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## Rockwell Automation, Inc. F2Q09 (Qtr End 3/31/09) Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions). And your first question comes from the line of Bob Cornell of Barclays Capital. Please proceed.

#### Robert Cornell – Barclays Capital

Hey, guys.

#### Keith Nosbusch

Good morning, Bob.

#### Robert Cornell – Barclays Capital

Yeah, I wondered if you just expand on the comment I guess Keith you made first about the second half sales being below the second quarter run rate, maybe you could flush out sort of what you're seeing there, maybe you said there was potentially below, maybe just expand on that point, please?

#### Keith Nosbusch

Sure, Bob. Basically, the fact that we still believe there's some downside potential in the economy that we believe the second half could be a little bit weaker than we're currently seeing. And certainly the other dimension of that is as we talked earlier in the year, we believe our Solutions business will weaken as the year plays out. And so we think as we go further into the fourth quarter, we'll see that get a little weaker than we've seen in the first half of the year. So it's really about hunting for the bottom of the economy and it's just too unpredictable at this point in time for us to be able to feel certain that we're there and so it's a little bit of a belief that while we're seeing the worst behind us, we probably still have a little bit more to go down before we start flattening out and begin whenever the recovery occurs.

#### Robert Cornell – Barclays Capital

Yeah, just a question on the cost. I mean, the unabsorbed factory overhead would have been reflected in inventory, but shipped in the June quarter, Ted, is that right? Help me with that.

#### Theodore Crandall

Yes, we're a FIFO company, as I think you pointed out in some of your recent notes and we had a large inventory reduction in Q2. The primary absorption effect of that will be felt in Q3.

**Robert Cornell – Barclays Capital**

Do you have a magnitude of that what we should expect?

**Theodore Crandall**

I mean, call it roughly \$10 million.

**Robert Cornell – Barclays Capital**

Okay. Thanks. I've lots of questions but I'll pass for the time.

**Theodore Crandall**

Okay, Bob.

**Operator**

And your next question comes from the line of Nigel Coe of Deutsche Bank. Please proceed.

**Nicole Dibotto – Deutsche Bank**

Hi, this is Nicole Dibotto is asking questions on Nigel's behalf. The first one for you. We were surprised to see North America weaker than EMEA in this quarter. Does that represent broad market growth rates and is that expected to continue going forward? And then also, how are channel inventory burns trending in North America and Europe?

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