2016 Investor Conference
Emerging Markets Update

Ed Monser
President
February 11, 2016

Safe Harbor Statement
Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the remainder of the year, and Emerson undertakes no obligation to update any such statement to reflect later developments. Factors that could cause actual results to vary materially from those discussed today include our ability to successfully complete on the terms and conditions contemplated, and the financial impact of, our strategic repositioning actions, as well as those provided in our most recent Annual Report on Form 10-K and subsequent reports as filed with the SEC.

Non-GAAP Measures
In this presentation we will discuss some non-GAAP measures (denoted with an *) in talking about our company's performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or is available at our website www.emerson.com under the investor relations tab.

Pro Forma Results
The financial measures contained in this presentation for the rebased Emerson and the Automation Solutions and Commercial & Residential Solutions businesses represent the businesses that are expected to remain a part of Emerson and to comprise these business groups after completion of Emerson’s portfolio repositioning actions.
We Continue to Increase Our Emerging Markets Presence

United States Sales %
- 2000: 12%
- 2002: 23%
- 2004: 36%
- 2006: 47%
- 2008: 53%
- 2010: 56%
- 2012: 36%
- 2014: 44%
- 2016E: 56%

All International Sales %
- 2000: 62%
- 2002: 38%
- 2004: 47%
- 2006: 53%
- 2008: 23%
- 2010: 12%
- 2012: 23%
- 2014: 36%
- 2016E: 44%

Emerging Markets Sales %
- 2000: 25%
- 2002: 25%
- 2004: 25%
- 2006: 25%
- 2008: 25%
- 2010: 25%
- 2012: 25%
- 2014: 25%
- 2016E: 25%
Strategic Actions Impact on 2016 International Sales Sources

Proportion of Revenue in Emerging Markets Remains Solid in Pro Forma Emerson

Fixed rate at September 30, 2015
Pro Forma assumes all strategic actions have been completed
This Slide Intentionally Omitted
This Slide Intentionally Omitted
China
Pro Forma Sales Performance

We May Have Found a Trough in China as We End 2016
-- Ample Room for Market Penetration and Acquisitions

Pro Forma assumes all strategic actions have been completed; All years presented at September 30, 2015 exchange rates
As Reported reflects consolidated Emerson before separation of businesses subject to portfolio repositioning actions
China 2016 Market Outlook

Tailwinds

- Focus on innovation-driven strategy and mass entrepreneurship creates new opportunities for “Made in China” products
- Efficient climate control solutions to gain traction as China combats pollution
- One Belt / One Road initiative is driving investment across all parts of Asia
- Outbound Foreign Direct Investment – Increasing trend of Chinese investments in U.S. greenfield projects
- Low oil prices generate ~$460 billion in annual savings versus 2014 prices

Headwinds

- China is running a trade surplus with all regions of the world, limiting any incremental net export growth in 2016
- Limited credit for investment in private sector as ~2/3 of high-growth cities have reduced capital stock in 2015
- Capital flight creating continued uncertainty in financial markets
- Gross capital formation is slowing to ~2.5% and adding to excess capacity in heavy industries
- Cybersecurity and other threats act as leverage to support indigenous “secured / controlled” technology

Source: IHS Economics and Emerson Management Commentary, Starfort Investment Holdings

China Has Been Reducing Its Industrial Investments as It Focuses on Building Out Its Consumer Economy
China’s GDP Growth by Expenditure

- **Gross Capital Formation Slowing and Adding to Excess Capacity**

Source: National Bureau of Statistics, CEIC, Rhodium Group

**Gross Capital Formation Slowing and Adding to Excess Capacity**
Quarterly Trade Balance by Region

Source: General Administration of Customs, data in calendar quarters.

Trade Surplus Limits Incremental Net Export Growth
Change, Acceptances and Trust Loans, January - September 2015

~2/3 of High Growth Provinces Running Reduced Capital Stock in 2015, Limiting Credit for Investment

Source: People’s Bank of China, Rhodium Group
## Made in China Overview
### Internal Market Research Report

<table>
<thead>
<tr>
<th>Customers</th>
<th>Market Dynamics</th>
<th>Competitors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 9 out of 10 of Emerson’s top customers in China are domestic companies</td>
<td>• Declining GFI¹ growth, yet still forecasted between 4 - 6% (2016 – 2020)</td>
<td>• Domestic companies are increasingly favored</td>
</tr>
<tr>
<td>• Customers see room for improvement in Emerson China</td>
<td>• Weak overseas markets</td>
<td>• Multinationals adapting an “In China, For China” strategy to remain competitive</td>
</tr>
<tr>
<td></td>
<td>• Slow domestic consumption growth</td>
<td>• Despite challenges, Emerson remains top-tier multinational competitor</td>
</tr>
<tr>
<td></td>
<td>• Overall push for slower sustainable growth</td>
<td></td>
</tr>
</tbody>
</table>

1: GFI – Gross Fixed Investment

The Definition of Made in China Continues to Expand and Deepen
Mid-Tier Strategy Is Keeping Emerson Relevant and Growing in China

China Mid-Tier Sales by Platform

<table>
<thead>
<tr>
<th>Year</th>
<th>Automation Solutions</th>
<th>Commercial &amp; Residential Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$565M 141 424</td>
<td>84% of All Emerson Products Sold in China Are Made in China</td>
</tr>
<tr>
<td>2015</td>
<td>$520M 156 364</td>
<td>84% of All Emerson Products Sold in China Are Made in China</td>
</tr>
<tr>
<td>2016E</td>
<td>$525M 172 353</td>
<td>84% of All Emerson Products Sold in China Are Made in China</td>
</tr>
</tbody>
</table>

Mid-Tier Key Initiatives

**Automation Solutions**
- Dedicated China engineering and development teams and localized product marketing
- Sales office expansion into Tier 2 & 3 cities

**Commercial & Residential Solutions**
- Residential and Commercial AC scroll compressors
- Expanding distribution and service center capabilities
Tiered Portfolios Unlock New Opportunities
Automation Solutions

Ultimate Performance
Challenging Applications
(Multinational)

Chemical: Target Applications

Basic Process Control
Applications
(Multinational)

General Utility
Applications
(Mid-Tier)

ELITE
F-SERIES
K-SERIES

➢ Key Feeding
➢ Key Blending, Non-key Feeding, Condenser
➢ Non-key Blending, Deionized Water
This Slide Intentionally Omitted
India
Pro Forma Sales Performance

India Continues to Be a Good Market for Us
Ample Room for Market Penetration and Acquisitions

Pro Forma assumes all strategic actions have been completed; All years presented at September 30, 2015 exchange rates
As Reported reflects consolidated Emerson before separation of businesses subject to portfolio repositioning actions

Virgo Acquisition

As Reported (GAAP, $M):
- 2010: $200
- 2011: $240
- 2012: $280
- 2013: $290
- 2014: $310
- 2015: $360
- 2016E: $350
- 2019T: $400 - 500

10% CAGR
India
2016 Market Outlook

Tailwinds

- Strengthening domestic demand and reforms contribute to solid growth
- We should expect even higher growth with India’s entry to APEC\(^1\)
- Government investment in infrastructure rising
- Foreign direct investment (FDI) inflows are picking up and should be sustained by Modi’s recently-announced FDI reforms
- Government focused on improving ease of doing business and increasing transparency, access and governance

Headwinds

- In the near term, industrial growth remains sluggish, with both the manufacturing and infrastructure sectors struggling to gain momentum
- Weak commodity prices and soft external demand will keep India’s industrial sector subdued through much of 2016
- Modi’s policy reforms are expected to move forward, but slowly. Work remains to open the markets, upgrade the infrastructure and raise productivity
- Continued complexity of tax and incentive structures

Source: IHS Economics and Emerson Management Commentary
1: APEC – Asia Pacific Economic Cooperation

Emerson Continues to Invest in India to Take Advantage of the Growing Economy
Make in India is an initiative launched by the Indian Government in September 2014 to encourage companies to manufacture products in India.

- Currently ranked 134th out of 189 countries
- Average days to start a business is longer than other Asian countries

Manufacturing % of GDP in Asia

- China: 34%
- South Korea: 31%

- Fueled by 25 key sectors, including Chemicals, IT, Mining, and Electronics
- Attracting jobs from China due to China’s increasing labor wages

Ease of Doing Business Ranking

- India: 27 Days
- Singapore: 2.5 Days

Young Labor Force

- 65% of the population < 35 years old
- Average age in 2020 will be 29
- Projected to have the largest available workforce in the world during the next decade
Key Growth Sectors of “Make in India”

**Oil & Gas**
- #4 for global oil consumption
- ~50% of global energy demand by 2040
- Primary energy demand growth will reach 1,516M tons of oil equivalent by 2035

**Construction**
- ~10% of GDP and valued at ~$126B
- 509M people will live in India’s cities by 2030
- CAGR from 2011-14: 20%
- 50% of the construction demand is from infrastructure development; projected to total $1,000B of investment in 2012-17

**Food Processing**
- 127 agro-climate zones that net 89.9M hectares of crops
- 42 mega food parks being created with an estimated investment of $1.6B
- Food processing sector ranks 5th in the world in exports, production, and consumption

**Tourism, Hospitality, & Wellness**
- Tourism ~6.8% of GDP, valued at ~$86B
- 2013-2014 growth in number of tourists: 6%
- Projected CAGR of tourism growth between 2008-2016: 8%
- 100% FDI allowed in tourism construction
- Wellness market ~$8 Billion

**Railways & Mass Rapid Transit System (MRTS)**
- Third-largest rail network, 64,600 km
- 100% FDI recently allowed in railway infrastructure
- Projects worth $1,000B to be awarded by Indian Railways through public-private partnerships
- Share of private investments in MRTS Projects: 3X
Emerson “Make in India” Initiatives
Automation Solutions

Major Growth Sectors Moving Forward

- Pharmaceuticals
- Oil & Gas
- Thermal Power

Current Local Manufacturing

- FISHER
- VIRGO
- ROSEMOUNT

~50% of Line  ~70% of Line  Goal is 90+%  

Recent Developments

- **New manufacturing facility** approved for expansions in Chakan, Pune
- **Expansion of existing facilities** – Rosemount, one of our businesses in the Automation Solutions portfolio, now manufactures 83% of India sales in India
- **Acquired two local manufacturers** in the last year – Virgo Valves & Controls, and Ameya Transmission
- **Engagement with Engineers India Ltd.** (EIL) – a public-sector undertaking that is piloting the midstream and downstream sector for the ‘Make in India’ initiative
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Our Sales Continue to Strengthen on a Fixed-Rate Basis
Russia 2016 Market Outlook

Tailwinds

- Emerson’s localization initiatives have allowed us to **gain market participation** at a higher rate than international and local competitors
- **Local manufacturing** reduces the impact of the weakened ruble
- The greater challenges of **developing new energy reserves** will require substantial investment

Headwinds

- **Economy remains weak** due to low oil prices, Western sanctions and the inability of the central bank to institute monetary easing
- A slump in both **industrial production and investment activity**, especially in the energy sector, is continuing
- **Ruble** remains historically weak versus US dollar
- Tight credit conditions and the erosion of business confidence is continuing to limit **fixed capital investment**

Source: IHS Economics and Emerson Management Commentary
Russia Localization Policies –
Russia’s Retaliation to Sanctions

Localized Production Is Strongly Preferred and
Is Key to Success for Multinationals

Implementation of the 60 / 25% Localization Rule

- Greater than 50% (target 60%) of a product’s content to be Russian, with less than 25% U.S. / EU content (CIS\(^1\) components considered local)
- Metran is on the way to achieving 60% Russian content

\(^1\) CIS – Commonwealth of Independent States of the former Soviet Union

100% foreign owned company can manufacture a Russian Product **if most content is Russian**

A Russian company will not qualify if it only **assembles** 100% foreign imported components
Automation Solutions Programs to Accelerate Localization Plans

Global Products Manufactured Locally

- 100% of Software & Hardware Design for projects executed locally in Russia Engineering Centers
- 100% of Final Cabinet Assembly for PlantWeb Solutions Projects to be done within Metran facility in Chelyabinsk
- Grand opening of Metran’s Chelyabinsk office and manufacturing center in 2015

Before Sanctions

<table>
<thead>
<tr>
<th>Units / Month</th>
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</thead>
<tbody>
<tr>
<td>849</td>
</tr>
</tbody>
</table>

After Sanctions

<table>
<thead>
<tr>
<th>Units / Month</th>
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</thead>
<tbody>
<tr>
<td>1,256</td>
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</tbody>
</table>

48% increase

Metran
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Automation Solutions Programs to Accelerate Localization Plans

Other Localization Programs

**Flow** – Decision on Assembling Gas Ultrasonic Flow Meters in Russia

**RAI** – To engineer and build sub modules in Cluj

**PSG** – Local Manufacturing of DeltaV, Ovation, RAS hardware

**RAI** – Build-up Russian application for Natural Gas (screwing and labeling) of the GC 370XA

**Flow** – Gas Ultrasonic Meters Full production including machining the castings

**PSG** – DeltaV, Ovation, RAS cabinet assembly in Chelyabinsk

**Instruments** – Expand product portfolio produced in Metran

**Controls** – Decision on investment in Chelyabinsk World Area Configuration Centre for Actuator Assembly & Valve Integration

PSG: PlantWeb Solutions Group; RAI: Rosemount Analytical; RAS: Remote Automation Solutions
Brazil Pro Forma Sales Performance

2016 May Be a Trough, but Recovery Is Sluggish and Long!

Pro Forma assumes all strategic actions have been completed; All years presented at September 30, 2015 exchange rates
As Reported reflects consolidated Emerson before separation of businesses subject to portfolio repositioning actions
Brazil 2016 Market Outlook

Tailwinds

- **Strong installed base** and exploring opportunities related to safety, reliability and energy efficiency
- **Some CapEx opportunities** in the Power Generation, Food and Beverage, Pulp & Paper, and Upstream Oil & Gas
- Climate Technologies continues to gain participation with **solutions offering**

Headwinds

- Brazil’s **recession will continue through 2016**, with declines across consumer spending, business investment, and imports
- **Low oil prices and corruption investigations** at Petrobras are impacting energy, construction, and financial markets
- High **labor and capital** costs, complex **tax policy**, and poor **infrastructure** are limiting international competitiveness
- Growth prospects are further hampered by continued **government instability** and inflation

Source: IHS Economics and Emerson Management Commentary

Brazil Is a Very, Very Challenging Market in 2016. We Are Very Selective When Considering Projects
Mexico
Pro Forma Sales Performance

Mexico is Slowly Recovering

Expecting a Strong Year in All Businesses, Except Process Management Which Is Restrained by Oil Prices
Mexico 2016 Market Outlook

Tailwinds

- Mexico’s energy reforms provide a historic opportunity to revitalize its ailing energy sector, bolster the overall economy\(^1\), and bring new players
- The Power market grew 20%+ in 2015 and the Midstream market is expected to grow 40%+ in 2016
- The 60 years of presence in Mexico of Emerson Automation Solutions resulted in a proven record of solutions and a strong installed base
- Mexican economy has benefitted from its strong ties to a vigorous U.S. economy

Headwinds

- Security risks and corruption are tempering business sentiment, investment, and economic growth
- Mexican peso depreciated around 40% against US Dollar during the last 20 months
- Higher competition in Power and Midstream markets; main automation vendors driving prices down
- Private financing project schemes are necessary to move projects forward due to deep reduction in government funded projects

Source: IHS Economics and Emerson Management Commentary
1: Goldman Sachs

The Mexican Market Is Starting to Recover, and Emerson Is Ready to Seize This Opportunity – Very Strong Operational and Sales Presence
Complete Natural Gas Pipeline Solution Automation Solutions

**Opportunity**

- 26 New Pipelines awarded to Private Operators via CFE Bids
- 7,000 km of new Pipelines by 2018 and investments of $16B

**Emerson Advantage**

- Emerson offers integrated solutions, that help customers get to First Transmission Faster and Operate efficiently for sustained profitability

- These solutions include:
  - Measurement and Analytical Instruments
  - Final Control and Regulation
  - SCADA

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**SCADA Control Room**

- SCADA Platform
- Leak Detection

**Compression Stations**

- Compressor Protection
- F&G Systems
- Control Systems
- Multi Phase Project to be Expanded to Nation

**Shutdown Valves**

- Valves
- Shutdown Actuators
- Remote Terminals
- SCADA Integration

**Metering Stations**

- Metering Skid
- Gas Analyzers
- Flow Computing
- SCADA Integration

**Terminal Automation**

- Terminal Management
- F&G Systems
- ERP Integration
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Southeast Asia Pro Forma Sales Performance

Southeast Asia Sales Have Flattened -- But Some Opportunities for Growth

Pro Forma assumes all strategic actions have been completed; All years presented at September 30, 2015 exchange rates
As Reported reflects consolidated Emerson before separation of businesses subject to portfolio repositioning actions

As Reported (GAAP, $M): 890 830 ~800

7% CAGR


($ Millions)
Southeast Asia 2016 Market Outlook

Tailwinds

- **Growing middle class** in most Southeast Asian countries drives increased domestic consumption
- Launch of **ASEAN Economic Community** in December has resulted in positive reaction from investors
- Strong growth **momentum in Philippines and Vietnam**, driven by investments in infrastructure and manufacturing sectors
- Malaysia, and Vietnam will benefit from **Trans-Pacific Partnership**

Headwinds

- Poor performance of the **Chinese market** may have spillover effects
- **Japanese investment**, a key catalyst for growth, has **stalled out**
- **Currency depreciation** has weakened regional attractiveness for investment
- **Political uncertainty** in Thailand and Malaysia causing economic slowdown
- **Disappointing growth in Indonesia** due to the lack of structural reforms
- Weakness in **prices of minerals and other commodities** will impact Indonesia, Australia, and Malaysia

Source: IHS Economics and Emerson Management Commentary
Middle East & Africa
Pro Forma Sales Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>As Reported (GAAP, $M)</th>
<th>Pro Forma ($ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>730</td>
<td>1,200 - 1,300</td>
</tr>
<tr>
<td>2011</td>
<td>780</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>870</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>1,020</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>1,070</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>1,120</td>
<td></td>
</tr>
<tr>
<td>2016E</td>
<td>1,080</td>
<td></td>
</tr>
<tr>
<td>2019T</td>
<td>1,200 - 1,300</td>
<td></td>
</tr>
</tbody>
</table>

Pro Forma assumes all strategic actions have been completed; All years presented at September 30, 2015 exchange rates.
As Reported reflects consolidated Emerson before separation of businesses subject to portfolio repositioning actions.

Middle East and Africa Are Both Challenged in 2016 -- But Will Recover in 2017
Middle East & Africa 2016 Market Outlook

Tailwinds

• Emerson’s investment in the region has proven to be beneficial in riding the region’s slowdown
• Non-oil sectors, such as transportation and infrastructure, will continue to grow throughout Middle East
• While under financial constraints, national oil companies need to keep pumping oil and continue investing in mid-stream and down-stream

Headwinds

• Continued oil price slump is requiring reductions in energy investments and curbing government spending
• Ongoing security risks from regional unrest and the Islamic State may undermine domestic and foreign investor confidence
• Sluggish global demand for commodity-related exports puts pressure on mining and manufacturing sectors and further weakens currencies

Source: IHS Economics and Emerson Management Commentary

Middle East Has Bright Spots for Growth, Africa Is Severely Impacted by the Fall in Commodity Prices
Key Messages

• Following our strategic actions, Emerson will maintain its exposure in emerging markets, supporting growth in the long term.

• We are not likely to obtain significant growth out of emerging markets in 2016, as contraction in China negates gains in other markets.

• It appears that a sales trough is forming in 2nd half of 2016, giving us encouragement for 2017.

• Demand for local content is at an all-time high. We have and will continue to invest to ensure we are the premiere local supplier in these markets.
Non-GAAP Reconciliations

• The 2016E financial measures contained herein represent the Company’s expectations for its consolidated results including the expected full year results for the businesses that are the subject of the portfolio repositioning actions, and does not assume any gain or loss on the sale of those businesses.

• Any “pro forma” or “rebased” financial measures contained herein represent the businesses that are expected to remain part of Emerson and comprise the Automation Solutions and Commercial & Residential Solutions business groups after completion of Emerson’s portfolio repositioning actions described herein.

• Operational tax rate excludes the impact of the costs associated with the planned spinoff or sale of the network power systems business and the other strategic repositioning actions being undertaken by the Company to provide additional insight into the tax rate applicable to the Company’s ordinary on-going operations and facilitate period-to-period comparisons. Management believes that presenting operational tax rate may be more useful for investors (U.S. GAAP measures: tax rate).

• References to underlying orders in this presentation refer to the Company's trailing three-month average orders growth versus the prior year, excluding currency, acquisitions and divestitures.
Non-GAAP Reconciliations

### 2013 vs 2014

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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</thead>
<tbody>
<tr>
<td>Underlying growth*</td>
<td>6%</td>
<td>2%</td>
<td>(1%)</td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>(1%)</td>
<td>(1%)</td>
<td>(1%)</td>
<td>0%</td>
<td>(2%)</td>
<td>(4%)</td>
<td>(4%)</td>
<td>(4%)</td>
</tr>
<tr>
<td>GAAP growth</td>
<td>5%</td>
<td>1%</td>
<td>(2%)</td>
<td>2%</td>
<td>1%</td>
<td>(2%)</td>
<td>(1%)</td>
<td>0%</td>
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</table>

### 2015

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying growth*</td>
<td>5%</td>
<td>0%</td>
<td>(5%)</td>
<td>(7%)</td>
<td>(2%)</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>(6%)</td>
<td>(7%)</td>
<td>(8%)</td>
<td>(8%)</td>
<td>(7%)</td>
</tr>
<tr>
<td>GAAP growth</td>
<td>(1%)</td>
<td>(7%)</td>
<td>(13%)</td>
<td>(15%)</td>
<td>(9%)</td>
</tr>
</tbody>
</table>

### 2016E sales % chg. vs 2015

<table>
<thead>
<tr>
<th>Process Management</th>
<th>Industrial Automation</th>
<th>Network Power</th>
<th>Climate Technologies</th>
<th>Commercial &amp; Residential Solutions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying growth*</td>
<td>~(9) - (7%)</td>
<td>~(6) - (3%)</td>
<td>~(2) - 0%</td>
<td>~0 - 3%</td>
<td>~(5) - (2%)</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>~(1%)</td>
<td>~(8%)</td>
<td>~(3%)</td>
<td>~(1%)</td>
<td>~(16%)</td>
</tr>
<tr>
<td>GAAP growth</td>
<td>~(10) - (8%)</td>
<td>~(14) - (11%)</td>
<td>~(5) - (3%)</td>
<td>~(1) - 2%</td>
<td>~(9) - (6%)</td>
</tr>
</tbody>
</table>

### 2016 vs 2016E

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>Q1</th>
<th>Q2</th>
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<tbody>
<tr>
<td>Underlying growth*</td>
<td>(9%)</td>
<td>~(6) - (4%)</td>
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<tr>
<td>Acq/Div/FX</td>
<td>(7%)</td>
<td>~(4%)</td>
</tr>
<tr>
<td>GAAP growth</td>
<td>(16%)</td>
<td>~(10) - (8%)</td>
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</tbody>
</table>

### Sales % chg. vs. PY

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>Q3</th>
<th>Q4</th>
<th>FY</th>
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</thead>
<tbody>
<tr>
<td>Underlying growth*</td>
<td>~0 - 2%</td>
<td>~0 - 2%</td>
<td>~(3%)</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>~(3%)</td>
<td>~(3%)</td>
<td>~(4%)</td>
</tr>
<tr>
<td>GAAP growth</td>
<td>~(3) - (1%)</td>
<td>~(3) - (1%)</td>
<td>~(7%)</td>
</tr>
</tbody>
</table>
Non-GAAP Reconciliations

### EBIT

<table>
<thead>
<tr>
<th></th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>Q1 '15 vs Q1 '16</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT*</td>
<td>$811</td>
<td>549</td>
<td>(32%)</td>
</tr>
<tr>
<td>Interest expense, net</td>
<td>(46)</td>
<td>(46)</td>
<td>(2%)</td>
</tr>
<tr>
<td>Pretax earnings</td>
<td>$765</td>
<td>503</td>
<td>(34%)</td>
</tr>
</tbody>
</table>

### EBIT%

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>2000</th>
<th>2014</th>
<th>2015</th>
<th>2016E</th>
<th>14 vs '15</th>
<th>'15 vs '16E</th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>Q1 '15 vs Q1 '16</th>
<th>2019T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted*, %</td>
<td>14.6%</td>
<td>15.9%</td>
<td>16.5%</td>
<td>14.8%</td>
<td>~15.4%</td>
<td>~60 bps</td>
<td>14.5%</td>
<td>11.7%</td>
<td>(280) bps</td>
<td>~15.4%</td>
<td>~18%</td>
</tr>
<tr>
<td>Goodwill impairment charges, divestiture gains, separation costs and interest expense, net, %</td>
<td>(1.5%)</td>
<td>(1.9%)</td>
<td>(2.9%)</td>
<td>3.9%</td>
<td>~(1.8%)</td>
<td>680 bps</td>
<td>(0.8%)</td>
<td>(1.0%)</td>
<td>(20) bps</td>
<td>~(1%)</td>
<td></td>
</tr>
<tr>
<td>Pretax earnings, %</td>
<td>13.1%</td>
<td>14.0%</td>
<td>13.6%</td>
<td>18.7%</td>
<td>~13.6%</td>
<td>510 bps</td>
<td>13.7%</td>
<td>10.7%</td>
<td>(300) bps</td>
<td>~1.7%</td>
<td>~17%</td>
</tr>
</tbody>
</table>

### OP%

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016E</th>
<th>14 vs '15</th>
<th>2019T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating margin, %</td>
<td>18.1%</td>
<td>17.3%</td>
<td>17%</td>
<td>(80) bps</td>
<td>~18 - 20%</td>
</tr>
<tr>
<td>Other deductions and interest expense, net, %</td>
<td>(4.5%)</td>
<td>1.4%</td>
<td>(3%)</td>
<td>590 bps</td>
<td>~(2%)</td>
</tr>
<tr>
<td>Pretax earnings, %</td>
<td>13.6%</td>
<td>18.7%</td>
<td>14%</td>
<td>510 bps</td>
<td>~16 - 18%</td>
</tr>
</tbody>
</table>
## Non-GAAP Reconciliations

### EPS

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016E</th>
<th>'14 vs '15</th>
<th>'15 vs '16E</th>
<th>Q1 2015</th>
<th>Q1 2016</th>
<th>Q1 '15 vs Q1 '16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted*</td>
<td>$3.75</td>
<td>$3.17</td>
<td>~$3.05 - $3.25</td>
<td>(15%)</td>
<td>~(4) - 3%</td>
<td>$0.75</td>
<td>$0.56</td>
<td>(25%)</td>
</tr>
<tr>
<td>Goodwill impairment charges, divestiture gains and separation costs</td>
<td>(0.72)</td>
<td>0.82</td>
<td>~(0.50) - (0.35)</td>
<td>47%</td>
<td>~(32) - (30%)</td>
<td>-</td>
<td>(0.03)</td>
<td>(4%)</td>
</tr>
<tr>
<td>GAAP</td>
<td>$3.03</td>
<td>$3.99</td>
<td>~$2.55 - $2.90</td>
<td>32%</td>
<td>~(36) - (27%)</td>
<td>$0.75</td>
<td>$0.53</td>
<td>(29%)</td>
</tr>
</tbody>
</table>

### ROTC

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted*</td>
<td>20.2%</td>
<td>18.3%</td>
<td>(190) bps</td>
</tr>
<tr>
<td>Goodwill impairment charges, divestiture gains and separation costs</td>
<td>(2.7%)</td>
<td>4.5%</td>
<td>720 bps</td>
</tr>
<tr>
<td>GAAP</td>
<td>17.5%</td>
<td>22.8%</td>
<td>530 bps</td>
</tr>
</tbody>
</table>

### Operational Tax Rate

- Operational tax rate*: ~31%
- Separation costs: ~3 - 6%
- Effective tax rate: ~34 - 37%

### Free Cash Flow, % of Sales*

- Free cash flow*: ~10 - 14%
- Capital expenditures, %: ~3%
- Operating cash flow, %: ~13 - 17%

---

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## Non-GAAP Reconciliations

### Automation Solutions

<table>
<thead>
<tr>
<th></th>
<th>2016E Pro Forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying*</td>
<td>(8) - (6%)</td>
</tr>
<tr>
<td>Acq./Div./FX</td>
<td>(2%)</td>
</tr>
<tr>
<td>GAAP Reported</td>
<td>(10) - (8%)</td>
</tr>
</tbody>
</table>

### Commercial & Residential Solutions

<table>
<thead>
<tr>
<th></th>
<th>2016E Pro Forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying*</td>
<td>1 - 3%</td>
</tr>
<tr>
<td>Acq./Div./FX</td>
<td>(2%)</td>
</tr>
<tr>
<td>GAAP Reported</td>
<td>(1) - 1%</td>
</tr>
</tbody>
</table>

### Debt / EBITDA*

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016PF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt / EBITDA, adjusted*</td>
<td>1.7</td>
<td>1.3</td>
</tr>
<tr>
<td>Impact of planned strategic actions, divestiture gains, separation costs, depreciation and amortization, interest expense, net and income taxes</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Debt / Net earnings</td>
<td>2.5</td>
<td>2.1</td>
</tr>
</tbody>
</table>

2016 Pro forma (PF) assumes all strategic actions have been completed