

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

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended December 31, 2020**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_**

Commission file number 1-12383

**Rockwell Automation, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation or organization)  
**1201 South Second Street**  
**Milwaukee, Wisconsin**  
(Address of principal executive offices)

**25-1797617**  
(I.R.S. Employer  
Identification No.)

**53204**  
(Zip Code)

**+1 (414) 382-2000**

Registrant's telephone number, including area code

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock (\$1.00 par value)	ROK	New York Stock Exchange

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  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

116,155,081 shares of registrant's Common Stock were outstanding on December 31, 2020.

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ROCKWELL AUTOMATION, INC.

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

	December 31, 2020	September 30, 2020
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 730.4	\$ 704.6
Receivables	1,379.0	1,249.1
Inventories	640.6	584.0
Other current assets	182.1	148.1
Total current assets	2,932.1	2,685.8
Property, net of accumulated depreciation of \$1,719.9 and \$1,674.9, respectively	567.7	574.4
Operating lease right-of-use assets	341.4	342.9
Goodwill	1,902.2	1,650.3
Other intangible assets, net	540.3	479.3
Deferred income taxes	351.5	415.6
Long-term investments	1,345.9	953.5
Other assets	189.9	162.9
Total	<u>\$ 8,171.0</u>	<u>\$ 7,264.7</u>
<b>LIABILITIES AND SHAREOWNERS' EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 150.5	\$ 24.6
Accounts payable	721.1	687.8
Compensation and benefits	211.0	197.0
Contract liabilities	383.6	325.3
Customer returns, rebates and incentives	212.0	199.6
Other current liabilities	510.4	376.5
Total current liabilities	2,188.6	1,810.8
Long-term debt	1,980.3	1,974.7
Retirement benefits	1,287.2	1,284.0
Operating lease liabilities	268.2	274.7
Other liabilities	572.9	573.7
Commitments and contingent liabilities (Note 13)		
Shareowners' equity:		
Common stock (\$1.00 par value, shares issued: 181.4)	181.4	181.4
Additional paid-in capital	1,856.3	1,830.7
Retained earnings	7,608.8	7,139.8
Accumulated other comprehensive loss	(1,527.3)	(1,614.2)
Common stock in treasury, at cost (shares held: 65.2 and 65.2, respectively)	(6,561.6)	(6,509.9)
Shareowners' equity attributable to Rockwell Automation, Inc.	1,557.6	1,027.8
Noncontrolling interests	316.2	319.0
Total shareowners' equity	1,873.8	1,346.8
Total	<u>\$ 8,171.0</u>	<u>\$ 7,264.7</u>

See Notes to Consolidated Financial Statements.

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

	<b>Three Months Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Sales</b>		
Products and solutions	\$ 1,394.2	\$ 1,508.9
Services	171.1	175.6
	<u>1,565.3</u>	<u>1,684.5</u>
<b>Cost of sales</b>		
Products and solutions	(806.5)	(866.0)
Services	(112.3)	(115.6)
	<u>(918.8)</u>	<u>(981.6)</u>
Gross profit	646.5	702.9
Selling, general and administrative expenses	(374.6)	(403.2)
Change in fair value of investments	390.4	71.0
Other income (expense) (Note 11)	61.0	(9.7)
Interest expense	(22.6)	(26.4)
Income before income taxes	700.7	334.6
Income tax provision (Note 14)	(110.3)	(19.2)
<b>Net income</b>	590.4	315.4
Net (loss) income attributable to noncontrolling interests	(2.9)	4.7
<b>Net income attributable to Rockwell Automation, Inc.</b>	<u>\$ 593.3</u>	<u>\$ 310.7</u>
<b>Earnings per share:</b>		
Basic	\$ 5.11	\$ 2.68
Diluted	\$ 5.06	\$ 2.66
<b>Weighted average outstanding shares:</b>		
Basic	<u>116.1</u>	<u>115.7</u>
Diluted	<u>117.1</u>	<u>116.6</u>

See Notes to Consolidated Financial Statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**(Unaudited)**  
**(in millions)**

	<b>Three Months Ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Net income	\$ 590.4	\$ 315.4
Other comprehensive income (loss), net of tax:		
Pension and other postretirement benefit plan adjustments (net of tax (expense) of (\$8.2) and (\$7.9))	27.6	27.4
Currency translation adjustments	69.2	22.1
Net change in unrealized gains and losses on cash flow hedges (net of tax benefit of \$3.7 and \$1.1)	(9.8)	(2.5)
Other comprehensive income	87.0	47.0
Comprehensive income	677.4	362.4
Comprehensive (loss) income attributable to noncontrolling interests	(2.8)	5.0
Comprehensive income attributable to Rockwell Automation, Inc.	\$ 680.2	\$ 357.4

See Notes to Consolidated Financial Statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(Unaudited)**  
**(in millions)**

	<b>Three Months Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating activities:</b>		
Net income	\$ 590.4	\$ 315.4
Adjustments to arrive at cash provided by operating activities:		
Depreciation	29.9	30.2
Amortization of intangible assets	14.1	11.7
Change in fair value of investments	(390.4)	(71.0)
Share-based compensation expense	11.5	11.5
Retirement benefit expense	30.0	31.8
Pension contributions	(8.8)	(7.1)
Net loss on disposition of property	0.1	—
Changes in assets and liabilities, excluding effects of acquisitions and foreign currency adjustments:		
Receivables	(85.5)	(85.0)
Inventories	(40.3)	1.7
Accounts payable	20.9	(0.4)
Contract liabilities	51.4	37.3
Compensation and benefits	7.3	(38.6)
Income taxes	72.8	(17.3)
Other assets and liabilities	43.1	10.9
<b>Cash provided by operating activities</b>	<b>346.5</b>	<b>231.1</b>
<b>Investing activities:</b>		
Capital expenditures	(27.1)	(37.0)
Acquisition of businesses, net of cash acquired	(283.1)	(238.5)
Purchases of investments	—	(1.0)
Proceeds from maturities of investments	—	5.4
Proceeds from sale of investments	—	37.9
Proceeds from sale of property	0.1	0.2
<b>Cash used for investing activities</b>	<b>(310.1)</b>	<b>(233.0)</b>
<b>Financing activities:</b>		
Net issuance of short-term debt	125.9	23.5
Cash dividends	(124.3)	(117.9)
Purchases of treasury stock	(83.5)	(106.0)
Proceeds from the exercise of stock options	48.9	104.8
Other financing activities	(4.2)	—
<b>Cash used for financing activities</b>	<b>(37.2)</b>	<b>(95.6)</b>
Effect of exchange rate changes on cash	26.6	5.3
<b>Increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>25.8</b>	<b>(92.2)</b>
<b>Cash, cash equivalents, and restricted cash at beginning of period</b>	<b>730.4</b>	<b>1,018.4</b>
<b>Cash, cash equivalents, and restricted cash at end of period</b>	<b>\$ 756.2</b>	<b>\$ 926.2</b>
<b>Components of cash, cash equivalents, and restricted cash</b>		
Cash and cash equivalents	\$ 730.4	\$ 926.2
Restricted cash, noncurrent (Other assets)	25.8	—
<b>Total cash, cash equivalents, and restricted cash</b>	<b>\$ 756.2</b>	<b>\$ 926.2</b>

See Notes to Consolidated Financial Statements.

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

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Common stock in treasury, at cost	Total attributable to Rockwell Automation, Inc.	Noncontrolling interests	Total shareowners' equity
<b>Balance at September 30, 2020</b>	\$ 181.4	\$ 1,830.7	\$ 7,139.8	\$ (1,614.2)	\$ (6,509.9)	\$ 1,027.8	\$ 319.0	\$ 1,346.8
Net income (loss)	—	—	593.3	—	—	593.3	(2.9)	590.4
Other comprehensive income (loss)	—	—	—	86.9	—	86.9	0.1	87.0
Common stock issued (including share-based compensation impact)	—	25.6	—	—	36.0	61.6	—	61.6
Share repurchases	—	—	—	—	(87.7)	(87.7)	—	(87.7)
Cash dividends declared <sup>(1)</sup>	—	—	(124.3)	—	—	(124.3)	—	(124.3)
<b>Balance at December 31, 2020</b>	\$ 181.4	\$ 1,856.3	\$ 7,608.8	\$ (1,527.3)	\$ (6,561.6)	\$ 1,557.6	\$ 316.2	\$ 1,873.8

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Common stock in treasury, at cost	Total attributable to Rockwell Automation, Inc.	Noncontrolling interests	Total shareowners' equity
<b>Balance at September 30, 2019</b>	\$ 181.4	\$ 1,709.1	\$ 6,440.2	\$ (1,488.0)	\$ (6,438.5)	\$ 404.2	\$ —	\$ 404.2
Net income	—	—	310.7	—	—	310.7	4.7	315.4
Other comprehensive income (loss)	—	—	—	46.7	—	46.7	0.3	47.0
Common stock issued (including share-based compensation impact)	—	16.3	—	—	101.1	117.4	—	117.4
Share repurchases	—	—	—	—	(100.2)	(100.2)	—	(100.2)
Cash dividends declared <sup>(1)</sup>	—	—	(117.9)	—	—	(117.9)	—	(117.9)
Adoption of accounting standards	—	—	149.0	(146.8)	—	2.2	—	2.2
Change in noncontrolling interest	—	50.1	—	3.8	—	53.9	314.5	368.4
<b>Balance at December 31, 2019</b>	\$ 181.4	\$ 1,775.5	\$ 6,782.0	\$ (1,584.3)	\$ (6,437.6)	\$ 717.0	\$ 319.5	\$ 1,036.5

<sup>(1)</sup> Cash dividends were \$1.07 per share and \$1.02 per share in the periods ending December 31, 2020 and 2019, respectively.

See Notes to Consolidated Financial Statements.

## ROCKWELL AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**1. Basis of Presentation and Accounting Policies**

In the opinion of management of Rockwell Automation, Inc. ("Rockwell Automation" or "the Company"), the unaudited Consolidated Financial Statements contain all adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods presented and, except as otherwise indicated, such adjustments consist only of those of a normal, recurring nature. These statements should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended September 30, 2020. The results of operations for the three-month period ended December 31, 2020, are not necessarily indicative of the results for the full year. All date references to years and quarters herein refer to our fiscal year and fiscal quarter unless otherwise stated.

*Receivables*

We record an allowance for doubtful accounts based on customer-specific analysis and general matters such as current assessments of past due balances, historic writeoff experience, and economic conditions and expected changes in market conditions. Receivables are stated net of an allowance for doubtful accounts of \$14.4 million at December 31, 2020, and \$15.2 million at September 30, 2020. In addition, receivables are stated net of an allowance for certain customer returns, rebates and incentives of \$9.4 million at December 31, 2020, and \$8.1 million at September 30, 2020. The changes to our allowance for doubtful accounts during the three months ended December 31, 2020, were not material and primarily consisted of current-period provisions, writeoffs charged against the allowance, recoveries collected, and foreign currency translation.

*Earnings Per Share*

The following table reconciles basic and diluted earnings per share (EPS) amounts (in millions, except per share amounts):

	Three Months Ended December 31,	
	2020	2019
Net income attributable to Rockwell Automation	\$ 593.3	\$ 310.7
Less: Allocation to participating securities	(0.7)	(0.3)
Net income available to common shareowners	<u>\$ 592.6</u>	<u>\$ 310.4</u>
Basic weighted average outstanding shares	116.1	115.7
Effect of dilutive securities		
Stock options	0.9	0.9
Performance shares	0.1	—
Diluted weighted average outstanding shares	<u>117.1</u>	<u>116.6</u>
<b>Earnings per share:</b>		
Basic	<u>\$ 5.11</u>	<u>\$ 2.68</u>
Diluted	<u>\$ 5.06</u>	<u>\$ 2.66</u>

For the three months ended December 31, 2020, there were 0.2 million shares related to share-based compensation awards that were excluded from the diluted EPS calculation because they were antidilutive. For the three months ended December 31, 2019, 2.4 million shares related to share-based compensation awards were excluded from the diluted EPS calculation because they were antidilutive.

*Non-Cash Investing and Financing Activities*

Capital expenditures of \$21.5 million and \$10.9 million were accrued within accounts payable and other current liabilities at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, there were \$4.2 million and \$3.5 million, respectively, of outstanding common stock share repurchases recorded in accounts payable that did not settle until the next fiscal quarter. These non-cash investing and financing activities have been excluded from cash used for capital expenditures and treasury stock purchases in the Consolidated Statement of Cash Flows.



**ROCKWELL AUTOMATION, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)***Goodwill*

We perform our annual evaluation of goodwill and indefinite life intangible assets for impairment as required under accounting principles generally accepted in the United States (U.S. GAAP) during the second quarter of each year, or more frequently if events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Any excess in carrying value over the estimated fair value is charged to results of operations. For our annual evaluation of goodwill, we may perform a qualitative test to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount in order to determine whether it is necessary to perform a quantitative goodwill impairment test. When performing the quantitative goodwill impairment test, we determine the fair value of each reporting unit under a combination of an income approach derived from discounted cash flows and a market multiples approach using selected comparable public companies. Significant assumptions used in the income approach include: management's forecasted cash flows, including estimated future revenue growth rates and margins, discount rates, and terminal value. Forecasted future revenue growth rates and margins are based on management's best estimate about current and future conditions. Discount rates are determined using a weighted average cost of capital adjusted for risk factors specific to the reporting unit, with comparison to market and industry data. The terminal value is estimated following common methodology of calculating the present value of estimated perpetual cash flow beyond the last projected period assuming constant discount and long-term growth rates. Significant assumptions used in the market multiples approach include selection of the comparable public companies and calculation of the appropriate market multiples.

*Leases*

We have operating leases primarily for real estate, vehicles, and equipment. We determine if a contract is, or contains, a lease at contract inception. A right-of-use (ROU) asset and a corresponding lease liability are recognized at commencement for contracts that are, or contain, a lease with an original term greater than 12 months. ROU assets represent our right to use an underlying asset during the lease term, including periods for which renewal options are reasonably certain to be exercised, and lease liabilities represent our obligation to make lease payments arising from the lease. Lease expense is recognized on a straight-line basis over the lease term for operating leases with an original term of 12 months or less.

Some leasing arrangements require variable payments that are dependent on usage or may vary for other reasons, such as payments for insurance and tax payments. A portion of our real estate leases is generally subject to annual changes based upon an index. The changes based upon the index are treated as variable lease payments. The variable portion of lease payments is not included in our ROU assets or lease liabilities and is expensed when incurred. We elected to not separate lease and nonlease components of contracts for all underlying asset classes. Accordingly, all expenses associated with a lease contract are accounted for as lease expenses.

Lease liabilities are recognized at the contract commencement date based on the present value of remaining lease payments over the lease term. To calculate the lease liabilities we use our incremental borrowing rate. We determine our incremental borrowing rate at the commencement date using our unsecured borrowing rate, adjusted for collateralization and lease term. For leases denominated in a currency other than the U.S. dollar, the collateralized borrowing rate in the foreign currency is determined using the U.S. dollar and foreign currency swap spread. Long-term lease liabilities are presented as operating lease liabilities and current lease liabilities are included in other current liabilities in the Consolidated Balance Sheet.

ROU assets are recognized at the contract commencement date at the value of the related lease liability, adjusted for any prepayments, lease incentives received and initial direct costs incurred. Operating lease ROU assets are presented as operating lease right-of-use assets in the Consolidated Balance Sheet.

Lease expenses for operating leases are recognized on a straight-line basis over the lease term and recorded in cost of sales and selling, general and administrative expenses in the Consolidated Statement of Operations.

**ROCKWELL AUTOMATION, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**(Unaudited)**

*Recently Adopted Accounting Pronouncements*

In February 2016, the Financial Accounting Standards Board (FASB) issued a new standard on accounting for leases that requires lessees to recognize right-of-use assets and lease liabilities for most leases, among other changes to existing lease accounting guidance. The new standard also requires additional qualitative and quantitative disclosures about leasing activities. We adopted the new standard using the modified retrospective transition method, which resulted in an immaterial cumulative-effect adjustment to the opening balance of retained earnings as of October 1, 2019, our adoption date. The amounts of lease right-of-use assets and corresponding lease liabilities recorded in the Consolidated Balance Sheet upon adoption were \$316 million and \$329 million, respectively. We have implemented necessary changes to accounting policies, processes, controls and systems to enable compliance with this new standard.

In February 2018, the FASB issued a new standard regarding the reporting of comprehensive loss, which gives entities the option to reclassify tax effects of the Tax Cuts and Jobs Act of 2017 (the "Tax Act") stranded in accumulated other comprehensive loss into retained earnings. We adopted the new standard as of October 1, 2019, and elected to reclassify tax effects of \$147 million from accumulated other comprehensive loss into retained earnings.

In June 2016, the FASB issued a new standard that requires companies to utilize a current expected credit losses impairment (CECL) model for certain financial assets, including trade and other receivables. The CECL model requires that estimated expected credit losses, including allowance for doubtful accounts, consider a broader range of information such as economic conditions and expected changes in market conditions. We adopted the new standard as of October 1, 2020. The adoption of this standard did not have a material impact on our Consolidated financial statements.

## ROCKWELL AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)**2. Revenue Recognition***Nature of Products and Services*

Substantially all of our revenue is from contracts with customers. We recognize revenue as promised products are transferred to, or services are performed for, customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those products and services. Our offerings consist of industrial automation and information products, solutions and services.

Our products include hardware, software, and configured-to-order products. Our solutions include custom-engineered systems and software. Our services include customer technical support and repair, asset management and optimization consulting, and training. Also included in our services is a portion of revenue related to spare parts that are managed within our services offering.

Our operations are comprised of the Intelligent Devices segment, Software & Control segment, and Lifecycle Services segment. Revenue from the Intelligent Devices and Software & Control segments is predominantly comprised of product sales which are recognized at a point in time. The Software & Control segment also contains revenue from software products which may be recognized over time if certain criteria are met. Revenue from the Lifecycle Services segment is predominantly comprised of solutions and services which are primarily recognized over time. See Note 16 for more information.

*Unfulfilled Performance Obligations*

As of December 31, 2020, we expect to recognize approximately \$580 million of revenue in future periods from unfulfilled performance obligations from existing contracts with customers. We expect to recognize revenue of approximately \$340 million from our remaining performance obligations over the next 12 months with the remaining balance recognized thereafter.

We have applied the practical expedient to exclude the value of remaining performance obligations for (i) contracts with an original term of one year or less and (ii) contracts for which we recognize revenue in proportion to the amount we have the right to invoice for services performed. The amounts above also do not include the impact of contract renewal options that are unexercised as of December 31, 2020.

*Disaggregation of Revenue*

The following tables present our revenue disaggregation by geographic region for our three operating segments (in millions). We attribute sales to the geographic regions based on the country of destination. Information for the three months ended December 31, 2019, has been recast to reflect our new operating segments. See Note 15 for further information on our change in operating segments.

	Three Months Ended December 31, 2020			
	Intelligent Devices	Software & Control	Lifecycle Services	Total
North America	\$ 449.3	\$ 266.4	\$ 196.6	\$ 912.3
Europe, Middle East and Africa (EMEA)	130.3	84.8	105.6	320.7
Asia Pacific	91.8	62.6	67.5	221.9
Latin America	50.3	27.2	32.9	110.4
Total Company Sales	\$ 721.7	\$ 441.0	\$ 402.6	\$ 1,565.3

	Three Months Ended December 31, 2019			
	Intelligent Devices	Software & Control	Lifecycle Services	Total
North America	\$ 486.7	\$ 279.8	\$ 240.4	\$ 1,006.9
Europe, Middle East and Africa (EMEA)	127.8	74.1	108.2	310.1
Asia Pacific	97.4	67.0	65.2	229.6
Latin America	64.7	31.6	41.6	137.9
Total Company Sales	\$ 776.6	\$ 452.5	\$ 455.4	\$ 1,684.5

## ROCKWELL AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)*Contract Balances*

Contract liabilities primarily relate to consideration received in advance of performance under the contract. We do not have significant contract assets as of December 31, 2020.

Below is a summary of our contract liabilities balance:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Balance as of beginning of fiscal year	\$ 325.3	\$ 275.6
Balance as of end of period	383.6	319.2

The most significant changes in our contract liabilities balance during the three months ended December 31, 2020, were due to amounts billed, partially offset by revenue recognized that was included in the contract liabilities balance at the beginning of the period.

In the three months ended December 31, 2020, we recognized revenue of approximately \$113.4 million that was included in the contract liabilities balance at September 30, 2020. We did not have a material amount of revenue recognized in the three months ended December 31, 2020, from performance obligations satisfied or partially satisfied in previous periods.

**3. Share-Based Compensation**

We recognized \$11.5 million of pre-tax share-based compensation expense during each of the three months ended December 31, 2020, and 2019, respectively. Our annual grant of share-based compensation takes place during the first quarter of each fiscal year. The number of shares granted to employees and non-employee directors and the weighted average fair value per share during the periods presented were (in thousands, except per share amounts):

	<u>Three Months Ended December 31,</u>			
	<u>2020</u>		<u>2019</u>	
	<u>Grants</u>	<u>Wtd. Avg. Share Fair Value</u>	<u>Grants</u>	<u>Wtd. Avg. Share Fair Value</u>
Stock options	195	\$ 55.47	953	\$ 35.86
Performance shares	44	298.10	37	265.04
Restricted stock and restricted stock units	126	245.07	45	193.70
Unrestricted stock	4	221.90	5	162.29

**4. Inventories**

Inventories consist of (in millions):

	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Finished goods	\$ 276.8	\$ 243.0
Work in process	165.4	159.1
Raw materials	198.4	181.9
Inventories	<u>\$ 640.6</u>	<u>\$ 584.0</u>

## ROCKWELL AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)**5. Acquisitions**

In October 2020, we acquired Oylo, a privately-held industrial cybersecurity services provider based in Barcelona, Spain. We assigned the full amount of goodwill related to this acquisition to our Lifecycle Services segment.

In December 2020, we acquired Fiix Inc., a privately-held, artificial intelligence enabled computerized maintenance management system (CMMS) company based in Toronto, Ontario, Canada. We assigned the full amount of goodwill related to this acquisition to our Software & Control segment.

We recorded assets acquired and liabilities assumed in connection with these acquisitions based on their estimated fair values as of the respective acquisition dates. The preliminary aggregate purchase price allocation for these acquisitions is as follows (in millions):

	<b>Purchase Price Allocation</b>
Accounts receivable	\$ 6.2
All other assets	1.7
Goodwill	221.8
Intangible assets	72.1
Total assets acquired	301.8
Less: Liabilities assumed	(10.5)
Less: Deferred income taxes	(4.1)
Net assets acquired	\$ 287.2
	<b>Purchase Consideration</b>
Total purchase consideration, net of cash acquired	\$ 287.2

Intangible assets identified include \$72.1 million of customer relationships, technology, and trade names (approximately 11-year weighted average useful life). We assigned \$12.4 million of goodwill to our Lifecycle Services segment and \$209.4 million of goodwill to our Software & Control segment, which represents intangible assets that are not separable such as synergy effects. We do not expect the goodwill to be deductible for tax purposes.

The allocation of the purchase price to identifiable assets for these acquisitions are based on the preliminary valuations performed to determine the fair value of the net assets as of their respective acquisition dates. The measurement period for the valuation of net assets acquired ends as soon as information on the facts and circumstances that existed as of the acquisition dates becomes available, but not to exceed 12 months following the acquisition date. Adjustments in purchase price allocations may require a change in the amounts allocated to net assets acquired during the periods in which the adjustments are determined.

Total sales from these acquisitions included in our consolidated results for the three months ended December 31, 2020, and their impact on proforma sales and earnings for the three months ended December 31, 2019, were not material. Acquisition-related costs recorded as expenses for these acquisitions in the three months ended December 31, 2020, were not material.

## ROCKWELL AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)**6. Goodwill and Other Intangible Assets**

Changes in the carrying amount of goodwill for the three months ended December 31, 2020, are (in millions):

	Architecture & Software	Control Products & Solutions	Intelligent Devices	Software & Control	Lifecycle Services	Total
Balance as of September 30, 2020	\$ 609.4	\$ 1,040.9	\$ —	\$ —	\$ —	\$ 1,650.3
Reallocation due to change in Segments	(609.4)	(1,040.9)	535.1	497.3	617.9	—
Acquisition of businesses	—	—	—	209.4	12.4	221.8
Translation	—	—	10.5	9.3	10.3	30.1
Balance as of December 31, 2020	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 545.6</u>	<u>\$ 716.0</u>	<u>\$ 640.6</u>	<u>\$ 1,902.2</u>

During the first quarter of fiscal 2021, we changed our organizational structure resulting in three operating segments: Intelligent Devices, Software & Control, and Lifecycle Services. This change also resulted in the identification of new reporting units. We reassigned our goodwill balances to reflect this new structure using the relative fair value allocation approach required under U.S. GAAP. Under this approach, the fair values of each of our new reporting units were compared to the total fair value of their prior respective reporting units immediately prior to the reorganization to arrive at the reassigned goodwill balances. We determined the reporting unit fair values using the same approach for quantitative goodwill impairment tests described in Note 1 to the Consolidated Financial Statements. We also tested goodwill at the affected reporting units for impairment prior to and subsequent to the reassignment of goodwill and concluded that goodwill was not impaired.

We perform our annual evaluation of goodwill and indefinite life intangible assets for impairment during the second quarter of each year, or more frequently if events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. We assessed the changes in events and circumstances subsequent to our annual test and concluded that no triggering events which would require interim quantitative testing occurred except as described above.

**ROCKWELL AUTOMATION, INC.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**(Unaudited)**

Other intangible assets consist of (in millions):

	<b>December 31, 2020</b>		
	<b>Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net</b>
<b>Amortized intangible assets:</b>			
Computer software products	\$ 192.7	\$ 141.6	\$ 51.1
Customer relationships	369.4	102.0	267.4
Technology	223.5	89.3	134.2
Trademarks	76.7	33.8	42.9
Other	15.5	14.5	1.0
<b>Total amortized intangible assets</b>	<b>877.8</b>	<b>381.2</b>	<b>496.6</b>
Allen-Bradley® trademark not subject to amortization	43.7	—	43.7
<b>Total</b>	<b>\$ 921.5</b>	<b>\$ 381.2</b>	<b>\$ 540.3</b>

	<b>September 30, 2020</b>		
	<b>Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net</b>
<b>Amortized intangible assets:</b>			
Computer software products	\$ 192.7	\$ 139.0	\$ 53.7
Customer relationships	351.3	92.5	258.8
Technology	165.8	84.0	81.8
Trademarks	71.7	31.3	40.4
Other	14.4	13.5	0.9
<b>Total amortized intangible assets</b>	<b>795.9</b>	<b>360.3</b>	<b>435.6</b>
Allen-Bradley® trademark not subject to amortization	43.7	—	43.7
<b>Total</b>	<b>\$ 839.6</b>	<b>\$ 360.3</b>	<b>\$ 479.3</b>

Estimated amortization expense is \$59.5 million in 2021, \$57.9 million in 2022, \$56.6 million in 2023, \$53.6 million in 2024, and \$51.4 million in 2025.

**7. Short-term Debt**

Our short-term debt as of December 31, 2020, primarily consisted of \$125.0 million of commercial paper borrowings and \$23.5 million of interest-bearing loans from Schlumberger to Sensia which were originally due September 30, 2020, and are now due September 30, 2021. The weighted average interest rate of the commercial paper outstanding at December 31, 2020 was 0.22 percent. There were no commercial paper borrowings outstanding at September 30, 2020. The short-term loans from Schlumberger were entered into following formation of Sensia in fiscal 2020.

**8. Other Current Liabilities**

Other current liabilities consist of (in millions):

	<b>December 31, 2020</b>	<b>September 30, 2020</b>
Unrealized losses on foreign exchange contracts	\$ 60.0	\$ 24.3
Product warranty obligations	19.7	20.8
Taxes other than income taxes	93.9	58.5
Accrued interest	29.8	14.9
Income taxes payable	111.4	79.8
Operating lease liabilities	94.0	89.7
Other	101.6	88.5
<b>Other current liabilities</b>	<b>\$ 510.4</b>	<b>\$ 376.5</b>

## ROCKWELL AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)**9. Investments**

Our investments consist of (in millions):

	December 31, 2020	September 30, 2020
Fixed income securities	\$ 0.7	\$ 0.6
Equity securities	1,265.7	875.3
Other	80.2	78.2
Total investments	1,346.6	954.1
Less: Short-term investments <sup>(1)</sup>	(0.7)	(0.6)
Long-term investments	\$ 1,345.9	\$ 953.5

<sup>(1)</sup> Short-term investments are included in other current assets in the Consolidated Balance Sheet.

*Equity Securities*

On July 19, 2018, we purchased 10,582,010 shares of PTC Inc. ("PTC") common stock (the "PTC Shares") in a private placement at a purchase price of \$94.50 per share for an aggregate purchase price of approximately \$1.0 billion (the "Purchase"). The PTC Shares are considered equity securities. For a period of approximately 3 years after the Purchase, we are subject to entity-specific transfer restrictions subject to certain exceptions. Since the first anniversary of the Purchase, the Company has had the ability to transfer, in the aggregate in any 90-day period, a number of PTC Shares equal to up to 1.0 percent of PTC's total outstanding shares of common stock as of the first day in such 90-day period, but no more than 2.0 percent of PTC's total outstanding shares of common stock in each of the second year and the third year after the Purchase.

*Fair Value of Investments*

U.S. GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. U.S. GAAP also classifies the inputs used to measure fair value into the following hierarchy:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while we believe our valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. We did not have any transfers between levels of fair value measurements during the period presented.

The PTC Shares are classified as level 1 in the fair value hierarchy and recognized at fair value in the Consolidated Balance Sheet using the most recent closing price of PTC common stock quoted on Nasdaq. At December 31, 2020, the fair value of the PTC Shares was \$1,265.7 million, which was recorded in long-term investments in the Consolidated Balance Sheet. For the three months ended December 31, 2020, and 2019, we recorded gains of \$390.4 million and \$71.0 million related to the PTC Shares, respectively.



## ROCKWELL AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)**10. Retirement Benefits**

The components of net periodic benefit cost are (in millions):

	<b>Pension Benefits</b>	
	<b>Three Months Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Service cost	\$ 22.7	\$ 22.8
Interest cost	31.3	34.2
Expected return on plan assets	(60.4)	(61.2)
Amortization:		
Prior service cost	0.4	0.2
Net actuarial loss	36.7	36.8
Settlements	(0.2)	(0.7)
Net periodic benefit cost	<u>\$ 30.5</u>	<u>\$ 32.1</u>

	<b>Other Postretirement Benefits</b>	
	<b>Three Months Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Service cost	\$ 0.3	\$ 0.3
Interest cost	0.3	0.4
Amortization:		
Prior service credit	(1.4)	(1.4)
Net actuarial loss	0.3	0.4
Net periodic benefit credit	<u>\$ (0.5)</u>	<u>\$ (0.3)</u>

The service cost component is included in cost of sales and selling, general and administrative expenses in the Consolidated Statement of Operations. All other components are included in other income (expense) in the Consolidated Statement of Operations.

**11. Other Income (Expense)**

The components of other income (expense) are (in millions):

	<b>Three Months Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
	Interest income	\$ 0.3
Royalty income	2.1	2.5
Legacy product liability and environmental charges	(4.6)	(2.7)
Non-operating pension and postretirement benefit cost	(7.0)	(8.7)
Legal settlement (Note 13)	70.0	—
Other	0.2	(3.2)
Other income (expense)	<u>\$ 61.0</u>	<u>\$ (9.7)</u>

## ROCKWELL AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)**12. Accumulated Other Comprehensive Loss**

Changes in accumulated other comprehensive loss attributable to Rockwell Automation by component were (in millions):

*Three Months Ended December 31, 2020*

	Pension and other postretirement benefit plan adjustments, net of tax	Accumulated currency translation adjustments, net of tax	Net unrealized gains (losses) on cash flow hedges, net of tax	Total accumulated other comprehensive loss, net of tax
Balance as of September 30, 2020	\$ (1,271.2)	\$ (311.5)	\$ (31.5)	\$ (1,614.2)
Other comprehensive income (loss) before reclassifications	—	69.1	(12.9)	56.2
Amounts reclassified from accumulated other comprehensive loss	27.6	—	3.1	30.7
Other comprehensive income (loss)	27.6	69.1	(9.8)	86.9
Balance as of December 31, 2020	\$ (1,243.6)	\$ (242.4)	\$ (41.3)	\$ (1,527.3)

*Three Months Ended December 31, 2019*

	Pension and other postretirement benefit plan adjustments, net of tax	Accumulated currency translation adjustments, net of tax	Net unrealized gains (losses) on cash flow hedges, net of tax	Total accumulated other comprehensive loss, net of tax
Balance as of September 30, 2019	\$ (1,133.7)	\$ (341.3)	\$ (13.0)	\$ (1,488.0)
Other comprehensive income (loss) before reclassifications	—	21.8	0.9	22.7
Amounts reclassified from accumulated other comprehensive loss	27.4	—	(3.4)	24.0
Other comprehensive income (loss)	27.4	21.8	(2.5)	46.7
Adoption of accounting standard/other	(146.8)	3.8	—	(143.0)
Balance as of December 31, 2019	\$ (1,253.1)	\$ (315.7)	\$ (15.5)	\$ (1,584.3)

## ROCKWELL AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)

The reclassifications out of accumulated other comprehensive loss in the Consolidated Statement of Operations were (in millions):

	Three Months Ended December 31,		Affected Line in the Consolidated Statement of Operations
	2020	2019	
<b>Pension and other postretirement benefit plan adjustments<sup>(1)</sup>:</b>			
Amortization of prior service credit	\$ (1.0)	\$ (1.2)	Other income (expense)
Amortization of net actuarial loss	37.0	37.2	Other income (expense)
Settlements	(0.2)	(0.7)	Other income (expense)
	<u>35.8</u>	<u>35.3</u>	Income before income taxes
	<u>(8.2)</u>	<u>(7.9)</u>	Income tax provision
	<u>\$ 27.6</u>	<u>\$ 27.4</u>	Net income attributable to Rockwell Automation
<b>Net unrealized losses (gains) on cash flow hedges:</b>			
Forward exchange contracts	\$ (0.5)	\$ (0.1)	Sales
Forward exchange contracts	4.7	(5.0)	Cost of sales
Forward exchange contracts	(0.4)	0.1	Selling, general and administrative expenses
Treasury locks related to 2019 debt issuance	0.5	0.5	Interest expense
	<u>4.3</u>	<u>(4.5)</u>	Income before income taxes
	<u>(1.2)</u>	<u>1.1</u>	Income tax provision
	<u>\$ 3.1</u>	<u>\$ (3.4)</u>	Net income attributable to Rockwell Automation
<b>Total reclassifications</b>	<u>\$ 30.7</u>	<u>\$ 24.0</u>	Net income attributable to Rockwell Automation

(1) These components are included in the computation of net periodic benefit cost (credit). See Note 10 for further information.

ROCKWELL AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)

**13. Commitments and Contingent Liabilities**

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

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, including products from divested businesses for which we have agreed to defend and indemnify claims. Currently there are a few thousand claimants in lawsuits that name us as defendants, together with hundreds of other companies. 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.

Additionally, we have maintained insurance coverage that includes indemnity and defense costs, over and above self-insured retentions, for many of these claims. We believe these arrangements will provide substantial coverage for future defense and indemnity costs for these asbestos claims throughout the remaining life of asbestos liability. The uncertainties of asbestos claim litigation make it difficult to predict accurately the ultimate outcome of asbestos claims. That uncertainty is increased by the possibility of adverse rulings or new legislation affecting asbestos claim litigation or the settlement process. Subject to these uncertainties and based on our experience defending asbestos claims, we do not believe these lawsuits will have a material effect on our business, financial condition or results of operations.

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. We do not believe these liabilities will have a material effect on our business, financial condition or results of operations.

In many countries we provide a limited intellectual property indemnity as part of our terms and conditions of sale. We also at times provide limited intellectual property indemnities in other contracts with third parties, such as contracts concerning the development and manufacture of our hardware and software products. As of December 31, 2020, we were not aware of any material indemnification claims that were probable or reasonably possible of an unfavorable outcome. Historically, claims that have been made under the indemnification agreements have not had a material impact on our business, financial condition or results of operations; however, to the extent that valid indemnification claims arise in the future, future payments by us could be significant and could have a material adverse effect on our business, financial condition or results of operations in a particular period. During the first quarter of fiscal 2021, we reached a favorable settlement agreement regarding ongoing litigation of a trademark infringement and false advertising matter and received \$70 million. The settlement gain is recorded in other income (expense) in the Consolidated statement of operations.

ROCKWELL AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)  
(Unaudited)

**14. Income Taxes**

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

The effective tax rate was 15.8 percent in the three months ended December 31, 2020, compared to 5.7 percent in the three months ended December 31, 2019. The effective tax rate was lower than the U.S. statutory rate of 21 percent in the three months ended December 31, 2020, primarily due to PTC investment adjustments and because we benefited from lower non-U.S. tax rates. The effective tax rate was lower than the U.S. statutory rate of 21 percent in the three months ended December 31, 2019, primarily due to PTC investment adjustments, tax benefits recognized upon the formation of the Sensia joint venture, and excess income tax benefits of share-based compensation.

An income tax liability of \$296.0 million related to the U.S. transition tax under the Tax Act that is payable greater than 12 months after both December 31, 2020, and September 30, 2020, is recorded in other liabilities in the Consolidated Balance Sheet.

*Unrecognized Tax Benefits*

The amount of gross unrecognized tax benefits was \$22.5 million and \$25.5 million at December 31, 2020, and September 30, 2020, respectively, of which the entire amount would reduce our effective tax rate if recognized.

Accrued interest and penalties related to unrecognized tax benefits were \$4.2 million and \$4.0 million at December 31, 2020, and September 30, 2020, respectively. We recognize interest and penalties related to unrecognized tax benefits in the income tax provision.

We believe it is reasonably possible that the amount of gross unrecognized tax benefits could be reduced by up to \$22.1 million in the next 12 months as a result of the resolution of tax matters in various global jurisdictions and the lapses of statutes of limitations. If all of the unrecognized tax benefits were recognized, the net reduction to our income tax provision, including the recognition of interest and penalties and offsetting tax assets, could be up to \$25.6 million.

We conduct business globally and are routinely audited by the various tax jurisdictions in which we operate. We are no longer subject to U.S. federal income tax examinations for years before 2016 and are no longer subject to state, local and foreign income tax examinations for years before 2009.

**ROCKWELL AUTOMATION, INC.**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**(Unaudited)**
**15. Business Segment Information**

We determine our operating segments based on the information used by our chief operating decision maker, our Chief Executive Officer, to allocate resources and assess performance. Beginning in fiscal year 2021, we organize our business into three operating segments: Intelligent Devices, Software & Control, and Lifecycle Services. This change simplifies our structure around essential offerings, leverages our sharpened industry focus, and recognizes the growing importance of software in delivering value to our customers. The composition of our segments is as follows:

Intelligent Devices	Software & Control <sup>(1)</sup>	Lifecycle Services <sup>(2)</sup>
Drives <sup>(2)</sup>	Control software & hardware	Consulting
Motion <sup>(1)</sup>	Visualization software & hardware	Professional services and solutions
Safety <sup>(1)</sup>	Digital twin & simulation software	Connected services
Sensing <sup>(1)</sup>	Information solutions software	Maintenance services
Industrial components <sup>(2)</sup>	Network & security infrastructure	Sensia joint venture
Configured-to-order products <sup>(2)</sup>		

<sup>(1)</sup> Formerly part of the Architecture & Software segment

<sup>(2)</sup> Formerly part of the Control Products & Solutions segment

The following tables reflect the sales and operating results of our reportable segments including recast information for the three months ended December 31, 2019 (in millions):

	Three Months Ended December 31,	
	2020	2019
<b>Sales</b>		
Intelligent Devices	\$ 721.7	\$ 776.6
Software & Control	441.0	452.5
Lifecycle Services	402.6	455.4
Total	<u>\$ 1,565.3</u>	<u>\$ 1,684.5</u>
<b>Segment operating earnings</b>		
Intelligent Devices	\$ 140.2	\$ 160.6
Software & Control	133.1	140.4
Lifecycle Services	36.0	38.1
Total	<u>309.3</u>	<u>339.1</u>
Purchase accounting depreciation and amortization	(11.7)	(10.0)
Corporate and other	(28.0)	(32.8)
Non-operating pension and postretirement benefit cost	(7.0)	(8.7)
Gain on investments	390.4	71.0
Legal Settlement	70.0	—
Interest (expense) income - net	(22.3)	(24.0)
Income before income taxes	<u>\$ 700.7</u>	<u>\$ 334.6</u>

Among other considerations, we evaluate performance and allocate resources based upon segment operating earnings before income taxes, interest (expense) income - net, costs related to corporate offices, non-operating pension and postretirement benefit cost, certain corporate initiatives, gains and losses on investments, gains and losses from the disposition of businesses, and purchase accounting depreciation and amortization. Depending on the product, intersegment sales within a single legal entity are either at cost or cost plus a mark-up, which does not necessarily represent a market price. Sales between legal entities are at an appropriate transfer price. We allocate costs related to shared segment operating activities to the segments consistent with the methodology used by management to assess segment performance.

**ROCKWELL AUTOMATION, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**  
**(Unaudited)**

The following table summarizes the identifiable assets at December 31, 2020, and September 30, 2020 for each of the reportable segments and Corporate (in millions):

	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Identifiable assets:		
Intelligent Devices	\$ 1,679.5	\$ 1,585.0
Software & Control	1,441.3	1,072.7
Lifecycle Services	1,902.8	1,915.0
Corporate	3,147.4	2,692.0
Total	<u>\$ 8,171.0</u>	<u>\$ 7,264.7</u>

Identifiable assets at Corporate consist principally of cash, net deferred income tax assets, prepaid pension obligations, and property. Property shared by the segments and used in operating activities is also reported in Corporate identifiable assets. Corporate identifiable assets include shared net property balances of \$253.3 million and \$247.3 million at December 31, 2020, and September 30, 2020, respectively, for which depreciation expense has been allocated to segment operating earnings consistent with the methodology used by management to assess segment performance.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareowners of  
Rockwell Automation, Inc.  
Milwaukee, Wisconsin

### Results of Review of Interim Financial Information

We have reviewed the accompanying consolidated balance sheet of Rockwell Automation, Inc. and subsidiaries (the "Company") as of December 31, 2020, the related consolidated statements of operations, cash flows, comprehensive income, and shareowners' equity for the three-month periods ended December 31, 2020 and 2019, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of September 30, 2020, and the related consolidated statements of operations, comprehensive income, cash flows and shareowners' equity for the year then ended (not presented herein); and in our report dated November 10, 2020, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of September 30, 2020, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

### Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ DELOITTE & TOUCHE LLP

Milwaukee, Wisconsin  
January 26, 2021



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

### Results of Operations

#### Forward-Looking Statements

This Quarterly Report contains statements (including certain projections, guidance 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 statements. 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:

- the severity and duration of disruptions to our business due to pandemics, including the COVID-19 pandemic, natural disasters, acts of war, strikes, terrorism, social unrest or other causes, including the impacts of the COVID-19 pandemic and efforts to manage it on the global economy, liquidity and financial markets, demand for our hardware and software products, solutions and services, our supply chain, our work force, our liquidity and the value of the assets we own;
- macroeconomic factors, including global and regional business conditions (including adverse impacts in certain markets, such as Oil & Gas), the availability and cost of capital, commodity prices, the cyclical nature of our customers' capital spending, sovereign debt concerns and currency exchange rates;
- laws, regulations and governmental policies affecting our activities in the countries where we do business, including those related to tariffs, taxation, and trade controls;
- the availability and price of components and materials;
- the availability, effectiveness and security of our information technology systems;
- our ability to manage and mitigate the risk related to security vulnerabilities and breaches of our hardware and software products, solutions and services;
- the successful development of advanced technologies and demand for and market acceptance of new and existing hardware and software products;
- our ability to manage and mitigate the risks associated with our solutions and services businesses;
- the successful execution of our cost productivity initiatives;
- competitive hardware and software products, solutions and services and pricing pressures, and our ability to provide high quality products, solutions and services;
- our ability to attract, develop, and retain qualified personnel;
- disruptions to our distribution channels or the failure of distributors to develop and maintain capabilities to sell our products;
- the successful integration and management of strategic transactions and achievement of the expected benefits of these transactions;
- intellectual property infringement claims by others and the ability to protect our intellectual property;
- the uncertainty of claims by taxing authorities in the various jurisdictions where we do business;
- the uncertainties of litigation, including liabilities related to the safety and security of the hardware and software products, solutions and services we sell;
- risks associated with our investment in common stock of PTC Inc., including the potential for volatility in our reported quarterly earnings associated with changes in the market value of such stock;
- our ability to manage costs related to employee retirement and health care benefits; 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**, of our Annual Report on Form 10-K for the fiscal year ended September 30, 2020, for more information.

### ***Non-GAAP Measures***

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

### ***Overview***

Rockwell Automation, Inc. is a global leader in industrial automation and digital transformation. We connect the imaginations of people with the potential of technology to expand what is humanly possible, making the world more productive and more sustainable. Overall demand for our hardware and software products, solutions and services is driven by:

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

### ***Long-term Strategy***

Our strategy is to bring The Connected Enterprise to life by integrating control and information across the enterprise. We deliver customer outcomes by combining advanced industrial automation with the latest information technology. Our strategy seeks to:

- achieve organic sales growth in excess of the automation market by expanding our served market and strengthening our competitive differentiation;
- grow market share of our core platforms;
- drive double digit growth in information solutions and connected services;
- drive double digit growth in annual recurring revenue;
- acquire companies that serve as catalysts to organic growth by increasing our information solutions and high-value services offerings and capabilities, expanding our global presence, or enhancing our process expertise;
- enhance our market access by building our channel capability and partner network;
- deploy human and financial resources to strengthen our technology leadership and our intellectual capital business model;
- continuously improve quality and customer experience; and
- drive annual cost productivity.

By implementing the above strategy, we seek to achieve our long-term financial goals, including above-market organic sales growth, increasing the portion of our total revenue that is recurring in nature, EPS growth above sales growth, return on invested capital in excess of 20 percent and free cash flow equal to about 100 percent of Adjusted Income. We expect acquisitions to add a percentage point or more per year to long-term sales growth.

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

**U.S. Industrial Economic Trends**

In the first quarter of fiscal 2021, sales in the U.S. accounted for over half of our total sales. The various indicators we use to gauge the direction and momentum of our served U.S. markets include:

- The Industrial Production (IP) Index, published by the Federal Reserve, which measures the real output of manufacturing, mining and electric and gas utilities. The IP Index is expressed as a percentage of real output in a base year, currently 2012. Historically, there has been a meaningful correlation between the changes in the IP 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 indicates 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.

The table below depicts trends in these indicators since the quarter ended September 2019. These figures are as of January 26, 2021 and are subject to revision by the issuing organizations. In the first quarter of fiscal 2021, PMI and the IP Index improved compared to the prior quarter. The IP index was at the highest level since the COVID-19 pandemic began, although it is still below the pre-pandemic level. Continued sequential growth is projected for the IP Index in the second quarter of fiscal 2021.

	IP Index	PMI
<b>Fiscal 2021 quarter ended:</b>		
December 2020	104.5	60.7
<b>Fiscal 2020 quarter ended:</b>		
September 2020	102.4	55.4
June 2020	93.7	52.6
March 2020	107.7	49.1
December 2019	109.6	47.8
<b>Fiscal 2019 quarter ended:</b>		
September 2019	109.5	48.2

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

**Non-U.S. Economic Trends**

In the first quarter of fiscal 2021, sales to customers outside the U.S. accounted for less than half of our total sales. These customers include both indigenous companies and multinational companies with a global presence. In addition to the global factors previously mentioned in the "Overview" section, international demand, particularly in emerging markets, has historically been driven by the strength of the industrial economy in each region, investments in infrastructure and expanding consumer markets. We use changes in key countries' gross domestic product and IP as indicators of the growth opportunities in each region where we do business.

Industrial output outside the U.S. saw sequential growth in the first quarter of fiscal 2021. Manufacturing PMI readings improved during that same time period. Sequential growth in industrial output is projected for most regions in the second quarter of fiscal 2021.

**Outlook**

We are actively monitoring the impacts of the COVID-19 pandemic on all aspects of our business and geographies. While the duration and severity of those impacts are highly uncertain, they have had, and could continue to have, an adverse effect on our business, financial condition and results of operations. Our company is an essential business to support critical infrastructure because our customers cannot build their products at scale without automation.

The recovery in manufacturing is happening at a much faster pace than we were anticipating, with our total orders exceeding pre-pandemic levels. Demand was especially strong for Intelligent Devices and Information Solutions, which is expected to drive higher growth for the balance of the year. We continue to increase capacity and are expanding our manufacturing workforce to meet this sharp uptick in demand.

The COVID-19 pandemic and global efforts to respond to it continue to evolve. Our projections reflect the strong order performance we saw in the first quarter and assume no increase in pandemic-related facility closures or disruptions to the supply chain.

Based on the information available to us at the time of this filing, the following table provides guidance for projected sales growth and earnings per share for fiscal 2021:

<b>Sales Growth Guidance</b>		<b>EPS Guidance</b>	
Reported sales growth	8.5% - 11.5%	Diluted EPS	\$11.07 - \$11.47
Organic sales growth <sup>1</sup>	4.5% - 7.5%	Adjusted EPS <sup>1</sup>	\$8.70 - \$9.10
Inorganic sales growth	~1.5%		
Currency translation	~2.5%		

<sup>1</sup>Organic sales growth and Adjusted EPS are non-GAAP measures. See *Supplemental Sales Information* and *Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate Reconciliation* for more information on these non-GAAP measures.

### Summary of Results of Operations

The following table reflects our sales and operating results (in millions, except per share amounts and percentages). Information for the three months ended December 31, 2019, has been recast to reflect our new operating segments. See Note 15 in the Consolidated financial statements for further information on our change in operating segments:

	Three Months Ended December 31,	
	2020	2019
<b>Sales</b>		
Intelligent Devices (a)	\$ 721.7	\$ 776.6
Software & Control (b)	441.0	452.5
Lifecycle Services (c)	402.6	455.4
Total sales (d)	<u>\$ 1,565.3</u>	<u>\$ 1,684.5</u>
<b>Segment operating earnings<sup>(1)</sup></b>		
Intelligent Devices (e)	\$ 140.2	\$ 160.6
Software & Control (f)	133.1	140.4
Lifecycle Services (g)	36.0	38.1
Total segment operating earnings <sup>(2)</sup> (h)	309.3	339.1
Purchase accounting depreciation and amortization	(11.7)	(10.0)
Corporate and other	(28.0)	(32.8)
Non-operating pension and postretirement benefit cost	(7.0)	(8.7)
Gain on investments	390.4	71.0
Legal settlement	70.0	—
Interest (expense) income, net	(22.3)	(24.0)
Income before income taxes (i)	700.7	334.6
Income tax provision	(110.3)	(19.2)
Net income	590.4	315.4
Net (loss) income attributable to noncontrolling interests	(2.9)	4.70
Net income attributable to Rockwell Automation	<u>\$ 593.3</u>	<u>\$ 310.7</u>
<b>Diluted EPS</b>	<u>\$ 5.06</u>	<u>\$ 2.66</u>
<b>Adjusted EPS<sup>(3)</sup></b>	<u>\$ 2.38</u>	<u>\$ 2.15</u>
<b>Diluted weighted average outstanding shares</b>	<u>117.1</u>	<u>116.6</u>
<b>Total segment operating margin<sup>(2)</sup> (h/d)</b>	19.8 %	20.1 %
<b>Pre-tax margin (i/d)</b>	44.8 %	19.9 %
<b>Intelligent Devices segment operating margin (e/a)</b>	19.4 %	20.7 %
<b>Software &amp; Control segment operating margin (f/b)</b>	30.2 %	31.0 %
<b>Lifecycle Services segment operating margin (g/c)</b>	8.9 %	8.4 %

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

(2) Total segment operating earnings and total segment operating margin are non-GAAP financial measures. We exclude purchase accounting depreciation and amortization, corporate and other, non-operating pension and postretirement benefit cost, gains and losses on investments, the \$70 million legal settlement in fiscal 2021, certain corporate initiatives, interest (expense) income - net and income tax provision because we do not consider these costs to be directly related to the operating performance of our segments. We believe total segment operating earnings and total segment operating margin are useful to investors as measures of operating performance. We use these measures to monitor and evaluate the profitability of our operating segments. Our measures of total segment operating earnings and total segment operating margin may be different from measures used by other companies.

(3) Adjusted EPS is a non-GAAP earnings measure that excludes net income (loss) attributable to noncontrolling interests, purchase accounting depreciation and amortization expense attributable to Rockwell Automation, non-operating pension and postretirement benefit cost, and gains and losses on investments, including their respective tax effects. See *Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate Reconciliation* for more information on this non-GAAP measure.

**Three Months Ended December 31, 2020, Compared to Three Months Ended December 31, 2019***Sales*

Sales decreased 7.1 percent year over year in the three months ended December 31, 2020. Organic sales decreased 9.7 percent in the three months ended December 31, 2020. Currency translation increased sales by 0.8 percentage points percent in the three months ended December 31, 2020. Acquisitions increased sales by 1.8 percentage points percent in the three months ended December 31, 2020.

Pricing increased sales by less than 1 percentage point in the three months ended December 31, 2020.

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

	Three Months Ended December 31, 2020	Change vs. Three Months Ended December 31, 2019	Change in Organic Sales <sup>(1)</sup> vs. Three Months Ended December 31, 2019
North America	\$ 912.3	(9.4) %	(10.6) %
EMEA	320.7	3.4 %	(7.8) %
Asia Pacific	221.9	(3.4) %	(7.1) %
Latin America	110.4	(19.9) %	(11.5) %
Total Sales	<u>\$ 1,565.3</u>	(7.1) %	(9.7) %

<sup>(1)</sup> Organic sales and organic sales growth exclude the effect of acquisitions, changes in currency exchange rates, and divestitures. See **Supplemental Sales Information** for information on these non-GAAP measures.

- The decrease in North America sales in the three months ended December 31, 2020, compared to the prior period was primarily due to weakness in Oil & Gas and Automotive, partially offset by growth in Life Sciences and e-Commerce.
- EMEA sales increased year over year in the three months ended December 31, 2020, primarily due to acquisitions. Organic sales decreased, driven by weakness in Oil & Gas and Metals, partially offset by strength in Food & Beverage.
- Sales in Asia Pacific decreased in the three months ended December 31, 2020, driven by weakness in process industries and Food & Beverage, partially offset by strength in Mass Transit and Semiconductor.
- Latin America sales decreased in the three months ended December 31, 2020, driven by weakness in Oil & Gas and Mining, partially offset by growth in Food & Beverage.

**Three Months Ended December 31, 2020, Compared to Three Months Ended December 31, 2019**

*Corporate and Other*

Corporate and other expense was \$28.0 million in the three months ended December 31, 2020, compared to \$32.8 million in the three months ended December 31, 2019.

*Income before Income Taxes*

Income before income taxes increased from \$334.6 million in the three months ended December 31, 2019 to \$700.7 million in the three months ended December 31, 2020. The increase in income before income taxes in the three months ended December 31, 2020, was primarily due to the fair-value adjustments recognized in the first quarter of fiscal 2021 and fiscal 2020 in connection with our investment in PTC (the "PTC adjustments") and a favorable legal settlement in the first quarter of fiscal 2021. Total segment operating earnings decreased 8.8 percent in the three months ended December 31, 2020. The decrease in total segment operating earnings in the three months ended December 31, 2020, was primarily due to lower sales, partially offset by temporary and structural cost savings.

*Income Taxes*

The effective tax rate for the three months ended December 31, 2020, was 15.8 percent compared to 5.7 percent for the three months ended December 31, 2019. Our Adjusted Effective Tax Rate for the three months ended December 31, 2020, was 15.4 percent compared to 8.3 percent for the three months ended December 31, 2019. The increase in the effective tax rate and the Adjusted Effective Tax Rate was primarily due to the absence of tax benefits recognized upon the formation of the Sensia joint venture in fiscal 2020 and other discrete items.

*Diluted EPS and Adjusted EPS*

Fiscal 2021 first quarter net income attributable to Rockwell Automation was \$593.3 million or \$5.06 per share, compared to \$310.7 million or \$2.66 per share in the first quarter of fiscal 2020. The increase in net income attributable to Rockwell Automation and diluted EPS were primarily due to the PTC adjustments and a \$70 million pre-tax favorable legal settlement in the quarter, or a \$0.45 per share impact, partially offset by a higher tax rate and higher incentive compensation expense. Fiscal 2021 first quarter Adjusted EPS was \$2.38 in the first quarter of fiscal 2021, up 11 percent compared to \$2.15 in the first quarter of fiscal 2020, primarily due to the favorable legal settlement in the quarter, partially offset by a higher tax rate and higher incentive compensation expense.

**Three Months Ended December 31, 2020, Compared to Three Months Ended December 31, 2019**

**Intelligent Devices**

*Sales*

Intelligent Devices sales decreased 7.1 percent year over year in the three months ended December 31, 2020. Intelligent Devices organic sales decreased 7.9 percent in the three months ended December 31, 2020. Currency translation increased sales by 0.8 percentage points in the three months ended December 31, 2020. The decline in both reported and organic sales in the three months ended December 31, 2020, was broad-based across the regions, with the exception of reported sales growth in EMEA.

*Segment Operating Margin*

Intelligent Devices segment operating earnings decreased 12.7 percent year over year in the three months ended December 31, 2020. Segment operating margin decreased to 19.4 percent in the three months ended December 31, 2020, from 20.7 percent in the same period a year ago, primarily due to lower sales, partially offset by temporary and structural cost savings.

**Software & Control**

*Sales*

Software & Control sales decreased 2.5 percent year over year in the three months ended December 31, 2020. Software & Control organic sales decreased 6.2 percent in the three months ended December 31, 2020. Currency translation increased sales by 1.0 percentage point in the three months ended December 31, 2020. Acquisitions increased sales by 2.7 percentage points in the three months ended December 31, 2020. The decline in both reported and organic sales in the three months ended December 31, 2020, was broad-based across the regions, with the exception of reported sales growth in EMEA.

*Segment Operating Margin*

Software & Control segment operating earnings decreased 5.2 percent year over year in the three months ended December 31, 2020. Segment operating margin decreased to 30.2 percent in the three months ended December 31, 2020, from 31.0 percent in the same period a year ago, primarily due to lower sales, partially offset by temporary and structural cost savings.

**Lifecycle Services**

*Sales*

Lifecycle Services sales decreased 11.6 percent year over year in the three months ended December 31, 2020. Lifecycle Services organic sales decreased 16.3 percent in the three months ended December 31, 2020. Currency translation increased sales by 0.8 percentage points in the three months ended December 31, 2020. Acquisitions increased sales by 3.9 percentage points in the three months ended December 31, 2020. The decline in reported sales in the three months ended December 31, 2020, was broad-based across the regions, with the exception of reported sales growth in Canada and Asia Pacific. All regions experienced a decline in organic sales in the three months ended December 31, 2020, with the exception of organic sales growth in Canada.

*Segment Operating Margin*

Lifecycle Services segment operating earnings decreased 5.5 percent year over year in the three months ended December 31, 2020. Segment operating margin increased to 8.9 percent in the three months ended December 31, 2020, compared to 8.4 percent in the same period a year ago despite lower sales. Contributing to the year-over-year margin improvement were temporary and structural cost savings, and the absence of Sensia one-time items recognized in the first quarter of fiscal 2020.



**Supplemental Segment Information**

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

	Three Months Ended December 31,	
	2020	2019
<b>Purchase accounting depreciation and amortization</b>		
Intelligent Devices	\$ 0.7	\$ 0.7
Software & Control	2.7	1.2
Lifecycle Services	8.0	7.8
<b>Non-operating pension and postretirement benefit cost</b>		
Intelligent Devices	1.2	1.7
Software & Control	1.2	1.7
Lifecycle Services	1.5	2.2

### Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate Reconciliation

Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate are non-GAAP earnings measures that exclude net income (loss) attributable to noncontrolling interests, purchase accounting depreciation and amortization expense attributable to Rockwell Automation, non-operating pension and postretirement benefit cost, and gains and losses on investments, including their respective tax effects. Non-operating pension and postretirement benefit cost is defined as all components of our net periodic pension and postretirement benefit cost except for service cost. See Note 10 in the Consolidated Financial Statements for more information on our net periodic pension and postretirement benefit cost.

We believe that Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate provide useful information to our investors about our operating performance and allow management and investors to compare our operating performance period over period. Adjusted EPS is also used as a financial measure of performance for our annual incentive compensation. Our measures of Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate may be different from measures used by other companies. These non-GAAP measures should not be considered a substitute for net income attributable to Rockwell Automation, diluted EPS and effective tax rate.

The following are reconciliations of net income attributable to Rockwell Automation, diluted EPS, and effective tax rate to Adjusted Income, Adjusted EPS and Adjusted Effective Tax Rate, respectively (in millions, except per share amounts and percentages):

	Three Months Ended December 31,	
	2020	2019
Net income attributable to Rockwell Automation	\$ 593.3	\$ 310.7
Non-operating pension and postretirement benefit cost	7.0	8.7
Tax effect of non-operating pension and postretirement benefit cost	(2.0)	(2.4)
Change in fair value of investments <sup>1</sup>	(390.4)	(71.0)
Tax effect of the change in fair value of investments <sup>1</sup>	64.2	—
Purchase accounting depreciation and amortization attributable to Rockwell Automation	8.7	7.0
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	(2.1)	(1.6)
Adjusted Income	<u>\$ 278.7</u>	<u>\$ 251.4</u>
Diluted EPS	\$ 5.06	\$ 2.66
Non-operating pension and postretirement benefit cost	0.06	0.08
Tax effect of non-operating pension and postretirement benefit cost	(0.02)	(0.02)
Change in fair value of investments <sup>1</sup>	(3.33)	(0.61)
Tax effect of the change in fair value of investments <sup>1</sup>	0.55	—
Purchase accounting depreciation and amortization attributable to Rockwell Automation	0.08	0.06
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	(0.02)	(0.02)
Adjusted EPS	<u>\$ 2.38</u>	<u>\$ 2.15</u>
Effective tax rate	15.8 %	5.7 %
Tax effect of non-operating pension and postretirement benefit cost	0.1 %	0.6 %
Tax effect of the change in fair value of investments <sup>1</sup>	(0.7)%	1.6 %
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	0.2 %	0.4 %
Adjusted Effective Tax Rate	<u>15.4 %</u>	<u>8.3 %</u>

<sup>1</sup>Primarily relates to the change in value of our investment in PTC.

	<b>Fiscal 2021 Guidance</b>
Diluted EPS	\$11.07 - \$11.47
Non-operating pension and postretirement benefit cost	0.23
Tax effect of non-operating pension and postretirement benefit cost	(0.07)
Change in fair value of investments <sup>1</sup>	(3.33)
Tax effect of change in fair value of investments <sup>1</sup>	0.55
Purchase accounting depreciation and amortization attributable to Rockwell Automation	0.33
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	(0.08)
Adjusted EPS <sup>2</sup>	\$8.70 - \$9.10
Effective tax rate	~ 14.1%
Tax effect of non-operating pension and postretirement benefit cost	~ 0.2%
Tax effect of change in fair value of investments <sup>1</sup>	~ (0.7)%
Tax effect of purchase accounting depreciation and amortization attributable to Rockwell Automation	~ 0.4%
Adjusted Effective Tax Rate	~ 14.0%

<sup>1</sup>The actual year-to-date adjustments, which are based on PTC's share price at December 31, 2020, are used for guidance, as estimates of these adjustments on a forward-looking basis are not available due to variability, complexity and limited visibility of these items.

<sup>2</sup>Fiscal 2021 guidance based on Adjusted Income attributable to Rockwell, which includes an adjustment for Schlumberger's noncontrolling interest in Sensia

**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):

	Three Months Ended December 31,	
	2020	2019
Cash provided by (used for):		
Operating activities	\$ 346.5	\$ 231.1
Investing activities	(310.1)	(233.0)
Financing activities	(37.2)	(95.6)
Effect of exchange rate changes on cash	26.6	5.3
Increase (decrease) in cash, cash equivalents, and restricted cash	<u>\$ 25.8</u>	<u>\$ (92.2)</u>

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

	Three Months Ended December 31,	
	2020	2019
Cash provided by operating activities	\$ 346.5	\$ 231.1
Capital expenditures	(27.1)	(37.0)
Free cash flow	<u>\$ 319.4</u>	<u>\$ 194.1</u>

Our definition of free cash flow takes into consideration capital investments required to maintain our businesses' operations and execute our strategy. Cash provided by operating activities adds back non-cash depreciation expense to earnings but does not reflect a charge for necessary capital expenditures. Our definition of free cash flow excludes the operating cash flows and capital expenditures related to our discontinued operations, if any. Operating, investing and financing cash flows of our discontinued operations, if any, are presented separately in our Consolidated Statement of 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 defined, as one measure to monitor and evaluate our performance, including as a financial measure for our annual incentive compensation. Our definition of free cash flow may differ from definitions used by other companies.

Cash provided by operating activities was \$346.5 million for the three months ended December 31, 2020, compared to \$231.1 million for the three months ended December 31, 2019. Free cash flow was \$319.4 million for the three months ended December 31, 2020, compared to \$194.1 million for the three months ended December 31, 2019. The year over year increases in cash provided by operating activities and free cash flow were primarily due to a decrease in incentive compensation payments in the first three months of fiscal 2021 compared to the first three months of fiscal 2020 and a \$70 million pre-tax favorable legal settlement in the first quarter of fiscal 2021.

We repurchased approximately 0.4 million shares of our common stock under our share repurchase program in the first three months of fiscal 2021. The total cost of these shares was \$87.7 million, of which \$4.2 million was recorded in accounts payable at December 31, 2020, that did not settle until January 2021. At September 30, 2020, there were no outstanding common stock share repurchases recorded in accounts payable. We repurchased approximately 0.5 million shares of our common stock in the first three months of fiscal 2020. The total cost of these shares was \$100.0 million, of which \$3.5 million was recorded in accounts payable at December 31, 2019, related to share repurchases that did not settle until January 2020. Our decision to repurchase shares in the remainder of 2021 will depend on business conditions, free cash flow generation, other cash requirements (including acquisitions) and stock price. On July 24, 2019, the Board of Directors authorized us to expend an additional \$1.0 billion to repurchase shares of our common stock. At December 31, 2020, we had approximately \$766.0 million remaining for share repurchases under our existing board authorizations. See Part II, Item 2, *Unregistered Sales of Equity Securities and Use of Proceeds*, for additional information regarding share repurchases.

We expect future uses of cash to include working capital requirements, capital expenditures, additional contributions to our retirement plans, acquisitions of businesses and other inorganic investments, dividends to shareowners, repurchases of common stock, and repayments of debt. We expect to fund 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, we have access to unsecured credit facilities with various banks.

At December 31, 2020, and September 30, 2020, our total current borrowing capacity under our unsecured revolving credit facility expiring in November 2023 was \$1.25 billion. We can increase the aggregate amount of this credit facility by up to \$750.0 million, subject to the consent of the banks in the credit facility. We did not borrow against this credit facility during the periods ended December 31, 2020, or September 30, 2020. Borrowings under this credit facility bear interest based on short-term money market rates in effect during the period the borrowings are outstanding. The terms of this credit facility contain covenants under which we agree to maintain an EBITDA-to-interest ratio of at least 3.0 to 1.0. The EBITDA-to-interest ratio is defined in the credit facility as the ratio of consolidated EBITDA (as defined in the facility) for the preceding four quarters to consolidated interest expense for the same period.

LIBOR is the primary basis for determining interest payments on borrowings under our \$1.25 billion credit facility. Banks currently reporting information used to set U.S. dollar LIBOR are currently expected to stop doing so during 2023. Various parties, including government agencies, are seeking to identify an alternative rate to replace LIBOR. We are monitoring their efforts, and we will likely seek to amend contracts to accommodate any replacement rate where one is not already provided.

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

Separate short-term unsecured credit facilities of approximately \$233.1 million at December 31, 2020, were available to non-U.S. subsidiaries. Borrowings under our non-U.S. credit facilities at December 31, 2020 and 2019 were not significant. We were in compliance with all covenants under our credit facilities at December 31, 2020 and 2019. There are no significant commitment fees or compensating balance requirements under our credit facilities.

Our short-term debt as of December 31, 2020, primarily consisted of \$125.0 million of commercial paper borrowings and \$23.5 million of interest-bearing loans from Schlumberger to Sensia which were originally due September 30, 2020, and are now due September 30, 2021. Commercial paper outstanding at December 31, 2020 had a weighted average interest rate of 0.22 percent and a weighted average maturity period of 68 days. There were no commercial paper borrowings outstanding at September 30, 2020.

The following is a summary of our credit ratings as of December 31, 2020:

<b>Credit Rating Agency</b>	<b>Short-Term Rating</b>	<b>Long-Term Rating</b>	<b>Outlook</b>
Standard & Poor's	A-1	A	Stable
Moody's	P-2	A3	Stable
Fitch Ratings	F1	A	Stable

Our ability to access the commercial paper market, and the related costs of these borrowings, is affected by the strength of our credit ratings and market conditions. Conditions in the commercial paper market have improved since the COVID-19 pandemic negatively affected this market in March and April 2020, and we have not experienced any difficulty in accessing the commercial paper market. If our access to the commercial paper market is adversely affected due to a change in market conditions or otherwise, we would expect to rely on a combination of available cash and our unsecured committed credit facility to provide short-term funding. In such event, the cost of borrowings under our unsecured committed credit facility could be higher than the cost of commercial paper borrowings.

At December 31, 2020, the majority of our cash and cash equivalents were held by non-U.S. subsidiaries. As a result of the broad changes to the U.S. international tax system under the Tax Act, in fiscal year 2018 the Company began to account for substantially all of its non-U.S. subsidiaries as being immediately subject to tax, while still concluding that earnings are indefinitely reinvested for a limited number of subsidiaries.

We regularly monitor the third-party depository institutions that hold our cash and cash equivalents and short-term investments. We diversify our cash and cash equivalents among counterparties to minimize exposure to any one of these entities.

We use foreign currency forward exchange contracts to manage certain foreign currency risks. We enter into these contracts to hedge our exposure to foreign currency exchange rate variability in the expected future cash flows associated with certain third-party and intercompany transactions denominated in foreign currencies forecasted to occur within the next two years. We also use these contracts to hedge portions of our net investments in certain non-U.S. subsidiaries against the effect of exchange rate fluctuations on the translation of foreign currency balances to the U.S. dollar. In addition, we use foreign currency forward exchange contracts that are not designated as hedges to offset transaction gains or losses associated with some of our assets and liabilities resulting from intercompany loans or other transactions with third parties that are denominated in currencies other than our entities' functional currencies. Our foreign currency forward exchange contracts are usually denominated in currencies of major industrial countries. We diversify our foreign currency forward exchange contracts among counterparties to minimize exposure to any one of these entities.

Net gains and losses related to derivative forward exchange contracts designated as cash flow hedges offset the related gains and losses on the hedged items during the periods in which the hedged items are recognized in earnings. During the three months ended December 31, 2020 and December 31, 2019, respectively, we reclassified \$4.3 million in pre-tax losses and \$4.5 million in pre-tax net gains related to cash flow hedges from accumulated other comprehensive loss into the Consolidated Statement of Operations. We expect that approximately \$18.5 million of pre-tax net unrealized losses on cash flow hedges as of December 31, 2020, will be reclassified into earnings during the next 12 months.

Information with respect to our contractual cash obligations is contained in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of our Annual Report on Form 10-K for the fiscal year ended September 30, 2020. We believe that at December 31, 2020, there has been no material change to this information.

## Supplemental Sales Information

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

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

	Three Months Ended December 31, 2020				Three Months Ended December 31, 2019
	Sales	Effect of Acquisitions	Effect of Changes in Currency	Organic Sales	Sales
North America	\$ 912.3	\$ (11.1)	\$ (1.3)	\$ 899.9	\$ 1,006.9
EMEA	320.7	(18.5)	(16.4)	285.8	310.1
Asia Pacific	221.9	(0.3)	(8.4)	213.2	229.6
Latin America	110.4	—	11.7	122.1	137.9
Total Company Sales	<u>\$ 1,565.3</u>	<u>\$ (29.9)</u>	<u>\$ (14.4)</u>	<u>\$ 1,521.0</u>	<u>\$ 1,684.5</u>

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

	Three Months Ended December 31, 2020				Three Months Ended December 31, 2019
	Sales	Effect of Acquisitions	Effect of Changes in Currency	Organic Sales	Sales
Intelligent Devices	\$ 721.7	\$ —	\$ (6.4)	\$ 715.3	\$ 776.6
Software & Control	441.0	(12.0)	(4.5)	424.5	452.5
Lifecycle Services	402.6	(17.9)	(3.5)	381.2	455.4
Total Company Sales	<u>\$ 1,565.3</u>	<u>\$ (29.9)</u>	<u>\$ (14.4)</u>	<u>\$ 1,521.0</u>	<u>\$ 1,684.5</u>

### **Critical Accounting Estimates**

We have prepared the Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States, which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the periods reported. These estimates are based on our best judgment about current and future conditions, but actual results could differ from those estimates. Information with respect to accounting estimates that are the most critical to the understanding of our financial statements as they could have the most significant effect on our reported results and require subjective or complex judgments by management is contained in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of our Annual Report on Form 10-K for the fiscal year ended September 30, 2020. We believe that at December 31, 2020, there has been no material change to this information.

### **Environmental Matters**

Information with respect to the effect of compliance with environmental protection requirements and resolution of environmental claims on us and our manufacturing operations is contained in Note 17 in the Consolidated Financial Statements in Item 8, *Financial Statements and Supplementary Data*, of our Annual Report on Form 10-K for the fiscal year ended September 30, 2020. We believe that at December 31, 2020, there has been no material change to this information.

### **Recent Accounting Pronouncements**

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

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Information with respect to our exposure to interest rate risk and foreign currency risk is contained in Item 7A, *Quantitative and Qualitative Disclosures About Market Risk*, of our Annual Report on Form 10-K for the fiscal year ended September 30, 2020. We believe that at December 31, 2020, there has been no material change to this information.

### **Item 4. Controls and Procedures**

*Disclosure Controls and Procedures:* We, with the participation of our Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)) as of the end of the fiscal quarter covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the fiscal quarter covered by this report, our disclosure controls and procedures were effective.

*Internal Control Over Financial Reporting:* There has not been any change in our internal control over financial reporting (as such term is defined in Exchange Act Rule 13a-15(f)) during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.



**PART II. OTHER INFORMATION**

**Item 1. *Legal Proceedings***

Information with respect to our legal proceedings is contained in Item 3, ***Legal Proceedings***, of our Annual Report on Form 10-K for the fiscal year ended September 30, 2020. We believe that at December 31, 2020, there has been no material change to this information.

**Item 1A. *Risk Factors***

Information about our most significant risk factors is contained in Item 1A, ***Risk Factors***, of our Annual Report on Form 10-K for the fiscal year ended September 30, 2020. We believe that at December 31, 2020, there has been no material change to this information.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds***Share Repurchases*

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 December 31, 2020:

<b>Period</b>	<b>Total Number of Shares Purchased<sup>(1)</sup></b>	<b>Average Price Paid Per Share<sup>(2)</sup></b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Approx. Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs<sup>(3)</sup></b>
October 1 - 31, 2020	46,115	\$ 238.47	46,115	\$ 842,691,304
November 1 - 30, 2020	123,471	247.20	123,471	812,169,732
December 1 - 31, 2020	186,424	247.80	186,424	765,973,291
Total	<u>356,010</u>	246.38	<u>356,010</u>	

- (1) All of the shares purchased during the quarter ended December 31, 2020, were acquired pursuant to the repurchase program described in (3) below.
- (2) Average price paid per share includes brokerage commissions.
- (3) On July 24, 2019, the Board of Directors authorized us to expend \$1.0 billion to repurchase shares of our common stock. Our repurchase program allows us to repurchase shares at management's discretion or at our broker's discretion pursuant to a share repurchase plan subject to price and volume parameters.

**Item 6. Exhibits**

(a) Exhibits:

- [Exhibit 10.1\\*](#) — [Form of Stock Option Agreement for U.S. Employees under the Company’s 2020 Long-Term Incentives Plan for options awarded to executive officers of the Company after December 9, 2020.](#)
- [Exhibit 10.2\\*](#) — [Form of Restricted Stock Unit Agreement for U.S. Employees under the Company’s 2020 Long-Term Incentives Plan for restricted stock units awarded to executive officers of the Company after December 9, 2020.](#)
- [Exhibit 10.3\\*](#) — [Form of Performance Share Agreement for U.S. Employees under the Company’s 2020 Long-Term Incentives Plan for performance shares awarded to executive officers of the Company after December 9, 2020.](#)
- [Exhibit 15](#) — [Letter of Deloitte & Touche LLP regarding Unaudited Financial Information.](#)
- [Exhibit 31.1](#) — [Certification of Periodic Report by the Chief Executive Officer pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934.](#)
- [Exhibit 31.2](#) — [Certification of Periodic Report by the Chief Financial Officer pursuant to Rule 13a-14\(a\) of the Securities Exchange Act of 1934.](#)
- [Exhibit 32.1](#) — [Certification of Periodic Report by the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- [Exhibit 32.2](#) — [Certification of Periodic Report by the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- Exhibit 101 — Interactive Data Files.
- \* Management contract or compensatory plan or arrangement

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ROCKWELL AUTOMATION, INC.  
(Registrant)

Date: January 26, 2021

By /s/ STEVEN W. ETZEL  
Steven W. Etzel  
Senior Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

Date: January 26, 2021

By /s/ TERRY L. RIESTERER  
Terry L. Riesterer  
Vice President and Controller  
(Principal Accounting Officer)

**ROCKWELL AUTOMATION  
2020 LONG-TERM INCENTIVES PLAN  
STOCK OPTION AGREEMENT FOR U.S. EMPLOYEES**

<Award Date>

To: <first\_name> <last\_name>

We are pleased to notify you that you have been granted the following stock options (the "Options") under the Rockwell Automation, Inc. 2020 Long-Term Incentives Plan (the "Plan"):

<u>Date of Grant</u>	<u>Type of Grant</u>	<u>Number of Shares</u>	<u>Award Price</u>
<award date>	<award type>	<award amount>	<award price>

The Options are granted under and may be exercised only upon the terms and conditions of this Stock Option Agreement for U.S. Employees, including the Stock Option Terms and Conditions attached hereto (collectively, the "Stock Option Agreement"), subject in all respects to the provisions of the Plan, as it may be amended. Capitalized terms used in this Stock Option Agreement and not otherwise defined herein shall have the respective meanings ascribed to them in the Plan. Other terms and conditions are substantially the same as any options previously granted.

In partial consideration for the grant of the Options to you, you undertake and agree by your acceptance of this Stock Option Agreement that

- (a) during your employment with the Corporation (as such term is defined below) and for two years after the date of your retirement or other termination of such employment, you shall not (i) directly or indirectly, except with the approval of the Corporation, engage or otherwise participate in any business that is competitive with any significant line of business of the Corporation (otherwise than through ownership of not more than 5% of the voting securities of any such competitive business); or (ii) solicit or induce, or cause any other person or entity to solicit, any employee of the Corporation to leave his or her employment with the Corporation to accept employment or other engagement with any other person or entity; and
  - (b) in the event that you breach this undertaking, in addition to any and all other remedies the Corporation may have, (i) Rockwell Automation shall have the right to determine by written notice to you that any of the Options then outstanding shall immediately lapse and cease to be exercisable; and (ii) you agree to pay the Corporation upon written demand the amount of the excess of the Fair Market Value (as defined in the Plan) of any shares of Stock (as defined in the Plan) you acquired upon exercise of any of the Options (other than Options exercised more than two years before the date of your retirement or other termination of employment) over the award price for such Stock.
-

If a Change of Control (as defined in the Plan) shall occur, however, the foregoing provisions (a) and (b) shall immediately terminate as of, and shall not limit your activities after, the date of such Change of Control.

This stock option grant is subject to the condition that you accept your grant on-line through the Schwab Equity Award Center at <http://eac.schwab.com>. If you do not accept your grant within sixty days of the award date, the Options will be cancelled, unless Rockwell Automation, in its sole discretion, elects in writing to extend that date.

A copy of the Plan and Plan prospectus are being delivered to you through the Schwab Equity Award Center® on the Web at <http://eac.schwab.com>. By your acceptance of this stock option grant, you expressly acknowledge receipt of the Plan prospectus. If you would prefer to receive a printed copy of the Plan prospectus, call Rockwell Automation Stock Option Administration at 414-382-8401.

Please carefully read all the grant documents and retain them for future reference.

ROCKWELL AUTOMATION, INC.

By:

Rebecca W. House  
Senior Vice President,  
Chief Administrative and Legal Officer and Secretary

**ROCKWELL AUTOMATION, INC.  
2020 LONG-TERM INCENTIVES PLAN  
STOCK OPTION TERMS AND CONDITIONS**

**1. Definitions**

As used in these Stock Option Terms and Conditions, the following words and phrases shall have the respective meanings ascribed to them below unless the context in which any of them is used clearly indicates a contrary meaning:

- (a) **Change of Control**: Change of Control shall have the same meaning as such term has in the Plan.
- (b) **Charles Schwab**: Charles Schwab & Co., Inc., the stock option administrator whom Rockwell Automation has engaged to administer and process all Option exercises.
- (c) **Corporation**: Rockwell Automation, its Subsidiaries (as such term is defined in the Plan) and any successor thereto.
- (d) **Customer Service Center**: Charles Schwab's Customer Service Center that is used to facilitate Option transactions. Contact Charles Schwab at (800) 654-2593.
- (e) **Exercise Request and Attestation Form**: Such form as may be accepted by Charles Schwab in connection with the use of already-owned shares to pay all or part of the award price for the Option Stock to be purchased on exercise of any of the Options.
- (f) **Options**: The stock option or stock options listed in the first paragraph of the Stock Option Agreement for U.S. Employees to which these Stock Option Terms and Conditions are attached and which together with these Stock Option Terms and Conditions constitute the Stock Option Agreement.
- (g) **Option Stock**: The Stock issuable or transferable on exercise of the Options.
- (h) **Plan**: Rockwell Automation's 2020 Long-Term Incentives Plan, as such Plan may be amended and in effect at the relevant time.
- (i) **Rockwell Automation**: Rockwell Automation, Inc., a Delaware corporation, and any successor thereto.
- (j) **Schwab Equity Award Center**<sup>®</sup>: Charles Schwab's stock option management website that you can use to access your stock option account and to facilitate stock option transactions securely on the Web at <http://eac.schwab.com>.
- (k) **Stock**: Stock shall have the same meaning as such term has in the Plan.
- (l) **Stock Option Agreement**: These Stock Option Terms and Conditions together with the Stock Option Agreement to which they are attached.

## 2. When Options May be Exercised

The Options may be exercised, in whole or in part (but only for a whole number of shares) and at one time or from time to time, as to one-third (rounded to the nearest whole number) of the Option Stock during the period beginning on the first anniversary of the award date and ending on the tenth anniversary of the award date, as to an additional one-third (rounded to the nearest whole number) of the Option Stock during the period beginning on the second anniversary of the award date and ending on the tenth anniversary of the award date, and as to the balance of the Option Stock during the period beginning on the third anniversary of the award date and ending on the tenth anniversary of the award date, and only during those periods, provided that:

- (a) if you die while an Employee (as defined in the Plan), your estate, or any person who acquires the Options by bequest or inheritance, may exercise all the Options not theretofore exercised within (and only within) the period beginning on your date of death (even if you die before you have become entitled to exercise all or any part of the Options) and ending three years thereafter; and
- (b) if your employment by the Corporation terminates other than by death, then:
  - (i) if your retirement or other termination date is before the first anniversary of the award date, the Options will terminate on your retirement or other termination and may not be exercised at any time;
  - (ii) if your employment by the Corporation is terminated for "cause" (as reasonably determined by the Corporation applying the definition in this Stock Option Agreement), the Options will immediately terminate upon your termination and may not be exercised at any time;
  - (iii) if your employment by the Corporation terminates on or after the first anniversary of the award date by reason of your retirement, you (or if you die after your retirement date, your estate or any person who acquires the Options by bequest or inheritance) may thereafter exercise the Options within (and only within) the period starting on the date you would otherwise have become entitled to exercise the part of the Options so exercised and ending on the fifth anniversary of your retirement date; and
  - (iv) if your employment by the Corporation terminates on or after the first anniversary of the award date for any reason not specified in subparagraph (a) or in clauses (ii) or (iii) of this subparagraph (b), you (or if you die after your termination date, your estate or any person who acquires the Options by bequest or inheritance) may thereafter exercise the Options within (and only within) the period ending three months after your termination date but only to the extent they were exercisable on your termination date.

For purposes of this Section 2, "cause" means any of the following: (i) your commission of an act of theft, dishonesty, willful misconduct, breach of fiduciary duty for personal profit, or falsification of any documents or records of the Corporation; (ii) your material failure to comply with the Corporation's code of conduct or other policies; (iii) your breach of any obligation under any agreement between you and the Corporation; (iv) your unauthorized use, misappropriation, destruction or diversion of any asset of the Corporation; (v) any intentional act that is injurious to the Corporation's reputation, financial condition or business, or which otherwise is injurious to employees, clients, or suppliers of the Corporation; (vi) your repeated failure or inability to perform the duties and/or responsibilities of your position; or (vii) your conviction of, or plea of no contest to, any felony or criminal act involving fraud, dishonesty, misappropriation or moral



turpitude, or which impairs your ability to perform your duties with the Corporation, as determined by the Corporation.

For purposes of this Section 2, retirement means termination of employment with the Corporation after attaining age 65 and five (5) years of service or age 55 and ten (10) years of service, except as otherwise determined by the Committee or the Chief Executive Officer of the Corporation.

For purposes of this Section 2, if you receive severance payments in connection with your separation from the Corporation, you will be treated as not having terminated your employment with the Corporation until the last date on which you are entitled to receive severance payments from the Corporation, at which time your employment by the Corporation will be deemed terminated.

In no event will the provisions of the foregoing subparagraphs (a) and (b) extend to a date after the tenth anniversary of the award date the period during which the Options may be exercised.

Notwithstanding any other provision of this Stock Option Agreement, (x) if (A) a Change of Control occurs, (B) all Options that are outstanding are assumed or substituted with comparable awards by the successor corporation in such Change of Control or its parent corporation and (C) within two years of such Change of Control your employment is terminated (1) by reason of death or disability, (2) by you for a Change of Control Good Reason (as defined in the Plan) or (3) by the Corporation other than for Cause (as defined in the Plan) or (y) if (A) a Change of Control occurs and (B) all Options that are outstanding are not assumed or substituted with comparable awards by the successor corporation in such Change of Control or its parent corporation, all Options then outstanding (and, in the case of clause (x), any substituted awards of options) will immediately become vested and fully exercisable, whether or not then otherwise exercisable in accordance with their terms.

### **3. Exercise Procedure**

- (a) To exercise all or any part of the Options, you (or after your death, your estate or any person who has acquired the Options by bequest or inheritance) must contact the stock option administrator, Charles Schwab, by using the Customer Service Center or Schwab Equity Award Center® as follows:
- (i) contact the Customer Service Center by calling (800) 654-2593, Monday through Friday 24 hours per day, or exercise via the Web through the Schwab Equity Award Center® at <http://eac.schwab.com>;
  - (ii) confirm the Option transaction through the Customer Service Center or Schwab Equity Award Center®;
  - (iii) at any time you may speak to a Customer Service Representative for assistance by calling (800) 654-2593;
  - (iv) full payment of the award price for the Option Stock to be purchased on exercise of the Options may be made:
    - by check (wire) to your Charles Schwab account; or
    - in already-owned Stock; or

- in a combination of check (wire) to your Charles Schwab account and Stock; or
- by authorizing Charles Schwab or a third party approved by Rockwell Automation to sell the Option Stock (or a sufficient portion of the Option Stock) acquired upon exercise of the Options; and

(v) in the case of an exercise of the Options by any person other than you seeking to exercise the Options, such documents as Charles Schwab or the Secretary of Rockwell Automation shall require to establish to their satisfaction that the person seeking to exercise the Options is entitled to do so.

(b) An exercise of the whole or any part of the Options shall be effective:

- (i) if you elect (or after your death, the person entitled to exercise the Options elects) to pay the award price for the Option Stock entirely by check (wire), upon (A) completion of your transaction by using the Customer Service Center or Schwab Equity Award Center® and full payment of the award price and withholding taxes (if applicable) to Charles Schwab within two (2) business days following the exercise; and (B) receipt of any documents required pursuant to Section 3(a)(v) herein; and
- (ii) if you elect (or after your death, the person entitled to exercise the Options elects) to pay the award price of the Option Stock in Stock or in a combination of Stock and check, upon (A) completion of your transaction by using the Customer Service Center or Schwab Equity Award Center® and full payment of the award price (as described in Section 3(d) herein) and withholding taxes (if applicable) to Charles Schwab within two (2) business days following the exercise; and (B) receipt of any documents required pursuant to Section 3(a)(v) herein.

(c) If you choose (or after your death, the person entitled to exercise the Options chooses) to pay the award price for the Option Stock to be purchased on exercise of any of the Options entirely by check, payment must be made by:

- delivering to Charles Schwab a check (wire) in the full amount of the award price for such Option Stock; or
- arranging with a stockbroker, bank or other financial institution to deliver to Charles Schwab full payment, by check or (if prior arrangements are made with Charles Schwab) by wire transfer, of the award price of such Option Stock.

In either event, in accordance with Section 3(e) herein, full payment of the award price for the Option Stock purchased must be made within two (2) business days after the exercise has been completed through the Customer Service Center or Schwab Equity Award Center®.

d) (i) If you choose (or after your death, the person entitled to exercise the Options chooses) to use already-owned Stock to pay all or part of the award price for the Option Stock to be purchased on exercise of any of the Options, you (or after your death, the person entitled to exercise the Options) must deliver to Charles Schwab an Exercise Request and Attestation Form and cash representing one share, per grant exercised, to settle the rounding of the exercise costs. To perform such a stock swap transaction or a partial swap transaction, the Exercise

Request and Attestation Form must be submitted via fax (866) 713-8381 by 4 PM ET on the date of exercise. Any questions concerning a stock swap transaction should be referred to (877) 804-3529 (Stock Option Administration Group Hotline). The Exercise Request and Attestation Form must attest to your ownership of Stock representing:

- at least the number of shares of Stock whose value, based on their Fair Market Value (as defined in the Plan) on the day you have exercised your Options through the Customer Service Center or Schwab Equity Award Center<sup>®</sup>, equals the award price for the Option Stock; or
- any lesser number of shares of Stock you desire (or after your death, the person entitled to exercise the Options desires) to use to pay the award price for such Option Stock and a check in the amount of such award price less the value of the Stock to which you are attesting, based on the Fair Market Value on the day you have exercised your Options through the Customer Service Center or Schwab Equity Award Center<sup>®</sup>.

(ii) If you choose (or after your death, the person entitled to exercise the Options chooses) to use Option Stock acquired upon exercise of the Options to pay all or part of the award price for the remaining Option Stock to be purchased on exercise of any of the Options, you (or after your death, the person entitled to exercise the Options) must contact the Customer Service Center at (800) 654-2593.

(iii) Charles Schwab will advise you (or any other person who, being entitled to do so, exercises the Options) of the exact number of shares of Stock, valued in accordance with Section 4(a)(ii) of the Plan at their Fair Market Value on the date of exercise, and any funds required to pay in full the award price for the Option Stock purchased. In accordance with Section 3(e) herein, you (or such other person) must pay, by check, in Stock or in a combination of check and Stock, any balance required to pay in full the award price of the Option Stock purchased within two (2) business days after the exercise has been completed through the Customer Service Center.

(iv) Notwithstanding any other provision of this Stock Option Agreement, the Secretary of Rockwell Automation may limit the number, frequency or volume of successive exercises of any of the Options in which payment is made, in whole or in part, by delivery of Stock pursuant to this subparagraph (d) to prevent unreasonable pyramiding of such exercises.

(e) An exercise completed through the Customer Service Center or Schwab Equity Award Center<sup>®</sup>, whether or not full payment of the award price for the Option Stock is received by Charles Schwab, shall constitute a binding contractual obligation by you (or the other person entitled to exercise the Options) to proceed with and conclude that exercise of the Options (but only so long as you continue, or the other person entitled to exercise the Options continues, to be entitled to exercise the Options on that date). By your acceptance of this Stock Option Agreement, you agree (for yourself and on behalf of any other person who becomes entitled to exercise the Options) to deliver or cause to be delivered to Charles Schwab in full the award price for the Option Stock, that payment being by check, wire transfer, in Stock or in a combination of check and Stock, on or before the second business day after the date on which you complete the exercise through the Customer Service Center or Schwab Equity Award Center<sup>®</sup>. If such payment is not made, you (for yourself and on behalf of any other person who becomes entitled to exercise the Options) authorize the Corporation, in its discretion, to set off against salary

payments or other amounts due or which may become due to you (or the other person entitled to exercise the Options) any balance of the award price for such Option Stock remaining unpaid thereafter.

- (f) An Exercise Confirmation representing the number of shares of Option Stock purchased will be issued the second business day (i) after Charles Schwab has received full payment therefor or (ii) at Rockwell Automation's or Charles Schwab's election in their sole discretion, after Rockwell Automation or Charles Schwab has received (x) full payment of the award price of such Option Stock and (y) any reimbursement in respect of withholding taxes due pursuant to Section 5 herein.

#### **4. Transferability**

Participant other than Senior Vice President Officer as of the award date: The Options are not transferable by you otherwise than by will or by the laws of descent and distribution. During your lifetime, only you are entitled to exercise the Options.

Senior Vice President Officer as of the award date: The Options are not transferable by you otherwise than (i) by will or by the laws of descent and distribution, or (ii) in the case of Options not granted as incentive stock options, by gift (A) to any member of your immediate family or (B) to a limited liability corporation or partnership or trust for the benefit of one or more members of your immediate family or (C) to a family charitable trust established by you or a member of your immediate family; *provided, however*, that no transfer pursuant to this clause (ii) shall be effective unless you have notified Rockwell Automation's Office of the Secretary (Attention: Stock Option Administration) in writing specifying the Option or Options to be transferred, the date of the gift and the name, address and social security or other taxpayer identification number of the transferee. During your lifetime, only you are entitled to exercise the Options unless you have transferred any Option in accordance with this paragraph to a member of your immediate family or to a limited liability corporation or partnership or trust for the benefit of one or more members of your immediate family or to a family charitable trust established by you or a member of your immediate family, in which case only that transferee (or the legal representative of the estate or the heirs or legatees of that transferee) shall be entitled to exercise that Option. For purposes of this paragraph, your "immediate family" shall mean your spouse and natural, adopted or step-children and grandchildren.

#### **5. Responsibility for Taxes**

You acknowledge that, regardless of any action taken by Rockwell Automation or, if different, the Subsidiary for which you provide continuous service (the "Employer"), the ultimate liability for all income tax, social insurance contributions, payroll tax, fringe benefits tax, payment on account, and other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items") is and remains your responsibility and may exceed the amount, if any, actually withheld by Rockwell Automation or the Employer. You further acknowledge that Rockwell Automation and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Options, including, but not limited to, the grant, earning or exercise of the Options, the subsequent sale of Stock acquired pursuant to such exercise and the receipt of any dividends or other distributions paid on the Option Stock, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Options to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that Rockwell Automation and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax-withholding event, as applicable, you agree to make arrangements satisfactory to Rockwell Automation and/or the Employer to satisfy any withholding obligations Rockwell Automation and/or the Employer may have for all Tax-Related Items. In this regard, you authorize Rockwell Automation and/or the Employer, or their respective agents including Charles Schwab, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from wages or other cash compensation payable to you by Rockwell Automation or the Employer;
- (b) withholding from proceeds of the sale of Option Stock to be issued upon exercise of the Options either through a voluntary sale or through a mandatory sale arranged by Rockwell Automation (on your behalf pursuant to this authorization without further consent);
- (c) deducting such Tax-Related Items from any payment to be made or shares of Option Stock to be delivered by Rockwell Automation or Charles Schwab under the Plan;
- (d) requiring you (or any other person entitled to exercise the Options) to pay to Rockwell Automation or Charles Schwab an amount sufficient to provide for any such Tax-Related Items; or
- (e) any other method acceptable to Rockwell Automation and permitted under the Plan and applicable laws.

Notwithstanding the foregoing, if you are subject to Section 16 of the Exchange Act, any withholding of Option Stock to satisfy applicable Tax-Related Items shall be approved in advance by the Committee or the Board. Rockwell Automation and/or the Employer may withhold or account for Tax-Related Items by considering statutory withholding rates or other withholding rates, including maximum rates applicable in your jurisdiction(s), in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Option Stock.

By your acceptance of this Stock Option Agreement, you agree (for yourself and on behalf of any other person who becomes entitled to exercise the Options) that if Rockwell Automation or Charles Schwab elects to require you (or such other person) to remit an amount sufficient to pay such withholding obligations for Tax-Related Items pursuant to Section 5(d) above, you (or such other person) must remit that amount within two (2) business days after the completion of the Option exercise. If such payment is not made, Rockwell Automation, in its discretion, shall have the same right of set-off with respect to payment of the Tax-Related Items in connection with the exercise of the Option as provided under Section 3(e) herein with respect to payment of the award price.

You agree to pay to Rockwell Automation or the Employer any amount of Tax-Related Items that Rockwell Automation or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. Rockwell Automation may refuse to deliver the Option Stock or the proceeds of the sale of Stock if you fail to comply with your obligations for Tax-Related Items.

## **6. Headings**

The section headings contained in these Stock Option Terms and Conditions are solely for the purpose of reference, are not part of the agreement of the parties and shall in no way affect the meaning or interpretation of this Stock Option Agreement.

7. **References**

All references in these Stock Option Terms and Conditions to Sections, paragraphs, subparagraphs or clauses shall be deemed to be references to Sections, paragraphs, subparagraphs and clauses of these Stock Option Terms and Conditions unless otherwise specifically provided.

8. **Entire Agreement**

This Stock Option Agreement and the Plan embody the entire agreement and understanding between Rockwell Automation and you with respect to the Options, and there are no representations, promises, covenants, agreements or understandings with respect to the Options other than those expressly set forth in this Stock Option Agreement and the Plan.

9. **Applicable Laws and Regulations**

This Stock Option Agreement and Rockwell Automation's obligation to issue Option Stock hereunder are subject to applicable laws and regulations, as well as Rockwell Automation's insider trading policies.

10. **Beneficiary Designation**

You explicitly agree that the beneficiary designated in your designated beneficiary plan, if any, for your Schwab One Brokerage account linked to your Equity Award Center account will apply to your Equity Award Center account. This includes, without limitation, the Options and any equity awards outstanding as of the date hereof, unless you submit to Charles Schwab a written revocation of the designated beneficiary with respect to your Equity Award Center account.

11. **Applicable Law and Venue**

This Stock Option Agreement and Rockwell Automation's obligation to deliver Option Stock hereunder will be governed by and construed and enforced in accordance with the laws of Delaware and the Federal laws of the United States, without regard to any conflict of law provisions.

Any and all disputes relating to, concerning or arising from this Stock Option Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Options or this Stock Option Agreement, shall be brought and heard exclusively in the United States District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts and hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

**12. Electronic Delivery and Acceptance**

Rockwell Automation may, at its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by Rockwell Automation or a third-party designated by Rockwell Automation.

**13. No Advice Regarding Grant**

The Corporation is not providing any tax, legal or financial advice, nor is the Corporation making any recommendations regarding your participation in the Plan, or your acquisition or sale of the shares of Stock underlying the Option. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

**14. Imposition of Other Requirements**

Rockwell Automation reserves the right to impose other requirements on your participation in the Plan, and on the Option, to the extent Rockwell Automation determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

**15. Severability**

The provisions of this Stock Option Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

**16. Waiver**

You acknowledge that a waiver by the Corporation of breach of any provision of this Stock Option Agreement shall not operate or be construed as a waiver of any other provision of this Stock Option Agreement or of any subsequent breach by you or any other Participant.

**ROCKWELL AUTOMATION, INC.  
RESTRICTED STOCK UNIT AGREEMENT  
FOR U.S. EMPLOYEES**

To: <first name> <last name>

In accordance with Section 4d of the Rockwell Automation, Inc. 2020 Long-Term Incentives Plan (the "Plan"), <award amount> restricted stock units ("Restricted Stock Units") of Rockwell Automation, Inc. have been granted to you effective <award date> (the "award date"), upon the terms and conditions of this Restricted Stock Unit Agreement for U.S. Employees (this "Agreement"), subject in all respects to the provisions of the Plan, as it may be amended. Capitalized terms used in this Agreement and not otherwise defined herein shall have the respective meanings ascribed to them in the Plan.

The Restricted Stock Units are being granted to you upon the following terms and conditions:

**1. Earning of Shares Underlying Restricted Stock Units**

Each Restricted Stock Unit shall entitle you to receive one share of Stock of the Corporation. You will be deemed to have fully earned one-third of the Restricted Stock Units (rounded to the nearest whole number) on each of the first and second anniversary of the award date, and the balance of the Restricted Stock Units on the third anniversary of the award date, in each case if you continue as an Employee from the date hereof until the anniversary of the award date in the respective year, provided that:

(a) if your retirement or other termination date is before the first anniversary of the award date, then you shall be deemed not to have earned any of the Restricted Stock Units and shall have no further rights with respect to the Restricted Stock Units;

(b) if you die or suffer a disability that shall continue for a continuous period of at least six months during the period of your continuous service as an Employee and prior to the third anniversary of the award date, then you shall be deemed to have fully earned all the Restricted Stock Units subject to this Agreement on the date of your death or the six month anniversary of your disability, as the case may be;

(c) if your employment by the Corporation (or a Subsidiary) terminates on or after the first anniversary of the award date by reason of your retirement, you (or if you die after your retirement date, your estate or any person who acquires the Restricted Stock Units by bequest or inheritance) will be deemed to have earned the Restricted Stock Units on the date you would otherwise have become entitled to earn the Restricted Stock Units on the second and third anniversary of the award date. For purposes of this Section 1, retirement means termination of employment with the Corporation after attaining age 65 and five (5) years of service or age 55 and ten (10) years of service, except as otherwise determined by the Committee or the Chief Executive Officer of the Corporation and except for any terminations for "cause" (as determined by the Corporation) or as otherwise may be required by local law;

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(d) if during the period of your continuous service as an Employee and prior to the vest date (i.e., the date on which the Restricted Stock Units are earned under this Agreement), (A) a Change of Control occurs, (B) all Restricted Stock Units that are outstanding are assumed or substituted with comparable awards by the successor corporation in such Change of Control or its parent corporation and (C) your employment is terminated (1) by reason of death or disability, (2) by you for a Change of Control Good Reason or (3) by the Corporation (or a Subsidiary) other than for Cause, you shall be deemed to have fully earned all the Restricted Stock Units subject to this Agreement (and any substituted awards of restricted stock units) on the date of your separation from service. If during the period of your continuous service as an Employee and prior to the vest date, (A) a Change of Control occurs and (B) all Restricted Stock Units that are outstanding are not assumed or substituted with comparable awards by the successor corporation in such Change of Control or its parent corporation, then you shall be deemed to have fully earned all the Restricted Stock Units subject to this Agreement on the date of such Change of Control; and

(e) if you cease to be an Employee prior to satisfaction of any of the conditions set forth in paragraphs (a), (b), (c) or (d) of this Section 1, regardless of the reason for such cessation and whether or not later found to be invalid or in breach of employment or other laws in the jurisdiction where you are employed or otherwise rendering services or the terms of your employment or other service agreement, if any, then you shall be deemed not to have earned any of the Restricted Stock Units and shall have no further rights with respect to the Restricted Stock Units. For purposes of the Restricted Stock Units, the Corporation shall have the exclusive discretion to determine whether you have ceased to actively provide continuous service to the Corporation or one of its Subsidiaries for purposes of your Award (including whether you may still be considered to be providing services while on a leave of absence).

(f) For purposes of your eligibility to earn the Restricted Stock Units under this Section 1, if you receive severance payments in connection with your separation from the Corporation (or a Subsidiary), you will be treated as not having terminated your employment with the Corporation (or a Subsidiary) until the last date on which you are entitled to receive severance payments from the Corporation (or a Subsidiary), at which time your employment will be deemed terminated.

## **2. Delivery of Shares Underlying Restricted Stock Units**

As promptly as practicable and not later than sixty (60) days after you have earned the shares of Stock of the Corporation underlying the Restricted Stock Units in accordance with Section 1 (or within such longer period as permitted under Section 10(a) of the Plan, or in the event of your death, under Section 409A), the Corporation will deliver to you (or in the event of your death, to your estate or any person who acquires your interest in the Restricted Stock Units by bequest or inheritance) such shares of Stock.

### **3. Forfeiture of Shares Underlying Restricted Stock Units**

Notwithstanding any other provision of this Agreement, if at any time it becomes impossible for you to receive any of the shares of Stock of the Corporation underlying the Restricted Stock Units in accordance with this Agreement, all the Restricted Stock Units will be forfeited, and you will have no further rights of any kind or nature with respect thereto.

### **4. 409A for U.S. Federal Taxpayers**

To the extent that you are subject to U.S. federal taxation, the following provisions of this Section 4 will apply to your Award.

This Agreement is intended to comply with, or be exempt from, Section 409A and, to the maximum extent permitted, this Agreement will be interpreted in accordance with such intention. Notwithstanding any other provision of this Agreement to the contrary, the Corporation makes no representation that the Plan or any amounts payable under this Agreement will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to this Agreement. For purposes of this Agreement, any reference to "termination of employment", "termination" or similar reference, shall be deemed to refer to "Separation from Service" within the meaning of Section 409A. Further, to the extent that the Restricted Stock Units are subject to, not exempt from, Section 409A, the terms "Change of Control" and "disability" shall have the meanings ascribed to such terms under Section 4(j)(iv) of the Plan.

To the extent that any amount payable under this Agreement constitutes an amount payable or benefit to be provided under a "nonqualified deferred compensation plan" (as defined in Section 409A) that is not exempt from Section 409A, and such amount is payable as a result of a Separation from Service and you are a "specified employee" (as defined and determined under Section 409A and any relevant procedures that the Corporation may establish) at the time of your Separation from Service, then, notwithstanding any other provision in this Agreement to the contrary, such payment will not be made to you until the day after the date that is six (6) months following your Separation from Service, at which time all payments that otherwise would have been paid to you under this Agreement during that six-month period, but were not paid because of this Section, will be paid in a single lump sum. This six-month delay will cease to be applicable in the event of your death.

### **5. Non-compete**

As a condition to receiving and being eligible to earn the Restricted Stock Units, you undertake and agree by your acceptance of this Agreement that:

- (a) during your employment with the Corporation or a Subsidiary and for two years after the date of your retirement or other termination of such employment, you shall not (i) directly or indirectly, except with the approval of the Corporation, engage or otherwise participate in any business that is competitive with any significant line of business of the Corporation or any of its Subsidiaries (otherwise than through ownership of not more than 5% of the voting securities of any such competitive business); or (ii) solicit or induce, or cause any other person or entity

to solicit or induce, any employee of the Corporation or any of its Subsidiaries to leave your employment with the Corporation or any of its Subsidiaries to accept employment or other engagement with any other person or entity; and

- (b) in the event that you breach this undertaking, in addition to any and all other remedies the Corporation may have, (i) any Restricted Stock Units that you have not yet earned under Section 1, together with any shares of Stock granted to you as Restricted Stock (as defined in the Rockwell Automation, Inc. 2012 Long-Term Incentives Plan, as amended) that are outstanding and have not been earned as of the date of this Agreement, will be forfeited and you will have no further rights of any kind or nature with respect thereto; and (ii) with respect to any Restricted Stock Units and Restricted Stock that you have earned, you agree to pay the Corporation upon written demand a cash amount equal to the Fair Market Value of the shares of Stock underlying such Restricted Stock Units and Restricted Stock as of the date that such shares were delivered to you pursuant to the Restricted Stock Units or were released from restrictions in the case of Restricted Stock.

If a Change of Control (as defined in the Plan) shall occur, however, the foregoing provisions (a) and (b) shall immediately terminate as of the date of such Change of Control and shall not limit your activities thereafter.

## **6. Transferability**

The Restricted Stock Units are not transferable by you except by will or by the laws of descent and distribution and are deliverable, during your lifetime, only to you.

## **7. Responsibility for Taxes**

You acknowledge that, regardless of any action taken by the Corporation or, if different, the Subsidiary for which you provide continuous service (the "Employer"), the ultimate liability for all income tax, social insurance contributions, payroll tax, fringe benefits tax, payment on account, and other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items") is and remains your responsibility and may exceed the amount, if any, actually withheld by the Corporation or the Employer. You further acknowledge that the Corporation and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, earning or settlement of the Restricted Stock Units, the subsequent sale of Stock acquired pursuant to such settlement and the receipt of any dividends or other distributions paid on the Stock, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Corporation and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. Notwithstanding the foregoing, if you are subject to Section 16 of the Exchange Act, any withholding of shares of Stock to satisfy applicable Tax-Related Items shall be approved in advance by the Compensation Committee or the Board.

Prior to any relevant taxable or tax-withholding event, as applicable, you agree to make arrangements satisfactory to the Corporation and/or the Employer to satisfy any withholding obligations the Corporation and/or the Employer may have for all Tax-Related Items. In this regard, you authorize the Corporation and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (a) withholding from wages or other cash compensation payable to you by the Corporation or the Employer;
- (b) withholding from proceeds of the sale of Stock to be issued upon settlement of the Restricted Stock Units either through a voluntary sale or through a mandatory sale arranged by the Corporation (on your behalf pursuant to this authorization without further consent); and
- (c) any other method acceptable to the Corporation and permitted under the Plan and applicable laws.

The Corporation and/or the Employer may withhold or account for Tax-Related Items by considering statutory withholding rates or other withholding rates, including maximum rates applicable in your jurisdiction(s), in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Stock.

You agree to pay to the Corporation or the Employer any amount of Tax-Related Items that the Corporation or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Corporation may refuse to deliver the Stock or the proceeds of the sale of Stock if you fail to comply with your obligations for Tax-Related Items. The Corporation may cause a portion of the Restricted Stock Units to vest prior to the vesting dates described in Section 1 above in order to satisfy any Tax-Related Items that arise prior to the date of delivery of the Restricted Stock Units described in Section 2 above; provided that to the extent necessary to avoid a prohibited distribution under Section 409A, the number of Restricted Stock Units so accelerated shall be with respect to a number of shares with a value that does not exceed the liability for the Tax-Related Items.

## **8. Adjustments**

If there shall be any change in or affecting the outstanding shares of Stock on account of any stock dividend or split, merger or consolidation (whether or not the Corporation is a surviving corporation), recapitalization, reorganization, combination or exchange of shares or other similar corporate changes or an extraordinary dividend in cash, securities or other property, there shall be made or taken such amendments to this Agreement or the Restricted Stock Units as the Board of Directors may deem appropriate under the circumstances.

## **9. No Acquired Rights**

You acknowledge, agree and consent that: (a) the Plan is established voluntarily by the Corporation, it is discretionary in nature and the Corporation may amend, cancel or terminate the Plan at any time; (b) the grant of the Restricted Stock Units subject to this Agreement is exceptional, voluntary and occasional and is a one-time benefit offered to you and does not create any contractual or other right for you to receive any grant of restricted stock units or benefits under the Plan in the future, even if restricted stock units have been granted in the past; (c) future grants, if any, shall be at the sole discretion of the Corporation, including, but not limited to, the timing of any grant, the number of shares and forfeiture provisions; and (d) your participation in the Plan is voluntary.

## **10. Dividend, Dividend Equivalents and Voting Rights.**

- (a) Limitations on Rights Associated with Restricted Stock Units. You shall have no rights as a shareowner of the Corporation, no dividend rights (except as expressly provided in Section 10(b) with respect to Dividend Equivalents) and no voting rights, with respect to the Restricted Stock Units or any shares of Stock underlying or issuable in respect of such Restricted Stock Units until such shares of Stock are actually issued to you and you are the holder of record. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of the stock certificate or book entry evidencing such shares of Stock.
- (b) Dividend Equivalent Distributions. As of any date that the Corporation pays an ordinary cash dividend on its shares of Stock, the Corporation shall credit you with a U.S. dollar amount equal to (i) the per share cash dividend paid by the Corporation on its shares of Stock on such date, multiplied by (ii) the total number of Restricted Stock Units (with such total number adjusted pursuant to Section 9 of the Plan) that are outstanding immediately prior to the record date for that dividend (a "Dividend Equivalent"). Any Dividend Equivalents credited pursuant to the foregoing provisions of this Section 10(b) shall be subject to the same vesting and payment terms, conditions and restrictions as the original Restricted Stock Units to which they relate; provided, however, that the amount of any vested Dividend Equivalents shall be paid in cash less any Tax-Related Items withholding. Finally, no crediting of Dividend Equivalents shall be made pursuant to this Section 10(b) with respect to any Restricted Stock Units which, immediately prior to the record date for that dividend, have either been paid pursuant to Section 2 or terminated pursuant to Section 1(e).

## **11. Applicable Law and Venue**

This Agreement and the Corporation's obligation to deliver shares of Stock hereunder will be governed by and construed and enforced in accordance with the laws of Delaware and the Federal laws of the United States, without regard to any conflict of law provisions.

Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Restricted Stock Units or this Agreement, shall be brought and heard exclusively in the

United States District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts and hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

## **12. Beneficiary Designation**

You explicitly agree that the beneficiary designated in your designated beneficiary plan, if any, for your Schwab One Brokerage account linked to your Equity Award Center account will apply to your Equity Award Center account, including without limitation the Restricted Stock Units, if permitted by the Corporation and validly designated under applicable law, unless you submit to Charles Schwab a written revocation of the designated beneficiary with respect to your Equity Award Center account.

## **13. Entire Agreement.**

This Agreement and the Plan embody the entire agreement and understanding between the Corporation and you with respect to the Restricted Stock Units subject to this Agreement, and there are no representations, promises, covenants, agreements or understandings with respect to such Restricted Stock Units other than those expressly set forth in this Agreement and the Plan. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall govern.

## **14. Compliance with Law**

Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Stock, the Corporation shall not be required to deliver any shares issuable upon settlement of the Restricted Stock Units prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Corporation shall, in its absolute discretion, deem necessary or advisable. You understand that the Corporation is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, you agree that the Corporation shall have unilateral authority to amend the Plan and this Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Stock.

#### **15. Electronic Delivery and Acceptance**

The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or a third-party designated by the Corporation.

#### **16. On-Line Acceptance**

This grant of the Restricted Stock Units is also subject to the condition that you accept your grant on-line through the Schwab Equity Award Center® on the Web at <http://eac.schwab.com>. By your acceptance of this grant on-line, you explicitly agree to all the terms and conditions of this Agreement and expressly acknowledge receipt of the Plan prospectus. If you do not accept your grant on-line within sixty days of the award date, your Restricted Stock Units will be cancelled and you will have no further rights with respect to the Restricted Stock Units, unless the Corporation (in its sole discretion) elects in writing to extend that date.

#### **17. No Advice Regarding Grant**

The Corporation is not providing any tax, legal or financial advice, nor is the Corporation making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Stock. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

#### **18. Imposition of Other Requirements**

The Corporation reserves the right to impose other requirements on your participation in the Plan, and on the Restricted Stock Units, to the extent the Corporation determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

#### **19. Severability**

The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

**20. Waiver**

You acknowledge that a waiver by the Corporation of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement or of any subsequent breach by you or any other Participant.

A copy of the Plan and the Plan Prospectus are being delivered to you through the Schwab Equity Award Center® on the Web at <http://eac.schwab.com>. If you would like to receive a printed copy of the Plan Prospectus, call Rockwell Automation Stock Option Administration at 414-382-8401.

**ROCKWELL AUTOMATION, INC**

Rebecca W. House                      By:  
Senior Vice President, Chief Administrative and Legal Officer and Secretary



**ROCKWELL AUTOMATION, INC.  
2020 LONG-TERM INCENTIVES PLAN**

**PERFORMANCE SHARE AGREEMENT FOR U.S. EMPLOYEES**

<award date>

To: <first name> <last name>

In accordance with Section 4(f) of the 2020 Long-Term Incentives Plan (the “Plan”) of Rockwell Automation, Inc., <award amount> Performance Shares (as defined in the Plan) have been granted to you today upon the terms and conditions of this Performance Share Agreement for U.S. Employees (the “Agreement”), subject in all respects to the provisions of the Plan, as it may be amended. Capitalized terms used in this Agreement and not otherwise defined herein shall have the respective meanings ascribed to them in the Plan.

1. Terms of Performance Shares.

(a) Subject to the provisions of this Section 1, you shall be eligible to receive shares of Stock or cash as determined in accordance with Section 1(f) of this Agreement in respect of the Performance Shares subject to this Agreement (the “Performance Share Payout”) if you shall continue as an Employee from the date hereof until the third anniversary of the award date (the “Performance Share Period”). Except as otherwise provided in Section 1(c) of this Agreement, payment of such shares of Stock or cash shall be paid in the calendar year in which the Performance Share Period ends.

(b) If (i) you shall die or suffer a disability (as determined by the Corporation in its sole discretion) that shall continue for a continuous period of at least six months during the period of your continuous service as an Employee and prior to the end of the Performance Share Period; or (ii) your employment by the Corporation (or a Subsidiary) terminates on or after the first anniversary of the date hereof and prior to the end of the Performance Share Period by reason of your retirement (defined as termination of employment with the Corporation after attaining age 65 and five (5) years of service or age 55 and ten (10) years of service, except as otherwise determined by the Committee or the Chief Executive Officer of the Corporation and except for any terminations for “cause” (as determined by the Corporation)); then you shall be eligible to receive at the time such Performance Shares would otherwise be payable pursuant to Section 1(a) of this Agreement a prorated portion of the Performance Share Payout in accordance with Section 1(f) of this Agreement equal to such Performance Share Payout, multiplied by the percentage of days in the Performance Share Period during which you were an Employee.

(c) To the extent permitted by Section 409A and except as is necessary to satisfy the requirements of Section 409A, the following provisions shall apply in the event of a Change of Control during the Performance Share Period:

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(i) If during the period of your continuous service as an Employee and prior to the end of the Performance Share Period (A) a Change of Control occurs that qualifies as a "409A Change of Control Event" (as defined below), (B) all Performance Shares that are outstanding are either assumed or substituted with comparable awards with the same payment triggers by the successor corporation in such Change of Control or its parent corporation, and (C) within two years of such Change of Control your employment is terminated (1) by reason of death or disability, (2) by you for a Change of Control Good Reason, or (3) by the Corporation (or a Subsidiary) other than for Cause, all performance goals applicable to the Performance Shares (and to any substituted awards) will be deemed achieved at levels in accordance with Section 1(f) of this Agreement and all other terms and conditions met; and you shall be entitled to receive promptly and in any event within ninety days following your Separation from Service the Performance Share Payout in accordance with Section 1(f) of this Agreement. For purposes of this Agreement, a "409A Change of Control Event" means a "Change of Control Event" as defined in Treasury Regulation Section 1.409A-3(i)(5)(i) and set forth in Treasury Regulation Section 1.409A-3(i)(5)(v)-(vii), applying the default rules and percentages set forth in such Treasury Regulation.

(ii) If during the period of your continuous service as an Employee and prior to the end of the Performance Share Period (A) a Change of Control occurs that qualifies as a "409A Change of Control Event" (as defined above) and (B) all Performance Shares that are outstanding are not either assumed or substituted with comparable awards with the same payment triggers by the successor corporation in such Change of Control or its parent corporation, all performance goals applicable to the Performance Shares (and to any substituted awards) will be deemed achieved at levels in accordance with Section 1(f) of this Agreement and all other terms and conditions met; and you shall be entitled to receive promptly and in any event within ninety days following such Change in Control the Performance Share Payout in accordance with Section 1(e) of this Agreement.

(d) If you cease to be an Employee prior to satisfaction of any of the conditions set forth in Section 1(a), 1(b) or 1(c) of this Agreement, regardless of the reason for such cessation and whether or not later found to be invalid or in breach of employment or other laws in the jurisdiction where you are employed or otherwise rendering services or the terms of your employment or other service agreement, if any, you shall not be entitled to receive any Performance Share Payout in respect of the Performance Shares subject to this Agreement and shall have no further rights with respect to the Performance Shares subject to this Agreement. For purposes of the Performance Shares, the Corporation shall have the exclusive discretion to determine whether you have ceased to actively provide continuous service to the Corporation or one of its Subsidiaries for purposes of your Award (including whether you may still be considered to be providing services while on a leave of absence).

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(e) For purposes of this Section 1, other than Section 1(c), if you receive severance payments in connection with your separation from the Corporation (or a Subsidiary), you will be treated as not having terminated your employment with the Corporation (or a Subsidiary) until the last date on which you are entitled to receive severance payments from the Corporation (or a Subsidiary), at which time your employment by the Corporation (or a Subsidiary) will be deemed terminated. In no event shall this Section 1(e) accelerate, extend or otherwise change the payment date in respect of the Performance Shares pursuant to this Section 1.

(f) Subject to the provisions of this Section 1 (including, if Section 1(b) of this Agreement is applicable, the proration requirements thereof), promptly following the end of the Performance Share Period (or promptly following a 409A Change in Control Event or Separation from Service, as the case may be, in the event Section 1(c) of this Agreement is applicable), and in any event within the time periods set forth in Sections 1(a), 1(b), and 1(c) of this Agreement, the number of shares of Stock (or the amount of cash) payable to you in respect of the Performance Shares subject to this Agreement shall be determined by multiplying (i) the number of Performance Shares subject to this Agreement by (ii) the applicable percentage determined by the Committee in accordance with Attachment 1 hereto based on the total shareowner return of Rockwell Automation Common Stock, assuming reinvestment of all dividends, for the period from October 1, 2020 to September 30, 2023; provided, however, that if Section 1(c) of this Agreement is applicable, the percentage under this Section 1(f)(ii) shall be deemed to be 100%. In determining such total shareowner return, the price of the Stock on each of the first and last dates of such three-year period will be determined by using the average of the daily closing prices per share of the Stock as reported on the New York Stock Exchange Composite Transactions Reporting System for the 20 trading days immediately preceding such date. Any payout in respect of Performance Shares subject to this Agreement may be in Stock, in cash or partly in Stock and partly in cash, as the Committee may determine. Any cash amounts payable pursuant to this Section 1(f) will be calculated based upon the Fair Market Value of the Stock on the trading day immediately preceding the payout date (or such other date as the Committee shall determine in its sole discretion).

## 2. Delivery of Shares or Cash.

As promptly as practicable after (i) shares of Stock or cash have been determined by the Committee to be payable in accordance with Section 1 of this Agreement in respect of the Performance Shares subject to this Agreement and (ii) the Corporation has collected or been paid all Tax-Related Items (as defined in Section 6 below) in respect of the Stock and/or cash payable in respect of such Performance Shares, and in accordance with the time periods set forth in Section 1 of this Agreement (or within such longer period as permitted under Section 409A in the event of your death), the Corporation shall deliver to you (or in the event of your death, to your estate or any person who acquires your interest in such Performance Shares by bequest or inheritance) such shares of Stock,

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cash or a combination thereof, as shall be determined by the Committee, in respect of such Performance Shares.

3. Forfeiture of Performance Shares.

Notwithstanding any other provision of this Agreement, if at any time it shall become impossible for you to receive any Performance Share Payout in respect of the Performance Shares subject to this Agreement, all such Performance Shares shall be forfeited, and you shall have no further rights of any kind or nature with respect thereto.

4. Adjustments.

If there shall be any change in or affecting shares of Stock on account of any stock dividend or split, merger or consolidation, reorganization (whether or not Rockwell Automation, Inc. is a surviving corporation), recapitalization, reorganization, combination or exchange of shares or other similar corporate changes or an extraordinary dividend in cash, securities or other property, there shall be made or taken such amendments to this Agreement or the Performance Shares subject to this Agreement as the Board of Directors may deem appropriate under the circumstances.

5. Transferability.

This grant is not transferable by you otherwise than by will or by the laws of descent and distribution, and the Stock and/or cash payable in respect of the Performance Shares subject to this Agreement shall be deliverable, during your lifetime, only to you.

6. Responsibility for Taxes

You acknowledge that, regardless of any action taken by the Corporation or, if different, the Subsidiary for which you provide continuous service (the "Employer"), the ultimate liability for all income tax, social insurance contributions, payroll tax, fringe benefits tax, payment on account, and other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items") is and remains your responsibility and may exceed the amount, if any, actually withheld by the Corporation or the Employer. You further acknowledge that the Corporation and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Shares, including, but not limited to, the grant, earning or settlement of the Performance Shares, the subsequent sale of Stock acquired pursuant to such settlement and the receipt of any dividends or other distributions paid on the Stock, and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Performance Shares to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you are subject to Tax-Related Items in more than one jurisdiction, you acknowledge that the Corporation and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than

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one jurisdiction. Notwithstanding the foregoing, if you are subject to Section 16 of the Exchange Act, any withholding of shares of Stock to satisfy applicable Tax-Related Items shall be approved in advance by the Committee or the Board.

Prior to any relevant taxable or tax-withholding event, as applicable, you agree to make arrangements satisfactory to the Corporation and/or the Employer to satisfy any withholding obligations the Corporation and/or the Employer may have for all Tax-Related Items. In this regard, you authorize the Corporation and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) withholding from wages or other cash compensation payable to you by the Corporation or the Employer, including from any cash payable as part of the Performance Share Payout;

(b) withholding from proceeds of the sale of any Stock to be issued as part of the Performance Share Payout either through a voluntary sale or through a mandatory sale arranged by the Corporation (on your behalf pursuant to this authorization without further consent); and

(c) any other method acceptable to the Corporation and permitted under the Plan and applicable laws.

The Corporation and/or the Employer may withhold or account for Tax-Related Items by considering statutory withholding rates or other withholding rates, including maximum rates applicable in your jurisdiction(s), in which case you may receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent amount in Stock.

You agree to pay to the Corporation or the Employer any amount of Tax-Related Items that the Corporation or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Corporation may refuse to deliver the Stock or the proceeds of the sale of Stock if you fail to comply with your obligations for Tax-Related Items. The Corporation may cause a portion of the Performance Share Payout to occur prior to the time such Performance Shares would otherwise be payable as described in Section 1 above in order to satisfy any Tax-Related Items that arise prior to the date of delivery of the Performance Shares described in Section 2 above; provided that to the extent necessary to avoid a prohibited distribution under Section 409A, the number of Performance Shares so

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accelerated shall be with respect to a number of shares with a value that does not exceed the liability for the Tax-Related Items.

7. No Acquired Rights.

You acknowledge, agree and consent that: (a) the Plan is established voluntarily by the Corporation, it is discretionary in nature and the Corporation may amend, cancel or terminate the Plan at any time; (b) the grant of the Performance Shares subject to this Agreement is exceptional, voluntary and occasional and is a one-time benefit offered to you and does not create any contractual or other right for you to receive any grant of performance shares or benefits under the Plan in the future, even if performance shares have been granted in the past; (c) future grants, if any, shall be at the sole discretion of the Corporation, including, but not limited to, the timing of any grant, the number of shares and forfeiture provisions; and (d) your participation in the Plan is voluntary.

8. Applicable Law and Venue.

This Agreement and the Corporation's obligation to deliver shares of Stock hereunder will be governed by and construed and enforced in accordance with the laws of Delaware and the Federal laws of the United States, without regard to any conflict of law provisions.

Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Performance Shares or this Agreement, shall be brought and heard exclusively in the United States District Court for the District of Delaware or the Delaware Superior Court, New Castle County. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts and hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

9. 409A for U.S. Federal Taxpayers

To the extent that you are subject to U.S. federal taxation, the following provisions of this Section 9 will apply to your Award.

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This Agreement is intended to comply with Section 409A and, to the maximum extent permitted, this Agreement will be interpreted in accordance with such intention. Notwithstanding any other provision of this Agreement to the contrary, the Corporation makes no representation that the Plan or any amounts payable under this Agreement will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to this Agreement. For purposes of this Agreement, any reference to “termination of employment”, “termination” or similar reference, shall be deemed to refer to “Separation from Service” within the meaning of Section 409A.

To the extent that any amount payable under this Agreement constitutes an amount payable or benefit to be provided under a “nonqualified deferred compensation plan” (as defined in Section 409A) that is not exempt from Section 409A, and such amount is payable as a result of a Separation from Service and you are a "specified employee" (as defined and determined under Section 409A and any relevant procedures that the Corporation may establish) at the time of your Separation from Service, then, notwithstanding any other provision in this Agreement to the contrary, such payment will not be made to you until the day after the date that is six (6) months following your Separation from Service, at which time all payments that otherwise would have been paid to you under this Agreement during that six-month period, but were not paid because of this paragraph, will be paid in a single lump sum. This six-month delay will cease to be applicable in the event of your death.

10. Beneficiary Designation

You explicitly agree that the beneficiary designated in your designated beneficiary plan, if any, in your Schwab One Brokerage account linked to your Equity Award Center account will apply to your Equity Award Center account, including without limitation the Performance Shares, if permitted by the Corporation and validly designated under applicable law, unless you submit to Charles Schwab a written revocation of the designated beneficiary with respect to your Equity Award Center account.

11. Entire Agreement.

This Agreement and the Plan embody the entire agreement and understanding between the Corporation and you with respect to the Performance Shares subject to this Agreement, and there are no representations, promises, covenants, agreements or understandings with respect to such Performance Shares other than those expressly set forth in this Agreement and the Plan. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall govern, except with respect to terms required to achieve compliance with Section 409A.

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12. Compliance with Law

Notwithstanding any other provision of the Plan or this Agreement, unless there is an available exemption from any registration, qualification or other legal requirement applicable to the shares of Stock, the Corporation shall not be required to deliver any shares issuable upon settlement of the Performance Shares prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission (“SEC”) or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Corporation shall, in its absolute discretion, deem necessary or advisable. You understand that the Corporation is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, you agree that the Corporation shall have unilateral authority to amend the Plan and this Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Stock.

13. Electronic Delivery and Acceptance

The Corporation may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Corporation or a third-party designated by the Corporation.

14. On-Line Acceptance

This grant of the Performance Shares is also subject to the condition that you accept your grant on-line through the Schwab Equity Award Center® on the Web at <http://eac.schwab.com>. By your acceptance of this grant on-line, you explicitly agree to all the terms and conditions of this Agreement and expressly acknowledge receipt of the Plan prospectus. If you do not accept your grant on-line within sixty days of the award date, your Performance Shares will be cancelled and you will have no further rights with respect to the Performance Shares, unless the Corporation (in its sole discretion) elects in writing to extend that date.

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15. No Advice Regarding Grant

The Corporation is not providing any tax, legal or financial advice, nor is the Corporation making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Stock. You are hereby advised to consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

16. Imposition of Other Requirements

The Corporation reserves the right to impose other requirements on your participation in the Plan, and on the Performance Shares, to the extent the Corporation determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

17. Waiver

You acknowledge that a waiver by the Corporation of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement or of any subsequent breach by you or any other Participant.

A copy of the Plan and the Plan Prospectus are being delivered to you through the Schwab Equity Award Center® on the Web at <http://eac.schwab.com>. If you would like to receive a printed copy of the Plan Prospectus, call Rockwell Automation Stock Plan Administration at 414-382-8401.

ROCKWELL AUTOMATION, INC.

By:

Rebecca W. House  
Senior Vice President,  
Chief Administrative and Legal Officer and Secretary

January 26, 2021

The Board of Directors and Shareowners of  
Rockwell Automation, Inc.  
1201 South Second Street  
Milwaukee, Wisconsin 53204

We are aware that our report dated January 26, 2021, on our review of the interim financial information of Rockwell Automation, Inc. and subsidiaries appearing in this Quarterly Report on Form 10-Q for the quarter ended December 31, 2020, is incorporated by reference in Registration Statement Nos. 333-101780, 333-149581, 333-150019, 333-157203, 333-165727, 333-180557, 333-184400, 333-205022, 333-209706, 333-234642, and 333-236277 on Form S-8 and Registration Statement No. 333-228817 on Form S-3.

/s/ DELOITTE & TOUCHE LLP

Milwaukee, Wisconsin

CERTIFICATION

I, Blake D. Moret, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rockwell Automation, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 26, 2021

/s/ BLAKE D. MORET  
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Blake D. Moret  
President and  
Chief Executive Officer

## CERTIFICATION

I, Steven W. Etzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rockwell Automation, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 26, 2021

/s/ STEVEN W. ETZEL

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Steven W. Etzel  
Senior Vice President and  
Chief Financial Officer

**CERTIFICATION OF PERIODIC REPORT**

I, Blake D. Moret, President and Chief Executive Officer of Rockwell Automation, Inc. (the "Company"), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended December 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 26, 2021

/s/ BLAKE D. MORET

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Blake D. Moret  
President and  
Chief Executive Officer

**CERTIFICATION OF PERIODIC REPORT**

I, Steven W. Etzel, Senior Vice President and Chief Financial Officer of Rockwell Automation, Inc. (the "Company"), certify pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended December 31, 2020 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 26, 2021

/s/ STEVEN W. ETZEL

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Steven W. Etzel  
Senior Vice President and  
Chief Financial Officer