

**Table 1**

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

	<u>Quarter Ended March 31</u>		<u>Percent Change</u>
	<u>2015</u>	<u>2016</u>	
<b>Net sales</b>	\$5,400	\$4,928	(9)%
Costs and expenses:			
Cost of sales	3,234	2,934	
SG&A expenses	1,318	1,218	
Gain on sale of business	932	—	
Other deductions, net	136	122	
Interest expense, net	40	46	
<b>Earnings before income taxes</b>	<u>1,604</u>	<u>608</u>	(62)%
Income taxes	625	231	
<b>Net earnings</b>	<u>979</u>	<u>377</u>	(62)%
Less: Noncontrolling interests in earnings of subsidiaries	6	8	
<b>Net earnings common stockholders</b>	<u>\$973</u>	<u>\$369</u>	(62)%
Diluted avg. shares outstanding	684.1	644.7	
<b>Diluted earnings per share common stockholders</b>	\$1.42	\$0.57	(60)%

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	<u>Quarter Ended March 31</u>	
	<u>2015</u>	<u>2016</u>
<b>Other deductions, net</b>		
Amortization of intangibles	\$53	\$46
Rationalization of operations	44	15
Separation costs	—	31
Other	39	30
Total	<u>\$136</u>	<u>\$122</u>

**Table 2**

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

	<u>Six Months Ended March 31</u>		<u>Percent Change</u>
	<u>2015</u>	<u>2016</u>	
<b>Net sales</b>	\$10,987	\$9,641	(12)%
Costs and expenses:			
Cost of sales	6,541	5,758	
SG&A expenses	2,723	2,444	
Gain on sale of business	932	—	
Other deductions, net	200	236	
Interest expense, net	86	92	
<b>Earnings before income taxes</b>	<u>2,369</u>	<u>1,111</u>	(53)%
Income taxes	861	382	
<b>Net earnings</b>	1,508	729	(52)%
Less: Noncontrolling interests in earnings of subsidiaries	10	11	
<b>Net earnings common stockholders</b>	<u>\$1,498</u>	<u>\$718</u>	(52)%
Diluted avg. shares outstanding	689.4	648.6	
<b>Diluted earnings per share common stockholders</b>	\$2.17	\$1.10	(49)%

	<u>Six Months Ended March 31</u>	
	<u>2015</u>	<u>2016</u>
<b>Other deductions, net</b>		
Amortization of intangibles	\$108	\$97
Rationalization of operations	53	28
Separation costs	—	55
Other	39	56
Total	<u>\$200</u>	<u>\$236</u>

**Table 3**EMERSON AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(DOLLARS IN MILLIONS, UNAUDITED)

	<u>Quarter Ended March 31</u>	
	<u>2015</u>	<u>2016</u>
<b>Assets</b>		
Cash and equivalents	\$3,256	\$3,322
Receivables, net	4,299	3,874
Inventories	2,107	1,950
Other current assets	682	767
Total current assets	<u>10,344</u>	<u>9,913</u>
Property, plant & equipment, net	3,570	3,523
Goodwill	6,805	6,642
Other intangible assets	1,555	1,437
Other	694	249
<b>Total assets</b>	<u><u>\$22,968</u></u>	<u><u>\$21,764</u></u>
<b>Liabilities and equity</b>		
Short-term borrowings and current maturities of long-term debt	\$3,358	\$3,232
Accounts payable	2,407	2,140
Accrued expenses	2,595	2,722
Income taxes	410	88
Total current liabilities	<u>8,770</u>	<u>8,182</u>
Long-term debt	3,272	4,062
Other liabilities	1,958	1,777
Total equity	<u>8,968</u>	<u>7,743</u>
<b>Total liabilities and equity</b>	<u><u>\$22,968</u></u>	<u><u>\$21,764</u></u>

**Table 4**

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

	<u>Six Months Ended March 31</u>	
	<u>2015</u>	<u>2016</u>
<b>Operating activities</b>		
Net earnings	\$1,508	\$729
Depreciation and amortization	412	397
Changes in operating working capital	(530)	(57)
Gain on sale of business, after tax	(528)	—
Other, net	67	137
Net cash provided by operating activities	<u>929</u>	<u>1,206</u>
<b>Investing activities</b>		
Capital expenditures	(359)	(247)
Purchase of businesses, net of cash and equivalents acquired	(145)	(11)
Divestitures of business	1,391	—
Other, net	(86)	70
Net cash provided by (used by) investing activities	<u>801</u>	<u>(188)</u>
<b>Financing activities</b>		
Net increase in short-term borrowings	854	704
Payments of long-term debt	(251)	(253)
Dividends paid	(647)	(616)
Purchases of common stock	(1,351)	(555)
Other, net	(20)	(5)
Net cash used by financing activities	<u>(1,415)</u>	<u>(725)</u>
Effect of exchange rate changes on cash and equivalents	<u>(208)</u>	<u>(25)</u>
<b>Increase (decrease) in cash and equivalents</b>	107	268
Beginning cash and equivalents	<u>3,149</u>	<u>3,054</u>
<b>Ending cash and equivalents</b>	<u>\$3,256</u>	<u>\$3,322</u>

**Table 5**

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

	<u>Quarter Ended March 31</u>	
	<u>2015</u>	<u>2016</u>
<b>Sales</b>		
Process Management	\$2,042	\$1,828
Industrial Automation	1,034	870
Network Power	1,063	1,018
Climate Technologies	982	995
Commercial & Residential Solutions	465	394
	<u>5,586</u>	<u>5,105</u>
Eliminations	<u>(186)</u>	<u>(177)</u>
Net sales	<u>\$5,400</u>	<u>\$4,928</u>
<b>Earnings</b>		
Process Management	\$299	\$265
Industrial Automation	144	116
Network Power	34	83
Climate Technologies	170	188
Commercial & Residential Solutions	91	92
	<u>738</u>	<u>744</u>
Differences in accounting methods	53	58
Corporate and other	853	(148)
Interest expense, net	<u>(40)</u>	<u>(46)</u>
Earnings before income taxes	<u>\$1,604</u>	<u>\$608</u>
<b>Rationalization of operations</b>		
Process Management	\$22	\$9
Industrial Automation	2	1
Network Power	13	2
Climate Technologies	4	2
Commercial & Residential Solutions	3	1
Total	<u>\$44</u>	<u>\$15</u>

**Table 6**

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

	<u>Six Months Ended March 31</u>	
	<u>2015</u>	<u>2016</u>
<b>Sales</b>		
Process Management	\$4,141	\$3,634
Industrial Automation	2,186	1,678
Network Power	2,182	2,069
Climate Technologies	1,882	1,782
Commercial & Residential Solutions	945	786
	<u>11,336</u>	<u>9,949</u>
Eliminations	<u>(349)</u>	<u>(308)</u>
Net sales	<u>\$10,987</u>	<u>\$9,641</u>
<b>Earnings</b>		
Process Management	\$691	\$536
Industrial Automation	308	211
Network Power	113	167
Climate Technologies	296	297
Commercial & Residential Solutions	194	177
	<u>1,602</u>	<u>1,388</u>
Differences in accounting methods	111	113
Corporate and other	742	(298)
Interest expense, net	<u>(86)</u>	<u>(92)</u>
Earnings before income taxes	<u>\$2,369</u>	<u>\$1,111</u>
<b>Rationalization of operations</b>		
Process Management	\$25	\$13
Industrial Automation	4	4
Network Power	14	6
Climate Technologies	6	3
Commercial & Residential Solutions	4	2
Total	<u>\$53</u>	<u>\$28</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):

	<b>Process Mgmt</b>	<b>Industrial Auto</b>	<b>Network Power</b>	<b>Climate Tech</b>	<b>Comm &amp; Res Solns</b>	<b>Total</b>
<b>2016 Q2 sales change</b>						
Underlying*	(9)%	(10)%	(1)%	2 %	2 %	(5)%
Acq/Div	— %	(4)%	— %	— %	(16)%	(2)%
FX	(2)%	(2)%	(3)%	(1)%	(1)%	(2)%
Reported	(11)%	(16)%	(4)%	1 %	(15)%	(9)%

<b>Q2 earnings per share</b>	<b>2015</b>	<b>2016</b>	<b>Change</b>
Adjusted*	\$0.65	\$0.66	2%
Gain on sale of power transmission solutions	\$0.77	—	
Separation costs	—	(\$0.09)	
Reported	\$1.42	\$0.57	(60)%

**2016E earnings per share**

Adjusted*	\$3.05 to \$3.25
Separation costs	(\$0.44 to \$0.37)
Reported	\$2.61 to \$2.88

**Q3E earnings per share**

Adjusted*	~\$0.85
Separation costs	~(\$.22)
Reported	~\$0.63

**2016E sales change**

Underlying*	~(5)-(2)%
Acq/Div	~(2)%
FX	~(1)%
Reported	~(8)-(5)%

**Q3E sales change**

Underlying*	~0%
Acq/Div	~(1)%
FX	~(1)%
Reported	~(2)%

**2016E operating cash flow**

Adjusted*	\$3B+
Separation costs	~(0.3B)
Reported	~\$2.8B

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