

CONSOLIDATED STATEMENTS OF EARNINGS

EMERSON ELECTRIC CO. & SUBSIDIARIES

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

	2007	2008	2009
Net sales	\$22,131	24,807	20,915
Costs and expenses:			
Cost of sales	14,066	15,668	13,216
Selling, general and administrative expenses	4,569	5,057	4,532
Other deductions, net	175	303	530
Interest expense (net of interest income: 2007, \$33; 2008, \$56; 2009, \$24)	228	188	220
Earnings from continuing operations before income taxes	3,093	3,591	2,417
Income taxes	964	1,137	693
Earnings from continuing operations	2,129	2,454	1,724
Discontinued operations, net of tax	7	(42)	-
Net earnings	\$ 2,136	2,412	1,724
Basic earnings per common share:			
Earnings from continuing operations	\$ 2.68	3.14	2.29
Discontinued operations	0.01	(0.05)	-
Basic earnings per common share	\$ 2.69	3.09	2.29
Diluted earnings per common share:			
Earnings from continuing operations	\$ 2.65	3.11	2.27
Discontinued operations	0.01	(0.05)	-
Diluted earnings per common share	\$ 2.66	3.06	2.27

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

EMERSON ELECTRIC CO. & SUBSIDIARIES

September 30 | Dollars in millions, except per share amounts

ASSETS	2008	2009
Current assets		
Cash and equivalents	\$ 1,777	1,560
Receivables, less allowances of \$90 in 2008 and \$93 in 2009	4,618	3,623
Inventories:		
Finished products	884	697
Raw materials and work in process	1,464	1,158
Total inventories	2,348	1,855
Other current assets	588	615
Total current assets	9,331	7,653
Property, plant and equipment		
Land	201	219
Buildings	1,737	1,935
Machinery and equipment	6,296	6,511
Construction in progress	457	229
	8,691	8,894
Less accumulated depreciation	5,184	5,394
Property, plant and equipment, net	3,507	3,500
Other assets		
Goodwill	6,562	7,078
Other	1,640	1,532
Total other assets	8,202	8,610
	\$21,040	19,763

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	2008	2009
Current liabilities		
Short-term borrowings and current maturities of long-term debt	\$ 1,221	577
Accounts payable	2,699	1,949
Accrued expenses	2,480	2,378
Income taxes	173	52
Total current liabilities	6,573	4,956
Long-term debt	3,297	3,998
Other liabilities	2,057	2,254
Stockholders' equity		
Preferred stock of \$2.50 par value per share		
Authorized 5,400,000 shares; issued - none	-	-
Common stock of \$0.50 par value per share		
Authorized 1,200,000,000 shares; issued 953,354,012 shares;		
outstanding 771,216,037 shares in 2008 and 751,872,857 shares in 2009	477	477
Additional paid-in capital	146	157
Retained earnings	14,002	14,714
Accumulated other comprehensive income	141	(496)
	14,766	14,852
Less cost of common stock in treasury, 182,137,975 shares in 2008 and		
201,481,155 shares in 2009	5,653	6,297
Total stockholders' equity	9,113	8,555
	\$21,040	19,763

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

EMERSON ELECTRIC CO. & SUBSIDIARIES

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

	2007	2008	2009
Common stock			
Beginning balance	\$ 238	477	477
Adjustment for stock split	239	-	-
Ending balance	477	477	477
Additional paid-in capital			
Beginning balance	161	31	146
Stock plans and other	31	115	11
Adjustment for stock split	(161)	-	-
Ending balance	31	146	157
Retained earnings			
Beginning balance	11,314	12,536	14,002
Net earnings	2,136	2,412	1,724
Cash dividends (per share: 2007, \$1.05; 2008, \$1.20; 2009, \$1.32)	(837)	(940)	(998)
Adjustment for stock split	(77)	-	-
Adoption of FIN 48	-	(6)	-
Adoption of FAS 158 measurement date provision (net of tax of \$7)	-	-	(14)
Ending balance	12,536	14,002	14,714
Accumulated other comprehensive income			
Beginning balance	306	382	141
Foreign currency translation	459	(30)	(104)
Pension and postretirement (net of tax of: 2007, \$(1); 2008, \$51; 2009, \$334)	2	(144)	(568)
Cash flow hedges and other (net of tax of: 2007, \$29; 2008, \$51; 2009, (\$29))	(56)	(67)	35
Adoption of FAS 158 liability provisions (net of tax of \$193)	(329)	-	-
Ending balance	382	141	(496)
Treasury stock			
Beginning balance	(3,865)	(4,654)	(5,653)
Purchases	(849)	(1,128)	(695)
Issued under stock plans and other	60	129	51
Ending balance	(4,654)	(5,653)	(6,297)
Total stockholders' equity	\$ 8,772	9,113	8,555
Comprehensive income			
Net earnings	\$ 2,136	2,412	1,724
Foreign currency translation	459	(30)	(104)
Pension and postretirement	2	(144)	(568)
Cash flow hedges and other	(56)	(67)	35
Total	\$ 2,541	2,171	1,087

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions

	2007	2008	2009
Operating activities			
Net earnings	\$ 2,136	2,412	1,724
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	656	707	727
Changes in operating working capital	137	(22)	620
Pension funding	(136)	(135)	(303)
Other	223	331	318
Net cash provided by operating activities	3,016	3,293	3,086
Investing activities			
Capital expenditures	(681)	(714)	(531)
Purchases of businesses, net of cash and equivalents acquired	(295)	(561)	(776)
Other	106	203	(2)
Net cash used in investing activities	(870)	(1,072)	(1,309)
Financing activities			
Net increase (decrease) in short-term borrowings	(800)	521	(684)
Proceeds from long-term debt	496	400	1,246
Principal payments on long-term debt	(5)	(261)	(678)
Dividends paid	(837)	(940)	(998)
Purchases of treasury stock	(853)	(1,120)	(718)
Other	5	(54)	(116)
Net cash used in financing activities	(1,994)	(1,454)	(1,948)
Effect of exchange rate changes on cash and equivalents	46	2	(46)
Increase (decrease) in cash and equivalents	198	769	(217)
Beginning cash and equivalents	810	1,008	1,777
Ending cash and equivalents	\$ 1,008	1,777	1,560
Changes in operating working capital			
Receivables	\$ (349)	(293)	1,011
Inventories	96	(90)	580
Other current assets	36	19	42
Accounts payable	104	199	(709)
Accrued expenses	200	154	(94)
Income taxes	50	(11)	(210)
	\$ 137	(22)	620

See accompanying Notes to Consolidated Financial Statements.