2016 Investor Conference
Automation Solutions
Business Overview

Steve Sonnenberg
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.
## Automation Solutions 2015 Summary

<table>
<thead>
<tr>
<th></th>
<th>2014 Pro-Forma</th>
<th>2015 Pro-Forma</th>
<th>2014 – 2015 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$10.9B</td>
<td>$10.1B</td>
<td>(7)%</td>
</tr>
<tr>
<td>EBIT</td>
<td>$2.3B</td>
<td>$1.8B¹</td>
<td>(21)%</td>
</tr>
<tr>
<td>% of Sales</td>
<td>21.3%</td>
<td>18.2%¹</td>
<td>(310 bps)</td>
</tr>
<tr>
<td>ROTC</td>
<td>32%</td>
<td>22%</td>
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</table>

Note: Pro-Forma estimates assume the completion of all strategic portfolio repositioning actions

¹Includes $105M of Restructuring

### 2015 Major Markets Served

- Upstream Oil & Gas: 24%
- Midstream Oil & Gas: 12%
- Chemical: 14%
- Power: 12%
- Refining: 12%
- Hybrid: 9%
- Latin America: 9%
- Europe: 6%
- North America: 44%
- Middle East & Africa: 23%
- Asia: 9%

Note: Pro-Forma estimates assume the completion of all strategic portfolio repositioning actions

¹Includes $105M of Restructuring
Key Messages

• Our problem solving strategy has driven **significant growth over the past 5 years**, and is the foundation for continued growth above market.

• Global markets are challenged with a sharp decline in Oil & Gas upstream investment; **growth remains in Midstream, Power, and Chemical**.

• Process **manufacturers must aggressively drive to Top Quartile performance** to deliver results in this challenging business environment:
  - Capital project schedule and budget overruns have reached a crisis point
  - $ Billions of lost production and costs result from unscheduled downtime and ineffective maintenance

• **Emerson’s solutions and expertise are enabling customers to achieve improved business results** and Top Quartile performance:
  - Project Certainty is our transformational approach to achieving Top Quartile project performance
  - Reliability Solutions enable Top Quartile availability and maintenance costs

• **Automation Solutions** is a major opportunity that makes Emerson broader and more relevant to our customers as their trusted automation partner.

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**We Will Continue to Grow Above Market in the Current Business Environment Through Our Relevance as Customers Strive for Top Quartile Performance**
Automation Solutions Has Consistently Outperformed the Market -- Historical Perspective

Sources of Growth

• Industries & Regions
  – Oil & Gas
    • Shale, LNG
  – Power
    • North America, China, Eastern Europe
  – Petrochemical
  – Mining
    • Chile, Peru, Mexico
  – Emerging Markets
    • China, Mexico, Russia, Iraq, Saudi Arabia, Africa, India, South Korea, Southeast Asia

• Acquisitions
  – Engineered On-Off Valves, Pervasive Sensing, Flame & Gas Detection, Gas Analysis

Penetration

Acquisitions

Market

<table>
<thead>
<tr>
<th>Year</th>
<th>Penetration</th>
<th>Acquisitions</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>$1.9 B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
<td>$7.4 B</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>$10.1 B</td>
<td></td>
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</tbody>
</table>

Automation Solutions Growth 6.4%

Market Growth 2.5%
<table>
<thead>
<tr>
<th>Industry</th>
<th>2016 Outlook</th>
<th>2017-2019 Outlook</th>
<th>Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas – Exploration &amp; Production</td>
<td>![down]</td>
<td>![up]</td>
<td>Excess inventories will persist through 2016; recovery over 3-year time horizon</td>
</tr>
<tr>
<td>Oil &amp; Gas – Midstream (Pipelines &amp; Terminals)</td>
<td>![up]</td>
<td>![up]</td>
<td>Infrastructure build-out, especially in North America, Mexico, and Asia; LNG, storage and terminals</td>
</tr>
<tr>
<td>Refining</td>
<td>![up]</td>
<td>![up]</td>
<td>Industry benefiting from low feedstock prices; 2016 investment muted by management of discretionary Operational Expenses</td>
</tr>
<tr>
<td>Chemical &amp; Petrochemical</td>
<td>![up]</td>
<td>![up]</td>
<td>Benefit from lower feedstock prices; monetizing North America gas</td>
</tr>
<tr>
<td>Power</td>
<td>![up]</td>
<td>![up]</td>
<td>Increasing demand in emerging markets; technology conversion in North America</td>
</tr>
<tr>
<td>Metals &amp; Mining</td>
<td>![down]</td>
<td>![up]</td>
<td>Slower demand and investment in 2016; harsh process drives need for maintenance and reliability</td>
</tr>
<tr>
<td>Hybrid Industries (Food &amp; Beverage, Life Sciences)</td>
<td>![up]</td>
<td>![up]</td>
<td>Aging population, growing middle class, and regulatory reform drive demand</td>
</tr>
<tr>
<td>Machine Automation</td>
<td>![up]</td>
<td>![up]</td>
<td>Automotive demand continues at moderate pace; Increased packaging equipment demand for food &amp; beverage</td>
</tr>
<tr>
<td>Industrial &amp; Commercial Infrastructure Construction</td>
<td>![up]</td>
<td>![up]</td>
<td>2016 increases in commercial construction offset by energy-related industrial OEM decline and China slowdown</td>
</tr>
</tbody>
</table>

Industry CapEx Outlook based on Global Fixed Investment (GFI) at constant currency, IHS Global Insights, Internal Estimates
Long-Term Through the Cycle Growth Will Continue After a Major Reset in 2015-2016

**Oil & Gas - Capital Expense ($B)**

2009-14 Investment Boom

- **$3,643B** 2010 – 2014
- 6% CAGR

2015 “Reset”

- **$2,730B** 2015 – 2019F
- (23%)
- (16%)
- 5% CAGR

2017-19 “New Normal”

Industry CapEx Outlook based on Global Fixed Investment (GFI) at constant currency (2015 Fixed Rate), IHS Global Insights; Barclays Research; and Internal Estimates

**Other Process Industries - Capital Expense ($B)**

2010 – 2014

- **$11,642**
- 4% CAGR

2015 – 2019F

- **$14,012B**
- 3% CAGR

Oil & Gas CapEx Growth Will Be Slow in the Next 5 Years, But Still a Significant Opportunity; Other Industries Will Continue to Drive Steady Investment Growth
Inflection Point: Oil Prices and Capital Project Crisis Forcing Customers to Adapt to a New Normal

IHS Reveals Two Customer Challenges

**Capital Efficiencies**

- Automation and data-driven analytics
- Major project execution efficiency
- Standardization

**Operational Efficiencies**

- Automation and mobility
- Advanced sensors and analytics
- Unmanned autonomous systems
- Production system optimization


Emerson survey of senior executives by Blue Canyon Partners

To Improve Project Performance, the Industry **Recognizes a Need to Change** Historical Practices, and is More Open to Change Than in the Past

Industry Response: Standardization, Modularization, Changes in Contract Structure, and Transformational Supply Chain and Project Execution Approaches
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Customers Must Adapt to a New Normal and Focus On Operational Excellence and Capital Efficiency

<table>
<thead>
<tr>
<th>Customer Challenges</th>
<th>Operational Excellence</th>
<th>Capital Efficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maintain availability and minimize maintenance costs</td>
<td>Project schedule and cost overruns</td>
</tr>
</tbody>
</table>

**Global Opportunity**

- **$50B** in ineffective maintenance costs
- **$120B** of unnecessary capital for new capacity
- **$430B** in wasted capital per year

**Mitigation Strategies**

- Holistic view of plant reliability to address root causes of lost production
- New project strategies to reduce costs and complexity
Our Capabilities As a Problem Solver Are Aligned to Customers Most Pressing Business Issues

Operational Excellence

Capital Efficiency

Business Reliability

Project Certainty

Problem Solving
After the Project Ends, Focus Shifts to Operational Excellence Through the Life of the Facility

**Capital Efficiency**
- 1 to 5 years
  - Plan & Execute Project

**Operational Excellence**
- 20 to 60 years
  - Maintain & Repair
    - Turnaround
    - Upgrade
    - Skills Development
  - Optimize Performance
  - Capacity Expansion

Users are Focused On Executing Programs for Operational Efficiencies and Driving Return on The Significant Investments Made Over The Last 5 Years
Our Operational Excellence Offering Is Enabling Top Quartile Business Results for Our Customers

**Maintenance**
- Essential to keeping plant operating safely, reliably, and economically
  - Technical Support
  - Emergency Assistance
  - Diagnostic & Troubleshooting
  - Repair & Overhaul
  - Spares & Parts Availability

**Reliability**
- Improving and preserving asset reliability and investment
  - Calibration Services
  - Preventive Maintenance
  - Remote Monitoring
  - Turnaround Support
  - Retrofit Upgrades

**Performance**
- Optimizing plant performance and achieving business goals
  - Consulting
  - Resident Site Engineers
  - Process Optimization
  - Safety & Security
  - Modernization

**Educational Services**
Leveraging Our Large Installed Base By Expanding the Scope of Our Services

Global Installed Base ~$84B

- North America: $34.5B
- Latin America: $7B
- Europe: $19B
- M. East & Africa: $6.5B
- Asia Pacific: $17B

Aftermarket Sales

- 52% MRO
- 21% Greenfield
- 27% Brownfield
- CapEx
- OpEx

Leveraging $84B Installed Base With Our Global Network of 200+ Service Centers and 3,000+ Service Personnel
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Achieving Top Quartile Reliability Has a Major Impact on Operational Performance

Top Quartile Performers Have 71% Lower Maintenance Cost and 13 Points Higher Availability Than Fourth Quartile Performers

Based on 2013 Solomon RAM Study, Solomon Associates LLC
Traditional Reliability Approaches Focus on Single Pieces of Equipment and Critical Assets Only
Achieving Top Quartile Reliability Has a Major Impact on Operational Performance

- Top Quartile Performers have 71% lower maintenance cost and 13 points higher availability than Fourth Quartile Performers.

- 43% of unplanned downtime caused by equipment failure.

- 50% more to repair a failed asset than detecting in advance.

Based on 2013 Solomon RAM Study, Solomon Associates LLC

Top Quartile Performers Have 71% Lower Maintenance Cost and 13 Points Higher Availability Than Fourth Quartile Performers
Emerson Solutions Enable Top Performers to See Reliability as a Holistic Business Issue

Reliability

Pervasive Sensing

- Instrument & Valve Condition
- Energy / Emissions Monitoring
- Electrical Monitoring
- Machinery Condition
- Non-Traditional Sensors
- Hazard, Safety & Environmental
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Project Performance Has Become A Major Business Issue for The Process Industries

Top Quartile Performers: Twice as Many Projects with Same Amount of Capital; First Production 2+ Years Earlier Than 4\textsuperscript{th} Quartile

Independent Project Analysis (IPA), Inc., Industry Metrics, September 2015
It’s Time for a Reset on How Capital Projects Are Executed
Project Performance Has Become A Major Business Issue for The Process Industries

Top Quartile Performers: Twice as Many Projects with Same Amount of Capital; First Production 2+ Years Earlier Than 4th Quartile

Independent Project Analysis (IPA), Inc., Industry Metrics, September 2015
It’s Time for a Reset on How Capital Projects Are Executed

COST & DURATION

TIME

- ACTUAL
- PLAN
- IMPACT OF BEST PRACTICES
- INDUSTRY RESET
- LESS VARIANCE
- REDUCED PLAN
Automation Is a Key Lever to Drive Total Project Capital Efficiency

- **Process Equipment**
- **Construction & Startup**
- **Engineering**
- **Piping**
- **Structures**
- **Electrical**
- **Automation**

**Reduce Startup – Automated Commissioning**

**Eliminate Piping – Integrated Well Test Solution**

**Reduce Electrical & Structures – Electronic Marshalling & Wireless**
Project Certainty is Emerson’s Transformational Approach for Top Quartile Project Performance

**Eliminate Cost**
- Labor
- Reduce Engineering, Installation, and Startup
- Material
- Eliminate Piping, Structural and Electrical Material

**Reduce Complexity**
- Information
- Reduce Errors and Rework
- Integration
- Eliminate Dependencies
- Streamline Equipment and Supplier Integration

**Expert Partnering**
- Optimize Automation Strategy
- Align Expertise and Global Engineering

**Accommodate Change**
- Absorb Late Design Changes
- Keep Automation off Critical Path
- Eliminate Plant Start-up Delays

We Are Collaborating With Customers to Develop New Technologies and Enhanced Work Practices That Realize the Vision of Project Certainty
We Are Delivering Many Elements of Project Certainty Today

Eliminate Cost

Traditional Approach

New Approach

97% REDUCTION

Complex Data Flows & Formats

Single Source of Truth for Automation

Reduce Complexity
We Are Delivering Many Elements of Project Certainty Today

Accommodate Change

Traditional Approach

Engineering Phase

Startup Phase

82% REDUCTION During Startup Phase

New Approach

Emerson reliably executes the largest and most complex projects in the world

91 Mega Projects executed in the past 5 years

Expert Partnering
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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><strong>Industries Served:</strong></td>
<td><strong>Customer Categories:</strong></td>
<td><strong>Markets and Customers</strong></td>
</tr>
<tr>
<td>Oil and Gas Refining</td>
<td>Construction</td>
<td>Transportation Contractors Homeowners</td>
</tr>
<tr>
<td>Chemical Power</td>
<td>Commercial Buildings</td>
<td></td>
</tr>
<tr>
<td>Life Sciences</td>
<td>Food Retail</td>
<td></td>
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<td></td>
<td>Food Service</td>
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<tr>
<td></td>
<td>Retail Service</td>
<td></td>
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<tr>
<td>Includes:</td>
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<td></td>
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<tr>
<td>• Systems and Solutions</td>
<td>• Air Conditioning</td>
<td></td>
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<tr>
<td>• Final Control</td>
<td>• Refrigeration</td>
<td></td>
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<tr>
<td>• Measurement and Analytical</td>
<td>• Electronics and Solutions</td>
<td></td>
</tr>
<tr>
<td>• Flow</td>
<td>• Sensors and Controls</td>
<td></td>
</tr>
<tr>
<td>• Discrete and Industrial</td>
<td>• Tools and Home Products</td>
<td></td>
</tr>
<tr>
<td><strong>$10+B</strong></td>
<td><strong>$5+B</strong></td>
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[Image of Emerson logo]
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### Automation Solutions
#### 2015 Summary & 2016 Guidance

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<td><strong>Sales</strong></td>
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<td><strong>EBIT</strong></td>
<td>$2.3B</td>
<td>$1.8B&lt;sup&gt;1&lt;/sup&gt;</td>
<td>Underlying Growth*</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
<td>21.3%</td>
<td>18.2%&lt;sup&gt;1&lt;/sup&gt;</td>
<td>~19.0%&lt;sup&gt;1&lt;/sup&gt;</td>
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<tr>
<td><strong>ROTC</strong></td>
<td>32%</td>
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Note: Pro-Forma estimates assume the completion of all strategic portfolio repositioning actions

<sup>1</sup>Includes $105M of restructuring in 2015 and ~$39M of restructuring in 2016

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#### 2015 Major Markets Served

- **Upstream Oil & Gas**: 24%
- **Midstream Oil & Gas**: 12%
- **Chemical**: 14%
- **Power**: 12%
- **Hybrid**: 9%
- **Refining**: 9%
- **Other**: 20%

#### 2015 Sales by Geography

- **North America**: 44%
- **Europe**: 23%
- **Asia**: 6%
- **Latin America**: 18%
- **Middle East & Africa**: 9%
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Key Messages

• Our problem solving strategy has driven **significant growth over the past 5 years**, and is the foundation for continued growth above market

• Global markets are challenged with a sharp decline in Oil & Gas upstream investment; **growth remains in Midstream, Power, and Chemical**

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We Will Continue to Grow Above Market in the Current Business Environment Through Our Relevance as Customers Strive for Top Quartile Performance
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

<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>
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</tbody>
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<table>
<thead>
<tr>
<th>Sales % chg. vs. PY</th>
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</thead>
<tbody>
<tr>
<td>Underlying growth*</td>
<td>~(9) - (7%)</td>
<td>~(6) - (3%)</td>
<td>~(2) - 0%</td>
<td>~0 - 3%</td>
<td>~1 - 4%</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>
<td>~(4%)</td>
</tr>
<tr>
<td>GAAP growth</td>
<td>~(10) - (8%)</td>
<td>~(14) - (11%)</td>
<td>~(5) - (3%)</td>
<td>~(1) - 2%</td>
<td>~(15) - (12%)</td>
<td>~(9) - (6%)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Automation Solutions</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>

<table>
<thead>
<tr>
<th>Commercial &amp; Residential Solutions</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>

<table>
<thead>
<tr>
<th>Debt / EBITDA*</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt / EBITDA, adjusted*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015</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>
</tr>
<tr>
<td>Debt / Net earnings</td>
<td>2.5</td>
</tr>
</tbody>
</table>

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