Eaton Corp plc
Form DEF 14A
March 14, 2014
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SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x

Check the appropriate box

Filed by a Party other than the Registrant ¨

¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

Eaton Corporation plc

(Name of Registrant as Specified in its Charter)

XXXXXXXXXXXXXXXXX

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: ______________________________

(2) Aggregate number of securities to which transaction applies: ______________________________

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined): ____________________

(4) Proposed maximum aggregate value of transaction: ____________________

(5) Total fee paid: ____________________

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid: ____________________

(2) Form, Schedule or Registration Statement No.: ____________________

(3) Filing Party: ____________________

(4) Date Filed: ____________________

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ONE VISION	To be the most admired company in our markets.
ONE MISSION	To provide safe, reliable, efficient and sustainable power management solutions for our global customers.
CORE VALUES	We drive high performance through the Eaton Philosophy, which operationalizes our core values into our responsibilities to one another, to the enterprise, to our customers and to other stakeholders. n **Customer Orientation:** We make our customers the focus of everything we do. n **People:** We recognize our people as our most valued resource. n **Trust:** We have confidence in the reliability of others to do the right thing. n **Respect:** We treat each other with respect and consideration. n **Dignity:** We honor the pride and self-esteem of others. n **Integrity:** We are honest and ethical.

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Notice of Annual General Meeting

Date:	**Wednesday, April 23, 2014**	Location:	**Four Seasons Hotel Dublin**
			Simmonscourt Road
Time:	**8:00 a.m. local time**		**Dublin 4, Ireland**

Meeting Agenda:

1. Electing the twelve director nominees named in the proxy statement;
2. Approving the appointment of Ernst & Young LLP as independent auditor for 2014 and authorizing the Audit Committee of the Board of Directors to set its remuneration;
3. Advisory approval of the Company s executive compensation;
4. Authorizing the Company and any subsidiary of the Company to make overseas market purchases of Company shares; and
5. Transacting any other business that may properly come before the meeting.

These proposals are ordinary resolutions requiring a simple majority of the votes cast at the meeting. All proposals are more fully described in this proxy statement.

Also during the meeting, management will present Eaton s Irish Statutory Accounts for the fiscal year ended December 31, 2013 along with the related directors and auditor s reports.

Record date: Shareholders of record at the close of business on February 24, 2014 are entitled to vote at the meeting.

Online proxy delivery and voting: Eaton shareholders can sign up for electronic delivery of the proxy statement and annual report to shareholders, as well as online proxy voting. Use this link to register for online delivery of your future proxy materials: http://enroll.icsdelivery.com/etn.

Admission to the Annual Meeting: Shareholders who plan to attend the 2014 annual general meeting may obtain admission tickets at the Registration Desk immediately prior to the meeting. Shareholders whose shares are registered in the name of a broker or bank should obtain certification of ownership to bring to the meeting.

By order of the Board of Directors

Thomas E. Moran

Senior Vice President and Secretary

March 14, 2014

YOUR VOTE IS IMPORTANT. WE STRONGLY ENCOURAGE YOU TO VOTE.

If possible, please vote your shares using the toll-free telephone number or Internet instructions found on your proxy form. Alternatively, you may mark, sign, date and mail your proxy form in the postage-paid envelope provided. Voting by any of these methods will not limit your right to vote in person at the annual general meeting. **Under New York Stock Exchange rules, if you hold your shares in street name through a brokerage account, your broker will *NOT* be able to vote your shares for you on most of the matters being considered at the annual general meeting, including the election of directors, unless you have given instructions to your broker before the meeting date.**

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Important Notice Regarding the Availability of Proxy Materials for the annual general meeting of Shareholders to be held on April 23, 2014: This proxy statement, the Company s 2013 annual report to shareholders and our Irish Statutory Accounts for the year ended December 31, 2013 are available, respectively, on Eaton s website at:

www.eaton.com/proxy

www.eaton.com/annualreport

www.eaton.com/irishstatutoryaccounts

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General Information about the Meeting

Proxy Statement

Eaton Corporation plc

Registered Address -

Fitzwilliam Hall

Fitzwilliam Place

Dublin 2, Ireland

This proxy statement, the accompanying proxy form, Eaton s annual report for the year ended December 31, 2013, and our Irish Statutory Accounts for the year ended December 31, 2013 will be sent to shareholders commencing on or about March 14, 2014.

Throughout this proxy statement, all references to our Board of Directors (or its committees) or officers for periods prior to November 30, 2012, are references to the Board of Directors (or its committees) or officers, respectively, of Eaton Corporation, our predecessor. Similarly, all references to the Company for such periods refer to Eaton Corporation.

Proxy Solicitation

Eaton s Board of Directors solicits your proxy, in the form enclosed, for use at the 2014 annual general meeting of shareholders and any adjournments or postponements of the meeting.

In addition to soliciting proxies through the mail, certain persons may solicit proxies in person or by telephone or fax. Eaton has retained The Proxy Advisory Group, LLC, 18 East 41st Street, Suite 2000, New York, New York 10017, to assist in the solicitation of proxies, primarily from brokers, banks and other nominees, for a fee of $15,000, plus reasonable out-of-pocket expenses. Brokerage firms, nominees, custodians and fiduciaries may be asked to forward proxy soliciting material to the beneficial shareholders. All reasonable soliciting costs will be borne by Eaton.

How Proxies Will Be Voted

The individuals named in the enclosed form of proxy have advised the Board of their intention to vote at the meeting in accordance with instructions on all proxy forms submitted by shareholders and, where no contrary instruction is indicated on the proxy form, as follows: *for* the election of the individuals nominated to serve as directors, *for* the appointment of Ernst & Young LLP as independent auditor for 2014 and authorizing the Audit Committee of the Board of Directors to set its remuneration, *for* advisory approval of the Company s executive compensation, and *for* the authorization of overseas market purchases of Company shares.

You may revoke a proxy by submitting a later-dated proxy, by notifying Eaton by fax, email or other verifiable communication before the meeting, or by revoking it at the meeting. All properly executed or transmitted proxies not revoked will be voted at the meeting.

Voting at the Meeting

Each Eaton shareholder of record at the close of business on February 24, 2014 is entitled to one vote for each share then held. On that date, 475,962,123 Eaton ordinary shares (par value US$0.01 each) were outstanding and entitled to vote.

At the 2014 annual general meeting, the inspector of election appointed by the Board of Directors for the meeting will determine the presence of a quorum and tabulate the results of shareholder voting. As provided by the Company s Articles of Association, three shareholders present in person or by proxy at the meeting will constitute a quorum. The inspector of election intends to treat as present for these purposes shareholders who have submitted properly executed and transmitted proxies even if marked abstain as to some matters. The inspector will also treat as present shares held in street name by brokers that are voted on at least one proposal to come before the meeting.

GENERAL INFORMATION ABOUT THE MEETING

Adoption of all proposals to come before the meeting will require the affirmative vote of a majority of the votes cast by the holders of ordinary shares represented at the annual general meeting in person or by proxy.

Abstentions and broker non-votes will not be considered votes cast at the annual general meeting. The practical effect of this is that abstentions and shares held in street name by brokers that are not voted in respect of these proposals will not have any effect on the outcome of voting on the proposals.

There is no requirement under Irish law that Eaton s Irish Statutory Accounts for the fiscal year ended December 31, 2013 or the related directors and auditor s reports thereon be approved by the shareholders, and no such approval will be sought at the annual general meeting.

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Proposal 1: Election of Directors

Our Board of Directors is currently comprised of twelve members, all of whom serve for a term of one year or until a respective successor is elected and has qualified.

If any of the nominees become unable or decline to serve, the individuals named as proxies in the enclosed proxy form will have the authority to vote for any substitutes who may be nominated in accordance with Eaton s Articles of Association. However, we have no reason to believe that this will occur.

Our Nominees

George S. Barrett

Chairman and Chief Executive Officer, Cardinal Health

Director Since 2011

Age 58

George S. Barrett is Chairman and Chief Executive Officer of Cardinal Health, a health care services company. Mr. Barrett served as Vice Chairman of Cardinal Health and Chief Executive Officer Healthcare Supply Chain Services from January 2008 to August 2009, when he assumed his current position. Prior to joining Cardinal Health, Mr. Barrett held a number of executive positions with Teva Pharmaceuticals Industries, Inc., a pharmaceutical company, including President and Chief Executive Officer of Teva North America, Corporate Executive Vice President Global Pharmaceutical Markets and a member of the Office of the Chief Executive Officer, and President of Teva Pharmaceuticals USA, from 1999 to 2007. Mr. Barrett serves on the board of directors of Nationwide Children s Hospital and the President s Leadership Council of Brown University. He serves on the board of trustees of the Healthcare Leadership Council and The Conference Board. He is also a member of the Business Roundtable, The Business Council, Ohio Business Roundtable and The Columbus Partnership.

Director Qualifications: Mr. Barrett has extensive experience in areas of importance to Eaton, such as manufacturing, regulatory compliance, finance, strategic planning and supply chain management. His service as chairman and chief executive officer of a publicly-traded company, and his work with The Business Council and the Business Roundtable, have given him a thorough understanding of corporate governance matters that benefits our Board and its committees. His prior work as a senior leader of a global corporation strengthens our Board in its oversight of management challenges faced by global companies.

Todd M. Bluedorn

Chairman and Chief Executive Officer, Lennox International Inc.

Director Since 2010

Age 50

Todd M. Bluedorn is Chairman and Chief Executive Officer of Lennox International Inc., a global provider of climate control solutions for heating, air conditioning and refrigeration markets. Prior to joining Lennox International, Mr. Bluedorn served in numerous senior management positions for United Technologies since 1995, including President, Americas Otis Elevator Company; President, North America Commercial Heating, Ventilation and Air Conditioning for Carrier Corporation; and President, Hamilton Sundstrand Industrial.

Director Qualifications: Mr. Bluedorn has executive leadership experience in original equipment and aftermarket business and distributor/dealer-based commercial channels. He also has senior leadership experience with two major industrial corporations. His experience with industrial companies in responding to dynamic market conditions benefits Eaton as a global manufacturing company with product distribution through numerous commercial channels.

PROPOSAL 1: ELECTION OF DIRECTORS Our Nominees

Christopher M. Connor

Director since 2006

Age 57

Chairman and Chief Executive Officer, The Sherwin-Williams Company

Christopher M. Connor is Chairman and Chief Executive Officer of The Sherwin-Williams Company, a global manufacturer of paint, architectural coatings, industrial finishes and associated supplies. Mr. Connor has held a number of executive positions at Sherwin-Williams since 1983. He became Chief Executive Officer in 1999 and Chairman and Chief Executive Officer in 2000. He currently serves on the boards of the Federal Reserve Bank of Cleveland, United Way, University Hospitals, Playhouse Square Foundation and The Rock and Roll Hall of Fame.

Director Qualifications: As CEO of a Fortune 500 company, Mr. Connor has leadership experience and is thoroughly knowledgeable in marketing, talent development, planning, operational and financial processes. In particular, Mr. Connor has had extensive sales and marketing experience in both direct and distribution channels, and brings broad knowledge of construction, automotive and industrial markets, all areas of strategic importance to Eaton. His background and experience with human resources, talent development, compensation and management are of particular benefit to Eaton in his role as Chair of the Compensation and Organization Committee.

Michael J. Critelli

Chief Executive Officer and President, Dossia Services Corporation

Director since 1998

Age 65

Michael J. Critelli is Chief Executive Officer and President and a director of Dossia Services Corporation, a personal and population health management systems company. He has held those positions since January 2011. Mr. Critelli is the retired Executive Chairman of Pitney Bowes Inc., a provider of global mailstream solutions. Mr. Critelli served as Pitney Bowes Chairman and Chief Executive Officer from 1997 to 2007 and as Executive Chairman from 2007 to 2008. Mr. Critelli was a director of Wyeth from April 2008 until its acquisition by

Pfizer in late 2009. He currently serves as a director of ProHealth Physicians, Inc.

Director Qualifications: Mr. Critelli has extensive experience in risk management, cybersecurity, industry-wide leadership in transportation, logistics, online and social media marketing and communications issues. In addition to broad business experience gained while leading a global Fortune 500 company, he is a thought leader on transportation strategy and regulatory reform, as well as innovative approaches to health care. His background and experience are valuable to our Board as it oversees management s efforts to develop and maintain talent, assess and evaluate enterprise risk management and cybersecurity issues, and navigate the regulatory environment.

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PROPOSAL 1: ELECTION OF DIRECTORS Our Nominees

Alexander M. Cutler

Chairman, Eaton Corporation plc and Chief Executive Officer and President,

Eaton Corporation

Director since 1993

Age 62

Alexander M. Cutler is Chairman of the Company and Chief Executive Officer and President of Eaton Corporation. Mr. Cutler joined Cutler-Hammer, Inc. in 1975, which was subsequently acquired by Eaton, and became President of Eaton s Industrial Group in 1986 and President of the Controls Group in 1989. He advanced to Executive Vice President Operations in 1991, was elected Executive Vice President and Chief Operating Officer Controls in 1993, President and Chief Operating Officer in 1995, and assumed his present position in 2000. Mr. Cutler is a director of E. I. du Pont de Nemours and Company and KeyCorp. He is also a member of The Business Council and the Business Roundtable where he chairs the Corporate Governance Committee.

Director Qualifications: Mr. Cutler s long tenure with Eaton and his experience in a wide range of management roles provides him important perspective on the Company to the benefit of the Board of Directors. Mr. Cutler has a detailed knowledge of Eaton s businesses, customers, end markets, sales and marketing, technology innovation and new product development, supply chains, manufacturing operations, talent development, policies and internal functions. He possesses significant corporate governance knowledge developed by current and past service on the boards of other publicly-traded companies, as well as by serving as Chair of the Business Roundtable s Corporate Governance Committee.

Charles E. Golden

Retired Executive Vice President and Chief Financial Officer, Eli Lilly and Company

Director since 2007

Age 67

Charles E. Golden served as Executive Vice President and Chief Financial Officer and a director of Eli Lilly and Company, an international developer, manufacturer and seller of pharmaceutical products, from 1996 until his retirement in 2006. Prior to joining Eli Lilly, he had been associated with General Motors Corporation since 1970, where he held a number of positions, including Corporate Vice President, Chairman and Managing Director of the Vauxhall Motors subsidiary and Corporate Treasurer. He is currently on the boards of Hill-Rom Holdings and Unilever NV/PLC. He also serves as a director of the Lilly Endowment.

Director Qualifications: Mr. Golden has a comprehensive knowledge of both U.S. and international financial accounting standards. He has extensive experience in financial statement preparation, accounting, corporate finance, risk management and investor relations both in the U.S. and internationally. His broad financial expertise enables him to provide expert guidance and oversight in his role as Chair of the Finance Committee and as a member of the Audit Committee. Mr. Golden also has significant experience in global vehicle markets.

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PROPOSAL 1: ELECTION OF DIRECTORS Our Nominees

Linda A. Hill

Wallace Brett Donham Professor of Business Administration, the Harvard Business School, and former director of Cooper Industries plc

Director since 2012

Age 56

Linda A. Hill served as a director of Cooper Industries plc from 1994 until 2012. Ms. Hill joined the Board effective upon the close of the Cooper acquisition. She is the Wallace Brett Donham Professor of Business Administration at the Harvard Business School, the faculty chair of the Leadership Initiative and has chaired numerous HBS Executive Education programs. Ms. Hill is a member of the Board of Directors of State Street Corporation and Harvard Business Publishing. She is also a trustee of The Bridgespan Group and the Art Center College of Design. She is a Special Representative to the Bryn Mawr College Board of Trustees and is on the Advisory Board of the Aspen Institute Business and Society Program.

Director Qualifications: Ms. Hill has expertise in human resource management and organizational behavior including valuable knowledge of corporate governance, talent management, implementation of global strategies and innovation through her position as a Professor at the Harvard Business School and serving as a consultant for numerous Fortune 500 corporations and other organizations. Ms. Hill s service as a director of Cooper Industries plc since 1994 benefits the process of integrating Cooper into Eaton.

Arthur E. Johnson

Retired Senior Vice President, Corporate Strategic Development, Lockheed Martin Corporation

Director since 2009

Age 67

Arthur E. Johnson is the retired Senior Vice President, Corporate Strategic Development of Lockheed Martin Corporation, a manufacturer of advanced technology systems, products and services. Mr. Johnson was elected a Vice President of Lockheed Martin Corporation and named President of Lockheed Martin Federal Systems in 1996. He was named President and Chief Operating Officer of Lockheed Martin s Information and Services Sector in 1997 and Senior Vice President, Corporate Strategic Development in 1999. In the past five years, Mr. Johnson was a director of IKON Office Solutions, Inc. He is currently lead director of AGL Resources, Inc., a director of Booz Allen Hamilton and an independent trustee of the Fixed Income and Asset Allocation Funds of Fidelity Investments.

Director Qualifications: Mr. Johnson s role in strategic development with a leading company in the defense industry has given him an understanding of doing business with governments, strategic planning, regulatory compliance, and legislative and public policy matters. His knowledge of the global aerospace and defense industry are of particular benefit to our Board in connection with these businesses. Mr. Johnson s service as lead director of a New York Stock Exchange listed company, as well as his service on other boards, provides Eaton with valuable corporate governance expertise, which is of particular benefit to Eaton in his role as Chair of the Governance Committee.

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PROPOSAL 1: ELECTION OF DIRECTORS Our Nominees

Ned C. Lautenbach

Retired Partner, Clayton, Dubilier & Rice, Inc.

Director since 1997

Age 70

Ned C. Lautenbach is a retired Partner of Clayton, Dubilier & Rice, Inc., a private equity investment firm specializing in management buyouts. Before joining the firm in 1998, Mr. Lautenbach was associated with IBM from 1968 until his retirement in 1998. While at IBM, he held a number of executive positions including serving as a member of the IBM Corporate Executive Committee. He was also Senior Vice President and Group Executive of Worldwide Sales and Services. Mr. Lautenbach is currently chairman of the Independent Trustees of the Equity and High Income Funds of Fidelity Investments. He is also Chairman of the Board of Artis-Naples in Naples, Florida, a member of the Council on Foreign Relations and a member of the Florida Board of Governors, State University System. In the past five years, Mr. Lautenbach served as a member of the Florida Transportation Commission and as a director of Sony Corporation.

Director Qualifications: Mr. Lautenbach has extensive experience in executive, operational and oversight roles during his career. He has expertise in general management, corporate finance, sales and marketing, and corporate restructurings. All of these attributes are valuable to the Eaton Board of Directors in its role with management oversight. In addition, his role as chairman of independent trustees of prominent investment funds provides him with a unique perspective on governance issues of concern to shareholders. His broad background and experience are of particular benefit to Eaton in his role as Lead Director.

Deborah L. McCoy

Independent aviation safety consultant

Director since 2000

Age 59

Deborah L. McCoy is an independent aviation safety consultant. She retired from Continental Airlines, Inc. in 2005, where she had served as Senior Vice President, Flight Operations since 1999. During part of 2005, Ms. McCoy also briefly served as the Chief

Executive Officer of DJ Air Group, a start-up commercial airline company.

Director Qualifications: Ms. McCoy has extensive experience in the commercial aerospace markets, and brings an understanding of aircraft design and performance, airline operations and the strategic issues and direction of the aerospace industry. In addition, Ms. McCoy has extensive experience in safety initiatives, Federal regulatory compliance, labor relations and talent management. All of these attributes are of benefit to Eaton s Board in its oversight role across the enterprise.

Gregory R. Page

Executive Chairman, Cargill, Incorporated

Director since 2003

Age 62

Gregory R. Page is Executive Chairman of Cargill, Incorporated, an international marketer, processor and distributor of agricultural, food, financial and industrial products and services. He was named Corporate Vice President & Sector President, Financial Markets and Red Meat Group of Cargill in 1998, Corporate Executive Vice President, Financial Markets and Red Meat Group in 1999, President and Chief Operating Officer in 2000 and became Chairman and Chief Executive Officer in 2007. He was named Executive Chairman of Cargill in 2013. Mr. Page is a director of Cargill, Incorporated, Carlson, Deere & Company, and a director and past non-executive Chair of the Board of Big Brothers Big Sisters of America. He is also President and a board member of the Northern Star Council of the Boy Scouts of America.

Director Qualifications: As Executive Chairman and former Chief Executive Officer of one of the largest global corporations, Mr. Page brings extensive leadership and global business experience, in-depth knowledge of commodity markets, and a thorough familiarity with the key operating processes of a major corporation, including financial systems and processes, global market dynamics and succession management. Mr. Page s experience and expertise provide him valuable insight on financial, operational and strategic matters in his role as Chair of the Audit Committee.

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PROPOSAL 1: ELECTION OF DIRECTORS Our Nominees

Gerald B. Smith

Chairman and Chief Executive Officer, Smith Graham & Co., and former lead independent

director of Cooper Industries plc

Director since 2012

Age 63

Gerald B. Smith was a director of Cooper Industries plc from 2000 until 2012 and served as lead independent director of Cooper Industries plc since 2007. Mr. Smith joined the Board effective upon the close of the Cooper acquisition. He is Chairman and Chief Executive Officer of Smith Graham & Co., an investment management firm which he founded in 1990. Prior to launching Smith Graham, he served as Senior Vice President and Director of Fixed Income for Underwood Neuhaus & Company. He is a member of the Board of Trustees and chair of the Investment Oversight Committee for The Charles Schwab Family of Funds, and serves as a director of the New York Life Insurance Company. In the past five years, Mr. Smith was a director of ONEOK Inc. and ONEOK Partners MLP. He is a director of the Federal Reserve Bank of Dallas, Houston Branch, and serves as Chairman of the Texas Southern University Foundation.

Director Qualifications: Mr. Smith has expertise in finance, portfolio management and marketing through executive positions in the financial services industry including being founder, Chairman and CEO of Smith Graham & Company. In addition, Mr. Smith s experience as a director of companies in the oil and gas and energy services businesses has provided him with valuable insight into markets in which Eaton also participates. Mr. Smith s experience as lead independent director of Cooper Industries plc since 2007 benefits the process of integrating Cooper into Eaton.

How Nominees Are Chosen

Director Nomination Process

The Governance Committee of the Board, composed entirely of directors who meet the independence standards of the Board of Directors and the New York Stock Exchange, is responsible for overseeing the process of nominating individuals to stand for election as directors. The Governance Committee charter is available on our website at http://www.eaton.com/governance.

The Governance Committee will consider any director candidates recommended by our shareholders, consistent with the process used for all candidates. To learn how to submit a shareholder recommendation, see below under Shareholder Recommendations of Director Candidates.

The Governance Committee chair reviews all potential director candidates in consultation with the Chairman, typically with the assistance of a professional search firm retained by the Committee. The Committee decides whether to recommend one or more candidates to the Board of Directors for nomination. Candidates who are ultimately nominated by the Board stand for election by the shareholders at the annual general meeting. Between annual general meetings, nominees may also be elected by the Board itself.

Director Qualifications and Board Diversity

In order to be recommended by the Governance Committee, a candidate must have the following minimum qualifications, as described in the Board of Directors Governance Policies: personal ability, integrity, intelligence, relevant business background, independence, expertise in areas of importance to our objectives, and a commitment to our corporate mission. In addition, the Governance Committee looks for individuals with specific qualifications so that the Board as a whole has diversity in experience, international perspective, background, expertise, skills, age, gender and ethnicity. These specific qualifications may vary from one year to another, depending upon the composition of the Board at that time.

The Governance Committee is responsible for ensuring that director qualifications are met and Board balance and diversity objectives are considered during its review of director candidates. The Committee annually evaluates the extent to which these goals are satisfied as part of its yearly assessment of the skills and experience of each of the current directors using a director skills matrix and a director evaluation process. The director evaluation process includes self-evaluation, peer evaluation and input from the chairs of each Board committee. Upon completion of the skills matrix and the evaluation process, the Governance Committee identifies areas of director knowledge and experience that may benefit the Board in the future, and uses that information as part of the director search and nomination effort.

The Board of Directors Governance Policies are available on our website at http://www.eaton.com/governance.

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PROPOSAL 1: ELECTION OF DIRECTORS How Nominees are Chosen

Shareholder Recommendations of Director Candidates

The Governance Committee will consider director candidates who are recommended to it in writing by any Eaton shareholder. In accordance with Eaton s Articles of Association, any shareholder wishing to recommend an individual as a nominee for election at the 2015 annual general meeting of shareholders should send a signed letter of recommendation to the following address: Eaton Corporation plc, Attention: Company Secretary, Fitzwilliam Hall, Fitzwilliam Place, Dublin 2, Ireland. Recommendation letters must be received no earlier than December 15, 2014 and no later than the close of business on January 14, 2015 and must include the reasons for the recommendation, the full name and address of each proposed nominee, and a brief biographical history setting forth past and present directorships, past and present positions held, occupations and civic activities. The recommendation letter should be accompanied by a written statement from the proposed nominee consenting to be nominated and, if nominated and elected, to serve as a director.

Any shareholder wishing to recommend an individual as a nominee for election as a director must also describe in writing any financial agreement, arrangement or understanding between the nominee and any party other than the Company relating to such nominee s potential service as a director, any compensation or other payment received from any party other than the Company relating to such nominee s potential service as a director, and details regarding such agreement, arrangement or understanding and its terms, or of any compensation received.

Director Independence

The Board of Directors Governance Policies provide that all of our non-employee directors should be independent. The listing standards of the New York Stock Exchange state that no director can qualify as independent unless the Board of Directors affirmatively determines that he or she has no material relationship with the Company. Additional, and more stringent, standards of independence are required of Audit Committee members. Our annual proxy statement discloses the Board s determination as to the independence of the Audit Committee members and of all non-employee directors. For our current directors, we describe these determinations here.

As permitted by the New York Stock Exchange listing standards, the Board of Directors has determined that certain categories of relationships between an outside director and the Company will be treated as immaterial for purposes of determining a director s independence. These categorical standards are included in the Board of Directors independence criteria. The independence criteria for non-employee directors and members of the Audit Committee are available on our website at http://www.eaton.com/governance.

Because directors independence might be influenced by their use of Company aircraft and other Company-paid transportation, the Board has adopted a policy on this subject. This policy is included in the Board of Directors Independence Criteria, which is available on our website at http://www.eaton.com/governance.

In their review of director independence, the Board of Directors and its Governance Committee have considered the following circumstances:

- Directors G. S. Barrett, T. M. Bluedorn, C. M. Connor and G. R. Page currently serve as officers, employees and directors of companies that have had purchases and/or sales of property or services with us during 2013. In each case, the amounts of the purchases and sales met the Board s categorical standard for immateriality, that is, they were less than the greater of $1 million or 2% of the annual consolidated gross revenues of the director s company. Mr. Barrett is Chairman and Chief Executive Officer of Cardinal Health. Cardinal Health purchased approximately $204,000 worth of Eaton products during 2013. Mr. Bluedorn is Chairman and CEO of Lennox International Inc., which purchased approximately $254,000 worth of Eaton products during 2013. Mr. Connor is Chairman and CEO of The Sherwin-Williams Company, which purchased approximately $12,000 worth of Eaton products and sold approximately $541,000 worth of products to Eaton during 2013. Mr. Page is Executive Chairman of Cargill, Incorporated, which purchased approximately $408,000 worth of Eaton products and sold approximately $17,145,000 worth of products to Eaton during 2013. In addition, Cargill paid approximately $5,784,000 in royalty payments to the Company.
- The use of our aircraft and other Company-paid transportation by all non-employee directors is consistent with the Board policy on that subject.

After reviewing the circumstances described above (which are the only relevant circumstances known to the Board of Directors), the Board has affirmatively determined that none of our non-employee directors has a material relationship with the Company other than in their capacities as directors, and that each of the following directors qualifies as independent under the Board s independence criteria and the New York Stock Exchange standards: G. S. Barrett, T. M. Bluedorn, C. M. Connor, M. J. Critelli, C. E. Golden, L. A. Hill, A. E. Johnson, N. C. Lautenbach, D. L. McCoy, G. R. Page and G. B. Smith. All members of the Audit, Compensation and Organization, Finance and Governance Committees qualify as independent under the standards described above.

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PROPOSAL 1: ELECTION OF DIRECTORS Director Independence

The Board has also affirmatively determined that each member of the Audit Committee, that is, G. S. Barrett, M. J. Critelli, C. E. Golden, A. E. Johnson, G. R. Page and G. B. Smith meets not only our Board s independence criteria but the special independence standards required by the New York Stock Exchange and by the Sarbanes-Oxley Act of 2002 and the related rules adopted by the Securities and Exchange Commission as well.

Review of Related Person Transactions

Our Board of Directors has adopted a written policy to identify and evaluate related person transactions, that is, transactions between us and any of our executive officers, directors, director nominees, 5%-plus security holders or members of their immediate families, or organizations where they or their family members serve as officers or employees. The Board policy calls for the disinterested members of the Board s Governance Committee to conduct an annual review of all such transactions. At the Committee s direction, a survey is conducted annually of all transactions involving related persons, and the Committee reviews the results in January or February of each year. The Committee is responsible for determining whether any related person transaction (i) poses a significant risk of impairing, or appearing to impair, the judgment or objectivity of the individuals involved; (ii) poses a significant risk of impairing, or appearing to impair, the independence of an outside director or director nominee; or (iii) has terms that are less favorable to us than those generally available in the marketplace. Depending upon the Committee s assessment of these risks, the Committee will respond appropriately. In addition, as required by the rules of the Securities and Exchange Commission, any transactions that are material to a related person are disclosed in our proxy statement.

In January 2014, the Governance Committee conducted an annual survey and found that since the beginning of 2013 the only related person transactions were those described on page 9 under the heading Director Independence and that none of our executive officers engaged in any such transactions. The Committee also concluded that none of the related person transactions posed risks to the Company in any of the areas described above.

Board Committees

The Board of Directors has the following standing committees: Audit, Compensation and Organization, Executive, Finance and Governance.

Audit Committee

Gregory R. Page	The functions of the Audit Committee include assisting the Board in overseeing:	
(Chair)		
George S. Barrett	n the integrity of our financial statements and its systems of internal accounting and financial controls;	n the performance of our internal auditors; and

Michael J. Critelli

Charles E. Golden

Arthur E. Johnson

Gerald B. Smith

Met 11 times in 2013

- the independence, qualifications and performance of our independent auditor;
- our compliance with legal and regulatory requirements.

The Committee also has sole authority to appoint, compensate and terminate the independent auditor, and pre-approves all auditing services and permitted non-audit services that the audit firm may perform for the Company. The Committee is also responsible for negotiating the audit fees. In order to ensure continuing auditor independence, the Committee periodically considers whether there should be a rotation of the independent audit firm. In conjunction with the mandated rotation of the audit firm s lead engagement partner, the Committee and its Chair are directly involved in the selection of the audit firm s new lead engagement partner. Among its other responsibilities, the Committee meets regularly in separate Executive Sessions with our independent auditor and senior leaders of Eaton Corporation, including the Vice Chairman and Chief Financial and Planning Officer, Executive Vice President, General Counsel and Secretary, Senior Vice President-Internal Audit, and Senior Vice President-Global Ethics and Compliance; approves the Committee s report to be included in our annual proxy statement; assures that performance evaluations of the Audit Committee are conducted annually; and establishes procedures for the proper handling of complaints concerning accounting or auditing matters.

Each Committee member meets the independence requirements, and all Committee members collectively meet the other requirements, of the New York Stock Exchange, the Sarbanes-Oxley Act of 2002 and the Securities and Exchange Commission. In addition, Committee members are prohibited from serving on more than two other public company audit committees. The Board of Directors has determined that each member of the Audit Committee is financially literate, that C.E. Golden qualifies as an audit committee financial expert (as defined in Securities and Exchange Commission rules) and that all members of the Audit Committee have accounting or related financial management expertise.

Compensation and Organization Committee

Christopher M. Connor

(Chair)

Todd M. Bluedorn

Linda A. Hill

Ned C. Lautenbach

Deborah L. McCoy

Met 4 times in 2013

The functions of the Compensation and Organization Committee include:

- reviewing proposed organization or responsibility changes at the senior officer level;
- evaluating the performance of the Company s Chairman and Eaton Corporation s Chief Executive Officer with input from all non-employee directors;
- reviewing the performance evaluations of the other senior officers;
- reviewing succession planning for the Company sChairman and Eaton Corporation s Chief Executive Officer and for other key officer positions;
- reviewing our practices for recruiting and developing a diverse talent pool;
- determining the annual salaries and short- and long-term incentive opportunities for our senior officers;
- establishing performance objectives under our short- and long-term incentive compensation plans and assessing performance against these objectives;
- annually determining the aggregate amount of awards to be made under our short-term incentive compensation plans and adjusting those amounts as it deems appropriate within the terms of those plans;
- annually determining the individual awards to be made to our senior officers under our short- and long-term incentive compensation plans;
- administering our stock plans;
- reviewing compensation practices as they relate to key employees to confirm that those plans remain equitable and competitive;
- reviewing significant new employee benefit plans or significant changes in such plans or changes with a disproportionate effect on our officers or primarily benefiting key employees; and
- preparing an annual report for our proxy statement regarding executive compensation.

Additional information on the Committee s processes and procedures is contained in the Compensation Discussion and Analysis portion of this proxy statement beginning on page 19.

Executive Committee

Alexander M. Cutler

(Chair)

Each non-employee director serves a 4-month term

The functions of the Executive Committee include:

- acting on matters requiring Board action during the intervals between Board meetings; and
- carrying out any function of the Board except for filling Board or Committee vacancies.

Mr. Cutler is a member of the Committee for the full twelve-month term and serves as Committee Chair. Each of the non-employee directors serves a four-month term on this Committee.

Finance Committee

Charles E. Golden

(Chair)

George S. Barrett

Todd M. Bluedorn

Christopher M. Connor

Gerald B. Smith

Met 2 times in 2013

The functions of the Finance Committee include:

- the periodic review of our financial condition and the recommendation of financial policies to the Board;
- analyzing Company policy regarding its debt-to-equity relationship;
- reviewing and making recommendations to the Board regarding our dividend policy;
- reviewing our cash flow, proposals for long- and short-term debt financing and the financial risk management program;
- meeting with and reviewing the performance of the management pension committees and any other fiduciaries appointed by the Board for pension and profit-sharing retirement plans; and
- reviewing the key assumptions used to calculate annual pension expense.

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PROPOSAL 1: ELECTION OF DIRECTORS Board Committees

Governance Committee

Arthur E. Johnson (Chair)

Michael J. Critelli

Linda A. Hill

Ned C. Lautenbach

Deborah L. McCoy

Gregory R. Page

Met 3 times in 2013

The responsibilities of the Governance Committee include:

- recommending to the Board improvements in our corporate governance processes and any changes in the Board Governance Policies;
- advising the Board on changes in the size and composition of the Board;
- making recommendations to the Board regarding the structure and responsibilities of Board committees;
- annually submitting to the Board candidates for members and chairs of each standing Board committee;
- in consultation with the Chief Executive Officer of Eaton Corporation, identifying and recommending to the Board candidates for Board membership;
- reviewing and recommending to the Board the nomination of directors for re-election;
- overseeing the orientation of new directors and the ongoing education of the Board;
- recommending to the Board compensation of non-employee directors;
- administering the Board s policy on director retirements and resignations; and
- establishing guidelines and procedures to be used by the directors to evaluate the Board s performance.

Other responsibilities include providing oversight on significant public policy issues with respect to our relationships with shareholders, employees, customers, competitors, suppliers and the communities in which we operate, including such areas as ethics, compliance, environmental, health and safety issues, community relations, government relations, charitable contributions and shareholder relations.

Committee Charters and Policies

The Board committee charters are available on our website at http://www.eaton.com/governance.

In addition to the Board of Directors Governance Policies, certain other policies relating to corporate governance matters are adopted from time to time by Board committees, or by the Board itself upon recommendation of the committees.

Board Meetings and Attendance

The Board of Directors held four meetings in 2013. Each of the directors attended at least 75% of the meetings of the Board and the committees on which he or she served. The average rate of attendance for all directors was 96%.

Director Attendance at Annual General Shareholder Meetings The policy of the Board of Directors is that all directors should attend annual general shareholder meetings. At the 2013 annual general meeting held April 24, 2013, all twelve members of the Board were in attendance.

Board Governance Policies

The Board revised the Board of Directors Governance Policies most recently in July 2013, as recommended by the Governance Committee of the Board. The revised Governance Policies are available on our website at http://www.eaton.com/governance.

Executive Sessions of the Non-employee Directors

The Board s policy is that the non-employee directors, all of whom qualify as independent under the criteria of the Board of Directors and the New York Stock Exchange, meet in Executive Session at each regular Board meeting, without the Chairman or other members of management present, to discuss whatever topics they deem appropriate. As described more fully in Leadership Structure below, the Lead Director chairs these Executive Sessions.

At each meeting of the Audit, Compensation and Organization, Finance and Governance Committees, the Committee members (all of whom qualify as independent) hold an Executive Session, without any members of our management present, to discuss whatever topics they deem appropriate.

Leadership Structure

Our governance structure follows a successful leadership model under which the Chief Executive Officer of Eaton Corporation also serves as Chairman of the Board of the Company. Recognizing that different leadership models may work well for other companies at different times depending upon individual circumstances, we believe that our Company has been well served by the combined Chief Executive Officer and Chairman leadership structure, and that this approach has continued to be highly effective with the addition of a Lead Director. We believe we have greatly benefited from having a Chairman who sets the tone and direction for the Company while also having the primary responsibility as Chief Executive Officer, for managing day-to-day operations of Eaton Corporation and its subsidiaries, and allowing the Board to carry out its strategic, governance, oversight and decision-making responsibilities with the equal involvement of each director.

Our Board is composed exclusively of independent directors, except for our Chairman. Of our eleven non-employee directors, four are currently serving or have served as a chief executive officer of a publicly-traded company. The Audit, Compensation and Organization, Finance and Governance Committees are all chaired by independent directors. Our Chairman has benefited from the extensive leadership experience represented on our Board of Directors.

The Board evaluates the leadership structure annually, and it will continue to do so as circumstances change, including when a new Chief Executive Officer is elected. In its February 2014 annual evaluation, the Board concluded that the current leadership structure under which the Chief Executive Officer of Eaton Corporation serves as Chairman of the Board of the Company, our Board committees are chaired by independent directors, and a Lead Director assumes specified responsibilities on behalf of the independent directors remains the optimal board leadership structure for our Company and our shareholders at the present time.

Lead Director

Ned C. Lautenbach, who has served on Eaton s Board since 1997, was first elected Lead Director by our independent directors during 2010. The Lead Director has specific responsibilities, including chairing meetings of the Board at which the Chairman is not present (including Executive Sessions of the Board), approving the agenda and schedule for Board meetings on behalf of the independent directors, approving information sent to the Board, serving as liaison between the Chairman and the independent directors, and being available for consultation and direct communications with shareholders and other Company stakeholders. The Lead Director has the authority to call meetings of the independent directors, and to retain outside advisors who report directly to the Board of Directors. The Lead Director s performance is assessed annually by the Board in a process led by the Chair of the Governance Committee, and the position of Lead Director is elected annually by our independent directors.

Oversight of Risk Management

Management continually monitors the material risks facing the Company, including strategic risk, financial risk, operational risk, and legal and compliance risk. The Board of Directors has chosen to retain overall responsibility for risk assessment and oversight at the Board level in light of the interrelated nature of the elements of risk, rather than delegating this responsibility to a Board committee. The Board has responsibility for overseeing the strategic planning process and reviewing and monitoring management s execution of the corporate and business plan. As described below, the Board receives assistance from certain of its committees for the identification and monitoring of those risks that are related to the committees areas of focus as described in each committee charter. The Board and its committees exercise their risk oversight function by carefully evaluating the reports they receive from management and by making inquiries of management with respect to areas of particular interest to the Board.

The Audit Committee considers risks related to internal controls, disclosure, financial reporting and legal and compliance matters. Among other processes, the Audit Committee meets regularly in closed-door sessions with our internal and external auditors and senior leaders of Eaton Corporation, including the senior members of the Finance function, the Executive Vice President, General Counsel and Secretary, and the Senior Vice President-Global Ethics and Compliance. As described more fully below in the section entitled Relationship Between Compensation Plans and Risk, the Compensation and Organization Committee reviews risks associated with the Company s compensation programs to ensure that incentive compensation arrangements for senior executives do not encourage inappropriate risk taking. The Governance Committee considers risks related to corporate governance, such as director independence and related person transactions, and risks associated with the environment, health and safety.

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Communicating with the Board

The Board of Directors provides a process for shareholders and other interested parties to send communications to the Board, individual directors, or the non-employee directors as a group: Shareholders and other interested parties may send such communications by mail or courier delivery addressed as follows:

Company Secretary

Eaton Corporation plc

Fitzwilliam Hall

Fitzwilliam Place

Dublin 2, Ireland

In general, the Company Secretary forwards all such communications to the Lead Director. The Lead Director in turn determines whether the communications should be forwarded to other members of the Board and, if so, forwards them accordingly. However, for communications addressed to a particular member of the Board, the Chair of a particular Board committee or the non-employee directors as a group, the Company Secretary forwards those communications directly to those individuals.

However, the directors have requested that communications that do not directly relate to their duties and responsibilities as our directors be excluded from distribution and deleted from email that they access directly. Such excluded items include spam, advertisements, mass mailings, form letters and email campaigns that involve unduly large numbers of similar communications, solicitations for goods, services, employment or contributions, surveys and individual product inquiries or complaints. Additionally, communications that appear to be unduly hostile, intimidating, threatening, illegal or similarly inappropriate will be screened for omission. Any omitted or deleted communications will be made available to any director upon request.

Code of Ethics

We have a Code of Ethics that was approved by the Board of Directors. We provide training globally for all employees on our Code of Ethics. We require that all directors, officers and employees of the Company, our subsidiaries and affiliates, abide by our Code of Ethics, which is available on our website at http://www.eaton.com/governance. In addition, we will disclose on our website any waiver of or amendment to our Code of Ethics requiring disclosure under applicable rules.

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Proposal 2: Appointment of Independent Auditor and Authorization of Audit Committee to Set Auditor Remuneration

Shareholders are being asked to appoint our independent auditor and to authorize the Audit Committee of our Board of Directors to set the auditor s remuneration. Appointment of the independent auditor and authorization of the Audit Committee to set its remuneration require the affirmative vote of a majority of the votes cast by the holders of ordinary shares represented at the annual general meeting in person or by proxy. The Audit Committee and the Board recommend that shareholders reappoint Ernst & Young LLP as our independent auditor to audit our accounts for the fiscal year ending December 31, 2014 and authorize the Audit Committee of the Board to set the auditor s remuneration.

A representative of Ernst & Young LLP will be present at the annual general meeting to answer any questions concerning the independent auditor s areas of responsibility, and will have an opportunity to make a statement if he or she desires to do so.

Audit Committee Report

The Audit Committee of the Board of Directors is responsible for assisting the Board in overseeing: (1) the integrity of the Company s consolidated financial statements and its systems of internal accounting and financial controls; (2) the independence, qualifications and performance of the Company s independent auditor; (3) the performance of the Company s internal auditors and (4) the Company s compliance with legal and regulatory requirements. The Committee s

specific responsibilities, as described in its charter, include the sole authority to appoint, terminate and compensate the Company s independent auditor, and to pre-approve all audit services and other permitted non-audit services to be provided to the Company by the independent auditor. The Committee is comprised of six directors, all of whom are independent under the Sarbanes-Oxley Act of 2002, the rules of the Securities and Exchange Commission and the Board of Directors own independence criteria.

The Board of Directors amended the Committee s charter most recently on October 23, 2013. A copy of the charter is available on the Company s website at http://www.eaton.com/governance.

The Audit Committee has retained Ernst & Young LLP as Eaton s independent auditor for 2014. Ernst & Young has been the independent auditor for the Company or its predecessor since 1923. The members of the Audit Committee and the Board believe that due to Ernst & Young s deep knowledge of the Company and of the industries in which the Company operates it is in the best interests of the Company and its shareholders to continue retention of Ernst & Young to serve as Eaton s independent auditor.

In carrying out its responsibilities, the Audit Committee has reviewed, and has discussed with the Company s management and independent auditor the Company s 2013 audited consolidated financial statements and the assessment of the Company s internal control over financial reporting.

The Committee has also discussed with Ernst & Young the matters required to be discussed by applicable auditing standards.

The Committee has received the written disclosures from Ernst & Young regarding their independence from the Company that are required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor s communications with the Audit Committee concerning independence, has discussed with Ernst & Young their independence and has considered whether their provision of non-audit services to the Company is compatible with their independence. Based upon the foregoing review and discussions, the Committee recommended to the Board that the financial statements be included in the Company s Form 10-K and annual report to shareholders.

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PROPOSAL 2: APPOINTMENT OF INDEPENDENT AUDITOR AND AUTHORIZATION OF AUDIT COMMITTEE TO SET

AUDITOR REMUNERATION Audit Committee Report

For 2013 and 2012, Ernst & Young s fees to the Company and certain of its subsidiaries were as follows:

	2013	2012
Audit Fees	$ 27.1 million	$ 22.4 million
Includes Sarbanes-Oxley Section 404 attest services		
Audit-Related Fees	0.4 million	2.0 million
Includes business acquisitions and divestitures		
Tax Fees	5.5 million	7.0 million
Tax compliance services	1.8 million	1.7 million
Tax advisory services	3.7 million	5.3 million
All Other Fees	0	0

The Audit Committee approved all of the services shown in the above three categories in accordance with the Audit Committee s pre-approval process. The Audit Committee did not approve any of the services shown in the above three categories through the use of the de minimis exception permitted by Securities and Exchange Commission rules.

The Audit Committee has adopted the following procedure for pre-approving audit services and other services to be provided by the Company s independent auditor: specific services are pre-approved from time to time by the Committee or by the Committee Chair on its behalf. As to any services approved by the Committee Chair, the approval is made in writing and is reported to the Committee at the following meeting of the Committee.

Based upon the Committee s reviews and discussions referred to above, and in reliance upon them, the Committee has recommended to the Board of Directors that the Company s audited consolidated financial statements for 2013 be included in the Company s annual report on Form 10-K, and the Board has approved their inclusion.

The Board of Directors recommends a vote FOR this proposal.

Respectfully submitted to the Company s shareholders by the Audit Committee of the Board of Directors.
Gregory R. Page, Chair

George S. Barrett

Michael J. Critelli

Charles E. Golden

Arthur E. Johnson

Gerald B. Smith

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Proposal 3: Advisory Approval of the Company s Executive Compensation

We are asking our shareholders to approve, on an advisory basis, the compensation of our Named Executive Officers as disclosed in this proxy statement. Although this is an advisory vote, and therefore not binding on our Board of Directors, the Board and the Compensation and Organization Committee will review and consider the voting results when making future decisions regarding our executive compensation programs.

This say-on-pay vote is required under U.S. law, and we also consider it to be a matter of good corporate governance. This vote takes place annually so that the next advisory vote to approve the Company s executive compensation will occur at the 2015 annual general meeting of shareholders (unless the Board of Directors determines that it is in the best interests of our shareholders to hold these votes less frequently).

As we explain in the Compensation Discussion and Analysis that follows, our executive compensation programs are designed to attract, motivate, reward and retain our Named Executive Officers, who are critical to the success of our Company. Our programs reward our Named Executive Officers for achieving specific annual, long-term and strategic goals, and also for increasing shareholder value.

On average, 86% of our Named Executive Officers compensation is performance-based. Our plans deliver awards below target, or none at all, when Company performance does not meet threshold levels. Our executive incentive programs are intended to deliver target awards when our performance aligns with our Peer Group median performance, and awards exceeding 150% of target when our performance is at or above the top quartile of our Peer Group. Other features of these programs include:

- share ownership requirements ranging from one time base salary for our general managers to six times base salary for the Company s Chairman and CEO of Eaton Corporation;
- incentive plan payout caps designed to prevent unintended windfalls;
- a compensation clawback policy that allows us to recover incentive compensation in case of employee misconduct that causes the need for a material restatement of financial results; and
- no employment contracts with any of our salaried U.S. employees, including the Named Executive Officers.

The Compensation and Organization Committee continually reviews the compensation programs for Named Executive Officers to ensure that they achieve the desired goals of aligning our executive compensation structure with our shareholders interests and current market practices. All Committee members are independent directors committed to applying sound governance practices to compensation decisions. We strongly encourage you to review the Compensation Discussion and Analysis that follows for information about the extensive processes the Committee follows, and the factors it considers, when establishing performance and pay targets and approving actual payments from our short- and long-term performance based incentive plans. The Committee s process includes reviewing a variety of reports and analyses such as market survey data, compensation Tally Sheets, information about compensation at peer companies, shareholder feedback, and reports from proxy advisory firms. The Compensation Discussion and Analysis also describes the structure of our compensation programs and the 2013 compensation of our Named Executive Officers.

We believe that our executive compensation design and strategy is a critical factor in motivating our executives to seek innovative solutions that contribute to the Company s continued success. We are therefore asking shareholders to approve the following advisory resolution at the 2014 annual general meeting:

RESOLVED, that the Company s shareholders approve, on an advisory basis, the compensation of the Named Executive Officers, as disclosed in the Company s proxy statement for the 2014 annual general meeting of shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2013 Summary Compensation Table and the other related tables and disclosure.

The Board of Directors unanimously recommends a vote FOR approval of this resolution.

Executive Compensation Table of Contents

Compensation Discussion and Analysis

In this Compensation Discussion and Analysis (CD&A), we discuss our pay for performance philosophy, our pay-setting process, the components of our executive compensation program, and the compensation of our Named Executive Officers for 2013. We also explain our performance metrics in detail and review our executive compensation policies.

Please note that the use of we, us or our throughout this CD&A refers to the Company, its subsidiaries or its management. Also, all share amounts and per-share prices for awards and objectives established before February 28, 2011 have been adjusted to reflect the Company s two-for-one stock split that occurred on that date.

Executive Summary

This section provides a summary of the performance metrics and actual results for the incentive plans in which our Named Executive Officers and other executives participate for the year ending December 31, 2013. For 2013, our Named Executive Officers are:

- Alexander M. Cutler, Chairman of the Company and Chief Executive Officer and President of Eaton Corporation
- Richard H. Fearon, Vice Chairman and Chief Financial and Planning Officer of Eaton Corporation
- Craig Arnold, Vice Chairman and Chief Operating Officer Industrial Sector of Eaton Corporation
- Thomas S. Gross, Vice Chairman and Chief Operating Officer Electrical Sector of Eaton Corporation
- Mark M. McGuire, Executive Vice President, General Counsel and Secretary of Eaton Corporation

Pay for Performance Culture

Our executive compensation programs reflect the belief that the amount earned by our executives must, to a significant extent, depend on achieving rigorous Company, business unit and individual performance objectives designed to enhance shareholder value. Our executive incentive compensation programs are intended to deliver target awards when our performance aligns with the peer group median performance and awards that exceed 150% of target when our performance is at or above the top quartile of the peer group.

On a target basis, nearly 75% of our executives compensation is made up of long-term components, including our four-year, performance-based Executive Strategic Incentive Plan (ESIP) and our equity grants. The primary pay components we provide our executives, and the mix of those components, are shown below. We do not consider certain items that are reported in the Summary Compensation Table (such as changes in pension values, above-market earnings on nonqualified deferred compensation, or items categorized as other compensation), as primary pay components because they do not factor into the Committee s annual compensation decisions. However, the Committee does assess these items during its Tally Sheet review process.

Mr. Cutler s pay mix at target is illustrated below as a proxy for our other executives.

* Short-term Incentive tied to Earnings Per Share (EPS) and Cash Flow Return on Gross Capital (CFR) metrics

** Long-term Incentives tied to 4-year CFR and EPS growth metrics and Total Return to Shareholders

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Our executive compensation programs are intended to align the interests of our executives with those of our stakeholders and are structured to reflect best practices. Some features include:

- An emphasis on long-term compensation that utilizes a balanced portfolio of compensation elements such as cash and equity, and delivers rewards based on sustained performance over time;
- A cap on potential payouts under our short- and long-term incentive plans;
- Shareholder-approved short-term and long-term incentive plans;
- A clawback policy;
- A policy that prohibits hedging or pledging of our shares;
- Share ownership guidelines;
- Double-trigger change of control agreements and no gross-up in any new agreements; and
- No employment contracts.

Summary of 2013 Performance-Based Incentive Plan Payouts

Our short-term, performance-based Executive Incentive Compensation Plan (EIC) paid out at 97% of target. Payouts under this plan are tied to Operating Earnings Per Share (EPS) (which exclude acquisition integration charges) and Cash Flow Return on Gross Capital (CFR). For 2013, the Target EPS and CFR objectives were $4.20 and 17.1%, respectively. Actual EPS and CFR were $4.13 and 17%.

Our long-term, performance-based Executive Strategic Incentive Plan (ESIP) achieved the maximum payout (200% above target) for the 2010-2013 award period. To generate a payment at this level, our actual EPS compound growth rate over the four-year award period had to exceed an aggressive 30% objective, and our actual CFR had to average over 15.1%. Because our long-term cash incentives take the form of phantom share units, the appreciation in Eaton s share price over the four-year period added to the value that our executives realized from these awards, consistent with our policy of aligning their interests with those of Eaton shareholders.

Over the four-year period, we achieved:

- EPS Growth actual result was $14.65, compared to a target of $8.34 (20% growth) and maximum of $10.42 (30% growth).
- CFR goals actual result was 20.5% compared to a target of 13.2% and maximum at 15.1%.
- Total Return to Shareholders Total return to shareholders was 168% over the four-year period and our share price increased 123% over this time period.

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COMPENSATION DISCUSSION AND ANALYSIS   Executive Summary

Compensation of the Company s Chairman and Chief Executive Officer of Eaton Corporation and Cumulative Shareholder Returns

The following chart illustrates Mr. Cutler s compensation and cumulative return to shareholders over his tenure as the Company s Chairman and Chief Executive Officer of Eaton Corporation. The table clearly illustrates the correlation between pay and the performance we are delivering to our shareholders.

CUMULATIVE SHAREHOLDER RETURNS vs. TOTAL DIRECT COMPENSATION

Cumulative Shareholder Returns

Total Direct Compensation**

2000 2013

Compound Annual

Growth Rate

- **Eaton: 15.5%**
- **Peer Group*: 12.4%**
- **S&P 500: 4.6%**

* Peer Group represents an equal weighted index of ABB, Ltd., Danaher Corporation, Dover Corporation, Emerson Electric Co., Honeywell International, Inc., Illinois Tool Works, Inc., Ingersoll-Rand, plc, Legrand, Parker Hannifin Corporation, Rockwell Automation, Schneider Electric,

Siemens AG, and United Technologies Corporation.

** Total direct compensation is the sum of the annual base salary, short-term incentive award earned in each respective year, long-term cash incentive award earned for the award period ending in each respective year, and grant date value of stock and option awards granted in each respective year. There was no payment under the long-term ESIP plan in 2012.

Review of 2013 Advisory Vote on Executive Compensation

The Board of Directors is committed to understanding the views of our shareholders by providing an opportunity to endorse our executive compensation through an advisory, non-binding vote. In 2013, our shareholders approved our executives compensation by a vote of 92%. Although we received a majority of shareholder support for this proposal, the Committee recognizes that the excise tax payments that were reported in 2013 impacted the advisory vote. The excise tax was imposed in connection with the Cooper acquisition and related domicile of Eaton Corporation plc in Ireland, and will not repeat for the Named Executive Officers. After carefully considering these voting results, along with a variety of other information as discussed in this Compensation Discussion and Analysis, the Committee decided not to make any fundamental changes to the structure of our executive compensation plans and programs or to our pay-for-performance philosophy for 2014. The Committee will continue to review our compensation programs each year in light of the annual say-on-pay voting results.

Adjustments to Programs and Practices in 2014

Anti-pledging In February 2014 our Insider Trading Policy was amended to prohibit directors and officers from pledging our shares as collateral for loans.

Holding Requirement Executives are expected to hold shares acquired through the exercise of stock options or vesting of RSUs or restricted share awards (RSAs) until they meet our ownership guidelines, which are discussed on page 34.

COMPENSATION DISCUSSION AND ANALYSIS Executive Summary

Executive Compensation Philosophy

We design our executive compensation plans and programs to help us attract, motivate, reward, and retain highly qualified executives who are capable of creating and sustaining value for our shareholders over the long term. We endorse compensation actions that fairly reflect company performance as well as the responsibilities and personal performance of individual executives.

Role of the Compensation and Organization Committee

Membership and Responsibilities

The Compensation and Organization Committee of the Board of Directors consists of five independent non-employee directors and is supported by our human resources department. As discussed below, the Committee may also retain one or more independent compensation consultants to assist it.

The Committee is responsible for handling a variety of organizational and compensation matters pertaining to Eaton s leadership, including those shown in the table below.

Compensation-related Tasks

- Reviews, approves, and administers all of our executive compensation plans, including our stock plans;
- Establishing performance objectives under our short- and long-term incentive compensation plans;
- Determines the attainment of those performance objectives and the awards to be made to our senior officers under our short- and long-term incentive compensation plans;
- Determines the compensation for our senior officers, including salary and short- and long-term incentive opportunities;
- Reviews compensation practices relating to key employees to confirm that these practices remain equitable and competitive;

Organizational Tasks

- Evaluates the performance of the Company s Chairman and CEO of Eaton Corporation, with input from all non-employee directors;
- Reviews the performance evaluations of the other senior officers;
- Reviews succession planning for officer positions including the position of the Company s Chairman and CEO of Eaton Corporation,
- Reviews proposed organization or responsibility changes at the senior officer level; and
- Reviews our practices for the recruitment and development of a diverse talent pool.

- Reviews new employee benefit plans or significant changes in such plans or changes with a disproportionate effect on our officers or primarily benefiting key employees;

The Committee s charter and key responsibilities are available on our website at http://www.eaton.com/governance.

Use of Consultants

The Committee retains an independent executive compensation consultant to support its oversight and management of our executive compensation programs. The consultant s duties include helping the Committee validate our executive compensation plans and programs through periodic comprehensive studies. In 2013, the Committee retained Peter Egan, a senior consultant with Aon Hewitt, as its primary advisor. Mr. Egan performed a variety of work for the Committee, including providing independent feedback on our analytical work, and assisting the Committee in its review and discussion of material agenda items and its decision-making about our executive compensation programs and individual compensation opportunities. Mr. Egan has informed the Committee that he intends to retire in 2014. The Committee began a search in 2013 and expects to engage a new independent consultant in the first quarter of 2014.

In 2013, the Committee also selected and retained Dr. David Hofrichter, an independent consultant from Aon Hewitt, to coordinate and support the annual performance appraisal for the Company s Chairman and Chief Executive Officer of Eaton Corporation. The Committee used this appraisal as one of several factors in determining Mr. Cutler s payout under our short-term incentive plan for 2013, and also considered it in determining whether to adjust Mr. Cutler s base salary or his short- and long-term incentive targets for 2014.

The Committee s written policies require the Company to obtain its review and approval before awarding any material consulting assignment to a firm that the Committee has already engaged. This policy ensures that the Committee s consultants are well positioned to provide independent and impartial advice on executive compensation and governance matters. In 2013, Aon Hewitt provided consulting services only to the Committee and its total consulting fees did not exceed $125,000.

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How We Establish and Validate Pay

This section explains the Committee s process for establishing and validating our pay targets. As shown in the table and described in detail below, this process involves several important analyses:

Analysis	Data Source	Purpose	How It s Used	When It s Conducted
Market Analysis	Aon Hewitt Associates and Towers Watson Executive Compensation databases	Setting pay for our executives	Setting base pay and short- and long-term incentive targets for the next year/award cycle	October February
Performance Assessments	Executive feedback	Evaluating individual performance	Determining the short-term incentive award payments for the award period that recently ended and in determining merit increases and adjusting individual award opportunities for the next award cycle	November January
Tally Sheets	Internal compensation and benefits data	Evaluating total remuneration and internal pay equity of our executives	Evaluating the total remuneration and projected payments to the Named Executive Officers under various termination scenarios. This helps to determine if each executive s compensation package is appropriately aligned with that of internal peers and whether any adjustments to our compensation plans or programs, or an individual s pay package, is necessary	February
Peer Pay and Performance Analysis	Peer Group publicly-available financial and compensation information as reported by the companies that we have identified as Peers for strategic planning purposes	Evaluating pay and performance to validate individual compensation plans that were established in February	Comparing multiple pay and performance results with that of the Peer Group over one-, three- and five-year time periods using a wide range of performance metrics to determine the efficacy of the Total Compensation Analysis and Planning Process	July
Peer Pay Targeting and Performance Hurdle Analysis	Peer Group publicly-available financial and compensation information as reported by the	Evaluating whether we are setting appropriate performance	Providing insight into how each of our peers and their peers establish their pay for performance profile and whether	July

companies that we have identified as Peers for strategic planning purposes	hurdles	we are setting appropriately high performance hurdles in our incentive plans; also used to guide future performance target setting to achieve our strategic objectives

Total Compensation Analysis and Planning Process (October February)

We target total compensation to be within the median range of compensation paid by similarly-sized industrial companies. We continuously monitor and assess the competitive retention and recruiting pressures in the industries and markets where we compete for executive talent. As a result, the Committee has periodically exercised its judgment to set target compensation levels of certain executives above the market median to foster retention.

Several different analyses play a role in the Committee s Total Compensation Analysis and Annual Planning Process:

Market analysis From October through December of each year, our human resources department conducts a market analysis in which we first align our executives positions with comparable positions as reported in surveys published by two national consulting firms, Aon Hewitt and Towers Watson. We then prepare a comprehensive report for the Committee that compares each component of our executives compensation to the average of the surveys median data for that component. This helps the Committee determine how each executive officer s compensation compares to current market practices.

In preparing our comparison for 2013, we used the survey results for industrial companies (as categorized by the survey vendors), whether publicly or privately held, with revenues between $10 billion and $50 billion. Our revenues fall at approximately the median revenue level of this group, which contains about 100 to 120 companies. The companies participating in each survey vary.

COMPENSATION DISCUSSION AND ANALYSIS How We Establish and Validate Pay

Analysis of internal pay equity and our current pay levels Internal equity among similarly situated positions is an important consideration in establishing individual pay targets. We maintain internal equity by establishing approximately the same target incentive opportunities for similarly situated positions. When determining what positions are similarly-situated, we consider the following aspects of each position: its essential functions, the ability of the position holder to influence our overall results, any educational requirements, where the position stands in our leadership ranks, and job demands such as frequent travel and the responsibility to respond to business matters at any time and under any circumstances.

Tally Sheets In addition to the market analysis, each February we provide the Committee with a comprehensive compensation Tally Sheet for each Named Executive Officer. These Tally Sheets help the Committee evaluate total remuneration and internal pay equity, and the Committee reviews them before making decisions about the compensation of the Named Executive Officers for the next year. Each Tally Sheet includes all components of the executive s current compensation, including: base salary, short-term incentive compensation, long-term cash incentive compensation, equity incentive compensation, retirement savings programs, health and welfare programs, and the cost of personal executive benefits. The Committee also reviews potential payments under various termination scenarios.

Performance assessments Assessments of executive performance are another key part of the Committee s Total Compensation Analysis and Planning Process. Mr. Cutler meets individually with his direct reports, including the Named Executive Officers, to discuss the performance assessments for their respective direct reports and to formulate initial recommendations for an appropriate total compensation plan for each executive. No member of management, including Mr. Cutler, makes recommendations regarding his or her own pay. The Committee meets with its independent consultant in Executive Session (with no members of management in attendance) to review Mr. Cutler s performance assessment and the comprehensive market data for his position, as well as his Tally Sheet to establish a total compensation plan for him.

Evaluating Pay and Performance (July)

In July of each year, the Committee evaluates pay and performance to validate the individual compensation opportunities that were established in February, and also considers whether we are setting appropriate performance hurdles. This process involves, in part, collecting and reviewing peer group information and analyzing it as described below.

Peer group selection We have identified a group of publicly-held companies as our peers for purposes of evaluating our compensation programs. This is the same peer group used by our Board of Directors in the beginning of 2013 in reviewing our Strategic Plan and Annual Profit Plan, which are the basis for setting our short- and long-term incentive plan performance goals. We rank at approximately the median of this peer group in terms of revenue. The Peer Group includes:

ABB Ltd.	Ingersoll-Rand plc
Danaher Corporation	Parker Hannifin Corporation
Dover Corporation	Siemens AG
Emerson Electric Co.	SPX Corporation
General Electric Company	Textron, Inc.
Honeywell International, Inc.	3M Company
Illinois Tool Works, Inc.	United Technologies Corporation

In July of 2013, the Board of Directors approved changes to the peer group. In making these changes, the Board of Directors considered, among other factors: market cap, revenue, research and development intensity, and overlap with Eaton s product portfolio and industry. The revised peer group excludes General Electric, SPX Corporation, 3M Company and Textron Inc., and includes Legrand, Rockwell Automation and Schneider Electric.

We do not use the pay reported by these companies to establish individual compensation opportunities, but each July we do share with the Committee these companies publicly-reported financial and compensation data to help the Committee retrospectively validate our pay for performance profile, as described below.

Peer pay and performance analysis We provide the Committee with an analysis that includes the compensation reported by each peer group company in its annual proxy statement for positions that are equivalent to positions held by our Named Executive Officers. This analysis also compares our performance with that of the peer group over one-, three- and five-year time periods using a wide range of financial metrics. The Committee uses this analysis in reviewing and establishing our stretch short- and long-term incentive plan goals, and in answering two primary questions:

1. Are our compensation targets appropriate relative to that of the peer group?

In 2013, this review of peer proxy data confirmed that Eaton s cash compensation opportunities were aligned with our peer group. The Committee also affirmed that it would continue to use the data reported in the two previously mentioned compensation surveys as the basis for setting individual compensation opportunities, but would use the peer proxy data as a secondary data point if an executive s compensation was well-below or above the survey comparator group median.

2. Are we paying our executives appropriately in light of the performance we are delivering?

In 2013, after reviewing the peer analysis, the Committee concluded that 2012 pay was appropriate given that we are consistently outperforming the peer group with regard to total shareholder return over one-, three- and five-year periods.

Peer pay targeting and performance hurdle analysis This study is intended to provide the Committee with insight into how each peer group company establishes its pay for performance profile, including setting pay targets and performance metrics relative to its own peer group. This analysis is based upon publicly available information and sell-side analysts reports, and attempts to estimate the industry EPS expectations for the peer companies as reported by the market analysts who follow them. This analysis is intended to answer:

Are we well positioned among our peer group with regard to revenue, EPS, and pay compared to how our peers are positioned relative to their peers?

After reviewing the peer pay targeting and performance hurdle analysis, the Committee concluded that we are well positioned among our peer group in terms of pay and performance, even though 2012 actual compensation was below that of our peers because there was no long-term cash incentive payment under the ESIP plan for 2012.

Components of Compensation

In this section we describe the main components of our compensation, including the metrics we use for our performance-based incentives.

OVERVIEW OF OUR PRIMARY COMPENSATION COMPONENTS

Component	Description	Form/Timing of Payout
Base salary	Levels reflect job responsibilities and market competition	Paid in cash throughout the year
Short-term incentive	**Senior EIC Plan** Cash incentive tied to the following performance metrics: n Net income n The Committee may exercise its discretion to reduce the awards generated by this Net Income Pool. In making that determination, it considers factors such as individual performance and financial results relative to the goals that were set for our EIC Plan. Meets the requirements of 162(m) of the Internal Revenue Code	Paid in cash after the year has ended and performance has been measured Executives can choose to defer payments under our Deferred Incentive Compensation Plan II
	EIC Plan Cash incentive tied to the following performance metrics: n Earnings per share (EPS) n Cash flow return on gross capital (CFR) Payouts depend on achievement of company, business unit and individual performance goals	Paid in cash after the year has ended and performance has been measured Executives can choose to defer payments under our Deferred Incentive Compensation Plan II
Long-term incentives 50% Cash Incentive	Tied to the following performance metrics:	Paid in cash after the 4-year cycle has ended and performance has been

(ESIP)	n Compound growth rate in operating EPS over a 4-year period n Average annual CFR over a 4-year period Awarded in the form of phantom share units; therefore, value realization depends on our stock performance Meets the requirements of 162(m) of the Internal Revenue Code	measured Executives can choose to defer payments under our Incentive Compensation Deferral Plan II
50% Equity 25% RSUs 25% stock options	RSUs and stock options	Vest over 3 years
	Retention RSAs	Vest over 4 years
	Value realization depends on our stock performance	

Base Salary

We pay a competitive base salary to our executive officers in recognition of their job responsibilities. In general, the Committee sets base salaries at approximately the market median as described under Total Compensation Analysis and Planning Process, above. On occasion, the Committee may set an executive s base salary above the reported market median to foster retention and/or recognize superior performance. Executives must demonstrate consistently effective individual performance in order to be eligible for a base salary increase. In making salary adjustments, the Committee considers the executive s base salary and total compensation relative to the market median and other factors such as: individual performance against business plans, initiative, leadership, experience, knowledge, and success in building organizational capability.

Short-Term Performance-Based Compensation

We establish a competitive annual cash incentive opportunity for our executives who participate in either our Senior EIC Plan or our EIC Plan. The Committee determines target opportunities for each executive in February during its Total Compensation Analysis and Planning Process. As we previously discussed, the average of the median short-term incentive values as reported in two compensation surveys is used as the basis for determining our executives targets.

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COMPENSATION DISCUSSION AND ANALYSIS   Components of Compensation

Metrics, goals and results   In February of each year the Committee establishes the Senior EIC pool, expressed as a percentage of net income. In addition, the Committee considers, among other metrics, EPS growth rate guidance for us and our peers as a key starting point for setting aggressive performance hurdles for our short- and long-term performance-based pay plans. The objectives for our short-term EIC plan have historically been tied to EPS and CFR metrics. The EPS metric measures earnings growth, while the CFR objective is an internal measure of return on capital.

For 2013, the Committee established EPS and CFR goals based on its review of market analyses, our annual profit plan as approved by the Board of Directors, external research reports, and analyses of peer group data**.** The Committee believes that the target levels established at the beginning of 2013 for the EPS and CFR goals, as shown below, were demanding but attainable.

The table below shows the 2013 goals and our actual results for the year.

2013 EXECUTIVE INCENTIVE COMPENSATION PLAN GOALS AND RESULTS

The maximum award opportunity that can be generated by the attainment of EPS and CFR objectives is capped at 200% of target.

Each Named Executive Officer s short-term incentive award is reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Long-Term Performance-Based Compensation

We provide long-term incentive compensation to our executive officers in two components that are generally weighted as follows: 50% in equity awards and 50% in a four-year performance-based cash incentive compensation opportunity (ESIP). We believe that this portfolio approach to structuring long-term incentives provides an appropriate balance that focuses executives on both an external measure of our success (via equity awards) and on internal performance metrics (via the four-year ESIP). In limited circumstances, the Committee also provides RSAs to foster retention. The Committee s independent compensation consultant has confirmed that this approach is appropriate to delivering long-term compensation and consistent with market practices.

The Committee establishes a long-term incentive target opportunity for each executive that is intended to align with the market median values reported in the two surveys we use to establish individual compensation plans.

Cash Component of Long-Term Compensation   Each year the Committee creates a new long-term cash incentive opportunity under our Executive Strategic Incentive Plan (ESIP) and establishes objectives for the four-year award period, which have historically been tied to our success in achieving aggressive four-year CFR and EPS goals, with each goal weighted equally. Each four-year ESIP period has its own aggressive CFR and EPS growth objectives. The four-year CFR objective focuses management on driving attractive returns on the capital we employ, while the four-year EPS goal

HOW OUR SHORT AND LONG-TERM METRICS DIFFER

We and the Committee believe that Earnings Per Share and Cash Flow Return on Gross Capital are appropriate metrics to use in our short-term and long-term incentive plans because of the impact these items have on creating shareholder value.

Although we use an earnings per share (EPS) metric in both our short- and long-term incentive plans, the two metrics

are different:

The short-term EIC plan metric is tied to annual EPS. A goal is set in February of each year based on items such as EPS growth rate guidance for the year, market analyses, and our annual profit plan.

The long-term ESIP metric, on the other hand, is tied to EPS growth over a four-year period. A four-year goal is set based on the Board s review of our Strategic Plan and the long-term, five-year financial goals that we share with investors.

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focuses management on driving growth throughout the four-year cycle. The Committee uses a comprehensive report that analyzes publicly available Peer Group financial data to establish the CFR and EPS objectives. Our Board also uses this report in reviewing our Strategic and Profit Plans. The report includes:

- A comparison of our past performance across a range of performance metrics, compared to those same metrics as reported for our Peer Group;
- Our estimated financial results and those for each peer group company as projected by sell-side analysts who follow these companies; and
- A review of our strategic objectives and annual business plans for the four-year performance period.

The Committee sets performance hurdles for each four-year award period so that our executives would receive payment of approximately 100% of the target incentive opportunity if our performance over the four-year period is at or above the projected median of performance in our peer group, and payment at or above 150% of the target incentive opportunity if our performance over the four-year period is at or above the projected top 25th percentile of performance in our Peer Group. We cap CFR and EPS growth goals under ESIP at 200% of target. This cap is consistent with the maximum incentive opportunity as reported by the companies that respond to the compensation surveys to which we subscribe, and is also prevalent among our peer group companies.

For the 2010-2013 performance period, the Committee set aggressive ESIP threshold, target, and maximum goals. The table below shows these goals as well as our actual results for this period.

2010-2013 LONG-TERM EXECUTIVE STRATEGIC INCENTIVE PLAN GOALS AND RESULTS

Because our 2010-2013 ESIP awards were made in the form of phantom share units, share price appreciation also influenced the total payout under ESIP. Our 20-day average share price was $32.51 at the beginning of the award period and increased 123% over the four-year period to a period-ending 20-day average share price of $73.46.

Each Named Executive Officer s earned ESIP award is reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Equity Component of Long-Term Compensation The Named Executive Officers receive the equity component of their long-term incentive opportunity in both RSUs and stock options. The Committee considers alignment with the external market median and individual performance and potential when making equity grants. We typically grant equity awards in February; however, in 2013, the Named Executive Officers received their equity grants in July so the awards would not be subject to the excise tax imposed by Section 4985 of the Internal Revenue Code. This excise tax was imposed on certain stock-based compensation held at any time during the six months before and six months after the closing of the transaction to acquire Cooper Industries, which occurred in November 2012.

The Committee has the authority to fix the date and all terms and conditions of equity grants to executive officers and other employees under our various stock plans, all of which have been approved by our shareholders. Our equity program adheres to the following best practices:

- Stock options and RSUs generally vest over, or upon the conclusion of, at least a three-year period. The vesting of RSUs and stock options is contingent upon continued service with us over the vesting period.
- The aggregate number of shares or share units underlying options or related to other awards that may be granted to any employee during any three consecutive calendar year period may not exceed 1,200,000.

COMPENSATION DISCUSSION AND ANALYSIS Components of Compensation

- No more than 5% of the total number of shares authorized for delivery under the Plan may vest within less than one year after the grant date (except for awards granted to non-employee directors in the event of a change of control of the Company or divestment of a business, or upon an employee s death, disability, or retirement).
- We set the strike price for all of our stock options at the fair market value of our shares on the date of the grant. Our current shareholder-approved stock plans define fair market value as the closing price as quoted on the New York Stock Exchange (NYSE) on the date of the grant.

2013 Compensation

Base Salary

During the 2013 Total Compensation Analysis and Planning Process, the Committee reviewed each executive s base salary relative to the market data from the two surveys described under Total Compensation Analysis and Planning Process, as well as the executive s individual performance over the prior year. After discussing these items, the Committee determined it was appropriate to deliver merit increases to the Named Executive Officers other than Mr. Cutler, as shown in the following table. The Committee did not adjust Mr. Cutler s base salary because it found it to be appropriately aligned with the survey median.

Executive	Increase %	2013 Base Salary
A. M. Cutler	0.00%	$ 1,200,000
R. H. Fearon	5.00%	$ 745,920
C. Arnold	4.00%	$ 740,750
T. S. Gross	7.00%	$ 746,068
M. M. McGuire	3.00%	$ 550,453

Short-Term Incentive

All of our Named Executive Officers participate in the Senior EIC Plan. In February 2013, the Committee established a bonus pool under the Senior EIC Plan equal to 2% of our Annual Net Income. The Committee then assigned a percentage of this pool to each participant, thus setting the maximum amount that the participant could receive under the Plan for 2013. For the Named Executive Officers, these percentages ranged from 8% to 20% of the Annual Net Income Incentive Pool. No participant may be assigned a percentage share of the pool that is worth more than $7,500,000. The Committee also established an individual target award opportunity for each executive that reflects the median annual incentive opportunity reported in the compensation surveys that are used to establish individual compensation targets.

To determine actual payouts the Committee considers the initial incentive payout for each participant in the Senior EIC Plan that is formula-driven and based on his or her share of the Net Income Pool. However, the Committee may then exercise its discretion to reduce the size of this initial payout. For this purpose, the Committee considered the EIC Plan EPS and CFR objectives and results as one factor in making actual award determinations for our Named

Executive Officers. It also considered each participant s performance against his or her individual and/or business unit goals. These individual goals fell into the following categories, among others:

- **Financial Goals:** Achieving the Company s annual financial plan, as well as the annual financial plan for the executive s business unit.
- **Growth Goals:** Building our brand; outgrowing the markets in which we operate; introducing new products and services.
- **Operational Excellence:** Workplace safety and emissions reduction; advancements in quality; supply chain improvement; operational efficiency/productivity.
- **Building Organizational Capacity:** Reinforcing our ethical standards; attracting and developing talent; promoting our wellness initiatives; promoting a learning culture.
- **Acquisition Integration Goals:** Successfully integrating recent acquisitions.

Although the Committee may use these individual performance goals as one factor in making its determinations, they are not the Committee s sole basis for deciding on incentive award amounts. Ultimately, the Committee applies its own business judgment to assess actual performance and to determine the incentive payouts, if any, for the participants in the Senior EIC and EIC Plans.

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COMPENSATION DISCUSSION AND ANALYSIS 2013 Compensation

The following table illustrates each Named Executive Officer s 2013 target and maximum award opportunity, and his actual Senior EIC Plan award relative to that opportunity:

Executive	Target Award Opportunity as % of Base Salary	Target Award Opportunity $	Maximum Award Opportunity Based On Net Income Pool Allocation	Actual Award	Actual Award as % of Target Award Opportunity
A. M. Cutler	140%	$ 1,680,000	$ 7,444,000	$ 1,874,040	111%
R. H. Fearon	100%	$ 745,920	$ 3,722,000	$ 795,898	107%
C. Arnold	100%	$ 740,750	$ 3,722,000	$ 790,382	107%
T. S. Gross	100%	$ 746,068	$ 3,722,000	$ 796,056	107%
M. M. McGuire	72%	$ 396,326	$ 3,722,000	$ 384,437	97%

Long-Term Incentive

Payout of 2010-2013 ESIP In February 2010, the Committee established challenging EPS compound growth rate and CFR performance goals for the 2010-2013 ESIP. The Committee also set individual ESIP target award opportunities for each Named Executive Officer that represented approximately 50% of his total long-term incentive opportunity that was established in 2010. Individual target opportunities were expressed as a cash value and then converted to phantom share units based on the average New York Stock Exchange (NYSE) price of Eaton ordinary shares over the first twenty trading days of the award period, which was $32.91. Phantom share units align the interests of the executives with those of the shareholders because the units reflect appreciation or depreciation and earnings on our ordinary shares during the performance period. At the conclusion of the award period, each Named Executive Officer s 2010-2013 target number of phantom share units was multiplied by 200% to reflect the fact that our actual EPS and CFR performance exceeded the maximum objectives established by the Committee at the start of this four year period. This final number of phantom share units was then converted back to cash based on the average NYSE price of Eaton ordinary shares over the last twenty trading days of the award period, which was $73.46 and dividend equivalents were added based on the final number of share units that were earned.

Awards earned by our Named Executive Officers for the 2010-2013 ESIP Period are shown below:

Executive	Final Units (200%)	Cash Payment (based on $73.46)	Dividends (accumulated dividends of $5.64 per share)	Actual Award
A. M. Cutler	197,600	$ 14,515,696	$ 1,114,464	$ 15,630,160
R. H. Fearon	45,600	$ 3,349,776	$ 257,184	$ 3,606,960
C. Arnold	51,800	$ 3,805,228	$ 292,152	$ 4,097,380

T. S. Gross	51,800	$	3,805,228	$	292,152	$	4,097,380
M. M. McGuire	30,400	$	2,233,184	$	171,456	$	2,404,640

Establishment of Goals and Awards for 2013-2016 ESIP In February 2013, the Committee established EPS and CFR performance goals for the 2013-2016 ESIP award period, and also approved individual 2013-2016 ESIP opportunities expressed in the form of phantom share units. These award opportunities are shown in the Grants of Plan Based Awards Table. The Committee discussed and approved Mr. Cutler s award opportunity in Executive Session, with only its independent consultant in attendance. The number of phantom share units awarded for each executive was determined by dividing the cash ESIP target, which represents approximately one-half of the Named Executive Officer s total long-term incentive opportunity for 2013, by the average NYSE price of our shares over the first twenty days of the award period, and rounding up to the nearest 50 shares.

At the end of the award period, the number of phantom share units will be modified based on corporate performance relative to the challenging CFR and EPS growth objectives that the Committee approved in February 2013. The actual payment, if any, will also be influenced by the increase or decrease in our stock price over the four-year award period because the modified number of share units will be multiplied by the average price of our shares over the last 20 NYSE trading days of 2016. Dividend equivalents will be paid based on the final number of phantom share units and the aggregate dividends paid to investors during the award periods. The CFR and EPS objectives are capped at 200% of target; however, there is no cap or floor applied to the stock price that is used to determine any final payment at the end of the award period.

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COMPENSATION DISCUSSION AND ANALYSIS 2013 Compensation

RSUs Granted in 2013 In July 2013, the Committee approved RSU grants that represented approximately 25% of each Named Executive Officer s target long-term incentive opportunity. These RSUs vest in substantially equal installments over three years. We do not pay dividend equivalents on RSUs that are granted to our executives or other employees.

The Committee also approved additional RSU grants to Messrs. Fearon, Gross and McGuire in recognition of their efforts in helping to bring the acquisition of Cooper Industries plc to closure. The acquisition was a transformational milestone, as well as the largest acquisition in Eaton s history. Because of the substantial work involved in closing the deal, and in recognition of the work that will be required to integrate the two companies, the Committee determined it was appropriate to provide the officers who participated in the transaction, including Messrs. Fearon, Gross and McGuire, with RSU grants equal to approximately 50% of base salary. These RSUs vest in substantially equal installments over three years. Like the regular RSU grants, vesting of these additional grants requires continued employment with the Company.

Stock Options Granted in 2013 Stock options make up the remaining 25% of each Named Executive Officer s total target long-term incentive opportunity. The stock options granted in 2013 will vest in substantially equal installments over three years, subject to the executive s continued employment with us, and have a strike price equal to the closing price of our ordinary shares on the date of the grant.

RSAs Granted in 2013 In certain limited circumstances, we grant RSAs to our executives, including our Named Executive Officers, for retention purposes. In 2013, the Committee reviewed and approved a retention-based RSA grant of 7,445 shares for Mr. Arnold. This retention grant vests over 48 months, with 30% vesting at the end of 24 months, another 30% vesting at the end of 36 months, and the remaining 40% of the shares vest at the end of 48 months, subject to continued employment with us. The Committee also reviewed and approved a retention grant of 20,125 RSAs for Mr. Gross. This retention grant cliff vests after 36 months, subject to continued employment with us.

The Committee recognizes that the RSUs that were granted to those who made significant contributions to the transaction to acquire Cooper Industries plc plus the retention RSAs did place the total compensation for those receiving the awards above the median of market practice. RSUs, RSAs and stock options granted to the Named Executive Officers are valued in the Summary Compensation Table and the number of shares granted are shown in the Grants of Plan Based Awards Table.

Realized 2013 Pay and Our Performance

Our compensation programs for Mr. Cutler and the other Named Executive Officers are heavily weighted to reflect performance compared to short- and long-term incentive plan metrics that are intended to drive results that create value for our shareholders. The table illustrates the relationship between Mr. Cutler s target award opportunity and the amounts he actually earned based on our performance against the metrics established for the short- and long-term incentive plans that matured on December 31, 2013.

This table is intended to show the link between the pay Mr. Cutler actually received and our company performance. It supplements, but does not substitute, the information contained in the Summary Compensation Table on page 38. The realized pay table differs from the Summary Compensation Table in a number of ways, including:

- In addition to pay actually received, the Summary Compensation Table includes the accounting value of equity compensation granted during the year, which may or may not ever be earned. In contrast, the realized pay table reports only the elements of compensation actually received and/or realized by Mr. Cutler in 2013. Specifically, the values for equity awards in the realized pay table show the gross compensation (before applicable taxes) that Mr. Cutler received in 2013 upon his exercise of stock options and the vesting of his RSUs (as shown in the Option Exercises and Stock Vested in 2013 table on page 43), regardless of when these options or awards were granted to him.
- In addition, the realized pay table does not reflect compensation that is based upon pension value increases and above-market nonqualified deferred compensation earnings, although these amounts are included in the Summary Compensation Table. The Committee reviews compensation that is based upon the change in pension values and above-market nonqualified deferred compensation earnings as part of the Tally Sheet review discussed on page 24 in the context of a competitive overall benefit design and not as an element of its annual compensation decisions.

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COMPENSATION DISCUSSION AND ANALYSIS Our Ceo s Realized 2013 Pay and Our Performance

Mr. Cutler s 2013 realized pay relative to the performance metrics for each pay component is shown in the following table:

COMPENSATION REALIZED BY THE CHIEF EXECUTIVE OFFICER OF EATON CORPORATION IN 2013

Compensation Element	Period Earned	Target	Amount Earned	Performance Results Over Period Earned
Annual Compensation				
Base Salary	2013	$1,200,000	$1,200,000	We generally target the market median when establishing base salaries. Mr. Cutler did not receive a base salary increase in 2013.
Short-term Incentive	2013	$1,680,000	$1,874,040	Mr. Cutler s target was set at 140% of base salary. Actual 2013 Short-term Incentive represents Mr. Cutler s actual earned Senior EIC award. The Committee elected to reduce the award generated by the Net Income Pool ($7,444,000) by approximately 75%. Mr. Cutler s actual award of 111% of his individual target is consistent with awards delivered to other executives.
Total Annual Cash			**$3,074,040**	
Long-Term Compensation				
ESIP	2010-2013	$3,250,000 expressed as 98,800 contingent share units	$15,630,160	Mr. Cutler and the other ESIP participants earned 200% of the target number of contingent share units that were awarded in 2010 because actual CFR and EPS growth exceeded the maximum performance objectives that were established in 2010. The number of contingent share units he earned was multiplied by the average share price at the end of the award period and dividend equivalents were also paid on the final number of share

				units.
Stock Option Exercises	2004-2013	n/a	$5,639,678	The gains upon exercise of stock options were based on the stock price appreciation from 2004-2013. Shareholders also experienced an 158% gain during this time period. Additional details, including the number of share exercised, are reported in the Option Exercises and Stock Vested Table.
RSUs Vesting	2009-2012	n/a	$3,664,297	This represents the vesting of 61,103 RSUs that were granted in 2009, 2010, 2011, and 2012. Additional details are reported in the Option Exercises and Stock Vested table.
Total Realized Value from Long-Term Compensation			**$24,934,135**	
Other Compensation			$133,579	This includes the items disclosed as Other Compensation in the Summary Compensation Table, such as use of our aircraft, financial planning reimbursement, and company matching contributions to the Eaton Savings Plan.
TOTAL REALIZED COMPENSATION			**$28,141,754**	

Other Compensation

Health and Welfare Benefits and Retirement Income Plans

We provide our executive officers with the same health and welfare and retirement income benefit programs that we provide to our other salaried employees in the United States, with certain exceptions described below. Our Named Executive Officers may choose to participate in our 401(k) plan and receive company matching contributions, which are reported as Other Compensation in the Summary Compensation Table. We provide 401(k) matching contributions that comply with Internal Revenue Code limits.

In place of typical Company-paid group term life insurance, we provide all executive officers and certain other executives with Company-paid life insurance coverage under two separate policies. The aggregate value of the two policies is approximately equal to an executive s annual base salary and this level of coverage is consistent with the level of coverage provided to other salaried employees through our group term life policy. The majority of the executives life insurance is covered under an executive-owned individual whole-life policy, with the remaining $50,000 of insurance covered under our group term life policy.

The value of the Company-paid premium for the whole life policy is imputed as income to each covered executive. We decided to provide this executive life insurance arrangement to allow each executive to have a paid-up policy at retirement that would mirror Company-provided post-retirement group term life insurance, but with less post-retirement tax complexity for both the executive and us.

Other Retirement and Compensation Arrangements

The Pension Benefits table on page 44 reports retirement benefits for Mr. Cutler and the other Named Executive Officers. Certain provisions of the Internal Revenue Code limit the annual benefits that may be paid from a tax-qualified retirement plan. As permitted under the Code, the Board of Directors has authorized plans under which payment will be made from our general funds for any benefits that may exceed those limits. If these nonqualified benefits accrued before 2005, they will be paid at retirement in the form of an annuity (unless otherwise determined by the Committee), except that if there is a change of control of the Company, they will be paid at the time of the event (unless otherwise determined by the Board of Directors) in a lump sum. These benefits that accrued after January 1, 2005 will be paid in the form of a single sum at retirement.

In response to market practices and to enhance our ability to attract and retain key executives, the Board of Directors also adopted plans that provide supplemental annual retirement income to certain executives whom we hire mid-career, as they do not have the opportunity to accumulate significant credited service with us under our tax-qualified retirement income or nonqualified restoration plans. These supplemental plans deliver a benefit if the executive either retires at 55 or older with at least 10 years of service, or at 65 or older regardless of the years of service.

The tax-qualified pension plans that we maintain for our U.S. salaried and non-union employees define the term compensation to include base salary, overtime pay, pay premiums and awards under any short-term variable pay or incentive compensation plans (including amounts deferred for receipt at a later date). We use this same definition for calculating pension benefits under the nonqualified executive retirement income arrangements described above. These qualified and nonqualified retirement income plans are the only compensation or benefit plans or programs that we provide to executive officers that consider base salary and earned annual incentive awards in the calculation of the executives account balances. Long-term incentives, including cash and amounts realized upon the exercise of stock options and/or vesting or RSUs or RSAs, are not factored into these calculations.

Deferral Plans

We provide our executives with opportunities to defer the receipt of their earned and otherwise payable awards under our short- and long-term cash incentive plans. We offer these deferral arrangements so that our executives have a competitive opportunity to accumulate additional retirement assets and a means to meet our share ownership guidelines. These deferrals also provide an additional form of retention.

Personal Benefits

We provide our executive officers with limited personal benefits, including reimbursement for financial and estate planning and tax preparation. Personal benefits are treated as taxable income to the executive.

Employment Contracts and Change of Control Agreements

We do not provide our executive officers with employment contracts; however, we do enter into double-trigger Change of Control Agreements with each executive officer. These agreements provide benefits if an executive s employment is terminated or materially changed for certain reasons following a change of control. We believe that these agreements are in the best interest of our shareholders because they help ensure that we will have the continued dedication and focus of key executives in the event of a change of control of the Company. Details of our Change of Control Agreements may be found in the narrative discussion accompanying the Potential Payments Upon Termination beginning on page 46.

In October 2011, the Committee determined that it was appropriate to eliminate provisions related to tax protection from future change of control agreements. Tax gross-up provisions are no longer included in agreements for any executive who becomes newly eligible for an agreement or for any executive who changes positions and becomes eligible for a new agreement.

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Limited Tax Protection

We and the Committee believe that tax protection is appropriate in limited circumstances to avoid the potential for the value of a benefit to be reduced as a result of tax requirements that are beyond an executive s control. Specifically:

- *Relocation and foreign assignments*: We provide tax protection for our employees under our relocation and foreign assignment policies so they are able to make decisions to accept new assignments without concern that relocating would be a disadvantage from a tax standpoint.

- *Change of Control Agreements that were executed prior to November 2011*: U.S. tax law imposes a 20% excise tax on certain compensation that is contingent on a change of control of the Company. We agreed to provide the Named Executive Officers and other officers who entered into Change of Control Agreements prior to November 2011 with full tax protection for liability from this excise tax. The Change of Control Agreements entered into after November 2011 do not contain provisions for tax protection.

Use of Our Aircraft

We own, operate, and maintain Company aircraft to enhance the ability of our executive officers and other corporate and business leaders to conduct business in an effective manner. This principle guides how the aircraft is used. Our stringent aircraft use policy ensures that the primary use of this mode of transportation is to satisfy business needs and that all aircraft use is accounted for at all times and in accordance with applicable laws. The Board of Directors has directed Mr. Cutler to use our aircraft for his business and personal travel, whenever feasible, to ensure his personal security and enhance his productivity. Our aircraft policy does not permit other executives to use Company-owned aircraft for personal use without the advance approval of the Chairman and Chief Executive Officer. No Named Executive Officers receive tax protection on the imputed income for personal use of Company-owned aircraft.

Other Executive Compensation Policies and Guidelines

Share Ownership Guidelines

We expect all of our executive officers and certain other high-level key executives to hold a number of our shares with a value equal to a pre-determined multiple of their base salary. These multiples, as shown below, represent the minimum guidelines and are consistent with trends we have seen in the competitive market. Each executive must own a minimum of 20% of the required shares outright. Executives are expected to reach these guidelines within five years of appointment to a new position and are expected to satisfy them for the duration of their employment with the company.

Position	Minimum Guideline
Chief Executive Officer of Eaton Corporation	6 times base salary
Vice Chairmen of Eaton Corporation	4 times base salary
Other Officers	2-3 times base salary
General Managers and other ESIP participants	1 times base salary

Twice each year, the Committee reviews each executive officer s share ownership relative to these levels, and our Chief Executive Officer reviews the ownership of other non-officer executives. On December 31, 2013, each of the Named Executive Officers exceeded his ownership and holding requirements.

Anti-Hedging and Pledging

We have a policy that prohibits directors and officers, including the Named Executive Officers, from engaging in financial hedging of their investment risk in our shares and from pledging our shares as collateral for a loan.

Clawback Policy

The Board of Directors has adopted a formal policy stating that, if an executive engaged in any fraud, misconduct or other bad-faith action that, directly or indirectly, caused or partially caused the need for a material accounting restatement for any periods as to which a performance-based award was paid or credited to the executive during the twelve-month period following the first public issuance of the incorrect financial statement, such award shall be subject to reduction, cancellation or reimbursement to the Company at the Board s discretion. The clawback policy covers any executive who participates in our ESIP or any successor plans. Our incentive compensation plans, stock plans and deferral plans all include the provisions of this policy. Additional details regarding this policy and related processes may be found on our website at http://www.eaton.com/governance.

Tax and Accounting Considerations

We carefully monitor and comply with any changes in the laws, regulations, accounting standards and related interpretive guidance that impact our executive compensation plans and programs. Tax and accounting considerations have never played a central role in the process of determining the compensation or benefit plans and programs that are provided to our executives. Instead, the Committee has consistently structured our executive compensation program in a manner intended to ensure that it is competitive in the marketplace for executive talent and provides incentives and rewards that focus our executives on reaching desired internal and external performance levels. Once the appropriate programs and plans are identified, we administer and account for them in accordance with applicable requirements.

$1 Million Tax Deduction Limit   Under Internal Revenue Code Section 162(m), any remuneration in excess of $1 million paid to Mr. Cutler or any of the three most highly compensated executive officers of the Company (other than the Vice Chairman and Chief Financial and Planning Officer of Eaton Corporation) in a given year is not tax deductible unless it is paid pursuant to formula-driven, performance-based arrangements that preclude Committee discretion to adjust compensation upward after the beginning of the period in which the compensation is earned. In 2013, our shareholders approved the amended and restated Senior EIC and ESIP plans, which are intended to meet the requirements to qualify incentive payments under these Plans as deductible compensation under Internal Revenue Code Section 162(m).

Relationship Between Compensation Plans and Risk

Annually, the Committee and management conduct a comprehensive review of our executive and broad-based compensation programs to determine whether any of our compensation programs, either individually or in the aggregate, would encourage employees to undertake excessive risks that are reasonably likely to have a material adverse impact on the Company. After reviewing an inventory of our 2013 variable pay and sales commission plans, which included the number of participants in each plan, the participants   levels within the organization, the target and maximum payment potential, performance criteria under each plan, and the type of the plan (for example, management-by-objective and goal sharing), the Committee concluded that none of the broad-based programs would likely give rise to a material risk.

The Committee also applied a risk assessment to the short- and long-term incentive plans that are described earlier in the CD&A. This analysis included, but was not limited to, the following items:

- Whether performance goals were balanced and potential payments were reasonable based on potential achievement of those goals at the threshold, target and maximum levels;
- When applicable, whether the relationship between performance objectives under the short-term incentive programs were consistent with the performance objectives tied to the long-term incentive plans;

- The caps on individual awards and aggregate payments under the plans; and
- How our performance objectives and target award opportunities compared to the objectives and target awards underlying our peers incentive programs.

The Committee and management also concluded that our executive compensation strategy and programs are structured in the best interest of the Company and its stakeholders and do not create a material risk due to a variety of mitigating factors, such as:

- An emphasis on long-term compensation that utilizes a balanced portfolio of compensation elements such as cash and equity, and delivers rewards based on sustained performance over time;
- The Committee s sole power to set short- and long-term performance objectives for our incentive plans. These objectives have included CFR and operating EPS financial goals and qualitative goals under the EIC plan, such as leadership development, growth, operational excellence, and building organizational capacity. We believe all of these items contribute to increased shareholder value;
- Our long-term cash plan (ESIP) focuses on cumulative EPS and CFR for overlapping four-year award periods. This creates a focus on driving sustained performance over multiple award periods which mitigates the potential for executives to take excessive risks to drive one-time, short-term performance spikes in any one period;
- The use of equity awards to foster retention and align our executives interests with those of our shareholders;
- Capping the potential payouts under the short- and long-term incentive plans to eliminate the potential for windfalls;
- A clawback policy that allows us to recover compensation in the case of a material restatement of financial results and/or employee misconduct;

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- Share ownership guidelines; and
- A broad array of benefit programs that offer employees and executives an opportunity to build meaningful retirement assets throughout their careers.

Compensation and Organization Committee Report

The Compensation and Organization Committee of the Board of Directors has reviewed and discussed with the Company s management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and, based on this review and discussion, the Compensation and Organization Committee recommends to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION AND ORGANIZATION COMMITTEE

Christopher M. Connor, Chair

Todd M. Bluedorn

Linda A. Hill

Ned C. Lautenbach

Deborah L. McCoy

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Compensation Tables

2013 Summary Compensation Table

The following table shows the total compensation of the Company s Chairman and Chief Executive Officer of Eaton Corporation, the Vice Chairman and Chief Financial and Planning Officer of Eaton Corporation, and our three other most highly compensated executive officers in 2013. Please note the following:

Column (c), Salary Consists of base salary, which accounted for, on average, 8% of the total compensation of the Named Executive Officers in 2013.

Column (d), Bonus The Named Executive Officers were not entitled to receive Bonus payments under column (d) for 2013 (Bonus payments are defined under the disclosure rules as discretionary payments that are not based on any performance criteria).

Column (e), Stock Awards Consists of the grant date fair value of awards delivered to each Named Executive Officer in the year reported.

Column (f), Option Awards Reports the grant date fair value of stock options awarded in each respective year shown below. The grant date fair value is based on the Black-Scholes option pricing model.

Column (g), Non-Equity Incentive Plan Compensation Reports the amount earned for 2013 under the Senior EIC Plan and 2010-2013 ESIP. The incentive payments reported in column (g) were approved by the Committee at its February 25, 2014 meeting and, to the extent not deferred by the executive, will be paid on March 14, 2014.

Column (h), Change in Pension Value and Nonqualified Deferred Compensation Earnings Contains two distinct components. Change in Pension Value represents the total change in the actuarial present value of each Named Executive Officer s accumulated benefit under all of our defined benefit pension plans (both tax qualified and nonqualified) from the measurement date used for financial reporting purposes. Nonqualified Deferred Compensation Earnings include earnings on deferred compensation that exceed 120% of a specified rate of interest for long-term debt instruments established by the Internal Revenue Service.

Column (i), All Other Compensation Consists of compensation that does not fit within any of the foregoing definitions of compensation. This compensation includes items such as personal benefits, our contributions to defined contribution plans, the value of insurance premiums paid by us and the value of any dividends paid on restricted shares because they are not factored into the grant date fair values reported in column (e).

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COMPENSATION TABLES

2013 Summary Compensation Table

ame and incipal Position)	Year (b)	Salary[1] (c)	Bonus (d)	Stock Awards[2] (e)	Option Awards[2] (f)	Non-Equity Incentive Plan Compensation[3] (g)	Changes In Pension Value and Nonqualified Deferred Compensation Earnings[4] (h)	All Other Compensation[5] (i)	Tota Compensatio (j
M. Cutler	2013	$1,200,000	$0	$2,125,015	$2,125,015	$17,504,200	$9,649	$133,579	$23,097,45
	2012	$1,200,000	$0	$2,004,835	$2,136,356	$1,650,480	$1,857,980	$11,557,513	$20,407,16
hairman of the ompany, hief Executive fficer and esident of ton Corporation	2011	$1,203,000	$0	$2,438,434	$2,267,902	$4,458,058	$3,115,441	$103,175	$13,586,01
H. Fearon	2013	$737,040	$0	$1,163,955	$806,647	$4,402,858	$595,808	$46,237	$7,752,54
	2012	$703,566	$0	$584,325	$622,692	$647,034	$971,389	$2,887,662	$6,416,66
ce Chairman and hief nancial and anning fficer of Eaton rporation	2011	$677,208	$0	$805,650	$645,040	$1,710,516	$1,155,629	$82,242	$5,076,28
Arnold	2013	$733,628	$0	$1,207,501	$806,647	$4,887,762	$368,130	$39,394	$8,043,06
	2012	$705,405	$0	$584,325	$622,692	$619,240	$868,063	$2,706,343	$6,106,06
ce Chairman and DO Industrial ctor of ton Corporation	2011	$679,080	$0	$805,650	$645,040	$1,936,422	$986,115	$55,342	$5,107,64

S. Gross	2013	$733,866	$0	$2,542,704	$806,647	$4,893,436	$784,002	$79,710	$9,840,36
	2012	$690,555	$0	$584,325	$622,692	$635,066	$1,140,796	$2,458,719	$6,132,15
ce Chairman and	2011	$661,830	$0	$805,650	$645,040	$1,743,873	$1,158,181	$64,856	$5,079,43
O Electrical ctor of ton Corporation									
. M. McGuire	2013	$546,445	$0	$783,198	$499,353	$2,789,077	$244,716	$38,594	$4,901,38
	2012	$529,272	$0	$321,440	$342,410	$309,751	$502,953	$1,580,737	$3,586,56
ecutive Vice esident eneral Counsel d Secretary of ton Corporation	2011	$510,591	$0	$322,260	$351,840	$1,061,372	$518,849	$44,571	$2,809,48

(1) In 2013, $135,625 of Mr. Cutler s salary was attributed to his role as Chairman of the Board of the Company. In April 2011, the Committee determined it was appropriate to eliminate the vehicle allowance that the Named Executive Officers had received. We did not require the executives to repay the portion of the allowance that each received during the first three months of the year. This amount is included in the 2011 base salary and is the reason why Mr. Cutler s base salary was higher for 2011.

(2) These two columns show the grant date fair value of equity awards granted to the Named Executive Officers. The value of Stock Awards is based on our NYSE closing price on the date of the grant. The value of stock options is based on the Black-Scholes option pricing model. The assumptions used in connection with this valuation are further described in the Notes to Consolidated Financial Statements on page 32 of our 2013 annual report. The actual amounts realized by individual Named Executive Officers likely will vary based on a number of factors, including the market performance of our shares and timing of option exercises.

(3) Non-Equity Incentive Plan Compensation reported in column (g) includes payments earned under the 2013 Senior EIC Plan and the 2010-2013 ESIP. The amount earned under each plan is shown below. The material features of this incentive plan are described in the Compensation Discussion and Analysis.

	2013 Short-Term Senior EIC Award	**2010-2013 ESIP Award**	**Total Non-Equity Plan Compensation**
A. M. Cutler	$1,874,040	$15,630,160	$17,504,200
R. H. Fearon	$795,898	$3,606,960	$4,402,858
C. Arnold	$790,382	$4,097,380	$4,887,762
T. S. Gross	$796,056	$4,097,380	$4,893,436
M. M. McGuire	$384,437	$2,404,640	$2,789,077

COMPENSATION TABLES

(4) Column (h) includes the aggregate change in the actuarial present value of the accumulated benefit under all of our qualified and nonqualified defined benefit pension plans. The change in this column from year-to-year reflects items such as: changes in compensation as defined under the pension plan in which the executive participates, an additional year of service, and changes in the discount rates used to determine the actuarial present value of the accumulated benefit reported in each respective year. This column also includes above-market earnings on nonqualified deferred compensation, when applicable. Under the disclosure rules, earnings on deferred compensation are considered to be above-market if the rate or formula used to calculate the interest under the plan in which the executive participates exceeded a rate of interest established by the Internal Revenue Service. In 2013, Mr. Cutler was the only Named Executive Officer to receive above-market earnings on his nonqualified deferred compensation (in the amount of $9,649). The aggregate change in the actuarial present value of the accumulated benefit under all defined benefit pension plans for each Named Executive Officer is noted below.

	Qualified	Non-qualified
A. M. Cutler	$(123,224)	$(733,164)
R. H. Fearon	$21,345	$574,463
C. Arnold	$(3,937)	$368,130
T. S. Gross	$21,917	$762,085
M. M. McGuire	$18,813	$225,903

(5) All Other Compensation in column (i) includes the aggregate incremental cost incurred by us for certain executive personal benefits. The calculation of incremental cost for personal use of our aircraft includes only those variable costs incurred as a result of personal flight activity and excludes non-variable costs which would have been incurred regardless of whether there was any personal use of our aircraft. We do not reimburse Named Executive Officers for tax costs related to personal use of our aircraft. We also provide certain executives, including the Named Executive Officers, with the opportunity to acquire individual whole-life insurance. The annual premium paid by us during 2013 for each of the Named Executive Officers is set forth below. Each executive officer is responsible for paying individual income taxes due with respect to our insurance program. Column (i) also includes the amount of our contributions to the Named Executive Officers accounts under the 401(k) Eaton Savings Plan (the ESP). The ESP permits an employee to contribute a portion of his or her salary to the ESP, subject to limits imposed under the Internal Revenue Code. Column (i) also includes dividends paid in 2013 on RSAs. In addition, for 2012 Column (i) included excise tax and gross-up payments related to the excise tax imposed under Section 4985 of the Internal Revenue Code that resulted from the transaction to acquire Cooper Industries plc. The amounts of the items reported in column (i) are:

	Financial Planning	Personal Use of Aircraft	Co Paid Life