2016 Investor Conference
Commercial & Residential Solutions Business Overview

Bob Sharp
Executive Vice 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.
Redefine and Focus the Emerson Portfolio for Higher Growth / Higher Value Built on Foundation of Proven Businesses

<table>
<thead>
<tr>
<th>Automation Solutions</th>
<th>Commercial &amp; Residential Solutions</th>
<th>Business Platforms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industries Served:</td>
<td>Customer Categories:</td>
<td>Markets and Customers</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>Construction</td>
<td>Food and Bev</td>
</tr>
<tr>
<td>Refining</td>
<td>Commercial Buildings</td>
<td>Metals and Mining</td>
</tr>
<tr>
<td>Chemical</td>
<td>Food Retail</td>
<td>Water</td>
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<tr>
<td>Power</td>
<td>Food Service</td>
<td>Discrete Manuf.</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>Retail Service</td>
<td>Fluid Automation</td>
</tr>
</tbody>
</table>

Includes:
- Systems and Solutions
- Final Control
- Measurement and Analytical
- Flow
- Discrete and Industrial

$10+B

Includes:
- Air Conditioning
- Refrigeration
- Electronics and Solutions
- Sensors and Controls
- Tools and Home Products

$5+B
Emerson New Business Focus and Market Growth Opportunities

Near-Term Growth Drivers

Automation Solutions
- Lifecycle Services
- Hybrid and Discrete Automation
- Wireless Solutions
- Pipeline Management
- Integrated Coordination and Control
- Bolt-on Acquisitions

Commercial & Residential Solutions
- Retail Solutions
- Environmentally Friendly Refrigerants
- Sensors, Controls and Connectivity
- Global Disposer Adoption
- E-commerce
- Bolt-on Acquisitions

Transformational Opportunities

Automation Solutions
- Pervasive Sensing
- Digitalization of Installed Base
- Enriched Business Models to improve Energy Management, Reliability and Safety
- Strategic Acquisitions

Commercial & Residential Solutions
- Residential Solutions
- Commercial Solutions
- Transportation Solutions
- Food Waste to Energy
- Strategic Acquisitions

Market Growth Opportunities

Automation Solutions
- $100B Potential
  - $10.1B

Commercial & Residential Solutions
- $30B Potential
  - $15.4B
  - $5.3B
# Commercial & Residential Solutions 2015 Summary

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$5.4B</td>
<td>$5.3B</td>
<td>(1)%</td>
</tr>
<tr>
<td>EBIT</td>
<td>$1.2B</td>
<td>$1.2B¹</td>
<td>(5)%</td>
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<tr>
<td>% of Sales</td>
<td>22.9%</td>
<td>22.1%¹</td>
<td>(80) bps</td>
</tr>
<tr>
<td>ROTC</td>
<td>50%</td>
<td>45%</td>
<td></td>
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</table>

Note: Pro-Forma estimates assume the completion of all strategic portfolio repositioning actions
1Includes $30M of Restructuring

### 2015 Major Markets Served

- Residential AC: 30%
- Residential Construction: 19%
- Commercial AC: 13%
- Commercial Refrigeration: 10%
- Non-Residential Construction: 4%
- Transport: 3%
- Other Commercial and Industrial: 21%

### 2015 Sales by Geography

- North America: 61%
- Asia: 19%
- Africa: 6%
- Europe: 10%
- Latin America: 4%
- Middle East & Africa: 4%
The Commercial & Residential Solutions business has a strong history of growth and profitability, built upon our ability to lead the industry through change with technology and application expertise.

Four end markets will drive our growth in the near term – Residential, Commercial, Food Service / Retail, and Transport.

We have an extensive portfolio of products, services, and solutions that puts us in a unique position to deliver superior value to end customers.

We continue to invest in intelligent technologies, integrated solutions and new business models to drive value-creating change in our markets.

The new platform offers acquisition growth opportunities within the core market segments and in new white-space adjacencies.
**Increased Collaboration as Commercial & Residential Solutions Can Unleash Greater Value Creation**

### Common Markets
- Residential
- Commercial
- Food Retail & Service
- Transport

### Common Customers
- Homeowner
- End User
- Building Manager

### Trends
- Food Quality
- Energy Efficiency
- Home Automation
- E-Commerce
- Emerging Markets
- Comfort & Air Quality
- Building Automation
- Cold Chain
- Population Growth
- Emissions
- Sustainability
- Food Service

### Opportunities and Synergies
- Branding / Digital Marketing
- Omni Channel Capabilities
- Big Data / Analytics
- Functional Support
- Research & Technology
- Global Reach
Our New Helix Center Creates Opportunity to Innovate From a Total System Perspective

Real World Environments for Total Ecosystem Innovations

- Data Center Thermal Management
- Residential Connected Home
- Commercial Building
- Supermarket Refrigeration
- Food Service Operations
Ideation Example: Home Comfort

- Improve human comfort and its multiple dimensions, in non-uniform and dynamic environments of the home
- Force a new way of thinking about home comfort
- Diverse and outside perspectives critical to ideation

- Divergent collaboration workshop with experts in aesthetics, physiology, building, health & HVAC
- 18 dimensions of comfort values captured with ideas around control & wellness
- Identifying best areas for refinement before new product development

5 Other Projects also in the Funnel

Innovation Process & Timeline

- Understand Week 1-6
- Build Team Week 3-6
- Ideate Week 7-9
- Prototype Week 8-9
- Test Week 10
- Transition Week 11-14
Commercial & Residential Solutions
End Markets

Residential

Commercial

Food Retail & Service

Transport
Our End Markets Show Good Prospects for Growth Driven by Key Macro Trends

Residential

• **Air Conditioning & Heating** - Energy conservation, home automation / wireless, mobile control of home comfort

• **Construction** - Continued trend of housing starts and consumer spending on home repair, renovation, shifting home format in emerging markets

Commercial

• **Air Conditioning & Heating** - Emerging market growth, energy scarcity, indoor air quality, building automation

• **Construction** - Non-residential construction expansion modest in 2016, with growth expected in 2017

Food Retail & Service

• Sensors and real-time monitoring services

• Food safety modernization act and spoilage minimization

• Growing numbers of small format stores

• Cold chain development in emerging markets

Transport

• Growth in perishable shipments by marine container

• Food safety modernization act and spoilage minimization

• Public transportation growth in emerging markets

Source: IHS Economics and Management Assessment, 2017 – 2019 Outlook
We Have an Extensive Presence in Vital Home Infrastructure

- Air Comfort Products
- Water Products
- Vent Controls
- Thermostats
- Compressors, Drives & Controls
- Sensors, Diagnostics, & Monitoring
- Gas Valves & Controls
- Valves & System Protectors
- Wet/Dry Vacuums
- Waste Disposal
Residential Market Trends and Opportunities

**Key Statistics**

- 134M+ Housing Units in U.S.
- Temperature Control & Home Monitoring are Top Priorities
- 58% of Home Energy Consumed by HVACR & Water Heating
- Home Automation Market to Reach $21B by 2020
- 61% of U.S. Homes Wi-Fi Enabled; 25% of Global Internet Usage via Wi-Fi
- +30% of All Food Produced is Lost / Wasted

**Trends**

- Energy Efficiency
- Sustainability
- Population Growth
- Comfort & Air Quality
- Home Automation
- E-Commerce

**Emerson**

- New Refrigerants
- Modulated Compression & Optimized Systems
- Disposer Adoption
- Connectivity & Monitoring Services
- Omni Channel Presence
- Zoning for Comfort
Changing Refrigerant Landscape Drives Significant Change in Residential Air Conditioning

Key Considerations for Refrigerant Adoption

- **Environment**: Stratospheric Ozone, Life Cycle Climate Performance
- **Performance**: Physical Properties, Energy
- **Economics**: Technology Changes, Total Cost of Ownership, Compatibility
- **Safety**: Toxicity, Flammability, Working Pressures
Our Energy-Efficient Solutions Help Homeowners Save Costs and Comply with Regulations

15 SEER New Standards in 2023 Not Yet Finalized

1992 U.S. Minimum SEER - 10
2006 U.S. Minimum SEER - 13
Today U.S. Minimum SEER - 14

High Residential HVAC Lifecycle Costs & Home Automation

- HVAC System Average Lifetime: 15-Year; Total Cost $24,000
- Home Automation Market Expanding

Mobile Connectivity for Control & Peace of Mind

- Zoning, Sensors & Real-Time Monitoring Service

SEER – Seasonal Energy Efficiency Rating
Developing a Residential Solution Portfolio Around Comfort As A Service

Building Foundation for Comfort As A Service Business. First Targets Are 15M Residential HVAC Service Agreements and Retail + Contractor Installations

- Wi-Fi Thermostats & Modulated Venting for Increased Comfort & Efficiency
- Comprehensive Residential HVAC Monitoring Service
  - 10 Sensors Quickly Installed
  - 50 Algorithms Provide Real-Time System Checks
  - Early Notification of Developing Problems Before Comfort Impacted

Value

Contractor Productivity + User Experience

Comfort

Improve Efficiency & Comfort Management

Improve Existing System Performance & Provide Home Data
Omni-Channel Access to Residential Space

Retail Channel to Homeowners

Online Sales to Contractors

+250K Annual Click-Throughs

Residential Services via Contractors & Utility Programs

HVAC Systems Through OEM Partnerships

Global Engagement with Residential OEMs
China Clean Air Initiatives Support Emerson’s Heat Pump Water Heating in Space Heating

Central Heating Market
- Urbanization Will Continue
- Significant Urban Living Space Without Heat
- China Clean Air Act Restricts Coal Boilers

Emerson Focus
- Dedicated Vapor Injection Water Heating Scrolls
- Scroll Based District Heating Solutions
- Contractor Engagement in Villa Heating
Accelerating Our Channel Activities to Support Heat Pump Water Heating Adoption in China

**Sanitary Hot Water**
- China Refrigeration & AC Industry / Emerson Heat Pump Sub-Committee
- Drafting Member for Water Heat Test Methods & Standards
- Training Industry Contractor Base

**Space Heating**
- Developer Technology Days
- Heat Pump Forum, Contractors Trainings
- Wiki & Mini-Site Education
- Social Media Campaigns

**Industry Stewardship**
- Emerson Strategic Partners
- Powered by Copeland Scroll
- Vapor Injection Support

**Contractor & End-User Awareness**
- OEM Heating Alliance
- Field Validation Cooperation
- Tier 2 / 3 Technical Support

**OEM Engagement**
- OEM Heating Alliance
- Field Validation Cooperation
- Tier 2 / 3 Technical Support
Opportunity to Leverage Current Participation in Commercial Environment

- Thermostats
- Monitoring & Control
- Food Waste Disposal
- Professional Tools
- Valves, Controls & System Protectors
- Compressors, Drives & Controls
### Commercial Market Trends and Opportunities

#### Key Statistics
- 36% Energy Consumption from HVACR Systems & 25% from Lighting
- $4B+ in Private Sector Investments Committed for Clean Energy Innovation
- Construction of Zero Energy Buildings More than Doubled Since 2012
- 3% Worker Productivity Loss Due to Poor Indoor Air Quality

#### Trends
- Emerging Markets
- Population Growth
- Energy Efficiency & Sustainability
- Building Automation
- Comfort & Air Quality
- E-Commerce

#### Emerson
- New Refrigerants
- New Solutions for Net Zero Goals & Air Quality
- Variable Speed & Modulation Technologies
- Zoning for Comfort
- Efficiency Retrofits
- Advanced Diagnostics
- Pervasive Sensing & Facility Monitoring
- Grind2Energy
New Standards and Refrigerants Driving Changes in Commercial HVAC Systems

New Efficiency Standards Changing HVAC Systems

<table>
<thead>
<tr>
<th>Efficiency Standards</th>
<th>6-10 Ton</th>
<th>11-20 Ton</th>
<th>21-63 Ton</th>
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<tbody>
<tr>
<td>2018 vs Today</td>
<td>13.2%</td>
<td>10.7%</td>
<td>14.9%</td>
</tr>
<tr>
<td>2023 vs Today</td>
<td>29.8%</td>
<td>26.8%</td>
<td>30.7%</td>
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</table>

Low Global Warming Potential Refrigerants Emerging

<table>
<thead>
<tr>
<th>Refrigerant Program</th>
<th>China</th>
<th>Japan</th>
<th>ROA</th>
<th>Europe</th>
<th>U.S.</th>
<th>MEA</th>
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<tbody>
<tr>
<td>Flammable Today</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mildly Flammable</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Beyond 2021</td>
<td></td>
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</tbody>
</table>

- Mildly flammable refrigerant programs active in all regions of the world
- China and Europe have active flammable programs in place
- Expect flammable programs globally in the next 5 years

System Redesigns Underway to Address Efficiency Standards and New Refrigerants

-- Emerson Taking a Stewardship Role, Working With All Major Players.
Our Technologies Are Well Positioned to Address Market Changes
Scope of Commercial HVAC Expanding to Address Efficiency and Productivity

Green & Net Zero Buildings Further Driving Efficiency

Zero Energy Buildings
- Increase Energy Efficiency:
  - Construction
  - Systems & Appliances
  - Operations & Maintenance
  - User Behavior
- Address Remaining Needs with On-Site Renewable Energy Generation

Indoor Air Quality and Ventilation Links to Worker Productivity

Relative Performance

Ventilation Rate

Driving High Efficiency in Existing Systems & New Technologies

- High Performance Envelopes
- Heat Pumps
- Humidification
- Combined Heat & Power
- Air Barrier Systems
- Ventilation

Source: USEPA, OSHA, US DOE

HydroSolar
Wind

Zero Energy Buildings

- Increase Energy Efficiency:
  - Construction
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  - User Behavior

- Address Remaining Needs with On-Site Renewable Energy Generation

Driving High Efficiency in Existing Systems & New Technologies

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- Ventilation

Source: USEPA, OSHA, US DOE

Expanded Commercial Market View Opens New Opportunities in HVAC and Adjacent Spaces
Continuing to Expand Emerson’s Solutions Offering for the Commercial Market

Most Efficient Components
- Modulating Compressors
- Electronic Expansion Valves
- Variable Frequency Drives

Most Efficient Systems
- Variable Speed Solutions for Highest Efficiency
- Mechanical Modulation for Mid-Tier Value
- System Solutions in HVAC / Refrigeration Markets
- System Controls for Optimal Performance

Most Efficient Buildings
- Enable Green Buildings (LEED, Net Zero)
- Whole Building Efficiency Targets
- Ventilation & Air Quality
- Commissioning & Monitoring for Buildings
- Coordination of Building Subsystems
Many Opportunities to Expand Beyond Today’s Core Business in Commercial Space

### Components & Subsystems
- **HVAC Systems**
  - Compressors
  - Refrigerant Valves
  - Controls
  - Actuators / Water Valves
  - Coils
  - Heat Exchangers

- **Air Management**
  - Dedicated Outdoor Air Supply
  - Desiccant Dehumidification
  - Air Handlers
  - Air Economizers

### Large Building Controls
- **Lighting**
- **Security**
- **Building Management**
- **Safety**
- **Emergency Power**
- **Indoor Air Quality**

### Contractor Tools
- **Contractor Services**
- **Software**
- **HVAC Hand Tools**

### End User Services
- **Energy Management**
- **Commissioning**
- **Monitoring**
- **Software**

### Emerging Technology
- **Combined Heat & Power**
- **Solar**
- **Wind**
- **Waste Management**

**Bold = Significant Emerson Presence**
Strong Presence in Food Retail & Food Service
With Additional Opportunities to Expand

- Professional Tools
- Food Waste Disposal
- Condensing Units
- Monitoring & Control
- Case & Lighting Controls
- Valves, Controls & System Protectors
- Leak Detection
- Compressors, Drives & Controls
Food Retail & Food Service Market Trends and Opportunities

**Key Statistics**
- HVACR is 40-60% of Supermarket Energy
- Food Retailers Consume 94M kWh / year to Protect Perishable Food
- 83% of Top 50 Retailers Testing New Refrigerants
- 37K+ U.S. Supermarkets Consume $9.4B in Energy
- Increasing Food Retail in Convenience Mart Formats

**Trends**
- Energy Efficiency & Sustainability
- Food Quality
- Food Service
- E-Commerce
- Emerging Markets
- Cold Chain Development

**Emerson**
- New Refrigerants & Efficiency Solutions
- Increased End User & Contractor Education
- Infrastructure Monitoring & Connectivity
- Efficiency Retrofits
- Grind2Energy Waste Management
- China & India Cold Chain Programs
Helping Customers Navigate Changing Efficiency and Refrigerant Regulations Creates Opportunities

**Store Energy Consumption**

- 30% HVAC
- 20% Ref
- 20% Cooking
- 30% Lights

$62K / Yr

Each 5,000 sq. ft. store spends $62K / year on energy & maintenance

**New Energy Regulations**

% Energy Reduction Required

DOE Federal Minimum

- Reach-In: -35%
- Ice: -17%
- Walk-In: -27%

**Refrigerants**

Global Warming Potential

Weighted Cap

- EU – F Gas
- US & Developed Countries
- Developing Countries

**Growth In Small Format**

Site Count (K)

- 2014: 457
- 2019: 555

4.0% CAGR
Strengthening Customer Reach by Being an Industry Steward and Creating Dialogue: **E360**

- E360 is a program to help customers look at a refrigerated system from every angle – a 360º view
- E360 provides a comprehensive look at the issues our customers face every day

- 16 Making Sense webinars attended by 5K+ people
- Three E360 Forums attended by 345 people (1-day event)
- E360 Annual Users Conference attended by 154 people (3-day event)
- 86% rated overall satisfaction highly; 100% would recommend E360 Forum
Driving Broad Emerson Solutions Across Food Retail Formats

- Controls Infrastructure
- Remote Control
- Alarm Management
- Energy Savings Analysis
- Reactive & Predictive Analysis

- IoT Capability
  Connectivity = Ethernet / Private VPN
- 17K sites x 4 continents
- 24x7x365 @ 99.7%+ uptime
- 30M events managed
- SOC2 security compliant

$2B Food Inventory Monitored & Safeguarded. Annual $7B Energy Monitoring & Optimization and $1M Refrigerant Leak Avoidance
This Slide Intentionally Omitted
India Cold Chain Development Is a Major Opportunity for Emerson

India Cold Storage Infrastructure

- Local Condensing Unit Assembly & Distribution
- Semi-Hermetic Repairs & Local Warranty
- Cold Room Design Software & Apps
- 530 Contractors Trained
- 215 Contractor Projects, 60% Hit Rate
- 80% Participation in Milk Tanks

Source: Ministry of Agriculture, India
Focused on Solutions for the Evolving China Cold Chain

Market Evolving From Cold Room Expansion to an Integrated Cold Chain Flow. Aligning Strategy Towards End User & Contractor Engagement

- 75% of food produce not protected by a comprehensive cold chain
- Investment subsidies shifting to cold chain versus cold rooms
- Expanding channel management and project pursuits targeting end users
- 30% food spoilage
- Online food sales companies growing in distribution
- Emerson partner and contractor support key to distribution reach
- 10% of food sold in modern retail outlets
- Small format convenience stores growing
- Emerson intelligent store architecture & end user engagement with retail customer
- Consumption of chilled beverage rising
- Strong participation in reach-in cases
- Strategic OEM account management for cold case supplier

China 2015 Pro Forma Sales: ~$500M
Addressing Transport Solutions by Mode

- Farm (Supplier)
- Refrigerated Truck / Trailer
- Processing Facility
- Intermodal Refrigerated Container Transport
- Distribution Center
- Refrigerated Truck / Trailer
- Food Retail

Container Monitoring

Scroll Compressors

Valves & System Protectors

Remote Monitoring

Container
- Truck / Trailer
- Bus
- Rail
Transportation Market Trends and Opportunities

**Key Statistics**
- 30+% Food Wasted During Processing, Transport, & Storage
- Public Transport Growth in China & India
- Food Safety Modernization Act (FSMA) Implementation Creates Mandatory Preventive Controls for Food Facilities
- 750K Refrigerated Trucks / Trailers in the U.S.; 28M Refrigerated Food Trucking Loads / Year
- 1.2M Refrigerated Containers Transported via Ships, Trucks, Rail

**Trends**
- Emissions Standards
- Comfort & Air Quality
- Automation
- Food Quality
- Population Growth
- Cold Chain

**Emerson**
- Farm to Fork Cold Chain Solutions
- Asset & Cargo Monitoring
- Cargo Transport Compression
- Passenger Transport Compression
# U.S. Food Safety Modernization Act to Control Food Quality Compliance Starts in 2016

## Emerson Compression & Monitoring Focus

<table>
<thead>
<tr>
<th>Regulation Focus</th>
<th>Importers</th>
<th>Farmers</th>
<th>Processors</th>
<th>Distributor</th>
<th>Transport</th>
<th>Retail</th>
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<tr>
<td>Preventative control for human food</td>
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<td>✓</td>
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<tr>
<td>Produce safety rule</td>
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<td>Sanitary food transport</td>
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<tr>
<td>Preventative controls for animal feed</td>
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<td>✓</td>
<td>✓</td>
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</tr>
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## Expanded Opportunity to Monitor Cargo to Ensure Control of Food Quality

-- New U.S. Food Quality Standards in 2016
Emerson’s ProAct Transport Adds Value to Transport Lines and Reduces Their Costs

Reduced Human Error
- Automatic verification of trip settings
- Early warning alarm notifications

Easy & Accurate Documentation
- Container & cargo data automatically logged
- Notification of irregularities or cargo issues

Energy Savings & Emission Reductions
- Minimized cargo loss for max container usage
- Improved logistics planning reduces waste

Improved Cargo Quality
- Early proactive alerts reduce spoilage risk
- Early actions improve shelf life & service

Infrastructure & data hosting, maintenance, backup in Emerson data center
Providing global roaming coverage on secure two-way data network with connectivity in 170+ countries

Apps for operations & container fleet management; Integrated with shipping line systems

User applications

Base package
Enterprise-level tools for access to reefer containers

Real-time monitoring, tracking & control

Monitoring system for vessels & terminals; Data transfer when container at sea
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Commercial & Residential Solutions
2015 Summary & 2016 Guidance

<table>
<thead>
<tr>
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¹Includes $30M of restructuring in 2015 and ~$4M of restructuring in 2016

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We continue to invest in intelligent technologies, integrated solutions and new business models to drive value-creating change in our markets.

The new platform offers acquisition growth opportunities within the core market segments and in new white-space adjacencies.

Favorable Market Conditions and Incremental Growth Opportunities Drive CAGR of 4-5% Through 2019 Timeframe.
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

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Underlying growth*</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>(1%)</td>
<td>(1%)</td>
</tr>
<tr>
<td>GAAP growth</td>
<td>5%</td>
<td>1%</td>
</tr>
</tbody>
</table>

### 2015

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
</tr>
<tr>
<td>Underlying growth*</td>
<td>5%</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>(6%)</td>
</tr>
<tr>
<td>GAAP growth</td>
<td>(1%)</td>
</tr>
</tbody>
</table>

### 2016E sales % chg. vs 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2016E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Underlying growth*</td>
<td>(9%)</td>
<td>~(6) - (4%)</td>
</tr>
<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>
</tr>
</tbody>
</table>

### Process Management

<table>
<thead>
<tr>
<th>2016E sales % chg. vs 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Underlying growth*</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
</tr>
<tr>
<td>GAAP growth</td>
</tr>
</tbody>
</table>

### Sales % chg. vs. PY

<table>
<thead>
<tr>
<th>2016</th>
<th>2016E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Underlying growth*</td>
<td>(9%)</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>(7%)</td>
</tr>
<tr>
<td>GAAP growth</td>
<td>(16%)</td>
</tr>
</tbody>
</table>

### Sales % chg. vs. PY

<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
<th>High Mid-Range of (5) – (2)% Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016E</td>
</tr>
<tr>
<td></td>
<td>Q3</td>
</tr>
<tr>
<td>Underlying growth*</td>
<td>~0 - 2%</td>
</tr>
<tr>
<td>Acq/Div/FX</td>
<td>~(3%)</td>
</tr>
<tr>
<td>GAAP growth</td>
<td>~(3) - (1%)</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></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></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>(170) bps</td>
<td>~60 bps</td>
<td>14.5%</td>
<td>11.7%</td>
<td>(280) bps</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>~(570) bps</td>
<td>(0.8%)</td>
<td>(1.0%)</td>
<td>(20) bps</td>
<td>~(1%)</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>~(510) bps</td>
<td>13.7%</td>
<td>10.7%</td>
<td>(300) bps</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**

<table>
<thead>
<tr>
<th></th>
<th>2016E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational tax rate*</td>
<td>~31%</td>
</tr>
<tr>
<td>Separation costs</td>
<td>~3 - 6%</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>~34 - 37%</td>
</tr>
</tbody>
</table>

**Free Cash Flow, % of Sales**

<table>
<thead>
<tr>
<th></th>
<th>2019T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow*, %</td>
<td>~10 - 14%</td>
</tr>
<tr>
<td>Capital expenditures, %</td>
<td>~3%</td>
</tr>
<tr>
<td>Operating cash flow, %</td>
<td>~13 - 17%</td>
</tr>
</tbody>
</table>
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>
</tbody>
</table>

Impact of planned strategic actions, divestiture gains, separation costs, depreciation and amortization, interest expense, net and income taxes

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016PF</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.8</td>
<td>0.8</td>
<td></td>
</tr>
</tbody>
</table>

Debt / Net earnings

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016PF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.5</td>
<td>2.1</td>
<td></td>
</tr>
</tbody>
</table>

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