ROCKWELL AUTOMATION INC
Form 10-K
November 14, 2011

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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, 2011.
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:
(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, 2011 was approximately $13.6 billion.

141,916,926 shares of registrant s Common Stock, par value $1 per share, were outstanding on October 31, 2011.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the Proxy Statement for the Annual Meeting of Shareowners of registrant to be held on February 7, 2012 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 st 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, 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 product and pricing pressures;
- a disruption of our operations due to natural disasters, acts of war, strikes, terrorism, social unrest or other causes;
- intellectual property infringement claims by others and the ability to protect our intellectual property;
- our ability to successfully address 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;
- a disruption of our distribution channels;
- the availability and price of components and materials;
- 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.

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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 a competitive advantage for their businesses. 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. 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 manufacturing business risk.

The Company was incorporated in Delaware in 1996 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.

We divested our Dodge mechanical and Reliance Electric motors and motor repair services businesses in 2007. These were the principal businesses of our former Power Systems operating segment. The results of operations of these businesses are reported in income from discontinued operations in the Financial Statements for all periods presented.

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

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 7, 2012 (the 2012 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.

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Operating Segments

We have two operating segments: Architecture & Software and Control Products & Solutions. In 2011, our total sales were $6.0 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, 2011, is contained under the caption **Results of Operations** in MD&A, and in Note 18 in the Financial Statements.

Our Architecture & Software operating segment is headquartered in Mayfield Heights, Ohio and Singapore, and our Control Products & Solutions operating segment is headquartered in Milwaukee, Wisconsin. Both operating segments conduct business globally. Products, solutions and services of both segments are marketed primarily under the Rockwell Automation®, Allen-Bradley®, A-B® and Rockwell Software® brand names. Major markets served by both segments include food and beverage, transportation, oil and gas, metals, mining, home and personal care, pulp and paper and life sciences.

Architecture & Software

Our Architecture & Software operating segment recorded sales of $2.6 billion (43 percent of our total sales) in 2011. 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 manufacturing 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. 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 2011 sales of $3.4 billion (57 percent of our total sales). 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 multi-vendor customer technical support and repair, asset management, training and predictive and preventative maintenance.

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Geographic Information

In 2011, sales to customers in the United States accounted for 49 percent of our total sales. Outside the United States, we sell in every region. The largest sales outside of the United States on a country-of-destination basis are in Canada, China, Italy, the United Kingdom and Brazil. See Item 1A. ***Risk Factors*** for a discussion of risks associated with our operations outside of the United States. Sales and property information by major geographic area for each of the past three years is contained in Note 18 in the Financial Statements.

Competition

Depending on the product or service involved, our competitors range from large diversified corporations with business interests outside of industrial automation, to smaller companies that specialize in niche industrial automation products and services. Factors that influence our competitive position include the breadth of our product portfolio and scope of solutions, technology leadership, 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, Honeywell International Inc., Schneider Electric SA and Emerson Electric Co.

Distribution

We sell our products, solutions and services through both independent distributors that typically do not carry products that compete with Allen-Bradley® products, and our direct sales force. In the United States, Canada and certain other countries, we sell primarily through the 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% of our global sales are through independent distributors. Sales to our largest distributor in 2011, 2010 and 2009 were approximately 10 percent of our total sales.

Research and Development

Our research and development spending for the years ended September 30, 2011, 2010 and 2009 was $254.4 million, $198.9 million, and $170.0 million, respectively. Customer-sponsored research and development was not significant in 2011, 2010 or 2009.

Employees

At September 30, 2011 we had approximately 21,000 employees. Approximately 8,000 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. Although 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):

	2011	2010
Architecture & Software	$ 160.3	$ 140.6
Control Products & Solutions	1,016.8	921.0
	$ 1,177.1	$ 1,061.6

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 2012 were approximately $107.2 million as of September 30, 2011.

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Environmental Protection Requirements

Information about the effect of compliance with environmental protection requirements and resolution of environmental claims is contained in Note 17 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. 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. 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. See Item 1A. ***Risk Factors*** for a discussion of risks associated with our intellectual property.

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 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 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.

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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 revenues 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.

We generate a substantial portion of our revenues from international sales and are subject to the risks of doing business in many countries.

Approximately 51 percent of our revenues in 2011 were outside of the U.S. Future growth rates and success of our business depend in large part on growth in our international sales. Numerous risks and uncertainties affect our international operations. These risks and uncertainties include increased financial, legal and operating risks, such as political and economic instability, compliance with existing and future laws, regulations and policies, including those related to tariffs, investments, taxation, trade controls, employment regulations and repatriation of earnings, and enforcement of contract and intellectual property rights. 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.

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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 and other attacks targeting every type of IT system including industrial control systems such as those we sell and serve and corporate enterprise IT systems.

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 that access them. These attacks have sometimes been successful.

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 revenue, harm our reputation, cause us to incur legal liability and cause us to incur increased costs to address such events and related security concerns.

We are implementing a global Enterprise Resource Planning (ERP) system that is resulting in redesigned processes, organization structures and a common information system. Significant roll-outs of the system occurred at our U.S. locations and certain non-U.S. locations in 2007 to 2011, and are scheduled to continue at additional locations in 2012 and beyond. As we continue to implement new systems, they may not perform as expected. This could have an adverse effect on our business.

There are inherent risks in our solutions businesses.

Risks inherent in the sale of solutions include assuming greater responsibility for project completion and success, defining and controlling contract scope, efficiently executing projects, and managing the quality of our subcontractors. If we are unable to manage and mitigate these risks, our results of operations could be adversely affected.

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, lower revenues 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.

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

Natural disasters, 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.

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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 costs 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.

We must successfully defend any claims from taxing authorities to avoid 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 subjectivity of factual interpretations, our estimates of income tax liabilities may differ from actual payments or assessments. Claims by taxing authorities related to these differences could have an adverse impact on our operating results and financial position.

Our business success depends on attracting and retaining qualified personnel while appropriately managing costs related to employee benefits.

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. One important aspect of attracting and retaining qualified personnel is continuing to offer competitive employee retirement and heath care benefits.

The amount of expenses we record for our defined benefit pension plans depends on factors such as changes in market interest rates and the value of plan assets. Significant decreases in market interest rates or the value of plan assets would increase our expenses. Expenses related to employer-funded health care benefits continue to increase as well.

Increasing employee benefit costs or the failure to attract and retain members of our management team and key employees could have a negative effect on 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 product liability, safety and health, 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.

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.

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A disruption to our distribution channel could reduce our revenues.

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 revenues. A disruption could result from the sale of a distributor to a competitor, financial instability of a distributor, or other events.

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

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

- poor quality can adversely affect the reliability and reputation of our products;
- the cost of these purchases may change due to inflation, exchange rates, commodity market volatility or other factors;
- we may not be able to recover any increase in costs for these purchases through price increases to our customers; and
- a shortage of components, commodities or other materials 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 revenues.

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 revenue 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.

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Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

We operate manufacturing facilities in the United States and multiple foreign countries. Manufacturing space occupied approximately 3.3 million square feet, of which 39 percent was in the United States and Canada. Our world 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, 2011.

Location	Headquarters
Milwaukee, Wisconsin, United States	Global and Control Products & Solutions
Mayfield Heights, Ohio, United States	Architecture & Software
Singapore	Architecture & Software
Cambridge, Ontario, Canada	Canada
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, 2011.

Location	Manufacturing Square Footage
Monterrey Guadalupe, Mexico	637,000
Aarau, Switzerland	284,000
Twinsburg, Ohio, United States	257,000
Mequon, Wisconsin, United States	240,000
Cambridge, Ontario, Canada	216,000
Maldon, United Kingdom	185,000
Singapore	146,000
Shanghai, China	141,000
Tecate, Mexico	135,000
Shirley, New York, United States	126,000
Ladysmith, Wisconsin, United States	124,000
Richland Center, Wisconsin, United States	124,000
Katowice, Poland	95,000

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*.**

McGregor, Texas NWIRP Facility Environmental Claim. RIC operated the Naval Weapons Industrial Reserve Plant (NWIRP) in McGregor, Texas from 1958 through 1978 for the United States Navy. Incident to Boeing s acquisition of RIC in 1996, we agreed to indemnify RIC and Boeing for any liability arising out of RIC s activities at the NWIRP to the extent such liability is not assumed or indemnified by the U.S. government.

On December 3, 2007, the United States Department of Justice (DOJ) notified RIC that the United States Navy was seeking to recover environmental cleanup costs incurred at the NWIRP. The DOJ asserted that it has incurred more than $50 million (excluding interest, attorneys fees and other indirect costs) in environmental cleanup costs at the NWIRP, and it believes that it may have a potential cause of action against RIC and other former contractors at the NWIRP for recovery of those costs. In June 2011, RIC and one other former contractor at the NWIRP reached a settlement with the DOJ and the United States Navy to resolve all claims in exchange for payment of $14 million. RIC will be responsible for half of the settlement amount. The parties negotiated the terms of a Consent Decree that was reviewed and approved by the DOJ. The Consent Decree was submitted to the District Court and once approved will completely resolve this claim.

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 adverse effect on our financial condition.

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 adverse effect on our business or financial condition.

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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, 2011 are:

Name, Office and Position, and Principal Occupations and Employment	Age
Keith D. Nosbusch Chairman of the Board and President and Chief Executive Officer	60
Sujeet Chand Senior Vice President and Chief Technology Officer	53
Kent G. Coppins Vice President and General Tax Counsel	58
Theodore D. Crandall Senior Vice President and Chief Financial Officer since October 2007; Interim Chief Financial Officer from April 2007 to October 2007; Senior Vice President previously	56
David M. Dorgan Vice President and Controller	47
Steven A. Eisenbrown Senior Vice President	58
Steven W. Etzel Vice President and Treasurer since November 2007; Assistant Treasurer from November 2006 to November 2007; Director, Finance previously	51
Douglas M. Hagerman Senior Vice President, General Counsel and Secretary	50
Frank C. Kulaszewicz Senior Vice President since April 2011; Vice President and General Manager, Control and Visualization Business from October 2007 to April 2011; Business Manager, Global Drive Systems previously	47
John P. McDermott Senior Vice President	53
John M. Miller Vice President and Chief Intellectual Property Counsel	44
Blake D. Moret Senior Vice President since April 2011; Vice President and General Manager, Customer Support and Maintenance from November 2007 until March 2011; Director, Marketing previously	48
Rondi Rohr-Dralle Vice President, Investor Relations and Corporate Development since February 2009; Vice President, Corporate Development previously	55
Robert A. Ruff Senior Vice President	63
Susan J. Schmitt Senior Vice President, Human Resources since July 2007; Director, Human Resources United Kingdom and European Functions, Kellogg Company (producer of cereal and convenience foods) previously	48
A. Lawrence Stuever Vice President and General Auditor	59
Martin Thomas Senior Vice President, Operations and Engineering Services since February 2007; Vice President, Operations and Engineering Services previously	53

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, 2011 there were 23,882 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, 2011 and 2010:

	2011		2010	
Fiscal Quarters	High	Low	High	Low
First	$ 72.75	$ 60.08	$ 49.25	$ 39.39
Second	94.88	71.79	57.00	45.72
Third	98.19	76.71	63.90	48.63
Fourth	89.79	50.36	63.27	47.79

We declare and pay dividends at the sole discretion of our Board of Directors. During 2011 we declared and paid aggregate cash dividends of $1.475 per common share. We increased our quarterly dividend per common share 21 percent to 42.5 cents per common share effective with the dividend payable in September 2011 ($1.70 per common share annually). During 2010 we declared and paid aggregate cash dividends of $1.22 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, 2011:

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, 2011	60,000	$ 74.33	60,000	$ 275,184,146
August 1 31, 2011	630,291	61.15	630,291	236,642,117
September 1 30, 2011	611,319	56.68	611,319	201,993,451
Total	1,301,610	59.66	1,301,610	

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

(2) On November 7, 2007, our Board of Directors approved a $1.0 billion share repurchase program. Our repurchase program allows management to repurchase shares at its discretion. However, during quarter-end quiet periods, defined as the period of time from quarter-end until two days following the filing of our quarterly earnings results with 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,				
	2011	**2010**	**2009(a)**	**2008(b)**	**2007(c)**
	(in millions, except per share data)				
Consolidated Statement of Operations Data:					
Sales	$ 6,000.4	$ 4,857.0	$ 4,332.5	$ 5,697.8	$ 5,003.9
Interest expense	59.5	60.5	60.9	68.2	63.4
Income from continuing operations	697.1	440.4	217.9	577.6	569.3
Earnings per share from continuing operations:					
Basic	4.88	3.09	1.54	3.94	3.58
Diluted	4.79	3.05	1.53	3.89	3.53
Cash dividends per share	1.475	1.22	1.16	1.16	1.16
Consolidated Balance Sheet Data: (at end of period)					
Total assets	$ 5,284.9	$ 4,748.3	$ 4,305.7	$ 4,593.6	$ 4,545.8
Short-term debt and current portion of long-term debt				100.1	521.4
Long-term debt	905.0	904.9	904.7	904.4	405.7
Shareowners equity	1,748.0	1,460.4	1,316.4	1,688.8	1,742.8
Other Data:					
Capital expenditures	$ 120.1	$ 99.4	$ 98.0	$ 151.0	$ 131.0
Depreciation	96.5	95.7	101.7	101.3	93.5
Intangible asset amortization	34.8	31.6	32.4	35.2	24.4

(a) Includes costs of $60.4 ($41.8 million after tax, or $0.29 per diluted share) related to restructuring actions designed to better align our cost structure with current economic conditions. See Note 14 in the Financial Statements for more information.

(b) Includes net costs of $46.7 million ($30.4 million after tax, or $0.21 per diluted share) primarily related to restructuring actions designed to better align resources with growth opportunities and to reduce costs as a result of current and anticipated market conditions. See Note 14 in the Financial Statements for more information.

(c) Includes costs of $43.5 million ($27.7 million after tax, or $0.17 per diluted share) related to various restructuring activities designed to execute on our cost productivity initiatives and to advance our globalization strategy. See Note 14 in the Financial Statements for more information.

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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 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 **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 a competitive advantage for their businesses. Overall demand for our products and services is driven by:

- investments in manufacturing, including upgrades, modifications and expansions of existing facilities or production lines, and the creation of new facilities or production lines;
- our customers needs for productivity and cost reduction, sustainable production (cleaner, safer and more energy efficient), quality assurance and overall global competitiveness;
- 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;
- the seasonal spending patterns of our customers due to their annual budgeting processes and their working schedule; and
- investments in basic materials production capacity, partly in response to higher commodity pricing.

Long-term Strategy

Our vision of being the most valued global provider of innovative industrial automation and information products, services and solutions 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 technology and customer-facing differentiation;
- diversify our revenue streams by increasing our capabilities in new applications, broadening our solutions and service capabilities, advancing our global presence and serving a wider range of industries;
- grow market share by gaining new customers and by capturing a larger share of our Original Equipment Manufacturer machine builders (OEMs) and end user 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, increasing our domain expertise or continuing our geographic diversification;
- deploy human and financial resources to strengthen our technology leadership and our intellectual capital business model; and
- continuously improve quality and customer experience, drive 3-4 percent annual cost productivity, and optimize end-to-end business processes.

By implementing the strategy above, we seek to achieve our long-term financial goals that include revenue growth of 6-8 percent, double-digit EPS growth and 60 percent of our revenue outside the U.S.

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Our customers face the challenge of remaining globally cost competitive and automation can help them achieve their productivity and sustainability objectives. In addition, increasingly complex and volatile customer demand patterns drive the need for flexible manufacturing. Our value proposition is to help our customers reduce time to market, lower total cost of ownership, increase asset utilization and reduce business risks.

Differentiation through Technology and Domain Expertise

We seek a technology leadership position in all facets of industrial automation. We believe our core technologies are the foundation for long-term sustainable growth.

Our integrated control and information architecture, with Logix at its core, is capable of safely and efficiently controlling industrial processes while connecting the plant floor to the enterprise systems and the external supply chain. This architecture is an important differentiator and the anchor of our comprehensive automation offering. We complement the scalable Logix platform with additional control solutions suited for less complex machine applications. Investments in these technologies have expanded our served market beyond discrete control into process, safety and plant-wide information.

We believe that process automation is the largest growth opportunity for our company. Our Logix architecture enables us to compete effectively with traditional Distributed Control Systems (DCS) providers for many process applications.

We have one of the most comprehensive safety offerings in the industry, including both machine and process safety products and solutions. We see significant potential in the growing safety market. We successfully integrated safety into the Logix platform with our launch of GuardLogix® safety controllers. Our safety products are designed to bring a dual benefit to our customers: a safe environment for their employees and productivity in their operations.

Through internal investment and acquisitions, we have expanded our software and communication capabilities, both of which are critical components of our integrated architecture and key to optimizing processes and assets while integrating the plant floor, the enterprise business system and the supply chain.

Our broad power and motor control offering is one of our core competencies. Many of our motor control products are intelligent and configurable and can be integrated seamlessly with the Logix architecture. These products enhance the availability, efficiency and safe operation of our customers critical and most energy-intensive plant assets.

We augment our product portfolio with solutions and service offerings. We have expanded our portfolio of repeatable solutions, which enables us to gain efficiency, drive innovation and improve the global deployment of our solutions to our customers. The combination of our leading technologies with the industry-specific domain expertise of our people enables us to solve many of our customers manufacturing challenges.

Global Expansion

As the manufacturing world continues to expand, we must be able to meet our customers needs in emerging markets. We expect to continue to add solutions and services personnel and expand our sales force in emerging markets over the long term. We currently have approximately 60 percent of our employees outside the U.S., and 51 percent of our revenues outside of 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 impact of consumer spending in these markets. 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

OEMs represent another growth opportunity. The OEM market is large and we have an opportunity to increase market share, particularly outside of North America. To remain competitive, OEMs need to continually improve their costs and machine performance and reduce their time to market. Our modular and scalable Logix offering, particularly when combined with motion and safety, can assist OEMs in addressing these business needs. We also continue to expand our portfolio for less complex OEM machines, which helps to expand our addressed market, especially in emerging economies.

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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, an increasingly flexible manufacturing environment and regulatory compliance. These customers operate in an environment where product innovation and time to market are critical factors.

We serve customers in resource-based industries, including oil and gas, mining, aggregates, cement, metals, pulp and paper and water/wastewater. Companies in these industries typically invest when commodity prices are relatively high and global demand for basic materials is increasing.

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 May 2011, we purchased a majority stake in the equity of Lektronix Limited and its affiliate (Lektronix), an independent industrial automation repairs and service provider in Europe and Asia. In April 2011, we acquired certain assets and assumed certain liabilities of Hiprom (Pty) Ltd and its affiliates (Hiprom), a process control and automation systems integrator for the mining and mineral processing industry in South Africa. In March 2009, we bought a majority of the assets and assumed certain liabilities of the automation business of Rutter Hinz Inc., which expanded our business in Canada and in the oil and gas and other resource-based industries. In January 2009, we bought the assets and assumed certain liabilities of Xi an Hengsheng Science & Technology Limited. This acquisition advanced our globalization strategy and strengthened our ability to deliver project management and engineering solutions primarily to our customers in China.

We believe the acquired companies will help us expand our market share 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 information system. These are intended to improve profitability that can be used to fund investment in growth and technology 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 2011, sales to U.S. customers accounted for 49 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 (Total Index), 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 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 indication 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 2009 to 2011. Industrial production and capacity utilization have continued to increase. The PMI was lower than the preceding quarter, but continued to indicate expansion of manufacturing activity. These indicators are among the factors that lead us to be cautiously optimistic about a continued recovery with slower and potentially more uneven growth.

	Industrial Production Index	PMI	Industrial Equipment Spending (in billions)	Capacity Utilization (percent)
Fiscal 2011				
Quarter ended:				
September 2011	94.1	51.6	$ 201.8	77.4
June 2011	92.9	55.3	186.5	76.6
March 2011	92.8	61.2	185.0	76.8
December 2010	91.7	58.5	178.0	76.1
Fiscal 2010				
Quarter ended:				
September 2010	91.0	55.3	172.9	75.5
June 2010	89.5	55.3	169.1	74.0
March 2010	88.0	60.4	154.5	72.3
December 2009	86.3	56.4	153.6	70.3
Fiscal 2009				
Quarter ended:				
September 2009	85.2	53.2	153.2	68.9
June 2009	84.1	44.7	155.2	67.7
March 2009	86.7	36.6	162.6	69.7
December 2008	92.6	33.3	189.2	73.6

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

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Non-U.S. Regional Trends

In 2011, sales to non-U.S. customers accounted for 51 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, 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 GDP as one indicator of the growth opportunities in each region where we do business. Growth in emerging markets continues to exceed global GDP growth rates, but has moderated during fiscal 2011. In Europe, sovereign debt concerns have put downward pressure on industrial growth. While these trends indicate slower growth than recently experienced, overall macroeconomic trends and forecasts make us cautiously optimistic that the global recovery will continue into fiscal 2012.

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Summary of Results of Operations

Sales in fiscal 2011 increased 24 percent compared to 2010. We continued to execute our key initiatives well, which contributed to our positive performance:

- Sales in emerging markets increased 31 percent as compared to 2010. Organic sales in emerging markets increased 24 percent year over year as the effects of currency translation and acquisitions contributed 7 percentage points to the total increase. Emerging markets represented 22 percent of total company sales in fiscal 2011, and we expect this proportion to continue to grow.
- Logix sales exceeded $900 million in 2011 and increased 29 percent compared to 2010.
- Sales related to our process initiative grew 18 percent year over year in 2011.
- Sales to our OEM customers, including sales of safety components and safety systems, grew at a rate above the company average.

The improvement in operating margin was primarily due to volume leverage, partially offset by sales mix and increased spending to support growth.

General corporate expenses were net of a $3.8 million gain in 2011 resulting from the sale of an investment.

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The following tables reflect our sales and operating results for the years ended September 30, 2011, 2010 and 2009 (in millions, except per share amounts):

	Year Ended September 30,		
	2011	2010	2009
Sales			
Architecture & Software	$ 2,594.3	$ 2,115.0	$ 1,723.5
Control Products & Solutions	3,406.1	2,742.0	2,609.0
Total	$ 6,000.4	$ 4,857.0	$ 4,332.5
Segment operating earnings (a)(b)			
Architecture & Software	$ 659.1	$ 475.4	$ 223.0
Control Products & Solutions	368.5	241.8	206.7
Purchase accounting depreciation and amortization	(19.8)	(18.9)	(18.6)
General corporate net	(80.7)	(93.6)	(80.3)
Interest expense	(59.5)	(60.5)	(60.9)
Special items (b)			4.0
Income from continuing operations before income taxes	867.6	544.2	273.9
Provision for income taxes	(170.5)	(103.8)	(56.0)
Income from continuing operations	697.1	440.4	217.9
Income from discontinued operations (c)	0.7	23.9	2.8
Net income	$ 697.8	$ 464.3	$ 220.7
Diluted earnings per share:			
Continuing operations	$ 4.79	$ 3.05	$ 1.53
Discontinued operations	0.01	0.17	0.02
Net income	$ 4.80	$ 3.22	$ 1.55
Diluted weighted average outstanding shares	145.2	144.0	142.4

(a) Information regarding how we define segment operating earnings is included in Note 18 in the Financial Statements.

(b) Segment operating earnings in 2009 includes restructuring charges of $60.4 million. See Note 14 in the Financial Statements for information about restructuring charges and special items.

(c) See Note 13 in the Financial Statements for a description of items reported as discontinued operations.

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2011 Compared to 2010

(in millions, except per share amounts)	2011	2010	Change
Sales	$ 6,000.4	$ 4,857.0	$ 1,143.4
Income from continuing operations	697.1	440.4	256.7
Diluted earnings per share from continuing operations	4.79	3.05	1.74

Sales

Our sales increased $1,143.4 million, or 24 percent, from $4,857.0 million in 2010 to $6,000.4 million in 2011. Sales in our solutions and services businesses increased 24 percent year over year, and year-end backlog in these businesses was 12 percent higher than a year ago. Product sales also grew 24 percent year over year reflecting continued improvement in customers spending and increased OEM demand. Volume accounted for substantially all the organic sales growth during the period as pricing contributed less than 1 percentage point to growth during the period.

The table below presents our sales for the year ended September 30, 2011 by geographic region and the percentage change in sales from the year ended September 30, 2010 (in millions, except percentages):

	Year Ended September 30, 2011(1)	Change vs. Year Ended September 30, 2010	Change in Organic Sales vs. Year Ended September 30, 2010(2)
United States	$ 2,917.8	19%	18%
Canada	396.2	23%	17%
Europe, Middle East and Africa	1,267.6	28%	22%
Asia-Pacific	910.6	26%	18%
Latin America	508.2	38%	30%
Total sales	$ 6,000.4	24%	20%

(1) We attribute sales to the geographic regions based upon country of destination.

(2) 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.

Organic sales growth in the United States was driven by heavy and transportation industries, as consumer industries lagged the region growth rate.

Organic sales growth in Canada was driven primarily by heavy industries.

Europe s strong organic sales growth was driven primarily by transportation and consumer industries, and strong OEM demand.

Asia-Pacific organic sales growth was driven by strength in emerging markets, including China and India with 23 and 26 percent growth, respectively.[1]

Latin America growth was driven by mining and oil and gas industries.

Income from Continuing Operations before Income Taxes

Income from continuing operations before income taxes increased 58 percent from $440.4 million in 2010 to $697.1 million in 2011. The increase was predominantly due to increased volume, partially offset by increased spending to support growth. Selling, general and administrative expenses increased by $137.9 million from $1,323.3 to $1,461.2, but decreased as a percentage of sales by 2.8 points to 24.4 percent as volume increases outpaced

spending increases.
General corporate expenses were net of a $3.8 million gain in 2011 resulting from the sale of an investment.

[1] Organic sales growth in China and India exclude 4 and 3 percentage points from the effect of changes in currency, respectively.

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Income Taxes

The effective tax rate for 2011 was 19.7 percent compared to 19.1 percent in 2010. The 2011 and 2010 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.

During 2011, we recognized net discrete tax benefits of $25.0 million related to the favorable resolution of worldwide tax matters and the retroactive extension of the U.S. federal research credit. During 2010, we recognized discrete tax benefits of $27.2 million primarily related to the favorable resolution of tax matters, partially offset by discrete tax expenses of $9.6 million primarily related to the impact of a change in Mexican tax law and interest related to unrecognized tax benefits.

See Note 16 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 2011 and 2010 affecting the respective tax rates.

Discontinued Operations

Income from discontinued operations was $0.7 million in 2011 compared to $23.9 million in 2010. Income from discontinued operations in the prior year included a $21.3 million tax benefit resulting from the resolution of a domestic tax matter relating to the January 2007 sale of our Dodge mechanical and Reliance Electric motors and motor repair services businesses.

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Architecture & Software

(in millions, except percentages)	2011	2010	Change
Sales	$ 2,594.3	$ 2,115.0	$ 479.3
Segment operating earnings	659.1	475.4	183.7
Segment operating margin	25.4%	22.5%	2.9pts

Sales

Architecture & Software sales increased 23 percent to $2,594.3 million in 2011 compared to $2,115.0 million in 2010. Organic sales increased 20 percent, and the effects of currency translation contributed 3 percentage points to the total increase. Substantially all of the organic sales increase resulted from increased volume due to positive macroeconomic conditions in most regions and industries. Pricing had an immaterial effect on revenue during the period. Year-over-year sales increases in all regions other than the United States were greater than the segment average rate of increase. Logix sales increased 29 percent in 2011 compared to 2010.

Operating Margin

Architecture & Software segment operating earnings were $659.1 million in 2011, up 39 percent from $475.4 million in 2010. Operating margin increased 2.9 points to 25.4 percent in 2011 as compared to 2010. The increase in operating margin was predominantly due to volume increases as a result of higher worldwide levels of industrial production and capital spending by our customers, partially offset by sales mix and increased spending to support growth.

Control Products & Solutions

(in millions, except percentages)	2011	2010	Change
Sales	$ 3,406.1	$ 2,742.0	$ 664.1
Segment operating earnings	368.5	241.8	126.7
Segment operating margin	10.8%	8.8%	2.0pts

Sales

Control Products & Solutions sales increased 24 percent to $3,406.1 million in 2011 compared to $2,742.0 million in 2010. Organic sales increased 20 percent, and the effects of currency translation and acquisitions contributed 3 percentage points and 1 percentage point, respectively, to the total increase. The segment s organic sales increase resulted from growth in both products and solutions and services businesses, which grew at rates similar to the segment average. Latin America, Asia-Pacific and EMEA reported year-over-year growth above the segment average, while year-over-year sales increases in the United States and Canada were less than the segment average growth rate. Pricing had an immaterial effect on revenue during the period.

Operating Margin

Control Products & Solutions segment operating earnings were $368.5 million in 2011, up 52 percent from $241.8 million in the same period of 2010. Operating margin increased 2.0 points to 10.8 percent in 2011 as compared to 2010. The increase was predominantly due to volume increases, partially offset by sales mix and increased spending to support growth.

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2010 Compared to 2009

(in millions, except per share amounts)	2010	2009	Change
Sales	$ 4,857.0	$ 4,332.5	$ 524.5
Income from continuing operations	440.4	217.9	222.5
Diluted earnings per share from continuing operations	3.05	1.53	1.52

Sales

Our sales increased $524.5 million, or 12 percent, from $4,332.5 million in 2009 to $4,857.0 million in 2010. An organic sales increase of 10 percent was enhanced by benefits from currency translation of 2 percentage points. We had positive performance in our product businesses across all regions, resulting from the recovery in worldwide macroeconomic conditions and industrial production during 2010. Pricing contributed less than 1 percentage point to growth during the period.

Organic sales to customers in the Asia-Pacific region increased 17 percent, led by strength in the emerging markets, including China and India. Organic sales increased 11 and 7 percent in the United States and Canada, respectively. Organic sales increased in Latin America by 11 percent as recent growth offset declines earlier in the fiscal year. Organic sales increased 2 percent in EMEA, as declines in our solutions and services businesses that have been slower to recover offset growth in our product businesses.

Sales growth in our solutions and services business lagged the recovery in product sales. In the first half of 2010, solutions and services sales declined year over year as a consequence of declining order rates in the second half of fiscal 2009. Order rates began to improve in the first half of fiscal 2010 resulting in year-over-year growth in solutions and services sales in the second half of 2010. For the full year, sales in our solutions and services business declined 4 percent.

During 2010, sales in all of our end markets improved as the year progressed. For full-year 2010, the largest sales increases were to customers in the transportation industry.

Income from Continuing Operations before Income Taxes

Income from continuing operations before income taxes increased 102 percent from $217.9 million in 2009 to $440.4 million in 2010. Our strong performance reflects a continuing economic recovery. Gross profit margin increased by 3.7 points to 39.9 percent in 2010. Increased volume, restructuring savings and favorable mix contributed to the significant year-over-year margin improvement, partially offset by cost increases related to employee compensation, pension and postretirement expense and incremental spending to support growth.

We saved approximately $120 million in 2010 as compared to 2009 related to benefits realized from restructuring actions taken in fiscal 2009, which was in line with our expectations. We recorded $60 million less of restructuring charges during 2010 compared to 2009, which also contributed to the year-over-year income improvement. These benefits were offset by increases of approximately $200 million for employee compensation, a $41 million increase in pension and postretirement expense and $50 million incremental spending to support growth in 2010 compared to 2009.

Our Architecture & Software segment contributed 44 percent of our total sales in 2010, compared to 40 percent in 2009. During 2010 the Architecture & Software segment s operating margin was 22.5 percent. The increase in percentage of sales by our higher-margin Architecture & Software segment caused a positive mix effect on operating margin.

General corporate expenses were $93.6 million in 2010 compared to $80.3 million in 2009. The increase was primarily due to higher employee costs resulting from wage and salary increases as well as performance-based compensation. Selling, general and administrative expense as a percentage of sales decreased by 0.9 points to 27.2 percent as volume increases outpaced spending increases.

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Income Taxes

The effective tax rate for 2010 was 19.1 percent compared to 20.4 percent in 2009. The 2010 and 2009 effective tax rates were lower than the U.S. statutory rate of 35 percent because we benefited from lower non-U.S. tax rates.

The 2010 rate was lower than 2009 because we benefited from a higher proportionate share of income in lower tax rate jurisdictions as compared to 2009. We also recognized discrete tax benefits of $27.2 million primarily related to the favorable resolution of tax matters, partially offset by discrete tax expenses of $9.6 million primarily related to the impact of a change in Mexican tax law and interest related to unrecognized tax benefits in 2010. During 2009, we also recognized discrete tax benefits of $20.5 million related to the retroactive extension of the U.S. federal research tax credit, the resolution of a contractual tax obligation and various state tax matters, partially offset by discrete tax expenses of $4.2 million related to a non-U.S. subsidiary.

See Note 16 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 2010 and 2009 affecting the respective tax rates.

Discontinued Operations

Income from discontinued operations increased $21.1 million in 2010 compared to 2009, primarily due to a $21.3 million tax benefit resulting from the resolution of a domestic tax matter relating to the January 2007 sale of our Dodge mechanical and Reliance Electric motors and repair services businesses.

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Architecture & Software

(in millions, except percentages)	2010	2009	Change
Sales	$ 2,115.0	$ 1,723.5	$ 391.5
Segment operating earnings	475.4	223.0	252.4
Segment operating margin	22.5%	12.9%	9.6pts

Sales

Architecture & Software sales increased 23 percent to $2,115.0 million in 2010 compared to $1,723.5 million in 2009. Organic sales increased 20 percent, and the effects of currency translation contributed 3 percentage points to the total increase. Substantially all of the organic sales increase was the result of an increase in volume due to improving macroeconomic conditions in most regions and industries. Pricing had only a minor impact on revenue during the period. Canada and Latin America year-over-year sales increases were greater than the segment average rate of increase, while year-over-year sales increases to customers in the United States and Asia-Pacific were consistent with the segment average rate of increase. Year-over-year sales increases to customers in EMEA were slightly below the segment average rate of increase. Logix sales increased 25 percent in 2010 compared to 2009.

Operating Margin

Architecture & Software segment operating earnings were $475.4 million in 2010, up 113 percent from $223.0 million in 2009. Operating margin increased 9.6 points to 22.5 percent in 2010 as compared to 2009. The increase was predominantly due to volume increases as a result of higher worldwide levels of industrial production and capital spending by our customers. Approximately half of the restructuring cost savings, additional employee compensation, additional pension and postretirement expenses and incremental spending to support growth described above applied to the Architecture & Software segment.

Control Products & Solutions

(in millions, except percentages)	2010	2009	Change
Sales	$ 2,742.0	$ 2,609.0	$ 133.0
Segment operating earnings	241.8	206.7	35.1
Segment operating margin	8.8%	7.9%	0.9pts

Sales

Control Products & Solutions sales increased 5 percent to $2,742.0 million in 2010 compared to $2,609.0 million in 2009. Organic sales increased 2 percent, and the effects of currency translation and acquisitions contributed 2 percentage points and 1 percentage point, respectively. The segment s modest organic sales growth was primarily attributable to robust growth in the products businesses in 2010 offset by declines in solutions and services sales reflecting the decline in order rates that we experienced in the second half of 2009. While the decline in order rates led to significant sales declines in the first half of 2010, order rates recovered and after the normal lag associated with our solution and services sales, we began to see revenue increases in these businesses in the second half of 2010. Asia-Pacific and Canada both reported double-digit year-over-year overall segment growth, benefiting $2.7 million and $12.2 million, respectively, from recent acquisitions. EMEA reported year-over-year overall segment sales declines during 2010, while sales in the United States and Latin America increased consistent with the segment average. The impact of pricing on the segment s sales increase was insignificant.

Operating Margin

Control Products & Solutions segment operating earnings were $241.8 million in 2010, up 17 percent from $206.7 million in the same period of 2009. Operating margin increased 0.9 points to 8.8 percent in 2010 as compared to 2009. Approximately half of the restructuring cost savings, additional employee compensation, additional pension and postretirement expenses and incremental spending to support growth described above applied to the Control Products & Solutions segment. Positive mix attributable to the shift toward product sales from solutions and services sales contributed to the margin improvement.

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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,		
	2011	2010	2009
Cash provided by:			
Operating activities	$ 643.7	$ 494.0	$ 526.4
Investing activities	(160.9)	(89.0)	(132.4)
Financing activities	(297.9)	(241.4)	(307.4)
Effect of exchange rate changes on cash	(5.8)	6.8	(24.5)
Cash provided by continuing operations	$ 179.1	$ 170.4	$ 62.1

The following table summarizes free cash flow (in millions):

Cash provided by continuing operating activities	$ 643.7	$ 494.0	$ 526.4
Capital expenditures of continuing operations	(120.1)	(99.4)	(98.0)
Excess income tax benefit from share-based compensation	38.1	16.1	2.4
Free cash flow	$ 561.7	$ 410.7	$ 430.8

Our definition of free cash flow, which is a non-GAAP financial measure, 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 and thus 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. Our accounting for share-based compensation requires us to report the related excess income tax benefit 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.

Free cash flow was a source of $561.7 million for the year ended September 30, 2011 compared to a source of $410.7 million for the year ended September 30, 2010. Free cash flow for both 2011 and 2010 include discretionary pre-tax contributions of $150 million to the company s U.S. pension trust. The increase in free cash flow is primarily due to improvements in current year earnings, partially offset by higher compensation payments in 2011 compared to 2010. Incentive compensation payments were lower than normal in 2010 as difficult economic conditions resulted in reduced or zero earned incentives for 2009 in most of our employee incentive compensation plans. Incentive compensation payments generally occur in the first quarter of the year following the year in which the incentive is earned. We paid substantially all of the incentive compensation earned for 2010 performance in the first quarter of 2011, and will pay substantially all of the incentive compensation earned for 2011 in the first quarter of 2012.

Commercial paper is our principal source of short-term financing. At September 30, 2011 and 2010, we had no commercial paper borrowings outstanding and had no borrowings outstanding during either year.

On October 11, 2011, we contributed $300 million to our U.S. qualified pension trust. The contribution was funded with a combination of cash on hand and $275 million of commercial paper borrowings.

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We repurchased approximately 4.0 million shares of our common stock in 2011. The total cost of these shares was $299.2 million, of which $1.7 million was recorded in accounts payable at September 30, 2011, related to 30,000 shares that did not settle until October 2011. In 2010, we repurchased approximately 2.2 million shares of our common stock. The total cost of these shares was $120.0 million, of which $1.2 million was recorded in accounts payable at September 30, 2010, related to 19,700 shares that did not settle until October 2010. Our decision to repurchase stock in 2012 will depend on business conditions, free cash flow generation, other cash requirements and stock price. At September 30, 2011 we had approximately $202.0 million remaining for stock repurchases under our existing board authorization. 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.

We expect future uses of cash to include working capital requirements, capital expenditures, additional contributions to our pension plans, acquisitions of businesses, dividends to shareowners, repurchases of common stock and repayments of debt. We expect capital expenditures in 2012 to be about $140 million. We expect to fund these future uses of cash with a combination of existing cash balances, cash generated by operating activities, commercial paper borrowings or a new issuance of debt or other securities.

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. Our debt-to-total-capital ratio was 34.1 percent at September 30, 2011 and 38.3 percent at September 30, 2010. This decrease is primarily due to the net increase in shareowners equity.

On March 14, 2011, we replaced our former three-year $267.5 million unsecured revolving credit facility expiring in March 2012 and our former 364-day $300.0 million unsecured revolving credit facility expiring in March 2011 with a new four-year $750.0 million unsecured revolving credit facility. We did not incur early termination penalties in connection with the termination of our former credit facilities. We have not drawn down under any of these credit facilities at September 30, 2011 or 2010. Borrow