

REFINITIV

DELTA REPORT

10-Q

ETN - EATON CORP PLC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	723
CHANGES	190
DELETIONS	271
ADDITIONS	262

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2023 March 31, 2024
Commission file number 000-54863

EATON CORPORATION plc

(Exact name of registrant as specified in its charter)

Ireland	98-1059235
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)
30 Pembroke	
Eaton House, Road, Dublin 4, Ireland	D04 Y0C2
(Address of principal executive offices)	(Zip Code)
+353 1637 2900	
(Registrant's telephone number, including area code)	
Not applicable	
(Former name, former address and former fiscal year if changed since last report)	

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary shares (\$0.01 par value)	ETN	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>	(Do not check if a smaller reporting company)	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

There were 399.3 million 399.8 million Ordinary Shares outstanding as of September 30, 2023 March 31, 2024.

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

EATON CORPORATION plc CONSOLIDATED STATEMENTS OF INCOME

		Three months ended September 30		Nine months ended September 30	
		Three months ended March 31		Three months ended March 31	
		Three months ended March 31		Three months ended March 31	
		Three months ended March 31		Three months ended March 31	
(In millions except for per share data)	(In millions except for per share data)	2023	2022	2023	2022
(In millions except for per share data)	(In millions except for per share data)				
(In millions except for per share data)	(In millions except for per share data)				
Net sales					
Net sales					
Net sales	Net sales	\$ 5,880	\$ 5,313	\$ 17,229	\$ 15,368
Cost of products sold	Cost of products sold	3,684	3,545	11,030	10,319
Cost of products sold					
Cost of products sold					
Selling and administrative expense					
Selling and administrative expense					
Selling and administrative expense	Selling and administrative expense	949	813	2,839	2,431
Research and development expense	Research and development expense	187	165	553	498
Research and development expense					
Research and development expense					
Interest expense - net	Interest expense - net	33	37	124	100
Gain on sale of business		—	—	—	24
Other expense (income) - net		(52)	34	(56)	(16)

Interest expense - net					
Interest expense - net					
Other income - net					
Other income - net					
Other income - net					
Income before income taxes					
Income before income taxes					
Income before income taxes	Income before income taxes	1,079	720	2,739	2,060
Income tax expense	Income tax expense	187	112	463	316
Income tax expense					
Income tax expense					
Net income					
Net income					
Net income	Net income	892	608	2,277	1,743
Less net income for noncontrolling interests	Less net income for noncontrolling interests	(1)	(1)	(4)	(2)
Less net income for noncontrolling interests					
Less net income for noncontrolling interests					
Net income attributable to Eaton ordinary shareholders					
Net income attributable to Eaton ordinary shareholders					
Net income attributable to Eaton ordinary shareholders	Net income attributable to Eaton ordinary shareholders	\$ 891	\$ 607	\$ 2,273	\$ 1,741
Net income per share attributable to Eaton ordinary shareholders	Net income per share attributable to Eaton ordinary shareholders				
Net income per share attributable to Eaton ordinary shareholders					
Net income per share attributable to Eaton ordinary shareholders					
Net income per share attributable to Eaton ordinary shareholders					
Diluted	Diluted	\$ 2.22	\$ 1.52	\$ 5.67	\$ 4.34
Diluted					
Diluted					
Basic					
Basic					
Basic	Basic	2.23	1.52	5.70	4.36
Weighted-average number of ordinary shares outstanding	Weighted-average number of ordinary shares outstanding				
Weighted-average number of ordinary shares outstanding					
Weighted-average number of ordinary shares outstanding					
Weighted-average number of ordinary shares outstanding					
Diluted	Diluted	401.6	400.3	400.9	400.9
Diluted					
Diluted					
Basic					

Basic								
Basic	Basic		399.4		398.4		399.0	398.9
Cash dividends declared per ordinary share	Cash dividends declared per ordinary share							
		\$	0.86	\$	0.81	\$	2.58	\$
Cash dividends declared per ordinary share								
Cash dividends declared per ordinary share								

The accompanying notes are an integral part of these condensed consolidated financial statements.

EATON CORPORATION plc
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Three months ended September 30		Nine months ended September 30	
		Three months ended March 31		Three months ended March 31	
		Three months ended March 31		Three months ended March 31	
(In millions)					
(In millions)					
(In millions)	(In millions)	2023	2022	2023	2022
Net income	Net income	\$892	\$608	\$2,277	\$1,743
Net income					
Net income					
Less net income for noncontrolling interests	Less net income for noncontrolling interests	(1)	(1)	(4)	(2)
Less net income for noncontrolling interests					
Less net income for noncontrolling interests					
Net income attributable to Eaton ordinary shareholders					
Net income attributable to Eaton ordinary shareholders					
Net income attributable to Eaton ordinary shareholders	Net income attributable to Eaton ordinary shareholders	891	607	2,273	1,741

Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax				
Other comprehensive income (loss), net of tax					
Other comprehensive income (loss), net of tax					
Currency translation and related hedging instruments					
Currency translation and related hedging instruments					
Currency translation and related hedging instruments	Currency translation and related hedging instruments	(165)	(483)	11	(1,015)
Pensions and other postretirement benefits	Pensions and other postretirement benefits	18	(4)	14	32
Pensions and other postretirement benefits					
Pensions and other postretirement benefits					
Cash flow hedges					
Cash flow hedges					
Cash flow hedges	Cash flow hedges	(21)	(36)	(7)	133
Other comprehensive income (loss) attributable to Eaton ordinary shareholders	Other comprehensive income (loss) attributable to Eaton ordinary shareholders	(167)	(522)	18	(850)
Other comprehensive income (loss) attributable to Eaton ordinary shareholders					
Other comprehensive income (loss) attributable to Eaton ordinary shareholders					
Total comprehensive income attributable to Eaton ordinary shareholders	Total comprehensive income attributable to Eaton ordinary shareholders	\$724	\$ 85	\$2,291	\$ 891
Total comprehensive income attributable to Eaton ordinary shareholders					
Total comprehensive income attributable to Eaton ordinary shareholders					

The accompanying notes are an integral part of these condensed consolidated financial statements.

EATON CORPORATION plc
CONSOLIDATED BALANCE SHEETS

	September 30, 2023		December 31, 2022			
(In millions)	(In millions)			(In millions)	March 31, 2024	December 31, 2023
Assets	Assets			Assets		
Current assets	Current assets			Current assets		
Cash	Cash	\$ 348	\$ 294			
Short-term investments	Short-term investments	1,558	261			
Accounts receivable - net	Accounts receivable - net	4,460	4,076			
Inventory	Inventory	3,713	3,430			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	904	685			
Prepaid expenses and other current assets						
Prepaid expenses and other current assets						
Total current assets	Total current assets	10,983	8,746			
Property, plant and equipment	Property, plant and equipment					
Property, plant and equipment						
Property, plant and equipment						
Land and buildings						
Land and buildings						
Land and buildings	Land and buildings	2,174	2,129			
Machinery and equipment	Machinery and equipment	6,228	5,885			
Gross property, plant and equipment	Gross property, plant and equipment	8,403	8,013			
Accumulated depreciation	Accumulated depreciation	(5,062)	(4,867)			
Net property, plant and equipment	Net property, plant and equipment	3,341	3,146			
Other noncurrent assets	Other noncurrent assets					
Other noncurrent assets						
Other noncurrent assets						
Goodwill						
Goodwill						
Goodwill	Goodwill	14,781	14,796			
Other intangible assets	Other intangible assets	5,158	5,485			
Operating lease assets						
Operating lease assets						

Operating lease assets	Operating lease assets	600	570
Deferred income taxes	Deferred income taxes	349	330
Other assets	Other assets	2,076	1,940
Total assets	Total assets	\$ 37,289	\$ 35,014

Liabilities and shareholders' equity

Liabilities and shareholders' equity

Liabilities and shareholders' equity	Liabilities and shareholders' equity		
Current liabilities	Current liabilities		
Short-term debt	Short-term debt	\$ 24	\$ 324
Current portion of long-term debt	Current portion of long-term debt	975	10
Accounts payable	Accounts payable	3,255	3,072
Accrued compensation	Accrued compensation	592	467
Other current liabilities	Other current liabilities	2,716	2,488

Other current liabilities

Other current liabilities

Total current liabilities	Total current liabilities	7,563	6,360
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Noncurrent liabilities

Noncurrent liabilities

Noncurrent liabilities	Noncurrent liabilities		
Long-term debt	Long-term debt	8,150	8,321
Pension liabilities	Pension liabilities	611	649
Other postretirement benefits liabilities	Other postretirement benefits liabilities	170	177
Operating lease liabilities	Operating lease liabilities	486	459
Deferred income taxes	Deferred income taxes	460	530
Other noncurrent liabilities	Other noncurrent liabilities	1,429	1,444
Total noncurrent liabilities	Total noncurrent liabilities	11,306	11,580

Shareholders' equity	Shareholders' equity		
Ordinary shares (399.3 million outstanding in 2023 and 397.8 million in 2022)		4	4

Shareholders' equity

Shareholders' equity			
Ordinary shares (399.8 million outstanding in 2024 and 399.4 million in 2023)			
Capital in excess of par value	Capital in excess of par value	12,604	12,512
Retained earnings	Retained earnings	9,703	8,468
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(3,927)	(3,946)
Shares held in trust	Shares held in trust	(1)	(1)
Total Eaton shareholders' equity	Total Eaton shareholders' equity	18,383	17,038
Noncontrolling interests	Noncontrolling interests	36	38
Total equity	Total equity	18,420	17,075
Total liabilities and equity	Total liabilities and equity	\$ 37,289	\$ 35,014

The accompanying notes are an integral part of these condensed consolidated financial statements.

EATON CORPORATION plc
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

		Nine months ended September 30	
		Three months ended March 31	
		Three months ended March 31	
		Three months ended March 31	
(In millions)			
(In millions)			
(In millions)	(In millions)	2023	2022
Operating activities	Operating activities		
Operating activities			
Operating activities			
Net income			
Net income			
Net income	Net income	\$ 2,277	\$ 1,743
Adjustments to reconcile to net cash provided by operating activities	Adjustments to reconcile to net cash provided by operating activities		
Adjustments to reconcile to net cash provided by operating activities			
Adjustments to reconcile to net cash provided by operating activities			
Depreciation and amortization			
Depreciation and amortization			

Depreciation and amortization	Depreciation and amortization	695	716
Deferred income taxes	Deferred income taxes	(69)	(74)
Deferred income taxes			
Deferred income taxes			
Pension and other postretirement benefits expense			
Pension and other postretirement benefits expense			
Pension and other postretirement benefits expense	Pension and other postretirement benefits expense	13	39
Contributions to pension plans	Contributions to pension plans	(83)	(80)
Contributions to pension plans			
Contributions to pension plans			
Contributions to other postretirement benefits plans			
Contributions to other postretirement benefits plans			
Contributions to other postretirement benefits plans	Contributions to other postretirement benefits plans	(15)	(18)
Gain on sale of business		—	(24)
Changes in working capital			
Changes in working capital			
Changes in working capital	Changes in working capital	(436)	(968)
Other - net	Other - net	(56)	12
Other - net			
Other - net			
Net cash provided by operating activities			
Net cash provided by operating activities			
Net cash provided by operating activities	Net cash provided by operating activities	2,326	1,347
Investing activities	Investing activities		
Investing activities			
Investing activities			
Capital expenditures for property, plant and equipment	Capital expenditures for property, plant and equipment	(514)	(389)
Capital expenditures for property, plant and equipment			
Capital expenditures for property, plant and equipment			
Proceeds from sales of property, plant and equipment	Proceeds from sales of property, plant and equipment	54	166
Cash paid for acquisition of a business, net of cash acquired		—	(612)
Proceeds from (payments for) sale of business, net of cash sold		(2)	31
Investments in associate companies		(68)	(42)
Purchases of short-term investments - net		(1,304)	(45)
Proceeds from (payments for) settlement of currency exchange contracts not designated as hedges - net		61	(34)
Proceeds from sales of property, plant and equipment			
Proceeds from sales of property, plant and equipment			
Sales (purchases) of short-term investments - net			
Sales (purchases) of short-term investments - net			

Sales (purchases) of short-term investments - net			
Proceeds from settlement of currency exchange contracts not designated as hedges - net			
Proceeds from settlement of currency exchange contracts not designated as hedges - net			
Proceeds from settlement of currency exchange contracts not designated as hedges - net			
Other - net			
Other - net	Other - net	(9)	(58)
Net cash used in investing activities		(1,782)	(983)
Other - net			
Other - net			
Net cash provided by (used in) investing activities			
Net cash provided by (used in) investing activities			
Net cash provided by (used in) investing activities			
Financing activities			
Financing activities			
Financing activities	Financing activities		
Proceeds from borrowings	Proceeds from borrowings	818	1,995
Proceeds from borrowings			
Proceeds from borrowings			
Payments on borrowings	Payments on borrowings	(11)	(2,008)
Payments on borrowings			
Payments on borrowings			
Short-term debt, net			
Short-term debt, net			
Short-term debt, net	Short-term debt, net	(295)	896
Cash dividends paid	Cash dividends paid	(1,035)	(977)
Cash dividends paid			
Cash dividends paid			
Exercise of employee stock options	Exercise of employee stock options	73	16
Exercise of employee stock options			
Exercise of employee stock options			
Repurchase of shares			
Repurchase of shares			
Repurchase of shares	Repurchase of shares	—	(286)
Employee taxes paid from shares withheld	Employee taxes paid from shares withheld	(49)	(60)
Employee taxes paid from shares withheld			
Employee taxes paid from shares withheld			
Other - net	Other - net	(9)	(22)
Other - net			
Other - net			
Net cash used in financing activities			
Net cash used in financing activities			
Net cash used in financing activities	Net cash used in financing activities	(507)	(445)
Effect of currency on cash	Effect of currency on cash	18	15
Total increase (decrease) in cash		54	(67)
Effect of currency on cash			
Effect of currency on cash			
Total decrease in cash			

Total decrease in cash			
Total decrease in cash			
Cash at the beginning of the period			
Cash at the beginning of the period			
Cash at the beginning of the period	Cash at the beginning of the period	294	297
Cash at the end of the period	Cash at the end of the period	\$ 348	\$ 231
Cash at the end of the period			
Cash at the end of the period			

The accompanying notes are an integral part of these condensed consolidated financial statements.

EATON CORPORATION plc NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in millions unless indicated otherwise (per share data assume dilution). Columns and rows may not add and the sum of components may not equal total amounts reported due to rounding.

Note 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Eaton Corporation plc (Eaton or the Company) have been prepared in accordance with generally accepted accounting principles for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles (US GAAP) for complete financial statements. However, in the opinion of management, all adjustments (consisting of normal recurring accruals) have been made that are necessary for a fair presentation of the condensed consolidated financial statements for the interim periods.

This Form 10-Q should be read in conjunction with the consolidated financial statements and related notes included in Eaton's 2022 2023 Form 10-K. The interim period results are not necessarily indicative of the results to be expected for the full year. Management has evaluated subsequent events through the date this Form 10-Q was filed with the Securities and Exchange Commission.

Adoption of New Recently Issued Accounting Standard Pronouncements

Eaton adopted In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2022-04, Liabilities - Supplier Finance Programs (Subtopic 405-50) 2023-07, Segment Reporting (Topic 280): Disclosure of Supplier Finance Program Obligations, Improvements to Reportable Segment Disclosures (ASU 2023-07). This accounting standard requires additional segment disclosures on an annual and interim basis, including significant segment expenses that are regularly provided to the chief operating decision maker. The standard does not change how operating segments and reportable segments are determined. ASU 2023-07 is effective for annual reporting periods beginning after December 15, 2023 and interim reporting periods beginning after December 15, 2024. The standard is required to be applied retrospectively to all periods presented in the first quarter consolidated financial statements. Eaton plans to adopt the standard for the year ended December 31, 2024. The Company is evaluating the impact of 2023. The ASU 2023-07 and expects the standard will only impact its segment disclosures with no material impact to the consolidated financial statements.

In December 2023, the FASB issued Accounting Standards Update 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU 2023-09). This accounting standard requires disclosure disaggregated income tax disclosures on an annual basis, including information on the Company's effective income tax rate reconciliation and income taxes paid. ASU 2023-09 is effective for annual reporting periods beginning after December 15, 2024, and may be applied prospectively or retrospectively. The Company is evaluating the impact of certain information about the Company's supply chain finance program, including key terms ASU 2023-09 and a rollforward of confirmed amounts payable. The adoption of expects the standard did not have a will only impact its income taxes disclosures with no material impact on to the condensed consolidated financial statements.

Note 2. ACQUISITIONS AND DIVESTITURE OF BUSINESSES INVESTMENT IN ASSOCIATE COMPANY

Sale of Hydraulics business

On August 2, 2021, Eaton completed the sale of the Hydraulics business to Danfoss A/S and recognized a pre-tax gain of \$617 million in 2021. The Company finalized negotiations of post-closing adjustments with Danfoss A/S and recognized an additional pre-tax gain of \$24 million in the first quarter of 2022 and received cash of \$22 million in the second quarter of 2022 from Danfoss A/S to fully settle all post-closing adjustments.

Acquisition of Royal Power Solutions

On January 5, 2022, Eaton acquired Royal Power Solutions for \$610 million, net of cash received. Royal Power Solutions is a U.S. based manufacturer of high-precision electrical connectivity components used in electric vehicle, energy management, industrial and mobility markets. Royal Power Solutions is reported within the eMobility business segment.

Eaton's 2022 Condensed Consolidated Financial Statements include Royal Power Solutions' results of operations, including segment operating profit of \$17 million on sales of \$120 million, from the date of acquisition through September 30, 2022.

Russia

During the second quarter of 2022, in light of the ongoing war with Ukraine, the Company decided to exit its business operations in Russia and recorded charges of \$29 million presented in Other expense (income) - net on the Consolidated Statements of Income. The charges consisted primarily of write-downs of accounts receivable, inventory and other

assets, and accruals for severance.

Acquisition of a 50% stake in Jiangsu Huineng Electric Co., Ltd's circuit breaker business

On July 1, 2022, Eaton acquired a 50 percent stake in Jiangsu Huineng Electric Co., Ltd's circuit breaker business, which manufactures and markets low-voltage circuit breakers in China. Eaton accounts for this investment on the equity method of accounting and is reported within the Electrical Global business segment.

Acquisition of a 49% stake in Jiangsu Ryan Electrical Co. Ltd.

On April 23, 2023, Eaton acquired a 49 percent stake in Jiangsu Ryan Electrical Co. Ltd., a manufacturer of power distribution and sub-transmission transformers in China. Eaton accounts for this investment on the equity method of accounting and is reported within the Electrical Global business segment.

Note 3. REVENUE RECOGNITION

Sales are recognized when obligations under the terms of the contract are satisfied and control of promised goods or services have transferred to our customers. Control is transferred when the customer has the ability to direct the use of and obtain benefits from the goods or services. Sales are measured at the amount of consideration the Company expects to be paid in exchange for these products or services.

The following table provides disaggregated sales by lines of businesses, geographic destination, market channel or end market, as applicable, for the Company's operating segments:

(In millions)	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Electrical Americas				
Products	\$ 748	\$ 737	\$ 2,221	\$ 2,034
Systems	1,846	1,442	5,205	4,167
Total	\$ 2,594	\$ 2,179	\$ 7,426	\$ 6,201
Electrical Global				
Products	\$ 848	\$ 855	\$ 2,620	\$ 2,609
Systems	655	631	1,952	1,809
Total	\$ 1,503	\$ 1,486	\$ 4,572	\$ 4,418
Aerospace				
Original Equipment Manufacturers	\$ 342	\$ 303	\$ 980	\$ 881
Aftermarket	302	256	863	719
Industrial and Other	223	209	674	628
Total	\$ 867	\$ 768	\$ 2,517	\$ 2,227
Vehicle				
Commercial	\$ 452	\$ 460	\$ 1,359	\$ 1,307
Passenger and Light Duty	301	284	884	816
Total	\$ 753	\$ 744	\$ 2,242	\$ 2,123
eMobility	\$ 163	\$ 137	\$ 471	\$ 399
Total net sales	\$ 5,880	\$ 5,313	\$ 17,229	\$ 15,368

(In millions)	Three months ended March 31	
	2024	2023
Electrical Americas		
Products	\$ 733	\$ 716
Systems	1,957	1,578
Total	\$ 2,690	\$ 2,294

Electrical Global			
Products	\$	844	\$ 882
Systems		656	618
Total	\$	1,500	\$ 1,500
Aerospace			
Original Equipment Manufacturers	\$	355	\$ 314
Aftermarket		291	264
Industrial and Other		225	225
Total	\$	871	\$ 803
Vehicle			
Commercial	\$	435	\$ 448
Passenger and Light Duty		290	291
Total	\$	724	\$ 739
eMobility			
	\$	158	\$ 147
Total net sales	\$	5,943	\$ 5,483

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (revenue recognized exceeds amount billed to the customer), and deferred revenue (advance payments and billings in excess of revenue recognized). Accounts receivable from customers were \$3,983 million \$4,170 million and \$3,581 million \$3,966 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones. These assets and liabilities are reported on the Consolidated Balance Sheets on a contract-by-contract basis at the end of each reporting period. Unbilled receivables were \$313 million \$301 million and \$233 million \$289 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, and are recorded in Prepaid expenses and other current assets. The increase in unbilled receivables reflects higher revenue recognized from increased business activity in 2023, 2024.

Changes in the deferred revenue liabilities are as follows:

(In millions)	Deferred Revenue	
Balance at January 1, 2024	\$	626
Customer deposits and billings		657
Revenue recognized in the period		(612)
Translation		(5)
Balance at March 31, 2024	\$	666

(In millions)	Deferred Revenue	
Balance at January 1, 2023	\$	508
Customer deposits and billings		1,684 514
Revenue recognized in the period		(1,563) (421)
Translation		14
Balance at September 30, 2023 March 31, 2023	\$	630 605

(In millions)	Deferred Revenue	
Balance at January 1, 2022	\$	422
Customer deposits and billings		1,135
Revenue recognized in the period		(1,086)
Translation and other		(42)
Balance at September 30, 2022	\$	429

Deferred revenue liabilities of \$610 million \$651 million and \$489 million \$610 million as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, were included in Other current liabilities with the remaining balance presented in Other noncurrent liabilities.

A significant portion of open orders placed with Eaton are by original equipment manufacturers or distributors. These open orders are not considered firm as they have been historically subject to releases by customers. In measuring backlog of unsatisfied or partially satisfied obligations, only the amount of orders to which customers are firmly committed are included. Using this criterion, total backlog at **September 30, 2023** **March 31, 2024** was approximately **\$12.9 billion** **\$15 billion**. At **September 30, 2023** **March 31, 2024**, approximately **81%** **79%** of this backlog is targeted for delivery to customers in the next twelve months and the rest thereafter.

Note 4. CREDIT LOSSES FOR RECEIVABLES

Receivables are exposed to credit risk based on the customers' ability to pay which is influenced by, among other factors, their financial liquidity position. Eaton's receivables are generally short-term in nature with a majority outstanding less than 90 days.

Eaton performs ongoing credit evaluation of its customers and maintains sufficient allowances for potential credit losses. The Company evaluates the collectability of its receivables based on the length of time the receivable is past due, and any anticipated future write-off based on historic experience adjusted for market conditions. The Company's segments, supported by our global credit department, perform the credit evaluation and monitoring process to estimate and manage credit risk. The process includes an evaluation of credit losses for both the overall segment receivable and specific customer balances. The process also includes review of customer financial information and credit ratings, approval and monitoring of customer credit limits, and an assessment of market conditions. The Company may also require prepayment from customers to mitigate credit risk. Receivable balances are written off against an allowance for credit losses after a final determination of collectability has been made.

Accounts receivable are net of an allowance for credit losses of **\$43 million** **\$39 million** and **\$31 million** **\$38 million** at **September 30, 2023** **March 31, 2024** and **December 31, 2022** **December 31, 2023**, respectively. The change in the allowance for credit losses includes expense and net write-offs, none of which are significant.

Note 5. INVENTORY

Inventory is carried at lower of cost or net realizable value. The components of inventory are as follows:

		September 30, 2023	December 31, 2022		
(In millions)	(In millions)			(In millions)	
				March 31, 2024	December 31, 2023
Raw materials	Raw materials	\$ 1,471	\$ 1,275		
Work-in-process	Work-in-process	901	781		
Finished goods	Finished goods	1,341	1,375		
Total inventory	Total inventory	\$ 3,713	\$ 3,430		

Note 6. GOODWILL

Changes in the carrying amount of goodwill by segment are as follows:

(In millions)	January 1, 2023	Translation	September 30, 2023
Electrical Americas	\$ 7,402	\$ 2	\$ 7,404
Electrical Global	3,929	(24)	3,905
Aerospace	2,844	8	2,851
Vehicle	287	—	287
eMobility	334	—	334
Total	\$ 14,796	\$ (15)	\$ 14,781

(In millions)	January 1, 2024	Translation	March 31, 2024
Electrical Americas	\$ 7,415	\$ (8)	\$ 7,407
Electrical Global	4,038	(73)	3,965
Aerospace	2,901	(18)	2,883
Vehicle	289	(1)	288
eMobility	334	—	334
Total	\$ 14,977	\$ (100)	\$ 14,877

Note 7. SUPPLY CHAIN FINANCE PROGRAM

The Company negotiates payment terms directly with its suppliers for the purchase of goods and services. In addition, a third-party financial institution offers a voluntary supply chain finance (SCF) program that enables certain of the Company's suppliers, at the supplier's sole discretion, to sell receivables due from the Company to the financial institution on terms directly negotiated with the financial institution. If a supplier elects to participate in the SCF program, the supplier decides which invoices are sold to the financial institution and the Company has no economic interest in a supplier's decision to sell an invoice. Payments by the Company to participating suppliers are paid to the financial institution on the invoice due date, regardless of whether an individual invoice is sold by the supplier to the financial institution. The amounts due to the financial institution for suppliers that participate in the SCF program are included in Accounts payable on the Consolidated Balance Sheets, and the associated payments are included in operating activities on the Condensed Consolidated Statements of Cash Flows.

The changes in SCF obligations are as follows:

(In millions)		SCF Obligations
Balance at January 1, 2023	January 1, 2024	\$ 208 369
Invoices confirmed during the period		988 351
Invoices paid during the period		(834) (359)
Balance at March 31, 2024		\$ 361

(In millions)		SCF Obligations
Balance at January 1, 2023		\$ 219
Invoices confirmed during the period		297
Invoices paid during the period		(234)
Translation		10 1
Balance at September 30, 2023	March 31, 2023	\$ 372 283

Note 8. DEBT

On October 2, 2023, the Company replaced its existing \$500 million 364-day revolving credit facility with a new \$500 million 364-day revolving credit facility that will expire on September 30, 2024. The Company also has a \$2,500 million five-year revolving credit facility that will expire on October 1, 2027. The revolving credit facilities totaling \$3,000 million are used to support commercial paper borrowings and are fully and unconditionally guaranteed by Eaton and certain of its direct and indirect subsidiaries on an unsubordinated, unsecured basis. There were no borrowings outstanding under Eaton's revolving credit facilities at September 30, 2023. The Company maintains access to the commercial paper markets through its \$3,000 million commercial paper program, of which none was outstanding on September 30, 2023.

On May 18, 2023, Eaton issued senior notes (2023 Notes) with a face amount of \$500 million. The 2023 Notes mature in 2028 with interest payable semi-annually at a rate of 4.35% per annum. The issuer received proceeds totaling \$497 million from the issuance, net of financing costs. The 2023 Notes are fully and unconditionally guaranteed on an unsubordinated, unsecured basis by Eaton and certain of its direct and indirect subsidiaries. The 2023 Notes contain customary optional redemption and par call provisions. The 2023 Notes also contain a provision which upon a change of control requires the Company to make an offer to purchase all or any part of the 2023 Notes at a purchase price of 101% of the principal amount plus accrued and unpaid interest. The 2023 Notes are subject to customary non-financial covenants.

On March 3, 2023, a subsidiary of Eaton issued Euro denominated notes (2023 Euro Notes) in a private issuance with a face value of €300 million (\$318 million). The floating rate notes are due June 3, 2024 with interest payable quarterly based on the three-month Euro Interbank Offered Rate plus 25 basis points. The 2023 Euro Notes are fully and unconditionally guaranteed on an unsubordinated, unsecured basis by Eaton. The 2023 Euro Notes contain a change of control provision which requires the Company to make an offer to purchase all or any part of the 2023 Euro Notes at a purchase price of 100.5% of the principal amount plus accrued and unpaid interest. The 2023 Euro Notes are subject to customary non-financial covenants.

Note 9.8. RETIREMENT BENEFITS PLANS

The components of retirement benefits expense (income) are as follows:

	United States		Non-United States		Other postretirement	
	pension benefit expense (income)		pension benefit expense (income)		benefits expense (income)	
	Three months ended September 30					
(In millions)	2023	2022	2023	2022	2023	2022
Service cost	\$ 4	\$ 6	\$ 11	\$ 15	\$ —	\$ —
Interest cost	35	32	22	12	3	2
Expected return on plan assets	(48)	(50)	(31)	(28)	—	—
Amortization	1	2	1	11	(4)	(1)
	(8)	(10)	4	9	(1)	—

Settlements	9	18	1	—	—	—
Total expense (income)	\$ 1	\$ 8	\$ 5	\$ 10	\$ (1)	\$ —
	United States		Non-United States		Other postretirement	
	pension benefit expense (income)		pension benefit expense (income)		benefits expense (income)	
	Nine months ended September 30					
(In millions)	2023	2022	2023	2022	2023	2022
Service cost	\$ 14	\$ 22	\$ 32	\$ 45	\$ —	\$ 1
Interest cost	106	80	64	36	8	5
Expected return on plan assets	(146)	(155)	(91)	(88)	—	—
Amortization	3	14	5	35	(13)	(5)
	(23)	(39)	11	27	(5)	—
Settlements	28	49	2	1	—	—
Total expense (income)	\$ 5	\$ 10	\$ 13	\$ 29	\$ (5)	\$ —

The components of retirement benefits expense (income) are as follows:

	United States		Non-United States	
	pension benefit expense		pension benefit expense	
	Three months ended March 31			
(In millions)	2024	2023	2024	2023
Service cost	\$ 5	\$ 5	\$ 12	\$ 11
Interest cost	33	36	21	21
Expected return on plan assets	(47)	(49)	(33)	(30)
Amortization	2	1	3	1
	(7)	(7)	3	3
Settlements	9	9	1	1
Total expense	\$ 1	\$ 2	\$ 4	\$ 4

The components of retirement benefits expense other than service costs are included in Other expense (income) income - net.

During 2020, the Company announced it was freezing its United States pension plans for its non-union employees. The freeze was effective January 1, 2021 for non-union U.S. employees whose retirement benefit was determined under a cash balance formula and is effective January 1, 2026 for non-union U.S. employees whose retirement benefit is determined under a final average pay formula.

During the third quarter and first nine months of 2023, the Company recognized settlement losses from lump-sum distributions of \$10 million and \$30 million, respectively. During the third quarter and first nine months of 2022, the Company recognized settlement losses from lump-sum distributions of \$18 million and \$50 million, respectively. During the third quarter and first nine months of 2022, the Company remeasured certain pension plans as a result of lump-sum distributions exceeding or expected to exceed the sum of service and interest costs for the year. These remeasurements resulted in a decrease of \$88 million and \$178 million in funded status and corresponding increase in Accumulated other comprehensive loss in the third quarter and first nine months of 2022, respectively.

Note 10.9. LEGAL CONTINGENCIES

Eaton is subject to a broad range of claims, administrative and legal proceedings such as lawsuits that relate to contractual allegations and indemnity claims, tax audits, patent infringement, personal injuries, antitrust matters, and employment-related matters. Eaton is also subject to legal claims from historic products which may have contained asbestos. Insurance may cover some of the costs associated with these claims and proceedings. Although it is not possible to predict with certainty the outcome or cost of these matters, the Company believes they will not have a material adverse effect on the Condensed Consolidated Financial Statements, condensed consolidated financial statements.

Note 11.10. INCOME TAXES

The effective income tax rate for the third first quarter of 2023 2024 was expense of 17.3% 17.9% compared to expense of 15.5% for the third quarter of 2022. The effective income tax rate 16.1% for the first nine months quarter of 2023 was expense of 16.9% compared to expense of 15.4% for the first nine months of 2022. 2023. The increase in the effective tax rate in the third first quarter and first nine months of 2023 2024 was primarily due to greater levels of income in higher tax jurisdictions, jurisdictions, partially offset by a larger impact from the excess tax benefits recognized for employee share-based payments in the quarter.

Brazil Tax Years 2005-2012

The Company has two Brazilian tax cases primarily relating to the amortization of certain goodwill generated from the acquisition of third-party businesses and corporate reorganizations. One case involves tax years 2005-2008 (Case 1), and the other involves tax years 2009-2012 (Case 2). Case 2 is proceeding on a more accelerated timeline than Case 1. For Case 2, the Company received a tax assessment in 2014 that included interest and penalties. In November 2019, the Company received an unfavorable result at the final tax administrative appeals level, resulting in an alleged tax deficiency of \$27 million plus \$118 million of interest and penalties (translated at the March 31, 2024 exchange rate).

The Company is challenging this assessment in the judicial system and, on April 18, 2022, received an unfavorable decision at the first judicial level. On April 27, 2022, the Company filed a motion for clarification relating to that decision. On May 20, 2022, the court largely upheld its prior decision without further clarification. On June 9, 2022, the Company filed its notice of appeal to the second level court. The Company intends to continue its challenge of this assessment in the judicial system.

As previously disclosed for Case 1, the Company received a separate tax assessment alleging a tax deficiency of \$33 million plus \$120 million of interest and penalties (translated at the March 31, 2024 exchange rate), which the Company is challenging in the judicial system. On April 4, 2024, the court published a favorable decision resulting in a reduction to the Case 1 assessment for the goodwill generated from the acquisition of a third-party business. In the same decision, the court confirmed the cancellation of an additional 75% penalty imposed by the tax authorities. As a result of the favorable decision, the alleged tax deficiency was reduced to \$32 million plus \$98 million of interest and penalties (translated at the March 31, 2024 exchange rate). The remainder of Case 1 is still pending resolution at the first judicial level.

Both cases are expected to take several years to resolve through the Brazilian judicial system and require provision of certain assets as security for the alleged deficiencies. As of March 31, 2024, the Company pledged Brazilian real estate assets with net book value of \$20 million and provided additional security in the form of bank secured bonds and insurance bonds totaling \$136 million and a cash deposit of \$26 million (translated at the March 31, 2024 exchange rate).

The Company believes that the final resolution of both of the assessments will not have a material impact on its condensed consolidated financial statements. The ultimate outcome of these matters cannot be predicted with certainty given the complex nature of tax controversies. Should the ultimate outcome of these matters deviate from our reasonable expectations, they may have a material adverse impact on the Company's condensed consolidated financial statements. However, Eaton believes that its interpretations of tax laws and application of tax laws to its facts are correct.

Note 12.11. EATON SHAREHOLDERS' EQUITY

The changes in Shareholders' equity are as follows:

(In millions)	Ordinary shares		Capital in excess of par value	Retained earnings	Accumulated other comprehensive loss	Shares held in trust	Total Eaton shareholders' equity	Noncontrolling interests	Total equity
	Shares	Dollars							
Balance at January 1, 2023	397.8	\$ 4	\$ 12,512	\$ 8,468	\$ (3,946)	\$ (1)	\$ 17,038	\$ 38	\$ 17,075
Net income	—	—	—	638	—	—	638	1	639
Other comprehensive income, net of tax	—	—	—	—	132	—	132	—	132
Cash dividends paid and accrued	—	—	—	(348)	—	—	(348)	(4)	(352)
Issuance of shares under equity-based compensation plans	0.7	—	(11)	(1)	—	1	(11)	—	(11)
Changes in noncontrolling interest of consolidated subsidiaries - net	—	—	—	—	—	—	—	1	1
Balance at March 31, 2023	398.6	\$ 4	\$ 12,502	\$ 8,757	\$ (3,814)	\$ —	\$ 17,449	\$ 36	\$ 17,485
Net income	—	—	—	744	—	—	744	1	745
Other comprehensive income, net of tax	—	—	—	—	53	—	53	—	53
Cash dividends paid	—	—	—	(344)	—	—	(344)	—	(344)
Issuance of shares under equity-based compensation plans	0.4	—	52	(1)	—	(1)	51	—	51
Changes in noncontrolling interest of consolidated subsidiaries - net	—	—	—	—	—	—	—	(1)	(1)
Balance at June 30, 2023	399.0	\$ 4	\$ 12,554	\$ 9,156	\$ (3,760)	\$ (1)	\$ 17,953	\$ 36	\$ 17,988
Net income	—	—	—	891	—	—	891	1	892
Other comprehensive loss, net of tax	—	—	—	—	(167)	—	(167)	—	(167)
Cash dividends paid	—	—	—	(343)	—	—	(343)	—	(343)
Issuance of shares under equity-based compensation plans	0.4	—	51	(1)	—	—	50	—	50
Changes in noncontrolling interest of consolidated subsidiaries - net	—	—	—	—	—	—	—	(1)	(1)
Balance at September 30, 2023	399.3	\$ 4	\$ 12,604	\$ 9,703	\$ (3,927)	\$ (1)	\$ 18,383	\$ 36	\$ 18,420

(In millions)	Ordinary shares		Capital in excess of par value	Retained earnings	Accumulated other comprehensive loss	Shares held in trust	Total Eaton shareholders' equity	Noncontrolling interests	Total equity
	Shares	Dollars							
Balance at January 1, 2024	399.4	\$ 4	\$ 12,634	\$ 10,305	\$ (3,906)	\$ (1)	\$ 19,036	\$ 33	\$ 19,069
Net income	—	—	—	821	—	—	821	1	822
Other comprehensive loss, net of tax	—	—	—	—	(40)	—	(40)	—	(40)
Cash dividends paid and accrued	—	—	—	(381)	—	—	(381)	—	(381)

Issuance of shares under equity-based compensation plans	0.9	—	(4)	(1)	—	—	(5)	—	(5)
Repurchase of shares	(0.5)	—	—	(138)	—	—	(138)	—	(138)
Balance at March 31, 2024	399.8	\$ 4	\$ 12,630	\$ 10,605	\$ (3,946)	\$ (1)	\$ 19,292	\$ 34	\$ 19,326

										Capital							
	Ordinary shares									Ordinary shares	in excess of par value	Retained earnings	Accumulated other comprehensive loss	Shares held in trust	Total Eaton shareholders' equity	Noncontrolling interests	Total equity
(In millions)																	
(In millions)																	
(In millions)																	
Balance at January 1, 2023																	
Balance at January 1, 2023																	
Balance at January 1, 2023																	
				Capital in excess of par value	Retained earnings	Accumulated other comprehensive loss	Shares held in trust	Total Eaton shareholders' equity	Noncontrolling interests	Total equity							
Net income			Ordinary shares														
(In millions)			Ordinary shares	Capital in excess of par value	Retained earnings	Accumulated other comprehensive loss	Shares held in trust	Total Eaton shareholders' equity	Noncontrolling interests	Total equity							
Balance at January 1, 2022	398.8	\$4															
Net income																	
Net income	Net income	—	—	—	532	—	—	532	1	533							
Other comprehensive income, net of tax	Other comprehensive income, net of tax					116		116		116							
Cash dividends paid and accrued	Cash dividends paid and accrued	—	—	—	(331)	—	—	(331)	(2)	(333)							
Issuance of shares under equity-based compensation plans	Issuance of shares under equity-based compensation plans	0.8	—	(22)	(2)	—	—	(24)	—	(24)							
Issuance of shares under equity-based compensation plans																	
Issuance of shares under equity-based compensation plans																	
Changes in noncontrolling interest of consolidated subsidiaries - net																	
Changes in noncontrolling interest of consolidated subsidiaries - net																	
Changes in noncontrolling interest of consolidated subsidiaries - net	Changes in noncontrolling interest of consolidated subsidiaries - net	—	—	—	—	—	—	—	(1)	(1)							
Repurchase of shares		(0.6)	—	—	(86)	—	—	(86)	—	(86)							

Balance at March 31, 2022	399.0	\$4	\$12,427	\$ 7,707	\$	(3,517)	\$ (1)	\$ 16,620	\$	36	\$16,656
Net income	—	—	—	601	—	—	—	601	—	—	601
Other comprehensive loss, net of tax	—	—	—	—	—	(444)	—	(444)	—	—	(444)
Cash dividends paid	—	—	—	(323)	—	—	—	(323)	—	—	(323)
Issuance of shares under equity-based compensation plans	—	—	26	1	—	—	—	27	—	—	27
Balance at March 31, 2023	398.3	\$4	\$12,452	\$ 7,886	\$	(3,961)	\$ (1)	\$ 16,380	\$	36	\$16,416
Changes in noncontrolling interest of consolidated subsidiaries - net	—	—	(1)	—	—	—	—	(1)	—	—	(1)
Repurchase of shares	(0.7)	—	—	(100)	—	—	—	(100)	—	—	(100)
Balance at June 30, 2022	398.3	\$4	\$12,452	\$ 7,886	\$	(3,961)	\$ (1)	\$ 16,380	\$	36	\$16,416
Balance at March 31, 2023	397.7	\$4	\$12,478	\$ 8,070	\$	(4,483)	\$ (1)	\$ 16,068	\$	35	\$16,103
Net income	—	—	—	607	—	—	—	607	1	—	608
Other comprehensive loss, net of tax	—	—	—	—	—	(522)	—	(522)	—	—	(522)
Cash dividends paid	—	—	—	(323)	—	—	—	(323)	—	—	(323)
Issuance of shares under equity-based compensation plans	0.1	—	26	—	—	—	—	26	—	—	26
Balance at March 31, 2023	397.7	\$4	\$12,478	\$ 8,070	\$	(4,483)	\$ (1)	\$ 16,068	\$	35	\$16,103
Changes in noncontrolling interest of consolidated subsidiaries - net	—	—	—	—	—	—	—	—	(2)	—	(2)
Repurchase of shares	(0.7)	—	—	(100)	—	—	—	(100)	—	—	(100)
Balance at September 30, 2022	397.7	\$4	\$12,478	\$ 8,070	\$	(4,483)	\$ (1)	\$ 16,068	\$	35	\$16,103

On February 27, 2019, the Board of Directors adopted a share repurchase program for share repurchases up to \$5.0 billion of ordinary shares (2019 Program). On February 23, 2022, the Board renewed the 2019 Program by providing authority for up to \$5.0 billion in repurchases to be made during the three-year period commencing on that date (2022 Program). Under the 2022 Program, the ordinary shares are expected to be repurchased over time, depending on market conditions, the market price of ordinary shares, capital levels, and other considerations. During the three and nine months ended September 30, 2023 March 31, 2024, no 0.5 million ordinary shares were repurchased. During the three and nine months ended September 30, 2022, 0.7 million and 2.0 million ordinary shares, respectively, were repurchased under the 2022 program in the open market at a total cost of \$100 million and \$286 million \$138 million. During the three months ended March 31, 2023, respectively, no ordinary shares were repurchased.

The changes in Accumulated other comprehensive loss are as follows:

(In millions)	Currency translation and related hedging instruments	Pensions and other postretirement benefits	Cash flow hedges	Total
Balance at January 1, 2023	\$ (3,264)	\$ (810)	\$ 129	\$ (3,946)
Other comprehensive income (loss) before reclassifications	21	(8)	37	50
Amounts reclassified from Accumulated other comprehensive loss (income)	(10)	21	(44)	(32)
Net current-period Other comprehensive income (loss)	11	14	(7)	18
Balance at September 30, 2023	\$ (3,253)	\$ (796)	\$ 122	\$ (3,927)

(In millions)	Currency translation and related hedging instruments	Pensions and other postretirement benefits	Cash flow hedges	Total
Balance at January 1, 2024	\$ (3,029)	\$ (995)	\$ 118	\$ (3,906)
Other comprehensive income (loss) before reclassifications	(49)	6	4	(39)

Amounts reclassified from Accumulated other comprehensive loss (income)	(4)	11	(9)	(1)
Net current-period Other comprehensive income (loss)	(53)	17	(4)	(40)
Balance at March 31, 2024	<u>\$ (3,082)</u>	<u>\$ (978)</u>	<u>\$ 114</u>	<u>\$ (3,946)</u>

The reclassifications out of Accumulated other comprehensive loss are as follows:

(In millions)	(In millions)	Nine months ended September 30, 2023	Consolidated Statements of Income classification	(In millions)	Three months ended March 31, 2024	(In millions)	Consolidated Statements of Income classification
Gains and (losses) on net investment hedges (amount excluded from effectiveness testing)	Gains and (losses) on net investment hedges (amount excluded from effectiveness testing)						
Currency exchange contracts	Currency exchange contracts	\$ 10	Interest expense - net				
Currency exchange contracts	Currency exchange contracts						
Currency exchange contracts	Currency exchange contracts			\$ 4			Interest expense - net
Tax expense	Tax expense	—					
Total, net of tax	Total, net of tax						
Total, net of tax	Total, net of tax						
Total, net of tax	Total, net of tax	10					
Amortization of defined benefits pensions and other postretirement benefits items	Amortization of defined benefits pensions and other postretirement benefits items						
Amortization of defined benefits pensions and other postretirement benefits items	Amortization of defined benefits pensions and other postretirement benefits items						
Amortization of defined benefits pensions and other postretirement benefits items	Amortization of defined benefits pensions and other postretirement benefits items						
Actuarial loss and prior service cost	Actuarial loss and prior service cost						
Actuarial loss and prior service cost	Actuarial loss and prior service cost						
Actuarial loss and prior service cost	Actuarial loss and prior service cost						
Actuarial loss and prior service cost	Actuarial loss and prior service cost	1					
Actuarial loss and prior service cost	Actuarial loss and prior service cost	(25)					
Tax benefit	Tax benefit	4					
Tax benefit	Tax benefit						

Tax benefit									
Total, net of tax									
Total, net of tax									
Total, net of tax	Total, net of tax	(21)							
Gains and (losses) on cash flow hedges									
Gains and (losses) on cash flow hedges									
Floating-to-fixed interest rate swaps									
Floating-to-fixed interest rate swaps									
Floating-to-fixed interest rate swaps	Floating-to-fixed interest rate swaps	9	Interest expense - net	3		Interest expense - net			Interest expense - net
Currency exchange contracts	Currency exchange contracts	45	Net sales and Cost of products sold		8	Net sales and Cost of products sold			Net sales and Cost of products sold
Commodity contracts	Commodity contracts	1	Cost of products sold		(1)	Cost of products sold			Cost of products sold
Tax expense									
Tax expense									
Total, net of tax									
Total, net of tax									
Total, net of tax	Total, net of tax	44							
Total reclassifications for the period	Total reclassifications for the period	\$ 32							
Total reclassifications for the period									
Total reclassifications for the period									

¹ These components of Accumulated other comprehensive loss are included in the computation of net periodic benefit cost. See Note 8 for additional information about pension and other postretirement benefits items.

Net Income Per Share Attributable to Eaton Ordinary Shareholders

A summary of the calculation of net income per share attributable to Eaton ordinary shareholders is as follows:

		Three months ended September 30		Nine months ended September 30	
		Three months ended March 31		Three months ended March 31	
		Three months ended March 31		Three months ended March 31	
(In millions except for per share data)	(In millions except for per share data)	2023	2022	2023	2022
(In millions except for per share data)					
(In millions except for per share data)					

Net income attributable to Eaton ordinary shareholders									
Net income attributable to Eaton ordinary shareholders									
Net income attributable to Eaton ordinary shareholders	Net income attributable to Eaton ordinary shareholders	\$	891	\$	607	\$	2,273	\$	1,741
Weighted-average number of ordinary shares outstanding - diluted	Weighted-average number of ordinary shares outstanding - diluted		401.6		400.3		400.9		400.9
Weighted-average number of ordinary shares outstanding - diluted									
Weighted-average number of ordinary shares outstanding - diluted									
Less dilutive effect of equity-based compensation	Less dilutive effect of equity-based compensation		2.2		1.9		1.9		2.0
Less dilutive effect of equity-based compensation									
Less dilutive effect of equity-based compensation									
Weighted-average number of ordinary shares outstanding - basic									
Weighted-average number of ordinary shares outstanding - basic									
Weighted-average number of ordinary shares outstanding - basic	Weighted-average number of ordinary shares outstanding - basic		399.4		398.4		399.0		398.9
Net income per share attributable to Eaton ordinary shareholders	Net income per share attributable to Eaton ordinary shareholders								
Net income per share attributable to Eaton ordinary shareholders									
Net income per share attributable to Eaton ordinary shareholders									
Diluted	Diluted								
Diluted	Diluted	\$	2.22	\$	1.52	\$	5.67	\$	4.34
Basic	Basic		2.23		1.52		5.70		4.36
Basic									
Basic									

For the **third** first quarter of 2024 and 2023, all stock options were included in the calculation of diluted net income per share attributable to Eaton ordinary shareholders because they were all dilutive. For the first nine months of 2023, 0.1 million stock options were excluded from the calculation of diluted net income per share attributable to Eaton ordinary shareholders because the exercise price of the options exceeded the average market price of the ordinary shares during the period and their effect, accordingly, would have been antidilutive. For the third quarter and first nine months of 2022, 0.2 million and 0.1 million stock options, respectively, were excluded from the calculation of diluted net income per share attributable to Eaton ordinary shareholders because the exercise price of the options exceeded the average market price of the ordinary shares during the period and their effect, accordingly, would have been antidilutive.

Note 13.12. FAIR VALUE MEASUREMENTS

Fair value is measured based on an exit price, representing the amount that would be received to sell an asset or paid to satisfy a liability in an orderly transaction between market participants. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a fair value hierarchy is established, which categorizes the inputs used in measuring fair value as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and (Level 3) unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A summary of financial instruments and contingent consideration recognized at fair value, and the fair value measurements used, is as follows:

(In millions)	(In millions)	Total	Level 1	Level 2	Level 3	(In millions)	Total	Quoted prices in active markets for identical assets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)
<u>September 30, 2023</u>										
<u>March 31, 2024</u>						<u>March 31, 2024</u>				
Cash	Cash	\$ 348	\$ 348	\$ —	\$ —					
Short-term investments	Short-term investments	1,558	1,558	—	—					
Net derivative contracts	Net derivative contracts	9	—	9	—					
Contingent future payments from acquisition of Green Motion	Contingent future payments from acquisition of Green Motion	(45)	—	—	(45)					
<u>December 31, 2022</u>										
<u>December 31, 2023</u>										
<u>December 31, 2023</u>										
<u>December 31, 2023</u>										
Cash	Cash	\$ 294	\$ 294	\$ —	\$ —					
Short-term investments	Short-term investments	261	261	—	—					
Net derivative contracts	Net derivative contracts	29	—	29	—					
Contingent future payments from acquisition of Green Motion	Contingent future payments from acquisition of Green Motion	(44)	—	—	(44)					

Eaton values its financial instruments using an industry standard market approach, in which prices and other relevant information is generated by market transactions involving identical or comparable assets or liabilities.

On March 22, 2021, Eaton acquired Green Motion SA, a leading designer and manufacturer of electric vehicle charging hardware and related software based in Switzerland. Green Motion SA was acquired for \$106 million, including \$49 million of cash paid at closing and an initial estimate of \$57 million for the fair value of contingent future consideration based on 2023 and 2024 revenue performance. The fair value of contingent consideration liabilities is estimated by discounting contingent payments expected to be made, and may increase or decrease based on changes in revenue estimates and discount rates, with a maximum possible undiscounted value of \$113 million \$114 million. As of September 30, 2023 March 31, 2024, the fair value of the contingent future payments has been reduced to \$45 million \$17 million based primarily on lower revenue in 2023 and anticipated reductions in projected 2023 2024 revenue compared to the initial estimate. estimates at closing.

Other Fair Value Measurements

Long-term debt and the current portion of long-term debt had a carrying value of \$9,125 million \$9,186 million and fair value of \$8,252 million \$8,678 million at September 30, 2023 March 31, 2024 compared to \$8,331 million \$9,261 million and \$7,625 million \$8,924 million, respectively, at December 31, 2022 December 31, 2023. The fair value of Eaton's debt instruments was estimated using prevailing market interest rates on debt with similar creditworthiness, terms and maturities and is considered a Level 2 fair value measurement.

Note 14.13. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivative financial instruments are accounted for at fair value and recognized as assets or liabilities in the Consolidated Balance Sheets. Accounting for the gain or loss resulting from the change in the fair value of the derivative financial instrument depends on whether it has been designated as part of a hedging relationship, is effective and the nature of the hedging activity. Eaton formally documents all relationships between derivative financial instruments accounted for as designated hedges and the hedged item, as well as its risk-management objective and strategy for undertaking the hedge transaction. This process includes linking derivative financial instruments to a recognized asset or liability, specific firm commitment, forecasted transaction, or net investment in a foreign operation. These financial instruments can be designated as:

- Hedges of the change in the fair value of a recognized fixed-rate asset or liability, or the firm commitment to acquire such an asset or liability (a fair value hedge); for these hedges, the gain or loss from the derivative financial instrument, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in income during the period of change in fair value.
- Hedges of the variable cash flows of a recognized variable-rate asset or liability, or the forecasted acquisition of such an asset or liability (a cash flow hedge); for these hedges, the gain or loss from the derivative financial instrument is recognized in Accumulated other comprehensive income and reclassified to income in the same period when the gain or loss on the hedged item is included in income.
- Hedges of the currency exposure related to a net investment in a foreign operation (a net investment hedge); for these hedges, the gain or loss from the derivative financial instrument is recognized in Accumulated other comprehensive income and reclassified to income in the same period when the gain or loss related to the net investment in the foreign operation is included in income.

For derivatives that are not designated as a hedge, any gain or loss is immediately recognized in income. The majority of derivatives used in this manner relate to risks resulting from assets or liabilities denominated in a foreign currency and certain commodity contracts that arise in the normal course of business.

Eaton uses currency exchange contracts and certain of its debt denominated in foreign currency to hedge portions of its net investments in foreign operations against foreign currency exposure (net investment hedges). The Company uses the spot rate method to assess hedge effectiveness when currency exchange contracts are used in net investment hedges. Under this method, changes in the spot exchange rate are recognized in Accumulated other comprehensive loss. Changes related to the forward rate are excluded from the hedging relationship and the forward points are amortized to Interest expense - net on a straight-line basis over the term of the contract. The cash flows resulting from these currency exchange contracts are classified in investing activities on the Condensed Consolidated Statements of Cash Flows.

The fair value of derivative financial instruments recognized in the Consolidated Balance Sheets is as follows:

	(In millions)	Notional amount	Other current assets	Other noncurrent assets	Other current liabilities	Other noncurrent liabilities	Type of hedge	Term	(In millions)	Notional amount	Other current assets
	<u>September 30, 2023</u>										
	<u>March 31, 2024</u>								<u>March 31, 2024</u>		
Derivatives designated as hedges	Derivatives designated as hedges								Derivatives designated as hedges		
Forward starting floating-to-fixed interest rate swaps											
Forward starting floating-to-fixed interest rate swaps											
Forward starting floating-to-fixed interest rate swaps	Forward starting floating-to-fixed interest rate swaps	\$ 53	\$ —	\$ 1	\$ —	\$ —	Cash flow	8 years	\$ 216	\$ —	\$ —
Currency exchange contracts	Currency exchange contracts	764	27	1	13	3	Cash flow	1 to 28 months	Currency exchange contracts	311	9
Commodity contracts	Commodity contracts	58	—	—	2	—	Cash flow	1 to 12 months	Commodity contracts	42	2

Currency exchange contracts	Currency exchange contracts	549	—	—	2	—	Net investment	3 months	Currency exchange contracts	555	2	2
Total	Total	\$ 27	\$ 2	\$ 17	\$ 3							
Derivatives not designated as hedges	Derivatives not designated as hedges											
Derivatives not designated as hedges	Derivatives not designated as hedges											
Currency exchange contracts	Currency exchange contracts											
Currency exchange contracts	Currency exchange contracts											
Currency exchange contracts	Currency exchange contracts	\$ 4,735	\$ 11	\$ 11			1 to 7 months		\$ 4,429	\$	\$ 18	
December 31, 2022	Derivatives designated as hedges											
December 31, 2023												
December 31, 2023												
December 31, 2023												
Derivatives designated as hedges	Derivatives designated as hedges											
Forward starting floating-to-fixed interest rate swaps	Forward starting floating-to-fixed interest rate swaps								\$ 165		\$ —	
Currency exchange contracts	Currency exchange contracts	\$ 1,240	\$ 35	\$ 2	\$ 17	\$ 9	Cash flow	1 to 36 months	Currency exchange contracts	505	17	17
Commodity contracts	Commodity contracts	64	4	—	2	—	Cash flow	1 to 12 months	Commodity contracts	54	1	1
Currency exchange contracts	Currency exchange contracts								Currency exchange contracts	564		—
Total	Total	\$ 39	\$ 2	\$ 19	\$ 9				Total		\$ 17	
Derivatives not designated as hedges	Derivatives not designated as hedges											
Derivatives not designated as hedges	Derivatives not designated as hedges											
Derivatives not designated as hedges	Derivatives not designated as hedges											
Currency exchange contracts	Currency exchange contracts	\$ 4,683	\$ 30	\$ 14				1 to 12 months	Currency exchange contracts	\$ 4,797	\$	\$ 12

The currency exchange contracts shown in the table above as derivatives not designated as hedges are primarily contracts entered into to manage currency volatility or exposure on intercompany receivables, payables and loans. While Eaton does not elect hedge accounting treatment for these derivatives, Eaton targets managing 100% of the intercompany balance sheet exposure to minimize the effect of currency volatility related to the movement of goods and services in the normal course of its operations. This activity represents the great majority of these currency exchange contracts. The cash flows resulting from the settlement of these derivatives have been classified in investing activities in the Condensed Consolidated Statements of Cash Flows.

Foreign currency denominated debt designated as non-derivative net investment hedging instruments had a carrying value on an after-tax basis of \$3,010 million \$3,068 million at September 30, 2023 March 31, 2024 and \$2,711 million \$3,140 million at December 31, 2022 December 31, 2023.

As of September 30, 2023 March 31, 2024, the volume of outstanding commodity contracts that were entered into to hedge forecasted transactions:

Commodity	September 30, 2023March 31, 2024		Term
Aluminum	43	Millions of pounds	1 to 9 months
Copper	9	Millions of pounds	1 to 11 months
Copper	12	Millions of pounds	1 to 12 months
Gold	1,6621,405	Troy ounces	1 to 1210 months
Silver	166,42220,376	Troy ounces	1 to 107 months

The following amounts were recorded on the Consolidated Balance Sheets related to fixed-to-floating interest rate swaps:

(In millions)										
(In millions)										
			Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged asset (liabilities) (a)		Carrying amount of the hedged assets (liabilities)		Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged asset (liabilities) ¹			
(In millions)	(In millions)	assets (liabilities)	(liabilities)	(a)	assets (liabilities)					
Location on Consolidated Balance Sheets	Location on Consolidated Balance Sheets	September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	Location on Consolidated Balance Sheets March 31, 2024	December 31, 2023		March 31, 2024	December 31, 2023
Long-term debt	Long-term debt	\$ (713)	\$ (713)	\$ (44)	\$ (48)					

(a) 1 At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, these amounts include the cumulative liability amount of fair value hedging adjustments remaining for which the hedge accounting has been discontinued of \$44 million \$40 million and \$48 million \$42 million, respectively.

The impact of cash flow and fair value hedging activities to the Consolidated Statements of Income is as follows:

		Three months ended September 30, 2023		
		Three months ended March 31, 2024		
		Three months ended March 31, 2024		
		Three months ended March 31, 2024		
(In millions)	(In millions)	Net Sales	Cost of products sold	Interest expense - net
Amounts from Consolidated Statements of Income				
Amounts from Consolidated Statements of Income				
Amounts from Consolidated Statements of Income	Amounts from Consolidated Statements of Income	\$ 5,880	\$ 3,684	\$ 33
Gain (loss) on derivatives designated as cash flow hedges	Gain (loss) on derivatives designated as cash flow hedges			
Gain (loss) on derivatives designated as cash flow hedges				
Gain (loss) on derivatives designated as cash flow hedges				
Forward starting floating-to-fixed interest rate swaps				

Forward starting floating-to-fixed interest rate swaps				
Forward starting floating-to-fixed interest rate swaps	Forward starting floating-to-fixed interest rate swaps			
Hedged item	Hedged item	\$	—	\$ — (3)
Hedged item				
Hedged item				
Derivative designated as hedging instrument				
Derivative designated as hedging instrument				
Derivative designated as hedging instrument	Derivative designated as hedging instrument		—	— 3
Currency exchange contracts	Currency exchange contracts			
Currency exchange contracts				
Currency exchange contracts				
Hedged item	Hedged item	\$	(3)	\$ (16) —
Hedged item				
Hedged item				
Derivative designated as hedging instrument				
Derivative designated as hedging instrument				
Derivative designated as hedging instrument				
Commodity contracts				
Commodity contracts				
Commodity contracts				
Hedged item				
Hedged item				
Hedged item				
Derivative designated as hedging instrument				
Derivative designated as hedging instrument				
Derivative designated as hedging instrument	Derivative designated as hedging instrument		3	16 —
Three months ended September 30, 2022				
Three months ended March 31, 2023				
Three months ended March 31, 2023				
Three months ended March 31, 2023				
(In millions)	(In millions)	Net Sales	Cost of products sold	Interest expense - net
Amounts from Consolidated Statements of Income				
Amounts from Consolidated Statements of Income				
Amounts from Consolidated Statements of Income	Amounts from Consolidated Statements of Income	\$	5,313	\$ 3,545 \$ 37

Gain (loss) on derivatives designated as cash flow hedges	Gain (loss) on derivatives designated as cash flow hedges					
Gain (loss) on derivatives designated as cash flow hedges						
Gain (loss) on derivatives designated as cash flow hedges						
Forward starting floating-to-fixed interest rate swaps						
Forward starting floating-to-fixed interest rate swaps						
Forward starting floating-to-fixed interest rate swaps	Forward starting floating-to-fixed interest rate swaps					
Hedged item	Hedged item	\$	—	\$	—	\$ (1)
Hedged item						
Hedged item						
Derivative designated as hedging instrument						
Derivative designated as hedging instrument						
Derivative designated as hedging instrument	Derivative designated as hedging instrument		—		—	1
Currency exchange contracts	Currency exchange contracts					
Currency exchange contracts						
Currency exchange contracts						
Hedged item						
Hedged item						
Hedged item	Hedged item	\$	5	\$	(6)	\$ —
Derivative designated as hedging instrument	Derivative designated as hedging instrument		(5)		6	—
Commodity contracts						
Hedged item		\$	—	\$	3	\$ —
Derivative designated as hedging instrument						
Derivative designated as hedging instrument	Derivative designated as hedging instrument		—		(3)	—

(In millions)	Nine months ended September 30, 2023		
	Net sales	Cost of products sold	Interest expense - net
Amounts from Consolidated Statements of Income	\$ 17,229	\$ 11,030	\$ 124
Gain (loss) on derivatives designated as cash flow hedges			
Forward starting floating-to-fixed interest rate swaps			
Hedged item	\$ —	\$ —	\$ (9)
Derivative designated as hedging instrument	—	—	9

Currency exchange contracts					
Hedged item	\$	(2)	\$	(46)	\$ —
Derivative designated as hedging instrument		2		46	—
Commodity contracts					
Hedged item	\$	—	\$	(1)	\$ —
Derivative designated as hedging instrument		—		1	—

	Nine months ended September 30, 2022				
(In millions)	Net sales		Cost of products sold		Interest expense - net
Amounts from Consolidated Statements of Income	\$	15,368	\$	10,319	\$ 100
Gain (loss) on derivatives designated as cash flow hedges					
Forward starting floating-to-fixed interest rate swaps					
Hedged item	\$	—	\$	—	\$ (1)
Derivative designated as hedging instrument		—		—	1
Currency exchange contracts					
Hedged item	\$	10	\$	(12)	\$ —
Derivative designated as hedging instrument		(10)		12	—
Gain (loss) on derivatives designated as fair value hedges					
Fixed-to-floating interest rate swaps					
Hedged item	\$	—	\$	—	\$ 8
Derivative designated as hedging instrument		—		—	(8)

The impact of derivatives not designated as hedges to the Consolidated Statements of Income is as follows:

		Gain (loss) recognized in Consolidated Statements of Income		Consolidated Statements of Income classification			
		Gain (loss) recognized in Consolidated Statements of Income		Gain (loss) recognized in Consolidated Statements of Income		Consolidated Statements of Income classification	
		Three months ended September 30					
(In millions)	(In millions)	2023	2022				
(In millions)							
(In millions)							
Gain (loss) on derivatives not designated as hedges	Gain (loss) on derivatives not designated as hedges						
Gain (loss) on derivatives not designated as hedges							
Gain (loss) on derivatives not designated as hedges							

Currency exchange contracts									
Currency exchange contracts									
Currency exchange contracts	Currency exchange contracts	\$ 14	\$ (52)	Interest expense - net	\$ 20	\$	\$ 11	Interest expense - net	Interest expense - net
Total	Total	\$ 14	\$ (52)						
Total									
Total									

(In millions)	Gain (loss) recognized in Consolidated Statements of Income		Consolidated Statements of Income classification	
	Nine months ended September 30			
	2023	2022		
Gain (loss) on derivatives not designated as hedges				
Currency exchange contracts	\$ 31	\$ (85)	Interest expense - net	
Commodity contracts	—	(15)	Other expense (income) - net and Cost of products sold ^(a)	
Total	\$ 31	\$ (100)		

^(a) In the second quarter of 2022, Eaton changed the presentation of gains and losses associated with derivative contracts for commodities that are not designated as hedges from Cost of products sold to Other expense (income) - net on the Consolidated Statements of Income. Prior period amounts have not been reclassified as they are not material.

The impact of derivative and non-derivative instruments designated as hedges to the Consolidated Statements of Income and Comprehensive Income is as follows:

The impact of derivative and non-derivative instruments designated as hedges to the Consolidated Statements of Income and Comprehensive Income is as follows:

	Gain (loss) recognized in other comprehensive income (loss)		Location of gain (loss) reclassified from Accumulated other comprehensive loss	Gain (loss) reclassified from Accumulated other comprehensive loss	
	Three months ended September 30			Three months ended September 30	
(In millions)	2023	2022		2023	2022
Derivatives designated as cash flow hedges					
Forward starting floating-to-fixed interest rate swaps	\$ 1	\$ (36)	Interest expense - net	\$ 3	\$ 1
			Net sales and Cost of products sold	20	(1)
Currency exchange contracts	(2)	(8)			
Commodity contracts	(1)	(3)	Cost of products sold	—	(3)
Derivatives designated as net investment hedges					
Currency exchange contracts					
Effective portion	3	—	Gain (loss) on sale of business	—	—
Amount excluded from effectiveness testing	2	—	Interest expense - net	4	—
Non-derivative designated as net investment hedges					
Foreign currency denominated debt	85	164	Gain (loss) on sale of business	—	—
Total	\$ 87	\$ 117		\$ 27	\$ (3)

Currency exchange contracts						
Currency exchange contracts						
Effective portion						
Effective portion						
Effective portion	Effective portion	21	—	Gain (loss) on sale of business	—	—
Amount excluded from effectiveness testing	Amount excluded from effectiveness testing	11	—	Interest expense - net	10	—
Non-derivative designated as net investment hedges	Non-derivative designated as net investment hedges					
Non-derivative designated as net investment hedges	Non-derivative designated as net investment hedges					
Foreign currency denominated debt	Foreign currency denominated debt					
Foreign currency denominated debt	Foreign currency denominated debt					
Foreign currency denominated debt	Foreign currency denominated debt	19	405	Gain (loss) on sale of business	—	—
Total	Total	\$ 98	\$ 577		\$ 65	\$ 4

The pre-tax portion of the fair value of currency exchange contracts designated as net investment hedges included in Accumulated other comprehensive loss were net gains of \$21 \$19 million at September 30, 2023 March 31, 2024. The pre-tax portion of the fair value of the forward points included in Accumulated other comprehensive loss were net gains of \$11 \$3 million at September 30, 2023 March 31, 2024.

At September 30, 2023 March 31, 2024, a gain of \$12 million \$5 million of estimated unrealized net gains or losses associated with our cash flow hedges were expected to be reclassified to income from Accumulated other comprehensive loss within the next twelve months. These reclassifications relate to our designated foreign currency and commodity hedges that will mature in the next 12 twelve months.

Note 15. 14. RESTRUCTURING CHARGES

In the second quarter of 2020, Eaton initiated a multi-year restructuring program to reduce its cost structure and gain efficiencies in its business segments and at corporate in order to initially respond to declining market conditions brought on by the COVID-19 pandemic. Since the inception of the program, the Company has incurred expenses of \$199 million for workforce reductions and \$184 million for plant closing and other costs, resulting in total charges of \$371 million. \$382 million through December 31, 2023. This multi-year restructuring program was substantially complete at the end of 2023, with final payments expected to be made in 2024.

During the first quarter of 2024, Eaton implemented a new multi-year restructuring program to accelerate opportunities to optimize its operations and global support structure. These actions will better align the Company's functions to support anticipated growth and drive greater effectiveness throughout the Company. Restructuring charges incurred under this program were \$63 million in the first quarter of 2024. This restructuring activities are program is expected to be completed in 2023 with 2026 and is expected to incur additional expenses related to workforce reductions of \$216 million and plant closing and other costs of \$96 million, resulting in total estimated charges of \$380 \$375 million cumulatively for the entire program. The remaining charges in 2023 are expected to relate primarily to plant closing and other costs.

A summary of restructuring program charges is as follows:

(In millions except for per share data)	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Workforce reductions	\$ —	\$ 5	\$ 17	\$ 11
Plant closing and other	7	17	29	38
Total before income taxes	7	22	46	49

Income tax benefit	1	4	9	10
Total after income taxes	\$ 5	\$ 18	\$ 37	\$ 39
Per ordinary share - diluted	\$ 0.01	\$ 0.04	\$ 0.09	\$ 0.10

(In millions except for per share data)	Three months ended March 31	
	2024	2023
Workforce reductions	\$ 59	\$ 2
Plant closing and other	4	7
Total before income taxes	63	10
Income tax benefit	14	2
Total after income taxes	\$ 49	\$ 8
Per ordinary share - diluted	\$ 0.12	\$ 0.02

Restructuring program charges related to the following segments:

(In millions)	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Electrical Americas	\$ —	\$ 4	\$ 4	\$ 14
Electrical Global	5	8	22	14
Aerospace	1	2	4	6
Vehicle	1	2	4	8
eMobility	—	—	6	—
Corporate	—	5	6	7
Total	\$ 7	\$ 22	\$ 46	\$ 49

(In millions)	Three months ended March 31	
	2024	2023
Electrical Americas	\$ 7	\$ 2
Electrical Global	24	3
Aerospace	8	1
Vehicle	24	2
Corporate	—	1
Total	\$ 63	\$ 10

A summary of liabilities related to workforce reductions, plant closing, and other associated costs is as follows:

(In millions)	Workforce reductions	Plant closing and other	Total
Balance at January 1, 2020	\$ —	\$ —	\$ —
Liability recognized	172	42	214
Payments, utilization and translation	(33)	(39)	(72)
Balance at December 31, 2020	139	3	142
Liability recognized	21	57	78
Payments, utilization and translation	(64)	(52)	(116)
Balance at December 31, 2021	96	8	104
Liability recognized, net	(13)	47	33
Payments, utilization and translation	(45)	(51)	(96)
Balance at December 31, 2022	38	4	41
Liability recognized, net	17	29	46
Payments	(15)	(27)	(41)
Balance at September 30, 2023	\$ 40	\$ 6	\$ 46

The restructuring program liability was adjusted by \$30 million in 2022 related to true-ups for completed workforce reductions and the decision not to close a facility in the Vehicle segment that was previously included in the program.

(In millions)	Workforce reductions	Plant closing and other	Total
Balance at January 1, 2024	\$ 35	\$ 6	\$ 41
Liability recognized, net	59	4	63
Payments, utilization and translation	(14)	(3)	(18)

Balance at March 31, 2024	\$	80	\$	7	\$	86
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These restructuring program charges were included in Cost of products sold, Selling and administrative expense, Research and development expense, or Other **expense (income)** - income — net, as appropriate. In Business Segment Information, these restructuring program charges are treated as Corporate items. See Note **16 15** for additional information about business segments.

Note 16. 15. BUSINESS SEGMENT INFORMATION

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated on a regular basis by the chief operating decision maker, or decision making group, in deciding how to allocate resources to an individual segment and in assessing performance. Eaton's operating segments are Electrical Americas, Electrical Global, Aerospace, Vehicle, and eMobility. Operating profit includes the operating profit from intersegment sales. For additional information regarding Eaton's business segments, see Note **17 18** to the **Consolidated Financial Statements consolidated financial statements** contained in the **2022 2023** Form 10-K.

		Three months ended September 30	Nine months ended September 30						
		Three months ended March 31							
		Three months ended March 31							
		Three months ended March 31							
(In millions)	(In millions)	2023	2022	2023	2022	(In millions)	2024		2023
Net sales	Net sales								
Electrical Americas	Electrical Americas	\$2,594	\$2,179	\$ 7,426	\$ 6,201				
Electrical Americas	Electrical Americas								
Electrical Global	Electrical Global	1,503	1,486	4,572	4,418				
Aerospace	Aerospace								
Aerospace	Aerospace	867	768	2,517	2,227				
Vehicle	Vehicle	753	744	2,242	2,123				
eMobility	eMobility	163	137	471	399				
Total net sales	Total net sales	\$5,880	\$5,313	\$17,229	\$15,368				
Segment operating profit (loss)	Segment operating profit (loss)								
Segment operating profit (loss)	Segment operating profit (loss)								
Electrical Americas	Electrical Americas								
Electrical Americas	Electrical Americas	\$ 719	\$ 511	\$ 1,913	\$ 1,368				
Electrical Global	Electrical Global	328	305	892	866				
Aerospace	Aerospace								
Aerospace	Aerospace	209	185	580	506				

Vehicle	Vehicle	131	125	353	346
eMobility	eMobility	—	(2)	(5)	(7)
Total segment operating profit	Total segment operating profit	1,386	1,124	3,732	3,079
Corporate	Corporate				
Corporate					
Corporate					
Intangible asset amortization expense					
Intangible asset amortization expense					
Intangible asset amortization expense	Intangible asset amortization expense	(107)	(124)	(344)	(375)
Interest expense - net	Interest expense - net	(33)	(37)	(124)	(100)
Pension and other postretirement benefits income	Pension and other postretirement benefits income	11	7	33	35
Restructuring program charges					
Restructuring program charges					
Restructuring program charges	Restructuring program charges	(7)	(22)	(46)	(49)
Other expense - net	Other expense - net	(171)	(227)	(512)	(529)
Income before income taxes	Income before income taxes	1,079	720	2,739	2,060
Income tax expense	Income tax expense	187	112	463	316
Net income	Net income	892	608	2,277	1,743
Less net income for noncontrolling interests	Less net income for noncontrolling interests	(1)	(1)	(4)	(2)
Net income attributable to Eaton ordinary shareholders	Net income attributable to Eaton ordinary shareholders	<u>\$ 891</u>	<u>\$ 607</u>	<u>\$ 2,273</u>	<u>\$ 1,741</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Amounts are in millions of dollars or shares unless indicated otherwise (per share data assume dilution). Columns and rows may not add and the sum of components may not equal total amounts reported due to rounding.

COMPANY OVERVIEW

Eaton Corporation plc (Eaton or the Company) is a global an intelligent power management company dedicated to protecting the environment and improving the quality of life and protecting the environment for people everywhere. We are guided by our commitment to do business right, to operate sustainably make products for the data center, utility, industrial,

commercial, machine building, residential, aerospace and to help our customers manage power – today and well into the future. We're committed to accelerating the planet's transition to renewable energy, helping to solve the world's most urgent power management challenges, and doing what's best for our stakeholders and all of society.

mobility markets. We are well positioned to capitalize on the megatrends of electrification, energy transition and digitalization. The reindustrialization of North America and Europe, emerging growth in North American megaprojects, and increased global infrastructure spending focused on clean energy programs are expanding our end markets and positioning Eaton for growth for years to come. We are strengthening our participation across the entire electrical power value chain and benefiting from momentum in the data center and utility end markets as well as a growth cycle in the commercial aerospace and defense markets.

Over We are guided by our commitment to operate sustainably and with the past several years, we've completed highest ethical standards. Our work is accelerating the planet's transition to renewable energy sources, helping to solve the world's most urgent power management challenges, and building a number of transactions to add higher-growth, higher-margin businesses to our portfolio. These updates have better aligned the Company with secular growth trends more sustainable society for people today and positioned the Company for future growth. This transformation of our portfolio of businesses, along with continued organic sales growth and operational performance, has led to 46% growth in our net income per share in the third quarter of 2023 compared to the third quarter of 2022.generations.

Founded Eaton was founded in 1911 Eaton is marking its 100th anniversary of being and has been listed on the New York Stock Exchange. Exchange for more than a century. We reported revenues of \$20.8 billion \$23.2 billion in 2022 2023 and serve customers in more than 170 160 countries.

Portfolio Changes

The Company continues to actively manage its portfolio of businesses to deliver on its strategic objectives. The Company is focused on deploying its capital toward businesses that provide opportunities for above-market growth, strong returns, and align with secular trends and its power management strategies. During 2022 and 2023, Eaton continued to selectively add businesses to strengthen its portfolio.

Acquisitions of businesses and investments in associate companies	Date of acquisition	Business segment
Royal Power Solutions	January 5, 2022	eMobility
A manufacturer of high-precision electrical connectivity components used in electric vehicle, energy management, industrial and mobility markets.		
Jiangsu Huineng Electric Co., Ltd's circuit breaker business	July 1, 2022	Electrical Global
A 50 percent stake in Jiangsu Huineng Electric Co., Ltd's circuit breaker business which manufactures and markets low-voltage circuit breakers in China.		
Jiangsu Ryan Electrical Co. Ltd.	April 23, 2023	Electrical Global
A 49 percent stake in Jiangsu Ryan Electrical Co. Ltd., a manufacturer of power distribution and sub-transmission transformers in China.		
Additional information related to acquisitions and divestiture of businesses is presented in Note 2.		

RESULTS OF OPERATIONS

Non-GAAP Financial Measures

The following discussion of Consolidated Financial Results includes certain non-GAAP financial measures. These financial measures include adjusted earnings and adjusted earnings per ordinary share, each of which differs from the most directly comparable measure calculated in accordance with generally accepted accounting principles (GAAP). A reconciliation of adjusted earnings and adjusted earnings per ordinary share to the most directly comparable GAAP measure is included in the Consolidated Financial Results table below. Management believes that these financial measures are useful to investors because they provide additional meaningful financial information that should be considered when assessing our business performance and trends, and they allow investors to more easily compare Eaton's financial performance period to period. Management uses this information in monitoring and evaluating the on-going performance of Eaton.

Acquisition and Divestiture Charges

Eaton incurs integration charges and transaction costs to acquire and integrate businesses, and transaction, separation and other costs to divest and exit businesses. Eaton also recognizes gains and losses on the sale of businesses. A summary of these Corporate items is as follows:

Three months ended March 31
Three months ended March 31
Three months ended March 31
(In millions except for per share data)
(In millions except for per share data)
(In millions except for per share data)

Acquisition integration, divestiture charges and transaction costs					
Acquisition integration, divestiture charges and transaction costs					
Acquisition integration, divestiture charges and transaction costs					
	Three months ended September 30		Nine months ended September 30		
(In millions except for per share data)	2023	2022	2023	2022	
Acquisition integration, divestiture charges and transaction costs	\$ 18	\$ 103	\$ 69	\$ 182	
Gain on the sale of the Hydraulics business	—	—	—	(24)	
Total before income taxes	18	103	69	158	
Income tax benefit					
Income tax benefit					
Income tax benefit	Income tax benefit	4	17	14	25
Total after income taxes	Total after income taxes	\$ 14	\$ 86	\$ 54	\$ 133
Total after income taxes					
Total after income taxes					
Per ordinary share - diluted	Per ordinary share - diluted	\$ 0.03	\$ 0.21	\$ 0.14	\$ 0.33
Per ordinary share - diluted					
Per ordinary share - diluted					

Acquisition integration, divestiture charges and transaction costs in 2024 and 2023 and 2022 are primarily related to the acquisition of Royal Power Solutions and other acquisitions completed prior to 2022, 2023, including other charges and income to acquire and exit businesses. Costs in 2023 and 2022 also included certain indemnity claims associated with the sale of 50% interest in the commercial vehicle automated transmission business in 2017. Costs in 2022 also included charges of \$29 million presented in Other expense (income) - net on the Consolidated Statements of Income related to the decision in the second quarter of 2022 to exit the Company's business operations in Russia. These charges consisted primarily of write-downs of accounts receivable, inventory and other assets, and accruals for severance. These charges were included in Cost of products sold, Selling and administrative expense, Research and development expense, or Other expense (income) income - net. In Business Segment Information in Note 16, 15, the charges were included in Other expense - net.

Restructuring Programs

In the second quarter of 2020, Eaton initiated a multi-year restructuring program to reduce its cost structure and gain efficiencies in its business segments and at corporate in order to initially respond to declining market conditions brought on by the COVID-19 pandemic. Since the inception of the program, the Company has incurred expenses of \$199 million for workforce reductions and \$184 million for plant closing and other costs, resulting in total charges of \$371 million, \$382 million through December 31, 2023. This restructuring program was substantially complete at the end of 2023.

During the first quarter of 2024, Eaton implemented a new multi-year restructuring program to accelerate opportunities to optimize its operations and global support structure. These actions will better align the Company's functions to support anticipated growth and drive greater effectiveness throughout the Company. Restructuring charges incurred under this program were \$63 million in the first quarter of 2024. This restructuring activities are program is expected to be completed in 2023 with 2026 and is expected to incur additional expenses related to workforce reductions of \$216 million and plant closing and other costs of \$96 million, resulting in total estimated charges of \$380 \$375 million cumulatively for the entire program and projected program. The Company expects mature year savings benefits of \$265 \$325 million when the multi-year program is fully implemented. The remaining charges in 2023 are expected to relate primarily to plant closing and other costs.

Additional information related to this these restructuring programs is presented in Note 15, 14.

Intangible Asset Amortization Expense

Intangible asset amortization expense is as follows:

Three months ended September 30		Nine months ended September 30	
Three months ended March 31			

		Three months ended March 31		Three months ended March 31	
(In millions except for per share data)					
(In millions except for per share data)					
(In millions except for per share data)	(In millions except for per share data)	2023	2022	2023	2022
Intangible asset amortization expense	Intangible asset amortization expense	\$ 107	\$ 124	\$ 344	\$ 375
Intangible asset amortization expense					
Intangible asset amortization expense					
Income tax benefit					
Income tax benefit					
Income tax benefit	Income tax benefit	23	27	74	80
Total after income taxes	Total after income taxes	\$ 84	\$ 97	\$ 269	\$ 295
Total after income taxes					
Total after income taxes					
Per ordinary share - diluted	Per ordinary share - diluted	\$ 0.21	\$ 0.25	\$ 0.67	\$ 0.74
Per ordinary share - diluted					
Per ordinary share - diluted					

Consolidated Financial Results

		Three months ended September 30				Nine months ended September 30			
		Three months ended March 31		Increase (decrease)				Increase (decrease)	
		Three months ended March 31							
		Three months ended March 31							
(In millions except for per share data)									
(In millions except for per share data)									
(In millions except for per share data)	(In millions except for per share data)								
		2023	2022	Increase		2023	2022	Increase	
Net sales	Net sales	\$ 5,880	\$ 5,313	(decrease)	\$ 17,229	\$ 15,368		(decrease)	
Net sales									
Net sales									
Gross profit									
Gross profit									
Gross profit	Gross profit	2,196	1,768	24 %		6,199	5,049	23 %	
Percent of net sales	Percent of net sales	37.3 %	33.3 %			36.0 %	32.9 %		
Percent of net sales									
Percent of net sales									
Income before income taxes									
Income before income taxes									

Net income per share attributable to Eaton ordinary shareholders - diluted									
Net income per share attributable to Eaton ordinary shareholders - diluted									
Excluding per share impact of acquisition and divestiture charges, after-tax									
Excluding per share impact of acquisition and divestiture charges, after-tax									
Excluding per share impact of acquisition and divestiture charges, after-tax	Excluding per share impact of acquisition and divestiture charges, after-tax	0.03	0.21			0.14		0.33	
Excluding per share impact of restructuring program charges, after-tax	Excluding per share impact of restructuring program charges, after-tax	0.01	0.04			0.09		0.10	
Excluding per share impact of restructuring program charges, after-tax									
Excluding per share impact of restructuring program charges, after-tax									
Excluding per share impact of intangible asset amortization expense, after-tax									
Excluding per share impact of intangible asset amortization expense, after-tax									
Excluding per share impact of intangible asset amortization expense, after-tax	Excluding per share impact of intangible asset amortization expense, after-tax	0.21	0.25			0.67		0.74	
Adjusted earnings per ordinary share	Adjusted earnings per ordinary share	\$ 2.47	\$ 2.02	22	%	\$ 6.57		\$ 5.51	19 %
Adjusted earnings per ordinary share									
Adjusted earnings per ordinary share									

Net Sales

Changes in Net sales are summarized as follows:	Three months ended	Nine months ended
	September 30, 2023	September 30, 2023
Organic growth	9 %	12 %
Foreign currency	2 %	— %
Total increase in Net sales	11 %	12 %

Organic Net sales increased 9%8% in the third first quarter of 2023 2024 driven entirely by primarily due to strength organic sales. The increase in industrial, utility, machine OEM, and data center end-markets of the Electrical Americas business segment, strength in organic sales to commercial OEM and aftermarket in the Aerospace business segment, and the ramp up of key programs in the eMobility business segment due to robust demand for electric vehicles.

Organic sales increased 12% in the first nine months of 2023was primarily due to strength in commercial & institutional, utility, industrial, and data center end-markets of in the Electrical Americas and Electrical Global business segments, strength in sales to commercial OEM and aftermarket in the Aerospace business segment, and strength in the North American, European and Asia Pacific regions in the Vehicle business segment, and the ramp up of key programs region in the eMobility business segment due to robust demand for electric vehicles. segment.

Gross Profit

Gross profit margin increased from 33.3%34.4% in the third first quarter of 2022 2023 to 37.3% in the third first quarter of 2023 2024 primarily due to higher sales volumes and net price realization, and operating efficiencies in the Electrical Americas and Vehicle business segments, partially offset by higher costs to support growth initiatives in the Electrical Americas and Aerospace business segments, and net sales price realization in the Electrical Global and Vehicle business segments, partially offset by lower sales volumes in the Electrical Global and Vehicle business segments, and unfavorable product mix in the Electrical Global Aerospace business segment.

Gross profit margin increased from 32.9% segment, and lower sales volume in the first nine months of 2022 to 36.0% in the first nine months of 2023 primarily due to higher sales volumes and net price realization, partially offset by unfavorable product mix and operating inefficiencies in the Electrical Global and Vehicle business segments.

segment.

Income Taxes

The effective income tax rate for the third first quarter of 2023 2024 was expense of 17.3%17.9% compared to expense of 15.5% for the third quarter of 2022. The effective income tax rate 16.1% for the first nine months quarter of 2023 was expense of 16.9% compared to expense of 15.4% for the first nine months of 2022. 2023. The increase in the effective tax rate in the third first quarter and first nine months of 2023 2024 was primarily due to greater levels of income in higher tax jurisdictions, jurisdictions, partially offset by a larger impact from the excess tax benefits recognized for employee share-based payments in the quarter.

The European Union (EU) member states formally adopted a directive to implement a 15% global minimum effective tax rate by country as established by the Organization for Economic Co-operation and Development (OECD). EU member states, including Ireland, are required to enact legislation to implement the global minimum tax rules by the end of 2023, with effective dates of January 1, 2024, and January 1, 2025, for different aspects of the directive. The Company will continue to monitor and evaluate the impact of global minimum tax legislation as it is enacted by Ireland and other countries in which we operate. Upon full implementation, the global minimum tax could have a material negative impact on our effective tax rate, financial condition, results of operations, and cash flows.

Net Income

Changes in Net income attributable to Eaton ordinary shareholders and Net income per share attributable to Eaton ordinary shareholders - diluted are summarized as follows:

		Three months ended		Nine months ended	
		Three months ended		Three months ended	
		Three months ended		Three months ended	
		Three months ended			
(In millions except for per share data)	(In millions except for per share data)	Dollars	Per share	Dollars	Per share
September 30, 2022		\$ 607	\$ 1.52	\$ 1,741	\$ 4.34
(In millions except for per share data)					
(In millions except for per share data)					
March 31, 2023					
March 31, 2023					
March 31, 2023					
Business segment results of operations	Business segment results of operations				
Performance		213	0.52	554	1.37
Business segment results of operations					
Business segment results of operations					

Operational performance					
Operational performance					
Operational performance					
Foreign currency					
Foreign currency					
Foreign currency	Foreign currency	5	0.01	(10)	(0.02)
Corporate	Corporate				
Corporate					
Corporate					
Intangible asset amortization expense					
Intangible asset amortization expense					
Intangible asset amortization expense	Intangible asset amortization expense	13	0.04	26	0.07
Restructuring program charges	Restructuring program charges	13	0.03	2	0.01
Restructuring program charges					
Restructuring program charges					
Acquisition and divestiture charges					
Acquisition and divestiture charges					
Acquisition and divestiture charges	Acquisition and divestiture charges	72	0.18	79	0.19
Other corporate items	Other corporate items	(18)	(0.04)	(82)	(0.20)
Other corporate items					
Other corporate items					
Tax rate impact					
Tax rate impact					
Tax rate impact	Tax rate impact	(14)	(0.04)	(37)	(0.09)
September 30, 2023		\$ 891	\$ 2.22	\$ 2,273	\$ 5.67
March 31, 2024					
March 31, 2024					
March 31, 2024					

Business Segment Results of Operations

The following is a discussion of Net sales, operating profit (loss) and operating margin by business segment.

Electrical Americas

		Three months ended September 30		Increase (decrease)		Nine months ended September 30		Increase (decrease)	
		Three months ended March 31				Three months ended March 31			
		Three months ended March 31				Three months ended March 31			
		Three months ended March 31				Three months ended March 31			
(In millions)	(In millions)	2023	2022	Increase (decrease)	%	2023	2022	Increase (decrease)	%
(In millions)									
(In millions)									
Net sales									
Net sales									
Net sales	Net sales	\$ 2,594	\$ 2,179	19	%	\$ 7,426	\$ 6,201	20	%

Operating profit	Operating profit	\$	719	\$	511	41	%	\$	1,913	\$	1,368	40	%
Operating profit													
Operating profit													
Operating margin													
Operating margin													
Operating margin	Operating margin		27.7	%		23.5	%		25.8	%		22.1	%

Net sales increased 19% in the third quarter of 2023 and 20% 17% in the first nine months quarter of 2023 2024 driven entirely by organic sales growth. The increase in organic sales in the third quarter of 2023 was primarily due to reflects broad-based strength in industrial, utility, machine OEM, and data center end-markets. The increase in organic sales in the first nine months of 2023 was primarily due to end-markets, with particular strength in commercial & institutional, utility, industrial, and data center end-markets.

The operating margin increased from 23.5% 22.9% in the third quarter of 2022 to 27.7% in the third first quarter of 2023 and from 22.1% to 29.2% in the first nine months quarter of 2022 to 25.8% in the first nine months of 2023 2024 primarily due to higher sales volumes and net price realization, and operating efficiencies, partially offset by higher costs to support growth initiatives, and net gains from the sale of non-production facilities in 2022, initiatives.

Electrical Global

(In millions)	Three months ended March 31			Increase (decrease)
	2024	2023		
Net sales	\$ 1,500	\$ 1,500		— %
Operating profit	\$ 274	\$ 274		— %
Operating margin	18.3 %	18.3 %		

(In millions)	Three months ended September 30			Increase (decrease)	Nine months ended September 30			Increase (decrease)
	2023	2022			2023	2022		
Net sales	\$ 1,503	\$ 1,486		1 %	\$ 4,572	\$ 4,418		3 %
Operating profit	\$ 328	\$ 305		8 %	\$ 892	\$ 866		3 %
Operating margin	21.8 %	20.6 %			19.5 %	19.6 %		

Changes in Net sales are summarized as follows:		Three months ended September 30, 2023	Nine months ended September 30, 2023
Organic growth		— %	5 %
Divestiture		(1)%	(1)%
Foreign currency		2 %	(1)%
Total increase in Net sales		1 %	3 %

Changes in Net sales are summarized as follows:		Three months ended March 31, 2024
Organic growth		1 %
Foreign currency		(1)%
Total increase in Net sales		— %

Despite weakness in the European region, organic sales were flat in the third quarter of 2023 compared to the third quarter of 2022 due to strength in other global markets. The increase in organic sales in the first nine months quarter of 2023 2024 was primarily due to strength in commercial & institutional, industrial, utility, and data center end-markets, partially offset by weakness in utility, machine OEM, and residential end-markets. Additionally, the increase in organic sales was primarily due to strength in the Asia Pacific region and the Global Energy Infrastructure Solutions (GEIS) business, partially offset by weakness in the European region.

The operating margin increased from 20.6% was flat at 18.3% in both the third first quarter of 2022 to 21.8% in the third quarter of 2023 primarily due to net 2024 and 2023.

Aerospace

		Three months ended March 31	Increase (decrease)

(In millions)	2024		2023		
Net sales	\$	871	\$	803	9 %
Operating profit	\$	201	\$	180	12 %
Operating margin		23.1 %		22.5 %	

Net sales price realization and a net gain on the sale of a non-production facility, partially offset by lower sales volumes and unfavorable product mix. The operating margin decreased from 19.6% increased 9% in the first nine months quarter of 2022 to 19.5% in the first nine months of 2023 primarily due to operating inefficiencies from ongoing supply chain constraints and unfavorable product mix, partially offset 2024 driven entirely by higher organic sales volumes and net price realization, and a net gain on the sale of a non-production facility.

Aerospace

(In millions)	Three months ended September 30			Nine months ended September 30		
	2023	2022	Increase (decrease)	2023	2022	Increase (decrease)
Net sales	\$ 867	\$ 768	13 %	\$ 2,517	\$ 2,227	13 %
Operating profit	\$ 209	\$ 185	13 %	\$ 580	\$ 506	15 %
Operating margin	24.1 %	24.0 %		23.0 %	22.7 %	

Changes in Net sales are summarized as follows:	Three months ended September 30, 2023	Nine months ended September 30, 2023
Organic growth	10 %	12 %
Foreign currency	3 %	1 %
Total increase in Net sales	13 %	13 %

growth. The increase in organic sales in the third quarter and first nine months of 2023 was primarily due to broad-based strength across all end markets with particular strength in commercial OEM and aftermarket.

The operating margin increased from 24.0% 22.5% in the third quarter of 2022 to 24.1% in the third first quarter of 2023 and from 22.7% to 23.1% in the first nine months quarter of 2022 to 23.0% in the first nine months of 2023 2024 primarily due to higher sales volumes and net price realization, realization, and a gain on the sale of a production facility in the first quarter of 2024, partially offset by higher costs to support growth initiatives and unfavorable product mix.

Vehicle

(In millions)	Three months ended March 31		Increase (decrease)
	2024	2023	
Net sales	\$ 724	\$ 739	(2) %
Operating profit	\$ 116	\$ 107	8 %
Operating margin	16.0 %	14.5 %	

(In millions)	Three months ended September 30			Nine months ended September 30		
	2023	2022	Increase (decrease)	2023	2022	Increase (decrease)
Net sales	\$ 753	\$ 744	1 %	\$ 2,242	\$ 2,123	6 %
Operating profit	\$ 131	\$ 125	5 %	\$ 353	\$ 346	2 %
Operating margin	17.4 %	16.8 %		15.7 %	16.3 %	

Changes in Net sales are summarized as follows:	Three months ended September 30, 2023	Nine months ended September 30, 2023
Organic growth	(1) %	5 %
Foreign currency	2 %	1 %
Total increase in Net sales	1 %	6 %

	Three months ended March 31, 2024
Changes in Net sales are summarized as follows:	
Organic growth	(3)%
Foreign currency	1 %
Total increase in Net sales	(2)%

The decrease in organic sales in the third first quarter of 2023 2024 was primarily due to weakness in the South North American truck, bus and agriculture market, region, partially offset by strength in the Asia Pacific region. The increase in organic sales in the first nine months of 2023 was primarily due to strength in the North American, European, and Asia Pacific regions.

The operating margin increased from 16.8% 14.5% in the third quarter of 2022 to 17.4% in the third first quarter of 2023 to 16.0% in the first quarter of 2024 primarily due to operating efficiencies and net sales price realization, partially offset by lower sales volumes. The operating margin decreased from 16.3% in the first nine months of 2022 to 15.7% in the first nine months of 2023 primarily due to commodity and wage inflation, and operating inefficiencies, partially offset by higher sales volumes and net price realization.

eMobility

(In millions)	Three months ended September 30			Increase (decrease)	Nine months ended September 30			Increase (decrease)
	2023	2022			2023	2022		
Net sales	\$ 163	\$ 137		19 %	\$ 471	\$ 399		18 %
Operating loss	\$ —	\$ (2)		100 %	\$ (5)	\$ (7)		29 %
Operating margin	— %	(1.5)%			(1.1)%	(1.7)%		

(In millions)	Three months ended March 31		Increase (decrease)
	2024	2023	
Net sales	\$ 158	\$ 147	7 %
Operating loss	\$ (4)	\$ (4)	— %
Operating margin	(2.7)%	(2.7)%	

Net sales increased 19% in the third quarter of 2023 and 18% 7% in the first nine months quarter of 2023 2024 driven entirely by organic sales growth. The increase in organic sales reflects the ramp up of key programs due to robust demand for electric vehicles strength in the European market in the third quarter of 2023 and region, partially offset by weakness in the North American and European markets in the first nine months of 2023. region.

The operating margin was flat at negative 2.7% in both the first quarter of 2024 and 2023.

Corporate Expense

(In millions)	Three months ended March 31		Increase (decrease)
	2024	2023	
Intangible asset amortization expense	\$ 106	\$ 124	(15)%
Interest expense - net	30	50	(40)%
Pension and other postretirement benefits income	(12)	(11)	9 %
Restructuring program charges	63	10	530 %
Other expense - net	184	148	24 %
Total corporate expense	\$ 371	\$ 320	16 %

Total corporate expense increased from negative 1.5% \$320 million in the third quarter of 2022 to 0.0% in the third first quarter of 2023 to \$371 million in the first quarter of 2024 primarily due to higher sales volumes and net price realization, and improved manufacturing productivity. The operating margin increased from negative 1.7% in the first nine months of 2022 to negative 1.1% in the first nine months of 2023 primarily due to higher sales volumes and net price realization, partially offset by manufacturing start-up costs associated with new electric vehicle programs.

Corporate Expense

(In millions)	Three months ended			Nine months ended		
	September 30		Increase (decrease)	September 30		Increase (decrease)
	2023	2022		2023	2022	
Intangible asset amortization expense	\$ 107	\$ 124	(14)%	\$ 344	\$ 375	(8)%
Interest expense - net	33	37	(11)%	124	100	24 %
Pension and other postretirement benefits income	(11)	(7)	57 %	(33)	(35)	(6)%
Restructuring program charges	7	22	(68)%	46	49	(6)%
Other expense - net	171	227	(25)%	512	529	(3)%
Total corporate expense	\$ 307	\$ 403	(24)%	\$ 993	\$ 1,018	(2)%

Total corporate expense decreased from \$403 million in the third quarter of 2022 to \$307 million in the third quarter of 2023 primarily due to lower Acquisition and divestiture Restructuring program charges included in Other expense - net as integration activities wind down on prior acquisitions. Total corporate expenses decreased from \$1,018 million in the first nine months of 2022 to \$993 million in the first nine months of 2023 primarily due to lower Intangible asset amortization expense and Other expense - net, partially offset by higher lower Interest expense - net, net and Intangible asset amortization expense. The decrease increase in Other expense - net is primarily due to lower Acquisition and divestiture charges as integration activities wind down on prior acquisitions. higher costs for litigation matters.

LIQUIDITY, CAPITAL RESOURCES, AND FINANCIAL CONDITION

Liquidity and Financial Condition

Eaton's objective is to finance its business through operating cash flow and an appropriate mix of equity and long-term and short-term debt. By diversifying its debt maturity structure, Eaton reduces liquidity risk.

On October 2, 2023, the The Company replaced its existing \$500 million 364-day maintains revolving credit facility with facilities consisting of a new \$500 million 364-day revolving credit facility that will expire on September 30, 2024 on substantially similar terms. The Company also has and a \$2,500 million five-year revolving credit facility that will expire on October 1, 2027. The revolving credit facilities totaling \$3,000 million are used to support commercial paper borrowings and are fully and unconditionally guaranteed by Eaton and certain of its direct and indirect subsidiaries on an unsubordinated, unsecured basis. There were no borrowings outstanding under Eaton's revolving credit facilities at September 30, 2023 March 31, 2024. The Company maintains access to the commercial paper markets through its \$3,000 million commercial paper program, of which none was outstanding on September 30, 2023 March 31, 2024.

On May 18, 2023, Eaton issued senior notes (2023 Notes) with a face amount of \$500 million. The 2023 Notes mature in 2028 with interest payable semi-annually at a rate of 4.35% per annum. The issuer received proceeds totaling \$497 million from the issuance, net of financing costs. Proceeds from the 2023 Notes were used primarily to pay down outstanding U.S. dollar commercial paper. The 2023 Notes are fully and unconditionally guaranteed on an unsubordinated, unsecured basis by Eaton and certain of its direct and indirect subsidiaries. The 2023 Notes contain customary optional redemption and par call provisions. The 2023 Notes also contain a provision which upon a change of control requires the Company to make an offer to purchase all or any part of the 2023 Notes at a purchase price of 101% of the principal amount plus accrued and unpaid interest. The 2023 Notes are subject to customary non-financial covenants.

On March 3, 2023, a subsidiary of Eaton issued Euro denominated notes (2023 Euro Notes) in a private issuance with a face value of €300 million (\$318 million). The floating rate notes are due June 3, 2024 with interest payable quarterly based on the three-month Euro Interbank Offered Rate plus 25 basis points. Proceeds from the Euro Notes were used to pay down outstanding U.S. dollar commercial paper. The 2023 Euro Notes are fully and unconditionally guaranteed on an unsubordinated, unsecured basis by Eaton. The 2023 Euro Notes contain a change of control provision which requires the Company to make an offer to purchase all or any part of the 2023 Euro Notes at a purchase price of 100.5% of the principal amount plus accrued and unpaid interest. The 2023 Euro Notes are subject to customary non-financial covenants.

In 2022, the Company paid \$610 million to acquire Royal Power Solutions and received cash of \$22 million from Danfoss A/S to fully settle all post-closing adjustments from the sale of the Hydraulics business.

Over the course of a year, cash, short-term investments, and short-term debt may fluctuate in order to manage global liquidity. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, Eaton had cash of \$348 million \$473 million and \$294 million \$488 million, short-term investments of \$1,558 million \$1,969 million and \$261 million \$2,121 million, and short-term debt of \$24 million \$1 million and \$324 million \$8 million, respectively. Eaton believes it has the operating flexibility, cash flow, cash and short-term investment balances, availability under existing revolving credit facilities, and access to capital markets in excess of the liquidity necessary to meet future operating needs of the business, fund capital expenditures and acquisitions of businesses, as well as scheduled payments of long-term debt.

Eaton was in compliance with each of its debt covenants for all periods presented.

Cash Flows

A summary of cash flows is as follows:

		Nine months ended September 30			Three months ended March 31				
		Three months ended March 31			Three months ended March 31				
(In millions)	(In millions)	2023	2022	Change from 2022	2023	2022	Change from 2022	Change from 2023	

Net cash provided by operating activities	Net cash provided by operating activities	\$2,326	\$1,347	\$ 979
Net cash used in investing activities		(1,782)	(983)	(799)
Net cash provided by operating activities				
Net cash provided by operating activities				
Net cash provided by (used in) investing activities				
Net cash used in financing activities	Net cash used in financing activities	(507)	(445)	(62)
Effect of currency on cash	Effect of currency on cash	18	15	3
Total increase (decrease) in cash		\$ 54	\$ (67)	
Total decrease in cash				

Operating Cash Flow

Net cash provided by operating activities increased by \$979 million \$140 million in the first nine three months of 2023 2024 compared to 2022 2023 primarily due to lower investment in working capital and higher net income in 2023.

2024, partially offset by higher working capital balances.

Investing Cash Flow

Net cash used in provided by investing activities increased by \$799 million \$156 million in the first nine three months of 2023 2024 compared to 2022 2023 primarily driven by an increase in net sales of short-term investments to \$150 million in 2024 compared to purchases of short-term investments to \$1,304 million of \$27 million in 2023 and proceeds from \$45 million the sale of certain facilities in 2022, and 2024, partially offset by an increase in capital expenditures for property, plant and equipment to \$514 million \$183 million in 2023 2024 from \$389 million \$126 million in 2022, partially offset by no cash paid for business acquisitions in 2023 compared to cash paid of \$612 million in 2022. 2023.

Financing Cash Flow

Net cash used in financing activities increased by \$62 million \$255 million in the first nine three months of 2023 2024 compared to 2022 2023 primarily due to net payments of short-term debt of \$295 million no proceeds from borrowings in 2023 2024 compared to net proceeds of short-term debt of \$896 million in 2022, lower proceeds from borrowings of \$818 million \$318 million in 2023, and an increase in repurchase of shares to \$138 million in 2024 compared to \$1,995 million in 2022, partially offset by lower payments on borrowings of \$11 million in 2023 compared to \$2,008 million in 2022 and no repurchase of shares in 2023, compared partially offset by a decrease in net payments of short-term debt to repurchase of shares of \$286 million \$7 million in 2022. 2024 from \$236 million in 2023.

Uses of Cash

Capital Expenditures

Capital expenditures were \$514 million \$183 million and \$389 million \$126 million in the first nine three months of 2024 and 2023, and 2022, respectively. The Company plans to increase capital expenditures over the next five years to expand production capacity across various markets to support anticipated growth. As a result, Eaton expects approximately \$700 \$800 million in capital expenditures in 2023. 2024.

Dividends

Cash dividend payments were \$1,035 million \$368 million and \$977 million \$334 million in the first nine three months of 2023 2024 and 2022, 2023, respectively. Payment of quarterly dividends in the future depends upon the Company's ability to generate net income and operating cash flows, among other factors, and is subject to declaration by the Eaton Board of Directors. The Company intends to continue to pay quarterly dividends in 2023, 2024.

Share Repurchases

On February 27, 2019, the Board of Directors adopted a share repurchase program for share repurchases up to \$5.0 billion of ordinary shares (2019 Program). On February 23, 2022, the Board renewed the 2019 Program by providing authority for up to \$5.0 billion in repurchases to be made during the three-year period commencing on that date (2022 Program). Under the 2022 Program, the ordinary shares are expected to be repurchased over time, depending on market conditions, the market price of ordinary shares, capital levels, and other considerations. During the three and nine months ended September 30, 2023 March 31, 2024, no 0.5 million ordinary shares were repurchased. During the three and nine months ended September 30, 2022, 0.7 million and 2.0 million ordinary shares, respectively, were repurchased under the 2022 Program program in the open market at a total cost of \$100 million and \$286 million \$138 million. During the three months ended March 31, 2023, respectively. At September 30, 2023, there is \$4,714 million still available for share repurchases under the 2022 Program. no ordinary shares were repurchased. The Company will continue to pursue share repurchases in 2023 2024 depending on market conditions and capital levels.

Acquisition of Businesses

The Company paid cash of \$612 million to acquire a business in the first nine months of 2022. There were no business acquisitions in the first nine three months of 2024 and 2023. The Company will continue to focus on deploying its capital toward businesses that provide opportunities for higher growth and strong returns, and align with secular trends and its power management strategies.

Debt

The Company manages a number of short-term and long-term debt instruments, including commercial paper. At September 30, 2023 March 31, 2024, the Company had Short-term debt of \$24 million \$1 million, Current portion of long-term debt of \$975 million \$994 million, and Long-term debt of \$8,150 million \$8,192 million. The Company believes it has the operating flexibility, cash flow, and access to capital markets to meet scheduled payments of long-term debt.

Supply Chain Finance Program

A third-party financial institution offers a voluntary supply chain finance (SCF) program that enables certain of the Company's suppliers, at the supplier's sole discretion, to sell receivables due from the Company to the financial institution on terms directly negotiated with the financial institution. The SCF program does not have a significant impact on the Company's liquidity as payments by the Company to participating suppliers are paid to the financial institution on the invoice due date, regardless of whether an individual invoice is sold by the supplier to the financial institution. For additional information on the SCF program, see Note 7.

Guaranteed Debt

Issuers, Guarantors and Guarantor Structure

Eaton Corporation has issued senior notes pursuant to indentures dated April 1, 1994 (the 1994 Indenture), November 20, 2012 (the 2012 Indenture), September 15, 2017 (the 2017 Indenture) and August 23, 2022 (as supplemented by the First and Second Supplemental Indentures of the same date and the Third Supplemental Indenture dated May 18, 2023, the 2022 Indenture). The senior notes of Eaton Corporation are registered under the Securities Act of 1933, as amended (the Registered Senior Notes). Eaton Capital Unlimited Company, a subsidiary of Eaton, is the issuer of five outstanding series of debt securities sold in offshore transactions under Regulation S promulgated under the Securities Act (the Eurobonds). The Eurobonds and the Registered Senior Notes (together, the Senior Notes) comprise substantially all of Eaton's long-term indebtedness.

Substantially all of the Senior Notes (with limited exceptions, for example, see Note 8 of the Financial Statements included herewith) exceptions, together with the credit facilities described above under Liquidity and Financial Condition (the Credit Facilities), are guaranteed by Eaton and 17 of its subsidiaries. Accordingly, they rank equally with each other. However, because these obligations are not secured, they would be effectively subordinated to any existing or future secured indebtedness of Eaton and its subsidiaries. As of September 30, 2023 March 31, 2024, Eaton has no material, long-term secured debt. The guaranteed Registered Senior Notes are also structurally subordinated to the liabilities of Eaton's subsidiaries that are not guarantors. Except as described below under Future Guarantors, Eaton is not obligated to cause its subsidiaries to guarantee the Registered Senior Notes.

The table set forth in Exhibit 22 filed with the Form 10-K filed on February 23, 2023 (10-K Exhibit 22) details the primary obligors and guarantors with respect to the guaranteed Registered Senior Notes.

Terms of Guarantees of Registered Securities

Payment of principal and interest on the Registered Senior Notes is guaranteed, on an unsecured, unsubordinated basis by the subsidiaries of Eaton set forth in the table referenced in the 10-K Exhibit 22. Each guarantee is full and unconditional, and joint and several. Each guarantor's guarantor's guarantee is an unsecured obligation that ranks equally with all its other unsecured and unsubordinated indebtedness. The obligations of each guarantor under its guarantee of the Registered Senior Notes are subject to a customary savings clause or similar provision designed to prevent such guarantee from constituting a fraudulent conveyance or otherwise legally impermissible or voidable obligation.

Though the terms of the indentures vary slightly, generally, each guarantee of the Registered Senior Notes by a guarantor that is a subsidiary of Eaton Corporation provides that it will be automatically and unconditionally released and discharged under certain circumstances, including, but not limited to:

- (a) the consummation of certain types of transactions permitted under the applicable indenture, including one that results in such guarantor ceasing to be a subsidiary; and
- (b) for Registered Senior Notes issued under the 2022 Indenture, when such guarantor is a guarantor or issuer of indebtedness in an aggregate outstanding principal amount of less than 25% of our total outstanding indebtedness.

Further, each guarantee by a direct or indirect parent of Eaton Corporation (other than Eaton) provides that it will also be released if:

- (c) such guarantee (so long as the guarantor is not obligated under any other U.S. debt obligations), becomes prohibited by any applicable law, rule or regulation or by any contractual obligation; or
- (d) such guarantee results in material adverse tax consequences to Eaton or any of its subsidiaries (so long as the applicable guarantor is not obligated under any other U.S. debt obligation).

The guarantee of Eaton does not contain any release provisions.

Future Guarantors

The 2012 and 2017 Indentures generally provide that, with certain limited exceptions, any subsidiary of Eaton must become a guarantor if it becomes obligated as borrower or guarantor under any series of debt securities or a syndicated credit facility. Further, the 2012 and 2017 Indentures provide that any entity that becomes a direct or indirect parent entity of Eaton Corporation and holds any material assets, with certain limited exceptions, or owes any material liabilities must become a guarantor. The 2022 Indenture provides only that, with certain limited exceptions, any subsidiary of Eaton must become a guarantor if it becomes obligated as borrower or guarantor under indebtedness with an aggregate outstanding principal amount in excess of 25% of the Parent and its **Subsidiaries' Subsidiaries'** then-outstanding indebtedness.

The 1994 Indenture does not contain provisions with respect to future guarantors.

Summarized Financial Information of Guarantors and Issuers

		September 30, 2023	December 31, 2022		
(In millions)	(In millions)	2023	2022	(In millions)	March 31, 2024
Current assets	Current assets	\$ 4,189	\$ 3,363		
Noncurrent assets	Noncurrent assets	12,937	12,938		
Current liabilities	Current liabilities	3,820	2,948		
Noncurrent liabilities	Noncurrent liabilities	9,763	10,047		
Amounts due to subsidiaries that are non-issuers and non-guarantors - net	Amounts due to subsidiaries that are non-issuers and non-guarantors - net	17,360	16,285		
			Nine months ended September 30, 2023		
(In millions)	(In millions)				
(In millions)					
(In millions)					Three months ended March 31, 2024
Net sales	Net sales		\$ 9,926		
Sales to subsidiaries that are non-issuers and non-guarantors	Sales to subsidiaries that are non-issuers and non-guarantors		803		
Cost of products sold	Cost of products sold		7,484		

Expense from subsidiaries that are non-issuers and non-guarantors - net	Expense from subsidiaries that are non-issuers and non-guarantors - net	787
Net income	Net income	135

The financial information presented is that of Eaton Corporation and the Guarantors, which includes Eaton Corporation plc, on a combined basis and the financial information of non-issuer and non-guarantor subsidiaries has been excluded. Intercompany balances and transactions between Eaton Corporation and Guarantors have been eliminated, and amounts due from, amounts due to, and transactions with non-issuer and non-guarantor subsidiaries have been presented separately.

FORWARD-LOOKING STATEMENTS

This Form 10-Q Report contains forward-looking statements concerning litigation, expected capital deployment, expected capital expenditures, future dividend payments, anticipated share repurchases, and expected restructuring program charges and benefits, and the anticipated impact of the global minimum tax regulation, benefits. These statements may discuss goals, intentions and expectations as to future trends, plans, events, results of operations or financial condition, or state other information relating to Eaton, based on current beliefs of management as well as assumptions made by, and information currently available to, management. Forward-looking statements generally will be accompanied by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “guidance,” “intend,” “may,” “possible,” “potential,” “predict,” “project” or other similar words, phrases or expressions. These statements should be used with caution and are subject to various risks and uncertainties, many of which are outside Eaton’s control. The following factors could cause actual results to differ materially from those in the forward-looking statements: global pandemics such as COVID-19; unanticipated changes in the markets for the Company’s business segments; unanticipated downturns in business relationships with customers or their purchases from us; the availability of credit to customers and suppliers; supply chain disruptions, competitive pressures on sales and pricing; unanticipated changes in the cost of material, labor 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 claims, charges, litigation or dispute resolutions; strikes or other labor unrest at Eaton or at our customers or suppliers; the impact of acquisitions and divestitures; unanticipated difficulties integrating acquisitions; new laws and governmental regulations; interest rate changes; tax rate changes or exposure to additional income tax liability; stock market and currency fluctuations; war, geopolitical tensions, natural disasters, civil or political unrest or terrorism; and unanticipated deterioration of economic and financial conditions in the United States and around the world. Eaton does not assume any obligation to update these forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

There have been no material changes in exposures to market risk since December 31, 2022 December 31, 2023.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures - Pursuant to SEC Rule 13a-15, an evaluation was performed under the supervision and with the participation of Eaton’s management, including Craig Arnold - Principal Executive Officer; and Thomas B. Okray Olivier Leonetti - Principal Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based on that evaluation, management concluded that Eaton’s disclosure controls and procedures were effective as of September 30, 2023 March 31, 2024.

Disclosure controls and procedures are designed to ensure that information required to be disclosed in Eaton’s reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Eaton’s reports filed under the Exchange Act is accumulated and communicated to management, including Eaton’s Principal Executive Officer and Principal Financial Officer, to allow timely decisions regarding required disclosure.

During the third first quarter of 2023, 2024, there was no change in Eaton’s internal control over financial reporting that materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Information regarding the Company’s current legal proceedings is presented in Note 10 9 of the Notes to the condensed consolidated financial statements.

ITEM 1A. RISK FACTORS.

“Item 1A. Risk Factors” in Eaton’s 2022 2023 Form 10-K includes a discussion of the Company’s risk factors. There have been no material changes from the risk factors described in the 2022 2023 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

(c) Issuer’s Purchases of Equity Securities

During the **third** first quarter of **2023**, **there** 2024, 0.5 million ordinary shares were **no** repurchased in the open market at a total cost of \$138 million. These shares repurchased. were repurchased under the program approved by the Board on February 23, 2022 (the 2022 Program). A summary of the shares repurchased in the first quarter of 2024 is as follows:

Month	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions)
January	—	\$ —	—	\$ 4,714
February	451,586	\$ 283.45	451,586	\$ 4,586
March	36,098	\$ 289.78	36,098	\$ 4,576
Total	487,684	\$ 283.92	487,684	

ITEM 6. EXHIBITS.

Eaton Corporation plc
Third First Quarter **2023 2024** Report on Form 10-Q

3 (i)	Certificate of Incorporation — Incorporated by reference to the Form S-8 filed November 30, 2012
3 (ii)	Amended and Restated Memorandum and Articles of Incorporation — Incorporated by reference to the Form 8-K filed on May 1, 2017
4.1	Description of Eaton Corporation plc's Securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.1 of the registrant's Form 10-K filed on February 26, 2020)
4.2	Indenture dated as of November 20, 2012, among Turlock Corporation, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.1 of Eaton Corporation plc's Form 8-K Current Report filed on November 26, 2012 (Commission File No. 333-182303))
4.3	Supplemental Indenture No. 1, dated as of November 30, 2012, among Eaton Corporation, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to Exhibit 4.2 of the registrant's Form S-4 filed on September 6, 2013)
4.4	Supplemental Indenture No. 2, dated as of January 8, 2013, among Eaton Corporation, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference Exhibit 4.3 of the registrant's Form S-4 filed on September 6, 2013)
4.5	Supplemental Indenture No. 3, dated as of December 20, 2013, among Eaton Corporation, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference Exhibit 4.4 of the registrant's Form 10-K filed on February 28, 2018)
4.6	Supplemental Indenture No. 4, dated as of December 20, 2017 and effective as of January 1, 2018, among Eaton Corporation, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference Exhibit 4.5 of the registrant's Form 10-K filed on February 28, 2018)
4.7	Supplemental Indenture No. 5, dated as of February 16, 2018, among Eaton Corporation, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference Exhibit 4.6 of the registrant's Form 10-K filed on February 28, 2018)
4.8	Indenture dated as of August 23, 2022, among Eaton Corporation, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee
4.9	First Supplemental Indenture dated as of August 23, 2022, among Eaton Corporation, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee
4.10	Second Supplemental Indenture dated as of August 23, 2022, among Eaton Corporation, the guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as Trustee
4.11	Pursuant to Regulation S-K Item 601(b)(4), Eaton agrees to furnish to the SEC, upon request, a copy of the instruments defining the rights of holders of its long-term debt other than those set forth in Exhibits (4.2 - 4.10) hereto
10.1	5-Year Revolving Credit Agreement, dated as of October 3, 2022, among Eaton Corporation, the guarantors from time to time party thereto, the several lenders from time to time parties thereto, Citibank, N.A., as Administrative Agent, Citibank, N.A., JPMorgan Chase Bank, N.A. and BofA Securities, Inc. as joint lead arrangers and joint bookrunners, JPMorgan Chase Bank, N.A., as syndication agent and Bank of America, N.A. as documentation agent.
10.2	364-Day Revolving Credit Agreement, dated as of October 3, 2022 October 2, 2023, among Eaton Corporation, the guarantors from time to time party thereto, the several lenders from time to time parties thereto, Citibank, N.A., as Administrative Agent, Citibank, N.A., JPMorgan Chase Bank, N.A. and BofA Securities, Inc., as joint lead arrangers and joint bookrunners, JPMorgan Chase Bank, N.A., as syndication agent and Bank of America, N.A. as documentation agent.
31.1	Certification of Principal Executive Officer (Pursuant to Rule 13a-14(a)) — Filed in conjunction with this Form 10-Q Report *
31.2	Certification of Principal Financial Officer (Pursuant to Rule 13a-14(a)) — Filed in conjunction with this Form 10-Q Report *
32.1	Certification of Principal Executive Officer (Pursuant to Rule 13a-14(b) as adopted pursuant to Section 906 of the Sarbanes-Oxley Act) — Filed in conjunction with this Form 10-Q Report *
32.2	Certification of Principal Financial Officer (Pursuant to Rule 13a-14(b) as adopted pursuant to Section 906 of the Sarbanes-Oxley Act) — Filed in conjunction with this Form 10-Q Report *
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. *
101.SCH	XBRL Taxonomy Extension Schema Document *
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document *
101.DEF	XBRL Taxonomy Extension Label Definition Document *
101.LAB	XBRL Taxonomy Extension Label Linkbase Document *
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document *
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Submitted electronically herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EATON CORPORATION plc

Registrant

Date: **October 31, 2023** **April 30, 2024**

By: **/s/ Thomas B. Okray** **Olivier Leonetti**

Thomas B. Okray **Olivier Leonetti**

Principal Financial Officer

(On behalf of the registrant and as Principal Financial Officer)

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Eaton Corporation plc

Third First Quarter **2023 2024** Report on Form 10-Q

Exhibit 31.1

Certification

I, Craig Arnold, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eaton Corporation plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 31, 2023** **April 30, 2024**

/s/ Craig Arnold

Craig Arnold

Principal Executive Officer

Eaton Corporation plc
Third First Quarter 2023 2024 Report on Form 10-Q
Exhibit 31.2
Certification

I, Thomas B. Okray, Olivier Leonetti, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Eaton Corporation plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 31, 2023 April 30, 2024

/s/ Thomas B. Okray, Olivier Leonetti

Thomas B. Okray, Olivier Leonetti

Principal Financial Officer

Eaton Corporation plc
Third First Quarter 2023 2024 Report on Form 10-Q
Exhibit 32.1
Certification

This written statement is submitted in accordance with Section 906 of the Sarbanes-Oxley Act of 2002. It accompanies Eaton Corporation plc's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 ("10-Q Report").

I hereby certify that, based on my knowledge, the 10-Q Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C 78m), and information contained in the 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of Eaton Corporation plc and its consolidated subsidiaries.

Date: **October 31, 2023** April 30, 2024

/s/ Craig Arnold

Craig Arnold

Principal Executive Officer

Eaton Corporation plc
Third First Quarter 2023 2024 Report on Form 10-Q
Exhibit 32.2
Certification

This written statement is submitted in accordance with Section 906 of the Sarbanes-Oxley Act of 2002. It accompanies Eaton Corporation plc's Quarterly Report on Form 10-Q for the quarter ended **September 30, 2023** March 31, 2024 ("10-Q Report").

I hereby certify that, based on my knowledge, the 10-Q Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C 78m), and information contained in the 10-Q Report fairly presents, in all material respects, the financial condition and results of operations of Eaton Corporation plc and its consolidated subsidiaries.

Date: **October 31, 2023** April 30, 2024

/s/ **Thomas B. Okray** Olivier Leonetti

Thomas B. Okray Olivier Leonetti

Principal Financial Officer

DISCLAIMER

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