Annual Investor Conference

Craig Arnold, Chairman and Chief Executive Officer
February 24, 2017
At Eaton, we make what matters work*

*We make on-demand energy work
*We make buildings work
*We make safe arrivals work

*Our Vision
To improve the quality of life and the environment through the use of power management technologies and services.
By making power safe, reliable, and more efficient

While doing so, we seek to make a positive impact on stakeholders…

Delight our customers

Develop and engage our employees

Support our communities

… while delivering superior returns to our shareholders
Key takeaways for today…

• We anticipate that market growth will accelerate in 2018 and remain solid through 2020

• Our strategy is working, we’re delivering solid margins, generating significant cash flow, and effectively redeploying capital

• And our scale matters, it’s making our businesses stronger

• We’re also creating a more efficient company by reducing structural costs and improving our execution

• Most importantly, we’re reinvigorating organic growth - becoming more focused

• While investing in our future with Intelligent Power for an increasingly connected world

• We’re on track to deliver our 5-year financial goals
We’re a power management company with leading global businesses

Electrical Products
2016 sales: $7.0B

Providing safe and efficient electrical solutions from generation through distribution and control

Electrical Systems & Services
2016 sales: $5.7B

Hydraulics
2016 sales: $2.2B

Solutions for the world’s most demanding power needs

Aerospace
2016 sales: $1.8B

Mission critical, safe, and reliable solutions

Vehicle
2016 sales: $3.2B

Leader in fuel economy and emissions reduction
Benefiting from megatrends impacting society

Population growth - Growing population, urbanization, and middle class requiring places to live, food to eat, and increasing amounts of electricity

Environmental concerns and increased regulation - Air and water quality, and solid waste disposal will necessitate increased innovation

Energy efficiency - Highly influenced by environmental factors, energy efficiency will continue to be a major driver of growth

Intelligent products and connectivity - Value creation to be driven by the interconnectivity of products and systems

Increased demand for superior value solutions - Increasingly, customers are turning to alternatives providing superior value
We have a proven formula for how to create value

<table>
<thead>
<tr>
<th>Aspirational Goals</th>
<th>Leadership Expectations</th>
<th>EBS Processes</th>
<th>Leverage Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our customers’ and channel partners’ preferred choice</td>
<td>Leaders must be ethical, passionate, accountable, efficient, transparent, learners...make good decisions</td>
<td>Standard set of processes thru which we run the company...teachable point of view and a continuous learning mindset</td>
<td>Leverage scale by centralizing common needs...driving efficiency across the organization</td>
</tr>
<tr>
<td>An engaged and diverse workforce doing meaningful work</td>
<td>Supporting our communities and acting as a steward of the environment</td>
<td>Accelerate Growth</td>
<td>Margin Expansion</td>
</tr>
<tr>
<td>Delivering superior returns to our shareholders</td>
<td>Accelerating growth through focused efforts on technology, channel and service, superior value...the right to win.</td>
<td>Capital Deployment</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Investing in organic growth, providing strong cash returns, acquisitions that strengthen the portfolio...maintaining a disciplined approach</td>
<td></td>
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</table>
And we’re on track to meet our new 5-year goals

- **EPS growth** on track, considering expected restructuring benefits
- Both **segment and EBIT margin** improved in 2016, excluding restructuring costs
- **Free cash flow as % of sales** in 2016 was 10.4%
- Below our **revenue growth** target in 2016, expect markets to improve
We expect growth to accelerate in 2018

<table>
<thead>
<tr>
<th>Segment</th>
<th>2018-2020 market outlook</th>
<th>Commentary on 2018-2020 market outlook</th>
</tr>
</thead>
</table>
| Electrical Products | ++                        | • Expect growth in U.S. residential construction while non-residential construction levels are expected to remain firm  
• Global lighting markets expected to remain strong  
• Industrial controls markets expected to pick up globally, led by EMEA and APAC                                               |
| Electrical Systems & Services | ++                  | • Expect growth in global capital spending in large industrial projects  
• Oil & gas markets expected to recover though remaining below prior peak levels                                                                                 |
| Hydraulics          | ++                        | • Construction equipment, agriculture equipment, mining equipment, and oil & gas expected to turn slightly positive  
• Expect regional markets to turn positive in 2018, led by U.S. and Latin America                                                                              |
| Aerospace           | ++                        | • Single-aisle aircraft growth expected to continue  
• Near-term weakness in twin-aisle expected to dissipate by end of 2018  
• Domestic and international defense spending expected to accelerate                                                                                     |
| Vehicle             | +++                       | • Passenger car and light truck volumes expected to remain robust in developed markets  
• Expect continued growth in emerging markets  
• Expect momentum in Class 8 truck growth coming off a cyclical low                                                                                     |
| Total Eaton         | 3% - 4%                   | |
Our corporate strategy remains unchanged

**Strategic Growth Initiatives** - Develop technology leadership *(safe, reliable, efficient, connected, and intelligent)*, convert on our channel and service strength, deliver superior value

**Expand Margins** - Accelerate our operational excellence, implement multi-year productivity plans, focus on outliers *(fix the tail, grow the head)*

**Disciplined Capital Allocation** - Invest to win, consistently return cash to shareholders *(dividends, share buybacks)*, criteria-based product and business evaluation
We have renewed our focus on organic growth

Technology leadership
R&D efforts focused on three key trends:
• Safe and reliable
• Energy efficient
• Intelligent and connected

Channel conversion
• Leverage existing channel & commercial resources
• Capture larger portion of aftermarket opportunity
• Drive more service-related sales

Superior value
• Better meet customers’ needs
• Drive improved cost efficiency
• Develop the right products for the right markets
We are developing digital solutions for a connected world

We call it *Intelligent Power*
While running the business better…

Operational excellence

Target world-class manufacturing efficiency using proven frameworks

Productivity plans

Optimize our footprint, reduce support costs, and localize in best cost locations

Focus on outliers

Improve the performance of the outliers in order to fix the tail, grow the head
…we expect World Class performance

<table>
<thead>
<tr>
<th>Eaton World Class</th>
<th>Rest of Eaton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Recordable Case Rate</td>
<td>0%</td>
</tr>
<tr>
<td>Cost of Non-Conformance</td>
<td>0%</td>
</tr>
<tr>
<td>On-Time Delivery</td>
<td>100%</td>
</tr>
<tr>
<td>Inventory Days-on-Hand</td>
<td>0</td>
</tr>
<tr>
<td>Flex Productivity</td>
<td>104</td>
</tr>
</tbody>
</table>

We can drive savings by moving Rest of Eaton closer to Eaton World Class

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We evaluate our businesses through the cycle using specific criteria

<table>
<thead>
<tr>
<th>Ability to lead in large global markets</th>
<th>Addressable market &gt;$2B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above average growth potential</td>
<td>Long-term growth &gt; real GDP</td>
</tr>
<tr>
<td>High margin potential</td>
<td>Segment operating margin in mid- to high-teens</td>
</tr>
<tr>
<td>High returns</td>
<td>Return on tangible assets mid-twenties or above</td>
</tr>
<tr>
<td>Consistent profitability</td>
<td>Minimum of low-teens segment margin at the trough</td>
</tr>
</tbody>
</table>

We like our mix of businesses and are driving significant improvement
Our businesses work together to make all of Eaton stronger

Benefits of scale
Corporate structure and shared service centers drive cost savings

Shared technology
Leverage expertise in engineering and technologies across segments

Shared markets
Deepen relationships with customers through providing a broader solution

Cash generation
Generating strong and consistent cash flow through the cycle

Corporate structure
Highly efficient corporate structure

One Eaton
Scale benefits are increasingly important

Recent changes that highlight the importance of scale:

- Uncertainty around government policy, regulations, and taxes
- Rapidly evolving technology with increasing connectivity
- Ability to leverage spend across a common supply base
- Changing and increasingly demanding customer needs
- Larger companies have lower borrowing costs

And possible to achieve without losing focus where it matters
We are generating scale benefits across the entire organization

- **Serving Customers**: Deepen relationships by providing a broader solution
- **Technology**: Sharing expertise and developing deep capabilities
- **Cash Flow**: Generating strong cash flow through the cycle
- **Corporate Structure**: Highly efficient corporate structure
- **Knowledge Sharing**: Transferring best practices across company
- **Support Functions**: Sharing best practices and leveraging a global network
- **Supply Chain**: Centralizing and optimizing our supply chain
- **Manufacturing**: Creating superior operating leverage
- **Access to New Markets**: Leveraging our size and our diverse portfolio

Eaton Scale Benefits
We can better serve common customers

Factory

Rope shovel

Oil rig

Cutting machine

Wind turbine

Electrical

Industrial
Scale allows us to more easily expand into new markets…

**Expansion in China**

- Entered China in 1993 with Hydraulics
- Leveraged our initial investment to incubate other businesses
- Today we have a presence across all 5 segments, serving the local market with 10k employees, 28 manufacturing sites, and 6 R&D centers

**Expansion in Africa**

- In early stages of investing in Africa
- Today we have 3 manufacturing sites, including a state of the art Electrical plant and Electronics Center of Excellence in Morocco
- We are building capabilities in Africa to enable future growth

- Office / warehouse / distribution center
- Plant
...and to develop and share technology across our businesses

Creating a more efficient and effective team from innovation thru execution
Scale makes our manufacturing more efficient…

Manufacturing campuses

Drivers of efficiency

- Shared manufacturing and non-manufacturing overhead
- Supply chain efficiencies
- Better local knowledge
- Cross-business talent movement
- Shifting production among plants

6 global manufacturing campuses spread across the globe
...and is generating supply chain leverage

<table>
<thead>
<tr>
<th>Direct materials</th>
<th>Indirect materials</th>
<th>Logistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing handled through centralized office in Europe</td>
<td>Purchasing handled through centralized offices in the Europe and North America</td>
<td>Eaton processes and tools deployed at the business level to drive savings on product-specific inputs</td>
</tr>
</tbody>
</table>

- Achieved 20% savings on fasteners in 2016
- Achieved 6% savings on air travel in 2016
- Achieved 7% savings on inbound freight in 2016
Scale has enabled us to optimize our support functions

**Global network of shared service centers**

**HR**
- Talent acquisition
- HR transaction processing

**Finance**
- Accounting, transaction processing, governance, and treasury

**Sales & Marketing**
- Customer support, pricing, market intelligence, analytics

**Engineering**
- R&D, product development, software development, digital modeling

**IT**
- Business intelligence, applications development, ERP

**Supply Chain**
- Purchase to pay, reporting & analytics, material management

**Legal**
- Sales contracts, non-disclosure agreements, government support contracts and analytics

**1 U.S. Shared Service Center**

**7 International Shared Service Centers**
And to harness the best ideas from an organization of 95,000 employees

A shared system of processes and measurements that engages all of Eaton in continuous learning and resulted in over 160 employee led operational assessments in 2016

Eaton employees logged over 270,000 course completions in 2016 on a broad range of subjects including sales & marketing, manufacturing, finance, and quality
Our corporate support costs have come down while segment margins have expanded.

Corporate costs

<table>
<thead>
<tr>
<th>Year</th>
<th>General Corporate Costs (M$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$400</td>
</tr>
<tr>
<td>2016¹</td>
<td>$0</td>
</tr>
</tbody>
</table>

Segment margins²

<table>
<thead>
<tr>
<th>Year</th>
<th>General Corporate Costs as a % of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0%</td>
</tr>
<tr>
<td>2016</td>
<td>2%</td>
</tr>
<tr>
<td>2017E</td>
<td>10%</td>
</tr>
<tr>
<td>2020 Goal</td>
<td>20%</td>
</tr>
</tbody>
</table>

¹Excludes ~$70M of income from insurance matters
²Excludes acquisition integration charges and 2015-2017 restructuring program costs

2017E segment margin reflects mid-point of guidance

2020 goal range
Our businesses perform well compared to peers, and we expect further improvement.

**Segment margin**

- **Electrical**: 14.7% - 17.7%
- **Hydraulics**: 13% - 16%
- **Aerospace**: 16% - 19%
- **Vehicle**: 16% - 19%

**5 year average segment margin**

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1. Weighted average, using 2016 sales, of Electrical Products target range of 16% - 19% and Electrical Systems & Services target range of 13%-16%
We have generated strong, consistent cash flow...

Operating cash flow

- Our scale and performance have driven strong, steady cash flow
- Consistent cash generation enables capital deployment optionality
  - Our scale was key to our ability to acquire Cooper
  - Since 2010 we have:
    - Allocated ~$14B of capital to M&A
    - Invested ~$4B of capital into our businesses
    - Repurchased ~$2B of shares
    - Returned ~$5B to investors through dividends

Expect to generate ~$9B - $10B of free cash flow from 2017 to 2020

Indicates midpoint of 2017E guidance

1 Adjusted for legal settlement
…and we have an efficient corporate structure, which we expect to continue

Cash as % of sales
2016

- Eaton: 0%
- Peer Average: 15%

**Reflects cash on average peer’s balance sheet that Eaton has redeployed**

Diversified peers include: ABB, DOV, EMR, HON, IR, ITW, LR, PH, ROK, SU, SIE, UTX

Source: Capital IQ, Eaton analysis

Tax rate
2016

- Eaton: 30%
- Peer Average: 20%
We plan to grow EPS by 8-9% through 2020

<table>
<thead>
<tr>
<th>Contribution to EPS growth:</th>
<th>2015 - 2020</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic growth</td>
<td>1% - 2%</td>
<td>Markets were sluggish in 2016 but are expected to improve starting in 2018</td>
</tr>
<tr>
<td>Restructuring and OpEx</td>
<td>3% - 4%</td>
<td>Restructuring program proceeding as planned</td>
</tr>
<tr>
<td>Share repurchases</td>
<td>3%</td>
<td>On track for $3B of repurchases from 2015-2018</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>1%</td>
<td>Expect activity to pick up in 2017</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8% - 9%</strong></td>
<td><strong>On track</strong></td>
</tr>
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</table>
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