ROCKWELL AUTOMATION INC
Form 10-K
November 18, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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Form 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2014
Commission file number 1-12383
Rockwell Automation, Inc.
(Exact name of registrant as specified in its charter)

Delaware	25-1797617
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1201 South 2nd Street Milwaukee, Wisconsin	53204
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code:
+1 (414) 382-2000
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer þ	Accelerated Filer o	Non-accelerated Filer o	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No þ
The aggregate market value of registrant's voting stock held by non-affiliates of registrant on March 31, 2014 was approximately $17.1 billion.
135,771,159 shares of registrant's Common Stock, par value $1 per share, were outstanding on October 31, 2014.
DOCUMENTS INCORPORATED BY REFERENCE
Certain information contained in the Proxy Statement for the Annual Meeting of Shareowners of registrant to be held on February 3, 2015 is incorporated by reference into Part III hereof.

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report contains statements (including certain projections and business trends) that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Words such as “believe”, “estimate”, “project”, “plan”, “expect”, “anticipate”, “will”, “intend” and other similar expressions may identify forward-looking statemen
Actual results may differ materially from those projected as a result of certain risks and uncertainties, many of which are beyond our control, including but not limited to:

- macroeconomic factors, including global and regional business conditions, the availability and cost of capital, commodity prices, the cyclical nature of our customers’ capital spending, sovereign debt concerns and currency exchange rates;
- laws, regulations and governmental policies affecting our activities in the countries where we do business;
- the successful development of advanced technologies and demand for and market acceptance of new and existing products;
- the availability, effectiveness and security of our information technology systems;
- competitive products, solutions and services and pricing pressures, and our ability to provide high quality products, solutions and services;
- a disruption of our business due to natural disasters, pandemics, acts of war, strikes, terrorism, social unrest or other causes;
- intellectual property infringement claims by others and the ability to protect our intellectual property;
- the uncertainty of claims by taxing authorities in the various jurisdictions where we do business;
- our ability to attract and retain qualified personnel;
- our ability to manage costs related to employee retirement and health care benefits;
- the uncertainties of litigation, including liabilities related to the safety and security of the products, solutions and services we sell;
- our ability to manage and mitigate the risks associated with our solutions and services businesses;
- a disruption of our distribution channels;
- the availability and price of components and materials;
- the successful integration and management of acquired businesses;
- the successful execution of our cost productivity and globalization initiatives; and
- other risks and uncertainties, including but not limited to those detailed from time to time in our Securities and Exchange Commission (SEC) filings.

These forward-looking statements reflect our beliefs as of the date of filing this report. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. See Item 1A. Risk Factors for more information.

Item 1. Business

General

Rockwell Automation, Inc. (the Company or Rockwell Automation) is a leading global provider of industrial automation power, control and information solutions that help manufacturers achieve competitive advantages for their businesses. Our products and services are designed to meet our customers’ needs to reduce total cost of ownership, maximize asset utilization, improve time to market and reduce enterprise business risk.

The Company continues the business founded as the Allen-Bradley Company in 1903. The privately-owned Allen-Bradley Company was a leading North American manufacturer of industrial automation equipment when the former Rockwell International Corporation (RIC) purchased it in 1985.

The Company was incorporated in Delaware in connection with a tax-free reorganization completed on December 6, 1996, pursuant to which we divested our former aerospace and defense businesses (the A&D Business) to The Boeing

Company (Boeing). In the reorganization, RIC contributed all of its businesses, other than the A&D Business, to the Company and distributed all capital stock of the Company to RIC's shareowners. Boeing then acquired RIC. RIC was incorporated in 1928.

As used herein, the terms "we", "us", "our", the "Company" or "Rockwell Automation" include subsidiaries and predecessors unless the context indicates otherwise. Information included in this Annual Report on Form 10-K refers to our continuing businesses unless otherwise indicated.

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Whenever an Item of this Annual Report on Form 10-K refers to information in our Proxy Statement for our Annual Meeting of Shareowners to be held on February 3, 2015 (the Proxy Statement), or to information under specific captions in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A), or in Item 8. Financial Statements and Supplementary Data (the Financial Statements), the information is incorporated in that Item by reference. All date references to years and quarters refer to our fiscal year and quarters unless otherwise stated.

Operating Segments

We have two operating segments: Architecture & Software and Control Products & Solutions. In 2014, our total sales were $6.62 billion. Financial information with respect to our operating segments, including their contributions to sales and operating earnings for each of the three years in the period ended September 30, 2014, is contained under the caption Results of Operations in MD&A, and in Note 15 in the Financial Statements.

Our Architecture & Software operating segment is headquartered in Mayfield Heights, Ohio, and our Control Products & Solutions operating segment is headquartered in Milwaukee, Wisconsin. Both operating segments conduct business globally. Major markets served by both segments include food and beverage, transportation, oil and gas, metals, mining, and life sciences.

Architecture & Software

Our Architecture & Software operating segment recorded sales of $2.8 billion (43 percent of our total sales) in 2014. The Architecture & Software segment contains all of the hardware, software and communication components of our integrated control and information architecture capable of controlling the customer's industrial processes and connecting with their business enterprise. Architecture & Software has a broad portfolio of products, including:

- Control platforms that perform multiple control disciplines and monitoring of applications, including discrete, batch and continuous process, drives control, motion control and machine safety control. Our platform products include controllers, electronic operator interface devices, electronic input/output devices, communication and networking products and industrial computers. The information-enabled Logix controllers provide integrated multi-discipline control that is modular and scalable.
- Software products that include configuration and visualization software used to operate and supervise control platforms, advanced process control software and manufacturing execution software (MES) that enables customers to improve manufacturing productivity and meet regulatory requirements.
- Other products, including rotary and linear motion control products, sensors and machine safety components.

Control Products & Solutions

Our Control Products & Solutions operating segment recorded sales of $3.8 billion (57 percent of our total sales) in 2014. The Control Products & Solutions segment combines a comprehensive portfolio of intelligent motor control and industrial control products, application expertise and project management capabilities. This comprehensive portfolio includes:

- Low and medium voltage electro-mechanical and electronic motor starters, motor and circuit protection devices, AC/DC variable frequency drives, push buttons, signaling devices, termination and protection devices, relays, timers and condition sensors.
- Value-added solutions ranging from packaged solutions such as configured drives and motor control centers to automation and information solutions where we provide design, integration and start-up services for custom-engineered hardware and software systems primarily for manufacturing applications.
- Services designed to help maximize a customer's automation investment and provide total life-cycle support, including technical support and repair, asset management, training, predictive and preventative maintenance, and safety and network consulting.

Geographic Information

In 2014, sales to customers in the United States accounted for 52 percent of our total sales. Outside the United States, we sell in every region. The largest sales outside the United States on a country-of-destination basis are in Canada, China, the United Kingdom, Italy, Mexico, Germany, and Brazil. See Item 1A. Risk Factors for a discussion of risks

associated with our operations outside the United States. Sales and property information by major geographic area for each of the past three years is contained in Note 15 in the Financial Statements.

Competition

Our competitors range from large diversified corporations that also have business interests outside of industrial automation to smaller companies that specialize in niche industrial automation products, solutions and services. Factors that influence our competitive position include the breadth of our product portfolio and scope of solutions, technology differentiation, knowledge of customer applications, installed base, distribution network, quality of products and services, global presence and price. Our major competitors of both segments include Siemens AG, ABB Ltd, Schneider Electric SA, Emerson Electric Co., Mitsubishi Electric Corp. and Honeywell International Inc.

Distribution

In the United States, Canada and certain other countries, we sell primarily through independent distributors in conjunction with our direct sales force. In the remaining countries, we sell through a combination of our direct sales force and to a lesser extent, through independent distributors. Approximately 70 percent of our global sales are through independent distributors. Sales to our largest distributor in 2014, 2013 and 2012 were approximately 10 percent of our total sales. The independent distributors typically do not carry products that compete with our products.

Research and Development

Our research and development spending for the years ended September 30, 2014, 2013 and 2012 was $290.1 million, $260.7 million and $247.6 million, respectively. Customer-sponsored research and development was not significant in 2014, 2013 or 2012.

Employees

At September 30, 2014, we had approximately 22,500 employees. Approximately 8,500 were employed in the United States.

Raw Materials and Supplies

We purchase a wide range of equipment, components, finished products and materials used in our business. The raw materials essential to the manufacture of our products generally are available at competitive prices. We have a broad base of suppliers and subcontractors. We depend upon the ability of our suppliers and subcontractors to meet performance and quality specifications and delivery schedules. See Item 1A. Risk Factors for a discussion of risks associated with our reliance on third party suppliers.

Backlog

Our total order backlog at September 30 was (in millions):

	2014	2013
Architecture & Software	$159.3	$183.8
Control Products & Solutions	1,074.8	1,091.8
	$1,234.1	$1,275.6

Backlog is not necessarily indicative of results of operations for future periods due to the short-cycle nature of most of our sales activities. Backlog orders scheduled for shipment beyond 2015 were approximately $132 million as of September 30, 2014.

Environmental Protection Requirements

Information about the effect of compliance with environmental protection requirements and resolution of environmental claims is contained in Note 14 in the Financial Statements and in Item 3. Legal Proceedings.

Patents, Licenses and Trademarks

We own or license numerous patents and patent applications related to our products and operations. While in the aggregate our patents and licenses are important in the operation of our business, we do not believe that loss or termination of any one of them would materially affect our business or financial condition. Various claims of patent infringement and requests for patent indemnification have been made to us. We believe that none of these claims or requests will have a material adverse effect on our financial condition. See Item 1A. Risk Factors for a discussion of risks associated with our intellectual property.

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The Company’s name and its registered trademark “Rockwell Automation®” and other trademarks such as “Allen-Bradley®”, “A-B®” and “PlantPAx Process Automation System™” are important to both of our business segments. In addition, we own other important trademarks that we use, such as “ICS Triplex™” for our control products and systems for industrial automation, and “Rockwell Software®” and “FactoryTalk®” for our software offerings.

Seasonality

Our business segments are not subject to significant seasonality. However, the calendarization of our results can vary and may be affected by the seasonal spending patterns of our customers due to their annual budgeting processes and their working schedules.

Available Information

We maintain a website at http://www.rockwellautomation.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act), as well as our annual report to shareowners and Section 16 reports on Forms 3, 4 and 5, are available free of charge on this site through the "Investor Relations" link as soon as reasonably practicable after we file or furnish these reports with the SEC. All reports we file with the SEC are also available free of charge via EDGAR through the SEC’s website at http://www.sec.gov. Our Guidelines on Corporate Governance and charters for our Board committees are also available on our website. The information contained on and linked from our website is not incorporated by reference into this Annual Report on Form 10-K.

Item 1A. Risk Factors

In the ordinary course of our business, we face various strategic, operating, compliance and financial risks. These risks could have an impact on our business, financial condition, operating results and cash flows. Our most significant risks are set forth below and elsewhere in this Annual Report on Form 10-K.

Our Enterprise Risk Management (ERM) process seeks to identify and address significant risks. Our ERM process uses the integrated risk framework of the Committee of Sponsoring Organizations (COSO) to assess, manage, and monitor risks. We believe that risk-taking is an inherent aspect of the pursuit of our growth and performance strategy. Our goal is to manage risks prudently rather than avoiding risks. We can mitigate risks and their impact on the Company only to a limited extent.

A team of senior executives prioritizes identified risks and assigns an executive to address each major identified risk area and lead action plans to manage risks. Our Board of Directors provides oversight of the ERM process and reviews significant identified risks. The Audit Committee also reviews significant financial risk exposures and the steps management has taken to monitor and manage them. Our other Board committees also play a role in risk management, as set forth in their respective charters.

Our goal is to proactively manage risks in a structured approach in conjunction with strategic planning, with the intent to preserve and enhance shareowner value. However, the risks set forth below and elsewhere in this Annual Report on Form 10-K and other risks and uncertainties could cause our results to vary materially from recent results or from our anticipated future results and could adversely affect our business and financial condition.

Adverse changes in business or industry conditions and volatility and disruption of the capital and credit markets may result in decreases in our sales and profitability.

We are subject to macroeconomic cycles and when recessions occur, we may experience reduced orders, payment delays, supply chain disruptions or other factors as a result of the economic challenges faced by our customers, prospective customers and suppliers.

Demand for our products is sensitive to changes in levels of industrial production and the financial performance of major industries that we serve. As economic activity slows, credit markets tighten, or sovereign debt concerns linger, companies tend to reduce their levels of capital spending, which could result in decreased demand for our products.

Our ability to access the credit markets, and the related costs of these borrowings, is affected by the strength of our credit rating and current market conditions. If our access to credit, including the commercial paper market, is adversely affected by a change in market conditions or otherwise, our cost of borrowings may increase or our ability to fund operations may be reduced.

A substantial portion of our sales are to customers outside the U.S. and we are subject to the risks of doing business in many countries.

We do business in more than 80 countries around the world. Approximately 48 percent of our sales in 2014 were to customers outside the U.S. In addition, many of our manufacturing operations, suppliers and employees are located in many places around the world. The future success of our business depends in large part on growth in our sales in non-U.S. markets. Our global operations are subject to numerous financial, legal and operating risks, such as political and economic instability; prevalence of corruption in certain countries; enforcement of contract and intellectual property rights and compliance with existing and future laws, regulations and policies, including those related to tariffs, investments, taxation, trade controls, product content and performance, employment and repatriation of earnings. In addition, we are affected by changes in foreign currency exchange rates, inflation rates and interest rates.

New legislative and regulatory actions could adversely affect our business.

Legislative and regulatory action may be taken in the various countries and other jurisdictions where we operate that may affect our business activities in these countries or may otherwise increase our costs to do business. For example, we are increasingly required to comply with various environmental and other material, product, certification, labeling and customer requirements. These requirements could increase our costs and could potentially have an adverse effect on our ability to ship our products into certain jurisdictions. Our customers may also be required to comply with such legislative and regulatory requirements. Changes in these requirements could impact demand for our products,

solutions and services.

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An inability to respond to changes in customer preferences could result in decreased demand for our products.
Our success depends in part on our ability to anticipate and offer products that appeal to the changing needs and preferences of our customers in the various markets we serve. Developing new products requires high levels of innovation, and the development process is often lengthy and costly. If we are not able to anticipate, identify, develop and market products that respond to changes in customer preferences, demand for our products could decline.
Failures or security breaches of our products or information technology systems could have an adverse effect on our business.
We rely heavily on information technology (IT) both in our products, solutions and services for customers and in our enterprise IT infrastructure in order to achieve our business objectives. Government agencies and security experts have warned about growing risks of hackers, cyber-criminals, malicious insiders and other actors targeting every type of IT system including industrial control systems such as those we sell and service and corporate enterprise IT systems. These actors may engage in fraud, theft of confidential or proprietary information, and sabotage.
Our portfolio of hardware and software products, solutions and services and our enterprise IT systems may be vulnerable to damage or intrusion from a variety of attacks including computer viruses, worms or other malicious software programs. These attacks pose a risk to the security of the products, systems and networks of our customers, suppliers and third-party service providers, as well to the confidentiality of our information and the integrity and availability of our data. While we attempt to mitigate these risks through controls, due diligence, training, surveillance and other measures, we remain vulnerable to information security threats.
Despite the precautions we take, an intrusion or infection of software, hardware or a system that we sold or serviced could result in the disruption of our customers' business, loss of proprietary or confidential information, or injuries to people or property. Similarly, an attack on our enterprise IT system could result in theft or disclosure of trade secrets or other intellectual property or a breach of confidential customer or employee information. Any such events could have an adverse impact on sales, harm our reputation and cause us to incur legal liability and increased costs to address such events and related security concerns. As the threats evolve and become more potent, we may incur additional costs to secure the products, services and solutions that we sell, as well as our data and infrastructure of networks and devices.

We have nearly completed the process of developing and directing the implementation of a common global Enterprise Resource Planning (ERP) system that has resulted in redesigned processes, organization structures, and a common information system all with the objective of improving internal control and our ability to manage and monitor our global operations. The implementations, which were initiated by Rockwell Automation, Inc., the U.S. parent company of our consolidated group, occurred in many locations from 2007 to 2014. As the parent company completes this integration, the system and processes may not perform as expected. This could have an adverse effect on our business.
There are inherent risks in our solutions and services businesses.
Risks inherent in the sale of solutions and services include assuming greater responsibility for successfully delivering projects that meet a particular customer specification, including defining and controlling contract scope, efficiently executing projects, and managing the performance and quality of our subcontractors and suppliers. If we are unable to manage and mitigate these risks, we could incur cost overruns, liabilities, and other losses that would adversely affect our results of operations.
Our industry is highly competitive.
We face strong competition in all of our market segments in several significant respects. We compete based on breadth and scope of our product portfolio and solution and service offerings, technology differentiation, product performance, quality of our products and services, knowledge of integrated systems and applications that address our customers' business challenges, pricing, delivery and customer service. The relative importance of these factors differs across the markets and product areas that we serve. We seek to maintain acceptable pricing levels by continually developing advanced technologies for new products and product enhancements and offering complete solutions for our customers' business problems. If we fail to keep pace with technological changes or to provide high quality

products and services, we may experience price erosion and correspondingly lower sales and margins. We expect the level of competition to remain high in the future, which could limit our ability to maintain or increase our market share or profitability.

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We face the potential harms of natural disasters, pandemics, acts of war, terrorism, international conflicts or other disruptions to our operations.

Natural disasters, pandemics, acts or threats of war or terrorism, international conflicts, political instability, and the actions taken by governments could cause damage to or disrupt our business operations, our suppliers or our customers, and could create economic instability. Although it is not possible to predict such events or their consequences, these events could decrease demand for our products or make it difficult or impossible for us to deliver products.

Intellectual property infringement claims of others and the inability to protect our intellectual property rights could harm our business and our customers.

Others may assert intellectual property infringement claims against us or our customers. We frequently provide a limited intellectual property indemnity in connection with our terms and conditions of sale to our customers and in other types of contracts with third parties. Indemnification payments and legal expenses to defend claims could be costly.

In addition, we own the rights to many patents, trademarks, brand names and trade names that are important to our business. The inability to enforce our intellectual property rights may have an adverse effect on our results of operations. Expenses related to enforcing our intellectual property rights could be significant.

Claims from taxing authorities could have an adverse effect on our tax expense and financial position.

We conduct business in many countries, which requires us to interpret the income tax laws and rulings in each of those taxing jurisdictions. Due to the ambiguity of tax laws among those jurisdictions as well as the uncertainty of how underlying facts may be construed, our estimates of income tax liabilities may differ from actual payments or assessments. We must successfully defend any claims from taxing authorities to avoid an adverse effect on our operating results and financial position.

Our business success depends on attracting and retaining highly qualified personnel.

Our success depends in part on the efforts and abilities of our management team and key employees. Their skills, experience and industry knowledge significantly benefit our operations and performance. Competition for highly qualified management and technical personnel is particularly intense in emerging markets. The failure to attract and retain members of our management team and key employees could have a negative effect on our business, operating results and financial condition.

Increasing employee benefit costs could have a negative effect on our operating results and financial condition.

One important aspect of attracting and retaining qualified personnel is continuing to offer competitive employee retirement and health care benefits. The expenses we record for our pension and other postretirement benefit pension plans depend on factors such as changes in market interest rates, the value of plan assets, mortality assumptions and health care trend rates. Significant unfavorable changes in these factors would increase our expenses. Expenses related to employer-funded health care benefits depend on health care cost inflation. An inability to control costs related to employee and retiree benefits could negatively impact our operating results and financial condition.

Potential liabilities and costs from litigation (including asbestos claims and environmental remediation) could reduce our profitability.

Various lawsuits, claims and proceedings have been or may be asserted against us relating to the conduct of our business, including those pertaining to the safety and security of the products, solutions and services we sell, employment, contract matters and environmental remediation.

We have been named as a defendant in lawsuits alleging personal injury as a result of exposure to asbestos that was used in certain of our products many years ago. Our products may also be used in hazardous industrial activities, which could result in product liability claims. The uncertainties of litigation (including asbestos claims) and the uncertainties related to the collection of insurance coverage make it difficult to predict the ultimate resolution.

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Our operations are subject to regulation by various environmental regulatory authorities concerned with the impact of the environment on human health, the limitation and control of emissions and discharges into the air, ground and waters, the quality of air and bodies of water, and the handling, use and disposal of specified substances. Environmental laws and regulations can be complex and may change. Our financial responsibility to clean up contaminated property or for natural resource damages may extend to previously owned or used properties, waterways and properties owned by unrelated companies or individuals, as well as properties that we currently own and use, regardless of whether the contamination is attributable to prior owners. We have been named as a potentially responsible party at cleanup sites and may be so named in the future, and the costs associated with these current and future sites may be significant.

We have, from time to time, divested certain of our businesses. In connection with these divestitures, certain lawsuits, claims and proceedings may be instituted or asserted against us related to the period that we owned the businesses, either because we agreed to retain certain liabilities related to these periods or because such liabilities fall upon us by operation of law. In some instances, the divested business has assumed the liabilities; however, it is possible that we might be responsible to satisfy those liabilities if the divested business is unable to do so.

A disruption to our distribution channel could reduce our sales.

In the United States and Canada, approximately 90 percent of our sales are through distributors. In certain other countries, the majority of our sales are also through a limited number of distributors. While we maintain the right to appoint new distributors, any unplanned disruption to our existing distribution channel could adversely affect our sales. A disruption could result from the sale of a distributor to a competitor, financial instability of a distributor, or other events.

We rely on suppliers to provide equipment, components and services, which creates certain risks and uncertainties that may adversely affect our business.

Our business requires that we buy equipment, components and services including finished products, which may include electronic components and commodities such as copper, aluminum and steel. Our reliance on suppliers involves certain risks, including:

- poor quality or an insecure supply chain, which could adversely affect the reliability and reputation of our products;
- changes in the cost of these purchases due to inflation, exchange rates, commodity market volatility or other factors;
- intellectual property risks such as ownership of rights or alleged infringement by suppliers;
- information security risks associated with providing confidential information to suppliers; and
- shortages of components, commodities or other materials, which could adversely affect our manufacturing efficiencies and ability to make timely delivery.

Any of these uncertainties could adversely affect our profitability and ability to compete. We also maintain several single-source supplier relationships, because either alternative sources are not available or the relationship is advantageous due to performance, quality, support, delivery, capacity, or price considerations. Unavailability or delivery delays of single-source components or products could adversely affect our ability to ship the related products in a timely manner. The effect of unavailability or delivery delays would be more severe if associated with our higher volume and more profitable products. Even where substitute sources of supply are available, qualifying the alternate suppliers and establishing reliable supplies could cost more or could result in delays and a loss of sales.

We rely on strategic partners to expand our capabilities and to provide more complete automation solutions for our customers, which creates certain risks and uncertainties that may adversely affect our business.

We have relationships with industry-leading strategic partners that provide complementary technology, expertise and thought leadership to enable us to enhance automation solutions for our customers. If we fail to maintain or manage relationships with these third-party partner companies effectively, or these partners are unable or unwilling to perform as expected, our ability to execute our business strategy could be negatively affected.

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Our competitiveness depends on successfully executing our globalization and cost productivity initiatives.

Our globalization strategy includes localization of our products and services to be closer to our customers and identified growth opportunities. Localization of our products and services includes expanding our capabilities, including supply chain and sourcing activities, product design, manufacturing, engineering, marketing and sales and support. These activities expose us to risks, including those related to political and economic uncertainties, transportation delays, labor market disruptions, and challenges to protect our intellectual property. In addition, we continue to invest in initiatives to reduce our cost structure. The failure to achieve our objectives on these initiatives could have an adverse effect on our operating results and financial condition.

Risks associated with acquisitions could have an adverse effect on us.

We have acquired, and will continue to acquire, businesses in an effort to enhance shareowner value. Acquisitions involve risks and uncertainties, including:

- difficulties in integrating the acquired business, retaining the acquired business' customers, and achieving the expected benefits of the acquisition, such as sales increases, access to technologies, cost savings and increases in geographic or product presence, in the desired time frames;
- loss of key employees of the acquired business;
- difficulties implementing and maintaining consistent standards, controls, procedures, policies and information systems; and
- diversion of management's attention from other business concerns.

Future acquisitions could result in debt, dilution, liabilities, increased interest expense, restructuring charges and amortization expenses related to intangible assets.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We operate manufacturing facilities in the United States and multiple other countries. Manufacturing space occupied approximately 3.4 million square feet, of which 35 percent was in the United States and Canada. Our global headquarters are located in Milwaukee, Wisconsin in a facility that we own. We lease the remaining facilities noted below. Most of our facilities are shared by operations in both segments and may be used for multiple purposes such as administrative, manufacturing, warehousing and / or distribution.

The following table sets forth information regarding our headquarter locations as of September 30, 2014.

Location	Segment/Region
Milwaukee, Wisconsin, United States	Global Headquarters and Control Products & Solutions
Mayfield Heights, Ohio, United States	Architecture & Software
Cambridge, Canada	Canada
Capelle, Netherlands / Diegem, Belgium	Europe, Middle East and Africa
Hong Kong	Asia Pacific
Weston, Florida, United States	Latin America

The following table sets forth information regarding our principal manufacturing locations as of September 30, 2014.

Location	Manufacturing Square Footage
Monterrey, Mexico	637,000
Aarau, Switzerland	284,000
Twinsburg, Ohio, United States	257,000
Mequon, Wisconsin, United States	240,000
Cambridge, Canada	216,000
Shanghai, China	196,000
Singapore	155,000
Katowice, Poland	138,000
Tecate, Mexico	135,000
Ladysmith, Wisconsin, United States	124,000
Richland Center, Wisconsin, United States	124,000
Jundiai, Brazil	94,000

There are no major encumbrances (other than financing arrangements, which in the aggregate are not significant) on any of our plants or equipment. In our opinion, our properties have been well maintained, are in sound operating condition and contain all equipment and facilities necessary to operate at present levels.

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Item 3. Legal Proceedings

Asbestos. We (including our subsidiaries) have been named as a defendant in lawsuits alleging personal injury as a result of exposure to asbestos that was used in certain components of our products many years ago. Currently there are a few thousand claimants in lawsuits that name us as defendants, together with hundreds of other companies. In some cases, the claims involve products from divested businesses, and we are indemnified for most of the costs. However, we have agreed to defend and indemnify asbestos claims associated with products manufactured or sold by our Dodge mechanical and Reliance Electric motors and motor repair services businesses prior to their divestiture by us, which occurred on January 31, 2007. We also are responsible for half of the costs and liabilities associated with asbestos cases against RIC's divested measurement and flow control business. But in all cases, for those claimants who do show that they worked with our products or products of divested businesses for which we are responsible, we nevertheless believe we have meritorious defenses, in substantial part due to the integrity of the products, the encapsulated nature of any asbestos-containing components, and the lack of any impairing medical condition on the part of many claimants. We defend those cases vigorously. Historically, we have been dismissed from the vast majority of these claims with no payment to claimants.

We have maintained insurance coverage that we believe covers indemnity and defense costs, over and above self-insured retentions, for claims arising from our former Allen-Bradley subsidiary. Following litigation against Nationwide Indemnity Company (Nationwide) and Kemper Insurance (Kemper), the insurance carriers that provided liability insurance coverage to Allen-Bradley, we entered into separate agreements on April 1, 2008 with both insurance carriers to further resolve responsibility for ongoing and future coverage of Allen-Bradley asbestos claims. In exchange for a lump sum payment, Kemper bought out its remaining liability and has been released from further insurance obligations to Allen-Bradley. Nationwide entered into a cost share agreement with us to pay the substantial majority of future defense and indemnity costs for Allen-Bradley asbestos claims. We believe this arrangement will continue to provide coverage for Allen-Bradley asbestos claims throughout the remaining life of the asbestos liability.

The uncertainties of asbestos claim litigation make it difficult to predict accurately the ultimate outcome of asbestos claims. That uncertainty is increased by the possibility of adverse rulings or new legislation affecting asbestos claim litigation or the settlement process. Subject to these uncertainties and based on our experience defending asbestos claims, we do not believe these lawsuits will have a material effect on our financial condition or results of operations.

Other. Various other lawsuits, claims and proceedings have been or may be instituted or asserted against us relating to the conduct of our business, including those pertaining to product liability, environmental, safety and health, intellectual property, employment and contract matters. Although the outcome of litigation cannot be predicted with certainty and some lawsuits, claims or proceedings may be disposed of unfavorably to us, we believe the disposition of matters that are pending or have been asserted will not have a material effect on our financial condition or results of operations.

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Item 4A. Executive Officers of the Company

The name, age, office and position held with the Company and principal occupations and employment during the past five years of each of the executive officers of the Company as of October 31, 2014 are:

Name, Office and Position, and Principal Occupations and Employment	Age
Keith D. Nosbusch — Chairman of the Board and President and Chief Executive Officer	63
Sujeet Chand — Senior Vice President and Chief Technology Officer	56
Theodore D. Crandall — Senior Vice President and Chief Financial Officer	59
David M. Dorgan — Vice President and Controller	50
Steven W. Etzel — Vice President and Treasurer	54
Douglas M. Hagerman — Senior Vice President, General Counsel and Secretary	53
Frank C. Kulaszewicz — Senior Vice President since April 2011; Vice President and General Manager, Control and Visualization Business previously	50
John P. McDermott — Senior Vice President	56
John M. Miller — Vice President and Chief Intellectual Property Counsel	47
Blake D. Moret — Senior Vice President since April 2011; Vice President and General Manager, Customer Support and Maintenance previously	51
Rondi Rohr-Dralle — Vice President, Investor Relations and Corporate Development	58
Susan J. Schmitt — Senior Vice President, Human Resources	51
Martin Thomas — Senior Vice President, Operations and Engineering Services	56

There are no family relationships, as defined by applicable SEC rules, between any of the above executive officers and any other executive officer or director of the Company. No officer of the Company was selected pursuant to any arrangement or understanding between the officer and any person other than the Company. All executive officers are elected annually.

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PART II

Item 5. Market for the Company's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange and trades under the symbol "ROK." On October 31, 2014 there were 19,856 shareowners of record of our common stock.

The following table sets forth the high and low sales price of our common stock on the New York Stock Exchange-Composite Transactions reporting system during each quarter of our fiscal years ended September 30, 2014 and 2013:

	2014		2013	
Fiscal Quarters	High	Low	High	Low
First	$119.03	$102.98	$84.80	$68.30
Second	125.66	108.83	91.99	83.58
Third	128.57	115.21	91.67	80.60
Fourth	126.84	109.80	109.72	83.59

We declare and pay dividends at the sole discretion of our Board of Directors. During 2014 we declared and paid aggregate cash dividends of $2.32 per common share. During the first quarter of fiscal 2014, we increased our quarterly dividend per common share 12 percent to 58 cents per common share effective with the dividend payable in December 2013 ($2.32 per common share annually). During 2013 we declared and paid aggregate cash dividends of $1.98 per common share.

The table below sets forth information with respect to purchases made by or on behalf of us of shares of our common stock during the three months ended September 30, 2014:

Period	Total Number of Shares Purchased	Average Price Paid Per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approx. Dollar Value of Shares that may yet be Purchased Under the Plans or Programs[2]
July 1 – 31, 2014	435,400	$120.14	435,400	$1,139,084,613
August 1 – 31, 2014	545,915	113.14	545,915	1,077,318,800
September 1 – 30, 2014	225,757	115.02	225,757	1,051,352,648
Total	1,207,072	116.02	1,207,072	

(1) Average price paid per share includes brokerage commissions.

(2) On June 7, 2012, the Board of Directors approved a $1.0 billion share repurchase program. On June 4, 2014, the Board of Directors authorized us to expend an additional $1.0 billion to repurchase shares of our common stock. Our repurchase program allows us to repurchase shares at management's discretion. However, during quarterly "quiet periods," defined as the period of time from quarter end until one business day following the furnishing of our quarterly earnings results to the SEC on Form 8-K, shares are repurchased at our broker's discretion pursuant to a share repurchase plan subject to price and volume parameters.

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Item 6. Selected Financial Data

The following table sets forth selected consolidated financial data of our continuing operations. The data should be read in conjunction with MD&A and the Financial Statements. The consolidated statement of operations data for each of the following five years ended September 30, the related consolidated balance sheet data and other data have been derived from our audited consolidated financial statements.

	Year Ended September 30,				
	2014	2013	2012	2011	2010
	(in millions, except per share data)				
Consolidated Statement of Operations Data:					
Sales	$6,623.5	$6,351.9	$6,259.4	$6,000.4	$4,857.0
Interest expense	59.3	60.9	60.1	59.5	60.5
Net income[1]	826.8	756.3	737.0	697.8	464.3
Earnings per share:					
Basic[2]	5.98	5.43	5.20	4.88	3.26
Diluted[2]	5.91	5.36	5.13	4.80	3.22
Cash dividends per share	2.32	1.98	1.745	1.475	1.22
Consolidated Balance Sheet Data: (at end of period)					
Total assets	$6,229.5	$5,844.6	$5,636.5	$5,284.9	$4,748.3
Short-term debt	325.0	179.0	157.0	—	—
Long-term debt	905.6	905.1	905.0	905.0	904.9
Shareowners' equity	2,658.1	2,585.5	1,851.7	1,748.0	1,460.4
Other Data:					
Capital expenditures	$141.0	$146.2	$139.6	$120.1	$99.4
Depreciation	122.5	113.8	103.9	96.5	95.7
Intangible asset amortization	30.0	31.4	34.7	34.8	31.6

(1) Net income includes $0.7 million and $23.9 million in income from discontinued operations for the years ended September 30, 2011 and 2010, respectively.

(2) Basic earnings per share includes $0.17 per share from discontinued operations for the year ended September 30, 2010. Diluted earnings per share includes $0.01 and $0.17 per share from discontinued operations for the years ended September 30, 2011 and 2010, respectively.

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Non-GAAP Measures

The following discussion includes organic sales, total segment operating earnings and margin, Adjusted Income, Adjusted EPS, Adjusted Effective Tax Rate and free cash flow, which are non-GAAP measures. See Supplemental Sales Information for a reconciliation of reported sales to organic sales and a discussion of why we believe this non-GAAP measure is useful to investors. See Results of Operations for a reconciliation of income before income taxes to total segment operating earnings and margin and a discussion of why we believe these non-GAAP measures are useful to investors. See Results of Operations for a reconciliation of income from continuing operations, diluted EPS from continuing operations and effective tax rate to Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate and a discussion of why we believe these non-GAAP measures are useful to investors. See Financial Condition for a reconciliation of cash flows from operating activities to free cash flow and a discussion of why we believe this non-GAAP measure is useful to investors.

Overview

We are a leading global provider of industrial automation power, control and information solutions that help manufacturers achieve competitive advantages for their businesses. Overall demand for our products, solutions and services is driven by:

- investments in manufacturing, including upgrades, modifications and expansions of existing facilities or production lines, and new facilities or production lines;
- investments in basic materials production capacity, which may be related to commodity pricing levels;
- industry factors that include our customers' new product introductions, demand for our customers' products or services, and the regulatory and competitive environments in which our customers operate;
- levels of global industrial production and capacity utilization;
- regional factors that include local political, social, regulatory and economic circumstances; and
- the spending patterns of our customers due to their annual budgeting processes and their working schedules.

Long-term Strategy

Our vision of being the most valued global provider of innovative industrial automation and information products, solutions and services is supported by our growth and performance strategy, which seeks to:

- achieve growth rates in excess of the automation market by expanding our served market and strengthening our competitive differentiation;
- diversify our sales streams by broadening our portfolio of products, solutions and services, expanding our global presence and serving a wider range of industries and applications;
- grow market share by gaining new customers and by capturing a larger share of existing customers' spending;
- enhance our market access by building our channel capability and partner network;
- make acquisitions that serve as catalysts to organic growth by adding complementary technology, expanding our served market, enhancing our domain expertise or continuing our geographic diversification;
- deploy human and financial resources to strengthen our technology leadership and our intellectual capital business model;
- continuously improve quality and customer experience; and
- drive annual cost productivity.

By implementing the strategy above, we seek to achieve our long-term financial goals that include sales growth of 6-8 percent, double-digit EPS growth, return on invested capital in excess of 20 percent and free cash flow equal to about 100 percent of Adjusted Income.

Our customers face the challenge of remaining globally cost competitive and automation can help them achieve their productivity and sustainability objectives. Our value proposition is to help our customers reduce time to market, lower total cost of ownership, improve asset utilization and manage enterprise risks.

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Differentiation through Technology Innovation and Domain Expertise

We seek a technology leadership position in industrial automation. We believe that our three platforms - integrated architecture, intelligent motor control and solutions and services - provide the foundation for long-term sustainable competitive advantage.

Our integrated control and information architecture, with Logix at its core, is an important differentiator. We are the only automation provider that can support discrete, process, batch, safety, motion and power control on the same hardware platform with the same software programming environment. Our integrated architecture is scalable with standard open communications protocols making it easier for customers to implement more cost effectively.

Intelligent motor control is one of our core competencies and an important aspect of an automation system. These products and solutions enhance the availability, efficiency and safe operation of our customers' critical and most energy-intensive plant assets. Our intelligent motor control offering can be integrated seamlessly with the Logix architecture.

Domain expertise refers to the industry and application knowledge required to deliver solutions and services that support customers through the entire life cycle of their automation investment. The combination of industry-specific domain expertise of our people with our innovative technologies enables us to help our customers solve their manufacturing and business challenges.

Global Expansion

As the manufacturing world continues to expand, we must be able to meet our customers' needs around the world. We continue to expand our footprint in emerging markets. We currently have approximately 60 percent of our employees outside the U.S., and 48 percent of our sales outside the U.S.

As we expand in markets with considerable growth potential and shift our global footprint, we expect to continue to broaden the portfolio of products, solutions and services that we provide to our customers in these regions. We have made significant investments to globalize our manufacturing, product development and customer facing resources in order to be closer to our customers throughout the world. Growth in the emerging markets of Asia Pacific, including China and India, Latin America, Central and Eastern Europe and Africa is projected to exceed global Gross Domestic Product (GDP) growth rates, due to higher levels of infrastructure investment and the growing middle-class population. We believe that increased demand for consumer products in these markets will lead to manufacturing investment and provide us with additional growth opportunities in the future.

Enhanced Market Access

Over the past decade, our investments in technology and globalization have enabled us to expand our addressed market to over $90 billion. Our process initiative has been the most important contributor to this expansion and remains our largest growth opportunity. Logix is the technology foundation that enabled us to become an industry leader for batch process applications and to compete effectively with traditional Distributed Control Systems (DCS) providers for continuous process applications. We complement that with a growing global network of engineers and partners to provide solutions to process customers.

OEMs represent another area of addressed market expansion and an important growth opportunity. To remain competitive, OEMs need to find the optimal balance of machine cost and performance while reducing their time to market. Our scalable integrated architecture and intelligent motor control offerings, along with design productivity tools and our motion and safety products, can assist OEMs in addressing these business needs.

We have developed a powerful network of channel partners, technology partners and commercial partners that act as amplifiers to our internal capabilities and enable us to serve our customers' needs around the world.

Broad Range of Industries Served

We apply our knowledge of manufacturing applications to help customers solve their business challenges. We serve customers in a wide range of industries, including consumer products, resource-based and transportation.

Our consumer products customers are engaged in the food and beverage, home and personal care and life sciences industries. These customers' needs include new capacity, incremental capacity from existing facilities, flexible manufacturing and regulatory compliance. These customers operate in an environment where product innovation and

time to market are critical factors.

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We serve customers in resource-based industries, including oil and gas, mining, aggregates, cement, metals, energy, pulp and paper and water/wastewater. Companies in these industries typically invest in capacity expansion when commodity prices are relatively high and global demand for basic materials is increasing. In addition, there is ongoing investment in upgrades of aging automation systems and productivity.

In the transportation industry, factors such as geographic expansion, investment in new model introductions and more flexible manufacturing technologies influence customers' automation investment decisions. Our sales in transportation are primarily to automotive and tire manufacturers.

Outsourcing and Sustainability Trends

Demand for our products, solutions and services across all industries benefits from the outsourcing and sustainability needs of our customers. Customers increasingly desire to outsource engineering services to achieve a more flexible cost base. Our manufacturing application knowledge enables us to serve these customers globally.

We help our customers meet their sustainability needs pertaining to energy efficiency, environmental and safety goals. Higher energy prices have historically caused customers across all industries to invest in more energy-efficient manufacturing processes and technologies, such as intelligent motor control and energy efficient solutions and services. In addition, environmental and safety objectives often spur customers to invest to ensure compliance and implement sustainable business practices.

Acquisitions

Our acquisition strategy focuses on products, solutions or services that will be catalytic to the organic growth of our core offerings. In January 2014, we acquired Jacobs Automation, a leader in intelligent track motion control technology. This technology improves performance across a wide range of packaging, material handling, and other applications for the global machine builder market.

In November 2013, we acquired vMonitor LLC and its affiliates, a global technology leader for wireless solutions in the oil and gas industry. This acquisition is expected to strengthen our ability to deliver end-to-end projects for the oil and gas sector and accelerate our development of similar process solutions and remote monitoring services for water / wastewater, mining and other industries globally.

In October 2012, we acquired certain assets of the medium voltage drives business of Harbin Jiuzhou Electric Co., Ltd., a leading manufacturer of medium voltage drives, direct current power supplies, switch gear and wind inverters, headquartered in Harbin, China. The acquisition strengthened our presence in the Asia-Pacific motor control market by adding significant capabilities in design, engineering and manufacturing of medium voltage drive products.

In March 2012, we acquired certain assets and assumed certain liabilities of SoftSwitching Technologies Corporation, an industrial power quality detection and protection systems provider in the United States.

We believe the acquired companies will help us expand our served market and deliver value to our customers.

Continuous Improvement

Productivity and continuous improvement are important components of our culture. We have programs in place that drive ongoing process improvement, functional streamlining, material cost savings and manufacturing productivity. We are in the process of developing and implementing common global processes and an enterprise-wide business system. These are intended to improve profitability that can be used to fund investments in growth and to offset inflation. Our ongoing productivity initiatives target both cost reduction and improved asset utilization. Charges for workforce reductions and facility rationalization may be required in order to effectively execute our productivity programs.

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U. S. Industrial Economic Trends

In 2014, sales to U.S. customers accounted for 52 percent of our total sales. The various indicators we use to gauge the direction and momentum of our U.S. served markets include:

- The Industrial Production Index (IP), published by the Federal Reserve, which measures the real output of manufacturing, mining, and electric and gas utilities. The Industrial Production Index is expressed as a percentage of real output in a base year, currently 2007. Historically there has been a meaningful correlation between the changes in the Industrial Production Index and the level of automation investment made by our U.S. customers in their manufacturing base.
- The Manufacturing Purchasing Managers' Index (PMI), published by the Institute for Supply Management (ISM), which is an indicator of the current and near-term state of manufacturing activity in the U.S. According to the ISM, a PMI measure above 50 indicates that the U.S. manufacturing economy is generally expanding while a measure below 50 indicates that it is generally contracting.
- Industrial Equipment Spending, which is an economic statistic compiled by the Bureau of Economic Analysis (BEA). This statistic provides insight into spending trends in the broad U.S. industrial economy. This measure over the longer term has proven to demonstrate a reasonable correlation with our domestic growth.
- Capacity Utilization (Total Industry), which is an indication of plant operating activity published by the Federal Reserve. Historically there has been a meaningful correlation between Capacity Utilization and levels of U.S. industrial production.

The table below depicts the trends in these indicators from fiscal 2012 to 2014. The PMI increase in the fourth quarter of fiscal 2014 indicates expansion in the U.S. manufacturing sector. Industrial Equipment Spending and the Industrial Production Index have been improving, while Capacity Utilization remained flat. Strength in the recently reported macroeconomic indicators supports our expectation that market conditions in the U.S. will remain healthy next year, though IP growth is expected to be somewhat lower. We expect the U.S. growth in fiscal 2015 to be slightly lower than in fiscal 2014.

	Industrial Production Index	PMI	Industrial Equipment Spending (in billions)	Capacity Utilization (percent)
Fiscal 2014 quarter ended:				
September 2014	104.5	56.6	251.3	79.1
June 2014	103.6	55.3	237.2	79.1
March 2014	102.2	53.7	222.7	78.6
December 2013	101.3	56.5	214.5	78.4
Fiscal 2013 quarter ended:				
September 2013	100.1	56.0	213.6	77.9
June 2013	99.4	52.5	205.4	77.8
March 2013	99.0	51.5	205.7	77.7
December 2012	98.0	50.4	204.6	77.3
Fiscal 2012 quarter ended:				
September 2012	97.4	52.2	200.9	77.2
June 2012	97.0	51.0	201.0	77.4
March 2012	96.1	53.0	198.9	77.2
December 2011	95.1	53.1	208.1	76.8

Note: Economic indicators are subject to revisions by the issuing organizations.

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Non-U.S. Regional Trends

In 2014, sales to non-U.S. customers accounted for 48 percent of our total sales. These customers include both indigenous companies and multinational companies with expanding global presence. In addition to the global factors previously mentioned in the "Overview" section, international demand, particularly in emerging markets, has historically been driven by the strength of the industrial economy in each region, investments in infrastructure and expanding consumer markets. We use changes in the respective countries' Gross Domestic Product (GDP) and Industrial Production as indicators of the growth opportunities in each region where we do business.

Overall, economic projections call for higher rates of industrial production growth in regions outside the U.S. in 2015 compared to 2014; however, market conditions are expected to be mixed across and within regions. In Europe, economic forecasts call for little to no growth in Western Europe and moderate growth in emerging countries. In Asia Pacific, China’s economic picture is mixed. Overcapacity and lack of liquidity are threats, but exports and production are expected to improve. In Latin America, Brazil is in a recession but Mexico's economy remains strong. Canada is expected to have continued low levels of economic growth as weak commodity prices weigh on investment in resource-based industries. Despite these current headwinds and inherently greater volatility of their economic conditions, we continue to expect that emerging markets will be the fastest growing automation markets over the long term.

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Summary of Results of Operations

In 2014, we achieved record sales of $6,623.5 million with sales growth of 4.3 percent year over year. Organic sales increased 5.1 percent. All regions, except for Canada, experienced organic sales growth year over year, led by the United States with organic sales growth of 6.8 percent. The end market with the strongest sales growth for the year was oil and gas.

The following is a summary of our results related to key growth initiatives:

- Sales related to our process initiative increased approximately 4 percent in 2014 compared to 2013.
- Logix sales exceeded $1 billion in 2014 and grew 6 percent compared to 2013. Logix organic sales increased 7 percent year over year.
- Sales in emerging markets increased 3 percent in 2014 compared to 2013. Organic sales in emerging markets increased 6 percent year over year, higher than the company average.

For the second year in a row we expanded segment operating margin by almost a point while continuing to invest for growth.

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The following tables reflect our sales and operating results for the years ended September 30, 2014, 2013 and 2012 (in millions, except per share amounts):

	Year Ended September 30,		
	2014	2013	2012
Sales			
Architecture & Software	$2,845.3	$2,682.0	$2,650.4
Control Products & Solutions	3,778.2	3,669.9	3,609.0
Total sales (a)	$6,623.5	$6,351.9	$6,259.4
Segment operating earnings[1]			
Architecture & Software	$839.6	$759.4	$714.4
Control Products & Solutions	512.4	477.4	449.5
Total segment operating earnings[2] (b)	1,352.0	1,236.8	1,163.9
Purchase accounting depreciation and amortization	(21.6)	(19.3)	(19.8)
General corporate — net	(81.0)	(97.2)	(82.9)
Non-operating pension costs[3]	(55.9)	(78.5)	(35.2)
Interest expense	(59.3)	(60.9)	(60.1)
Income before income taxes (c)	1,134.2	980.9	965.9
Income tax provision	(307.4)	(224.6)	(228.9)
Net income	$826.8	$756.3	$737.0
Diluted EPS	$5.91	$5.36	$5.13
Adjusted EPS[4]	$6.17	$5.71	$5.29
Diluted weighted average outstanding shares	139.7	140.9	143.4
Total segment operating margin[2] (b/a)	20.4 %	19.5 %	18.6 %
Pre-tax margin (c/a)	17.1 %	15.4 %	15.4 %

(1) See Note 15 in the Consolidated Financial Statements for the definition of segment operating earnings.

(2) Total segment operating earnings and total segment operating margin are non-GAAP financial measures. We believe that these measures are useful to investors as measures of operating performance. We use these measures to monitor and evaluate the profitability of the company. Our measure of total segment operating earnings and total segment operating margin may be different from those used by other companies.

(3) Beginning in fiscal 2013, we redefined segment operating earnings to exclude non-operating pension costs. Non-operating pension costs were reclassified to a separate line item within the above table for all periods presented. These costs were previously included in segment operating earnings and in general corporate-net. We continue to include service cost and amortization of prior service cost in the business segment that incurred the expense as these costs represent the operating cost of providing pension benefits to our employees.

(4) Adjusted EPS is a non-GAAP earnings measure that excludes the non-operating pension costs and their related income tax effect. See Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate Reconciliation for more information on this non-GAAP measure.

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Purchase accounting depreciation and amortization and non-operating pension costs are not allocated to our operating segments because these costs are excluded from our measurement of each segment's operating performance for internal purposes. If we were to allocate these costs, we would attribute them to each of our segments as follows (in millions):

	Year Ended September 30,		
	2014	2013	2012
Purchase accounting depreciation and amortization			
Architecture & Software	$4.1	$4.0	$5.0
Control Products & Solutions	16.5	14.3	13.8
Non-operating pension costs			
Architecture & Software	20.6	27.6	11.6
Control Products & Solutions	32.2	46.6	20.9

The decreases in non-operating pension costs in both segments in fiscal 2014 were primarily due to the increase in the discount rate used to measure net periodic pension cost for our U.S. pension plans. The rate increased from 4.15 percent in 2013 to 5.05 percent in 2014.

Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate Reconciliation

Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate are non-GAAP earnings measures that exclude non-operating pension costs and their related income tax effects. We define non-operating pension costs as defined benefit plan interest cost, expected return on plan assets, amortization of actuarial gains and losses and the impact of any plan curtailments or settlements. These components of net periodic benefit cost primarily relate to changes in pension assets and liabilities that are a result of market performance; we consider these costs to be unrelated to the operating performance of our business. We believe that Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate provide useful information to our investors about our operating performance and allow management and investors to compare our operating performance period over period. Our measures of Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate may be different from measures used by other companies. These non-GAAP measures should not be considered a substitute for income from continuing operations, diluted EPS and effective tax rate.

The following are the components of operating and non-operating pension costs for the years ended September 30, 2014, 2013 and 2012 (in millions):

	Year Ended September 30,		
	2014	2013	2012
Service cost	$78.5	$92.1	$71.8
Amortization of prior service credit	(2.7)	(2.5)	(2.3)
Operating pension costs	75.8	89.6	69.5
Interest cost	174.2	160.2	167.6
Expected return on plan assets	(217.9)	(226.3)	(228.1)
Amortization of net actuarial loss	99.7	144.6	94.7
Settlements	(0.1)	—	1.0
Non-operating pension costs	55.9	78.5	35.2
Net periodic pension cost	$131.7	$168.1	$104.7

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The following are reconciliations of income from continuing operations, diluted EPS from continuing operations, and effective tax rate to Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate for the years ended September 30, 2014, 2013 and 2012 (in millions, except per share amounts):

	Year Ended September 30,		
	2014	2013	2012
Income from continuing operations	$826.8	$756.3	$737.0
Non-operating pension costs, before tax	55.9	78.5	35.2
Tax effect of non-operating pension costs	(20.0)	(28.5)	(12.6)
Adjusted Income	$862.7	$806.3	$759.6
Diluted EPS from continuing operations	$5.91	$5.36	$5.13
Non-operating pension costs per diluted share, before tax	0.40	0.55	0.25
Tax effect of non-operating pension costs per diluted share	(0.14)	(0.20)	(0.09)
Adjusted EPS	$6.17	$5.71	$5.29
Effective tax rate	27.1%	22.9%	23.7%
Tax effect of non-operating pension costs	0.4%	1.0%	0.4%
Adjusted Effective Tax Rate	27.5%	23.9%	24.1%

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2014 Compared to 2013

(in millions, except per share amounts)	2014	2013	Change
Sales	$6,623.5	$6,351.9	$271.6
Income before income taxes	1,134.2	980.9	153.3
Diluted EPS	5.91	5.36	0.55
Adjusted EPS	6.17	5.71	0.46

Sales

Sales in fiscal 2014 increased 4.3 percent compared to 2013. Organic sales increased 5.1 percent, and currency translation reduced sales by 1.0 percent. Sales in our solutions and services businesses grew 2 percent year over year. Product sales grew 5 percent year over year. Pricing contributed about 1 percentage point to growth.

The table below presents our sales, attributed to the geographic regions based upon country of destination, for the year ended September 30, 2014 and the change from the same period a year ago (in millions, except percentages):

	Year Ended September 30, 2014	Change vs. Year Ended September 30, 2013	Change in Organic Sales vs. Year Ended September 30, 2013(1)
United States	$3,414.6	6.6 %	6.8 %
Canada	437.0	(6.8)%	(0.7)%
Europe, Middle East and Africa	1,351.8	5.2 %	2.2 %
Asia Pacific	884.0	3.8 %	5.3 %
Latin America	536.1	(1.4)%	6.0 %
Total sales	$6,623.5	4.3 %	5.1 %

(1) Organic sales are sales excluding the effect of changes in currency exchange rates and acquisitions. See Supplemental Sales Information for information on this non-GAAP measure.

- Sales growth in the United States was realized broadly across industries, with the highest growth in the oil and gas and home and personal care industries.

- Sales in Canada declined due to the unfavorable impact of foreign currency translation. Organic sales declined slightly due to continued weakness in solutions and services in resource-based industries, partially offset by growth in our product businesses.

- EMEA sales grew as a result of the favorable impact of currency translation, organic sales growth and a small contribution from acquisitions. Organic sales were driven by growth in our products businesses.

- Asia Pacific organic sales growth was driven by strong sales to OEM customers in China and a return to growth in India.

- Latin America sales declined due to the unfavorable impact of currency translation. Organic sales growth in the region was driven by strong sales in Brazil and Mexico that more than offset sales declines in the rest of the region.

General Corporate - Net

General corporate - net expenses were $81.0 million in fiscal 2014 compared to $97.2 million in fiscal 2013. The year-over-year decrease was primarily due to fiscal 2013 charges related to legacy environmental matters.

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Income before Income Taxes

Income before income taxes increased 16 percent from $980.9 million in 2013 to $1,134.2 million in 2014, primarily due to an increase in segment operating earnings, lower non-operating pension costs and reduced general corporate - net expenses. Total segment operating earnings increased 9 percent year over year, primarily due to higher sales and favorable mix, partially offset by increased spending.

Income Taxes

The effective tax rate for 2014 was 27.1 percent compared to 22.9 percent in 2013. The 2014 and 2013 effective tax rates were lower than the U.S. statutory rate of 35 percent primarily because we benefited from lower non-U.S. tax rates. The Adjusted Effective Tax Rate in 2014 was 27.5 percent compared to 23.9 percent in 2013. The increases in the effective tax rate and the Adjusted Effective Tax Rate were primarily due to significant net favorable prior period tax matters recognized in fiscal 2013 and a smaller amount of net unfavorable similar items recognized in fiscal 2014. We also recognized a significant benefit from the retroactive extension of the U.S. federal research and development tax credit (U.S. research tax credit) in fiscal 2013. The U.S. research tax credit expired on December 31, 2013.

See Note 13 in the Financial Statements for a complete reconciliation of the United States statutory tax rate to the effective tax rate and more information on tax events in 2014 and 2013 affecting the respective tax rates.

Architecture & Software

(in millions, except percentages)	2014		2013		Change	
Sales	$2,845.3		$2,682.0		$163.3	
Segment operating earnings	839.6		759.4		80.2	
Segment operating margin	29.5	%	28.3	%	1.2	pts

Sales

Architecture & Software sales increased 6.1 percent in 2014 compared to 2013. Organic sales increased 6.8 percent, and the effects of currency translation reduced sales by 0.7 percent. Pricing contributed approximately 1 percentage point to growth during the year. All regions experienced sales growth during the year except Latin America, which grew organically but declined in total due to currency translation. Excluding the impact of currency translation, Canada was the best performing region for the segment in 2014. Logix sales increased 6 percent in 2014 compared to 2013 and Logix organic sales increased 7 percent year over year.

Operating Margin

Architecture & Software segment operating earnings increased 11 percent. Operating margin expanded 1.2 points to 29.5 percent in 2014 compared to 28.3 percent in 2013, primarily due to higher sales, partially offset by increased spending.

Control Products & Solutions

(in millions, except percentages)	2014		2013		Change	
Sales	$3,778.2		$3,669.9		$108.3	
Segment operating earnings	512.4		477.4		35.0	
Segment operating margin	13.6	%	13.0	%	0.6	pts

Sales

Control Products & Solutions sales increased 3.0 percent in 2014 compared to 2013. Organic sales increased 3.8 percent, and currency translation reduced sales by 1.1 percent. Pricing contributed less than 1 percentage point to growth during the year. The United States was the best performing region for the segment in 2014. Excluding the impact of currency translation, all regions experienced sales growth except Canada, where the solutions business was adversely impacted by resource-based industries.

Operating Margin

Control Products & Solutions segment operating earnings increased 7 percent year over year. Segment operating margin was 13.6 percent in 2014 compared to 13.0 percent a year ago, primarily due to higher sales, partially offset by increased spending.

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2013 Compared to 2012

(in millions, except per share amounts)	2013	2012	Change
Sales	$6,351.9	$6,259.4	$92.5
Income before income taxes	980.9	965.9	15.0
Diluted EPS	5.36	5.13	0.23
Adjusted EPS	5.71	5.29	0.42

Sales

Sales in fiscal 2013 increased 1.5 percent compared to 2012. Organic sales increased 1.7 percent. Sales in our solutions and services businesses grew 1 percent year over year. Fiscal 2013 year-end backlog in these businesses was 9 percent higher than at the end of last year. Product sales grew 2 percent year over year. Pricing contributed about 1 percentage point to growth.

The table below presents our sales, attributed to the geographic regions based upon country of destination, for the year ended September 30, 2013 and the change from the same period a year ago (in millions, except percentages):

	Year Ended September 30, 2013	Change vs. Year Ended September 30, 2012	Change in Organic Sales vs. Year Ended September 30, 2012(1)
United States	$3,202.9	4 %	4 %
Canada	468.7	1 %	2 %
Europe, Middle East and Africa	1,284.9	— %	— %
Asia Pacific	851.9	(10)%	(10)%
Latin America	543.5	8 %	12 %
Total sales	$6,351.9	1 %	2 %

(1) Organic sales are sales excluding the effect of changes in currency exchange rates and acquisitions. See Supplemental Sales Information for information on this non-GAAP measure.

- The United States and Canada had solid sales growth with oil and gas being the best performing end markets.
- EMEA's sales growth was flat this year but we continued to outperform the market, especially with OEMs.
- Asia Pacific had a challenging year with sales declines in all countries, except Japan.
- Latin America was the highest growth region, led by strong growth in Brazil and Mexico.

General Corporate - Net

General corporate - net expenses were $97.2 million in fiscal 2013 compared to $82.9 million in fiscal 2012. The largest contributor to the year-over-year increase was higher legacy environmental charges.

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Income before Income Taxes

Income before income taxes increased 2 percent from $965.9 million in 2012 to $980.9 million in 2013. The increase was primarily due to an increase in segment operating earnings, partially offset by higher non-operating pension costs. Total segment operating earnings increased 6 percent year over year, primarily due to higher sales and strong productivity.

Income Taxes

The effective tax rate for 2013 was 22.9 percent compared to 23.7 percent in 2012. The 2013 and 2012 effective tax rates were lower than the U.S. statutory rate of 35 percent because our sales outside of the U.S. benefited from lower tax rates. The Adjusted Effective Tax Rate in 2013 was 23.9 percent compared to 24.1 percent in 2012. We recognized net discrete tax benefits of $22.7 million in 2013, primarily related to the favorable resolution of tax matters in various global jurisdictions and the retroactive extension of the U.S. federal research and development tax credit.

See Note 13 in the Financial Statements for a complete reconciliation of the United States statutory tax rate to the effective tax rate and more information on tax events in 2013 and 2012 affecting the respective tax rates.

Architecture & Software

(in millions, except percentages)	2013		2012		Change	
Sales	$2,682.0		$2,650.4		$31.6	
Segment operating earnings	759.4		714.4		45.0	
Segment operating margin	28.3	%	27.0	%	1.3	pts

Sales

Architecture & Software sales increased 1 percent in 2013 compared to 2012. Organic sales increased 2 percent, and the effects of currency translation reduced sales by 1 percentage point. Pricing contributed about 1 percentage point to growth during the year. Strong year-over-year sales growth in the United States and EMEA was offset by significant declines in Asia Pacific. Logix sales increased 4 percent in 2013 compared to 2012.

Operating Margin

Architecture & Software segment operating earnings increased 6 percent. Operating margin expanded 1.3 points to 28.3 percent in 2013 as compared to 2012, primarily due to higher sales and strong productivity.

Control Products & Solutions

(in millions, except percentages)	2013		2012		Change	
Sales	$3,669.9		$3,609.0		$60.9	
Segment operating earnings	477.4		449.5		27.9	
Segment operating margin	13.0	%	12.5	%	0.5	pts

Sales

Control Products & Solutions sales increased 2 percent in 2013 compared to 2012. Organic sales increased 2 percent. Pricing contributed less than 1 percentage point to growth during the year. Latin America was the strongest performing region for the segment with double-digit year-over-year sales growth during the year. The United States and Canada experienced solid sales growth in 2013, while Asia Pacific reported significant sales declines.

Operating Margin

Control Products & Solutions segment operating earnings increased 6 percent. Operating margin expanded 0.5 point to 13.0 percent in 2013 as compared to 2012, primarily due to higher sales, strong productivity and favorable mix.

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Financial Condition

The following is a summary of our cash flows from operating, investing and financing activities, as reflected in the Consolidated Statement of Cash Flows (in millions):

	Year Ended September 30,		
	2014	2013	2012
Cash provided by (used for):			
Operating activities	$1,033.3	$1,014.8	$718.7
Investing activities	(483.4)	(256.8)	(503.2)
Financing activities	(521.8)	(454.6)	(282.7)
Effect of exchange rate changes on cash	(37.7)	0.6	(16.8)
Cash provided by (used for) continuing operations	$(9.6)	$304.0	$(84.0)

The following table summarizes free cash flow (in millions), which is a non-GAAP financial measure:

	Year Ended September 30,		
	2014	2013	2012
Cash provided by continuing operating activities	$1,033.3	$1,014.8	$718.7
Capital expenditures	(141.0)	(146.2)	(139.6)
Excess income tax benefit from share-based compensation	29.9	31.9	18.5
Free cash flow	$922.2	$900.5	$597.6

Our definition of free cash flow takes into consideration capital investments required to maintain the operations of our businesses and execute our strategy. Cash provided by continuing operating activities adds back non-cash depreciation expense to earnings but does not reflect a charge for necessary capital expenditures. Our definition of free cash flow excludes the operating cash flows and capital expenditures related to our discontinued operations. Operating, investing and financing cash flows of our discontinued operations are presented separately in our statement of cash flows. Accounting principles generally accepted in the United States (U.S. GAAP) require the excess income tax benefit to be reported as a financing cash flow rather than as an operating cash flow. We have added this benefit back to our calculation of free cash flow in order to generally classify cash flows arising from income taxes as operating cash flows. In our opinion, free cash flow provides useful information to investors regarding our ability to generate cash from business operations that is available for acquisitions and other investments, service of debt principal, dividends and share repurchases. We use free cash flow as one measure to monitor and evaluate performance. Our definition of free cash flow may differ from definitions used by other companies.

Cash provided by operating activities was $1,033.3 million for the year ended September 30, 2014 compared to $1,014.8 million for the year ended September 30, 2013. Free cash flow was a source of $922.2 million for the year ended September 30, 2014 compared to a source of $900.5 million for the year ended September 30, 2013. The increase in the cash flow provided by operating activities and the increase in free cash flow are primarily due to higher earnings, largely offset by higher tax payments.

We repurchased approximately 4.1 million shares of our common stock under our share repurchase program in 2014. The total cost of these shares was $483.8 million, of which $4.5 million was recorded in accounts payable at September 30, 2014, related to 40,757 shares that did not settle until October 2014. In 2013, we repurchased approximately 4.7 million shares of our common stock under our share repurchase program. The total cost of these shares was $401.5 million, of which $6.4 million was recorded in accounts payable at September 30, 2013, related to 60,000 shares that did not settle until October 2013. Our decision to repurchase stock in 2015 will depend on business conditions, free cash flow generation, other cash requirements and stock price. At September 30, 2014 we had approximately $1,051.4 million remaining for stock repurchases under our existing board authorizations. See Part II, Item 5. Market for the Company’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities, for additional information regarding share repurchases.

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We expect future uses of cash to include working capital requirements, capital expenditures, additional contributions to our retirement plans, acquisitions of businesses, dividends to shareowners, repurchases of common stock and repayments of debt. We expect capital expenditures in 2015 to be about $150 million. We expect to fund future uses of cash with a combination of existing cash balances and short-term investments, cash generated by operating activities, commercial paper borrowings or a new issuance of debt or other securities.

Given our extensive operations outside the U.S., a significant amount of our cash, cash equivalents and short-term investments (funds) are held in non-U.S. subsidiaries where our undistributed earnings are permanently reinvested. Generally, these funds would be subject to U.S. tax if repatriated. The percentage of such non-U.S. funds can vary from quarter to quarter with an average of approximately 90 percent over the past eight quarters. As of September 30, 2014, approximately 90 percent of our funds were held in such non-U.S. subsidiaries. We have not encountered and do not expect to encounter any difficulty meeting the liquidity requirements of our domestic and international operations.

In addition to cash generated by operating activities, we have access to existing financing sources, including the public debt markets and unsecured credit facilities with various banks. Commercial paper is our principal source of short-term financing. At September 30, 2014, commercial paper borrowings outstanding were $325.0 million, with a weighted average interest rate of 0.17 percent and weighted average maturity period of seven days. At September 30, 2013, commercial paper borrowings outstanding were $179.0 million, with a weighted average interest rate of 0.17 percent and weighted average maturity period of five days. Our debt-to-total-capital ratio was 31.6 percent at September 30, 2014 and 29.5 percent at September 30, 2013. The increase in the debt-to-total-capital ratio is primarily due to higher commercial paper balances.

At September 30, 2014 and 2013, our total borrowing capacity under our five-year unsecured revolving credit facility expiring in May 2018 was $750.0 million. We can increase the aggregate amount of this credit facility by up to $250.0 million, subject to the consent of the banks in the credit facility. We have not borrowed against this credit facility during the years ended September 30, 2014 and 2013. Borrowings under this credit facility bear interest based on short-term money market rates in effect during the period borrowings are outstanding. The terms of this credit facility contain covenants under which we would be in default if our debt-to-total-capital ratio was to exceed 60 percent. Separate short-term unsecured credit facilities of approximately $126.6 million at September 30, 2014 were available to non-U.S. subsidiaries. Borrowings under our non-U.S. credit facilities during fiscal 2014 and 2013 were not significant. We were in compliance with all covenants under our credit facilities during the years ended September 30, 2014 and 2013. There were no significant commitment fees or compensating balance requirements under any of our credit facilities.

Among other uses, we can draw on our credit facility as a standby liquidity facility to repay our outstanding commercial paper as it matures. This access to funds to repay maturing commercial paper is an important factor in maintaining the short-term credit ratings set forth in the table below. Under our current policy with respect to these ratings, we expect to limit our other borrowings under our credit facility, if any, to amounts that would leave enough credit available under the facility so that we could borrow, if needed, to repay all of our then outstanding commercial paper as it matures.

The following is a summary of our credit ratings as of September 30, 2014:

Credit Rating Agency	Short Term Rating	Long Term Rating	Outlook
Standard & Poor’s	A-1	A	Stable
Moody’s	P-2	A3	Positive
Fitch Ratings	F1	A	Stable

Our ability to access the commercial paper market, and the related costs of these borrowings, is affected by the strength of our credit rating and market conditions. We have not experienced any difficulty in accessing the commercial paper market to date. If our access to the commercial paper market is adversely affected due to a change

in market conditions or otherwise, we would expect to rely on a combination of available cash and our unsecured committed credit facility to provide short-term funding. In such event, the cost of borrowings under our unsecured committed credit facility could be higher than the cost of commercial paper borrowings.

We regularly monitor the third-party depository institutions that hold our cash and cash equivalents and short-term investments. Our emphasis is primarily on safety and liquidity of principal and secondarily on maximizing yield on those funds. We diversify our cash and cash equivalents and short-term investments among counterparties to minimize exposure to any one of these entities.

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We use foreign currency forward exchange contracts to manage certain foreign currency risks. We enter into these contracts to hedge our exposure to foreign currency exchange rate variability in the expected future cash flows associated with certain third-party sales and intercompany transactions denominated in foreign currencies forecasted to occur within the next two years. We also enter into these contracts to offset transaction gains or losses associated with some of our assets and liabilities resulting from intercompany loans or other transactions with third parties that are denominated in currencies other than our entities' functional currencies. Our foreign currency forward exchange contracts are usually denominated in currencies of major industrial countries. We diversify our foreign currency forward exchange contracts among counterparties to minimize exposure to any one of these entities.
Cash dividends to shareowners were $320.5 million in 2014 ($2.32 per common share), $276.3 million in 2013 ($1.98 per common share) and $247.4 million in 2012 ($1.745 per common share). Our quarterly dividend rate as of September 30, 2014 is $0.58 per common share ($2.32 per common share annually), which is determined at the sole discretion of our Board of Directors.
A summary of our projected contractual cash obligations at September 30, 2014 are (in millions):

	Payments by Period						
	Total	2015	2016	2017	2018	2019	Thereafter
Long-term debt and interest (a)	$2,461.2	$56.9	$56.9	$56.9	$299.9	$42.8	$1,947.8
Minimum operating lease payments	339.8	78.7	62.1	51.1	40.3	31.4	76.2
Postretirement benefits (b)	122.2	15.2	15.4	14.6	13.9	13.2	49.9
Pension funding contribution (c)	45.5	45.5	—	—	—	—	—
Purchase obligations (d)	77.0	25.6	11.7	9.1	9.2	9.4	12.0
Other long-term liabilities (e)	77.9	3.8	—	—	—	—	—
Unrecognized tax benefits (f)	47.0	—	—	—	—	—	—
Total	$3,170.6	$225.7	$146.1	$131.7	$363.3	$96.8	$2,085.9

(a) The amounts for long-term debt assume that the respective debt instruments will be outstanding until their scheduled maturity dates. The amounts include interest, but exclude the unamortized discount of $44.8 million. See Note 5 in the Financial Statements for more information regarding our long-term debt.

(b) Our postretirement plans are unfunded and are subject to change. Amounts reported are estimates of future benefit payments, to the extent estimable.

(c) Amounts reported for pension funding contributions reflect current estimates of known commitments. Contributions to our pension plans beyond 2015 will depend on future investment performance of our pension plan assets, changes in discount rate assumptions and governmental regulations in effect at the time. Amounts subsequent to 2015 are excluded from the summary above, as these amounts cannot be estimated with certainty. The minimum contribution for our U.S. pension plan as required by the Employee Retirement Income Security Act (ERISA) is currently zero. We may make additional contributions to this plan at the discretion of management.

(d) This item includes long-term obligations under agreements with various service providers and contractual commitments for capital expenditures.

(e) Other long-term liabilities include environmental liabilities, asset retirement obligations and indemnifications, net of related receivables. Amounts subsequent to 2015 are excluded from the summary above, as we are unable to make a reasonably reliable estimate of when the liabilities will be paid.

(f) Amount for unrecognized tax benefits includes accrued interest and penalties. We are unable to make a reasonably reliable estimate of when the liabilities for unrecognized tax benefits will be settled or paid.

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Supplemental Sales Information

We translate sales of subsidiaries operating outside of the United States using exchange rates effective during the respective period. Therefore, changes in currency exchange rates affect our reported sales. Sales by businesses we acquired also affect our reported sales. We believe that organic sales, defined as sales excluding the effects of changes in currency exchange rates and acquisitions, which is a non-GAAP financial measure, provides useful information to investors because it reflects regional and operating segment performance from the activities of our businesses without the effect of changes in currency exchange rates and acquisitions. We use organic sales as one measure to monitor and evaluate our regional and operating segment performance. We determine the effect of changes in currency exchange rates by translating the respective period's sales using the same currency exchange rates that were in effect during the prior year. When we acquire businesses, we exclude sales in the current period for which there are no comparable sales in the prior period. Organic sales growth is calculated by comparing organic sales to reported sales in the prior year. We attribute sales to the geographic regions based on the country of destination.

The following is a reconciliation of our reported sales to organic sales (in millions):

	Year Ended September 30, 2014					Year Ended September 30, 2013
	Sales	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales	Sales
United States	$3,414.6	$7.7	$3,422.3	$(0.9)	$3,421.4	$3,202.9
Canada	437.0	28.6	465.6	—	465.6	468.7
Europe, Middle East and Africa	1,351.8	(28.3)	1,323.5	(10.6)	1,312.9	1,284.9
Asia Pacific	884.0	12.9	896.9	—	896.9	851.9
Latin America	536.1	40.2	576.3	—	576.3	543.5
Total Company Sales	$6,623.5	$61.1	$6,684.6	$(11.5)	$6,673.1	$6,351.9

	Year Ended September 30, 2013					Year Ended September 30, 2012
	Sales	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales	Sales
United States	$3,202.9	$0.8	$3,203.7	$(2.1)	$3,201.6	$3,067.3
Canada	468.7	4.4	473.1	—	473.1	464.3
Europe, Middle East and Africa	1,284.9	(2.9)	1,282.0	—	1,282.0	1,280.6
Asia Pacific	851.9	4.2	856.1	(10.7)	845.4	942.4
Latin America	543.5	19.4	562.9	—	562.9	504.8
Total Company Sales	$6,351.9	$25.9	$6,377.8	$(12.8)	$6,365.0	$6,259.4

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The following is a reconciliation of our reported sales by operating segment to organic sales (in millions):

	Year Ended September 30, 2014					Year Ended September 30, 2013
	Sales	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales	Sales
Architecture & Software	$2,845.3	$19.6	$2,864.9	$(0.9)	$2,864.0	$2,682.0
Control Products & Solutions	3,778.2	41.5	3,819.7	(10.6)	3,809.1	3,669.9
Total Company Sales	$6,623.5	$61.1	$6,684.6	$(11.5)	$6,673.1	$6,351.9

	Year Ended September 30, 2013					Year Ended September 30, 2012
	Sales	Effect of Changes in Currency	Sales Excluding Changes in Currency	Effect of Acquisitions	Organic Sales	Sales
Architecture & Software	$2,682.0	$10.7	$2,692.7	$—	$2,692.7	$2,650.4
Control Products & Solutions	3,669.9	15.2	3,685.1	(12.8)	3,672.3	3,609.0
Total Company Sales	$6,351.9	$25.9	$6,377.8	$(12.8)	$6,365.0	$6,259.4

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Critical Accounting Policies and Estimates

We have prepared the consolidated financial statements in accordance with accounting principles generally accepted in the United States, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods reported. Actual results could differ from those estimates. We believe the following critical accounting policies could have the most significant effect on our reported results or require subjective or complex judgments by management.

Retirement Benefits — Pension

Pension costs and obligations are actuarially determined and are influenced by assumptions used to estimate these amounts, including the discount rate, the expected rate of return on plan assets, the assumed annual compensation increase rate, the retirement rate, the mortality rate and the employee turnover rate. Changes in any of the assumptions and the amortization of differences between the assumptions and actual experience will affect the amount of pension expense in future periods.

Our global pension expense in 2014 was $131.7 million compared to $168.1 million in 2013. Approximately 72 percent of our 2014 global pension expense relates to our U.S. pension plan. The actuarial assumptions used to determine our 2014 U.S. pension expense included the following: discount rate of 5.05 percent (compared to 4.15 percent for 2013); expected rate of return on plan assets of 7.50 percent (compared to 8.00 percent for 2013); and an assumed long-term compensation increase rate of 3.75 percent (compared to 4.00 percent for 2013).

In 2014, 2013 and 2012, we were not required to make contributions to satisfy minimum statutory funding requirements in our U.S. pension plans. However, we made voluntary contributions of $300.0 million to our U.S. pension plans in 2012.

The table below presents our estimate of net periodic benefit cost in 2015 compared to net periodic benefit cost in 2014 (in millions):

	2015	2014	Change
Service cost	$88.0	$78.5	$9.5
Prior service credit amortization	(2.6)	(2.7)	0.1
Operating pension cost	85.4	75.8	9.6
Interest cost	169.5	174.2	(4.7)
Expected return on plan assets	(225.5)	(217.9)	(7.6)
Net actuarial loss amortization	120.6	99.7	20.9
Settlement	—	(0.1)	0.1
Non-operating pension cost	64.6	55.9	8.7
Net periodic benefit cost	$150.0	$131.7	$18.3

For 2015 our U.S. discount rate will decrease to 4.50 percent from 5.05 percent in 2014. The discount rate was set as of our September 30 measurement date and was determined by modeling a portfolio of bonds that match the expected cash flow of our benefit plans. For 2015 our U.S. long-term compensation increase rate will remain 3.75 percent. We established this rate by analyzing all elements of compensation that are pension-eligible earnings.

For 2015 our expected rate of return on U.S. plan assets will remain 7.50 percent. In estimating the expected return on plan assets, we considered actual returns on plan assets over the long term, adjusted for forward-looking considerations, such as inflation, interest rates, equity performance and the active management of the plans' invested assets. We also considered our current and expected mix of plan assets in setting this assumption. The financial markets produced strong results in 2014. The plan's debt securities return exceeded the expected return range in 2014, as lower market interest rates resulted in higher bond values. The plan's equity securities return exceeded the expected return range in 2014, largely due to higher U.S. equity returns. The actual return for our portfolio of U.S. plan assets was approximately 7.20 percent annualized for the 15 years ended September 30, 2014, and was approximately 9.50 percent annualized for the 20 years ended September 30, 2014.

The target allocations and ranges of long-term expected return for our major categories of U.S. plan assets are as follows:

Asset Category	Target Allocations	Expected Return
Equity securities	55%	9% – 10%
Debt securities	40%	4% – 6%
Other	5%	6% – 11%

The changes in our discount rate and return on plan assets have an inverse relationship with our net periodic benefit cost. The change in our discount rate also has an inverse relationship with our projected benefit obligation. The change in our compensation increase rate has a direct relationship with our net periodic benefit cost and projected benefit obligation.

The following chart illustrates the estimated approximate change in projected benefit obligation and annual net periodic benefit cost assuming a change of 25 basis points in the key assumptions for our U.S. pension plans (in millions):

	Pension Benefits	
	Change in Projected Benefit Obligation	Change in Net Periodic Benefit Cost(1)
Discount rate	$114.5	$10.9
Return on plan assets	—	6.1
Compensation increase rate	21.8	4.5

(1) Change includes both operating and non-operating pension costs.

More information regarding pension benefits is contained in Note 11 in the Financial Statements.

Revenue Recognition

For approximately 85 percent of our consolidated sales, we record sales when all of the following have occurred: persuasive evidence of a sales agreement exists; pricing is fixed or determinable; collection is reasonably assured; and product has been delivered and acceptance has occurred, as may be required according to contract terms, or services have been rendered. Within this category, we will at times enter into arrangements that involve the delivery of multiple products and/or the performance of services, such as installation and commissioning. The timing of delivery, though varied based upon the nature of the undelivered component, is generally short-term in nature. For these arrangements, revenue is allocated to each deliverable based on that element's relative selling price, provided the delivered element has value to customers on a standalone basis and, if the arrangement includes a general right of return, delivery or performance of the undelivered items is probable and substantially in our control. Relative selling price is obtained from sources such as vendor-specific objective evidence, which is based on the separate selling price for that or a similar item, or from third-party evidence such as how competitors have priced similar items. If such evidence is not available, we use our best estimate of the selling price, which includes various internal factors such as our pricing strategy and market factors.

We recognize substantially all of the remainder of our sales as construction-type contracts using either the percentage-of-completion or completed contract methods of accounting. We record sales relating to these contracts using the percentage-of-completion method when we determine that progress toward completion is reasonably and reliably estimable; we use the completed contract method for all others. Under the percentage-of-completion method, we recognize sales and gross profit as work is performed using the relationship between actual costs incurred and total estimated costs at completion. Under the percentage-of-completion method, we adjust sales and gross profit for revisions of estimated total contract costs or revenue in the period the change is identified. We record estimated losses on contracts when they are identified.

We use contracts and customer purchase orders to determine the existence of a sales agreement. We use shipping documents and customer acceptance, when applicable, to verify delivery. We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction and whether the sales price is subject to refund or adjustment. We assess collectibility based on the creditworthiness of the customer as determined by credit evaluations and analysis, as well as the customer’s payment history.

Returns, Rebates and Incentives

Our primary incentive program provides distributors with cash rebates or account credits based on agreed amounts that vary depending on the customer to whom our distributor ultimately sells the product. We also offer various other incentive programs that provide distributors and direct sale customers with cash rebates, account credits or additional products and services based on meeting specified program criteria. Certain distributors are offered a right to return product, subject to contractual limitations.

We record accruals for customer returns, rebates and incentives at the time of revenue recognition based primarily on historical experience. Adjustments to the accrual may be required if actual returns, rebates and incentives differ from historical experience or if there are changes to other assumptions used to estimate the accrual. A critical assumption used in estimating the accrual for our primary distributor rebate program is the time period from when revenue is recognized to when the rebate is processed. If the time period were to change by 10 percent, the effect would be an adjustment to the accrual of approximately $10.8 million.

Returns, rebates and incentives are recognized as a reduction of sales if distributed in cash or customer account credits. Rebates and incentives are recognized in cost of sales for additional products and services to be provided. Accruals are reported as a current liability in our balance sheet or, where a right of setoff exists, as a reduction of accounts receivable. The accrual for customer returns, rebates and incentives was $195.6 million at September 30, 2014 and $184.0 million at September 30, 2013, of which $11.6 million at September 30, 2014 and $8.9 million at September 30, 2013 was included as an offset to accounts receivable.

Litigation, Claims and Contingencies

We record liabilities for litigation, claims and contingencies when an obligation is probable and when we have a basis to reasonably estimate its value. We also record liabilities for environmental matters based on estimates for known environmental remediation exposures. The liabilities include expenses for sites we currently own or operate or formerly owned or operated and third party sites where we were determined to be a potentially responsible party. At third-party environmental sites where more than one potentially responsible party has been identified, we record a liability for our estimated allocable share of costs related to our involvement with the site, as well as an estimated allocable share of costs related to the involvement of insolvent or unidentified parties. If we determine that recovery from insurers or other third parties is probable and a right of setoff exists, we record the liability net of the estimated recovery. If we determine that recovery from insurers or other third parties is probable, but a right of setoff does not exist, we record a liability for the total estimated costs of remediation and a receivable for the estimated recovery. At environmental sites where we are the only responsible party, we record a liability for the total estimated costs of remediation. Ongoing operating and maintenance expenditures included in our environmental remediation obligations are discounted to present value over the probable future remediation period. Our remaining environmental remediation obligations are undiscounted due to subjectivity of timing and/or amount of future cash payments. Environmental liability estimates may be affected by changing determinations of what constitutes an environmental exposure or an acceptable level of cleanup. To the extent that the required remediation procedures or timing of those procedures change, additional contamination is identified, or the financial condition of other potentially responsible parties is adversely affected, the estimate of our environmental liabilities may change.

Our accrual for environmental matters was $48.2 million, net of $39.7 million of related receivables, and $47.5 million, net of $35.1 million of related receivables, at September 30, 2014 and 2013, respectively. Our recorded liability for environmental matters relates almost entirely to businesses formerly owned by us (legacy businesses) for which we retained the responsibility to remediate. The nature of our current business is such that the likelihood of new environmental exposures that could result in a significant charge to earnings is low. As a result of remediation efforts at legacy sites and limited new environmental matters, we expect that gradually, over a long period of time, our environmental obligations will decline. However, changes in required remediation procedures or timing of those procedures at existing legacy sites, or discovery of contamination at additional sites, could result in increases to our environmental obligations.

Our principal self-insurance programs include product liability where we are self-insured up to a specified dollar amount. Claims exceeding this amount up to specified limits are covered by insurance policies issued by commercial insurers. We estimate the reserve for product liability claims using our claims experience for the periods being valued. Adjustments to the product liability reserves may be required to reflect emerging claims experience and other factors such as inflationary trends or the outcome of claims. The reserve for product liability claims was $22.3 million and $21.0 million as of September 30, 2014 and 2013, respectively.

Various lawsuits, claims and proceedings have been or may be instituted or asserted against us relating to the conduct of our business. As described in Part I, Item 3. Legal Proceedings, we have been named as a defendant in lawsuits alleging personal injury as a result of exposure to asbestos that was used in certain components of our products many years ago. See Part I, Item 3 for further discussion.

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We accrue for costs related to the legal obligation associated with the retirement of a tangible long-lived asset that results from the acquisition, construction, development or the normal operation of the long-lived asset. The obligation to perform the asset retirement activity is not conditional even though the timing or method may be conditional. Identified conditional asset retirement obligations include asbestos abatement and remediation of soil contamination beneath current and previously divested facilities. We estimate conditional asset retirement obligations using site-specific knowledge and historical industry expertise. A significant change in the costs or timing could have a significant effect on our estimates. We recorded these liabilities in the Consolidated Balance Sheet, which totaled $0.3 million and $2.3 million in other current liabilities at September 30, 2014 and 2013, respectively, and $21.9 million and $22.0 million in other liabilities at September 30, 2014 and 2013, respectively.

In conjunction with the sale of our Dodge mechanical and Reliance Electric motors and motor repair services businesses, we agreed to indemnify Baldor Electric Company for costs and damages related to certain legacy legal, environmental and asbestos matters of these businesses arising before January 31, 2007, for which the maximum exposure is capped at the amount received for the sale. We estimate the potential future payments we could incur under these indemnifications may approximate $9.2 million, of which $0.8 million and $0.3 million has been accrued in other current liabilities at September 30, 2014 and 2013, respectively, and $7.0 million and $9.2 million has been accrued in other liabilities at September 30, 2014 and 2013, respectively. A significant change in the costs or timing could have a significant effect on our estimates.

More information regarding litigation, claims and contingencies is contained in Note 14 in the Financial Statements.

Income Taxes

We operate in numerous taxing jurisdictions and are subject to regular examinations by U.S. federal, state and non-U.S. taxing authorities. Additionally, we have retained tax liabilities and the rights to tax refunds in connection with various divestitures of businesses in prior years. Our income tax positions are based on research and interpretations of the income tax laws and rulings in each of the jurisdictions in which we do business. Due to the ambiguity of laws and rulings in each jurisdiction, the differences and interplay in tax laws between those jurisdictions, the uncertainty of how underlying facts may be construed and the inherent uncertainty in estimating the final resolution of complex tax audit matters, our estimates of income tax liabilities may differ from actual payments or assessments.

While we have support for the positions we take on our tax returns, taxing authorities may assert interpretations of laws and facts and may challenge cross-jurisdictional transactions. Cross-jurisdictional transactions between our subsidiaries involving the transfer price for products, services, and/or intellectual property as well as various U.S. state tax matters comprise our more significant income tax reserves. The gross liability for unrecognized tax benefits, excluding interest and penalties, was recorded in other liabilities in the Consolidated Balance Sheet in the amount of $38.9 million and $40.8 million at September 30, 2014 and 2013, respectively, of which the entire amount would reduce our effective tax rate if recognized. Accrued interest and penalties related to unrecognized tax benefits were $8.1 million and $12.4 million at September 30, 2014 and 2013, respectively. We recognize interest and penalties related to unrecognized tax benefits in the income tax provision. If the unrecognized tax benefits were recognized, the net impact on our income tax provision, including the recognition of interest and penalties and offsetting tax assets, would be $22.9 million as of September 30, 2014. We believe it is reasonably possible that the amount of gross unrecognized tax benefits could be reduced by up to $23.8 million in the next 12 months as a result of the resolution of tax matters in various global jurisdictions and the lapses of statutes of limitations. If the unrecognized tax benefits were recognized, the net reduction to our income tax provision, including the recognition of interest and penalties and offsetting tax assets, could be up to $9.1 million.

We recorded a valuation allowance for a portion of our deferred tax assets related to net operating loss, tax credit, and capital loss carryforwards (Carryforwards) and certain temporary differences in the amount of $27.8 million at September 30, 2014 and $28.3 million at September 30, 2013 based on the projected profitability of the entity in the respective tax jurisdiction. The valuation allowance is based on an evaluation of the uncertainty that the Carryforwards and certain temporary differences will be realized. Our income would increase if we determine we will be able to use more Carryforwards or certain temporary differences than currently expected. Conversely, our income would decrease if we determine we are unable to realize our deferred tax assets in the future.

Our consolidated financial statements provide for tax liability on undistributed earnings of our subsidiaries that will be repatriated to the U.S. As of September 30, 2014, we have not provided U.S. deferred taxes for $2,781.0 million of such earnings, since these earnings have been, and under current plans will continue to be, permanently reinvested outside the U.S.

At the end of each interim reporting period, we estimate a base effective tax rate that we expect for the full fiscal year based on our most recent forecast of pretax income, permanent book and tax differences and global tax planning strategies. We use this base rate to provide for income taxes on a year-to-date basis, excluding the effect of significant unusual or extraordinary items and items that are reported net of their related tax effects. We record the tax effect of significant unusual or extraordinary items and items that are reported net of their tax effects in the period in which they occur.

More information regarding income taxes is contained in Note 13 in the Financial Statements.

Recent Accounting Pronouncements

See Note 1 in the Financial Statements regarding recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk during the normal course of business from changes in foreign currency exchange rates and interest rates. We manage exposure to these risks through a combination of normal operating and financing activities and derivative financial instruments in the form of foreign currency forward exchange contracts. We sometimes use interest rate swap contracts to manage the balance of fixed and floating rate debt.

Foreign Currency Risk

We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of foreign subsidiaries, transaction gains and losses associated with intercompany loans with foreign subsidiaries and transactions denominated in currencies other than a location's functional currency. Our objective is to minimize our exposure to these risks through a combination of normal operating activities and the use of foreign currency forward exchange contracts. Contracts are usually denominated in currencies of major industrial countries. The fair value of our foreign currency forward exchange contracts is an asset of $21.6 million and a liability of $6.2 million at September 30, 2014. We enter into these contracts with major financial institutions that we believe to be creditworthy.

We do not enter into derivative financial instruments for speculative purposes. In 2014 and 2013, the relative strengthening of the U.S. dollar against foreign currencies had an unfavorable impact on our sales and results of operations. While future changes in foreign currency exchange rates are difficult to predict, our sales and profitability may be adversely affected if the U.S. dollar further strengthens relative to 2014 levels.

Certain of our locations have assets and liabilities denominated in currencies other than their functional currencies. We enter into foreign currency forward exchange contracts to offset the transaction gains or losses associated with some of these assets and liabilities. For such assets and liabilities without offsetting foreign currency forward exchange contracts, a 10 percent adverse change in the underlying foreign currency exchange rates would reduce our pre-tax income by approximately $29.7 million.

We record all derivatives on the balance sheet at fair value regardless of the purpose for holding them. The use of these contracts allows us to manage transactional exposure to exchange rate fluctuations as the gains or losses incurred on the foreign currency forward exchange contracts will offset, in whole or in part, losses or gains on the underlying foreign currency exposure. Derivatives that are not designated as hedges for accounting purposes are adjusted to fair value through earnings. For derivatives that are hedges, depending on the nature of the hedge, changes in fair value are either offset by changes in the fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive loss until the hedged item is recognized in earnings. We recognize the ineffective portion of a derivative's change in fair value in earnings immediately. The ineffective portion was not significant in 2014 and 2013. A hypothetical 10 percent adverse change in underlying foreign currency exchange rates associated with these contracts would not be significant to our financial condition or results of operations.

Interest Rate Risk

In addition to existing cash balances and cash provided by normal operating activities, we use a combination of short-term and long-term debt to finance operations. We are exposed to interest rate risk on certain of these debt obligations.

Our short-term debt obligations relate to commercial paper borrowings and bank borrowings. Commercial paper borrowings outstanding at September 30, 2014 were $325.0 million with remaining maturities of seven days at a weighted average interest rate of 0.17 percent. Commercial paper borrowings at September 30, 2013 were $179.0 million with remaining maturities of five days at a weighted average interest rate of 0.17 percent. As these obligations mature, we issued, and anticipate continuing to issue, additional short-term commercial paper obligations to refinance all or part of these borrowings. Changes in market interest rates on commercial paper borrowings affect our results of operations. In 2014 and 2013, a 100 basis point increase in average market interest rates would have increased our interest expense by $2.8 million and $2.1 million, respectively.

We had outstanding fixed rate long-term debt obligations with a carrying value of $905.6 million at September 30, 2014 and $905.1 million at September 30, 2013. The fair value of this debt was $1,119.4 million at September 30,

2014 and $1,072.2 million at September 30, 2013. The potential reduction in fair value on such fixed-rate debt obligations from a hypothetical 10 percent increase in market interest rates would not be material to the overall fair value of the debt. We currently have no plans to repurchase our outstanding fixed-rate instruments before their maturity and, therefore, fluctuations in market interest rates would not have an effect on our results of operations or shareowners' equity.

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Item 8. Financial Statements and Supplementary Data

CONSOLIDATED BALANCE SHEET
(in millions, except per share amounts)

	September 30,	
	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$1,191.3	$1,200.9
Short-term investments	628.5	372.7
Receivables	1,215.8	1,186.1
Inventories	588.4	615.4
Deferred income taxes	163.5	189.5
Other current assets	146.7	115.3
Total current assets	3,934.2	3,679.9
Property, net	632.9	616.0
Goodwill	1,050.6	1,023.0
Other intangible assets, net	246.2	212.8
Deferred income taxes	205.7	147.3
Other assets	159.9	165.6
Total	$6,229.5	$5,844.6
LIABILITIES AND SHAREOWNERS' EQUITY		
Current liabilities:		
Short-term debt	$325.0	$179.0
Accounts payable	520.6	546.7
Compensation and benefits	277.7	236.8
Advance payments from customers and deferred revenue	196.5	210.9
Customer returns, rebates and incentives	184.0	175.1
Other current liabilities	188.3	196.2
Total current liabilities	1,692.1	1,544.7
Long-term debt	905.6	905.1
Retirement benefits	767.9	595.9
Other liabilities	205.8	213.4
Commitments and contingent liabilities (Note 14)		
Shareowners' equity:		
Common stock ($1.00 par value, shares issued: 181.4)	181.4	181.4
Additional paid-in capital	1,512.3	1,456.0
Retained earnings	4,839.6	4,333.4
Accumulated other comprehensive loss	(948.0)	(817.7)
Common stock in treasury, at cost (shares held: 2014, 44.7; 2013, 42.5)	(2,927.2)	(2,567.6)
Total shareowners' equity	2,658.1	2,585.5
Total	$6,229.5	$5,844.6

See Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF OPERATIONS
(in millions, except per share amounts)

	Year Ended September 30,		
	2014	2013	2012
Sales			
Products and solutions	$5,933.1	$5,706.0	$5,656.1
Services	690.4	645.9	603.3
	6,623.5	6,351.9	6,259.4
Cost of sales			
Products and solutions	(3,391.3)	(3,326.4)	(3,315.9)
Services	(478.3)	(451.7)	(420.8)
	(3,869.6)	(3,778.1)	(3,736.7)
Gross profit	2,753.9	2,573.8	2,522.7
Selling, general and administrative expenses	(1,570.1)	(1,537.7)	(1,491.7)
Other income (expense) (Note 12)	9.7	5.7	(5.0)
Interest expense	(59.3)	(60.9)	(60.1)
Income before income taxes	1,134.2	980.9	965.9
Income tax provision (Note 13)	(307.4)	(224.6)	(228.9)
Net income	$826.8	$756.3	$737.0
Earnings per share:			
Basic	$5.98	$5.43	$5.20
Diluted	$5.91	$5.36	$5.13
Weighted average outstanding shares:			
Basic	138.0	139.2	141.5
Diluted	139.7	140.9	143.4

See Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(in millions)

	Year Ended September 30,		
	2014	2013	2012
Net income	$826.8	$756.3	$737.0
Other comprehensive income (loss):			
Pension and other postretirement benefit plan adjustments (net of tax (benefit) expense of ($27.6), $232.1, and ($103.1))	(85.6)	402.2	(192.4)
Currency translation adjustments	(61.3)	8.3	(35.0)
Net change in unrealized gains and losses on cash flow hedges (net of tax expense (benefit) of $1.9, ($1.8), and ($3.1))	16.6	(2.9)	(5.0)
Other comprehensive income (loss)	(130.3)	407.6	(232.4)
Comprehensive income	$696.5	$1,163.9	$504.6

See Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)

	Year Ended September 30,		
	2014	2013	2012
Continuing operations:			
Operating activities:			
Net income	$826.8	$756.3	$737.0
Adjustments to arrive at cash provided by operating activities:			
Depreciation	122.5	113.8	103.9
Amortization of intangible assets	30.0	31.4	34.7
Share-based compensation expense	42.5	41.1	43.5
Retirement benefit expense	132.9	170.4	105.9
Pension contributions	(42.1)	(41.3)	(341.1)
Deferred income taxes	(7.2)	(6.5)	82.2
Net loss on disposition of property	0.6	0.5	1.0
Income tax benefit from the exercise of stock options	0.1	2.1	0.7
Excess income tax benefit from share-based compensation	(29.9)	(31.9)	(18.5)
Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency adjustments:			
Receivables	(53.7)	(12.3)	(135.7)
Inventories	12.9	0.8	21.4
Accounts payable	(20.7)	3.3	90.2
Compensation and benefits	43.3	(8.5)	(67.0)
Income taxes	1.8	33.8	35.7
Other assets and liabilities	(26.5)	(38.2)	24.8
Cash provided by operating activities	1,033.3	1,014.8	718.7
Investing activities:			
Capital expenditures	(141.0)	(146.2)	(139.6)
Acquisition of businesses, net of cash acquired	(81.5)	(84.8)	(16.2)
Purchases of short-term investments	(705.7)	(372.2)	(487.5)
Proceeds from maturities of short-term investments	447.8	350.0	137.5
Proceeds from sale of property	0.4	0.5	2.6
Other investing activities	(3.4)	(4.1)	—
Cash used for investing activities	(483.4)	(256.8)	(503.2)
Financing activities:			
Net issuance of short-term debt	146.0	22.0	157.0
Cash dividends	(320.5)	(276.3)	(247.4)
Purchases of treasury stock	(485.7)	(402.7)	(259.4)
Proceeds from the exercise of stock options	108.5	172.3	49.0
Excess income tax benefit from share-based compensation	29.9	31.9	18.5
Other financing activities	—	(1.8)	(0.4)
Cash used for financing activities	(521.8)	(454.6)	(282.7)
Effect of exchange rate changes on cash	(37.7)	0.6	(16.8)
Cash (used for) provided by continuing operations	(9.6)	304.0	(84.0)
Discontinued operations:			
Cash used for discontinued operating activities	—	(7.0)	(1.0)

Cash used for discontinued operations	—	(7.0)	(1.0)
(Decrease) increase in cash and cash equivalents	(9.6)	297.0	(85.0)
Cash and cash equivalents at beginning of year	1,200.9	903.9	988.9
Cash and cash equivalents at end of year	$1,191.3	$1,200.9	$903.9

See Notes to Consolidated Financial Statements.

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CONSOLIDATED STATEMENT OF SHAREOWNERS' EQUITY
(in millions, except per share amounts)

	Year Ended September 30,		
	2014	2013	2012
Common stock (no shares issued during years)	$181.4	$181.4	$181.4
Additional paid-in capital			
Beginning balance	1,456.0	1,416.7	1,381.4
Income tax benefits from share-based compensation	41.6	34.0	19.2
Share-based compensation expense	29.8	40.2	42.7
Shares delivered under incentive plans	(15.1)	(34.9)	(26.6)
Ending balance	1,512.3	1,456.0	1,416.7
Retained earnings			
Beginning balance	4,333.4	3,858.8	3,382.8
Net income	826.8	756.3	737.0
Cash dividends (2014, $2.32 per share; 2013, $1.98 per share; 2012, $1.745 per share)	(320.5)	(276.3)	(247.4)
Shares delivered under incentive plans	(0.1)	(5.4)	(13.6)
Ending balance	4,839.6	4,333.4	3,858.8
Accumulated other comprehensive loss			
Beginning balance	(817.7)	(1,225.3)	(992.9)
Other comprehensive (loss) income	(130.3)	407.6	(232.4)
Ending balance	(948.0)	(817.7)	(1,225.3)
Treasury stock			
Beginning balance	(2,567.6)	(2,379.9)	(2,204.7)
Purchases	(483.8)	(401.5)	(265.3)
Shares delivered under incentive plans	124.2	213.8	90.1
Ending balance	(2,927.2)	(2,567.6)	(2,379.9)
Total shareowners' equity	$2,658.1	$2,585.5	$1,851.7

See Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation and Accounting Policies

Rockwell Automation, Inc. (the Company or Rockwell Automation) is a leading global provider of industrial automation power, control and information solutions that help manufacturers achieve competitive advantages for their businesses.

Basis of Presentation

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned and controlled majority-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. Investments in affiliates over which we do not have control but exercise significant influence are accounted for using the equity method of accounting. These affiliated companies are not material individually or in the aggregate to our financial position, results of operations or cash flows.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods reported. Actual results could differ from those estimates. We use estimates in accounting for, among other items, customer returns, rebates and incentives; allowance for doubtful accounts; excess and obsolete inventory; share-based compensation; acquisitions; product warranty obligations; retirement benefits; litigation, claims and contingencies, including environmental matters, conditional asset retirement obligations and contractual indemnifications; and income taxes. We account for changes to estimates and assumptions prospectively when warranted by factually based experience.

Revenue Recognition

We recognize revenue when it is realized or realizable and earned. Product and solution sales consist of industrial automation power, control and information; hardware and software products; and custom-engineered systems. Service sales include multi-vendor customer technical support and repair, asset management and optimization consulting and training. All service sales recorded in the Consolidated Statement of Operations are associated with our Control Products & Solutions segment.

For approximately 85 percent of our consolidated sales, we record sales when all of the following have occurred: persuasive evidence of a sales agreement exists; pricing is fixed or determinable; collection is reasonably assured; and product has been delivered and acceptance has occurred, as may be required according to contract terms, or services have been rendered. Within this category, we will at times enter into arrangements that involve the delivery of multiple products and/or the performance of services, such as installation and commissioning. The timing of delivery, though varied based upon the nature of the undelivered component, is generally short-term in nature. For these arrangements, revenue is allocated to each deliverable based on that element's relative selling price, provided the delivered element has value to customers on a standalone basis and, if the arrangement includes a general right of return, delivery or performance of the undelivered items is probable and substantially in our control. Relative selling price is obtained from sources such as vendor-specific objective evidence, which is based on the separate selling price for that or a similar item, or from third-party evidence such as how competitors have priced similar items. If such evidence is not available, we use our best estimate of the selling price, which includes various internal factors such as our pricing strategy and market factors.

We recognize substantially all of the remainder of our sales as construction-type contracts using either the percentage-of-completion or completed contract method of accounting. We record sales relating to these contracts using the percentage-of-completion method when we determine that progress toward completion is reasonably and reliably estimable; we use the completed contract method for all others. Under the percentage-of-completion method, we recognize sales and gross profit as work is performed using the relationship between actual costs incurred and total

estimated costs at completion. Under the percentage-of-completion method, we adjust sales and gross profit for revisions of estimated total contract costs or revenue in the period the change is identified. We record estimated losses on contracts when they are identified.

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1. Basis of Presentation and Accounting Policies - (Continued)

We use contracts and customer purchase orders to determine the existence of a sales agreement. We use shipping documents and customer acceptance, when applicable, to verify delivery. We assess whether the fee is fixed or determinable based on the payment terms associated with the transaction and whether the sales price is subject to refund or adjustment. We assess collectibility based on the creditworthiness of the customer as determined by credit evaluations and analysis, as well as the customer’s payment history.

Shipping and handling costs billed to customers are included in sales and the related costs are included in cost of sales in the Consolidated Statement of Operations.

Returns, Rebates and Incentives

Our primary incentive program provides distributors with cash rebates or account credits based on agreed amounts that vary depending on the customer to whom our distributor ultimately sells the product. We also offer various other incentive programs that provide distributors and direct sale customers with cash rebates, account credits or additional products and services based on meeting specified program criteria. Certain distributors are offered a right to return product, subject to contractual limitations.

We record accruals for customer returns, rebates and incentives at the time of sale based primarily on historical experience. Returns, rebates and incentives are recognized as a reduction of sales if distributed in cash or customer account credits. Rebates and incentives are recognized in cost of sales for additional products and services to be provided. Accruals are reported as a current liability in our balance sheet or, where a right of setoff exists, as a reduction of accounts receivable.

Taxes on Revenue Producing Transactions

Taxes assessed by governmental authorities on revenue producing transactions, including sales, value added, excise and use taxes, are recorded on a net basis (excluded from revenue).

Cash and Cash Equivalents

Cash and cash equivalents include time deposits and certificates of deposit with original maturities of three months or less at the time of purchase.

Short-term Investments

Short-term investments include time deposits and certificates of deposit with original maturities longer than three months but no longer than one year at the time of purchase. These investments are stated at cost, which approximates fair value.

Receivables

We record an allowance for doubtful accounts based on customer-specific analysis and general matters such as current assessments of past due balances and economic conditions. Receivables are stated net of an allowance for doubtful accounts of $19.4 million at September 30, 2014 and $22.5 million at September 30, 2013. In addition, receivables are stated net of an allowance for certain customer returns, rebates and incentives of $11.6 million at September 30, 2014 and $8.9 million at September 30, 2013.

Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out (FIFO) or average cost methods. Market is determined on the basis of estimated realizable values.

Property

Property, including internal-use software, is stated at cost. We calculate depreciation of property using the straight-line method over 5 to 40 years for buildings and improvements, 3 to 20 years for machinery and equipment and 3 to 8 years for computer hardware and internal-use software. We capitalize significant renewals and enhancements and write off replaced units. We expense maintenance and repairs, as well as renewals of minor amounts.

Intangible Assets

Goodwill and other intangible assets generally result from business acquisitions. We account for business acquisitions by allocating the purchase price to tangible and intangible assets acquired and liabilities assumed at their fair values;

the excess of the purchase price over the allocated amount is recorded as goodwill.

1. Basis of Presentation and Accounting Policies - (Continued)

We review goodwill and other intangible assets with indefinite useful lives for impairment annually or more frequently if events or circumstances indicate impairment may be present. Any excess in carrying value over the estimated fair value is charged to results of operations. We perform an annual impairment test during the second quarter of our fiscal year.
We amortize certain customer relationships on an accelerated basis over the period of which we expect the intangible asset to generate future cash flows. We amortize all other intangible assets with finite useful lives on a straight-line basis over their estimated useful lives. Useful lives assigned range from 3 to 15 years for trademarks, 8 to 20 years for customer relationships, 5 to 17 years for technology and 5 to 30 years for other intangible assets.
Intangible assets also include costs of software developed or purchased by our software business to be sold, leased or otherwise marketed. Amortization of these computer software products is calculated on a product-by-product basis as the greater of (a) the unamortized cost at the beginning of the year times the ratio of the current year gross revenue for a product to the total of the current and anticipated future gross revenue for that product or (b) the straight-line amortization over the remaining estimated economic life of the product.
Impairment of Long-Lived Assets
We evaluate the recoverability of the recorded amount of long-lived assets whenever events or changes in circumstances indicate that the recorded amount of an asset may not be fully recoverable. Impairment is assessed when the undiscounted expected future cash flows derived from an asset are less than its carrying amount. If we determine that an asset is impaired, we measure the impairment to be recognized as the amount by which the recorded amount of the asset exceeds its fair value. We report assets to be disposed of at the lower of the recorded amount or fair value less cost to sell. We determine fair value using a discounted future cash flow analysis.
Derivative Financial Instruments
We use derivative financial instruments in the form of foreign currency forward exchange contracts to manage certain foreign currency risks. We enter into these contracts to hedge our exposure to foreign currency exchange rate variability in the expected future cash flows associated with certain third-party and intercompany transactions denominated in foreign currencies expected to occur within the next two years (cash flow hedges). Our accounting method for derivative financial instruments is based upon the designation of such instruments as hedges under U.S. GAAP. We also enter into similar contracts that we do not designate as hedges to offset transaction gains or losses associated with certain assets and liabilities resulting from intercompany loans and other transactions with third parties that are denominated in foreign currencies. It is our policy to execute such instruments with global financial institutions that we believe to be creditworthy and not to enter into derivative financial instruments for speculative purposes. Foreign currency forward exchange contracts are usually denominated in currencies of major industrial countries.
Foreign Currency Translation
We translate assets and liabilities of subsidiaries operating outside of the United States with a functional currency other than the U.S. dollar into U.S. dollars using exchange rates at the end of the respective period. We translate sales, costs and expenses at average exchange rates effective during the respective period. We report foreign currency translation adjustments as a component of other comprehensive income (loss). Currency transaction gains and losses are included in results of operations in the period incurred.
Research and Development Expenses
We expense research and development (R&D) costs as incurred; these costs were $290.1 million in 2014, $260.7 million in 2013 and $247.6 million in 2012. We include R&D expenses in cost of sales in the Consolidated Statement of Operations.
Income Taxes
We account for uncertain tax positions by determining whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. For tax positions that meet the more-likely-than-not recognition threshold, we determine the amount of benefit to recognize in the consolidated

financial statements based on our assertion of the most likely outcome resulting from an examination, including the resolution of any related appeals or litigation processes.

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1. Basis of Presentation and Accounting Policies - (Continued)

Earnings Per Share
We present basic and diluted earnings per share (EPS) amounts. Basic EPS is calculated by dividing earnings available to common shareowners, which is income excluding the allocation to participating securities, by the weighted average number of common shares outstanding during the year, excluding unvested restricted stock. Diluted EPS amounts are based upon the weighted average number of common and common equivalent shares outstanding during the year. We use the treasury stock method to calculate the effect of outstanding share-based compensation awards, which requires us to compute total employee proceeds as the sum of (a) the amount the employee must pay upon exercise of the award, (b) the amount of unearned share-based compensation costs attributed to future services and (c) the amount of tax benefits, if any, that would be credited to additional paid-in capital assuming exercise of the award. Share-based compensation awards for which the total employee proceeds of the award exceed the average market price of the same award over the period have an antidilutive effect on EPS, and accordingly, we exclude them from the calculation. Antidilutive share-based compensation awards for the years ended September 30, 2014 (0.8 million shares), 2013 (1.2 million shares) and 2012 (2.3 million shares) were excluded from the diluted EPS calculation. U.S. GAAP requires unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents, whether paid or unpaid, to be treated as participating securities and included in the computation of earnings per share pursuant to the two-class method. Our participating securities are composed of unvested restricted stock and non-employee director restricted stock units.
The following table reconciles basic and diluted EPS amounts (in millions, except per share amounts):

	2014	2013	2012
Net income	$826.8	$756.3	$737.0
Less: Allocation to participating securities	(1.1)	(1.1)	(1.4)
Net income available to common shareowners	$825.7	$755.2	$735.6
Basic weighted average outstanding shares	138.0	139.2	141.5
Effect of dilutive securities			
Stock options	1.5	1.5	1.6
Performance shares	0.2	0.2	0.3
Diluted weighted average outstanding shares	139.7	140.9	143.4
Earnings per share:			
Basic	$5.98	$5.43	$5.20
Diluted	$5.91	$5.36	$5.13

1. Basis of Presentation and Accounting Policies - (Continued)

Share-Based Compensation

We recognize share-based compensation expense for equity awards on a straight-line basis over the service period of the award based on the fair value of the award as of the grant date.

Product and Workers' Compensation Liabilities

We record accruals for product and workers' compensation claims in the period in which they are probable and reasonably estimable. Our principal self-insurance programs include product liability and workers' compensation where we self-insure up to a specified dollar amount. Claims exceeding this amount up to specified limits are covered by insurance policies purchased from commercial insurers. We estimate the liability for the majority of the self-insured claims using our claims experience for the periods being valued.

Environmental Matters

We record liabilities for environmental matters in the period in which our responsibility is probable and the costs can be reasonably estimated. We make changes to the liabilities in the periods in which the estimated costs of remediation change. At third-party environmental sites where more than one potentially responsible party has been identified, we record a liability for our estimated allocable share of costs related to our involvement with the site, as well as an estimated allocable share of costs related to the involvement of insolvent or unidentified parties. If we determine that recovery from insurers or other third parties is probable and a right of setoff exists, we record the liability net of the estimated recovery. If we determine that recovery from insurers or other third parties is probable, but a right of setoff does not exist, we record a liability for the total estimated costs of remediation and a receivable for the estimated recovery. At environmental sites where we are the sole responsible party, we record a liability for the total estimated costs of remediation. Ongoing operating and maintenance expenditures included in our environmental remediation obligations are discounted to present value over the probable future remediation period. Our remaining environmental remediation obligations are undiscounted due to subjectivity of timing and/or amount of future cash payments.

Conditional Asset Retirement Obligations

We record liabilities for costs related to legal obligations associated with the retirement of a tangible, long-lived asset that results from the acquisition, construction, development or the normal operation of the long-lived asset. The obligation to perform the asset retirement activity is not conditional even though the timing or method may be conditional.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued a new standard on revenue recognition from contracts with customers. This standard supersedes nearly all existing revenue recognition guidance and involves a five-step approach to recognizing revenue based on individual performance obligations in a contract. The new standard will also require additional qualitative and quantitative disclosures about contracts with customers, significant judgments made in applying the revenue guidance, and assets recognized from the costs to obtain or fulfill a contract. This guidance is effective for us for reporting periods beginning October 1, 2017. We are currently evaluating the impact the adoption of this guidance will have on our consolidated financial statements and related disclosures.

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2. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the years ended September 30, 2014 and 2013 were (in millions):

	Architecture & Software	Control Products & Solutions	Total
Balance as of September 30, 2012	$387.7	$561.1	$948.8
Acquisition of businesses	—	71.1	71.1
Translation and other	0.1	3.0	3.1
Balance as of September 30, 2013	387.8	635.2	1,023.0
Acquisition of businesses	7.7	28.0	35.7
Translation	0.1	(8.2)	(8.1)
Balance as of September 30, 2014	$395.6	$655.0	$1,050.6

During the year ended September 30, 2014, we recognized goodwill of $35.7 million and intangible assets of $41.4 million resulting from the acquisitions of vMonitor LLC and its affiliates (vMonitor), a global technology leader for wireless solutions in the oil and gas industry, and Jacobs Automation (Jacobs), a leader in intelligent track motion control technology. We assigned the full amount of goodwill related to vMonitor to our Control Products & Solutions segment. We assigned the full amount of goodwill related to Jacobs to our Architecture & Software segment.

During the year ended September 30, 2013, we recognized goodwill of $71.1 million and intangible assets of $11.1 million resulting from the acquisition of the medium voltage drives business of Harbin Jiuzhou Electric Co., Ltd. (Harbin) located in Harbin, China. The acquisition strengthened our presence in the Asia-Pacific motor control market by adding significant capabilities in design, engineering and manufacturing of medium voltage drive products. We assigned the full amount of goodwill to our Control Products & Solutions segment.

2. Goodwill and Other Intangible Assets - (Continued)

Other intangible assets consist of (in millions):

	September 30, 2014		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Computer software products	$169.1	$82.5	$86.6
Customer relationships	89.8	45.4	44.4
Technology	84.0	38.2	45.8
Trademarks	33.7	14.0	19.7
Other	15.5	9.5	6.0
Total amortized intangible assets	392.1	189.6	202.5
Intangible assets not subject to amortization	43.7	—	43.7
Total	$435.8	$189.6	$246.2

	September 30, 2013		
	Carrying Amount	Accumulated Amortization	Net
Amortized intangible assets:			
Computer software products	$146.9	$73.1	$73.8
Customer relationships	77.4	37.1	40.3
Technology	66.1	30.9	35.2
Trademarks	26.4	10.7	15.7
Other	12.1	8.0	4.1
Total amortized intangible assets	328.9	159.8	169.1
Intangible assets not subject to amortization	43.7	—	43.7
Total	$372.6	$159.8	$212.8

Computer software products represent costs of computer software to be sold, leased or otherwise marketed. Computer software products amortization expense was $9.4 million in 2014, $13.1 million in 2013 and $15.9 million in 2012.
The Allen-Bradley® trademark has an indefinite life, and therefore is not subject to amortization.
Estimated amortization expense is $30.7 million in 2015, $34.1 million in 2016, $30.0 million in 2017, $23.9 million in 2018 and $18.0 million in 2019.
We performed the annual evaluation of our goodwill and indefinite life intangible assets for impairment as required by U.S. GAAP during the second quarter of 2014 and concluded that these assets are not impaired. We did not identify any impairment indicators during the remainder of fiscal 2014 that would require further impairment analysis.
3. Inventories
Inventories consist of (in millions):

	September 30,	
	2014	2013
Finished goods	$240.3	$248.4
Work in process	156.9	167.2
Raw materials, parts and supplies	191.2	199.8
Inventories	$588.4	$615.4

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4. Property, net
Property consists of (in millions):

	September 30,	
	2014	2013
Land	$3.7	$3.7
Buildings and improvements		