

EATON CORP  
Form 425  
October 09, 2012

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

October 8, 2012

Filed

by

Eaton

Corporation

pursuant

to

Rule

425

under

the

Securities

Act

of

1933

and

deemed

filed

pursuant

to

Rule

14a-6(b)

under

the

Securities

Exchange

Act

of

1934

Subject

Company:

Cooper

Industries

plc;

Eaton

Corporation

Filer s

SEC

File

No.:

1-1396

Date:

October

8,

2012

2  
©  
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(1)  
Currently  
named  
Eaton

Corporation  
Limited  
but  
expected  
to  
be  
re-registered  
as  
Eaton  
Corporation  
plc  
prior  
to  
the  
consummation  
of  
the  
transaction.

NO  
OFFER  
OR  
SOLICITATION

This  
communication  
is  
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intended  
to  
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does  
not  
constitute  
an  
offer  
to  
sell  
or  
the  
solicitation  
of  
an  
offer  
to  
subscribe  
for  
or  
buy  
or  
an  
invitation

to  
purchase  
or  
subscribe  
for  
any  
securities  
or  
the  
solicitation  
of  
any  
vote  
or  
approval  
in  
any  
jurisdiction  
pursuant  
to  
the  
acquisition  
or  
otherwise,  
nor  
shall  
there  
be  
any  
sale,  
issuance  
or  
transfer  
of  
securities  
in  
any  
jurisdiction  
in  
contravention  
of  
applicable  
law.  
No  
offer  
of  
securities  
shall  
be  
made

except  
by  
means  
of  
a  
prospectus  
meeting  
the  
requirements  
of  
Section  
10  
of  
the  
Securities  
Act  
of  
1933,  
as  
amended.

IMPORTANT  
ADDITIONAL  
INFORMATION

WILL

BE

FILED

WITH

THE

SEC

A

registration  
statement

on

Form

S-4

has

been

filed

with

the

SEC,

which

includes

the

Joint

Proxy

Statement

of

Eaton

Corporation

( Eaton )  
and  
Cooper  
Industries  
plc  
( Cooper )  
that  
also  
constitutes  
a  
Prospectus  
of  
Eaton  
Corporation  
plc  
(1)

.  
The  
registration  
statement  
was  
declared  
effective  
on  
September  
7,  
2012.  
Eaton  
and  
Cooper  
have  
mailed  
to  
their  
respective  
shareholders  
(and  
to  
Cooper  
Equity  
Award  
Holders  
for  
information  
only)  
the  
definitive  
Joint  
Proxy  
Statement/Prospectus

(including  
the  
Scheme)  
in  
connection  
with  
the  
transaction.  
Investors  
and  
shareholders  
are  
urged  
to  
read  
the  
Joint  
Proxy  
Statement/Prospectus  
(including  
the  
Scheme)  
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relevant  
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with  
the  
SEC  
carefully  
because  
they  
contain  
or  
will  
contain  
important  
information  
about  
Eaton,  
Cooper,  
Eaton  
Corporation  
plc,  
the



transaction  
and  
related  
matters.  
Investors  
and  
security  
holders  
may  
obtain  
free  
copies  
of  
the  
definitive  
Joint  
Proxy  
Statement/Prospectus  
(including  
the  
Scheme)  
and  
other  
documents  
filed  
with  
the  
SEC  
by  
Eaton  
Corporation  
plc,  
Eaton  
and  
Cooper  
through  
the  
website  
maintained  
by  
the  
SEC  
at  
[www.sec.gov](http://www.sec.gov).  
In  
addition,  
investors  
and  
shareholders  
may

obtain  
free  
copies  
of  
the  
definitive  
Joint  
Proxy  
Statement/Prospectus  
(including  
the  
Scheme)  
and  
other  
documents  
filed  
by  
Eaton  
and  
Eaton  
Corporation  
plc  
with  
the  
SEC  
by  
contacting  
Eaton  
Investor  
Relations  
at  
Eaton  
Corporation,  
1111  
Superior  
Avenue,  
Cleveland,  
OH  
44114  
or  
by  
calling  
(888)  
328-6647,  
and  
may  
obtain  
free  
copies  
of

the  
definitive  
Joint  
Proxy  
Statement/Prospectus  
(including  
the  
Scheme)  
and  
other  
documents  
filed  
by  
Cooper  
by  
contacting  
Cooper  
Investor  
Relations  
at  
c/o  
Cooper  
US,  
Inc.,  
P.O.  
Box  
4446,  
Houston,  
Texas  
77210  
or  
by  
calling  
(713)  
209-8400.  
STATEMENT  
REQUIRED  
BY  
THE  
IRISH  
TAKEOVER  
RULES  
The  
directors  
of  
Eaton  
Corporation  
accept  
responsibility  
for

the  
information  
contained  
in  
this  
communication.

To  
the  
best  
of  
the  
knowledge  
and  
belief  
of  
the  
directors  
of  
Eaton  
Corporation  
(who  
have  
taken  
all  
reasonable  
care  
to  
ensure  
such  
is  
the  
case),

the  
information  
contained  
in  
this  
communication  
is  
in  
accordance  
with  
the  
facts  
and  
does  
not  
omit  
anything  
likely

to  
affect  
the  
import  
of  
such  
information.  
Persons  
interested  
in  
1%  
or  
more  
of  
any  
relevant  
securities  
in  
Eaton  
or  
Cooper  
may  
from  
the  
date  
of  
this  
communication  
have  
disclosure  
obligations  
under  
Rule  
8.3  
of  
the  
Irish  
Takeover  
Panel  
Act,  
1997,  
Takeover  
Rules  
2007  
(as  
amended).

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Forward Looking Statements

This presentation may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Eaton, Eaton Global plc, the acquisition and other transactions contemplated by the Transaction Agreement, our acquisition financing, our credit rating and our revenues and operating earnings. These statements or disclosures may discuss goals, intentions and expectations.

trends, plans, events, results of operations or financial condition, or state other information relating to Eaton or Eaton Global p  
beliefs of management as well as assumptions made by, and information currently available to, management. Forward-looking  
will be accompanied by words such as anticipate,

believe,  
plan,  
could,  
estimate,  
expect,  
forecast,  
guidance,  
intend,  
may,  
possible,  
potential,  
predict,  
project

or other similar words, phrases or expressions. These forward-looking statements are subject to various risks and  
uncertainties, many of which are outside of our control. Therefore, you should not place undue reliance on such statements. Fa

actual  
results  
to  
differ  
materially  
from  
those  
in  
the  
forward-looking  
statements  
include  
adverse  
regulatory  
decisions;  
failure  
to  
satisfy  
other  
closing  
conditions with respect to the Acquisition; the risks that the new businesses will not be integrated successfully or that we will r  
cost savings and synergies; our ability to refinance the bridge loan on favorable terms and maintain our current long-term credi  
changes in the markets for our business segments; unanticipated downturns in business relationships with customers or their pu  
competitive  
pressures  
on  
our  
sales  
and  
pricing;  
increases  
in

the  
cost  
of  
material,  
energy  
and  
other  
production  
costs,  
or  
unexpected  
costs  
that  
cannot  
be recouped in product pricing; the introduction of competing technologies; unexpected technical or marketing difficulties; unexpected  
charges,  
litigation  
or  
dispute  
resolutions;  
new  
laws  
and  
governmental  
regulations.  
The  
foregoing  
list  
of  
factors  
is  
not  
exhaustive.  
You  
should  
carefully  
consider the foregoing factors and the other risks and uncertainties that affect our business described in our Annual Report on Form  
Reports  
on  
Form  
10-Q,  
Current  
Reports  
on  
Form  
8-K  
and  
other  
documents  
filed



from  
time  
to  
time  
with  
the  
SEC.

We  
do  
not  
assume  
any  
obligation  
to  
update these forward-looking statements.

No statement in this presentation is intended to constitute a profit forecast for any period, nor should any statements be interpreted as earnings

or  
earnings  
per  
share  
will  
necessarily  
be  
greater  
or  
lesser  
than  
those  
for  
the  
relevant  
preceding  
financial  
periods  
for  
Eaton.

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Eaton Corporation

A Premier Diversified Power

Management Company

A balanced power management company

Eaton's acquisition of Cooper Industries

2012 outlook

5

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

Transportation

Industrial &

Machinery

Information

Technology

Energy &

Utilities

Infrastructure

Our products & services deliver reliability, efficiency, and safety for:  
helping to bridge the gap between rapidly rising demand for energy  
and naturally constrained sources of supply with sustainable solutions

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Hydraulics

Electrical

Aerospace

Truck

Automotive

International Developed

U.S.

International Emerging

Today we have a global footprint across the five  
business segments

2011 Sales by Region

2011 Sales by Business

7

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and our businesses are balanced across the  
economic cycle

\$2.2B in Revenues

Electrical Service, Defense,



Filtration, Aerospace Aftermarket  
\$3.6B in Revenues  
Commercial Aerospace,  
Nonresidential Construction,  
Large Data Centers  
\$4.7B in Revenues  
Hydraulics, Industrial Controls,  
Medium Duty Truck,  
Mid-sized Data Centers  
\$5.5B in Revenues  
Residential Electric,  
Single Phase Power Quality,  
Heavy Duty Truck, Automotive  
2011 Global Sales by Cycle

8

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

Growth

Robust strategic planning  
process for growth and  
profitability

Outgrowing end markets  
through innovation

Identifying higher growth markets

Established acquisition strategy  
and processes

Profitability

Operational excellence

Global scale

Efficient functional support

Capital Efficiency

Effective working capital  
management

Capital expenditures  
targeted to support  
growth

Foundation

Doing business right

Employee development

Customer focus

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

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Executing our strategy has resulted in an  
upward shift in profitability

Innovative new products

Margin accretive acquisitions

Leveraging  
the  
Eaton  
Business  
System  
Targeted restructuring  
Profitability Drivers

10

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Total Shareholder Return: Eaton vs. S&P

and DI Indices (2000

Sept 2012)

Cumulative Shareholder Returns

50

100

150

200

250

300

350

400

450

500

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011

Sep-

12

Eaton

S&P 500

S&P 1500 Mach

DI Group

PDI Group

ODI Group

2000

Sept 2012

CAGR\*

Return

Index

12.2%

9.6%

8.3%

2.7%

9.1%

6.6%

Note

DI Group represents an equal weighted index of ABB, DHR, DOV, EMR, GE, HON, IR, ITW, MMM, PH, SI, SPW, TXT, U

\*CAGR = Calculated using the End Point Methodology

Source Data: Capital IQ

11

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

Electrical  
Hydraulics



Aerospace  
Truck  
Automotive  
23

By the numbers:

Percentage  
decrease  
in  
electricity  
demand  
possible  
through  
the  
application  
of  
energy  
efficient  
equipment  
and  
demand  
management  
services  
100

Percentage  
increase  
in  
agricultural  
output  
by  
2050  
necessary  
in  
developing  
countries  
to  
feed  
the  
global  
population  
30

Percentage  
decrease  
in  
fuel  
consumption  
of  
next  
generation  
single-aisle  
aircraft

planned  
by  
2020  
20  
Percentage  
decrease  
in  
fuel  
consumption  
by  
model  
year  
2018  
resulting  
from  
the  
first  
ever  
U.S.  
emissions  
standards  
for  
heavy-duty  
trucks  
90

Percentage  
increase  
in  
proposed  
Corporate  
Average  
Fuel  
Economy  
(CAFE)  
standards  
by  
2025  
for  
passenger  
cars

Source: United Nations, IATA, NHTSA, Eaton analysis

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Eaton Corporation

A Premier Diversified Power

Management Company

A balanced power management company

Eaton's acquisition of Cooper Industries

2012 outlook

13

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Acquisitions have played a large role in growing  
our electrical business

Electrical Group

Acquisitions

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

14

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Transaction overview for Eaton's acquisition of  
Cooper Industries  
Combined  
company

Premier power management company with 2011 sales of \$21.5B

Under the leadership of Eaton management

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

Incorporated in Ireland  
Consideration

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

Eaton shareholders will receive 1 ETN Plc share  
Financing

Fully committed bridge financing in place  
Financial  
benefits

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

Significantly accretive to Eaton's earnings  
Timing

Expect  
closing  
2  
half  
of  
2012

Conditional on customary regulatory and shareholder approvals  
(1)  
The  
financial  
benefits  
statements



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

Cooper has a wide range of complementary electrical businesses

Cooper Power Systems

\$1.3 B sales

Market leader in  
distribution grid  
protection

Crouse-Hinds

\$1.0 B sales

Global  
leader  
in  
electrical  
solutions  
for  
harsh  
and  
hazardous  
environments

Safety

\$600 M sales

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

Lighting

\$1.1 B sales

Strong LED platform  
driving growth

Bussmann:

\$650 M sales

Global leader in  
circuit protection

B-Line Support structures

\$400 M sales

Global provider of  
structural  
systems

and  
wire  
management  
solutions

Wiring devices

\$350 M sales

Electrical devices for  
commercial  
and  
residential  
power  
distribution

Energy and Safety Solutions (\$2.9 B sales)

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17

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Broad portfolio of complementary products

Market segment expansion:

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

Downstream into lighting, lighting controls, and wiring devices

Expands our solutions with all channels

Well positioned to address long-term global requirements

Aging grid

Increased spending on energy & infrastructure

Protecting people, equipment and data

The strategic rationale for this acquisition is compelling -

I



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

Adds breadth to our global geographic exposure

Attractive business in EMEA

Strong oil & gas industry positioning globally

Complementary component and utility business in APAC

Offers improved cash management flexibility for the corporation

The strategic rationale for this acquisition is compelling -

II

Our integrated operating company capabilities  
(EBS)  
will  
drive  
significant  
synergies  
(1)

(\$M)

2013

2014

2015

2016

Pre-tax operating synergies

Sales synergies

10

35

70

115

Cost-out synergies

65

140

240

260

Total operating synergies

75

175

310

375

Global cash management and resultant tax benefits

160

160

160

160

Acquisition integration costs, pre-tax

90

75

35

-

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

\$200M in acquisition integration charges with ~80% incurred through 2014

Integration plans

Synergies

(1)

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

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20  
©  
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The  
acquisition  
is  
accretive

to  
earnings

(1)

(\$)

2013

2014

2015

2016

Operating EPS Accretion

(1)

(0.10)

0.35

0.45

0.55

Cash Operating EPS Accretion

(1,2)

0.40

0.65

0.75

0.85

Accretion

(1)

EPS accretion numbers do not represent a profit forecast as defined in the Irish Takeover Code

(2)

Cash Operating EPS excludes incremental amortization of intangibles arising from purchase accounting

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Eaton's acquisition of Cooper Industries

2012 outlook



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We project growth of 3% -

4% in our markets in 2012

2012E

Total

2012E

U.S.

Non

U.S.

Electrical Americas Index

8

9

5

Electrical ROW Index

(3)

n/a

(3)

Hydraulics Index

3

8

(1)

Aerospace Index

4

1

8

Truck Index

2

11

(4)

Automotive Index

3

10

1

Eaton Consolidated Index

3.5%

8%

(1)%

23

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leading to another year of record margins

2011

2012E

2015 Target

Electrical Americas

14.6%

16.5%

17%

Electrical ROW

9.4%

9.0%

14%

Hydraulics

15.6%

16.0%

17%

Aerospace

14.8%

15.0%

17%

Truck

18.4%

19.0%

20%

Automotive

12.0%

12.0%

13%

Eaton Consolidated

14.2%

14.5% -

15.0%

16% -

17%

24

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2012 Guidance

January

Guidance

February

Guidance

April

Guidance

July

Guidance

Market Growth of 3.5%

\$800M

\$800M

\$800M

\$560M

Market Outgrowth of 40%

\$320M

\$320M

\$320M

\$225M

Net Acquisition Revenue

\$90M

\$315M

\$365M

\$365M

Sales Decrease from FOREX

\$(550)M

\$(550)M

\$(300)M

\$(500)M

Incremental Margin

28%

28%

28%

29%

Tax Rate

17% -

19%

17% -

19%

16% -

18%

14% -

16%

Operating EPS

\$4.15 -

\$4.55

\$4.20 -

\$4.60

\$4.30 -

\$4.70

\$4.20 -

\$4.50

Fully Diluted EPS

\$4.10 -

\$4.50

\$4.13 -

\$4.53

\$4.23 -

\$4.63

\$4.09 -

\$4.39

Operating Cash Flow

\$1.7B to \$1.8B

\$1.7B to \$1.8B

\$1.7B to \$1.8B

\$1.7B to \$1.8B

Free Cash Flow

\$1.1B to \$1.2B

\$1.1B to \$1.2B

\$1.1B to \$1.2B

\$1.1B to \$1.2B

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

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Our acquisition of Cooper Industries  
remains on track

Proxy filed with SEC and shareholder vote



scheduled for October 26, 2012

U.S. HSR approval in early July, Canadian  
Competition Bureau, South Korea and Turkey  
approval received in September

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



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

2004  
2005  
2006  
2007  
2008  
2009  
2010  
2011  
1Q 2012  
2Q 2012  
Low  
High  
Net income from continuing operations  
356  
\$  
626  
\$  
783  
\$  
897  
\$  
959  
\$  
1,055  
\$  
383  
\$  
929  
\$  
1,350  
\$  
311  
\$  
382  
\$  
Net income from discontinued operations  
30  
22  
22  
53  
35  
3  
-  
-  
-  
-  
-  
Net Income  
386  
648

805  
950  
994  
1,058  
383  
929  
1,350  
311  
382  
Acquisition integration charges (after-tax)  
24  
27  
24  
27  
42  
51  
54  
27  
10  
2  
10  
Operating earnings  
410  
\$  
675  
\$  
829  
\$  
977  
\$  
1,036  
\$  
1,109  
\$  
437  
\$  
956  
\$  
1,360  
\$  
313  
\$  
392  
\$  
Net income per share -  
diluted  
1.28  
\$  
2.07  
\$

2.62  
\$  
3.11  
\$  
3.31  
\$  
3.26  
\$  
1.14  
\$  
2.73  
\$  
3.93  
\$  
0.91  
\$  
1.12  
\$  
4.09  
\$  
4.39  
\$  
Per share impact of unusual items (after tax)  
0.08  
0.08  
0.07  
0.09  
0.14  
0.16  
0.16  
0.08  
0.03  
0.01  
0.03  
0.11  
0.11  
Operating earnings per common share  
1.36  
\$  
2.15  
\$  
2.69  
\$  
3.20  
\$  
3.45  
\$  
3.42  
\$  
1.30

\$  
2.81  
\$  
3.96  
\$  
0.92  
\$  
1.15  
\$  
4.20  
\$  
4.50  
\$  
Reconciliation of segment operating profit to segment operating profit excluding restructuring charges  
2003  
2004  
2005  
2006  
2007  
2008  
2009  
2010  
2011  
1Q 2012  
2Q 2012  
Segment operating profit  
763  
\$  
1,123  
\$  
1,374  
\$  
1,468  
\$  
1,668  
\$  
1,805  
\$  
950  
\$  
1,700  
\$  
2,260  
\$  
544  
\$  
592  
\$  
Acquisition integration charges (pre-tax)  
36

41	
36	
40	
64	
76	
80	
40	
14	
3	
8	
Segment operating profit excluding restructuring	
799	
\$	
1,164	
\$	
1,410	
\$	
1,508	
\$	
1,732	
\$	
1,881	
\$	
1,030	
\$	
1,740	
\$	
2,274	
\$	
547	
\$	
600	
\$	
Reconciliation of segment operating margin to segment operating margin excluding restructuring charges	
Segment operating margin	
9.8%	
11.8%	
12.7%	
12.0%	
12.8%	
11.7%	
8.0%	
12.4%	
14.1%	
13.7%	
14.6%	
Acquisition integration charges	
0.4%	
0.4%	
0.3%	



0.3%

0.5%

0.5%

0.7%

0.3%

0.1%

0.1%

0.1%

Segment operating margin excluding restructuring

10.2%

12.2%

13.0%

12.3%

13.3%

12.2%

8.7%

12.7%

14.2%

13.8%

14.7%

Reconciliation of net income margin to after tax operating margin

Net income margin

5.0%

6.8%

7.4%

7.8%

7.6%

6.9%

3.2%

6.8%

8.4%

7.9%

9.4%

Acquisition integration charges

0.3%

0.3%

0.2%

0.2%

0.3%

0.3%

0.5%

0.2%

0.1%

0.1%

0.2%

After tax operating margin

5.3%

7.1%

7.6%

8.0%

7.9%

7.2%

3.7%

7.0%

8.5%

8.0%

9.6%

2012 Guidance

Reconciliation of net income to EBIT and EBITDA

2003  
2004  
2005  
2006  
2007  
2008

2009	
2010	
2011	
1Q 2012	
2Q 2012	
Net income from continuing operations	
356	
\$	
626	
\$	
783	
\$	
897	
\$	
959	
\$	
1,055	
\$	
383	
\$	
929	
\$	
1,350	
\$	
311	
\$	
382	
\$	
Net income from discontinued operations	
30	
22	
22	
53	
35	
3	
-	
-	
-	
-	
-	
Net income	
386	
648	
805	
950	
994	
1,058	
383	
929	
1,350	

311  
382  
Income tax  
122  
133  
191  
77  
97  
73  
(82)  
99  
201  
57  
37  
Net interest expense  
87  
78  
90  
104  
146  
157  
150  
136  
118  
28  
30  
Other expense (income)  
(5)  
28  
(27)  
(72)  
(43)  
(30)  
(9)  
(1)  
(38)  
3  
8  
EBIT (including acquisition integration)  
590  
\$  
887  
\$  
1,059  
\$  
1,059  
\$  
1,194  
\$  
1,258

\$	
442	
\$	
1,163	
\$	
1,631	
\$	
399	
\$	
457	
\$	
Depreciation & amortization	
394	
400	
409	
434	
439	
571	
573	
551	
556	
140	
138	
EBITDA (including acquisition integration)	
984	
\$	
1,287	
\$	
1,468	
\$	
1,493	
\$	
1,633	
\$	
1,829	
\$	
1,015	
\$	
1,714	
\$	
2,187	
\$	
539	
\$	
595	
\$	
Reconciliation of EBIT and EBITDA to EBIT excluding restructuring and EBITDA excluding restructuring	
2003	
2004	
2005	

2006  
2007  
2008  
2009  
2010  
2011  
1Q 2012  
2Q 2012  
EBIT (including acquisition integration)  
590  
\$  
887  
\$  
1,059  
\$  
1,059  
\$  
1,194  
\$  
1,258  
\$  
442  
\$  
1,163  
\$  
1,631  
\$  
399  
\$  
457  
\$  
Acquisition integration charges (pre-tax)  
37  
41  
36  
40  
64  
77  
82  
40  
14  
3  
8  
EBIT (excluding restructuring)  
627  
\$  
928  
\$  
1,095  
\$

1,099  
\$  
1,258  
\$  
1,335  
\$  
524  
\$  
1,203  
\$  
1,645  
\$  
402  
\$  
465  
\$  
EBITDA (including acquisition integration)  
984  
\$  
1,287  
\$  
1,468  
\$  
1,493  
\$  
1,633  
\$  
1,829  
\$  
1,015  
\$  
1,714  
\$  
2,187  
\$  
539  
\$  
595  
\$  
Acquisition integration charges (pre-tax)  
37  
41  
36  
40  
64  
77  
82  
40  
14  
3



8  
EBITDA (excluding restructuring)  
1,021  
\$  
1,328  
\$  
1,504  
\$  
1,533  
\$  
1,697  
\$  
1,906  
\$  
1,097  
\$  
1,754  
\$  
2,201  
\$  
542  
\$  
603  
\$  
Reconciliation of operating cash flow to free cash flow  
2003  
2004  
2005  
2006  
2007  
2008  
2009  
2010  
2011  
1Q 2012  
2Q 2012  
Operating cash flow  
874  
\$  
838  
\$  
1,135  
\$  
1,431  
\$  
1,158  
\$  
1,441  
\$  
1,408

\$  
1,282  
\$  
1,248  
\$  
(98)  
\$  
469  
\$  
1,700  
\$  
1,800  
\$  
Capital expenditures  
273  
330  
363  
360  
354  
448  
195  
394  
568  
105  
126  
600  
600  
Free cash flow  
601  
\$  
508  
\$  
772  
\$  
1,071  
\$  
804  
\$  
993  
\$  
1,213  
\$  
888  
\$  
680  
\$  
(203)  
\$  
343  
\$

1,100

\$

1,200

\$

2012 Guidance

Reconciliation of Eaton Electrical Americas operating profit to operating profit excluding restructuring

2006  
2007  
2008  
2009  
2010  
2011

1Q 2012

2Q 2012

Electrical operating profit (including restructuring)

448

\$

534

\$

630

\$

518

\$

529

\$

605

\$

162

\$

190

\$

Acquisition integration charges (pre-tax)

2

-

4

4

2

8

1

2

Electrical operating profit (excluding restructuring)

450

\$

534

\$

634

\$

522

\$

531

\$

613

\$

163

\$  
192  
\$  
Reconciliation of Eaton Electrical Rest of World operating profit to operating profit excluding restructuring  
2006  
2007  
2008  
2009  
2010  
2011  
1Q 2012  
2Q 2012  
Electrical operating profit (including restructuring)  
26  
\$  
45  
\$  
233  
\$  
107  
\$  
264  
\$  
278  
\$  
53  
\$  
52  
\$  
Acquisition integration charges (pre-tax)  
5  
  
12  
  
43  
  
60  
  
33  
  
2  
  
1  
  
3  
  
Electrical operating profit (excluding restructuring)  
31  
\$  
57

\$  
276  
\$  
167  
\$  
297  
\$  
280  
\$  
54  
\$  
55  
\$  
Reconciliation of Eaton Hydraulics operating profit to operating profit excluding restructuring  
2005  
2006  
2007  
2008  
2009  
2010  
2011  
1Q 2012  
2Q 2012  
Hydraulic operating profit (including restructuring)  
153  
\$  
221  
\$  
265  
\$  
285  
\$  
51  
\$  
279  
\$  
438  
\$  
109  
\$  
123  
\$  
Acquisition integration charges (pre-tax)  
6  
  
11  
  
12  
  
6

3

1

4

1

3

Hydraulic operating profit (excluding restructuring)

159

\$

232

\$

277

\$

291

\$

54

\$

280

\$

442

\$

110

\$

126

\$

Reconciliation of Eaton Aerospace operating profit to operating profit excluding restructuring

2005

2006

2007

2008

2009

2010

2011

1Q 2012

2Q 2012

Aerospace operating profit (including restructuring)

157

\$

182

\$

233

\$

283

\$

245



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

1  
  
12  
  
39  
  
20  
  
12  
  
4  
  
-  
  
-  
  
-

Aerospace operating profit (excluding restructuring)

158  
\$  
194  
\$  
272  
\$  
303  
\$  
257  
\$  
224  
\$  
244  
\$  
60  
\$  
59  
\$

Reconciliation of Eaton Truck operating profit to operating profit excluding restructuring

2005  
2006

2007

2008

2009

2010

2011

1Q 2012

2Q 2012

Truck operating profit (including restructuring)

453

\$

448

\$

357

\$

315

\$

39

\$

245

\$

486

\$

116

\$

120

\$

Acquisition integration charges (pre-tax)

4

5

-

-

-

-

-

Truck operating profit (excluding restructuring)

457

\$

453

\$

357

\$

315

\$

39

\$

245

\$

486

\$

116

\$

120

\$

Reconciliation of Eaton Automotive operating profit to operating profit excluding restructuring

2005

2006

2007

2008

2009

2010

2011

1Q 2012

2Q 2012

Automotive operating profit (including restructuring)

236

\$

143

\$

234

\$

59

\$

(10)

\$

163

\$

209

\$

44

\$

48

\$

Acquisition integration charges (pre-tax)

4

5

1

3

1

-

-

-

-

Automotive operating profit (excluding restructuring)

240

\$

148

\$

235

\$

62

\$

(9)

\$

163

\$

209

\$

44

\$

48

\$

Methodology for calculations used in the presentations

Return on equity = trailing 4 quarters net income / average trailing 5 quarters shareholder's equity

Return on invested capital = (EBIT - taxes) / average (total debt + equity)

Return on sales = net income / sales

Total return = stock price appreciation + dividend yield

Net debt to total capital = (total debt - cash & equivalents) / (total debt - cash & equivalents + equity)

Cash flow coverage ratio = (pre-tax income + depreciation + amortization + interest expense) / interest expense

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Segment net working capital (including acquisitions) = accounts receivable + inventory - accounts payable. All amounts averaged

DSO = average of quarterly DSO; quarterly DSO = quarter end accounts receivable / quarter sales \* 90 days

DOH = average of quarterly DOH; quarterly DOH = quarter end inventory / quarter COGS \* 90 days

DPO = average of quarterly DPO; quarterly DPO = quarter end accounts payable / quarter COGS \* 90days

Cash conversion cycle = DSO + DOH - DPO

Free cash flow = cash flow from operations - capital expenditures