Eaton power management solutions
Eaton is a leading power management company

We help the world use electrical, fluid and mechanical power more reliably, efficiently, safely and sustainably.

Vehicle – Aerospace – Hydraulics – Electrical Products – Electrical Systems & Services
The world needs power management to…

- **Power** a global and digital world
- **Reduce** our environmental footprint
- **Meet** regulations, lower risk
- **Provide** cost-efficient energy solutions
- **Make** power more intelligent and efficient
- **Enhance** safety of facilities and machines
To be a power management leader, it helps to have a 100 year head start

- Founded in 1911
- Chairman and CEO — Alexander M. Cutler
- Headquarters: Dublin, Ireland
- Key locations in Cleveland, Ohio; Shanghai, China; Morges, Switzerland; Sao Paulo, Brazil
- Innovation centers in regions around the world
- Customers in more than 175 countries
- Approximately 102,000 employees worldwide
- 50% of sales outside the U.S.
Eaton in Ohio

- Employees Working Here: 3,204
- 2,000 Suppliers - Amount Spent: $541,694,030
- Wages Paid: $364,897,043
- Charitable Contributions Made: $3,653,254
We provide **reliable**, **efficient** and **safe** power management for...

- Buildings
- Transportation
- Industrial and Machinery
- Information Technology
- Infrastructure
- Energy and Utilities

Electrical Sector overview
Solutions for the entire power system

- IT and data centers
- Oil and gas, mining, industrial
- Electric utility
- Commercial
- Institutional
- Government
- Alternative energy
- Residential

Power distribution and circuit protection
Backup power protection
Lighting and security
Control and automation
Structural and wiring devices
Solutions for harsh and hazardous environments
Engineering services
Vehicle Group Products

Eaton is at the center of Clean, Green, Performance vehicle technologies

Valvetrain  Fuel Emissions & Powertrain Controls  Fluid Connectors & Plastics  Torque Control  Superchargers

Hybrid Power Systems

Clutches  Transmissions

Eaton products are key to fuel efficiency and GHG emission over a wide vehicle footprint
Eaton’s hydraulic and electrical solutions help power safe and efficient aircraft
Committed to **doing business right**

- One of only 11 S&P 500 companies named to both the Carbon Disclosure Leadership Index and Carbon Performance Leadership Index in 2012
- Ranked among *Fortune* magazine’s World’s Most Admired Companies
- Ranked among world’s top sustainability performers in NASDAQ Global Sustainability 50 Index
- One of *Corporate Responsibility Magazine*’s 100 Best Corporate Citizens, 2008-2012
- One of *Ethisphere* magazine’s World’s Most Ethical Companies, 2007-2013
- Cited in China’s *Business Watch Magazine*’s China Green Company Top 10 and *Fast Company* Top 100
- Named a *Thomson Reuters Top 100 Global Innovator* for Eaton’s achievements as one of the world’s most innovative companies, 2011-2012
Our targeted mix shift has resulted in exposure to high-growth markets and powerful megatrends

60...Percentage increase in global demand for energy in buildings projected by 2050

600...Percentage increase in the global LED lighting market projected by 2020, a CAGR of ~25%

70...Percentage increase in liquid petroleum demand in Non-OECD nations expected by 2040

70...Percentage increase in food production by 2050 necessary to feed a global population of 9.1 billion people

150...Percentage increase in annual distances travelled by commercial aviation expected by 2030

25...Percentage increase in fuel economy necessary by model year 2018 to meet the first ever U.S. emissions standards for heavy-duty trucks
## A closer look at the forces we face

Source: KPMG research (variously from 2008/2010 to 2030/2035)

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Climate Change**                | • CO₂ emissions: +20%  
  • Mean temperature: +0.5 to 1.0°C  |
| **Energy & Fuel**                 | • Energy demand: +33%  
  • Net electricity generation: 84%  |
| **Material Resources**            | • Raw materials extraction (excl. fossil carriers): +55%  
  • Pop under water stress: +39%  |
| **Water Scarcity**                | • Water demand: +55%  
  • Pop under water stress: +39%  |
| **Population**                    | • Total population: +20%  
  • 65 and older: +50%  |
| **Wealth**                        | • Middle class purchasing power: +172%  
  • Real GDP: +130%  |
| **Urbanization**                  | • Urban population: +44%  
  • Land cover: +110%  |
| **Food Security**                 | • Food demand: +50%  
  • Staple prices: +70 to 90%  |
| **Ecosystems**                    | • Terrestrial species: -9 to -17%  
  • Human Footprint: +33%  |
| **Deforestation**                 | • Net forest cover: -13%  
  • Amazon loss: -55%  |

Refş: IEA, IPCC & others  
IEA  
SERI  
2030 Water R. Group, WEF  
Refş: UN  
OECD, Standard Chartered  
UN, Seto, et. Al (2011)  
FAO, Oxfan  
Refş: OECD  
WWF
Governments are mandating improvements

**China**
12th 5-year Plan sets aggressive sustainability targets by 2015:
- Lower emissions per unit GDP by 17%
- Reduce energy consumption per unit GDP by 16%
- 11.4% of energy needs from renewables

**European Union**
- Reduce emissions by 20-30% by 2020
- 20% of energy needs from renewables by 2020
- Recycle 50% of household waste by 2020

**USA**
- Reduce vehicle fleet fuel use by 30% by 2020
- Improve water efficiency 26% by 2020
China Electricity Demand will rise 400% by 2040

Source: Exxon Mobil 2012 Energy Report
What is Sustainability at Eaton?
Eaton Sustainability Strategy: Five Pillars

**Achieving Sustainable Growth**

Through the responsible use of resources, we aim to:

**Increase shareholder value** through proactive governance and by providing safe, reliable, efficient and sustainable power management for our global customers.

**Improve the natural environment** by reducing the environmental impact of our products and operations and the products of our customers.

**Expand transparency** through sustainability reporting, and by sharing our data and best practices through cooperative efforts such as the Carbon Disclosure Project.

**Foster a thriving workplace** by protecting the health and safety of our employees, building teams of diverse talent, and inspiring and promoting top performers.

**Build stronger communities** by investing our time and resources in local efforts that make everywhere we do business a better place to live and work.
It’s embedded in how we run our facilities

- Reducing our own emissions, energy and water consumption, and waste product
- Enhancing the workplace with our environment, health and safety system
- 2013 reduction goals:
  - GHG emissions – 6%
  - Waste to landfill – 6%
  - Water consumption – 5%
  - World class in safety
    - Total Recordable Case Rate – 0.80
    - Days Away Case Rate – 0.28

### 2012 Performance on Environment, Health & Safety

<table>
<thead>
<tr>
<th>Metric</th>
<th>2012 Goal</th>
<th>2012 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Recordable Rate</td>
<td>0.85</td>
<td>0.88</td>
</tr>
<tr>
<td>Days Away Case Rate</td>
<td>0.30</td>
<td>0.36</td>
</tr>
<tr>
<td>GHG</td>
<td>6% Reduction</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Waste to landfill</td>
<td>6% Reduction</td>
<td>-7.5%</td>
</tr>
<tr>
<td>Water Consumption</td>
<td>5% Reduction</td>
<td>-2.6%</td>
</tr>
</tbody>
</table>
Alternative Energy
- Solar power
- Wind power
- Wave power
- Bioenergy

Water Use and Reuse
- Desalination
- Rain harvesting
- Wastewater treatment
- Water recycling

Fuel Efficient Transportation
- Hybrid and electric vehicles
- Charging stations
- More efficient Aircraft

Financial Markets
- Carbon / Emissions trading protocols
- Socially Responsible Investing
…and created exceptional value for our shareholders

Cumulative Shareholder Returns

2000 – Feb 2013

CAGR

14.1%

7.5%

3.1%

Note: PDI Group represents an equal weighted index of DHR, DOV, EMR, GE, ITW, MMM, UTX;

Source: Capital IQ

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And a key enabler of growth and value creation for our shareholders

Eaton expects to see 12-14% growth thru 2015

Sustainability is at the core of our growth strategy

- Participating in high growth markets and segments
- Technology leadership in emissions and efficiency
  - How we differentiate our company
  - Global need for energy efficiency
- Expanding in new markets and emerging segments
  - A first mover advantage on new business opportunities
Conclusion

• Efficiency and sustainability are at the core of our business
• Eaton is focused on serving mega trends and growing in tomorrow’s mega markets by delivering unique power management solutions
• Maximizing energy efficiency is fundamental to managing costs and reducing our carbon footprint