days in Asia, Africa, and the Middle East
We continue to leverage innovation and product vitality to drive organic growth

- Marine certified UPS for marine safety, control, bridge and commercial systems
- Standard and engineered solutions address end user applications

- Expanded WaveStream LED solutions for more design freedom
- Provides best in class optical control, brightness control and energy efficiency

- General purpose and machinery drives expand functionality and increase ease of use
- Simple motor drives meet new European energy savings directive

- CXH - Increased safety and reliability with unmatched arc flash mitigation
- Hazardous location boltless cover reduces installation and maintenance costs
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Our Hydraulics business serves large and diverse end markets

2014 Sales of $3.0B

Business Mix
- 65% Mobile Equipment
- 35% Stationary Equipment
- 50% Direct
- 50% Through Distribution

Why We Like Hydraulics
- Large $40B global and diverse market
- Broad product portfolio
- Positioned to outgrow end markets

Expected 2015 operating margin of 9.8% to 10.2%*

* Includes impact of 2H restructuring program
Hydraulics is addressing short-term market conditions and is positioned to capitalize on growth opportunities.

**Addressing Softer Markets**
- Market mix: 70% stable, 30% cyclical
- Key actions to improve profitability through cycles
  - Investing to grow in stable end markets
  - Improving product mix
  - Reducing fixed costs and optimizing our global footprint
- 2014 and 2015 restructuring actions

**Margins Through the Cycle**
- Trough: 13-14%*
- Mid-cycle: 15-16%
- Peak: 17%+

**Investing in Key Technologies**
- Launching industry leading technologies
- Leveraging Eaton’s electrical and hydraulic expertise
- Targeting new solutions for machine OEM market
  - $4B market; 3% CAGR
  - $720M market opportunity

**Growing Aftermarket**
- $12B market opportunity; 3% CAGR
- One third of 2014 sales
- $18B installed base of Eaton products
- Business is both profitable and stable
- Key actions
  - Localizing products
  - Building service capabilities
  - Adding channel partners

**Mining in Australia**
- On-site 24/7 service

**Variable Speed Drive Solutions for MOEM**

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*Excluding restructuring
Our Aerospace business is balanced across market segments and diverse platforms

2014 Sales of $1.9B

Business Mix

- 65% Commercial / 35% Military
- 65% New Aircraft / 35% Aftermarket

Why We Like Aerospace

- Steady market growth
- Long-cycle industry
- Advantageous technology position

Expected 2015 operating margin of 16.4% to 16.8%*

* Includes impact of 2H restructuring program
Winning technologies and aftermarket focus will drive profitable growth on both legacy and new platforms

**Increasing Content on Next Generation Platforms**

- **Commercial Transport**
  - B767
  - B787
  - 4x
- **Military Rotorcraft**
  - UH-60
  - CH-53K
  - 7x
- **Military Fighters**
  - F-18
  - F-35
  - 2x
- **Business Jets**
  - Falcon 900
  - Falcon 5X
  - 8x
- **Regional Jets**
  - ERJ 170/190
  - E2
  - 6x

*Photo provided by GE Aviation*

**Launching New Technologies**

- **Driving more than $3B in recent wins**
- **Commercial Transport**
  - Pure Power engine seals improve fuel efficiency and extend life cycle on 777X, a $620M opportunity
  - Optimized subsystems to improve engine buildup on A350-1000, a $425M opportunity
- **Regional Jets**
  - Hydraulic system advantages in quality and reliability on E2 jet, a $400M opportunity
- **Military Tanker**
  - Closed loop system optimizes fuel flow on KC-46A, a $300M opportunity

**Growing Aftermarket**

- **$4B global market; 2.5% CAGR**
- Aggressive focus on:
  - Improving operational performance
  - Dedicated Aftermarket organization
  - Driving modifications and upgrades

**Aftermarket Sales**

- 7% CAGR

<table>
<thead>
<tr>
<th>2014</th>
<th>2018</th>
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<tbody>
<tr>
<td></td>
<td>$120M in outgrowth by 2018</td>
</tr>
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</table>

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Our Vehicle Group provides targeted solutions for both commercial and passenger markets.

2014 Sales of $4.0B

Business Mix
- Americas: 70%
- EMEA: 20%
- APAC: 10%

Why We Like Vehicle
- Regulations create large opportunities for innovation
- Leader in fuel economy and emissions reduction
- Positioned to outgrow end markets

Market Mix

Expected 2015 operating margin of 17.4% to 17.8%*

* Includes impact of 2H restructuring program
Vehicle Group is focused on four near-term drivers of market outgrowth

**Automated Transmissions**
- NAFTA heavy-duty market converting to automation
- Automation growth creates a large market opportunity with 40-50% higher price point than equivalent manual products

**Medium Duty Market**
- Launching new Medium-duty product
- Targeted toward Class 6 and 7 markets with improved fuel economy
- 2014 new business wins of $300M

**Engine Technologies**
- Solutions to help customers meet regulatory requirements
- Hollow Valves – 10% weight reduction and higher heat tolerance
- Variable Valve Actuation – improves engine efficiency by adjusting valves for power needs
- Cylinder Deactivation

**Leveraging Alliances**
- Strategic alliances expanding global scope and driving growth
- Cummins Alliance: SmartAdvantage™
  - 3-6% better fuel economy
- Shaanxi Fast Gear Co., Ltd. joint venture enhances clutch presence in China
- Nittan joint venture extends our valvetrain reach in Asia
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We expect margin improvement in 2015, consistent with our long-term trend.

Segment Operating Margin

Note: Excludes acquisition integration charges and impact of restructuring program.
Our cash flow continues to grow rapidly and our cash earnings are strong.

**Cash from Operations**

- **$0** in 2011
- **$1** in 2012
- **$2** in 2013
- **$3** in 2014*
- **$3** in 2015E

*Indicates 2015 guidance range

20% CAGR

**Cash Earnings Exceed Operating EPS**

- **$3** in 2015E

**Note:** EBITDA / Share excludes acquisition integration charges.
Our capital allocation strategy has changed over time

Eaton Capital Allocation Over Time

Portfolio Transformation 2000-2012
- Acquisitions: 67%
- Capex: 11%
- Share Repurchase: 15%
- Debt Repayment: 7%

Balance Sheet Repair 2013-2015
- Acquisitions: 32%
- Capex: 33%
- Share Repurchase: 11%
- Debt Repayment: 23%

Driving Equity Value 2016-2020
- Acquisitions: 38%
- Capex: 14%
- Share Repurchase: 17%
- Dividends: 31%
Summary of capital allocation plan

• We are comfortable maintaining an “A-” long-term debt rating

• Dividends are targeted to grow in line with future earnings growth
  ▪ Since 2005, dividends have increased by a CAGR of 14%

• Over the medium-term: intend to use dividends and share repurchases to return between 4%-5% of our market cap to shareholders on an annual basis
  ▪ We plan to repurchase 1% to 2% of our shares each year
  ▪ Coupled with our historic dividend yield of ~3%
  ▪ For the balance of available capital, we intend to pursue M&A to continue advancing our businesses’ strategies

• In the near term, our capital allocation will have a strong bias towards share repurchase
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For 2015, organic revenue growth is expected to be (1)%

<table>
<thead>
<tr>
<th>Segment</th>
<th>2015 Organic Revenue Growth</th>
</tr>
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<tbody>
<tr>
<td>Electrical Products</td>
<td>2%</td>
</tr>
<tr>
<td>Electrical Systems &amp; Services</td>
<td>(4)%</td>
</tr>
<tr>
<td>Hydraulics</td>
<td>(8)%</td>
</tr>
<tr>
<td>Aerospace</td>
<td>3%</td>
</tr>
<tr>
<td>Vehicle</td>
<td>(1)%</td>
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<tr>
<td>Eaton Consolidated</td>
<td>(1)%</td>
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# 2015 Restructuring Program Update

<table>
<thead>
<tr>
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<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td></td>
<td>Q3 Plan</td>
<td>Q3 Actual</td>
</tr>
<tr>
<td>Restructuring Cost</td>
<td>$(110)</td>
<td>$(113)</td>
</tr>
<tr>
<td>Savings</td>
<td>$20</td>
<td>$15</td>
</tr>
<tr>
<td>Net</td>
<td>$(90)</td>
<td>$(98)</td>
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Total restructuring program cost of $153M (up $8M) with savings of $150M (up $25M) in 2016
With Continuation of Weaker Markets, We Are Expanding Our Restructuring Efforts in 2016

We will expand our restructuring program in 2016 to add $90M - $100M of additional cost, yielding $90M - $100M of incremental benefits

<table>
<thead>
<tr>
<th>$M</th>
<th>FY 15</th>
<th>FY 16</th>
<th>FY 17</th>
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<tbody>
<tr>
<td><strong>Summary of Restructuring Programs</strong></td>
<td></td>
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<tr>
<td>2015 Program</td>
<td></td>
<td></td>
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<tr>
<td>Annual Costs</td>
<td>$(123)</td>
<td>$(30)</td>
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<tr>
<td>Cumulative Benefits</td>
<td>$50</td>
<td>$150</td>
<td>$160</td>
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<tr>
<td>2016 Program</td>
<td></td>
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<tr>
<td>Annual Costs</td>
<td></td>
<td></td>
<td>$(95)</td>
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<tr>
<td>Cumulative Benefits</td>
<td></td>
<td>$40</td>
<td>$95</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>$(73)</td>
<td>$65</td>
<td>$255</td>
</tr>
</tbody>
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Year to year benefit: $138M  $190M *

* Does not include impact of typical annual restructuring costs/benefits
## 2015 Outlook

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<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Organic Revenue Growth</strong></td>
<td>(1)%</td>
</tr>
<tr>
<td><strong>Forex</strong></td>
<td>(5)%</td>
</tr>
<tr>
<td><strong>Segment Margins</strong></td>
<td>15.0% - 15.4%</td>
</tr>
<tr>
<td><strong>Corporate pension, interest, and general corporate expenses</strong></td>
<td>$(30)M Below 2014 levels</td>
</tr>
<tr>
<td><strong>Tax Rate</strong></td>
<td>7% - 9%</td>
</tr>
<tr>
<td><strong>Operating EPS</strong></td>
<td></td>
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<tr>
<td>Full Year</td>
<td>$4.20 - $4.30</td>
</tr>
<tr>
<td>Q4</td>
<td>$1.05 - $1.15</td>
</tr>
<tr>
<td><strong>Operating Cash Flow</strong></td>
<td>$2.4B - $2.8B</td>
</tr>
<tr>
<td><strong>Free Cash Flow</strong></td>
<td>$1.9B - $2.3B</td>
</tr>
<tr>
<td><strong>CAPEX</strong></td>
<td>$475M</td>
</tr>
</tbody>
</table>

### 2015 Expected Segment Margins*

<table>
<thead>
<tr>
<th>Segment</th>
<th>Margins</th>
</tr>
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<tbody>
<tr>
<td>Elec. Products</td>
<td>16.6% - 17.0%</td>
</tr>
<tr>
<td>Elec. Systems and Services</td>
<td>13.2% - 13.6%</td>
</tr>
<tr>
<td>Hydraulics</td>
<td>9.8% - 10.2%</td>
</tr>
<tr>
<td>Aerospace</td>
<td>16.4% - 16.8%</td>
</tr>
<tr>
<td>Vehicle</td>
<td>17.4% - 17.8%</td>
</tr>
</tbody>
</table>

* Including impact of 2H 2015 restructuring program
Initial Thoughts on 2016

• Markets expected to be slightly negative in 2016
• Restructuring YTY benefits
  - 2015 to 2016: $138M
  - 2016 to 2017: $190M
• Cooper integration savings of $45M
• Free cash flow up 10%-15%
  - No U.S. qualified pension contribution required
• $240M debt repayment in January 2016
• Have capacity to deploy over $1B of capital in 2016 for stock repurchases or acquisitions, with a strong bias towards repurchases
Summary

Our power management strategy is effective

- We are a *global power management leader* with strong positions in critical markets

Our balance provides stability

- Across uneven market conditions, we have produced *strong results*

We will continue to drive strong earnings growth in a slow growth environment

- Our *technical vitality and front-end capabilities* combined with *Cooper synergies and benefits from restructuring programs* are producing results

We are positioned for greater cash redeployment optionality

- Growing cash flow and improved cash flow margin provide us with *attractive capital allocation alternatives*