

Table 1

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

	<u>Quarter Ended June 30,</u>		<u>Percent Change</u>
	<u>2014</u>	<u>2015</u>	
Net sales	\$6,312	\$5,503	(13)%
Costs and expenses:			
Cost of sales	3,674	3,269	
SG&A expenses	1,424	1,276	
Other deductions, net	96	122	
Interest expense, net	46	40	
Earnings before income taxes	<u>1,072</u>	<u>796</u>	(26)%
Income taxes	334	222	
Net earnings	<u>738</u>	<u>574</u>	(22)%
Less: Noncontrolling interests in earnings of subsidiaries	10	10	
Net earnings common stockholders	<u>\$728</u>	<u>\$564</u>	(23)%
Diluted avg. shares outstanding	703.3	668.9	
Diluted earnings per share common stockholders	\$1.03	\$0.84	(18)%

	<u>Quarter Ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Other deductions, net		
Amortization of intangibles	\$55	\$52
Rationalization of operations	11	36
Other	30	34
Total	<u>\$96</u>	<u>\$122</u>

Table 2

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

	<u>Nine Months Ended June 30,</u>		<u>Percent Change</u>
	<u>2014</u>	<u>2015</u>	
Net sales	\$17,730	\$16,490	(7)%
Costs and expenses:			
Cost of sales	10,461	9,810	
SG&A expenses	4,262	3,999	
Gain on sale of business	—	932	
Other deductions, net	328	322	
Interest expense, net	147	126	
Earnings before income taxes	<u>2,532</u>	<u>3,165</u>	25%
Income taxes	763	1,083	
Net earnings	<u>1,769</u>	<u>2,082</u>	18%
Less: Noncontrolling interests in earnings of subsidiaries	32	20	
Net earnings common stockholders	<u>\$1,737</u>	<u>\$2,062</u>	19%
Diluted avg. shares outstanding	705.6	682.6	
Diluted earnings per share common stockholders	\$2.45	\$3.01	23%

	<u>Nine Months Ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Other deductions, net		
Amortization of intangibles	\$170	\$160
Rationalization of operations	45	89
Other	113	73
Total	<u>\$328</u>	<u>\$322</u>

Table 3

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

	<u>Quarter Ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Assets		
Cash and equivalents	\$3,049	\$3,393
Receivables, net	4,772	4,272
Inventories	2,253	2,144
Other current assets	739	835
Total current assets	<u>10,813</u>	<u>10,644</u>
Property, plant & equipment, net	3,737	3,610
Goodwill	7,917	6,930
Other intangible assets	1,768	1,575
Other	880	705
Total assets	<u><u>\$25,115</u></u>	<u><u>\$23,464</u></u>
Liabilities and equity		
Short-term borrowings and current maturities of long-term debt	\$2,975	\$3,179
Accounts payables	2,645	2,402
Accrued expenses	2,736	2,678
Income taxes	177	53
Total current liabilities	<u>8,533</u>	<u>8,312</u>
Long-term debt	3,565	4,290
Other liabilities	2,144	2,063
Total equity	<u>10,873</u>	<u>8,799</u>
Total liabilities and equity	<u><u>\$25,115</u></u>	<u><u>\$23,464</u></u>

Table 4

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

	<u>Nine Months Ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Operating activities		
Net earnings	\$1,769	\$2,082
Depreciation and amortization	623	613
Changes in operating working capital	(157)	(530)
Pension funding	(90)	(21)
Gain on divestiture of business, after tax	—	(528)
Income taxes paid on divestiture gain	—	(360)
Other, net	139	172
Net cash provided by operating activities	<u>2,284</u>	<u>1,428</u>
Investing activities		
Capital expenditures	(573)	(516)
Purchase of businesses, net of cash and equivalents acquired	(610)	(250)
Divestitures of businesses	264	1,399
Other, net	(107)	(86)
Net cash (used by) provided by investing activities	<u>(1,026)</u>	<u>547</u>
Financing activities		
Net increase in short-term borrowings	1,133	945
Proceeds from long-term debt	1	1,000
Principal payments of long-term debt	(323)	(504)
Dividends paid	(910)	(960)
Purchases of common stock	(783)	(2,041)
Purchases of noncontrolling interests	(574)	—
Other, net	(19)	(12)
Net cash used by financing activities	<u>(1,475)</u>	<u>(1,572)</u>
Effect of exchange rate changes on cash and equivalents	<u>(9)</u>	<u>(159)</u>
Increase (decrease) in cash and equivalents	(226)	244
Beginning cash and equivalents	<u>3,275</u>	<u>3,149</u>
Ending cash and equivalents	<u><u>\$3,049</u></u>	<u><u>\$3,393</u></u>

Table 5

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

	<u>Quarter Ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Sales		
Process Management	\$2,317	\$2,084
Industrial Automation	1,289	990
Network Power	1,237	1,028
Climate Technologies	1,191	1,125
Commercial & Residential Solutions	492	477
	<u>6,526</u>	<u>5,704</u>
Eliminations	(214)	(201)
Net sales	<u>\$6,312</u>	<u>\$5,503</u>
Earnings		
Process Management	\$473	\$373
Industrial Automation	214	156
Network Power	107	37
Climate Technologies	250	222
Commercial & Residential Solutions	108	98
	<u>1,152</u>	<u>886</u>
Differences in accounting methods	63	54
Corporate and other	(97)	(104)
Interest expense, net	(46)	(40)
Earnings before income taxes	<u>\$1,072</u>	<u>\$796</u>
Rationalization of operations		
Process Management	\$4	\$12
Industrial Automation	2	4
Network Power	3	17
Climate Technologies	1	2
Commercial & Residential Solutions	1	1
Total	<u>\$11</u>	<u>\$36</u>

Table 6

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

	<u>Nine Months Ended June 30,</u>	
	<u>2014</u>	<u>2015</u>
Sales		
Process Management	\$6,466	\$6,225
Industrial Automation	3,670	3,176
Network Power	3,711	3,210
Climate Technologies	3,018	3,007
Commercial & Residential Solutions	1,418	1,422
	<u>18,283</u>	<u>17,040</u>
Eliminations	(553)	(550)
Net sales	<u>\$17,730</u>	<u>\$16,490</u>
Earnings		
Process Management	\$1,229	\$1,064
Industrial Automation	563	464
Network Power	286	150
Climate Technologies	543	518
Commercial & Residential Solutions	307	292
	<u>2,928</u>	<u>2,488</u>
Differences in accounting methods	180	165
Corporate and other	(429)	638
Interest expense, net	(147)	(126)
Earnings before income taxes	<u>\$2,532</u>	<u>\$3,165</u>
Rationalization of operations		
Process Management	\$12	\$37
Industrial Automation	7	8
Network Power	13	31
Climate Technologies	11	8
Commercial & Residential Solutions	2	5
Total	<u>\$45</u>	<u>\$89</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):

Q3 sales change	Process <u>Mgmt</u>	Industrial <u>Auto</u>	Network <u>Power</u>	Climate <u>Tech</u>	Comm & <u>Res Solns</u>	<u>Total</u>
Underlying*	(4)%	(5)%	(11)%	(3)%	1 %	(5)%
Acq/Div	— %	(11)%	(1)%	— %	— %	(3)%
FX	(6)%	(7)%	(5)%	(3)%	(2)%	(5)%
Other	— %	— %	— %	— %	(2)%	— %
Reported	<u>(10)%</u>	<u>(23)%</u>	<u>(17)%</u>	<u>(6)%</u>	<u>(3)%</u>	<u>(13)%</u>

2015E sales change

Underlying*	~(2)%
Acq/Div	~(2)%
FX	~(5)%
Reported	<u>~(9)%</u>

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