

CONSOLIDATED STATEMENTS OF EARNINGS

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions, except per share amounts

	2009	2010	2011
Net sales	\$20,102	21,039	24,222
Costs and expenses:			
Cost of sales	12,542	12,713	14,665
Selling, general and administrative expenses	4,416	4,817	5,328
Other deductions, net	474	369	375
Interest expense, net of interest income: 2009, \$24; 2010, \$19; 2011, \$23	220	261	223
Earnings from continuing operations before income taxes	2,450	2,879	3,631
Income taxes	688	848	1,127
Earnings from continuing operations	1,762	2,031	2,504
Discontinued operations, net of tax: 2009, \$5; 2010, \$153; 2011, \$30	9	186	26
Net earnings	1,771	2,217	2,530
Less: Noncontrolling interests in earnings of subsidiaries	47	53	50
Net earnings common stockholders	\$ 1,724	2,164	2,480
Earnings common stockholders:			
Earnings from continuing operations	\$ 1,715	1,978	2,454
Discontinued operations, net of tax	9	186	26
Net earnings common stockholders	\$ 1,724	2,164	2,480
Basic earnings per share common stockholders:			
Earnings from continuing operations	\$ 2.27	2.62	3.26
Discontinued operations	0.02	0.25	0.03
Basic earnings per common share	\$ 2.29	2.87	3.29
Diluted earnings per share common stockholders:			
Earnings from continuing operations	\$ 2.26	2.60	3.24
Discontinued operations	0.01	0.24	0.03
Diluted earnings per common share	\$ 2.27	2.84	3.27

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

EMERSON ELECTRIC CO. & SUBSIDIARIES

September 30 | Dollars in millions, except per share amounts

ASSETS	2010	2011
Current assets		
Cash and equivalents	\$ 1,592	2,052
Receivables, less allowances of \$98 in 2010 and \$104 in 2011	3,989	4,502
Inventories:		
Finished products	746	742
Raw materials and work in process	1,359	1,358
Total inventories	2,105	2,100
Other current assets	677	691
Total current assets	8,363	9,345
Property, plant and equipment		
Land	213	266
Buildings	1,902	2,010
Machinery and equipment	5,964	6,115
Construction in progress	228	340
	8,307	8,731
Less: Accumulated depreciation	5,020	5,294
Property, plant and equipment, net	3,287	3,437
Other assets		
Goodwill	8,656	8,771
Other intangible assets	2,150	1,969
Other	387	339
Total other assets	11,193	11,079
Total assets	\$22,843	23,861

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND EQUITY	2010	2011
Current liabilities		
Short-term borrowings and current maturities of long-term debt	\$ 480	877
Accounts payable	2,409	2,677
Accrued expenses	2,864	2,772
Income taxes	96	139
Total current liabilities	5,849	6,465
Long-term debt	4,586	4,324
Other liabilities	2,456	2,521
Equity		
Preferred stock, \$2.50 par value per share; Authorized, 5,400,000 shares; issued, none	-	-
Common stock, \$0.50 par value per share; Authorized, 1,200,000,000 shares; issued, 953,354,012 shares; outstanding, 752,690,806 shares in 2010 and 738,877,768 shares in 2011	477	477
Additional paid-in capital	192	317
Retained earnings	15,869	17,310
Accumulated other comprehensive income	(426)	(562)
	16,112	17,542
Less: Cost of common stock in treasury, 200,663,206 shares in 2010 and 214,476,244 shares in 2011	6,320	7,143
Common stockholders' equity	9,792	10,399
Noncontrolling interests in subsidiaries	160	152
Total equity	9,952	10,551
Total liabilities and equity	\$22,843	23,861

CONSOLIDATED STATEMENTS OF EQUITY

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions, except per share amounts

	2009	2010	2011
Common stock	\$ 477	477	477
Additional paid-in capital			
Beginning balance	146	157	192
Stock plans and other	11	35	125
Ending balance	157	192	317
Retained earnings			
Beginning balance	14,002	14,714	15,869
Net earnings common stockholders	1,724	2,164	2,480
Cash dividends (per share: 2009, \$1.32; 2010, \$1.34; 2011, \$1.38)	(998)	(1,009)	(1,039)
Adoption of ASC 715 measurement date provision, net of tax: 2009, \$7	(14)	-	-
Ending balance	14,714	15,869	17,310
Accumulated other comprehensive income			
Beginning balance	141	(496)	(426)
Foreign currency translation	(104)	55	22
Pension and postretirement, net of tax: 2009, \$334; 2010, \$(6); 2011, \$47	(568)	(12)	(56)
Cash flow hedges and other, net of tax: 2009, \$(29); 2010, \$(16); 2011, \$60	35	27	(102)
Ending balance	(496)	(426)	(562)
Treasury stock			
Beginning balance	(5,653)	(6,297)	(6,320)
Purchases	(695)	(100)	(958)
Issued under stock plans and other	51	77	135
Ending balance	(6,297)	(6,320)	(7,143)
Common stockholders' equity	8,555	9,792	10,399
Noncontrolling interests in subsidiaries			
Beginning balance	188	151	160
Net earnings	47	53	50
Other comprehensive income	2	-	4
Cash dividends	(80)	(57)	(61)
Other	(6)	13	(1)
Ending balance	151	160	152
Total equity	\$ 8,706	9,952	10,551
Comprehensive income			
Net earnings	\$ 1,771	2,217	2,530
Foreign currency translation	(102)	55	26
Pension and postretirement	(568)	(12)	(56)
Cash flow hedges and other	35	27	(102)
	1,136	2,287	2,398
Less: Noncontrolling interests in subsidiaries	49	53	54
Comprehensive income common stockholders	\$ 1,087	2,234	2,344

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions

	2009	2010	2011
Operating activities			
Net earnings	\$ 1,771	2,217	2,530
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	727	816	867
Changes in operating working capital	620	309	(301)
Pension funding	(303)	(247)	(142)
Other	271	197	279
Net cash provided by operating activities	3,086	3,292	3,233
Investing activities			
Capital expenditures	(531)	(524)	(647)
Purchases of businesses, net of cash and equivalents acquired	(776)	(2,843)	(232)
Divestitures of businesses	4	846	103
Other	(6)	4	(72)
Net cash used in investing activities	(1,309)	(2,517)	(848)
Financing activities			
Net increase (decrease) in short-term borrowings	(684)	398	185
Proceeds from long-term debt	1,246	598	1
Principal payments on long-term debt	(678)	(680)	(57)
Dividends paid	(998)	(1,009)	(1,039)
Purchases of treasury stock	(718)	(100)	(935)
Other	(116)	67	(42)
Net cash used in financing activities	(1,948)	(726)	(1,887)
Effect of exchange rate changes on cash and equivalents	(46)	(17)	(38)
Increase (decrease) in cash and equivalents	(217)	32	460
Beginning cash and equivalents	1,777	1,560	1,592
Ending cash and equivalents	\$ 1,560	1,592	2,052
Changes in operating working capital			
Receivables	\$ 1,011	(341)	(475)
Inventories	580	(160)	12
Other current assets	42	(69)	41
Accounts payable	(709)	498	194
Accrued expenses	(94)	298	(54)
Income taxes	(210)	83	(19)
Total changes in operating working capital	\$ 620	309	(301)

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