First Quarter 2017 Earnings Release
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Powering Business Worldwide

Forward-looking Statements and Non-GAAP Financial Information

This presentation or the comments we make on our call today contain forward-looking statements concerning, among other matters, performance of our worldwide end markets, second quarter 2017 net income and operating earnings per share, expected organic revenue, segment margins, tax rate and foreign currency exchange impact; full year 2017 net income and operating earnings per share, segment margins, capital expenditures, cash flow, tax rate, corporate expenses, projected revenue growth, foreign currency exchange impact, share repurchases and the costs and benefits associated with planned restructuring actions. 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 provided in the investor relations section of our website at www.eaton.com.

Highlights of Q1 Results

- Net income and operating earnings per share of $0.96, above midpoint of guidance by $0.11
- Sales of $4.8B, up 1%, the first quarter of positive revenue growth since Q4 of 2014
  - Organic revenue up 2%
  - Forex impact of (1)%
- Segment operating margins of 14.4%
  - Excluding restructuring costs of $17M, segment operating margins 14.8%
- Record Q1 operating cash flow of $463M
- Share repurchases of $255M in quarter
- Increased dividend in February by 5% to $0.60 per share

Comparison to Q1 Guidance

Operating EPS Reconciliation vs. Guidance

Midpoint of guidance	$	0.85
Higher organic revenue		0.11
Lower negative Forex		0.01
Lower restructuring spending		0.01
Higher corporate expense		(0.02)
Q1 2017 Operating EPS	$	0.96

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Financial Summary

(M)	**1Q '17**	**1Q '16**	**V '16**
Sales	$4,848	$4,813	↑ 1%
Segment Operating Profit as Reported	699	669	↑ 4%
Acquisition Integration Charges	(1)	(1)	
Segment Operating Profit	700	670	↑ 4%
Segment Operating Margin	14.4%	13.9%	↑ 50 bps
Restructuring Costs	(17)	(59)	
Segment Operating Margin, excluding restructuring costs	14.8%	15.1%	↓ 30 bps
Net Income	432	404	↑ 7%

Sales Growth:	Organic	2%
	Forex	(1)%
	Total	1%

Net income per share assuming dilution	$0.96
Operating earnings per share	$0.96

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Electrical Products Segment

(M)	1Q '17	1Q '16	V '16
Sales	$1,712	$1,680	↑ 2%
Operating Profit as Reported	297	271	↑ 10%
Acquisition Integration Charges	(1)	---	
Segment Operating Profit	298	271	↑ 10%
Operating Margin	17.4%	16.1%	↑ 130 bps
Restructuring Costs	(3)	(17)	
Operating Margin, excluding restructuring costs	17.6%	17.1%	↑ 50 bps

Sales Growth: Organic		3%
Forex		(1)%
Total		2%

- Orders up 3%, driven by growth in Americas and EMEA
- In Americas, residential and lighting orders particularly strong
- In EMEA, strength in industrial controls

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Electrical Systems & Services Segment

(M)	1Q '17	1Q '16	V '16
Sales	$1,333	$1,342	↓ 1%
Operating Profit as Reported	155	159	↓ 3%
Acquisition Integration Charges	---	(1)	
Segment Operating Profit	155	160	↓ 3%
Operating Margin	11.6%	11.9%	↓ 30 bps
Restructuring Costs	(2)	(10)	
Operating Margin, excluding restructuring costs	11.8%	12.7%	↓ 90 bps

Sales Growth:	Organic		0%
	Forex		(1)%
		Total	(1)%

- Orders flat, with declines in Americas and EMEA offset by strength in APAC
- Continued weakness in large industrial projects and oil and gas markets negatively impacting margins

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Hydraulics Segment

(M)	**1Q '17**	**1Q '16**	**V '16**
Sales	$587	$551	↑ 7%
Segment Operating Profit	60	41	↑ 46%
Operating Margin	10.2%	7.4%	↑ 280 bps
Restructuring Costs	(9)	(16)	
Operating Margin, excluding restructuring costs	11.8%	10.3%	↑ 150 bps

Sales Growth:	Organic	9%
	Forex	(2)%
	Total	7%

- Orders up 22%, with growth in all geographic regions, particularly APAC
- Order strength from both OEMs and distribution

Aerospace Segment

(M)	1Q '17	1Q '16	V '16
Sales	$428	$445	↓ 4%
Segment Operating Profit	79	80	↓ 1%
Operating Margin	18.5%	18.0%	↑ 50 bps
Restructuring Costs	(1)	(4)	
Operating Margin, excluding restructuring costs	18.7%	18.9%	↓ 20 bps

Sales Growth:	Organic	(1)%
	Forex	(3)%
	Total	(4)%

- Orders up 2%
  - Strength in commercial transports and aftermarket, military rotorcraft, and business jets
  - Weakness in military transports and fighters

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Vehicle Segment

(M)	1Q '17	1Q '16	V '16
Sales	$788	$795	↓ 1%
Segment Operating Profit	108	118	↓ 8%
Operating Margin	13.7%	14.8%	↓ 110 bps
Restructuring Costs	(2)	(12)	
Operating Margin, excluding restructuring costs	14.0%	16.4%	↓ 240 bps

Sales Growth:	Organic	(2)%
	Forex	1%
	Total	(1)%

- 2017 NAFTA Class 8 truck build forecast flat with 2016
- Light vehicle markets outside the U.S. have been slightly stronger than our original expectations

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For 2017, We Now Expect Organic Revenue Growth of 1% – 3%

Segment	Prior Guidance	Current 2017 Organic Growth	Change From Prior Guidance at Midpoint
Electrical Products	1% - 3%	2% - 4%	↑ 1%
Electrical S & S	(2)% - (4)%	0% - (2)%	↑ 2%
Hydraulics	0% - 2%	6% - 8%	↑ 6%
Aerospace	1% - 3%	1% - 3%	---
Vehicle	0% - 2%	0% - 2%	---
Total	0%	1% - 3%	↑ 2%

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Update on Restructuring Actions

	2017				
$M	Q1 Actual	Q1 Plan	Q2 Plan	2nd Half	Total
Restructuring Costs	$20	$26	$40	$40	$100

For FY 2017, total restructuring costs of $100M and incremental annual benefits of $155M remain unchanged

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Segment Operating Margin Expectations

	Original 2017 Guidance*	Update to 2017 Guidance*
Electrical Products	18.3% - 18.9%	---
Electrical Systems and Services	13.2% - 13.8%	---
Hydraulics	10.9% - 11.5%	11.3% - 11.9%
Aerospace	19.1% - 19.7%	---
Vehicle	14.8% - 15.4%	---
Eaton Consolidated	15.5% - 16.1%	---

* includes net impact of restructuring actions in 2017

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2017 Guidance

2017 Full Year Outlook*	
$4.45 - $4.75 Operating EPS / Net Income Per Share, up $0.15 from prior guidance	
Organic Revenue Growth	1% - 3%
Forex	$(150)M
Segment Operating Margins	15.5% - 16.1%
Corporate Expenses (interest, pension, other corporate)	Flat with 2016, excluding $70M insurance income in Q4
Tax Rate	9.5% - 10.5%
Operating Cash Flow	$2.6B - $2.8B
Free Cash Flow	$2.1B - $2.3B
Capex	$525M
Share Repurchases	~$750M

2nd Quarter Outlook

$1.05 - $1.15 Operating EPS / Net Income Per Share

- Organic revenues expected to increase 1% - 2% versus Q2 2016
- Forex expected to be (1.5)%
- Segment margins between 15.2% and 15.6%, including restructuring cost
- Tax rate of 8% - 9%

* Does not include any impact related to recently announced JV with Cummins expected to close in Q3

Summary

- Evidence that a number of end markets are returning to growth
    - Increasing our 2017 organic growth outlook from flat to 1%-3% growth
- Restructuring program remains on track to deliver $155M of incremental benefits in 2017
- Raised full year operating and net income guidance by $0.15 at midpoint to $4.45 - $4.75; at midpoint of new guidance, operating earnings per share grows 9% over 2016
- Record cash flow in Q1
- Repurchased $255M in shares in Q1
    - Remain on track for $750M of share repurchases in 2017
- Announced joint venture with Cummins for automated transmissions on April 10th

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APPENDIX

Restructuring Program Cost and Benefits

$M	2015		2016		2017		2018		Total Program	
	Cost	Benefit	Cost	Benefit	Cost	Benefit	Cost	Benefit	Cost	Benefit
Actual	$(129)	$78	$(211)	$210						
Current Plan					$(100)	$155	---	$75	$(440)	$518
Regular Ongoing Restructuring							$(60)	$30		

- Total program are costs now estimated at $440M over three years, yielding $518M of cumulative benefits
- In 2017, restructuring actions expected to deliver $266M incremental profit versus 2016 ($155M incremental expected benefits plus $111M lower costs)
- In 2018, the program expected to deliver $175M incremental profit versus 2017 ($75M incremental benefits from 2017 actions and $100M lower year-to-year costs)