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Fiscal Year 2014 Fourth Quarter Conference Call

November 12, 2014



Allen-Bradley • Rockwell Software

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- This presentation includes statements related to the expected future results of the company and are therefore forward-looking statements. Actual results may differ materially from those projections due to a wide range of risks and uncertainties, including those that are listed in our SEC filings.
- This presentation also contains non-GAAP financial information and reconciliations to GAAP are included in the appendix. All information should be read in conjunction with our historical financial statements.

Fiscal 2014 Highlights

Fourth Quarter

- Organic sales up 4% YOY, led by 12% growth in Latin America
- Segment operating margin of 22.2%, up 130 bps YOY
- Adjusted EPS of \$1.86, up 15% YOY

Full Year

- Record sales of \$6.6 billion
- Organic sales up 5%, with U.S. up 7%
- Segment operating margin expanded 90 bps to 20.4%
- Record Adjusted EPS of \$6.17

Returned over \$800M of cash to shareowners in FY14

Key Financial Information: Fourth Quarter

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(in millions, except per share amounts)

	<u>Q4 2014</u>	<u>Q4 2013</u>	<u>YOY B/(W)</u>
Sales	\$ 1,782	\$ 1,716	3.9%
Segment Operating Margin	22.2%	20.9%	130 bps
General Corporate - Net	\$ 22	\$ 40	\$ 18
Adjusted EPS	\$ 1.86	\$ 1.62	15%
Adjusted Effective Tax Rate	27.0%	23.7%	(330) bps
Free Cash Flow	\$ 282	\$ 301	\$ (19)
ROIC	30.1%	31.4%	(130) bps

Solid growth and strong margin performance

Key Financial Information: Full Year

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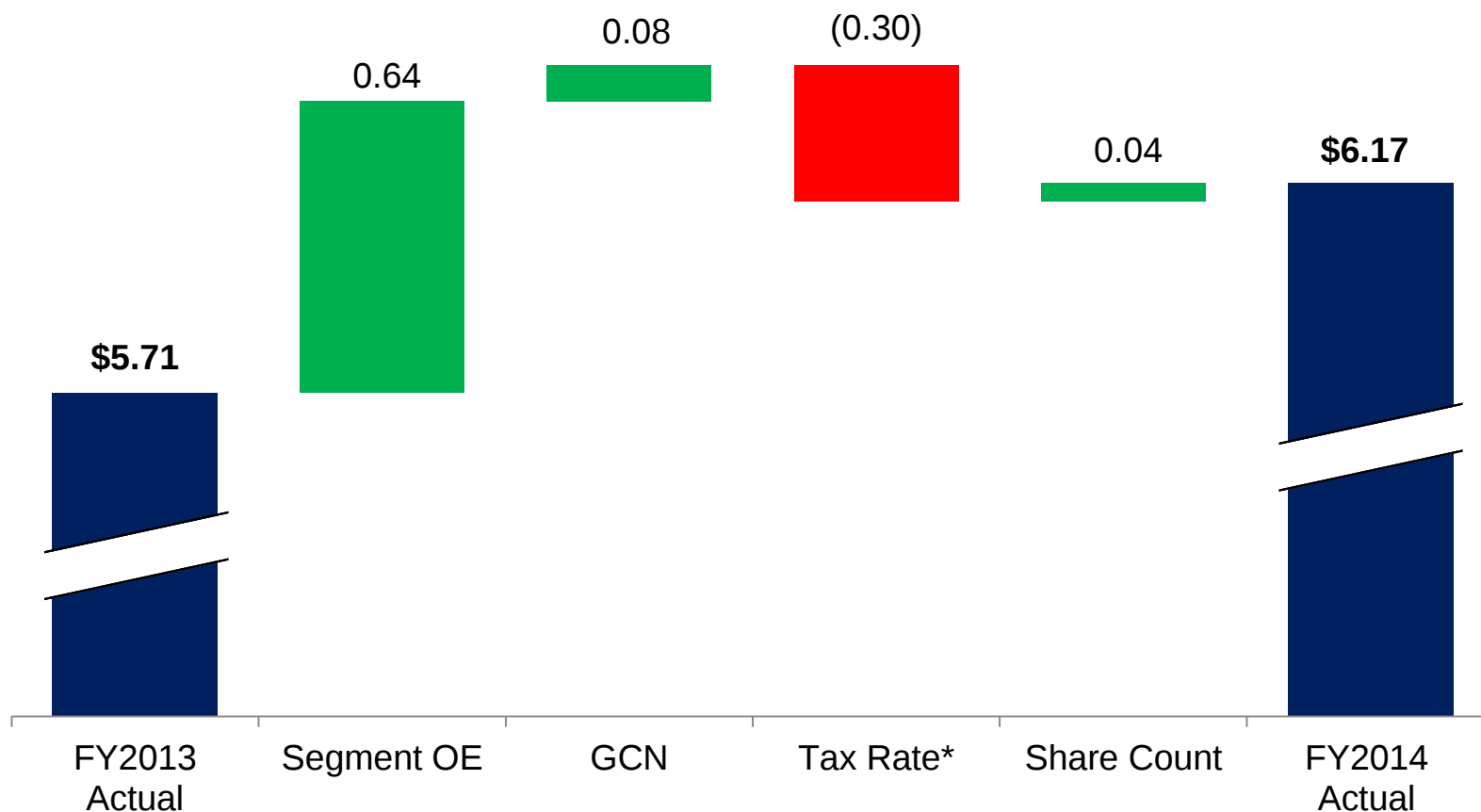
(in millions, except per share amounts)

	<u>FY 2014</u>	<u>FY 2013</u>	<u>YOY B/(W)</u>
Sales	\$ 6,624	\$ 6,352	4.3%
Segment Operating Margin	20.4%	19.5%	90 bps
General Corporate - Net	\$ 81	\$ 97	\$ 16
Adjusted EPS	\$ 6.17	\$ 5.71	8%
Adjusted Effective Tax Rate	27.5%	23.9%	(360) bps
Free Cash Flow	\$ 922	\$ 901	\$ 21
ROIC	30.1%	31.4%	(130) bps

Another record year in sales and earnings

FY 2013 to FY 2014 Adjusted EPS Walk

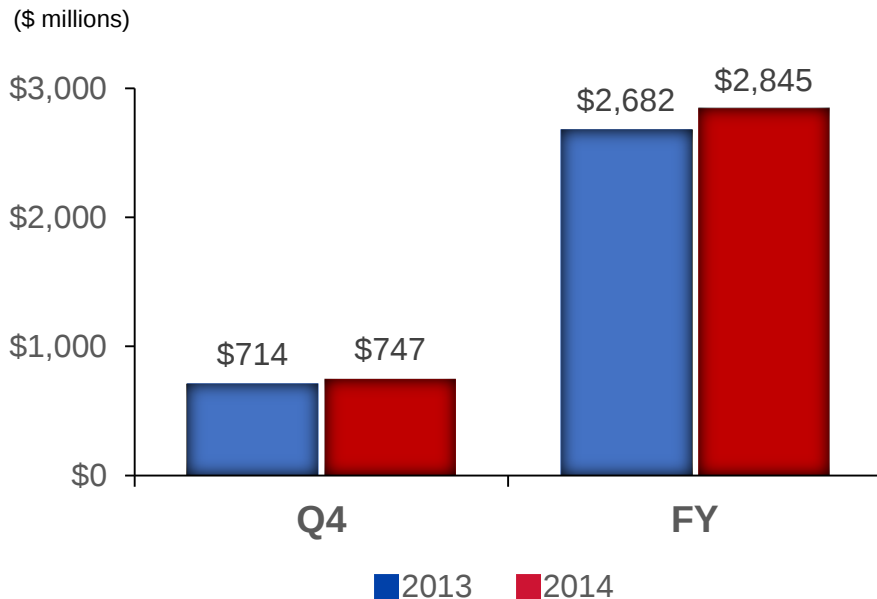
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Adjusted EPS growth of 8% YOY; 13% excluding higher tax rate*

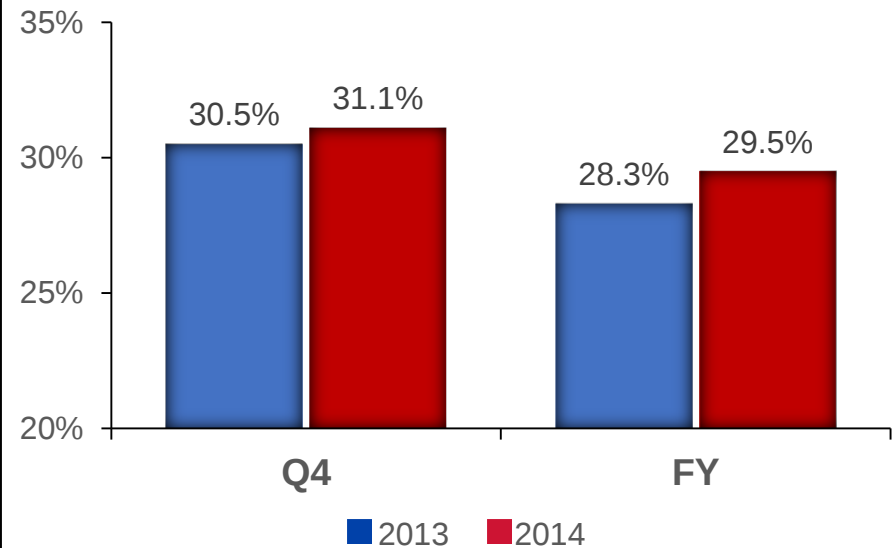
* Adjusted Effective Tax Rate

Sales



	YOY Sales % Change	
	Q4 2014	FY 2014
Reported	4.6%	6.1%
Organic	5.2%	6.8%

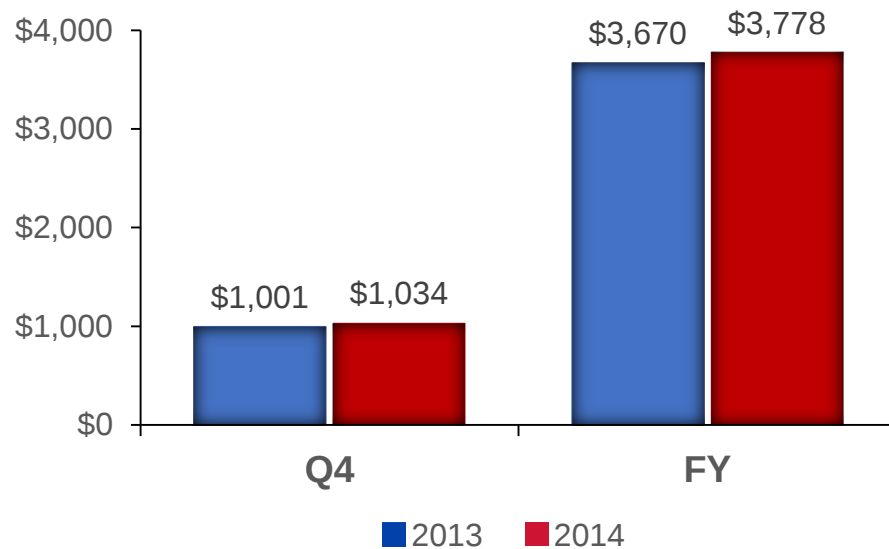
Segment Operating Margins



- Segment operating margin expanded 60 bps in Q4 YOY, and increased 120 bps for the full year
- Both the quarter and the full year increases were driven by higher sales, partially offset by increased spending

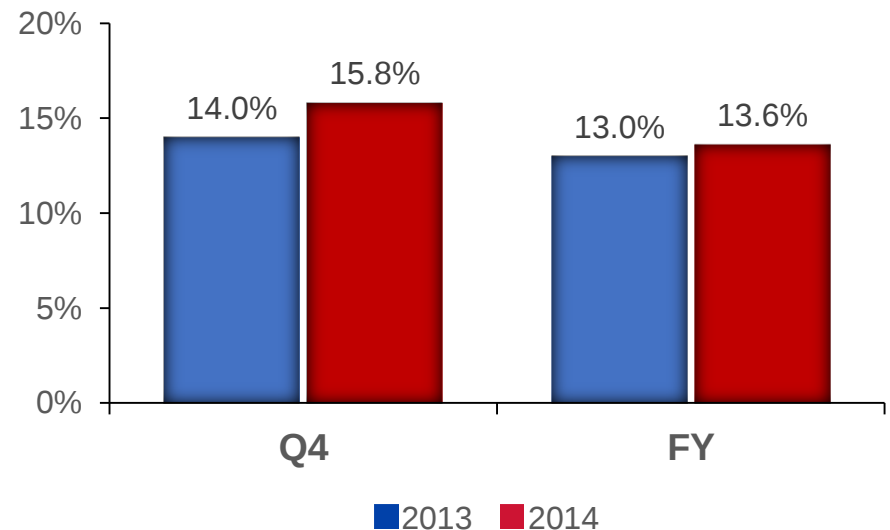
Sales

(\$ millions)



	YOY Sales % Change	
	Q4 2014	FY 2014
Reported	3.3%	3.0%
Organic	3.8%	3.8%

Segment Operating Margins



- Segment operating margin expanded 180 bps in Q4 YOY, and increased 60 bps for the full year
- Both the quarter and the full year increases were driven by higher sales, partially offset by increased spending

Regional Sales

(in millions, except percentages)

<u>Region</u>	<u>Q4 2014</u>		<u>FY 2014</u>	
	<u>Sales</u>	<u>Organic % Change</u>	<u>Sales</u>	<u>Organic % Change</u>
U.S.	\$ 899	5.0%	\$ 3,415	6.8%
Canada	116	6.4%	437	(0.7)%
EMEA	351	(0.9)%	1,352	2.2%
Asia Pacific	256	4.8%	884	5.3%
Latin America	<u>160</u>	11.8%	<u>536</u>	6.0%
TOTAL	<u>\$1,782</u>	4.4%	<u>\$ 6,624</u>	5.1%

Fourth Quarter *

- Latin America growth led by Mexico and Brazil
- Strong growth in India
- Emerging markets up high single digits

Full Year *

- Growth in all regions except Canada, which was adversely impacted by resource-based industries
- Continued strong growth in the U.S., particularly in oil & gas
- Solid growth in Latin America led by food & beverage

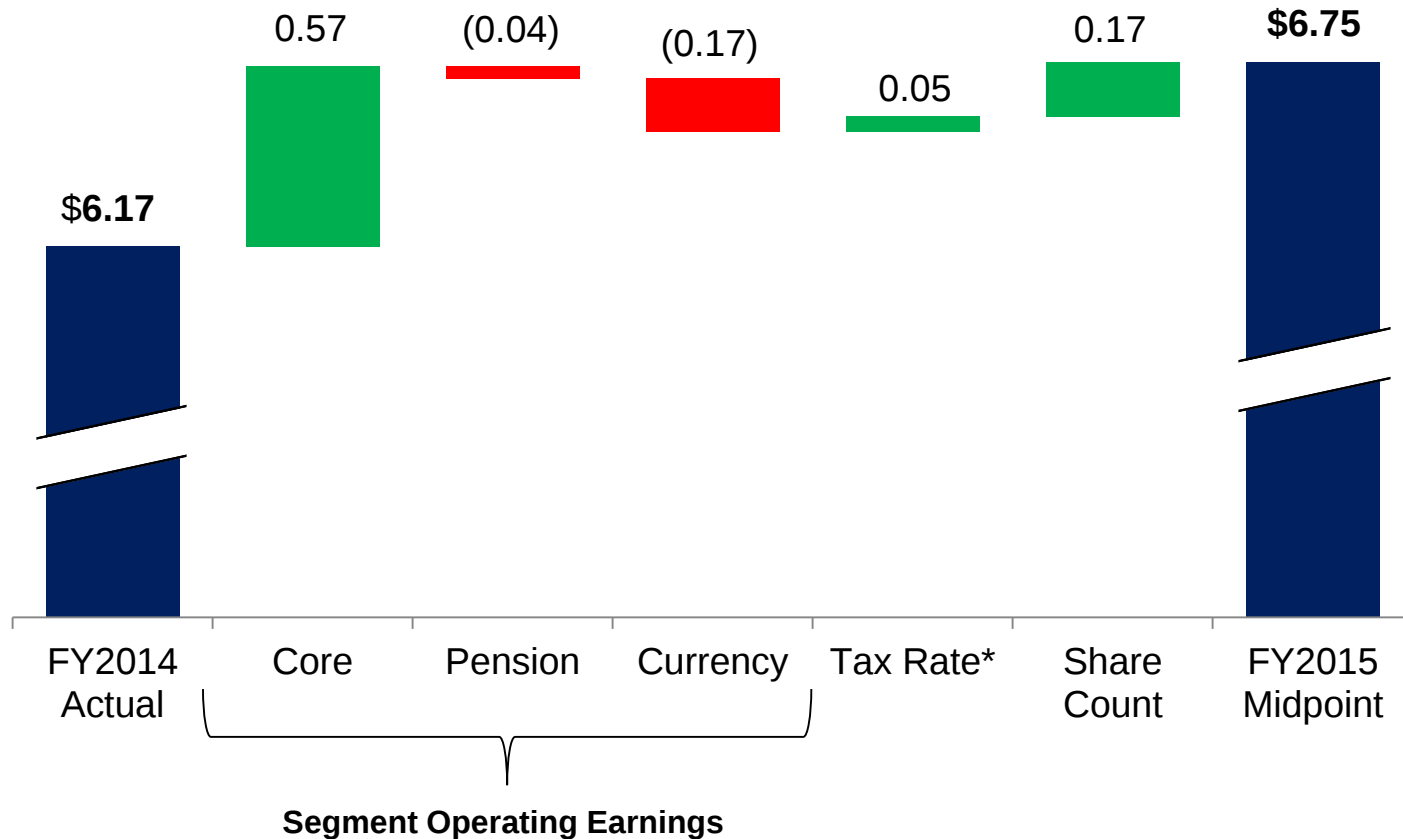
* All growth comments refer to organic growth

Sales Midpoint	~ \$6.8B
Organic Growth Range	2.5% to 6.5%
Currency Translation & Acquisitions	~ (1.5)%
Segment Operating Margin	~ 21%
Adjusted Effective Tax Rate	~ 27%
Adjusted EPS	\$6.55 to \$6.95
Free Cash Flow as a % of Adjusted Income	~ 100%

Note: As of November 12, 2014

FY 2014 to FY 2015 Midpoint Adjusted EPS Walk

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Adjusted EPS growth of 9% YOY

* Adjusted Effective Tax Rate

Appendix

Supplemental Financial Information and
Reconciliations to non-GAAP Measures

Fourth Quarter Results: Summary

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(in millions, except per share amounts)

	<u>Q4 2014</u>	<u>Q4 2013</u>
Total Sales	<u>\$ 1,781.8</u>	<u>\$ 1,715.7</u>
Total Segment Operating Earnings	\$ 395.8	\$ 357.8
Purchase Accounting Depreciation and Amortization	(5.7)	(4.5)
General Corporate - Net	(22.3)	(39.7)
Non-Operating Pension Costs	(13.8)	(19.5)
Interest Expense	(15.0)	(14.9)
Income Tax Provision	(90.3)	(63.9)
Net Income	<u>\$ 248.7</u>	<u>\$ 215.3</u>
<u>Adjustments</u>		
Non-Operating Pension Costs, Net of Tax	8.9	12.5
Adjusted Income	<u>\$ 257.6</u>	<u>\$ 227.8</u>
Adjusted EPS	<u>\$ 1.86</u>	<u>\$ 1.62</u>
Average Diluted Shares	<u>138.5</u>	<u>140.5</u>

Free Cash Flow

(in millions)	<u>Q4 2014</u>	<u>FY 2014</u>
Net Income	\$ 248.7	\$ 826.8
Depreciation/Amortization	38.1	152.5
Retirement Benefits Expense	32.9	132.9
Receivables/Inventory/Payables	(65.7)	(61.5)
Compensation and Benefits	64.6	43.3
Pension Contributions	(9.4)	(42.1)
Income Taxes	23.7	(5.4)
Other	<u>(7.0)</u>	<u>(13.2)</u>
Cash Flow from Operations	325.9	1,033.3
Capital Expenditures	(44.6)	(141.0)
Income Tax Benefit from Share-based Compensation	0.8	29.9
Free Cash Flow	<u>\$ 282.1</u>	<u>\$ 922.2</u>

Reconciliation to Non-GAAP Measures

Organic Sales

(in millions, except percentages)

	Three Months Ended September 30,							
	2014					2013		
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)	Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
United States	\$ 899.4	\$ 1.1	\$ 900.5	\$ (0.5)	\$ 900.0	\$ 857.2	4.9%	5.0%
Canada	116.0	5.4	121.4	—	121.4	114.1	1.7%	6.4%
Europe, Middle East, Africa	350.7	1.7	352.4	(2.6)	349.8	353.1	(0.7)%	(0.9)%
Asia Pacific	256.2	(1.5)	254.7	—	254.7	243.1	5.4%	4.8%
Latin America	159.5	6.2	165.7	—	165.7	148.2	7.6%	11.8%
Total	\$ 1,781.8	\$ 12.9	\$ 1,794.7	\$ (3.1)	\$ 1,791.6	\$ 1,715.7	3.9%	4.4%

	Twelve Months Ended September 30,								
	2014					2013			
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)	Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)	
United States	\$ 3,414.6	\$ 7.7	\$ 3,422.3	\$ (0.9)	\$ 3,421.4	\$ 3,202.9	6.6%	6.8%	
Canada	437.0	28.6	465.6	—	465.6	468.7	(6.8)%	(0.7)%	
Europe, Middle East, Africa	1,351.8	(28.3)	1,323.5	(10.6)	1,312.9	1,284.9	5.2%	2.2%	
Asia Pacific	884.0	12.9	896.9	—	896.9	851.9	3.8%	5.3%	
Latin America	536.1	40.2	576.3	—	576.3	543.5	(1.4)%	6.0%	
Total	\$ 6,623.5	\$ 61.1	\$ 6,684.6	\$ (11.5)	\$ 6,673.1	\$ 6,351.9	4.3%	5.1%	

Reconciliation to Non-GAAP Measures

Organic Sales

(in millions, except percentages)

Three Months Ended September 30,								
2014						2013		
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)	Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
Architecture & Software	\$ 747.4	\$ 4.8	\$ 752.2	\$ (0.5)	\$ 751.7	\$ 714.3	4.6%	5.2%
Control Products & Solutions	1,034.4	8.1	1,042.5	(2.6)	1,039.9	1,001.4	3.3%	3.8%
Total	<u>\$ 1,781.8</u>	<u>\$ 12.9</u>	<u>\$ 1,794.7</u>	<u>\$ (3.1)</u>	<u>\$ 1,791.6</u>	<u>\$ 1,715.7</u>	3.9%	4.4%

Twelve Months Ended September 30,								
2014						2013		
	Sales(a)	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales(b)	Sales(c)	Sales Growth (Decline) (a)/(c)	Organic Growth (Decline) (b)/(c)
Architecture & Software	\$ 2,845.3	\$ 19.6	\$ 2,864.9	\$ (0.9)	\$ 2,864.0	\$ 2,682.0	6.1%	6.8%
Control Products & Solutions	3,778.2	41.5	3,819.7	(10.6)	3,809.1	3,669.9	3.0%	3.8%
Total	<u>\$ 6,623.5</u>	<u>\$ 61.1</u>	<u>\$ 6,684.6</u>	<u>\$ (11.5)</u>	<u>\$ 6,673.1</u>	<u>\$ 6,351.9</u>	4.3%	5.1%

Reconciliation to Non-GAAP Measures

Segment Operating Margin

(in millions, except percentages)

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Twelve Months Ended September 30, 2014	Twelve Months Ended September 30, 2013
Sales				
Architecture & Software (a)	\$ 747.4	\$ 714.3	\$ 2,845.3	\$ 2,682.0
Control Products & Solutions (b)	1,034.4	1,001.4	3,778.2	3,669.9
Total sales (c)	<u>\$ 1,781.8</u>	<u>\$ 1,715.7</u>	<u>\$ 6,623.5</u>	<u>\$ 6,351.9</u>
Segment operating earnings				
Architecture & Software (d)	\$ 232.7	\$ 217.7	\$ 839.6	\$ 759.4
Control Products & Solutions (e)	163.1	140.1	512.4	477.4
Total segment operating earnings (f)	<u>395.8</u>	<u>357.8</u>	<u>1,352.0</u>	<u>1,236.8</u>
Purchase accounting depreciation and amortization	(5.7)	(4.5)	(21.6)	(19.3)
General corporate - net	(22.3)	(39.7)	(81.0)	(97.2)
Non-operating pension costs	(13.8)	(19.5)	(55.9)	(78.5)
Interest expense	(15.0)	(14.9)	(59.3)	(60.9)
Income before income taxes (g)	<u>\$ 339.0</u>	<u>\$ 279.2</u>	<u>\$ 1,134.2</u>	<u>\$ 980.9</u>
Segment operating margin:				
Architecture & Software (d/a)	31.1%	30.5%	29.5%	28.3%
Control Products & Solutions (e/b)	15.8%	14.0%	13.6%	13.0%
Total segment operating margin (f/c)	22.2%	20.9%	20.4%	19.5%
Pretax margin (g/c)	19.0%	16.3%	17.1%	15.4%

Reconciliation to Non-GAAP Measures

Adjusted Income and Adjusted EPS

(in millions, except per share amounts)

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Twelve Months Ended September 30, 2014	Twelve Months Ended September 30, 2013
Income from continuing operations	\$ 248.7	\$ 215.3	\$ 826.8	\$ 756.3
Non-operating pension costs	13.8	19.5	55.9	78.5
Tax effect of non-operating pension costs	(4.9)	(7.0)	(20.0)	(28.5)
Adjusted Income	<u>\$ 257.6</u>	<u>\$ 227.8</u>	<u>\$ 862.7</u>	<u>\$ 806.3</u>
Diluted EPS from continuing operations	\$ 1.79	\$ 1.53	\$ 5.91	\$ 5.36
Non-operating pension costs per diluted share, before tax	0.10	0.14	0.40	0.55
Tax effect of non-operating pension costs per diluted share	(0.03)	(0.05)	(0.14)	(0.20)
Adjusted EPS	<u>\$ 1.86</u>	<u>\$ 1.62</u>	<u>\$ 6.17</u>	<u>\$ 5.71</u>
	Fiscal 2015 Guidance			
Diluted EPS from continuing operations	\$6.24 - \$6.64			
Non-operating pension costs per diluted share, before tax	0.47			
Tax effect of non-operating pension costs per diluted share	(0.16)			
Adjusted EPS	<u>\$6.55 - \$6.95</u>			

Non-Operating Pension Costs

(in millions)

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Twelve Months Ended September 30, 2014	Twelve Months Ended September 30, 2013
Interest cost	\$ 43.4	\$ 40.0	\$ 174.2	\$ 160.2
Expected return on plan assets	(54.4)	(56.6)	(217.9)	(226.3)
Amortization of net actuarial loss	24.9	36.1	99.7	144.6
Settlements	(0.1)	—	(0.1)	—
Non-operating pension costs	<u>\$ 13.8</u>	<u>\$ 19.5</u>	<u>\$ 55.9</u>	<u>\$ 78.5</u>