

Eaton Corp plc
Form 11-K
June 20, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 11-K

Annual Report Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

þ Annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2017

Or

¨ Transition report pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission file number 000-54863

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Eaton Puerto Rico Retirement Savings Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Eaton Corporation plc
Eaton House
30 Pembroke Road
Dublin 4, Ireland
D04 Y0C2

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

EATON PUERTO
RICO RETIREMENT
SAVINGS PLAN

Date: Eaton Pension
June 20, Administration
2018 Committee

By: /s/ Heath B.
Monesmith
Heath B.
Monesmith

Executive Vice
President and
General
Counsel
Eaton
Corporation

EATON PUERTO RICO RETIREMENT SAVINGS PLAN

FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM

December 31, 2017

INDEX

Page

Report of Independent Registered Public Accounting Firm

Financial Statements:

Statement of Net Assets Available for Benefits	2
Statement of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4-7

Supplemental Schedule:

Schedule of Assets Held for Investment Purposes at End of Year	8
--	---

Report of Independent Registered Public Accounting Firm

To the Plan Administrator and Plan Participants of the Eaton Puerto Rico Retirement Savings Plan
and the Pension Administration Committee and the Pension Investment Committee of Eaton

Opinion on the Financial Statements

We have audited the accompanying Statement of Net Assets Available for Benefits of the Eaton Puerto Rico Retirement Savings Plan ("Plan") as of December 31, 2017 and 2016 and the related Statement of Changes in Net Assets Available for Benefits for the years then ended, and the related notes and schedule (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan, as of December 31, 2017 and 2016 and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental Schedule of Assets Held for Investment Purposes at End of Year as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ MEADEN & MOORE, Ltd.

We have served as the Plan's auditor since 2005.

Cleveland, Ohio

June 20, 2018

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31	
	2017	2016
ASSETS		
Receivable - Employer contributions	\$38,501	\$—
Receivable - Employee contributions	84,597	32,731
Receivable - Interest	2,967	—
Notes receivable from participants	4,915,649	—
 Total Receivables	 5,041,714	 32,731
 Investments at Fair Value:		
Vanguard Retirement Savings Trust II	26,217,523	28,754,233
Eaton Shares Fund	8,487,056	7,114,155
Vanguard Institutional Index Plus	6,384,169	5,439,110
Vanguard Balanced Index Fund	2,649,590	2,389,689
Vanguard Developed Markets Index Adm	1,359,479	981,823
 Total Investments	 45,097,817	 44,679,010
 Net Assets Available for Benefits	 \$50,139,531	 \$44,711,741

See accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR
BENEFITS

Eaton Puerto Rico Retirement Savings Plan

	Year Ended December 31	
	2017	2016
Additions to Net Assets Attributed to:		
Contributions:		
Employer	\$1,240,257	\$341,904
Employee	3,104,775	2,980,518
Rollover	6,649	4,029
	4,351,681	3,326,451
Interest and dividend income	1,012,866	1,044,944
Net unrealized/realized appreciation	3,001,798	2,569,258
Total Additions	8,366,345	6,940,653
Deductions from Net Assets Attributed to:		
Benefits paid to participants	2,938,555	3,658,699
Net Increase	5,427,790	3,281,954
Net Assets Available for Benefits:		
Beginning of Year	44,711,741	41,429,787
End of Year	\$50,139,531	\$44,711,741

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

Eaton Puerto Rico Retirement Savings Plan

1 Description of Plan

The following description of the Eaton Puerto Rico Retirement Savings Plan ("Plan") provides only general information. Participants should refer to the Plan document and summary plan description, which are available from the Human Resources Department upon request, for a complete description of the Plan's provisions.

General:

Effective the close of business on December 31, 2010, Cutler-Hammer Electrical Company ("Company" and "Plan Sponsor") established the Eaton Puerto Rico Retirement Savings Plan. The Company is a subsidiary of Eaton Corporation plc ("Eaton"). The Plan is intended to be qualified only under Sections 1081.01(a) and (d) of the Puerto Rico Internal Revenue Code of 2011, as amended ("PRIRC"). The Plan was amended and restated April 1, 2013. The Plan was further amended on December 14, 2016 and December 12, 2017. Banco Popular de Puerto Rico is the trustee of the Plan.

Eligibility for Participation:

The Plan provides that all full-time employees rendering service in Puerto Rico with an employing company (including the Company and Eaton), but not covered under a collective bargaining agreement, are eligible to participate in the Plan immediately upon employment.

Contributions:

Employee Contributions - Employees may elect to make before-tax contributions to the Plan up to a maximum of 30% of their compensation. Newly hired employees are automatically enrolled in the Plan at a rate of 6% of eligible compensation.

Employer Contributions (Matching) - The Company has agreed to make a voluntarily matching contribution of 50% of the employee contributions not to exceed 3% of the total compensation of the employee. The matching contribution was suspended effective with the first pay date occurring on or after March 1, 2016. The matching contribution was reinstated effective January 1, 2017.

Employer Contributions (Retirement) - Beginning April 1, 2013, the Plan provides that certain members shall be eligible for non-elective 4% Eaton Retirement Contributions, not to exceed 4% of their Eaton retirement compensation.

Contributions are subject to limitations on annual additions and other limitations imposed by Section 1081.01(d) of the PRIRC, as amended from time to time, as defined in the Plan document.

Participants' Accounts:

Each participant's account is credited with the participant's contributions and allocations of employer contributions, Plan earnings and transaction costs. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account. On termination of service, a participant is eligible to receive a lump-sum amount equal to the vested value of his or her

account.

Employer Contribution Eligibility and Vesting:

All participants are 100% vested in their contributions plus actual earnings thereon. Vesting in the employer contributions portion of a participant's account plus actual earnings thereon is based on years of continuous service. Participants are 100% vested after three years of service, attainment of age 65, or upon the death of the participant. Effective January 1, 2017, eligibility for current year employer contributions (matching) are subject to year-end eligibility requirements, as defined by the Plan.

1 Description of Plan, Continued

Notes Receivable from Participants:

During 2017, in response to the financial devastation caused by Hurricane Maria, a loan feature was temporarily added to the Plan. Loans were made available to participants from October 20, 2017 through May 10, 2018. Participants may borrow from their fund accounts up to a maximum equal to the lesser of \$50,000 or 50% of their account balance (excluding certain employer contributions), reduced by their highest outstanding loan balance during the preceding 12 months. Loan terms range from 1-5 years except for loans used for the purchase of a primary residence which may have a longer term. The loans are secured by the balance in the participant's account and bear interest at a rate as determined by the Plan Administrator. Principal and interest are paid through payroll deduction for active employees. Terminated employees are permitted to make loan payments directly to Fidelity. Loans are valued at unpaid principal plus accrued unpaid interest.

Hardship Withdrawals:

Hardship withdrawals are permitted in accordance with PRIRC guidelines.

Investment Options:

Contributions may be invested in any of the fund options available under the Plan.

2 Summary of Significant Accounting Policies

Basis of Accounting:

The financial statements of the Plan are prepared under the accrual method of accounting.

Investment Valuation and Income Recognition:

Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the Plan year. The Vanguard Retirement Savings Trust II Fund invests primarily in investment contracts issued by insurance companies, banks or other financial institutions, including investment contracts backed by high-quality fixed income securities. Participant transactions (purchases and sales) occur daily with no restrictions and there are no unfunded commitments.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Administrative Fees:

Substantially all administrative, management fees and other expenses of the Plan are paid by the Company. Certain transaction costs are paid by the participants.

Plan Termination:

The Company may amend, modify, suspend or terminate the Plan, provided that no assets held by the Plan or income thereon received for the purposes of the Plan shall be used for, or diverted to, purposes other than for the exclusive benefit of participating employees or their beneficiaries.

2 Summary of Significant Accounting Policies, Continued

Risks and Uncertainties:

The Plan's investments include investments in mutual funds and a collective fund holding investment contracts with varying degrees of risk, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Statement of Net Assets Available for Benefits.

Subsequent Events:

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements.

Subsequent events have been evaluated through the report date, which is the date the financial statements were available to be issued.

3 Tax Status

On September 15, 2015, the Puerto Rico Department of the Treasury stated that the Plan, as then designed, met the requirements of Section 1081.01 of the PRIRC and the Regulations thereunder, and that the related trust was exempt from income taxes. The Plan has been amended; however, the Plan Administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the PRIRC. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken uncertain tax positions that more-likely-than-not would not be sustained upon examination by applicable taxing authorities. The Plan Administrator has analyzed tax positions taken by the Plan and has concluded that, as of December 31, 2017, there are no uncertain tax positions taken, or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions. However, currently no audits for any tax periods are in progress.

4 Party-in-Interest Transactions

Party-in-interest transactions include the investment in the ordinary shares of Eaton and the payment of administrative expenses by the Company. Such transactions are exempt from being prohibited transactions.

During 2017 and 2016, the Eaton Shares Fund received \$261,822 and \$283,832 respectively, in ordinary share dividends from Eaton, which were a return of capital.

5 Fair Value Measurements

In accordance with ASC 820, the Plan has categorized the financial instruments, based on the degree of subjectivity inherent in the valuation technique, into a fair value hierarchy of three levels, as follows:

-

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

5 Fair Value Measurements, Continued

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

Registered investment companies (mutual funds) and Company stock funds: Valued at the net asset value ("NAV") of shares held by the Plan at year-end.

Stable value funds/Common collective trust: Valued at the net unit value of units held by the trust at year-end. The unit value is determined by the total value of fund assets divided by the total number of units of the fund owned.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level on a recurring basis, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2017. There are no investments which fall under Level 3 of the hierarchy.

	Level 1 Fair Value	Level 2 Fair Value	Total
Registered investment companies	\$10,393,238	\$—	\$10,393,238
Stable value funds/Common collective trusts	—	26,217,523	26,217,523
Company stock funds	—	8,487,056	8,487,056
Total investments at fair value	\$10,393,238	\$34,704,579	\$45,097,817

The following table sets forth by level on a recurring basis, within the fair value hierarchy, the Plan's investments at fair value as of December 31, 2016. There are no investments which fall under Level 3 of the hierarchy.

	Level 1 Fair Value	Level 2 Fair Value	Total
Registered investment companies	\$8,810,622	\$—	\$8,810,622
Stable value funds/Common collective trusts	—	28,754,233	28,754,233
Company stock funds	—	7,114,155	7,114,155
Total investments at fair value	\$8,810,622	\$35,868,388	\$44,679,010

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR
Form 5500, Schedule H, Part IV, Line 4i

Eaton Puerto Rico Retirement Savings Plan

EIN 98-0474648
Plan Number 002

December 31, 2017

(a) (b)	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
Vanguard Retirement Savings Trust II	Stable Value Funds/Common Collective Trusts	N/A	\$26,217,523
* Eaton Shares Fund	Separate Accounts	N/A	8,487,056
Vanguard Institutional Index Plus	Mutual Funds	N/A	6,384,169
Vanguard Balanced Index Fund	Mutual Funds	N/A	2,649,590
Vanguard Developed Markets Index Adm	Mutual Funds	N/A	1,359,479
* Participant Loans	4%; various maturity dates	N/A	4,915,649
* Party-in-interest to the Plan.			\$50,013,466

