

Table 1

EMERSON AND SUBSIDIARIES
CONSOLIDATED OPERATING RESULTS
(AMOUNTS IN MILLIONS EXCEPT PER SHARE, UNAUDITED)

	<u>Quarter Ended September 30,</u>		<u>Percent Change</u>
	<u>2014</u>	<u>2015</u>	
Net sales	\$6,807	\$5,814	(15)%
Costs and expenses:			
Cost of sales	3,918	3,446	
SG&A expenses	1,453	1,185	
Gains on divestitures	—	107	
Goodwill impairment	508	—	
Other deductions, net	65	249	
Interest expense, net	47	45	
Earnings before income taxes	<u>816</u>	<u>996</u>	22%
Income taxes	<u>401</u>	<u>345</u>	
Net earnings	415	651	57%
Less: Noncontrolling interests in earnings of subsidiaries	5	3	
Net earnings common stockholders	<u>\$410</u>	<u>\$648</u>	58%
Diluted avg. shares outstanding	699.6	658.1	
Diluted earnings per share common stockholders	\$0.58	\$0.98	69%

	<u>Quarter Ended September 30,</u>	
	<u>2014</u>	<u>2015</u>
Other deductions, net		
Amortization of intangibles	\$55	\$54
Rationalization of operations	10	122
Other	—	73
Total	<u>\$65</u>	<u>\$249</u>

Table 2

EMERSON AND SUBSIDIARIES
CONSOLIDATED OPERATING RESULTS
(AMOUNTS IN MILLIONS EXCEPT PER SHARE, UNAUDITED)

	<u>Year Ended September 30,</u>		<u>Percent Change</u>
	<u>2014</u>	<u>2015</u>	
Net sales	\$24,537	\$22,304	(9)%
Costs and expenses:			
Cost of sales	14,379	13,256	
SG&A expenses	5,715	5,184	
Gains on divestitures	—	1,039	
Goodwill impairment	508	—	
Other deductions, net	393	571	
Interest expense, net	194	171	
Earnings before income taxes	<u>3,348</u>	<u>4,161</u>	24%
Income taxes	1,164	1,428	
Net earnings	<u>2,184</u>	<u>2,733</u>	25%
Less: Noncontrolling interests in earnings of subsidiaries	37	23	
Net earnings common stockholders	<u>\$2,147</u>	<u>\$2,710</u>	26%
Diluted avg. shares outstanding	704.1	676.5	
Diluted earnings per share common stockholders	\$3.03	\$3.99	32%

	<u>Year Ended September 30,</u>	
	<u>2014</u>	<u>2015</u>
Other deductions, net		
Amortization of intangibles	\$225	\$214
Rationalization of operations	55	211
Other	113	146
Total	<u>\$393</u>	<u>\$571</u>

Table 3

EMERSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS, UNAUDITED)

	<u>Year Ended September 30,</u>	
	<u>2014</u>	<u>2015</u>
Assets		
Cash and equivalents	\$3,149	\$3,054
Receivables, net	5,019	4,319
Inventories	2,057	1,847
Other current assets	642	829
Total current assets	<u>10,867</u>	<u>10,049</u>
Property, plant & equipment, net	3,802	3,585
Goodwill	7,182	6,653
Other intangible assets	1,689	1,526
Other	637	275
Total assets	<u><u>\$24,177</u></u>	<u><u>\$22,088</u></u>
Liabilities and equity		
Short-term borrowings and current maturities of long-term debt	\$2,465	\$2,553
Accounts payables	2,951	2,358
Accrued expenses	2,876	2,803
Income taxes	162	86
Total current liabilities	<u>8,454</u>	<u>7,800</u>
Long-term debt	3,559	4,289
Other liabilities	1,997	1,871
Total equity	<u>10,167</u>	<u>8,128</u>
Total liabilities and equity	<u><u>\$24,177</u></u>	<u><u>\$22,088</u></u>

Table 4

EMERSON AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(DOLLARS IN MILLIONS, UNAUDITED)

	<u>Year Ended September 30,</u>	
	<u>2014</u>	<u>2015</u>
Operating activities		
Net earnings	\$2,184	\$2,733
Depreciation and amortization	831	815
Changes in operating working capital	114	(142)
Pension funding	(130)	(53)
Gains on divestiture of businesses, after tax	—	(611)
Income taxes paid on divestiture gains	—	(424)
Goodwill impairment, after tax	508	—
Other, net	185	211
Net cash provided by operating activities	<u>3,692</u>	<u>2,529</u>
Investing activities		
Capital expenditures	(767)	(685)
Purchase of businesses, net of cash and equivalents acquired	(610)	(324)
Divestitures of businesses	363	1,812
Other, net	(145)	(212)
Net cash provided (used) by investing activities	<u>(1,159)</u>	<u>591</u>
Financing activities		
Net increase in short-term borrowings	622	345
Proceeds from long-term debt	1	1,000
Payments of long-term debt	(329)	(504)
Dividends paid	(1,210)	(1,269)
Purchases of common stock	(1,048)	(2,501)
Purchases of noncontrolling interests	(574)	—
Other, net	(21)	(19)
Net cash used by financing activities	<u>(2,559)</u>	<u>(2,948)</u>
Effect of exchange rate changes on cash and equivalents	<u>(100)</u>	<u>(267)</u>
Increase (decrease) in cash and equivalents	(126)	(95)
Beginning cash and equivalents	<u>3,275</u>	<u>3,149</u>
Ending cash and equivalents	<u><u>\$3,149</u></u>	<u><u>\$3,054</u></u>

Table 5

EMERSON AND SUBSIDIARIES
SEGMENT SALES AND EARNINGS
(DOLLARS IN MILLIONS, UNAUDITED)

	<u>Quarter Ended September 30,</u>	
	<u>2014</u>	<u>2015</u>
Sales		
Process Management	\$2,723	\$2,291
Industrial Automation	1,320	945
Network Power	1,362	1,231
Climate Technologies	1,091	1,004
Commercial & Residential Solutions	506	502
	<u>7,002</u>	<u>5,973</u>
Eliminations	<u>(195)</u>	<u>(159)</u>
Net sales	<u>\$6,807</u>	<u>\$5,814</u>
Earnings		
Process Management	\$689	\$429
Industrial Automation	239	136
Network Power	173	81
Climate Technologies	194	180
Commercial & Residential Solutions	117	111
	<u>1,412</u>	<u>937</u>
Differences in accounting methods	72	58
Corporate and other	(621)	46
Interest expense, net	<u>(47)</u>	<u>(45)</u>
Earnings before income taxes	<u>\$816</u>	<u>\$996</u>
Rationalization of operations		
Process Management	\$5	\$52
Industrial Automation	—	14
Network Power	2	33
Climate Technologies	3	12
Commercial & Residential Solutions	—	6
Corporate	—	5
Total	<u>\$10</u>	<u>\$122</u>

Table 6

EMERSON AND SUBSIDIARIES
SEGMENT SALES AND EARNINGS
(DOLLARS IN MILLIONS, UNAUDITED)

	<u>Year Ended September 30,</u>	
	<u>2014</u>	<u>2015</u>
Sales		
Process Management	\$9,189	\$8,516
Industrial Automation	4,990	4,121
Network Power	5,073	4,441
Climate Technologies	4,109	4,011
Commercial & Residential Solutions	1,924	1,924
	<u>25,285</u>	<u>23,013</u>
Eliminations	<u>(748)</u>	<u>(709)</u>
Net sales	<u>\$24,537</u>	<u>\$22,304</u>
Earnings		
Process Management	\$1,918	\$1,493
Industrial Automation	802	600
Network Power	459	231
Climate Technologies	737	698
Commercial & Residential Solutions	424	403
	<u>4,340</u>	<u>3,425</u>
Differences in accounting methods	252	223
Corporate and other	(1,050)	684
Interest expense, net	<u>(194)</u>	<u>(171)</u>
Earnings before income taxes	<u>\$3,348</u>	<u>\$4,161</u>
Rationalization of operations		
Process Management	\$17	\$89
Industrial Automation	7	22
Network Power	15	64
Climate Technologies	14	20
Commercial & Residential Solutions	2	11
Corporate	—	5
Total	<u>\$55</u>	<u>\$211</u>

Reconciliations of Non-GAAP Financial Measures & Other
Table 7

The following reconciles non-GAAP measures (denoted by *) with the most directly comparable GAAP measure (dollars in millions, except per share amounts):

	Process Mgmt	Industrial Auto	Network Power	Climate Tech	Comm & Res Solns	Total
Q4 sales change						
Underlying*	(10)%	(12)%	(4)%	(5)%	3 %	(7)%
Acq/Div	— %	(10)%	— %	— %	— %	(2)%
FX	(6)%	(6)%	(6)%	(3)%	(2)%	(6)%
Other	— %	— %	— %	— %	(2)%	— %
Reported	(16)%	(28)%	(10)%	(8)%	(1)%	(15)%

	2014	2015	Change
Q4 earnings per share			
Reported	\$0.58	\$0.98	69%
Gains on divestitures	—	(0.13)	—
Network Power spinoff expenses	—	0.08	—
Impairment	0.72	—	—
Adjusted*	\$1.30	\$0.93	(29%)

	Process Mgmt	Industrial Auto	Network Power	Climate Tech	Comm & Res Solns	Total
2015 sales change						
Underlying*	(2)%	(4)%	(3)%	— %	2 %	(2)%
Acq/Div	— %	(7)%	(4)%	— %	— %	(2)%
FX	(5)%	(6)%	(5)%	(2)%	(1)%	(5)%
Other	— %	— %	— %	— %	(1)%	— %
Reported	(7)%	(17)%	(12)%	(2)%	— %	(9)%

	2014	2015	Change
2015 earnings per share			
Reported	\$3.03	\$3.99	32%
Gains on divestitures	—	(0.90)	—
Network Power spinoff expenses	—	0.08	—
Impairment	0.72	—	—
Adjusted*	\$3.75	\$3.17	(15%)

2016E sales change	
Underlying*	~(5)-(2)%
Acq/Div	~(2)%
FX	~(2)%
Reported	~(8)-(6)%

2016E earnings per share	
Adjusted*	\$3.05 to \$3.25
Repositioning costs	(\$0.55 to \$0.40)
Reported	\$2.50 to \$2.85

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