EATON CORP
Form 425
September 19, 2012

2012 Citi Global Industrials Conference
Alexander M. Cutler
Chairman and Chief Executive Officer

September 19, 2012
Filed by Eaton Corporation pursuant to Rule 425 under the Securities Act of 1933 and deemed filed pursuant to Rule 14a-6 under the Securities Exchange Act of 1934
Subject Company: Cooper Industries plc; Eaton Corporation
Filer s SEC File No.: 1-1396
Date: September 19, 2012

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NO
OFFER
OR
SOLICITATION

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the acquisition or otherwis
issuance or transfer of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made exc
meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

IMPORTANT ADDITIONAL INFORMATION WILL BE FILED WITH THE SEC

A registration statement on Form S-4 has been filed with the SEC, which includes the Joint Proxy Statement of Eaton Corporat
Industries plc (Cooper) that also constitutes

a Prospectus of Eaton Corporation plc (1) . The registration statement was declared effective on September 7, 2012. Eaton and Cooper are commencing sending to their respective shareholders (and to Cooper equity award holders for information only) the definitive Joint Proxy Statement/Prospectus (including the Scheme) in connection with the transaction. **Investors and shareholders are urged to read t** Statement/Prospectus (including the Scheme) and other relevant documents filed or to be filed with the SEC carefully because contain important information about Eaton, Cooper, Eaton Corporation plc, the transaction

and related matters. Investors and security holders may obtain free copies of the definitive Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed with th
Eaton and Cooper through the website maintained by the SEC at www.sec.gov. In addition, investors and shareholders may obtain free copies of the definitive
Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed by Eaton and Eaton Corporation plc with
Investor Relations at Eaton Corporation, 1111 Superior Avenue, Cleveland, OH 44114 or by calling (888) 328-6647, and may
Joint Proxy Statement/Prospectus (including the Scheme) and other documents filed by Cooper by contacting Cooper Investor
P.O. Box 4446, Houston, Texas 77210 or by calling (713) 209-8400.

PARTICIPANTS IN THE SOLICITATION

Cooper, Eaton and Eaton Corporation plc and their respective directors and executive officers may be deemed to be participant
from the respective shareholders of Cooper and Eaton in respect of the transaction contemplated by the Joint Proxy Statement/
regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of the respective shareho
connection with the proposed transaction, including

a description of their direct or indirect interests, by security holdings or otherwise, is set forth in the definitive Joint Proxy Statement/Prospectus filed with the SEC. Information regarding Cooper s directors and executive officers is contained in Cooper s Annual Report on Form 10-K for the year ended December 31, 2011 and its Proxy Statement on Schedule 14A, dated March 13, 2012, which are regarding Eaton s directors and executive officers is contained in Eaton s Annual Report on Form 10-K for the year ended De its Proxy Statement on Schedule 14A, dated March 16, 2012, which are filed with the SEC.

STATEMENT REQUIRED BY THE IRISH TAKEOVER RULES

The directors of Eaton

accept responsibility for the information contained in this communication. To the best of the knowledge and belief of the directors of Eaton (who have taken all reasonable care to ensure such is the case), the information contained in this communication is in accordance with the facts and does not omit anything likely to affect the import of such information.

Persons interested in 1% or more of any relevant securities in Eaton or Cooper may from the date of this communication have
8.3 of the Irish Takeover Panel Act, 1997, Takeover Rules 2007 (as amended).

(1) Currently named Eaton Corporation Limited but expected to be re-registered as Eaton Corporation plc prior to the consummation of the transaction.

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Forward Looking Statements

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act
Eaton, Eaton Global plc, the acquisition and other transactions contemplated by the Transaction Agreement, our acquisition fi
credit rating and our revenues and operating earnings. These statements or disclosures may discuss goals, intentions and expec

trends, plans, events, results of operations or financial condition, or state other information relating to Eaton or Eaton Global pl
beliefs of management as well as assumptions made by, and information currently available to, management. Forward-looking
will
be
accompanied
by
words
such
as
anticipate,
believe,
plan,
could,
estimate,
expect,
forecast,
guidance,
intend,
may,
possible,
potential,
predict,
project
or other similar words, phrases or expressions. These forward-looking statements are subject to various risks and
uncertainties, many of which are outside of our control. Therefore, you should not place undue reliance on such statements. Fa
actual
results
to
differ
materially
from
those
in
the
forward-looking
statements
include
adverse
regulatory
decisions;
failure
to
satisfy
other
closing
conditions with respect to the Acquisition; the risks that the new businesses will not be integrated successfully or that we will n
cost savings and synergies; our ability to refinance the bridge loan on favorable terms and maintain our current long-term credi
changes in the markets for our business segments; unanticipated downturns in business relationships with customers or their pu
competitive
pressures

on our sales and pricing; increases in the cost of material, energy and other production costs, or unexpected costs that cannot be recouped in product pricing; the introduction of competing technologies; unexpected technical or marketing difficulties; une charges, litigation or dispute resolutions; new laws and governmental regulations. The foregoing list of factors is not exhaustiv consider the foregoing factors and the other risks and uncertainties that affect our business described in our Annual Report on I Reports on Form 10-Q, Current Reports on Form 8-K and other documents filed from time to time with the SEC. We do not a update these forward-looking statements.

No statement in this presentation is intended to constitute a profit forecast for any period, nor should any statements be interpre earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for Eaton.

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Eaton Corporation
A Premier Diversified Power
Management Company

A balanced power management company

Eaton s acquisition of Cooper Industries

2012 outlook

5

Eaton provides energy efficient solutions using
electrical, mechanical, and fluid technologies

Cities &
Buildings

Transportation
Industrial &
Machinery
Information
Technology
Energy &
Utilities
Infrastructure
Our products & services deliver reliability, efficiency, and safety for:
helping to bridge the gap between rapidly rising demand for energy
and naturally constrained sources of supply with sustainable solutions

6

Hydraulics
Electrical
Aerospace
Truck

Automotive
International Developed
U.S.
International Emerging
Today we have a global footprint across the five
business segments
2011 Sales by Region
2011 Sales by Business

7

and our businesses are balanced across the economic cycle
$2.2B in Revenues
Electrical Service, Defense,

Filtration, Aerospace Aftermarket
$3.6B in Revenues
Commercial Aerospace,
Nonresidential Construction,
Large Data Centers
$4.7B in Revenues
Hydraulics, Industrial Controls,
Medium Duty Truck,
Mid-sized Data Centers
$5.5B in Revenues
Residential Electric,
Single Phase Power Quality,
Heavy Duty Truck, Automotive
2011 Global Sales by Cycle
34%
29%
23%
14%
0%
20%
40%
60%
80%
100%
2011

8

EBS embodies the values and processes that bind
the company and have enabled our success

Growth

Robust strategic planning
process for growth and
profitability

Outgrowing end markets
through innovation

Identifying higher growth markets

Established acquisition strategy
and processes

Profitability

Operational excellence

Global scale

Efficient functional support

Capital Efficiency

Effective working capital
management

Capital expenditures
targeted to support
growth

Foundation

Doing business right

Employee development

Customer focus

Supplier partnerships
A powerful combination of proven
foundation elements, tools, and processes,
EBS is at the heart of our strategy for being
a premier diversified industrial

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Executing our strategy has resulted in an
upward shift in profitability

Innovative new products

Margin accretive acquisitions

Leveraging the Eaton Business System
Targeted restructuring
Profitability Drivers
11.9%
12.7%
14.2%
14.5%-15%
0%
5%
10%
15%
20%
25%
2002
-2008
Average
2010
2011
2012E
+ 260 to 310 bps

10

Cumulative Shareholder Returns

50
100
150

200
250
300
350
400
450
500
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
Aug-
12
Eaton
S&P 500
PDI Group
2000
Aug 2012
CAGR*
Return
Index
11.8%
2.5%
6.6%
Note
DI Group represents an equal weighted index of ABB, DHR, DOV, EMR, GE, HON, IR, ITW, MMM, PH, SI, SPW, TXT, UT
*CAGR = Calculated using the End Point Methodology
Source Data: Capital IQ
Our shareholder returns have far outpaced
the broader market

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Powerful megatrends will help drive our markets
to grow at a multiple of global GDP

Electrical

Hydraulics

Aerospace
Truck
Automotive
23
By the numbers:
Percentage decrease in electricity demand possible through the application of energy efficient equipment and demand management services
100
Percentage increase in agricultural output by 2050 necessary in developing countries to feed the global population
30
Percentage decrease in fuel consumption of next generation single-aisle aircraft planned by 2020
20
90
Source: United Nations, IATA, NHTSA, Eaton analysis
Percentage decrease in fuel consumption by model year 2018 resulting from the first ever U.S. emissions standards for heavy-duty trucks
Percentage increase in proposed Corporate Average Fuel Economy (CAFE) standards by 2025 for passenger cars

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Eaton Corporation
A Premier Diversified Power
Management Company

A balanced power management company

Eaton s acquisition of Cooper Industries

2012 outlook

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Acquisitions have played a large role in growing our electrical business

Electrical Group

Acquisitions

Year
Acq d
Sales
Market Participation
Regional Strength
Power Control
& Distribution
Power
Quality
Lighting &
Safety
Americas
EMEA
Asia-
Pacific
Cutler Hammer
1978
$0.6B
Westinghouse DCBU
1994
$1.0 B
Delta Electrical
2003
$0.3 B
Powerware
2004
$0.8 B
MGE Small Systems
2007
$0.2 B
Moeller
2008
$1.5 B
Phoenixtec
2008
$0.5 B
Cooper
2012
$5.4 B
28
other
Electrical
acquisitions
since
1990

14

Transaction overview for Eaton s acquisition of
Cooper Industries
Combined
company

Premier power management company with 2011 sales of $21.5B

Under the leadership of Eaton management

Named Eaton Corporation Plc and will continue to trade on NYSE as ETN

Incorporated in Ireland
Consideration

Cooper shareholders will receive $39.15 in cash and 0.77479 ETN Plc shares, reflecting a 29% equity premium to the closing price on May 18

Eaton shareholders will receive 1 ETN Plc share
Financing

Fully committed bridge financing in place
Financial
benefits

$375M operating synergies, with >80% realized by year 3, and $160M global cash management and resultant tax benefits in the mature year (1)

Significantly accretive to Eaton s earnings
Timing

Expect closing 2nd half of 2012

Conditional on customary regulatory and shareholder approvals
(1)

The financial benefits statements have been reported on in accordance with the Irish Takeover Code. Please see the offer announcement dated May 21, 2012 for further details.

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Cooper has a wide range of complementary electrical businesses

Cooper Power Systems

$1.3 B sales

Market leader in
distribution grid
protection

Crouse-Hinds

$1.0 B sales

Global leader in electrical
solutions for harsh and
hazardous environments

Safety

$600 M sales

Leading European
provider of emergency
lighting and video
security
Electrical Products ($2.5 B sales)

Lighting

$1.1 B sales

Strong LED platform
driving growth

Bussmann:

$650 M sales

Global leader in
circuit protection

B-Line Support structures

$400 M sales

Global provider of
structural systems and
wire management solutions

Wiring devices

$350 M sales

Electrical devices for

commercial and residential power distribution
Energy and Safety Solutions ($2.9 B sales)

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Adding Cooper expands Eaton s market
participation
Moving Upstream
Utility power

distribution network
Historic Eaton Core
Facilities
Power Distribution
Moving Downstream
Load management
& lighting control
16

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Broad portfolio of complementary products

Market segment expansion:

Upstream into power solutions encompassing primary and secondary distribution, grid automation, and smart grid

Downstream into lighting, lighting controls, and wiring devices

Expands our solutions with all channels

Well positioned to address long-term global requirements

Aging grid

Increased spending on energy & infrastructure

Protecting people, equipment and data
The strategic rationale for this acquisition is
compelling -
I

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Aligns with our customer segment focus in oil & gas, mining, energy efficiency and alternative energy

Adds breadth to our global geographic exposure

Attractive business in EMEA

Strong oil & gas industry positioning globally

Complementary component and utility business in APAC

Offers improved cash management flexibility for the corporation

The strategic rationale for this acquisition is compelling -

II

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Our integrated operating company capabilities
(EBS)
will
drive
significant
synergies

(1)
($M)
2013
2014
2015
2016
Pre-tax operating synergies
Sales synergies
10
35
70
115
Cost-out synergies
65
140
240
260
Total operating synergies
75
175
310
375
Global cash management and resultant tax benefits
160
160
160
160
Acquisition integration costs, pre-tax
90
75
35
-

$260M in cost out synergies with over 90% complete by 2015

$200M in acquisition integration charges with ~80% incurred through 2014
Integration plans
Synergies
(1)
The financial benefits statements have been reported on in accordance with the Irish Takeover Code. Please see the offer announcement dated May 21, 2012 for further details.

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The
acquisition
is
accretive

to
earnings
(1)
($)
2013
2014
2015
2016
Operating EPS Accretion
(1)
(0.10)
0.35
0.45
0.55
Cash Operating EPS Accretion
(1,2)
0.40
0.65
0.75
0.85
Accretion
(1)
EPS accretion numbers do not represent a profit forecast as defined in the Irish Takeover Code
(2)
Cash Operating EPS excludes incremental amortization of intangibles arising from purchase accounting

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Eaton Corporation
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A balanced power management company

Eaton s acquisition of Cooper Industries

2012 outlook

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We project growth of 3% -
4% in our markets in 2012
2012E
Total

2012E
U.S.
Non
U.S.
Electrical Americas Index
8
9
5
Electrical ROW Index
(3)
n/a
(3)
Hydraulics Index
3
8
(1)
Aerospace Index
4
1
8
Truck Index
2
11
(4)
Automotive Index
3
10
1
Eaton Consolidated Index
3.5%
8%
(1)%

23

leading to another year of record margins
2011
2012E
2015 Target

Electrical Americas
14.6%
16.5%
17%
Electrical ROW
9.4%
9.0%
14%
Hydraulics
15.6%
16.0%
17%
Aerospace
14.8%
15.0%
17%
Truck
18.4%
19.0%
20%
Automotive
12.0%
12.0%
13%
Eaton Consolidated
14.2%
14.5% -
15.0%
16% -
17%

24

2012 Guidance
January
Guidance
February

Guidance
April
Guidance
July
Guidance
Market Growth of 3.5%
$800M
$800M
$800M
$560M
Market Outgrowth of 40%
$320M
$320M
$320M
$225M
Net Acquisition Revenue
$90M
$315M
$365M
$365M
Sales Decrease from FOREX
$(550)M
$(550)M
$(300)M
$(500)M
Incremental Margin
28%
28%
28%
29%
Tax Rate
17% -
19%
17% -
19%
16% -
18%
14% -
16%
Operating EPS
$4.15 -
$4.55
$4.20 -
$4.60
$4.30 -
$4.70
$4.20 -
$4.50
Fully Diluted EPS
$4.10 -

$4.50
$4.13 -
$4.53
$4.23 -
$4.63
$4.09 -
$4.39
Operating Cash Flow
$1.7B to $1.8B
$1.7B to $1.8B
$1.7B to $1.8B
$1.7B to $1.8B
Free Cash Flow
$1.1B to $1.2B
$1.1B to $1.2B
$1.1B to $1.2B
$1.1B to $1.2B

The operating EPS and Fully Diluted EPS guidance provided in July constitute a profit forecast for the purposes of the Irish Takeover Code and reports on those forecasts as required by the Irish Takeover Code will be mailed to Cooper shareholders with the joint proxy statement / prospectus.

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Our acquisition of Cooper Industries
remains on track

Proxy filed with SEC and mailing underway

U.S. HSR approval in early July and Canadian Competition Bureau approval received in September

Revolving finance facilities upsized to $2B, and $600 million of term debt issued

Eaton Corporation
Reconciliation of Non-GAAP Financial Information
2Q
2012
All numbers $M except per share numbers
Reconciliation of net income to operating earnings
2003

2004
2005
2006
2007
2008
2009
2010
2011
1Q 2012
2Q 2012
Low
High
Net income from continuing operations
356
$
626
$
783
$
897
$
959
$
1,055
$
383
$
929
$
1,350
$
311
$
382
$
Net income from discontinued operations
30

22

22

53

35

3

-

-

-

-

-

Net Income
386
648
805
950
994
1,058
383
929
1,350
311
382
Acquisition integration charges (after-tax)
24

27

24

27

42

51

54

27

10

2

10

Operating earnings
410
$
675
$
829
$

977
$
1,036
$
1,109
$
437
$
956
$
1,360
$
313
$
392
$
Net income per share - diluted
1.28
$
2.07
$
2.62
$
3.11
$
3.31
$
3.26
$
1.14
$
2.73
$
3.93
$
0.91
$
1.12
$
4.09
$
4.39
$
Per share impact of unusual items (after tax)
0.08

0.08

0.07

0.09

0.14

0.16

0.16

0.08

0.03

0.01

0.03

0.11

0.11

Operating earnings per common share
1.36
$
2.15
$
2.69
$
3.20
$
3.45
$
3.42
$
1.30
$
2.81
$
3.96
$
0.92
$
1.15
$
4.20
$
4.50
$
Reconciliation of segment operating profit to segment operating profit excluding restructuring charges
2003
2004

2005
2006
2007
2008
2009
2010
2011
1Q 2012
2Q 2012
Segment operating profit
763
$
1,123
$
1,374
$
1,468
$
1,668
$
1,805
$
950
$
1,700
$
2,260
$
544
$
592
$
Acquisition integration charges (pre-tax)
36

41

36

40

64

76

80

40

14

3

8

Segment operating profit excluding restructuring
799
$
1,164
$
1,410
$
1,508
$
1,732
$
1,881
$
1,030
$
1,740
$
2,274
$
547
$
600
$
Reconciliation of segment operating margin to segment operating margin excluding restructuring charges
Segment operating margin
9.8%
11.8%
12.7%
12.0%
12.8%
11.7%
8.0%
12.4%
14.1%
13.7%
14.6%
Acquisition integration charges
0.4%
0.4%
0.3%
0.3%
0.5%
0.5%
0.7%
0.3%

0.1%
0.1%
0.1%
Segment operating margin excluding restructuring
10.2%
12.2%
13.0%
12.3%
13.3%
12.2%
8.7%
12.7%
14.2%
13.8%
14.7%
Reconciliation of net income margin to after tax operating margin
Net income margin
5.0%
6.8%
7.4%
7.8%
7.6%
6.9%
3.2%
6.8%
8.4%
7.9%
9.4%
Acquisition integration charges
0.3%
0.3%
0.2%
0.2%
0.3%
0.3%
0.5%
0.2%
0.1%
0.1%
0.2%
After tax operating margin
5.3%
7.1%
7.6%
8.0%
7.9%
7.2%
3.7%
7.0%
8.5%

8.0%
9.6%
2012 Guidance

Reconciliation of net income to EBIT and EBITDA
2003
2004
2005
2006
2007
2008

2009
2010
2011
1Q 2012
2Q 2012
Net income from continuing operations
356
$
626
$
783
$
897
$
959
$
1,055
$
383
$
929
$
1,350
$
311
$
382
$
Net income from discontinued operations
30

22

22

53

35

3

-

-

-

-

-

Net income
386
648
805
950
994
1,058
383
929
1,350
311
382
Income tax
122

133

191

77

97

73

(82)

99

201

57

37

Net interest expense
87

78

90

104

146

157

150

136

118

28

30

Other expense (income)
(5)

28

(27)

(72)

(43)

(30)

(9)

(1)

(38)

3

8

EBIT (including acquisition integration)
590
$
887
$
1,059
$
1,059
$
1,194
$
1,258
$
442
$
1,163
$
1,631

$
399
$
457
$
Depreciation & amortization
394

400

409

434

439

571

573

551

556

140

138

EBITDA (including acquisition integration)
984
$
1,287
$
1,468
$
1,493
$
1,633
$
1,829
$
1,015
$
1,714
$
2,187
$
539
$
595

$
Reconciliation of EBIT and EBITDA to EBIT excluding restructuring and EBITDA excluding restructuring
2003
2004
2005
2006
2007
2008
2009
2010
2011
1Q 2012
2Q 2012
EBIT (including acquisition integration)
590
$
887
$
1,059
$
1,059
$
1,194
$
1,258
$
442
$
1,163
$
1,631
$
399
$
457
$
Acquisition integration charges (pre-tax)
37

41

36

40

64

77

82

40

14

3

8

EBIT (excluding restructuring)
627
$
928
$
1,095
$
1,099
$
1,258
$
1,335
$
524
$
1,203
$
1,645
$
402
$
465
$
EBITDA (including acquisition integration)
984
$
1,287
$
1,468
$
1,493
$
1,633
$
1,829
$
1,015
$
1,714
$
2,187

$
539
$
595
$
Acquisition integration charges (pre-tax)
37

41

36

40

64

77

82

40

14

3

8

EBITDA (excluding restructuring)
1,021
$
1,328
$
1,504
$
1,533
$
1,697
$
1,906
$
1,097
$
1,754
$
2,201
$
542
$
603

$
Reconciliation of operating cash flow to free cash flow
2003
2004
2005
2006
2007
2008
2009
2010
2011
1Q 2012
2Q 2012
Operating cash flow
874
$
838
$
1,135
$
1,431
$
1,158
$
1,441
$
1,408
$
1,282
$
1,248
$
(98)
$
469
$
1,700
$
1,800
$
Capital expenditures
273

330

363

360

354

448

195

394

568

105

126

600

600

Free cash flow
601
$
508
$
772
$
1,071
$
804
$
993
$
1,213
$
888
$
680
$
(203)
$
343
$
1,100
$
1,200
$
2012 Guidance

Reconciliation of Eaton Electrical Americas operating profit to operating profit excluding restructuring
2006
2007
2008
2009
2010
2011

1Q 2012
2Q 2012
Electrical operating profit (including restructuring)
448
$
534
$
630
$
518
$
529
$
605
$
162
$
190
$
Acquisition integration charges (pre-tax)
2

-

4

4

2

8

1

2

Electrical operating profit (excluding restructuring)
450
$
534
$
634
$
522
$
531
$
613
$
163

$
192
$
Reconciliation of Eaton Electrical Rest of World operating profit to operating profit excluding restructuring
2006
2007
2008
2009
2010
2011
1Q 2012
2Q 2012
Electrical operating profit (including restructuring)
26
$
45
$
233
$
107
$
264
$
278
$
53
$
52
$
Acquisition integration charges (pre-tax)
5

12

43

60

33

2

1

3

Electrical operating profit (excluding restructuring)
31
$
57

$
276
$
167
$
297
$
280
$
54
$
55
$
Reconciliation of Eaton Hydraulics operating profit to operating profit excluding restructuring
2005
2006
2007
2008
2009
2010
2011
1Q 2012
2Q 2012
Hydraulic operating profit (including restructuring)
153
$
221
$
265
$
285
$
51
$
279
$
438
$
109
$
123
$
Acquisition integration charges (pre-tax)
6

11

12

6

3

1

4

1

3

Hydraulic operating profit (excluding restructuring)
159
$
232
$
277
$
291
$
54
$
280
$
442
$
110
$
126
$
Reconciliation of Eaton Aerospace operating profit to operating profit excluding restructuring
2005
2006
2007
2008
2009
2010
2011
1Q 2012
2Q 2012
Aerospace operating profit (including restructuring)
157
$
182
$
233
$
283
$
245

$
220
$
244
$
60
$
59
$
Acquisition integration charges (pre-tax)
1

12

39

20

12

4

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Aerospace operating profit (excluding restructuring)
158
$
194
$
272
$
303
$
257
$
224
$
244
$
60
$
59
$
Reconciliation of Eaton Truck operating profit to operating profit excluding restructuring
2005
2006

2007
2008
2009
2010
2011
1Q 2012
2Q 2012
Truck operating profit (including restructuring)
453
$
448
$
357
$
315
$
39
$
245
$
486
$
116
$
120
$
Acquisition integration charges (pre-tax)
4

5

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Truck operating profit (excluding restructuring)
457
$
453
$
357
$
315
$

39
$
245
$
486
$
116
$
120
$
Reconciliation of Eaton Automotive operating profit to operating profit excluding restructuring
2005
2006
2007
2008
2009
2010
2011
1Q 2012
2Q 2012
Automotive operating profit (including restructuring)
236
$
143
$
234
$
59
$
(10)
$
163
$
209
$
44
$
48
$
Acquisition integration charges (pre-tax)
4

5

1

3

1

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Automotive operating profit (excluding restructuring)
240
$
148
$
235
$
62
$
(9)
$
163
$
209
$
44
$
48
$

Methodology for calculations used in the presentations
Return on equity = trailing 4 quarters net income / average trailing 5 quarters shareholder's equity
Return on invested capital = (EBIT - taxes) / average (total debt + equity)
Return on sales = net income / sales
Total return = stock price appreciation + dividend yield
Net debt to total capital = (total debt - cash & equivalents) / (total debt - cash & equivalents + equity)
Cash flow coverage ratio = (pre-tax income + depreciation + amortization + interest expense) / interest expense

Segment net working capital (including acquisitions) = accounts receivable + inventory - accounts payable. All amounts avera
DSO = average of quarterly DSO; quarterly DSO = quarter end accounts receivable / quarter sales * 90 days
DOH = average of quarterly DOH; quarterly DOH = quarter end inventory / quarter COGS * 90 days
DPO = average of quarterly DPO; quarterly DPO = quarter end accounts payable / quarter COGS * 90days
Cash conversion cycle = DSO + DOH - DPO
Free cash flow = cash flow from operations - capital expenditures