






Eaton Corporation

ETN NYSE

Industrial Machinery / Equipment

Market Capitalization USD: **\$12,084.20 mm**

CONCERN LEVEL: AVERAGE

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year.
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years.
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group. 
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket. 

CEO: Alexander M. Cutler

Age: 60 CEO Since: 2000

	2009	2010	2011
Base Salary	\$973,248	\$1,175,100	\$1,203,000
Discretionary Bonus	\$0	\$0	\$0
Annual Cash Incentive	\$575,000	\$6,665,063	\$4,458,058
Benefits and Perquisites	\$155,741	\$137,151	\$103,175
TOTAL ANNUAL COMPENSATION	\$1,703,989	\$7,977,314	\$5,764,233
Increase in Post-Retirement Benefits	\$1,732,144	\$1,226,019	\$3,115,441
Stock Option Awards	\$0	\$0	\$2,267,902
Stock Awards	\$5,099,874	\$3,595,263	\$2,438,434
TOTAL COMPENSATION	\$8,536,007	\$12,798,596	\$13,586,010
Median of Other Named Executive Officers Total Compensation	\$3,645,948	\$4,226,476	\$4,515,962
Value Realized on Exercise of Stock Option	\$4,424,222	\$18,722,771	\$18,168,617
Value Realized on Vesting of Stock	\$800,728	\$1,769,485	\$1,910,546
TOTAL REALIZED EQUITY COMPENSATION	\$5,224,950	\$20,492,256	\$20,079,163

Proxy Date: 16 Mar 2012 **Annual Meeting Date:** 25 Apr 2012 **Equity Reserves:** 13.93% **Stock Option Run Rate:** 0.24%

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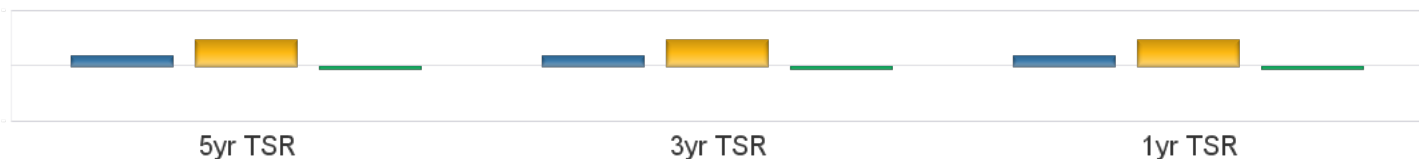
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Performance Comparison

■ vs S&P500 ■ vs Industry ■ ETN



Peer Comparisons (TRBC) =Industrial Machinery / Equipment

Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
ETN	Eaton Corporation	\$8,536,007	\$12,798,596	\$13,586,010	\$12,084,200,000
DHR	Danaher Corporation	\$11,049,312	\$17,032,244		\$28,752,162,272
ITW	Illinois Tool Works, Inc.	\$10,484,381	\$11,190,111		\$20,744,457,843
SWK	Stanley Black & Decker, Inc.	\$9,602,517	\$32,730,259	\$13,727,871	\$11,417,804,673
GWW	W.W. Grainger, Inc.	\$5,005,497	\$7,648,407	\$9,198,031	\$10,384,705,556
PH	Parker-Hannifin Corporation	\$8,110,109	\$17,312,616		\$10,144,450,985
FAST	Fastenal Company	\$945,092	\$3,146,199	\$3,258,911	\$9,824,384,926

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

Pay Peer Group

ABB Ltd., Danaher Corporation, Dover Corporation, Emerson Electric, General Electric Company, Honeywell International, Inc., Illinois Tool Works, Inc., Ingersoll-Rand Company, Ltd., ITT Corporation, Parker Hannifin Corporation, Siemens AG, SPX Corporation, Textron, Inc., 3M Company, Tyco International Ltd., and United Technologies.

Performance Peer Group

NA

COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Deborah L. McCov	Chairman	57	Female	12	Outside Related
Christopher M. Connor	Member	55	Male	6	Outside
Ned C. Lautenbach	Member	68	Male	15	Outside Related
Todd M. Bluedorn	Member	48	Male	2	Outside