

2016 Investor Conference Emerson Strategic Review

David N. Farr

Chairman and Chief Executive Officer

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

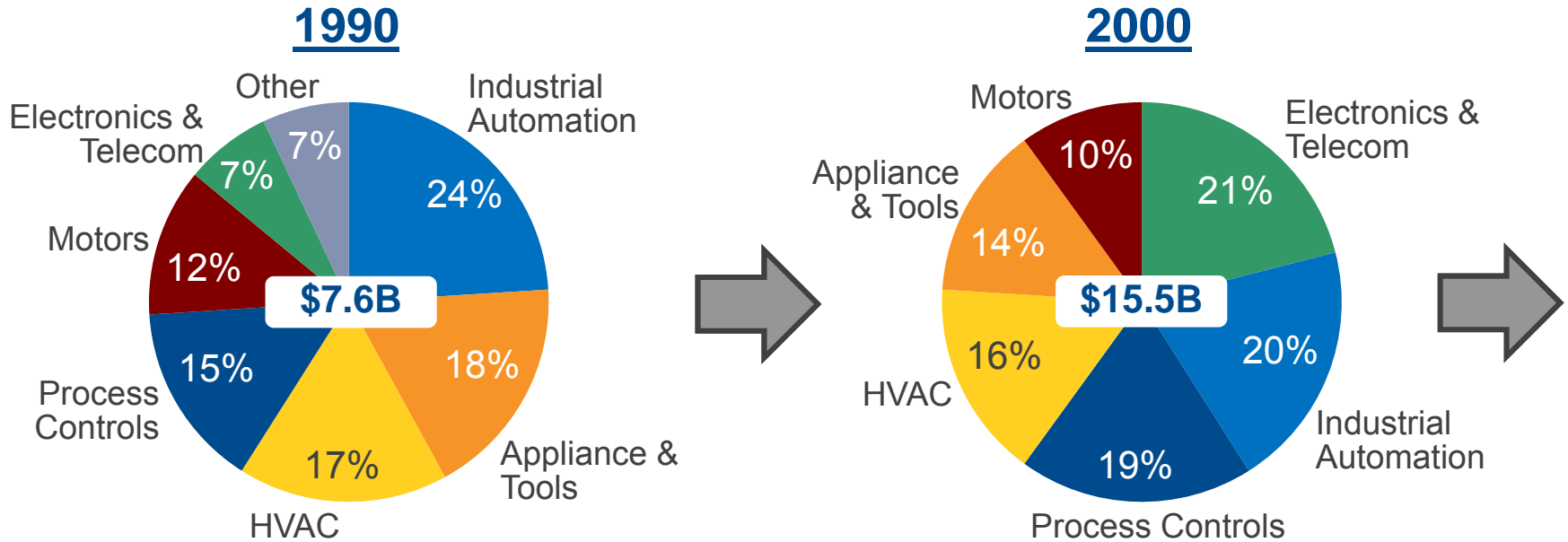
In this presentation we will discuss some non-GAAP measures (denoted with an *) in talking about our company's performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or is available at our website www.emerson.com under the investor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



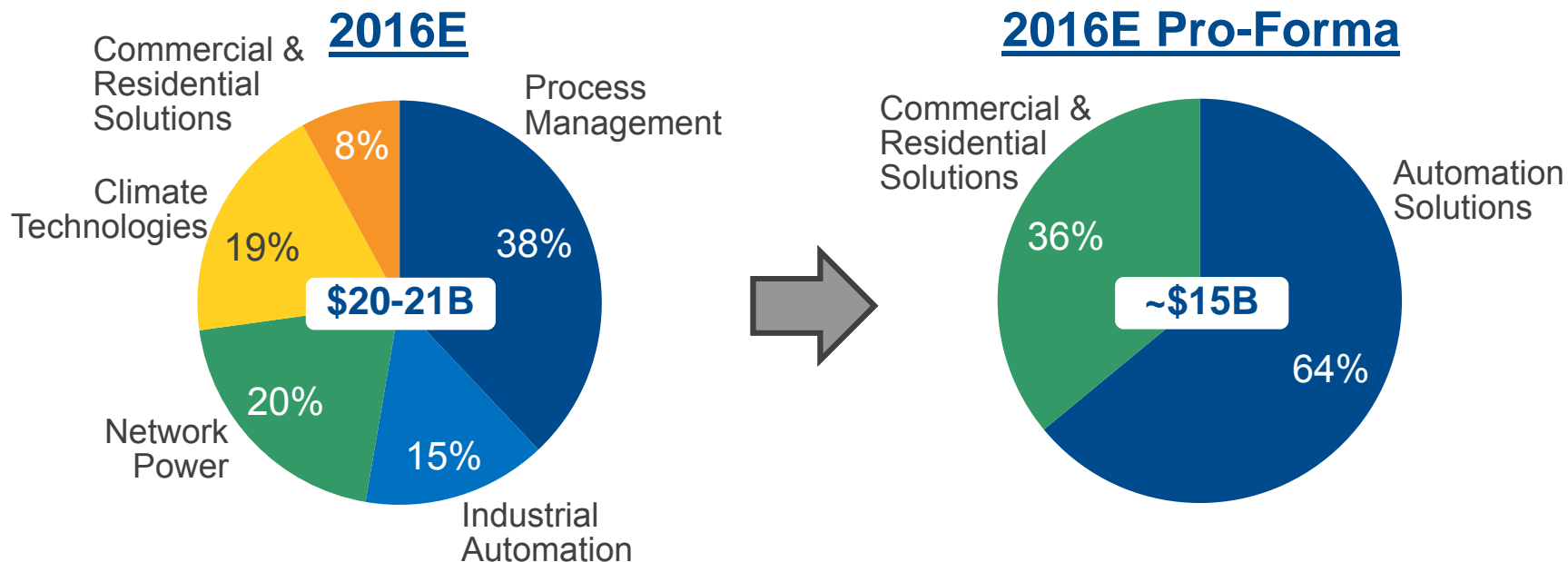
Evolution of Emerson's Businesses For Long-Term Value Creation



	1990	2000
Revenue	\$7.6B	\$15.5B
EBIT %*	14.6%	15.9%

We Have Rebalanced Our Business Portfolio Over the Years to Focus on Delivering Better Growth, Customer Solutions, Profitability, Returns, and Cash Flow to Our Shareholders -- We Are in the Middle of Doing it Again for the Next Generation

Evolution of Emerson's Businesses For Long-Term Value Creation



	2016E	2016 Pro-Forma
Revenue	\$20B - \$21B	~\$15B
EBIT %*	~15.4%¹	~18.3%

¹Excludes separation costs

We Have Rebalanced Our Business Portfolio Over the Years to Focus on Delivering Better Growth, Customer Solutions, Profitability, Returns, and Cash Flow to Our Shareholders -- We Are in the Middle of Doing it Again for the Next Generation

Evolution of Emerson Branding -- To Stay Relevant

1967-2000



> 2000



> 2012



> 2016 and Beyond



One Emerson For
Our Customers and
End Market Growth
Opportunities

A Drive For New
Global Customers

We Have Always Been on a Continuous Journey of Complexity Reduction / Simplification / Focus Capturing the New Horizon for Growth and Supporting Our Larger Global Customers -- Constant Evolution to Stay Relevant for Our Customers and Our Shareholders

Emerson Transitions Communication from “Diverse Conglomerate” to “Focused Enterprise”

FROM



TO

Advertising

Demonstrate broad portfolio



Showcase deep expertise

Emerson.com

Multiple, individual product sites



Single global enterprise site

Business Cards

Multiple platforms & divisions shown



Single Emerson logo

Talent Acquisition

Fragmented, business unit and job focused



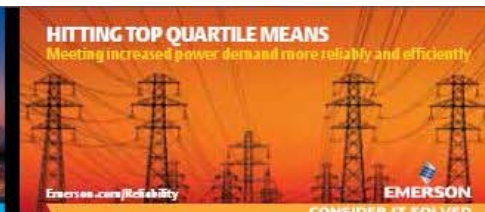
Global Emerson career centric

Social Media

Business unit / Product centric



Unified industry expertise and humanizing the brand



Redefine and Focus the Emerson Portfolio for Higher Growth / Higher Value Built on Foundation of Proven Businesses



Brand

Automation Solutions

Commercial & Residential Solutions

Business Platforms

Industries Served:

Oil and Gas	Food and Bev
Refining	Metals and Mining
Chemical	Water
Power	Discrete Manuf.
Life Sciences	Fluid Automation

Customer Categories:

Construction	Transportation
Commercial Buildings	Contractors
Food Retail	Homeowners
Food Service	
Retail Service	

Markets and Customers

Includes:

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

Includes:

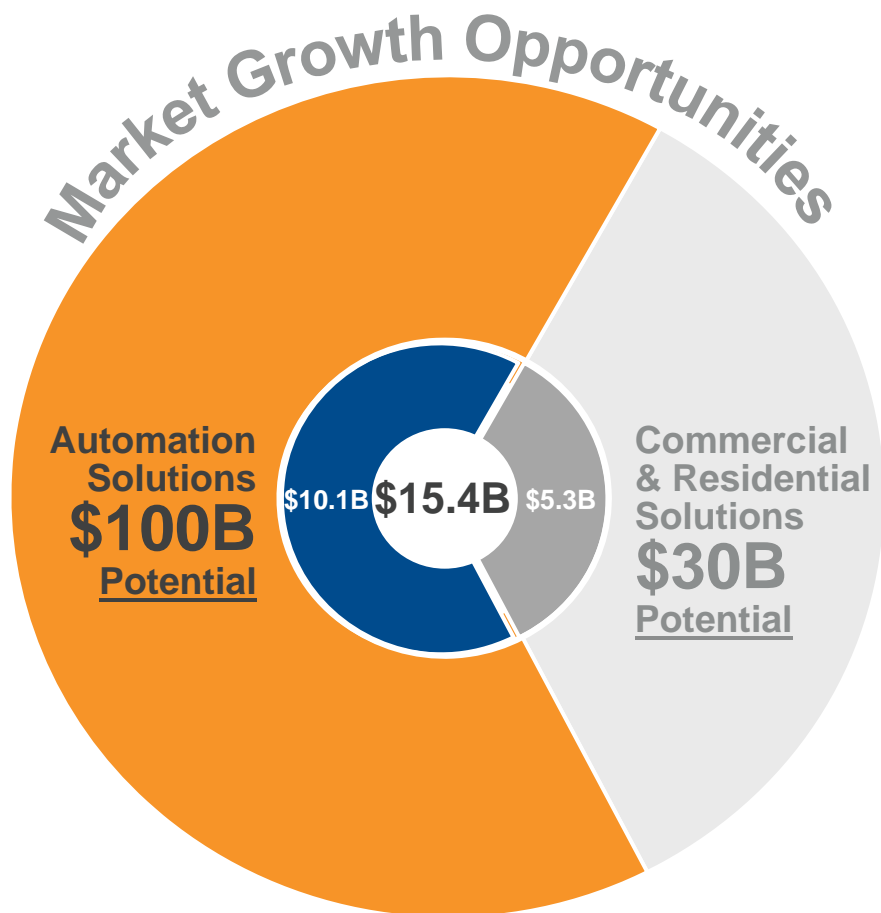
- Air Conditioning
- Refrigeration
- Electronics and Solutions
- Sensors and Controls
- Tools and Home Products

Product Lines

\$10+B

\$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

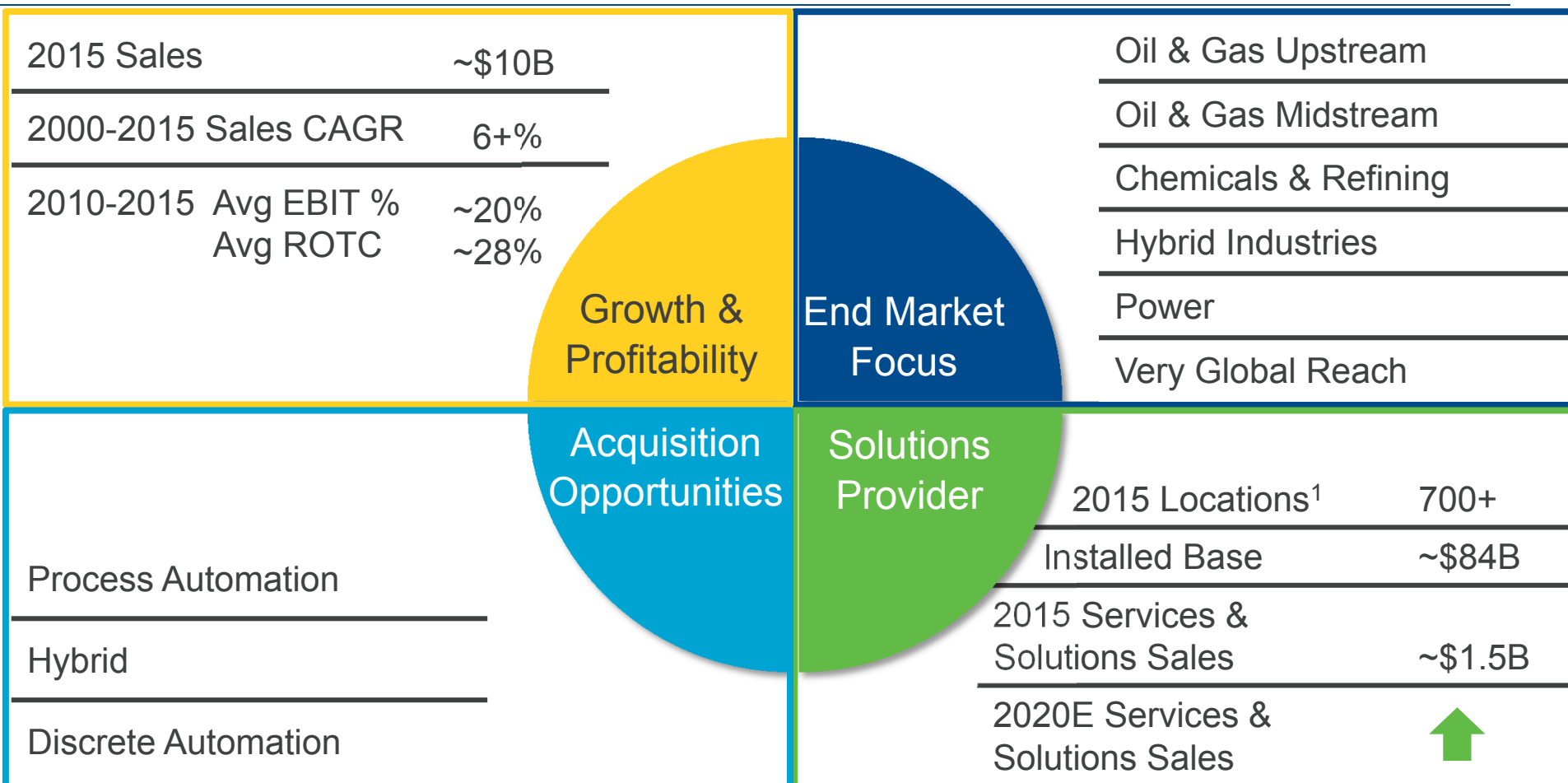
Automation Solutions Business

The Value Proposition and Strategic Growth Rationale

- Increased focus on **industries driving near-term growth** -- Midstream Oil & Gas, Chemicals & Refining, Power, and Life Sciences
- Well positioned to capture that growth by **positioning the platform as a solutions provider and a trusted advisor** -- seamless customer interface, broader products & services offerings
- **Large global footprint and installed base** provide an opportunity for maintenance, repair & optimization, and turnaround services
- Strong **historical growth and profitability** performance, and significant market penetration still available
- Segment presents **robust area of acquisition opportunities** -- both bolt-ons and larger strategic acquisitions

Yes -- Near-Term Growth Will Be Challenging -- But, Shift to Other Process Market Segments Will Yield Incremental Growth; Room for Penetration Gains; and, Increased Bolt-on Acquisition Opportunities in This Tougher Market Environment

Automation Solutions Business Value Proposition



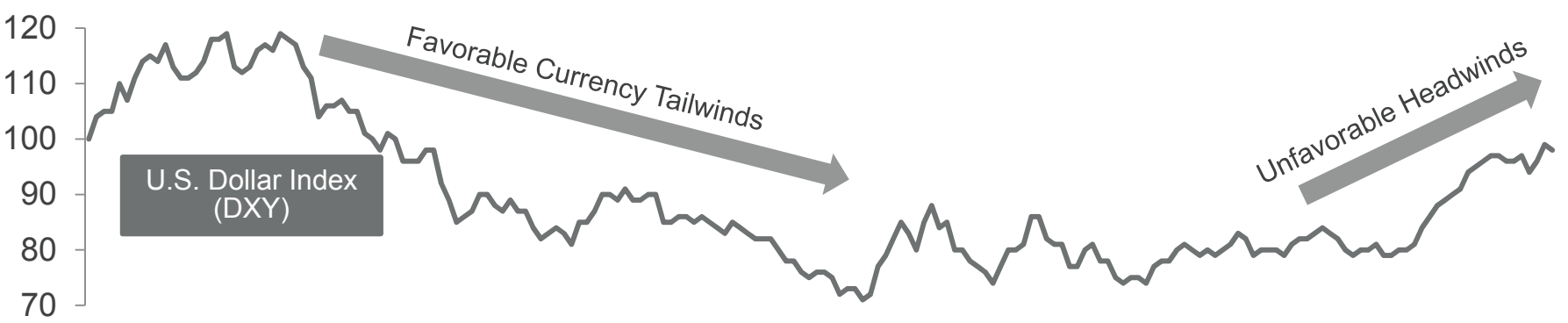
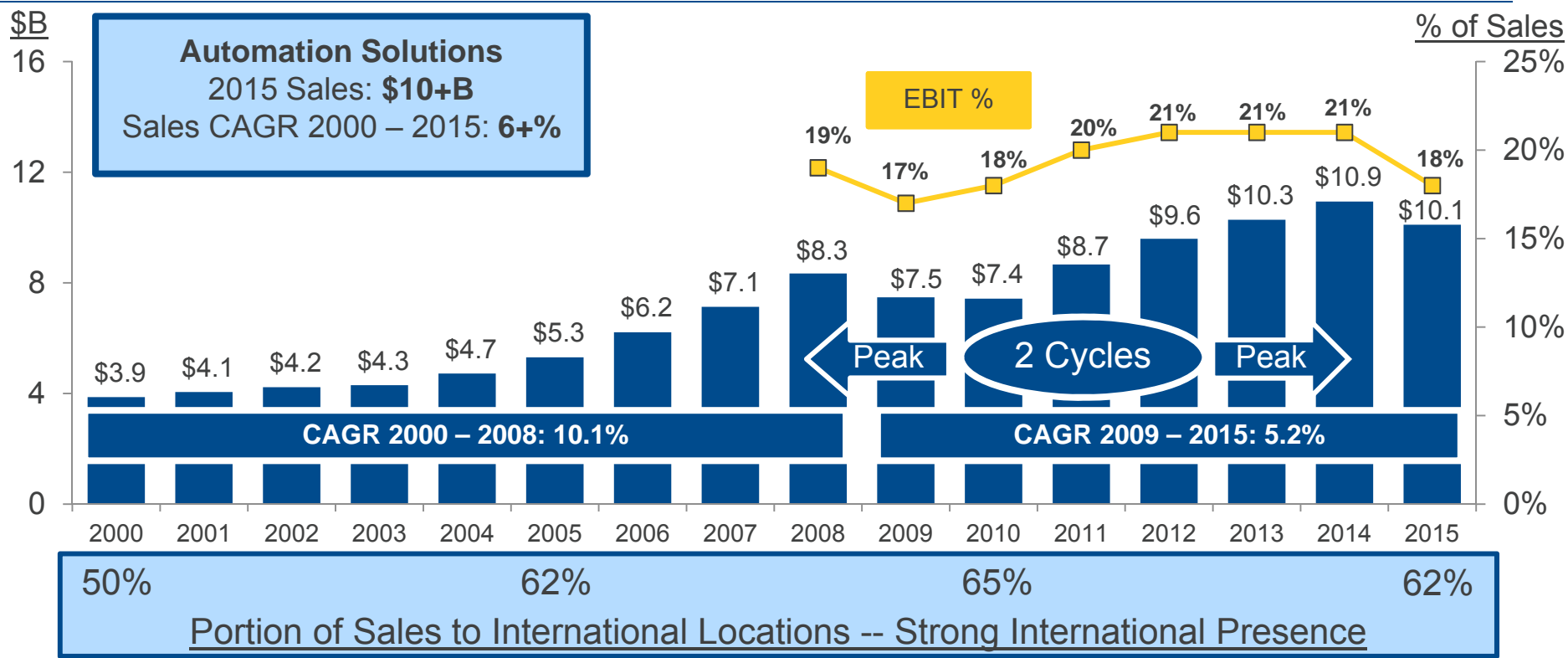
¹ Include manufacturing facilities, sales & service offices, and corporate offices

Automation Solutions Is a Broad Global Leader, Which Maintains a Strong Market Position and Industry Leading Technology Base With Plenty of Room for Incremental Global Penetration and Acquisitions

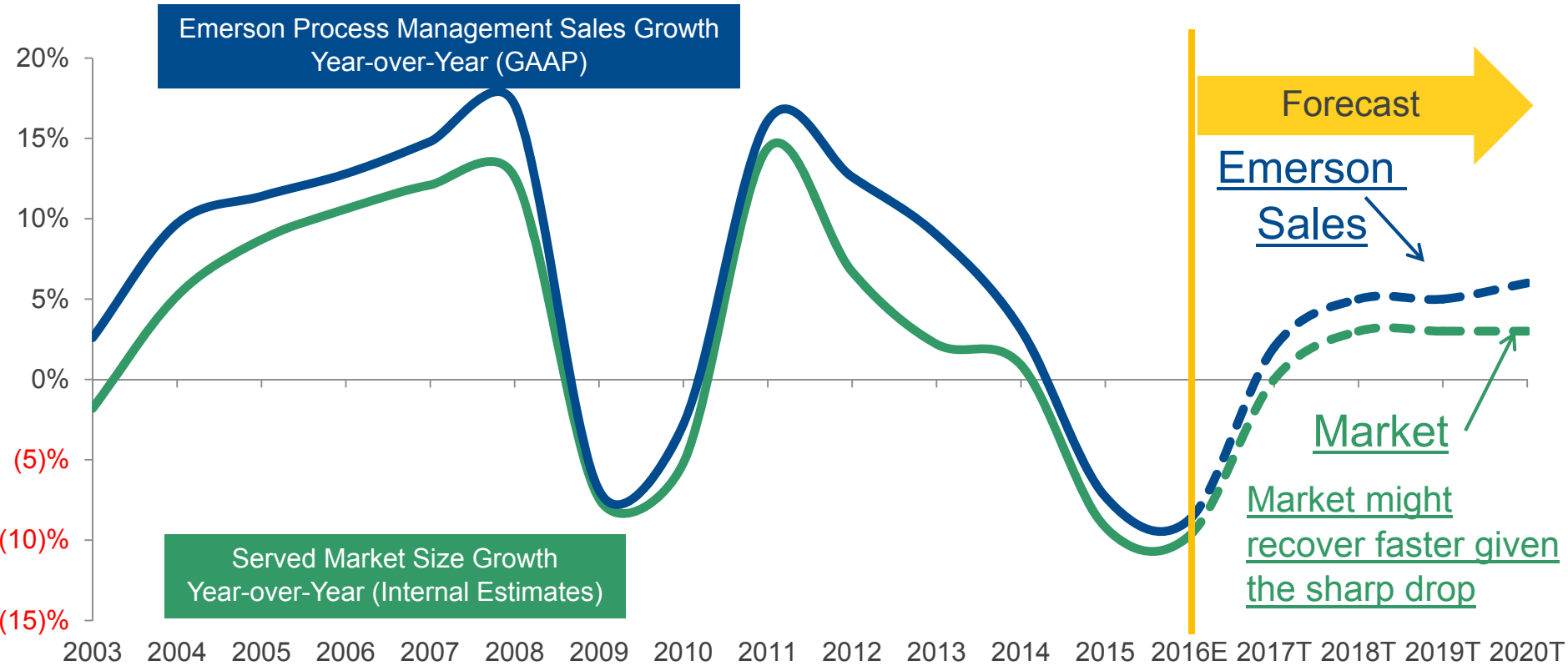


Growth & Profitability

The New Automation Solutions Business Provides Great Prospects for Growth and Profitability



Historically, the Emerson Business Has Outgrown the Market Through the Cycles



	Forecast	2016E	2017T	2016E-19T
Emerson Process Management (Underlying)		(9) - (7)%	0 - 2%	3 - 4%
Served Market Growth		(11) - (9)%	(2) - 0%	2 - 3%

Source: IHS Economics and Emerson Management Assessment

Emerson Has Consistently Outperformed the Market's Growth – Constantly Strengthening Our Market Position Through Upturns and Downturns → Plenty of Room to Do More, Along With Bolt-on Acquisitions


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Realigning the Portfolio Will Allow Us to Focus Our Management and Investments on Stronger Near-Term Growth Markets



Chemicals & Refining


- Investments continue in downstream value-chain in Middle East / Africa
- Reduced feedstock prices in North America drive investments in Chemical industry
- Asia Pacific will continue investments, but at a slower rate

 2017-2019 Growth
Outlook : ~4%



Power

- Power investments driven by increasing demand in emerging markets and modernization spending
- China's commitment to Nuclear driving significant project funnel
- North America investments moving to combined cycle and gas


 2017-2019 Growth
Outlook : 3% – 5%



Midstream Oil & Gas




- Global monetization of gas drives Floating LNG, terminals, and increased need for pipeline & terminal automation
- Refineries margins are up; demanding more versatility of their plants to handle different crudes

 2017-2019 Growth
Outlook : ~4%

Life Sciences

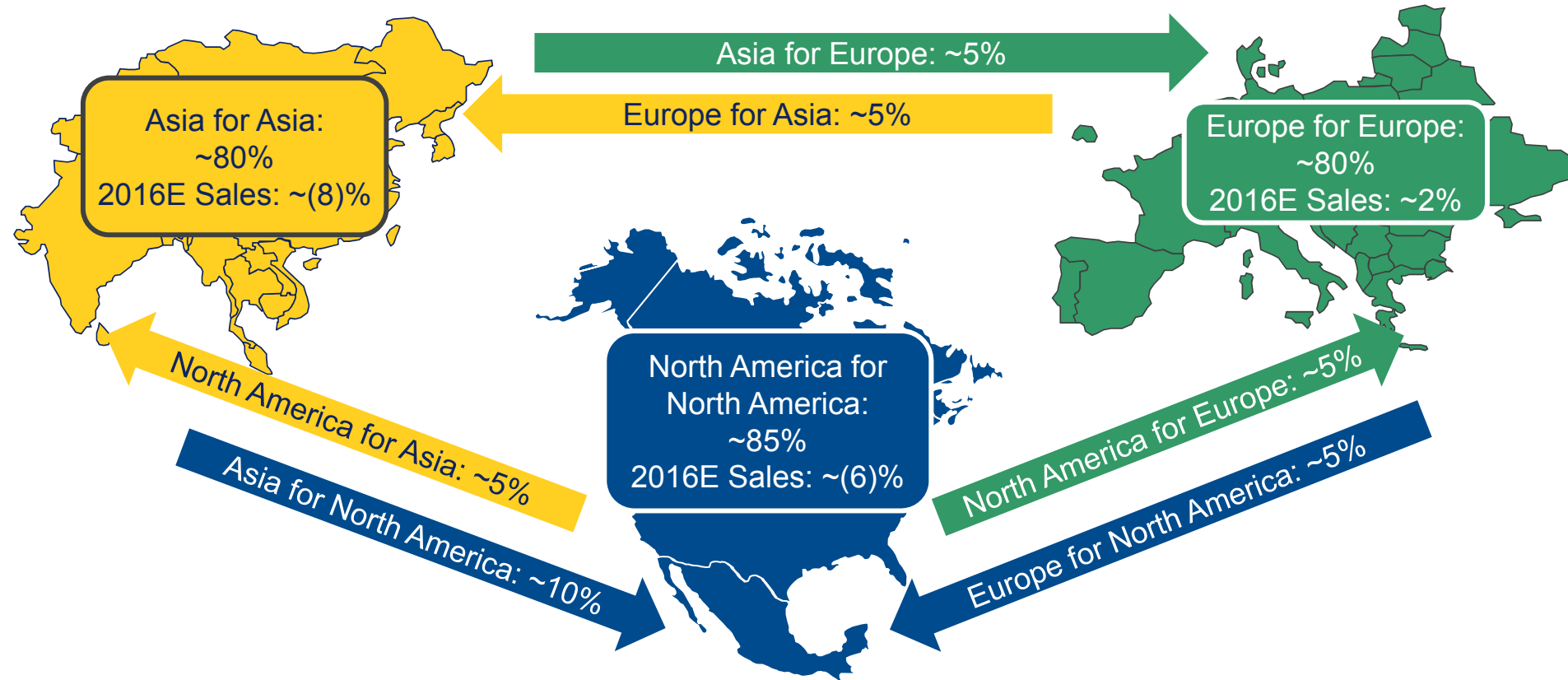


- Life Science investments continue based on global demands and growing middle class
- Growth seen broadly in Europe, Asia, and North America

 2017-2019 Growth
Outlook : ~4%

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Regionalization Strategy: Emerson's Global Best Cost Localized Manufacturing, Distribution, and Management



Emerson's Regionalization Strategy Not Only Facilitates Speed, Cost Savings, and Cash Flow Generation, but Also Provides the Flexibility to Support Local Customer Needs and Regulatory Mandates

Oil and Gas Industry Capital Expenditures / Investment Priorities



Industry CapEx

Conclusions

2010-2014



~\$3.6T

During the “investment boom” in a **high oil price environment**, many oil and gas customers executed capital projects very quickly, often sacrificing execution to **bring projects online as fast as possible – Speed was paramount to deliver increased revenue, not efficiency or operational excellence**

2015-2016



~\$1.1T

In the current **low oil price environment**, we will see new capital projects delayed into the future, but there will be significant spending with an **emphasis on modernizing and maximizing existing assets** built during the “boom” to drive cash returns

2017-2019



~\$1.7T

Emerson will remain a **critical partner in maximizing and optimizing these facilities upgrades**, as oil and gas companies seek to maximize cash flow on existing investments

Source: IHS Economics and Emerson Estimates

Our Major Oil and Gas Customers Are Seeking to Optimize Their Recent Investments Made Over the Past 5-8 Years Through Operational Excellence and Cash Maximization -- a Unique Opportunity for Emerson Automation Solutions

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Redefine and Focus the Emerson Portfolio for Higher Growth / Higher Value Built on Foundation of Proven Businesses



Brand

Automation Solutions

Commercial & Residential Solutions

Business Platforms

Industries Served:

- | | |
|---------------|-------------------|
| Oil and Gas | Food and Bev |
| Refining | Metals and Mining |
| Chemical | Water |
| Power | Discrete Manuf. |
| Life Sciences | Fluid Automation |

Customer Categories:

- | | |
|----------------------|----------------|
| Construction | Transportation |
| Commercial Buildings | Contractors |
| Food Retail | Homeowners |
| Food Service | |
| Retail Service | |

Markets and Customers

Includes:

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

Includes:

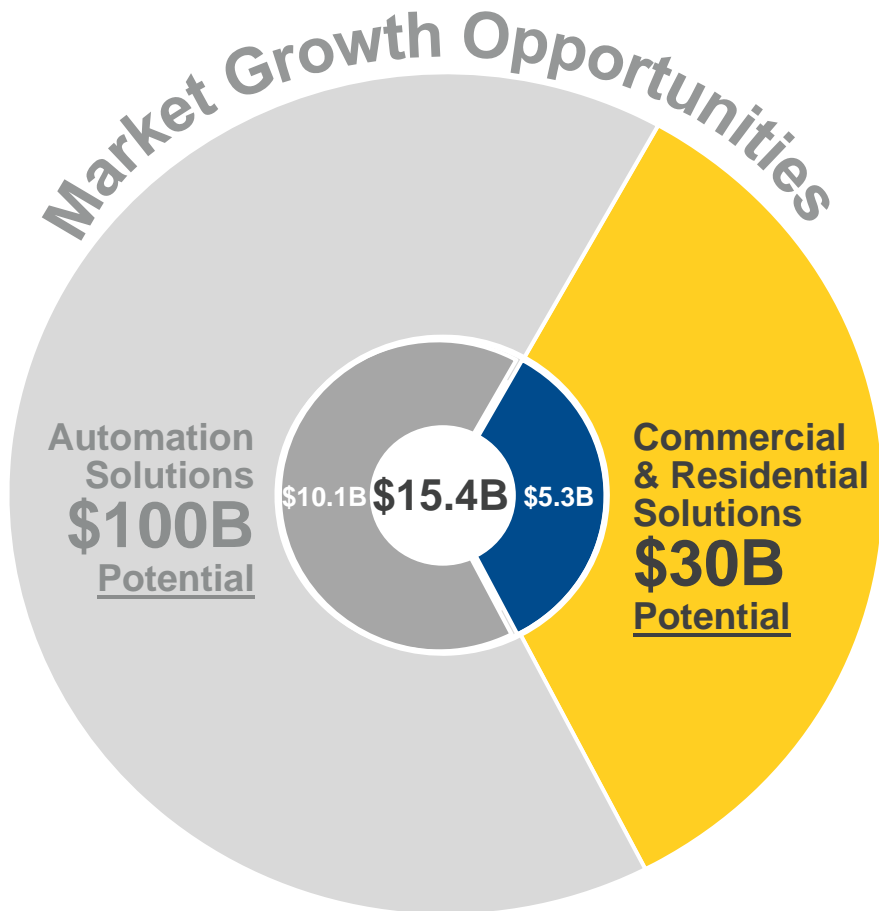
- Air Conditioning
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- Sensors and Controls
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Product Lines

\$10+B

\$5+B

Emerson New Business Focus and Market Growth Opportunities



Near-Term Growth Drivers

Automation Solutions

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Commercial & Residential Solutions

- Retail Solutions
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Transformational Opportunities

Automation Solutions

- Pervasive Sensing
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- Enriched Business Models to improve Energy Management, Reliability and Safety
- Strategic Acquisitions

Commercial & Residential Solutions

- Residential Solutions
- Commercial Solutions
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- Strategic Acquisitions

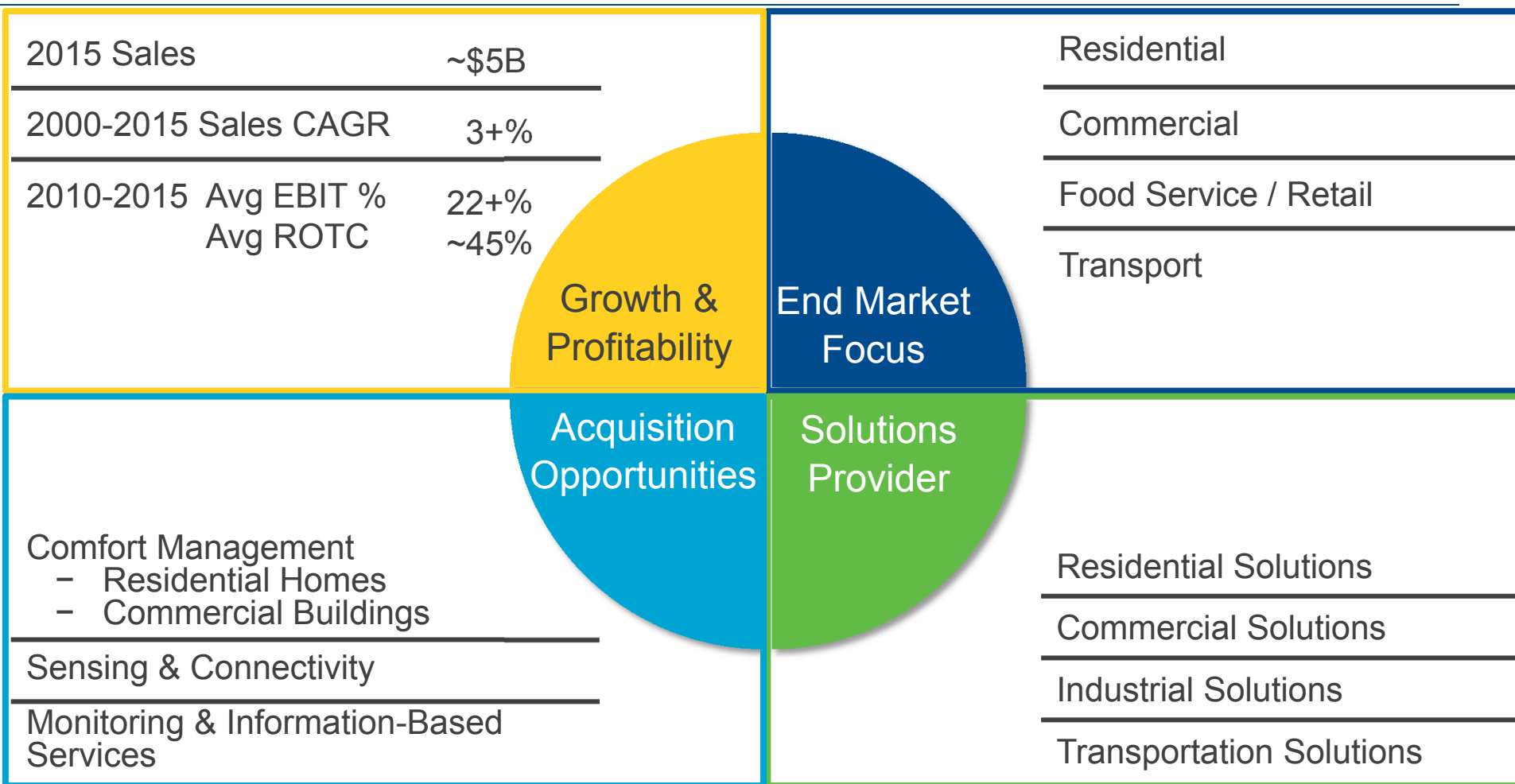
Commercial & Residential Solutions Business

The Value Proposition and Strategic Growth Rationale

- 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**

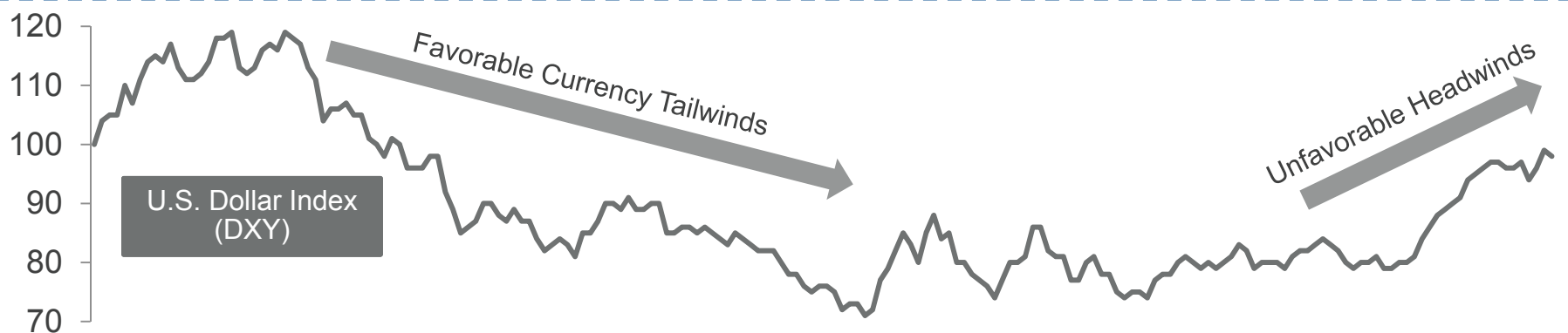
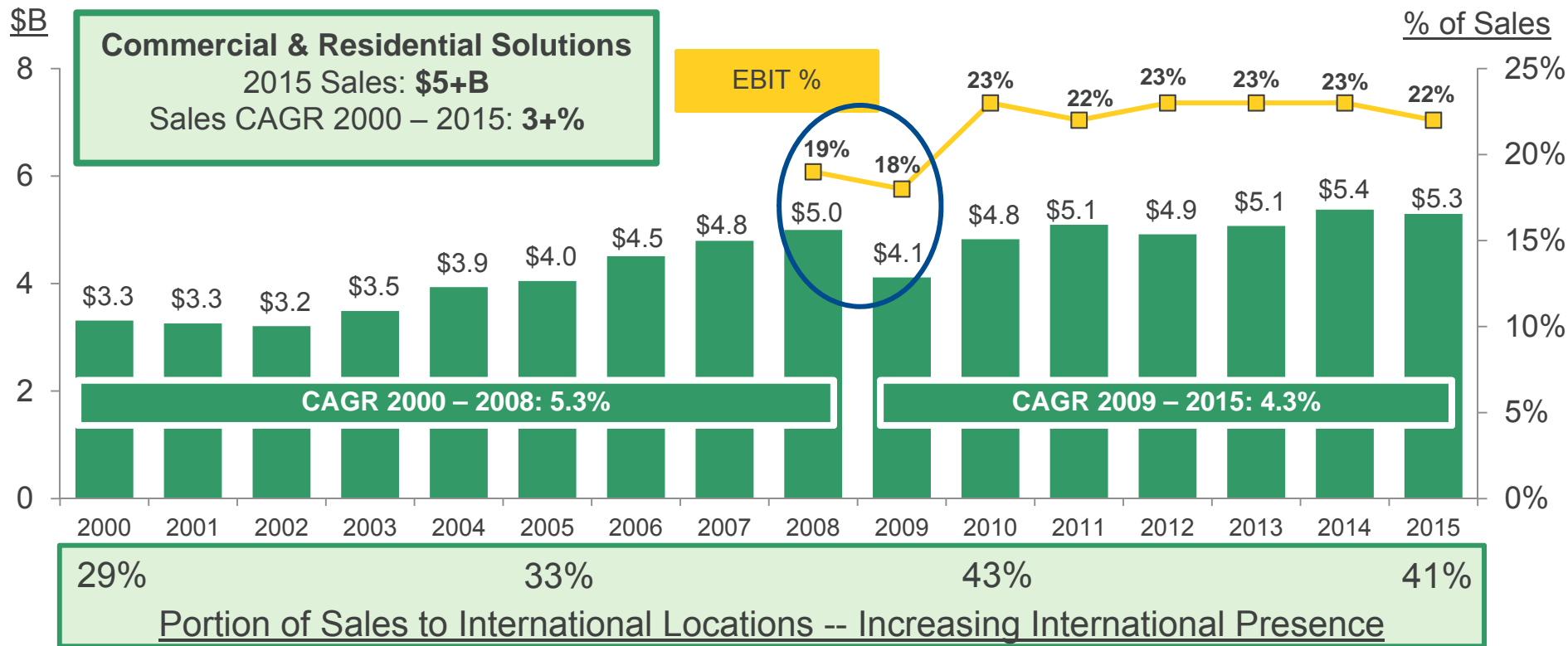
We Will Leverage Our Industry Shaping Technology and Deep Expertise to Keep People Comfortable and Healthy and Their Food and Water Safe in an Environmentally Responsible Way

Commercial & Residential Solutions Business Value Proposition



Commercial & Residential Solutions Is a Broad Global Leader, Which Maintains a Strong Market Position and Industry Leading Technology Base With Plenty of Room for Incremental Global Penetration and Acquisitions

The New Commercial & Residential Solutions Business Provides Great Prospects for Growth and Profitability



Emerson Has Shown Agility Through Multiple Regulatory and Disruptive Technology Changes



Environmental Standards

- Emerson has effectively managed the ongoing **transition to more environmentally friendly refrigerants** in the HVAC and refrigeration markets

Emerging Market Expansion

- As the emerging market middle class and business environment has grown, Emerson has **met and led the changing demands in the HVAC and perishable food cold chain environments**

Energy Efficiency

- More countries have adopted efficiency requirements and Emerson is **adept at identifying, capturing, and leading the industry transitions**

Connectivity

- As the internet of things disruption continues to unfold, Emerson is well positioned to **lead the integration with our suite of technologies and solutions** for homes, commercial buildings, and the cold chain

We Will Continue to Quickly Adapt, Lead, and Capitalize on Opportunities Within Our Industries During Periods of Disruptive Change



Our End Markets Show Good Prospects for Growth Driven by Key Macro and Government Driven 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 Service / Retail

- 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

Focusing on Specific End Customers Categories Will Enhance Our Value Proposition



Commercial Buildings

- Create **connectivity** solutions offering
- Lead **cordless** transition from traditional corded **cleaning solutions**
- Enable **diagnostics** and **cleaning management solutions** through sensors and other intelligence equipment
- Start to build **commercial building data platform**



Contractors

- Help contractors become more efficient with electronics – **“Check Engine”** solution
- Leverage use of **service contracts**
- Focus on **e-commerce and omni-channel selling**
- Digital engagement (social networks and forums)



Homeowners

- **Connected Home**
- Installed solutions to **maximize comfort, efficiency, & reliability**
- Increase **presence in retail channel**
- **Direct e-commerce** channel



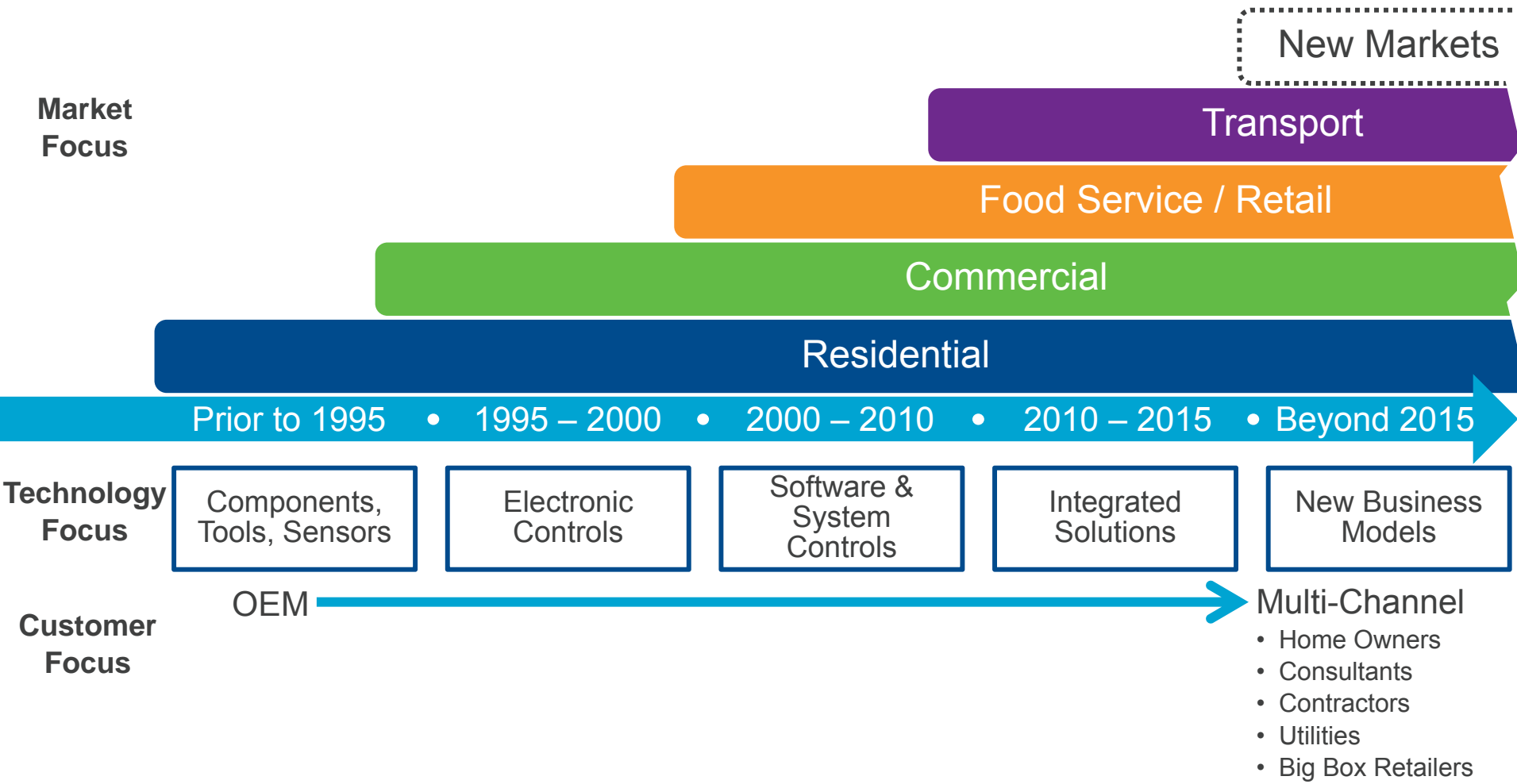
Retail Sites

- Adoption of **building control solutions**
- Food retail: **reliability need for food safety** and operational efficiency
- Address retail and grocery chain food **waste excess**
- Leverage areas with **food waste** to landfill bans



Realigning the Commercial & Residential Business Will Expand Our Solutions Offering, and Enhance Emerson’s Relevance With End Customers

Evolution of Commercial & Residential Solutions Business



Over the Years, We Have Developed Capabilities Towards Solutions-Oriented and Multi-Customer Focused Business Models

Why? Expands Markets, Expands Value, Expands Relevance, and Expands Profitability

We Offer a Unique Portfolio of Solutions for Various Customer Segments, With Future Opportunities for Expansion



Key Markets	Market Drivers	Energy Efficiency	Sustainability	Productivity	E-Commerce	Connectivity / Monitoring	Emerging Markets
Residential		✓✓	✓✓		✓	✓	✓✓
Commercial		✓✓	✓	✓✓	✓	✓	✓✓
Food Serv. / Retail		✓✓	✓✓	✓✓		✓✓	✓
Transport		✓✓	✓	✓		✓✓	✓✓

Legend: ✓✓ Robust Offering ✓ Developing Offering

Residential

- Our innovations around **energy efficient solutions** help customers save costs
- **Developing a solutions** portfolio around home comfort
- **Driving waste disposer solutions** through technology innovations

Commercial

- New **energy efficient upgrades** enable customers to quickly comply with regulations
- **Air quality monitoring solutions** increase comfort & productivity
- **Connectivity solutions** enable real-time monitoring of facilities

Food Serv. / Retail

- Our **comprehensive approach** helps customers evaluate their refrigeration system holistically
- Growing presence with major food retailers by **providing end-to-end solutions**
- Focusing **investments on emerging markets cold chain growth**

Transport

- Our innovative **compressor technology** reduces costs & downtime
- Our **cargo monitoring solutions** improve operational efficiency of fleets
- **Food safety tracking solutions** reduce food waste

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Automation Solutions and Commercial & Residential Solutions Provide the Foundation for Our Future

- Rebasing to two global franchise platforms allows the company to effectively pivot towards and concentrate on **higher growth** and **higher margin businesses -- with ample growth opportunities**
- It also gives us the runway to focus on providing **top-tier solutions and services** to all of our global customers
- **Expands the relevant market space** for Emerson's core businesses
- Facilitates **more simple, cohesive,** and **navigable brand offerings** for our customers
- Focuses on customer **end markets that are more receptive and adoptive to high value technology offerings -- global franchise**
- **Creates the right size corporate "umbrella"** that is small enough to effectively assimilate and nurture bolt-on additions, but also large enough to accommodate adoption and integration of significant, transformational acquisitions

The Corporate Organization Will Be Refocused and Smaller to Support the Two Large Global Franchise Businesses -- A New Approach Versus the Last 15 Years of Expansion to Serve a More Diverse Company

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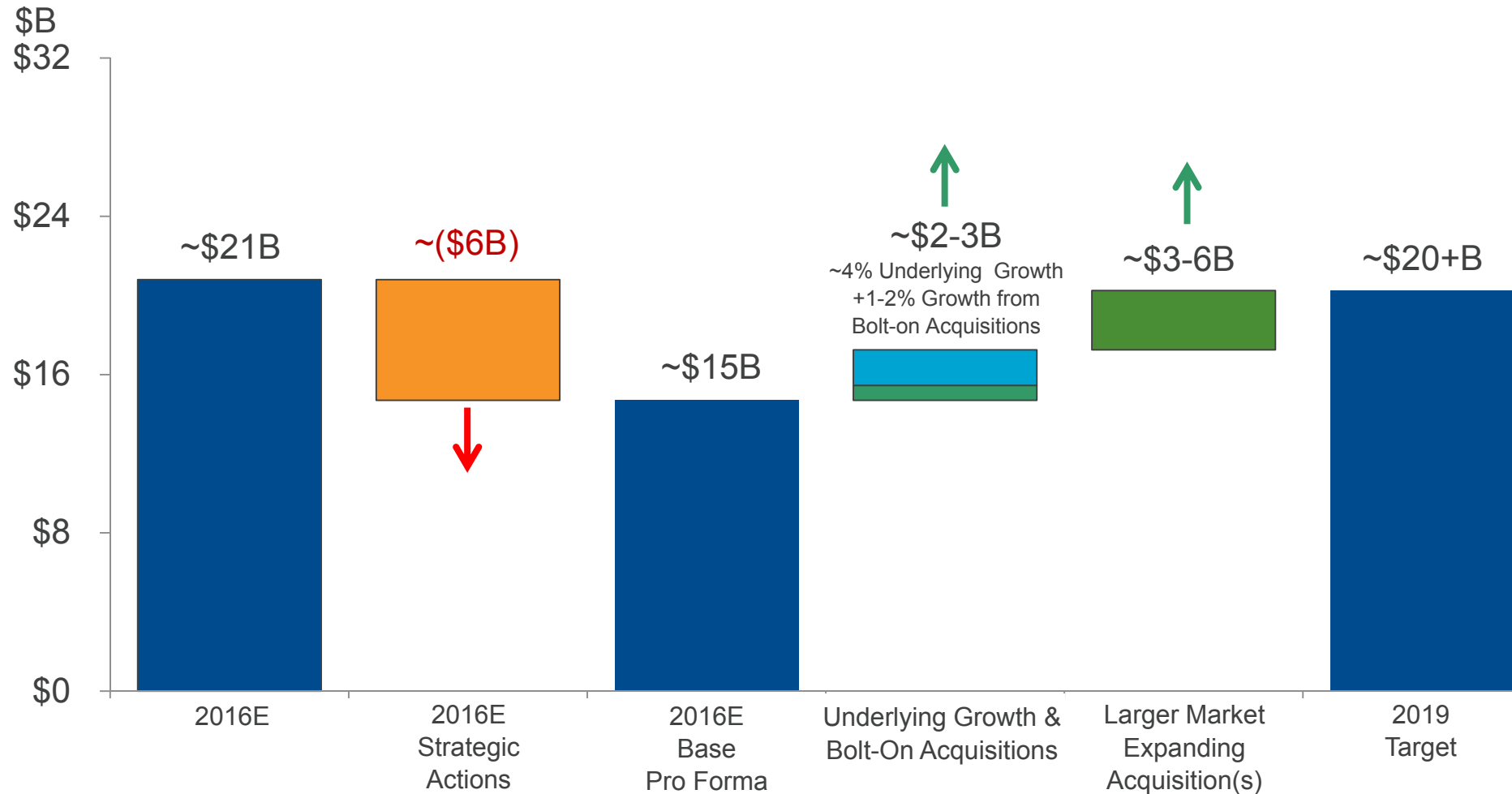
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2016-2019: Emerson Has Embarked on a Unique Transition Period to a New Stronger, More Dynamic, More Valuable Company

- Transforming a \$25B company down to \$15B, and **back up to a \$20B** global enterprise in a **challenging global economic / business environment**
 - While protecting and **improving profitability -- OP Margin, EBIT Margin and ROTC**
- **Resetting a stronger and more profitable, flexible balance sheet** company
 - With the ability to control our own destiny through internal investments, acquisitions, and share repurchase
- **Rebalancing the touch points and leverage points** between the two business platforms and corporate support & services
- Executing an **orderly transition to a new organizational structure and leadership team**

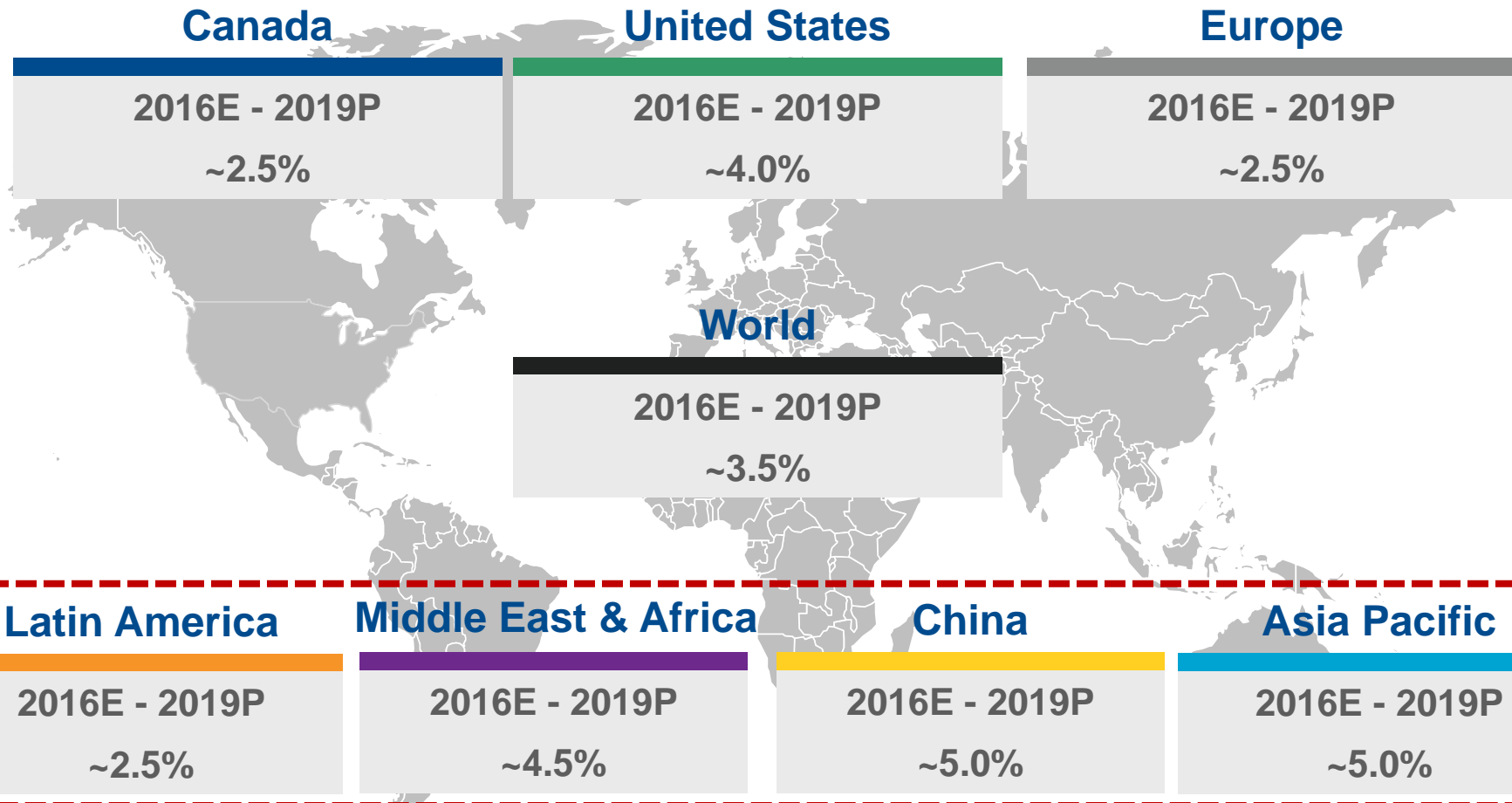
Our Focus Is to Return to a Premium Growth, Premium Profitability,
and Then Premium Valuation

Sales Bridge 2016 - 2019 -- to the Rebased Emerson



The Rebased Emerson Has Solid Internal Growth Opportunities Along With Smaller Bolt-on Acquisitions and Larger Strategic Acquisitions

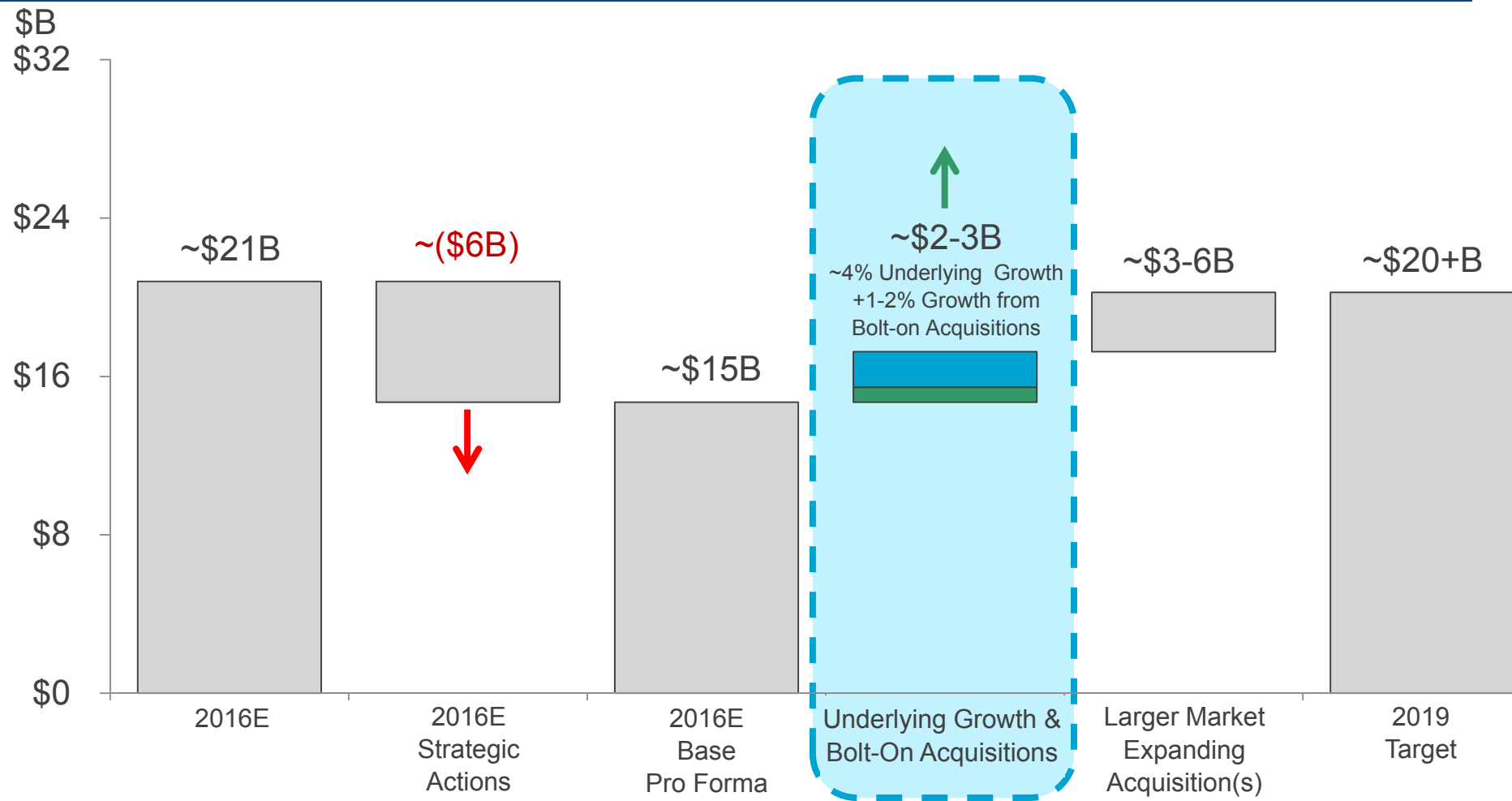
World Gross Fixed Investment Trends: 2016-2019 Expectations



Source: IHS Economics and Emerson Management Assessment

We Expect Emerging Markets to Re-Establish a Generally Stronger Growth Profile Over Mature Markets Starting in 2017 --
Emerson Is Well Positioned to Capitalize on This Trend

Sales Bridge 2016 - 2019 -- to the Rebased Emerson



The Rebased Emerson Has Solid Internal Growth Opportunities Along With Smaller Bolt-on Acquisitions and Larger Strategic Acquisitions

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Priorities for 2016-2019

1. Finish the sale / spin of the three businesses:
 - Network Power – Fiscal 2016
 - Motors & Drives and Power Generation – Fiscal 2016
 - Remaining Storage Business – 1st half of Fiscal 2017
2. Increase focus on bolt-on acquisitions to complement our current positions within our served markets
3. Take advantage of our increased liquidity position and generally weak markets to expand in the two strategic platforms with one or two significant, transformational acquisitions

The Focus Is Straightforward -- Restructure the Company to Improve Profitability in a Lower Growth Global Economy (Industrial Recession) -- Exit \$6B of Businesses and Maximize Cash For Future Investments to Return to a \$20+B Company

The 2016 Pro-Forma Company Illustrates the Core Emerson Strength Gained Through Realignment

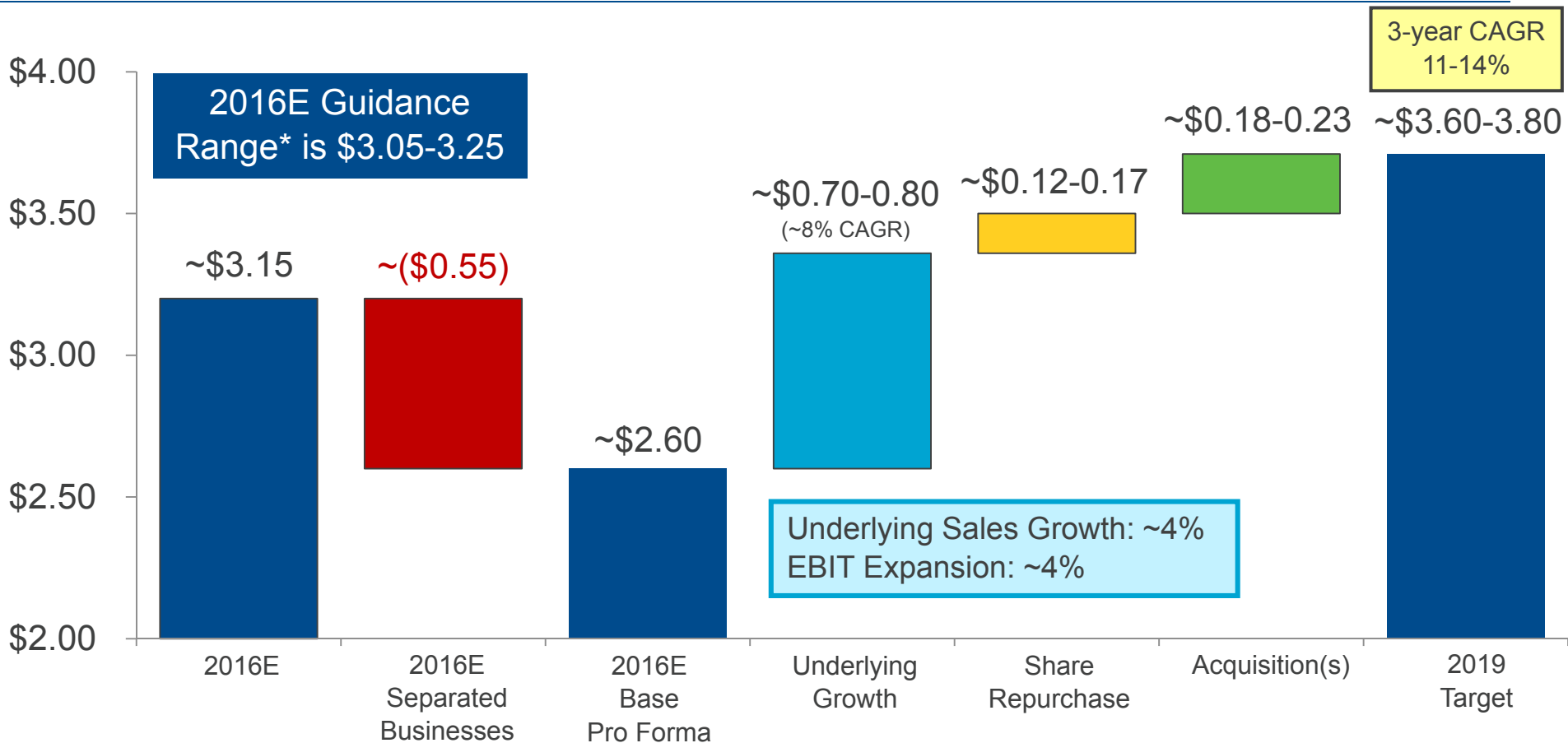
	2016E	2016E Pro-Forma
Sales	~\$20.6B	~\$15B
Gross Profit %	~41.2%	~43.9%
EBIT %*	~15.4%	~18.3%
Net Income	~\$2.0B	~\$1.7B
EPS	~\$3.15	~\$2.60

¹2016E excludes separation costs related to portfolio repositioning
 Note: Pro Forma assumes all strategic actions have been completed

This Assumes We Deliver the Mid-Point of Our 2016E Forecast and We Have Executed on the Spin / Sale of the Network Power Business and We Complete the Sale of the Motors & Drives / Power Generation Businesses by September 30, 2016

-- **A View of the P&L of the Rebased Emerson**

EPS Bridge 2016 - 2019 – to the Rebased Emerson



Note: Pro Forma assumes all strategic actions have been completed

The Goal of the New, Smaller, More Profitable Emerson Is to Grow Faster, Expand EBIT Margins, and Increase Acquisitions to Drive a Faster EPS Growth Company

The Rebased Emerson's Roadmap to Creating Value 2016 – 2019 Targets

Sales

Target: 3 - 5% Underlying*
+1 - 2% Through Bolt-on
Acquisitions

Total: 4 - 7%

Operating Margin*

18 - 20+%

EBIT Margin*

17 - 19+%

Free Cash Flow* (% of Sales)

Target: 10 – 14%

ROTC

Target: 15 - 25%

The Rebased, More Focused Emerson, as We Move Into 2017, Will Drive Higher Profit Margins and Higher Returns on Capital

2016 – 2019 -- Roadmap to a Stronger Emerson

The New Smaller,
More Focused, More
Profitable Emerson

	2015	2016E	2019T
Sales	\$22.3B	\$20.3-20.9B	~\$20+B
Gross Profit %	40.6%	~41.2%	~45%
EBIT % Adjusted*	14.8%	~15.4%	~18%
EPS (GAAP)	\$3.99	\$2.55-2.90	\$3.60-3.80
EPS Adjusted*	\$3.17	\$3.05-3.25	\$3.60-3.80
Operating Cash Flow	\$2.5B	~\$3B	~\$3.2B
CapEx	\$685M	~\$625M	~\$600M
<i>% of Sales</i>	3.1%	~3%	~3%

2016E – Adjusted EBIT Margin and EPS exclude costs related to repositioning

2015 – Adjusted EBIT Margin and EPS exclude \$1,029M pretax divestiture gains and spin costs, \$0.82 per share

2016E represents 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 gains or losses on the ultimate disposition of those businesses.

We Want to Reach a 45+% GP Margin by 2019, 20+% OP Margin* by 2019 and \$3B Operating Cash Flow For Increased Internal / Acquisition Investment to Drive Sales to \$20+B by 2019

Key Messages For 2016-2019 Actions

Actions

Step 1

Restructure and reduce costs in-line with a challenging global economy and a smaller, more focused Emerson

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

Step 2

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

Started June 2015 -- Targeted to be completed by September 2016 (ClosetMaid by 1st half of 2017)

Step 3

Aggressively pursue acquisitions to rebuild the new core, focused Emerson to ~\$20B

On-going and increasing focus

2016 – 2019 -- Roadmap to a Stronger Emerson

The New Smaller,
More Focused, More
Profitable Emerson

	2015	2016E	2019T
Sales	\$22.3B	\$20.3-20.9B	~\$20+B
Gross Profit %	40.6%	~41.2%	~45%
EBIT % Adjusted*	14.8%	~15.4%	~18%
EPS (GAAP)	\$3.99	\$2.55-2.90	\$3.60-3.80
EPS Adjusted*	\$3.17	\$3.05-3.25	\$3.60-3.80
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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

Sales % chg. vs. PY

	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Underlying growth*	6%	2%	(1%)	2%	3%	2%	3%	4%
Acq/Div/FX	(1%)	(1%)	(1%)	0%	(2%)	(4%)	(4%)	(4%)
GAAP growth	5%	1%	(2%)	2%	1%	(2%)	(1%)	0%

Sales % chg. vs. PY

	2015				
	Q1	Q2	Q3	Q4	FY
Underlying growth*	5%	0%	(5%)	(7%)	(2%)
Acq/Div/FX	(6%)	(7%)	(8%)	(8%)	(7%)
GAAP growth	(1%)	(7%)	(13%)	(15%)	(9%)

2016E sales % chg. vs 2015

	Process Management	Industrial Automation	Network Power	Climate Technologies	Commercial & Residential Solutions	Total
Underlying growth*	~(9) - (7%)	~(6) - (3%)	~(2) - 0%	~0 - 3%	~1 - 4%	~(5) - (2%)
Acq/Div/FX	~(1%)	~(8%)	~(3%)	~(1%)	~(16%)	~(4%)
GAAP growth	~(10) - (8%)	~(14) - (11%)	~(5) - (3%)	~(1) - 2%	~(15) - (12%)	~(9) - (6%)

Sales % chg. vs. PY

	2016	2016E
	Q1	Q2
Underlying growth*	(9%)	~(6) - (4%)
Acq/Div/FX	(7%)	~(4%)
GAAP growth	(16%)	~(10) - (8%)

Sales % chg. vs. PY

High Mid-Range of (5) – (2)% Guidance

	2016E		
	Q3	Q4	FY
Underlying growth*	~0 - 2%	~0 - 2%	~(3%)
Acq/Div/FX	~(3%)	~(3%)	~(4%)
GAAP growth	~(3) - (1%)	~(3) - (1%)	~(7%)

Non-GAAP Reconciliations

EBIT

	Q1 2015	Q1 2016	Q1 '15 vs Q1 '16
EBIT*	\$ 811	549	(32%)
Interest expense, net	(46)	(46)	(2%)
Pretax earnings	\$ 765	503	(34%)

EBIT%

	1990	2000	2014	2015	2016E	14 vs '15	'15 vs '16E	Q1 2015	Q1 2016	Q1 '15 vs Q1 '16	2019T
Adjusted*, %	14.6%	15.9%	16.5%	14.8%	~15.4%	(170) bps	~60 bps	14.5%	11.7%	(280) bps	~18%
Goodwill impairment charges, divestiture gains, separation costs and interest expense, net, %	(1.5%)	(1.9%)	(2.9%)	3.9%	~(1.8%)	680 bps	~(570) bps	(0.8%)	(1.0%)	(20) bps	~(1%)
Pretax earnings, %	13.1%	14.0%	13.6%	18.7%	~13.6%	510 bps	~(510) bps	13.7%	10.7%	(300) bps	~17%

OP%

	2014	2015	2016E	14 vs '15	2019T
Operating margin, %	18.1%	17.3%	17%	(80) bps	~18 - 20%
Other deductions and interest expense, net, %	(4.5%)	1.4%	(3%)	590 bps	~(2%)
Pretax earnings, %	13.6%	18.7%	14%	510 bps	~16 - 18%

Non-GAAP Reconciliations

EPS

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

ROTC

	2014	2015	2015 chg.
Adjusted*	20.2%	18.3%	(190) bps
Goodwill impairment charges, divestiture gains and separation costs	(2.7%)	4.5%	720 bps
GAAP	17.5%	22.8%	530 bps

Operational Tax Rate

	2016E
Operational tax rate*	~31%
Separation costs	~3 - 6%
Effective tax rate	~34 - 37%

Free Cash Flow, % of Sales*

	2019T
Free cash flow*, %	~10 - 14%
Capital expenditures, %	~3%
Operating cash flow, %	~13 - 17%

Non-GAAP Reconciliations

Automation Solutions

	2016E
	Pro Forma
Underlying*	(8) - (6%)
Acq./Div./FX	<u>(2%)</u>
GAAP Reported	(10) - (8%)

Commercial & Residential Solutions

	2016E
	Pro Forma
Underlying*	1 - 3%
Acq./Div./FX	<u>(2%)</u>
GAAP Reported	(1) - 1%

Debt / EBITDA*

Debt / EBITDA, adjusted*

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

Debt / Net earnings

	2015	2016PF
	1.7	1.3
	0.8	0.8
	<u>2.5</u>	<u>2.1</u>

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