

Eaton Corp plc
Form DEF 14A
March 13, 2015
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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)

XXXXXXXXXXXXXXXXXXXX

(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: _____

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(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 connects our core values with 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

MEETING AGENDA:

1. Electing the 12 director nominees named in the proxy statement;
2. Approving a proposal to adopt the 2015 Stock Plan;
3. Approving the appointment of Ernst & Young LLP as independent auditor for 2015 and authorizing the Audit Committee of the Board of Directors to set its remuneration;
4. Advisory approval of the Company's executive compensation;
5. Authorizing the Company and any subsidiary of the Company to make overseas market purchases of Company shares; and
6. 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, 2014 along with the related directors' and auditor's reports.

By order of the Board of Directors,

Thomas E. Moran

Senior Vice President and Secretary

March 13, 2015

YOUR VOTE IS IMPORTANT. WE ENCOURAGE YOU TO VOTE.

If possible, please vote your shares using the toll-free telephone number or Internet instructions found in the Notice. Alternatively, you may request a printed copy of the proxy materials and mark, sign, date and mail your proxy form in the postage-paid envelope that will be 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 on non-routine matters being considered at the annual general meeting unless you have given instructions to your broker prior to the meeting on how to vote your shares. Proposals 1, 2, 4 and 5 are not considered routine matters under New York Stock Exchange rules. This means that you must give specific voting instructions to your broker on how to vote your shares so that your vote can be counted.**

Date: Wednesday, April 22, 2015

Time: 8:00 a.m. local time

Location: Eaton House

30 Pembroke Road

Dublin 4, Ireland

Record date: Shareholders of record at the close of business on February 23, 2015 are entitled to vote at the meeting.

Online proxy delivery and voting: As permitted by the Securities and Exchange Commission, we are making this proxy statement, the Company's annual report to shareholders and our Irish statutory accounts available to our shareholders electronically via the Internet. We believe electronic delivery expedites your receipt of materials, reduces the environmental impact of our annual general meeting and reduces costs significantly. The Notice Regarding Internet Availability of Proxy Materials (the Notice) contains instructions on how you can access the proxy materials and how to vote online. If you received the Notice by mail, you will not receive a printed copy of the proxy materials unless you request one in accordance with the instructions provided in the Notice. The Notice has been mailed to shareholders on or about March 13, 2015 and provides instructions on how you may access and review the proxy materials on the Internet and how to vote.

Admission to the Annual General Meeting: Shareholders who plan to attend the 2015 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. If you hold your shares in your broker's name and wish to vote in person at the annual general meeting, you must contact your broker and request a legal proxy. You must bring this legal proxy to the annual general meeting in order to vote in person.

Important Notice Regarding the Availability of Proxy Materials for the Annual General Meeting of Shareholders to be held on April 22, 2015: This proxy statement, the Company's 2014 Annual Report to Shareholders and our Irish Statutory Accounts for the year ended December 31, 2014 are available at www.proxyvote.com

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EATON 2015 Proxy Statement and Notice of Meeting

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This summary is intended to provide an overview of the items that you will find elsewhere in this proxy statement. As this is only a summary, we encourage you to read the entire proxy statement for more information about these topics before voting.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

DATE AND TIME:	LOCATION:	RECORD DATE:
April 22, 2015	Eaton House	February 23, 2015
8:00 a.m. local time	30 Pembroke Road	
	Dublin 4, Ireland	

MEETING AGENDA VOTING MATTERS

This year there are five proposals on the agenda. Adoption of these proposals requires the affirmative vote of a majority of ordinary shares represented at the meeting by person or by proxy.

Proposals	Board Voting Recommendations	Page
Proposal 1	ü FOR each nominee	8
To elect the 12 director nominees named in this Proxy Statement		
Proposal 2	ü FOR	21
To approve a proposed 2015 Stock Plan		
Proposal 3	ü FOR	28
To appoint Ernst & Young LLP as independent auditor for the 2015 fiscal year and to authorize the Audit Committee to set the auditor fees		
Proposal 4	ü FOR	30
To approve, on an advisory (non-binding) basis, our named executive officers' compensation as described in this Proxy Statement		
Proposal 5	ü FOR	68
To authorize the Company and any subsidiaries of the Company to make overseas market purchases of Company shares		

BOARD AND GOVERNANCE FACTS

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In addition to executive compensation practices that strongly link pay and performance, Eaton's Code of Ethics and Board of Directors Governance policies help to ensure that we do business right. For more information about our Governance programs and Board of Directors, see Proposal 1 beginning on page 8.

Board and Governance Information	2014	Board and Governance Information	2014
Size of Board	13	Independent Directors Meet without Management Present	Yes
Average Age of Directors	62.5	Director Stock Ownership Guidelines (Readopted in 2015)	Yes
Number of Independent Directors	12	Mandatory Retirement Age	Yes
Board Meetings Held in 2014 (average director attendance 97%)	4	Board Orientation and Continuing Education Program	Yes
Annual Election of Directors	Yes	Code of Ethics for Directors, Officers and Employees	Yes
Majority Voting For Directors	Yes	Succession Planning and Implementation Process	Yes
Lead Independent Director	Yes	Comprehensive Sustainability Program	Yes

EATON 2015 Proxy Statement and Notice of Meeting

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Each director nominee is elected annually by a majority of votes cast. For more information about our nominees, see page 8 of this proxy statement.

Board Committee Memberships

Name	Age	Director Since	Independent	Compensation			
				Audit	& Organization	Executive*	Finance Governance
Todd M. Bluedorn	51	2010					
Chairman and CEO, Lennox International Inc.			ü	n		n	n
Christopher M. Connor	58	2006					
Chairman and CEO, The Sherwin-Williams Company			ü		l	n	n
Michael J. Critelli	66	1998					
CEO and President, Dossia Services Corporation			ü	n		n	n
Alexander M. Cutler	63	1993					
Chairman, Eaton Corporation plc and						l	
CEO and President, Eaton Corporation							
Charles E. Golden	68	2007					
Retired Executive Vice President and CFO, Eli Lilly and Company			ü		n	n	l
Linda A. Hill	58	2012					
Wallace Brett Donham Professor of Business Administration, Harvard Business School,			ü		n	n	n

and former director of Cooper Industries plc

Arthur E. Johnson	68	2009					
Retired Senior Vice President, Corporate Strategic Development, Lockheed Martin Corporation			ü		n	n	l
Ned C. Lautenbach	71	1997					
Lead Director			ü		n	n	n
Retired Partner, Clayton, Dubilier & Rice, Inc.							
Deborah L. McCoy	60	2000	ü	n		n	n
Independent aviation safety consultant							
Gregory R. Page	63	2003	ü	l		n	n
Executive Chairman, Cargill, Incorporated							
Sandra Pianalto	60	2014	ü		n	n	n
Retired President and CEO of the Federal Reserve Bank of Cleveland							
Gerald B. Smith	64	2012	ü	n		n	n
Chairman and CEO, Smith Graham & Co., and former lead independent director of Cooper Industries plc							

n Member ¹Chair

* Mr. Cutler is a member of the Executive Committee for the full 12-month term and serves as Committee Chair. Each of the non-employee directors serves a four-month term.

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LINKING PAY WITH PERFORMANCE

CEO Compensation 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	2000 - 2014
	Compound Annual Growth Rate
	ⁿ Eaton: 13.6%
Total Direct Compensation**	ⁿ Peer Group*: 11.3%
	ⁿ S&P 500: 5.3%

* 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 S.A., Parker Hannifin Corporation, Rockwell Automation, Schneider Electric SE, 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. 2013 total compensation includes a \$15.6M payout from the 2010-2013 ESIP. This resulted from exceeding the maximum EPS growth and CFR goals of 30% 15.1%, respectively, and from increasing our stock price by 123% over the four year period.

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Proxy Summary Executive Compensation

EXECUTIVE COMPENSATION

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.

Executive Compensation Program Highlights

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 are included in the following chart.

2014 EXECUTIVE COMPENSATION PRACTICES

What We Do:

ü Focus on long-term compensation using a balanced portfolio of compensation elements such as cash and equity, and deliver rewards based on sustained performance over time

ü Stock ownership requirements for executives (6X base salary for CEO)

ü Shareholder-approved short-term and long-term incentive plans

ü Incentive plan payout caps in our short- and long-term incentive plans; this prevents unintended windfalls

ü Compensation recovery policy (clawbacks)

What We Don't Do:

× No employment contracts with any salaried U.S. employees, including NEOs

× No hedging or pledging of our shares

× No dividend or dividend equivalent payments on unearned performance-based grants

× No use of the same metrics in short- and long-term incentive plans

× No repricing of stock options and no discounted stock options

- ü Use targeted performance metrics to align pay with performance