

Table 1

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

	<u>Quarter Ended December 31,</u>		<u>Percent Change</u>
	<u>2014</u>	<u>2015</u>	
Net sales	\$ 5,587	\$ 4,713	(16)%
Costs and expenses:			
Cost of sales	3,307	2,824	
SG&A expenses	1,405	1,226	
Other deductions, net	64	114	
Interest expense, net	46	46	
Earnings before income taxes	<u>765</u>	<u>503</u>	(34)%
Income taxes	236	151	
Net earnings	<u>529</u>	<u>352</u>	(33)%
Less: Noncontrolling interests in earnings of subsidiaries	4	3	
Net earnings common shareholders	<u>\$ 525</u>	<u>\$ 349</u>	(34)%
Diluted avg. shares outstanding	694.7	652.5	
Diluted earnings per common share	\$ 0.75	\$ 0.53	(29)%

	<u>Quarter Ended December 31,</u>	
	<u>2014</u>	<u>2015</u>
Other deductions, net		
Amortization of intangibles	\$ 55	\$ 51
Rationalization of operations	9	13
Currency (gain)/loss	(6)	21
Repositioning costs	—	24
Other	6	5
Total	<u>\$ 64</u>	<u>\$ 114</u>

Table 2EMERSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS, UNAUDITED)

	<u>Quarter Ended December 31,</u>	
	<u>2014</u>	<u>2015</u>
Assets		
Cash and equivalents	\$ 3,122	\$ 3,109
Receivables, net	4,404	3,842
Inventories	2,121	1,903
Other current assets	836	840
Total current assets	<u>10,483</u>	<u>9,694</u>
Property, plant & equipment, net	3,631	3,520
Goodwill	6,940	6,601
Other intangible assets	1,649	1,467
Other	1,021	270
Total assets	<u><u>\$ 23,724</u></u>	<u><u>\$ 21,552</u></u>
Liabilities and equity		
Short-term borrowings and current maturities of long-term debt	\$ 3,484	\$ 3,409
Accounts payable	2,468	2,075
Accrued expenses	2,640	2,616
Income taxes	285	102
Total current liabilities	<u>8,877</u>	<u>8,202</u>
Long-term debt	3,289	4,043
Other liabilities	2,002	1,810
Total equity	<u>9,556</u>	<u>7,497</u>
Total liabilities and equity	<u><u>\$ 23,724</u></u>	<u><u>\$ 21,552</u></u>

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

Table 3

	<u>Quarter Ended December 31,</u>	
	<u>2014</u>	<u>2015</u>
Operating activities		
Net earnings	\$ 529	\$ 352
Depreciation and amortization	207	202
Changes in operating working capital	(192)	(145)
Other, net	27	78
Net cash provided by operating activities	571	487
Investing activities		
Capital expenditures	(207)	(145)
Purchase of businesses, net of cash and equivalents acquired	(143)	(6)
Other, net	(26)	(12)
Net cash used by investing activities	(376)	(163)
Financing activities		
Net increase in short-term borrowings	999	861
Payments of long-term debt	(251)	(251)
Dividends paid	(326)	(310)
Purchases of common stock	(509)	(507)
Other, net	(59)	(4)
Net cash used by financing activities	(146)	(211)
Effect of exchange rate changes on cash and equivalents	(76)	(58)
Increase (decrease) in cash and equivalents	(27)	55
Beginning cash and equivalents	3,149	3,054
Ending cash and equivalents	\$ 3,122	\$ 3,109

Table 4

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

	<u>Quarter Ended December 31,</u>	
	<u>2014</u>	<u>2015</u>
Sales		
Process Management	\$ 2,099	\$ 1,806
Industrial Automation	1,152	808
Network Power	1,119	1,051
Climate Technologies	900	787
Commercial & Residential Solutions	480	392
	<u>5,750</u>	<u>4,844</u>
Eliminations	<u>(163)</u>	<u>(131)</u>
Net sales	<u>\$ 5,587</u>	<u>\$ 4,713</u>
Earnings		
Process Management	\$ 392	\$ 271
Industrial Automation	164	95
Network Power	79	84
Climate Technologies	126	109
Commercial & Residential Solutions	103	85
	<u>864</u>	<u>644</u>
Differences in accounting methods	58	55
Corporate and other	(111)	(150)
Interest expense, net	<u>(46)</u>	<u>(46)</u>
Earnings before income taxes	<u>\$ 765</u>	<u>\$ 503</u>
Rationalization of operations		
Process Management	\$ 3	\$ 4
Industrial Automation	2	3
Network Power	1	4
Climate Technologies	2	1
Commercial & Residential Solutions	1	1
Total	<u>\$ 9</u>	<u>\$ 13</u>

Reconciliations of Non-GAAP Financial Measures & Other
Table 5

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

	Process	Industrial	Network	Climate	Comm &	
2016 Q1 sales change	<u>Mgmt</u>	<u>Auto</u>	<u>Power</u>	<u>Tech</u>	<u>Res Solns</u>	<u>Total</u>
Underlying*	(11)%	(15)%	(1)%	(10)%	(2)%	(9)%
Acq/Div	1 %	(10)%	— %	— %	(15)%	(3)%
FX	(4)%	(5)%	(5)%	(3)%	(1)%	(4)%
Reported	(14)%	(30)%	(6)%	(13)%	(18)%	(16)%

2015 Q1 sales change	<u>Total</u>
Underlying*	6 %
Acq/Div	(3)%
FX	(3)%
Reported	— %

Q1 earnings per share	<u>2015</u>	<u>2016</u>	<u>Change</u>
Reported	\$0.75	\$0.53	(29)%
Portfolio Repositioning Costs	—	\$0.03	—
Adjusted*	\$0.75	\$0.56	(25)%

2016E earnings per share	
Adjusted*	\$3.05 to \$3.25
Portfolio Repositioning Costs	(\$0.50 to \$0.35)
Reported	\$2.55 to \$2.90

Q2E earnings per share	
Adjusted*	\$0.60 to \$0.65
Portfolio Repositioning Costs	\$(0.11)
Reported	\$0.49 to \$0.54

2016E sales change		Q2E sales change	
Underlying*	~(5)-(2)%	Underlying*	~(6)-(4)%
Acq/Div	~(2)%	Acq/Div	~(2)%
FX	~(2)%	FX	~(2)%
Reported	~(9)-(6)%	Reported	~(10)-(8)%

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