



EMERSON™

Electrical Products Group Conference 2016

David N. Farr

Chairman and Chief Executive Officer

May 18, 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

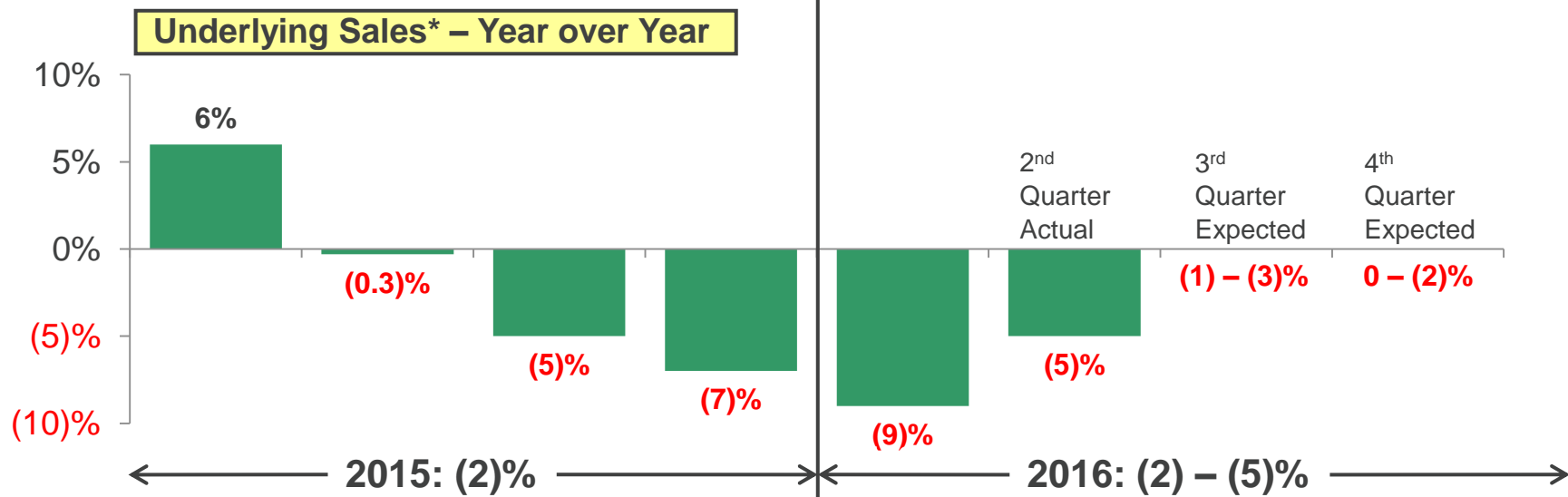
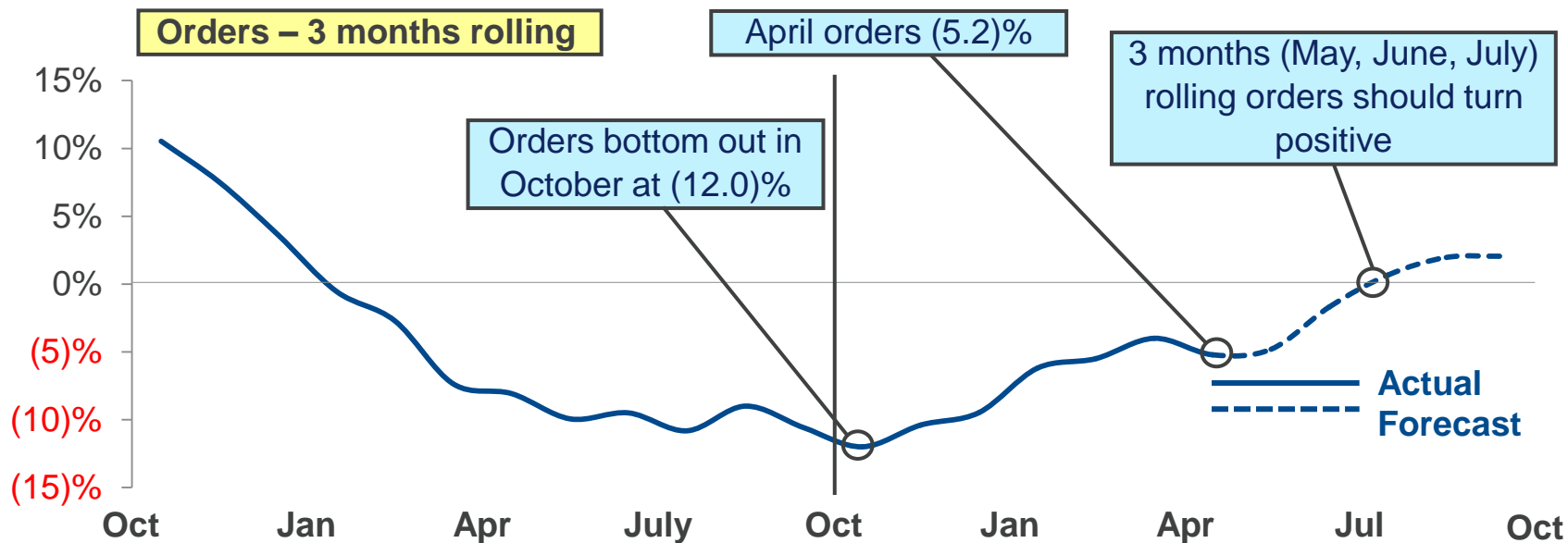
In this presentation we will discuss some non-GAAP measures (denoted with an *) in talking about our company's performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or is available at our website www.emerson.com under the investor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



Trailing 3-Month Orders (Fixed Rate) and Underlying Sales* Growth



The May 2016 Game Plan to Drive Value

Step 1

- Restructure and reduce costs in line with a challenging global economy and a smaller, more focused Emerson
- Global economies are struggling to generate any growth acceleration: Therefore, moderate growth through first half 2017
- Emerson's first half profitability, cash flow, restructuring on plan... But global growth is weak

Action:

Started February 2015 and ongoing through 2016 – 2017, until global growth returns

Restructuring Costs 2016E: \$70-80M; 2017F Total Restructuring: ~\$50M

Step 2

Complete the spin or sale of the Network Power business, and sale of the Motors & Drives / Power Generation businesses

Action:

Started June 2015 -- Targeted to be completed by September 2016 but most likely closing 4th Calendar Quarter -- Signed by July / August 2016

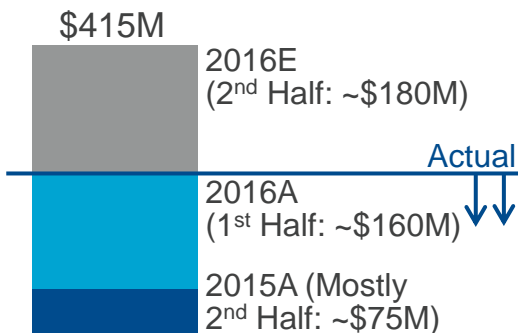
Step 3

Aggressively pursue acquisitions to rebuild the new core, focused Emerson to ~\$20B -- Intent is to reinvest repositioning cash proceeds within two Business Platforms as quickly as practical -- Opportunities exist, and we are engaged

Restructuring Update and Separation Costs Summary

Restructuring Costs		2015A	Q1A 2016	Q2A 2016	Q3E – Q4E 2016	Total (2015 & 2016)
Costs	Severance and Benefits	\$174M	\$6M	\$8M	~\$30M	~\$220M
	Other	\$47M ¹	\$7M	\$7M	~\$20M	~\$80M
Total		\$221M	\$13M	\$15M	~\$50M	~\$300M

Total Company Operational Savings Realized vs. Target (2015 & 2016)



Separation Costs ²	Q4A 2015	H1A 2016	Q3E 2016	Total 2016E
Expenses	\$10M	\$55M	\$45M	
Reorganization of Subsidiaries / Taxes	\$42M	\$28M	\$100M	
P&L Impact	\$52M	\$83M	\$145M	\$250 – \$300M
Incremental Capital Spend / Cost -- Cash				~\$50M

¹ Includes ~\$10M of SG&A / COGS expenses from restructuring actions

² Assumes Network Power Spinoff and sale of Motors & Drives and Power Generation businesses. Additional tax costs would be incurred for a potential sale of Network Power

Internal Operations Restructuring is Getting Done on Plan and Savings are Flowing Through --
Total Savings Still \$400+M for \$300M Spend

Note: We are Quickly Evaluating Additional Restructuring in 2017 and 2018 with
 Two New Business Platforms -- New Efficiency Opportunities

Additionally, Separation Costs Continue to be Reduced, to Minimize Expense and Cash Costs

Key Messages May 2016 -- We are Pivoting to Increase Investments for Growth

- We delivered a **strong second quarter** in a very challenging marketplace as the results from the restructuring efforts are starting to flow through, improving core profitability and cash flow
- We expect our Commercial & Residential Solutions, Climate Technologies, and Network Power businesses to perform well in the second half of 2016 with positive sales and earnings growth, but Process Management and Industrial Automation businesses to continue facing the energy market headwinds -- Restructuring is underway to protect profitability and setting up for a better 2017
- With two lean and focused core strategic businesses as a base and a proven management team, Emerson is **poised to drive growth and profitability in the longer term -- Interesting opportunities to leverage incremental sales growth and new cost efficiencies**
- The **goal is to get back in the ~\$20B** range by reinvesting the proceeds from strategic actions back in the businesses and acquisitions, as quickly as possible
- We are evaluating and discussing **unique acquisition opportunities** with the board that will strengthen our core offering. We have a **robust balance sheet** to execute those deals and we will have new cash proceeds from repositioning efforts



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Reconciliation of Non-GAAP Measures

This information reconciles non-GAAP measures (denoted with a *) with the most directly comparable GAAP measure (\$M except per share amounts)

	2015				
<u>Sales % chg. vs. PY</u>	Q1	Q2	Q3	Q4	FY
Underlying growth*	6%	0%	(5)%	(7)%	(2)%
Acq/Div/FX	(6)%	(7)%	(8)%	(8)%	(7)%
GAAP growth	0%	(7)%	(13)%	(15)%	(9)%

	2016				
<u>Sales % chg. vs. PY</u>	Q1	Q2	Q3E	Q4E	FYE
Underlying growth*	(9)%	(5)%	(3) - (1)%	(2) - 0%	(5) - (2)%
Acq/Div/FX	(7)%	(4)%	~(2)%	~(1)%	~(3)%
GAAP growth	(16)%	(9)%	(5) - (3)%	(3) - (1)%	(8) - (5)%

Note: Underlying sales and orders exclude the impact of acquisitions, divestitures, and currency translation