Eaton Corp plc
Form PRE 14A
March 04, 2016
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:
Preliminary Proxy Statement.
Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2)).
Definitive Proxy Statement.
Definitive Additional Materials.
Soliciting Material Pursuant to §240.14a-12.

Eaton Corporation plc

(Name of Registrant as Specified in its Charter)

XXXXXXXXXXXXXXXX

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Notice of Eaton Corporation plc's Annual General Meeting

DATE AND TIME:	LOCATION:	RECORD DATE:
April 27, 2016 8:00 a.m. local time	Eaton House 30 Pembroke Road Dublin 4, Ireland	February 29, 2016

MEETING AGENDA:

1.
Electing the 14 director nominees named in the proxy statement;

2.
Approving a proposal to amend the Company's (A) Articles of Association to make certain administrative amendments and (B) Memorandum of Association to make certain administrative amendments;

3.
Approving a proposal to amend the Company's Articles of Association to clarify the Board's sole authority to determine its size within the fixed limits in the Articles of Association;

4.
Approving the appointment of Ernst & Young LLP as independent auditor for 2016 and authorizing the Audit Committee of the Board of Directors to set its remuneration;

5.
Approving, on an advisory basis, the Company's executive compensation;

6.
Authorizing the Company and any subsidiary of the Company to make overseas market purchases of Company shares; and

7.
Transacting any other business that may properly come before the meeting.

Proposals 1, 4, 5 and 6 are ordinary resolutions requiring a simple majority of the votes cast at the meeting. Proposals 2A, 2B and 3 are special resolutions requiring at least 75% of the votes cast at the meeting. Each of these proposals is 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, 2015 along with the related directors' and auditor's reports.

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 18, 2016 and provides instructions on how you may access and review the proxy materials on the Internet and how to vote.

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. See page 75 for additional information.

By order of the Board of Directors,

Thomas E. Moran
Senior Vice President and Secretary
March 18, 2016

YOUR VOTE IS IMPORTANT. WE ENCOURAGE YOU TO VOTE.

If possible, please vote your shares using the 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, 3, 5 and 6 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.**

Important Notice Regarding the Availability of Proxy Materials for the Annual General Meeting of Shareholders to be held on April 27, 2016: This proxy statement, the Company's 2015 Annual Report to Shareholders and our Irish Statutory Accounts for the year ended December 31, 2015 are available at www.proxyvote.com**.**

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Proxy Summary

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.

This proxy statement, the accompanying proxy form, Eaton's annual report for the year ended December 31, 2015 and our Irish Statutory Accounts for the year ended December 31, 2015 will be made available or sent to shareholders commencing on or about March 18, 2016.

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 of Eaton Corporation, our predecessor. Similarly, all references to the Company for such periods refer to Eaton Corporation.

MEETING AGENDA VOTING MATTERS

This year there are six proposals on the agenda. Adoption of Proposals 1, 4, 5 and 6 requires the affirmative vote of a majority of ordinary shares represented at the meeting by person or by proxy. Adoption of Proposals 2A, 2B and 3 requires the affirmative vote of at least 75% of ordinary shares represented at the meeting in person or by proxy.

Proposals	Board Voting Recommendations	Page
Proposal 1 To elect the 14 director nominees named in this Proxy Statement	FOR each nominee	5
Proposal 2 To approve a proposal to amend the Company's (A) Articles of Association to make certain administrative amendments and (B) Memorandum of Association to make certain administrative amendments	FOR	19
Proposal 3 To approve a proposal to amend the Company's Articles of Association to clarify the Board's sole authority to determine its size within the fixed limits in the Articles of Association	FOR	21
Proposal 4 To appoint Ernst & Young LLP as independent auditor for the 2016 fiscal year and to authorize the Audit Committee to set the auditor fees	FOR	22
Proposal 5 To approve, on an advisory (non-binding) basis, our named executive officers' compensation as described in this Proxy Statement	FOR	24
Proposal 6 To authorize the Company and any subsidiaries of the Company to make overseas market purchases of Company shares	FOR	70

BOARD AND GOVERNANCE FACTS

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 5.

Board and Governance Information	2015	Board and Governance Information	2015
Size of Board	14	Independent Directors Meet without Management Present	Yes
Average Age of Directors	62.6	Director Stock Ownership Guidelines (Readopted in 2015)	Yes
Number of Independent Directors	11	Mandatory Retirement Age	Yes
Board Meetings Held in 2015 (average director attendance 95%)	5	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

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DIRECTOR NOMINEES

Each director nominee is elected annually by a majority of votes cast. For more information about our nominees, see page 5 of this proxy statement.

				Board Committee Memberships					
Name	Age	Director Since	Independent	Audit	Compensation & Organization	Executive*	Finance	Governance	Other Public Company Boards
Craig Arnold President and Chief Operating Officer, Eaton Corporation	55	2015							1
Todd M. Bluedorn Chairman and CEO, Lennox International Inc.	52	2010							1
Christopher M. Connor Executive Chairman, The Sherwin-Williams Company	59	2006							1
Michael J. Critelli CEO and President, Dossia Services Corporation	67	1998							-
Alexander M. Cutler Chairman, Eaton Corporation plc and CEO, Eaton Corporation	64	1993							2
Richard H. Fearon Vice Chairman and Chief Financial and Planning Officer, Eaton	60	2015							1

Corporation			
Charles E. Golden Retired Executive Vice President and CFO, Eli Lilly and Company	69	2007	1
Linda A. Hill Wallace Brett Donham Professor of Business Administration, Harvard Business School	59	2012	1
Arthur E. Johnson Retired Senior Vice President, Corporate Strategic Development, Lockheed Martin Corporation	69	2009	2
Ned C. Lautenbach Lead Director Retired Partner, Clayton, Dubilier & Rice, Inc.	72	1997	-
Deborah L. McCoy Independent aviation safety consultant	61	2000	-
Gregory R. Page Executive Director, Cargill, Incorporated	64	2003	2
Sandra Pianalto Retired President and CEO of the Federal Reserve Bank of Cleveland	61	2014	2
Gerald B. Smith Chairman and CEO, Smith Graham & Co.	65	2012	-

* Member Chair

Mr. Cutler has been 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 Total Shareholder Returns

*
The 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, performance-based cash long-term cash incentive (ESIP) 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 ESIP plan in 2012. 2013 total compensation includes a $15.6 million payout from the 2010-2013 ESIP. This ESIP payment resulted from exceeding the maximum EPS growth and CFR goals of 30% and 15.1%, respectively, and from an increase in our stock price of 123% over the four-year period that began on January 1, 2010 and ended on December 31, 2013.

***
2015 total compensation includes payouts from the ESIP period that matured on December 31, 2015 and because the form of our performance-based long term incentives changed, grants for the period that began on January 1, 2015. The $10.98 million is the amount that would have been reported for 2015 if the form of ESIP had not changed. Please refer for “Adjustments to Compensation Programs For 2015” on page 33 for more information about this change.

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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 of our programs are included in the following chart.

2015 EXECUTIVE COMPENSATION PRACTICES

What We Do:	What We Don't Do:
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	No employment contracts with any salaried U.S. employees, including NEOs
Stock ownership requirements for executives (6X base salary for CEO)	No hedging or pledging of our shares
Shareholder-approved short-term and long-term incentive plans	No dividend or dividend equivalent payments on unearned performance-based grants
Incentive plan payout caps in our short- and long-term incentive plans, which prevent unintended windfalls	No use of the same metrics in short- and long-term incentive plans
Compensation recovery policy (clawbacks)	No repricing of stock options and no discounted stock options
Use of targeted performance metrics to align pay with performance	No tax gross-up provisions in change of control agreements

SAY ON PAY 2015 ADVISORY VOTE AND SHAREHOLDER ENGAGEMENT

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 2015, our shareholders approved our executives' compensation by a vote of 93%.

After carefully considering these voting results and a comprehensive assessment of Eaton's executive compensation programs, the Committee decided to make certain adjustments to our executive compensation programs, including changes to the form and length of our performance-based long-term incentive program. These and the other changes that were implemented in 2015 are summarized on page 33.

The Committee will continue to review our compensation programs each year in light of the annual "say-on-pay" voting results.

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Proposal 1:
Election of Directors

Our Board of Directors is currently comprised of 14 members, all of whom serve for a term of one year or until a respective successor is elected and has been qualified. However, Alexander M. Cutler, our Chairman, has announced his retirement from the Board in May 2016 in connection with his retirement as Eaton's Chief Executive Officer. After Mr. Cutler's retirement, the Board will consist of 13 members. All nominees are currently Eaton directors who were elected by shareholders at the 2015 annual general meeting, except Craig Arnold and Richard H. Fearon, who were elected by the Board of Directors effective September 1, 2015.

If any of the nominees becomes 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 our Articles of Association. However, we have no reason to believe that this will occur.

OUR NOMINEES

Craig Arnold

President and Chief Operating Officer, Eaton Corporation

Craig Arnold is President and Chief Operating Officer of Eaton Corporation and, upon Mr. Cutler's retirement on May 31 of this year, will succeed Mr. Cutler as Chairman of the Company and Chief Executive Officer of Eaton Corporation. Mr. Arnold joined Eaton in 2000 as Senior Vice President and Group Executive of the Fluid Power Group. He most recently was Vice Chairman and Chief Operating Officer of the Industrial Sector. Mr. Arnold began his professional career with General Electric and held positions of increasing responsibility in e-commerce, sales, marketing and project management. He currently serves on the boards of Medtronic plc and University Hospitals Health System. He is a member of the advisory board of the Salvation Army of Greater Cleveland.

Director Qualifications: Mr. Arnold's years of senior management and executive leadership experience at Eaton provide important insight into the Company to the benefit of the Board of Directors. Mr. Arnold has gained 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 through his service in a wide range of management roles with the Industrial Sector, and as President and Chief Operating Officer of the Company. Further, he possesses significant corporate governance knowledge developed by current and past service on the boards of other publicly traded companies, most notably for Medtronic plc, a publicly traded company domiciled in Ireland.

Director Since 2015

Age 55

Todd M. Bluedorn

Chairman and Chief Executive Officer, Lennox International Inc.

Director Since 2010

Age 52

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 Corporation 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. He is also a trustee of Washington University in St. Louis.

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.

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Christopher M. Connor

Executive Chairman, The Sherwin-Williams Company

Christopher M. Connor is Executive Chairman 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, Chairman and Chief Executive Officer in 2000, and Executive Chairman in 2016. He currently serves on the boards of the Federal Reserve Bank of Cleveland, United Way of Greater Cleveland, University Hospitals Health System, Playhouse Square Foundation and The Rock and Roll Hall of Fame.

Director since 2006

Age 59

Director Qualifications: As Executive Chairman and former 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

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 these 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. Additionally, Mr. Critelli served as a director of ProHealth Physicians, Inc. from 2012 until 2015. He currently serves as a director of CloudParc.

Director since 1998

Age 67

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 healthcare. 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.

Alexander M. Cutler

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

Director since 1993

Age 64

Alexander M. Cutler is Chairman of the Company and Chief Executive Officer of Eaton Corporation. He 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 and is a member of the Business Roundtable. He also serves on the boards of United Way of Greater Cleveland, Greater Cleveland Partnership, and The Musical Arts Association. Mr. Cutler intends to serve on the Board until May 31 of this year when he will retire from the Board and both his positions as Chairman and Chief Executive Officer. He will be succeeded by Craig Arnold (see page 5).

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 having served as Chair of the Business Roundtable's Corporate Governance Committee.

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Richard H. Fearon

Vice Chairman and Chief Financial and Planning Officer, Eaton Corporation

Richard H. Fearon has served as Chief Financial and Planning Officer of Eaton since April 2002 and Vice Chairman since January 2009. He is responsible for the accounting, control, corporate development, information systems, internal audit, investor relations, strategic planning, tax and treasury functions of Eaton. Prior to Eaton, Mr. Fearon worked at several large diversified companies, including Transamerica Corporation, NatSteel Limited and The Walt Disney Company. He currently is the lead director for PolyOne Corporation. He also serves on the boards of Playhouse Square Foundation, The Cleveland Museum of Art, and Manufacturers Alliance, a trade organization of leading manufacturing companies.

Director since 2015

Age 60

Director Qualifications: Mr. Fearon’s years of experience as Eaton's Chief Financial Officer provide the Board with important insight. He has comprehensive knowledge of financial accounting standards and extensive experience in financial statement preparation, corporate finance, corporate development, risk management and investor relations. Further, given his experience as Lead Director at PolyOne, he also provides significant governance expertise.

Charles E. Golden

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

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 board of Hill-Rom Holdings, Inc. and was a past director of Unilever NV/PLC. He also serves as a director of the Lilly Endowment and Indiana University Health.

Director since 2007

Age 69

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. Mr. Golden also has significant experience in global vehicle markets.

Linda A. Hill

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

Director since 2012

Age 59

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 Harvard Business School, faculty chair of the Leadership Initiative and has chaired numerous HBS Executive Education programs. Ms. Hill is a director 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 resources 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 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 has benefited the process of integrating Cooper into Eaton.

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Arthur E. Johnson

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

Director since 2009

Age 69

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. Mr. Johnson currently is a director of AGL Resources, Inc. and Booz Allen Hamilton. He is 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.

Ned C. Lautenbach

Retired Partner, Clayton, Dubilier & Rice, Inc.

Lead Director
Director since 1997

Age 72

Ned C. Lautenbach retired as a Partner of Clayton, Dubilier & Rice, Inc., a private equity investment firm specializing in management buyouts during 2010. 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. Mr. Lautenbach previously 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

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 since 2000
Age 61

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, talent management, and risk analysis and mitigation. All of these attributes are of benefit to Eaton's Board in its oversight role across the enterprise.

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Gregory R. Page

Executive Director, Cargill, Incorporated

Gregory R. Page is Executive Director 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, and President and Chief Operating Officer in 2000. He became Chairman and Chief Executive Officer in 2007, was named Executive Chairman in 2013 and transitioned to Executive Director in 2015. Mr. Page is a director of Cargill, Incorporated, 3M Company and Deere & Company, and a director and past non-executive Chair of the Board of Big Brothers Big Sisters of America. He is a former director of Carlson and the immediate past President and a board member of the Northern Star Council of the Boy Scouts of America.

Director since 2003

Age 64

Director Qualifications: As Executive Director 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.

Sandra Pianalto

Retired President and Chief Executive Officer of the Federal Reserve Bank of Cleveland

Director since 2014

Age 61

Sandra Pianalto served as President and Chief Executive Officer of the Federal Reserve Bank of Cleveland from February 2003 until her retirement in June 2014. She joined the Bank in 1983 as an economist in the research department. She was appointed Assistant Vice President of public affairs in 1984, Vice President and Secretary to the board of directors in 1988, and Vice President and Chief Operating Officer in 1993. Before joining the Bank, Ms. Pianalto was an economist at the Federal Reserve Board of Governors and served on the staff of the Budget Committee of the U.S. House of Representatives. She is currently a director of The J.M. Smucker Company and Prudential Financial, Inc., chair of the board of directors of University Hospitals Health System, and past chair and life director of the board of United Way of Greater Cleveland. She holds the FirstMerit Chair in Banking at the University of Akron. Ms. Pianalto is also an advisory trustee at the University of Akron and serves on the board of College Now Greater Cleveland.

Director Qualifications: Ms. Pianalto has extensive experience in monetary policy and financial services, and brings to Eaton wide-ranging leadership and operating skills through her former roles with the Federal Reserve Bank of Cleveland. As Chief Executive Officer of the Bank, she developed expertise in economic research, management of financial institutions, and payment services to banks and the U.S. Treasury. Ms. Pianalto's comprehensive experience qualifies her to provide substantial guidance and oversight to the Board especially with regard to the Company's finances.

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Gerald B. Smith

Chairman and Chief Executive Officer, Smith Graham & Co., and former lead independent director of Cooper Industries plc

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 that 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. Mr. Smith also serves as a director and chair of the Investment Committee 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 since 2012

Age 65

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 has benefited 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. Directors Craig Arnold and Richard H. Fearon were elected by the Board effective September 1, 2015. Messrs. Arnold and Fearon were identified as director candidates by the Chairman and other Company directors as part of the Company's succession planning.

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 year to year, depending upon the composition of the Board at that time.

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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.

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 our Articles of Association, any shareholder wishing to recommend an individual as a nominee for election at the 2017 annual general meeting of shareholders should send a signed letter of recommendation to the following address: Eaton Corporation plc, Attention: Company Secretary, Eaton House, 30 Pembroke Road, Dublin 4, Ireland. Recommendation letters must be received no earlier than December 18, 2016 and no later than the close of business on January 17, 2017 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 a non-employee 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 may be influenced by their use of Company aircraft and other Company-paid transportation, the Board has adopted a policy on this subject.

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

Directors T. M. Bluedorn, C. M. Connor, L. A. Hill and G. R. Page currently serve as officers or employees of companies that had purchases and/or sales of property or services with us during 2015. 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. Bluedorn is Chairman and CEO of Lennox International Inc., which purchased approximately $373,000 worth of Eaton products during 2015. Mr. Connor is Executive Chairman of The Sherwin-Williams Company, which purchased approximately $47,000 worth of Eaton products and sold approximately $476,000 worth of products to Eaton during 2015. Ms. Hill is a director of Harvard Business Publishing, which provided executive training services to Eaton for an aggregate cost of $286,000

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during 2015. Mr. Page is Executive Director of Cargill, Incorporated, which purchased approximately $833,000 worth of Eaton products and sold approximately $17,633,000 worth of products to Eaton during 2015. In addition, Cargill paid approximately $7,558,000 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 his or her capacity as a director, and that each of the following directors qualifies as independent under the Board's independence criteria and the New York Stock Exchange standards: 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, S. Pianalto and G. B. Smith. All members of the Audit, Compensation and Organization, Finance and Governance Committees qualify as independent under the standards described above.

The Board also has affirmatively determined that each member of the Audit Committee, that is, T. M. Bluedorn, M. J. Critelli, D. L. McCoy, 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 the Sarbanes-Oxley Act of 2002 and the related rules adopted by the Securities and Exchange Commission.

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.

As discussed above, the Governance Committee is charged with reviewing issues involving director independence and all related persons transactions. The Committee and the Board have determined that since the beginning of 2015 the only related person transactions were those described above 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.

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BOARD COMMITTEES

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

Audit Committee

Met 8 times in 2015

Gregory R. Page (Chair)
Todd M. Bluedorn
Michael J. Critelli
Deborah L. McCoy
Gerald B. Smith

The functions of the Audit Committee include assisting the Board in overseeing:

- the integrity of our financial statements and its systems of internal accounting and financial controls;
- the performance of our internal auditors; and
- 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 Messrs. Bluedorn, Critelli, Page and Smith each qualify 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.

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Compensation and Organization Committee — Met 5 times in 2015

Christopher M. Connor (Chair)
Charles E. Golden
Linda A. Hill
Arthur E. Johnson
Ned C. Lautenbach
Sandra Pianalto

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's Chairman 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 26.

Executive Committee

Alexander M. Cutler (Chair)
Each non-employee director serves a four-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 12-month term and serves as Committee Chair. He will be succeeded by Mr. Arnold in this capacity on June 1, 2016. Each of the non-employee directors serves a four-month term on this Committee. The Committee did not meet in 2015.

Finance Committee

Met 2 times in 2015

Charles E. Golden (Chair)
Todd M. Bluedorn
Christopher M. Connor
Sandra Pianalto
Gerald B. Smith

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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Governance Committee

Met 3 times in 2015

Arthur E. Johnson (Chair)
Michael J. Critelli
Linda A. Hill
Ned C. Lautenbach
Deborah L. McCoy
Gregory R. Page

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;
- reviewing and recommending to the Board the nomination of directors for re-election;
- advising the Board on changes in the size and composition of the Board;
- overseeing the orientation of new directors and the ongoing education of the Board;
- making recommendations to the Board regarding the structure and responsibilities of Board committees;
- recommending to the Board compensation of non-employee directors;
- annually submitting to the Board candidates for members and chairs of each standing Board committee;
- administering the Board's policy on director retirements and resignations; and
- in consultation with the Chief Executive Officer of Eaton Corporation, identifying and recommending to the Board candidates for Board membership;
- 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 five meetings in 2015. Each of the directors attended at least 85% of the meetings of the Board and the committees on which he or she served. The average rate of attendance for all directors was 95%.

Director Attendance at Annual General Meeting of Shareholders — The policy of the Board of Directors is that all directors should attend annual general meetings of shareholders. At the 2015 annual general meeting held April 22, 2015, 11 of the 12 members of the Board at that time were in attendance.

BOARD GOVERNANCE POLICIES

The Board revised the Board of Directors Governance Policies most recently in July 2015, 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 topics they deem appropriate. As described more fully in "Leadership Structure" below, the Lead Director chairs these Executive Sessions.

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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 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 benefited greatly 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 Eaton's day-to-day operations, 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 primarily of independent directors, except for our Chairman, Mr. Cutler, and Messrs. Arnold and Fearon. Of our 11 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 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 2016 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 specific 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 in 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 is responsible 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.

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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 in the section entitled "Relationship Between Compensation Plans and Risk" on page 49, 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.

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.

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

Eaton House

30 Pembroke Road

Dublin 4, Ireland

Email messages to the directors may be sent to Board@eaton.com.

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.

Alternatively, correspondence may be sent to:

Lead Director

Eaton Corporation plc

Eaton House

30 Pembroke Road

Dublin 4, Ireland

The Secretary maintains a log of all correspondence addressed to the Board and, except as noted below, forwards all communications to the interested directors. For example, correspondence on a financial topic would be sent to the Chair of the Finance or Audit Committees, and correspondence on governance topics to the Lead Director or Chair of the Governance Committee.

The Secretary makes periodic reports to the Governance Committee regarding correspondence from shareholders and other interested parties. Because most correspondence is received shortly before or after our Annual General Meeting of Shareholders that is generally held in April, the report is typically made at the July Governance Committee meeting.

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Derivative shareholder communications and demands for inspection of company records should be sent to the Secretary who will promptly disseminate such communications to the entire Board. The Board will consult with the General Counsel or his designee to determine appropriate action.

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.

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Proposal 2:
Approving (A) Certain Administrative Amendments to the Articles of Association and (B) Certain Administrative Amendments to the Memorandum of Association

Background

Proposal 2A sets out certain proposed amendments to the Company's Articles of Association and Proposal 2B sets out certain proposed amendments to the Company's Memorandum of Association. Under Irish law, any amendment to a public company's Articles of Association must be voted on separately from any amendment to a public company's Memorandum of Association. For that reason, we are asking shareholders to vote separately on Proposals 2A and 2B. However, given the inextricable link between Proposals 2A and 2B, each proposal is subject to the other being approved by shareholders and, as a result, both proposals will fail if either proposal does not pass.

Proposal 2A: Proposed Amendments to the Company's Articles of Association in Connection with Recent Changes in Irish Law and for General Administrative Reasons

Set forth below is background information on the proposed amendments to the Company's Articles of Association pursuant to this proposal. The description of the following proposed amendments is only a summary and is qualified in its entirety by reference to the complete text of the proposed amendments, which is attached to this Proxy Statement as Part 1 of Appendix A. We urge you to read Part 1 of Appendix A in its entirety before casting your vote.

On June 1, 2015, the Companies Act 2014 took effect in Ireland. The Companies Act 2014 is meant to consolidate and modernize company law in Ireland. Although the changes to Irish company law will not impact the Company's day-to-day operations, we must make certain administrative updates to the Company's Articles of Association to ensure that these operations are not impacted or affected by the introduction of this new law.

As an example, the Companies Act 2014 will automatically apply certain sections of the Act to the Company unless we explicitly opt out. Given that many of these sections either address matters that are already covered by the Company's Articles of Association or are not applicable to the Company, we are proposing to amend the Company's Articles of Association to explicitly opt out of certain provisions, as permitted by the Companies Act 2014. For example, the Companies Act 2014 includes a provision regarding the appointment of directors, which is already covered by existing provisions in the Company's Articles of Association. Therefore, we recommend opting out of that provision.

Attached as Appendix B to this Proxy Statement is a table that sets out a summary of the optional provisions from which we propose to opt out, a table that sets out a summary of the optional provisions from which we propose not to opt out, as well as certain other general administrative amendments that we propose to make to the Company's Articles of Association.

As required under Irish law, the resolution in respect of Proposal 2A is a special resolution that requires the affirmative vote of the holders of at least 75% of the votes cast. In addition, Proposal 2A is subject to Proposal 2B being adopted. Therefore, unless shareholders approve Proposal 2B, Proposal 2A will fail.

THE TEXT OF THE RESOLUTION IN RESPECT OF PROPOSAL 2A IS AS FOLLOWS:

"As a special resolution that, subject to and conditional upon Proposal 2B being passed, the Articles of Association be and hereby are amended in the manner provided in Part 1 of Appendix A of this Proxy Statement."

The Board of Directors recommends a vote FOR the amendment to the Company's Articles of Association in the manner described above.

The Board of Directors recommends a vote FOR this proposal

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Proposal 2B: Proposed Amendments to the Company's Memorandum of Association in Connection with Recent Changes in Irish Law

Set forth below is background information on the proposed amendments to the Company's Memorandum of Association pursuant to this proposal. The description of the following proposed amendments is only a summary and is qualified in its entirety by reference to the complete text of the proposed amendments, which is attached to this Proxy Statement as Part 2 of Appendix A. We urge you to read Part 2 of Appendix A in its entirety before casting your vote.

As described in Proposal 2A, on June 1, 2015, the Companies Act 2014 took effect in Ireland. In addition to the proposed amendments described above to the Company's Articles of Association to accommodate the adoption of the Companies Act 2014, we must also make certain corresponding administrative amendments to the Company's Memorandum of Association to account for the enactment of the Companies Act 2014. Each of the proposed amendments to the Company's Memorandum of Association are specifically described in the text of the resolution below, as required under Irish law.

As required under Irish law, the resolution in respect of Proposal 2B is a special resolution that requires the affirmative vote of the holders of at least 75% of the votes cast. In addition, Proposal 2B is subject to Proposal 2A being adopted. Therefore, unless shareholders approve Proposal 2A, Proposal 2B will fail.

THE TEXT OF THE RESOLUTION IN RESPECT OF PROPOSAL 2B IS AS FOLLOWS:

"As a special resolution that, subject to and conditional upon Proposal 2A being passed, the following amendments, as shown in Part 2 of Appendix A of this Proxy Statement, be made to the Memorandum of Association:

(a)
the Memorandum of Association be and hereby is amended by the deletion of the existing clause 3.16 and the substitution therefor of the following new clause 3.16:

"3.16 To incorporate or cause to be incorporated any one or more subsidiaries (within the meaning of the Companies Acts) of the Company for the purpose of carrying on any business.";

(b)
the Memorandum of Association be and hereby is amended by the deletion of the existing clause 3.28 and the substitution therefor of the following new clause 3.28:

"3.28 To guarantee, support, secure, whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (both present and future) and uncalled capital of the Company, or by both such methods, the performance of the obligations of, and the repayment or payment of the principal amounts of and premiums, interest and dividends on any securities of, any person, firm, or company including (without prejudice to the generality of the foregoing) any company which is for the time being the Company's holding company as defined by the Companies Acts, or a subsidiary as therein defined of any such holding company or otherwise associated by the Company in business."; and

(c)
the Memorandum of Association be and hereby is amended by the deletion of the existing clause 3.39 and the substitution therefor of the following new clause 3.39:

"3.39 To distribute among the members of the Company in cash, kind, specie or otherwise as may be resolved, by way of dividend, bonus or in any other manner considered advisable, any property of the Company, subject always to the provisions of the Companies Acts and any other applicable laws."

The Board of Directors recommends a vote FOR the amendment to the Company's

Memorandum of Association in the manner described above.

The Board of Directors recommends a vote FOR this proposal

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Proposal 3:
Approving Amendments to the Articles of Association to Clarify the Board's Sole Authority to Determine Its Size within the Fixed Limits in the Articles of Association

The description of the following proposed amendments is only a summary and is qualified in its entirety by reference to the complete text of the proposed amendments, which is attached to this Proxy Statement as Appendix C. We urge you to read Appendix C in its entirety before casting your vote.

Proposal 3 sets out certain proposed amendments to the Company's Articles of Association to clarify that the Board has the sole authority to set its size within the fixed limits set out in the Articles of Association. The amendments are designed to clarify the voting standard to be used in director elections at shareholder meetings. The Company's Articles of Association provide for majority voting in uncontested director elections. Under this standard, each shareholder is entitled to one vote per share for each director position, and only candidates receiving a majority of votes cast are elected. The Articles of Association provide for a plurality voting standard in contested director elections. Plurality voting will be used if the number of director nominees exceeds the size of the Board. Under this standard, each shareholder is entitled to one vote per share for each director position, and the nominees receiving the most votes for those positions are elected. The proposed amendments to the Articles of Association do not change these voting standards. They instead clarify that a contested election involving plurality voting will occur if the number of director nominees exceeds the number of directors fixed from time to time by the Board, rather than the maximum allowable size of the Board contained in the Articles of Association.

As with plurality voting in contested elections, granting the Board sole authority to set its size is a common governance practice in the United States. The overwhelming majority of the 100 largest U.S. public companies have granted their Boards sole authority to set the size of the Board. Accordingly, Proposal 3 seeks shareholder approval to amend the Company's Articles of Association to grant the Board sole authority to set its size within the parameters established in the Company's Articles of Association.

As required under Irish law, the resolution in respect of Proposal 3 is a special resolution that requires the affirmative vote of the holders of at least 75% of the votes cast.

THE TEXT OF THE RESOLUTION IN RESPECT OF PROPOSAL 3 IS AS FOLLOWS:

"As a special resolution that the Articles of Association be and are hereby amended in the manner provided in Appendix C of this Proxy Statement."

The Board of Directors recommends a vote FOR the approval of the amendments to the Company's Articles of Association in the manner described above.

The Board of Directors recommends a vote FOR this proposal

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Proposal 4:
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, 2016 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 currently comprised of five 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 22, 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 2016. 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 2015 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 for the year ended December 31, 2015 and annual report to shareholders.

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For 2015 and 2014, Ernst & Young's fees to the Company and certain of its subsidiaries were as follows:

	2015	2014
Audit Fees	$25.7 million	$27.7 million
Includes Sarbanes-Oxley Section 404 attest services		
Audit-Related Fees	$0.3 million	$0.2 million
Includes business acquisitions and divestitures		
Tax Fees	$3.7 million	$3.9 million
Tax compliance services	$2.2 million	$1.8 million
Tax advisory services	$1.5 million	$2.1 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 2015 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
Todd M. Bluedorn
Michael J. Critelli
Deborah L. McCoy
Gerald B. Smith

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Proposal 5:
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 consider it to be a matter of good corporate governance. This vote takes place annually and the next advisory vote to approve the Company’s executive compensation will occur at the 2017 annual general meeting of shareholders.

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.

NAMED EXECUTIVE OFFICERS' COMPENSATION PROGRAM HIGHLIGHTS

As part of our pay for performance culture, our executive compensation plans include the following:

On average, 75% 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:

Our share ownership requirements range from one times base salary for our general managers to six times base salary for the Company’s Chairman and CEO of Eaton Corporation;

Our incentive plan payouts are capped to prevent unintended windfalls;

Our compensation clawback policy allows us to recover incentive compensation in case of employee misconduct that causes the need for a material restatement of financial results; and

We do not enter into 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. It contains 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, compensation at peer companies, and reports from proxy advisory firms. The Compensation Discussion and Analysis also describes the structure of our compensation programs and the 2015 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 Eaton's continued success. We are therefore asking shareholders to approve the following advisory resolution at the 2016 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 2016 annual general meeting of shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2015 Summary Compensation Table and the other related tables and disclosure."

The Board of Directors recommends a vote FOR approval of this proposal.

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Executive Compensation Table of Contents

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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 2015. 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. In addition, the use of “Chairman and Chief Executive Officer” or “CEO” throughout this CD&A refers to Alexander M. Cutler, Chairman of the Company and Chief Executive Officer of Eaton Corporation. 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 participated for the year ending December 31, 2015. For 2015, our named executive officers are:

Alexander M. Cutler, Chairman of the Company and Chief Executive Officer of Eaton Corporation

Richard H. Fearon, Vice Chairman and Chief Financial and Planning Officer of Eaton Corporation

Craig Arnold, President and Chief Operating Officer of Eaton Corporation

Mark M. McGuire, Executive Vice President, General Counsel and Secretary of Eaton Corporation

Revathi Advaithi, Chief Operating Officer – Electrical Sector of Eaton Corporation

Thomas S. Gross, Retired Vice Chairman and Chief Operating Officer – Electrical Sector of Eaton Corporation

Mr. Gross retired on August 31, 2015. If he had been serving as an executive officer on December 31, 2015, he would have been one of our three most highly compensated executive officers after our Principal Executive Officer and Principal Financial Officer.

Executive Compensation Philosophy

We design our executive compensation plans and programs to help 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.

HIGHLIGHTS OF OUR EXECUTIVE COMPENSATION PROGRAM

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. Key features of these programs include:

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 and holding requirements;

No employment contracts; and,

In 2015, removal of tax protection provisions from our double-trigger change of control agreements, the addition of restrictive covenants in those agreements, and shortening of the period in which an executive is entitled to benefits under the change of control agreement from three years to two years.

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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.

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. 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 Total Shareholder Returns

*
The 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, items reported as "All Other Compensation", short-term incentive award earned in each respective year, performance-based cash long-term cash incentive (ESIP) 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% and 15.1%, respectively, and an increase in our stock price of 123% over the four-year period that began on January 1, 2010 and ended on December 31, 2013.

***
2015 total compensation includes payouts from the ESIP period that matured on December 31, 2015 and because the form of our performance-based long term incentives changed, grants for the period that began on January 1, 2015. The $10.98 million is the amount that would have been reported for 2015 if the form of ESIP had not changed. Please refer to “Adjustments to Compensation Programs For 2015” on page 33 for more information about this change.

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Summary of 2015 Performance-Based Incentive Plan Payouts

Short-Term Incentives

Goals under our short-term, performance-based incentive plan were achieved at 75% of target. A bonus pool equal to 1.5% of Annual Net Income served as the initial funding mechanism for our Senior Executive Incentive Compensation Plan (Senior EIC Plan). In addition, the Committee established Operating Earnings Per Share (EPS) (which exclude acquisition integration charges) and Cash Flow Return on Gross Capital (CFR) goals that also are used in determining actual awards. For 2015, the target EPS and CFR objectives were $4.85 and 17.9%, respectively. Actual EPS and CFR were $4.30 and 16.3%.

2015 EXECUTIVE INCENTIVE COMPENSATION PLAN GOALS AND RESULTS

Long-Term Incentives

Our long-term, performance-based Executive Strategic Incentive Plan ("ESIP") achieved a 100% payout for the 2012-2015 award period, but the Committee exercised its discretion to reduce awards to 70% of target in order to guard against any potential windfall that could have resulted from the transaction to acquire Cooper Industries, plc. In reducing the awards, the Committee considered that the 2012 transaction to acquire Cooper Industries, plc had a positive impact on the EPS and CFR results and the Committee felt it was important to recognize the transformational impact of the acquisition. However, the Committee also was mindful of the potential windfall the acquisition could have created for participants because it occurred after the Committee set the 2012-2015 ESIP EPS growth and CFR goals.

Our actual cumulative EPS over the four-year award period was $17.04, and our actual CFR averaged 25.3%.

2012-2015 ESIP opportunities took the form of phantom share units based on our share price at the beginning of the award period (in 2012) and were settled in cash based on the share price at the end of the award period (in 2015). Therefore, appreciation in Eaton's share price over the four-year award period impacted the value that our executives realized from the ESIP awards, which is consistent with our policy of aligning their interests with those of our shareholders. Total return to shareholders was 34.9% over the four-year period.

2012-2015 LONG-TERM EXECUTIVE STRATEGIC INCENTIVE PLAN GOALS AND RESULTS

Additional information about our annual and long-term incentive plans begins on page 39.

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Review of 2015 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 2015, our shareholders approved our executives' compensation by a vote of 93%.

The Committee considered these voting results, shareholder feedback, as well comprehensive assessment of Eaton's executive compensation programs and decided to make certain changes to our executive compensation programs beginning in 2015. Significant changes to our performance-based long-term incentive program are summarized below and the other changes we made are discussed on page 33. The Committee will continue to review our compensation programs each year in light of the annual "say-on-pay" voting results and shareholder feedback.

Changes to Performance-Based Long-Term Incentive Opportunities

The Committee made two significant changes to our long-term performance-based Executive Strategic Incentive program (ESIP) effective with the award period that began on January 1, 2015. These changes are described in greater detail on page 33.

1. **Length of Award Period:** Effective with award periods beginning on or after January 1, 2015, the Committee approved a change in the length of ESIP award periods from four to three years. The Committee determined it was appropriate to change the length of prospective award periods because it has become increasingly difficult to accurately forecast economic cycles over four years. Three-year performance periods also are the most prevalent length among our peers and in the external market.

2. **Form of Performance-Based Long-Term Incentive Opportunities:** Effective with the 2015-2017 award period, the Committee approved a change in the form of the ESIP opportunities from phantom shares that are settled in cash to performance share units that settle in our ordinary shares. The Committee made this change because the accounting treatment for share-based long-term performance awards is more favorable than it is for the cash-settled plans, which are subject to mark-to-market accounting.

IMPACT ON THE SUMMARY COMPENSATION TABLE

Although neither of these changes result in larger ESIP target or payout opportunities to participants, the change in the form of the award distorts Total Compensation reported in the Summary Compensation Table. The distortion occurs because we are reporting the 2015-2017 performance-based ESIP grant that was made in 2015 as "Stock Awards" and the cash payout from the 2012-2015 ESIP performance period that concluded in 2015 as "Non-Equity Incentive Plan Compensation." This distortion will occur for each year through 2017, after which time the cash-based ESIP periods will have matured and there will be no more "doubling up" of grants and payouts in the Summary Compensation Table.

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2015 CEO REALIZED PAY AND OUR PERFORMANCE

Our compensation programs for Mr. Cutler and the other named executive officers are heavily weighted toward performance-based opportunities that are at-risk and subject to our performance.

The table below 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, 2015. Short- and long-term incentive plan metrics are intended to drive results that create value for our shareholders. This table supplements, but does not substitute, the information contained in the Summary Compensation Table on page 54. Further, each pay component shown below is discussed in more detail in the CD&A that follows.

COMPENSATION REALIZED BY THE CHIEF EXECUTIVE OFFICER OF EATON CORPORATION IN 2015

Compensation Element	Period Earned	Target	Amount Earned	Performance Results Over Period Earned
Annual Compensation				
Base Salary	2015	n/a	$1,222,056	We generally target the market median when establishing base salaries. Mr. Cutler received an 8.33% increase effective July 1, 2015, bringing his current salary to $1.3 million. This is the first salary increase Mr. Cutler has received since 2010.
Short-term Incentive	2015	$1,950,000	$1,681,875	Mr. Cutler’s target was set at 150% of base salary. His actual award of 86% of his individual target is consistent with awards delivered to other executives. For more information on this payment, please see "2015 Short Term Incentive Awards" on page 40.
Total Annual Cash			**$2,903,931**	
Long-Term Compensation				
ESIP	2012-2015	$4,250,000 expressed as 88,400 phantom share units	$3,706,674	Mr. Cutler and the other ESIP participants were awarded 70% of the target number of phantom share units that were granted in 2012. The number of phantom share units was multiplied by the average share price at the end of the award period to determine the cash payment. Dividend equivalents also were paid based

				on the aggregate dividend paid to shareholders over the period and the final number of share units.
Stock Option Exercises	2006-2015	n/a	$11,594,047	The gains upon exercise of stock options were based on the stock price appreciation from 2006-2015. Shareholders also experienced a 155.8% gain over the period in which the options were held. Additional details, including the number of shares exercised, are reported in the Option Exercises and Stock Vested table on page 59.
RSUs Vesting	2012-2015	n/a	$3,178,857	This represents the vesting of 45,528 RSUs that were granted in 2012, 2013, and 2014. Additional details are reported in the Option Exercises and Stock Vested table.
Total Realized Value from Long-Term Compensation			**$18,479,578**	
Other Compensation			$102,021	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 COMPENSATION			**$21,485,530**	

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The realized pay table on the previous page 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, this realized pay table reports only the elements of compensation actually received and/or realized by Mr. Cutler in 2015. Specifically, the values for equity awards in the realized pay table show the gross compensation (before applicable taxes) that Mr. Cutler received in 2015 upon his exercise of stock options and the vesting of his RSUs (as shown in the "Option Exercises and Stock Vested in 2015" table on page 59), 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 36 in the context of a competitive overall benefit design and not as an element of its annual compensation decisions.

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EXECUTIVE COMPENSATION PHILOSOPHY

We design our executive compensation plans and programs to help 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 six independent non-employee directors and is supported by our human resources department. As discussed below, the Committee also may 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	Organizational Tasks
Reviews, approves, and administers all of our executive compensation plans, including our stock plans;	Evaluates the performance of the CEO, with input from all non-employee directors;
Establishes performance objectives under our short- and long-term incentive compensation plans;	Reviews the performance capabilities of the other senior officers based on input from the CEO;
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;	Reviews succession planning for officer positions including the position of the CEO;
Determines the compensation for our senior officers, including salary and short- and long-term incentive opportunities;	Reviews proposed organization or responsibility changes at the senior officer level; and
Reviews compensation practices relating to key employees to confirm that these practices remain equitable and competitive;	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 retained Meridian Compensation Partners as its independent executive compensation consultant to support the Committee's 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. The consultant performed a variety of work for the Committee, including assessing Eaton's executive compensation programs relative to market trends and best-in-class governance practices, 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.

In 2015, the Committee also selected and retained an independent consultant from Aon Hewitt to coordinate and support the annual performance appraisal for Mr. Cutler. The Committee used this appraisal as one of several factors in determining Mr. Cutler's payout under our short-term incentive plan for 2015 and also considered it in determining whether to adjust his base salary or his short- and long-term incentive targets for the next year.

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 already has engaged. This policy ensures that the Committee's consultants are well positioned to provide independent and impartial advice on executive compensation and governance matters.

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ADJUSTMENTS TO COMPENSATION PROGRAMS FOR 2015

In 2014, the Committee’s consultant conducted a comprehensive review of our executive compensation programs and practices. As a result of that review, the Committee made the following changes for 2015 to ensure plans and programs align with common practices in the external market as well as best-in-class governance standards.

Implemented new Change of Control Agreements that do not contain tax protection	**Rationale:** The Committee recognized that tax gross-ups are a concern for shareholders and decided to eliminate them from our change of control agreements. In addition to eliminating tax gross-ups, the other changes noted below were made in order to align Eaton’s practices with common practices in the market. Included restrictive covenants in all agreements. Agreements include a one-year non-competition covenant in exchange for an amount equal to one-time target annual cash compensation; Shortened the period under which an executive is entitled to benefits under the agreement to two years following a change in control; and Required all agreements to remain double-trigger agreements.
Implemented double-trigger equity vesting upon a change of control	**Rationale:** The Committee recognized that double-trigger equity provisions are becoming common in the market and views them as a good governance practice. Effective with grants awarded from the 2015 Stock Plan, the “single trigger” provision, which stated that shares will vest upon a change in control, was replaced with a “double-trigger” provision that states that vesting is contingent on a change in control and either termination of employment or failure of the acquiring company to assume outstanding equity grants or provide participants with the value equal to that of the unvested equity grants.
Changed the length of performance-based long-term award periods from four to three years	**Rationale:** The Committee determined it was appropriate to change the length of prospective award periods from four to three years because it has become increasingly difficult to accurately forecast economic cycles over four years. In addition, three-year periods are the most prevalent among our peers and in the external market. Although the length of the award period changed effective with the period that began on January 1, 2015, the same rigor that exists today still will apply to setting objectives.

The final four-year award period (2014-2017) and first three-year award period (2015-2017) will mature simultaneously. The Committee considered alternatives to avoid this simultaneous vesting; however, the alternatives would result in a gap in participants' long-term incentive opportunity. The Committee determined that such a gap would not provide an effective retention strategy and that risking executive retention would not be in the best interest of shareholders.

This change does not result in larger award opportunities or larger share grants. Each participant receives the same opportunity that is intended to align the total long-term incentive opportunity with the median reported in the external market, which is the same target-setting methodology that was employed under the four-year plan.

Changed the form of performance-based long-term incentive awards from cash to shares	**Rationale:** The accounting treatment for share-based plans is much more favorable than it is for the cash-settled plans, which are subject to mark-to-market accounting. In addition, this change aligns the form of Eaton's performance plan with the prevalent form of long-term incentives that are delivered in the external market. Award opportunities for award periods that began prior to January 1, 2015 were denominated in phantom shares and settled in cash. Award Periods that began on or after January 1, 2015 are denominated in performance units and settled in kind. Our shareholder-approved stock plans have allowed for the delivery of performance units, but until 2015, we did not have a sufficient number of shares available to grant performance-based, long-term opportunities and regular annual equity grants to all participants.

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IMPACT OF CHANGING THE FORM OF LONG-TERM PERFORMANCE AWARDS ON SUMMARY COMPENSATION TABLE TOTAL COMPENSATION

The change in the form of the performance-based long-term incentive program will not result in a windfall to participants but will result in three successive years of distorted Summary Compensation Table Total Compensation because we will be reporting the performance-based grant that was made in the reported year as “Stock Awards” along with the cash payout for the ESIP award period that concluded in the reported year as “Non-Equity Incentive Plan Compensation”. This will occur for 2015, 2016 and 2017, assuming an ESIP payout is earned for the award period that matures in each respective year.

ESIP opportunities for periods that began prior to January 1, 2015 were not "equity incentive plan" compensation and were not reported as Stock Awards in the Summary Compensation Table because there was no opportunity to settle awards in stock (but these ESIP opportunities were reported in the Grants of Plan Based Awards Tables for the year in which the opportunities were established). An “equity incentive plan” is one in which awards have an embedded right to stock settlement, and ESIP opportunities established prior to 2015 had no opportunity to settle in shares per the terms of the shareholder-approved Amended and Restated Executive Strategic Incentive Plan. Effective in 2015, the long-term performance-based awards for periods that began on or after January 1, 2015 were granted from Eaton’s shareholder-approved stock plan. These opportunities were denominated in performance share units and will be settled in shares and therefore will be characterized as equity incentive plan compensation throughout our Compensation Discussion and Analysis and all related tables.

The following table uses Mr. Cutler’s compensation to illustrate the impact the change in the form of the award had on the Summary Compensation Table for 2015. Changes in Pension Values and Non-Qualified Deferred Compensation Earnings and items reported as All Other Compensation in the Summary Compensation Table are not included in the illustration. This change in the form of the award will distort Summary Compensation Table Total Compensation for 2015, 2016 and 2017.

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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 based on input from the CEO	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 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 companies that we have identified as peers for strategic planning purposes	Evaluating whether we are setting appropriate performance hurdles	Providing insight into how each of our peers and their peers establish their pay for performance profile and whether we are setting appropriately high	July

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 periodically has 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. First, we align our executives' positions with comparable positions as reported in surveys published by two national consulting firms, Aon Hewitt and Towers Watson. Then, in February, we prepare a comprehensive report for the Committee, which also is reviewed by its independent consultant, 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 2015, 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 between 100 to 120 companies. The companies

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participating in each survey vary, and we are not able to determine which of the companies reported data for each position and each component of 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, which also are reviewed by the Committee's independent consultant, 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, the comprehensive market data for his position and 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 collecting and reviewing peer group information and analyzing it as described below.

PEER GROUP ANALYSES

Peer Group Selection — We have identified a group of publicly held companies as our peers for purposes of evaluating our compensation programs. The Board of Directors reviewed various financial performance metrics of this same peer group in the beginning of 2015 during its review of our Strategic Plan and Annual Profit Plan. The Strategic Plan and Annual Profit Plan are the basis for setting our short- and long-term incentive plan performance goals. In selecting peers, the Board of Directors considered, among other factors: market cap, revenue, research and development intensity, and overlap with Eaton's product portfolio and industry. 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	Legrand S.A.
Dover Corporation	Parker Hannifin Corporation

Emerson Electric Co.	Rockwell Automation
Honeywell International, Inc.	Schneider Electric SE
Illinois Tool Works, Inc.	Siemens AG
	United Technologies Corporation

We do not use the pay reported by these companies to establish individual compensation opportunities, but each July the Committee reviews these companies' publicly reported financial and compensation data to help retrospectively validate our pay for performance profile.

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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 2015, 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 2015, after reviewing the peer analysis, the Committee concluded that 2014 pay was appropriate given our performance relative to that of our peer group over the prior 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 company in our peer group 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 the following question:

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 based on our revenue size relative to our peers, our practice of targeting pay at the median of the external market and our EPS guidance relative to that of our peers.

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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: Net income generates a pool that determines the maximum award amount. This maximum award may be reduced by the Committee. The Committee considers performance relative to Operating Earnings Per Share (EPS) and Cash Flow Return on Gross Capital (CFR) goals as well as business unit and individual performance in making its final award determination. Meets the requirements of Section 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.
Long-term incentives	50% Performance-Based Long-Term Incentive (ESIP)	Tied to the following performance metrics: Compound growth rate in operating EPS over 4 years for award periods that began prior to 2015 and 3 years for award periods that began on and after January 1, 2015 Average annual CFR over 4 years for award periods that began prior to 2015 and 3 years for award periods that began on and after January 1, 2015 ESIP opportunities for award periods that began prior to January 1, 2015 are	For periods that began prior to January 1, 2015 – awards are paid in cash after the award period has ended and performance has been measured. For periods that began on or after January 1, 2015 – awards are settled in Eaton ordinary shares after the award period has ended and performance has been measured. Executives can choose to defer payments for periods that began prior to 2015 under our Incentive Compensation Deferral Plan II.

	settled in cash but awarded in the form of phantom share units; therefore, value realization is affected by our stock performance. ESIP opportunities for award periods that began on or after January 1, 2015 are denominated in performance share units and settled in Eaton ordinary shares; therefore, value realization depends on our stock performance. Meets the requirements of Section 162(m) of the Internal Revenue Code	
50% Equity 25% RSUs 25% stock options	RSUs and stock options Value realization depends on our stock performance	Vesting over 3 years
Retention	Restricted Stock Awards (RSAs) Value realization depends on our stock performance	Vesting periods range from 3 to 10 years

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” on page 35. 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.

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2015 BASE SALARY

During the 2015 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, as shown in the following table. The Committee considered Mr. Cutler's performance over the prior year and determined it was appropriate to adjust his salary to align with the market median. This is the first salary increase Mr. Cutler has received since 2010.

Executive	Increase %	July 1, 2015 Base Salary
A. M. Cutler	8.33%	$1,300,000
R. H. Fearon	4.00%	$806,787
C. Arnold	5.00%	$816,678
R. Advaithi	5.00%	$604,758
M. M. McGuire	3.00%	$583,976
T. S. Gross	4.00%	$822,465

In June 2015, Eaton’s Board of Directors announced a number of senior leadership appointments in anticipation of Mr. Cutler’s retirement at the end of May 2016. Each appointment was the result of the succession management process employed by our Board to continue the evolution of Eaton’s strategy and performance capabilities and to sustain our values-based culture. The appointments were:

Mr. Arnold was appointed President and Chief Operating Officer of Eaton and a member of our Board of Directors, effective September 1, 2015. On June 1, 2016, following Mr. Cutler’s retirement, Mr. Arnold will be appointed Chairman and CEO.

Mr. Fearon was appointed a member of the Board of Directors effective September 1, 2015 and continues to serve as Vice Chairman and Chief Financial and Planning Officer of Eaton.

Mr. Gross retired from his position as Vice Chairman and President and Chief Operating Officer of the Electrical Sector of Eaton on August 31, 2015. The Board appointed Ms. Advaithi to succeed Mr. Gross as Chief Operating Officer of the Electrical Sector, effective September 1, 2015.

The Committee determined it was appropriate to provide promotional increases in recognition of these three executives’ new roles and responsibilities and approved the following increases effective September 1, 2015.

Executive	Increase %	September 1, 2015 Base Salary
R. H. Fearon	5.36%	$850,000
C. Arnold	22.45%	