

**TABLE 1**

EMERSON AND SUBSIDIARIES  
CONSOLIDATED OPERATING RESULTS  
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

	<u>Quarter Ended June 30,</u>		<u>Percent</u> <u>Change</u>
	<u>2005</u>	<u>2006</u>	
<b>Net sales</b>	\$ 4,465	\$ 5,217	17%
Less: Costs and expenses			
Cost of sales	2,865	3,361	
SG&A expenses	907	1,037	
Other deductions, net	43	54	
Interest expense, net	<u>52</u>	<u>51</u>	
Earnings before income taxes	598	714	19%
Income taxes (2005 includes \$58 tax expense for repatriating foreign earnings)	<u>240</u>	<u>228</u>	
<b>Net earnings</b>	<u>\$ 358</u>	<u>\$ 486</u>	36%
Diluted avg. shares outstanding (millions)	417.7	412.9	
Diluted earnings per common share	<u>\$ 0.86</u>	<u>\$ 1.18</u>	37%

	<u>Quarter Ended June 30,</u>	
	<u>2005</u>	<u>2006</u>
<b>Other deductions, net</b>		
Rationalization of operations	\$ 25	\$ 19
Amortization of intangibles	8	13
Other	10	34
Gains	<u>-</u>	<u>(12)</u>
Total	<u>\$ 43</u>	<u>\$ 54</u>

**TABLE 2**

EMERSON AND SUBSIDIARIES  
 CONSOLIDATED OPERATING RESULTS  
 (DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

	<u>Nine Months Ended June 30,</u>		Percent <u>Change</u>
	<u>2005</u>	<u>2006</u>	
<b>Net sales</b>	\$12,662	\$14,617	15%
Less: Costs and expenses			
Cost of sales	8,148	9,434	
SG&A expenses	2,672	2,992	
Other deductions, net	154	131	
Interest expense, net	<u>158</u>	<u>151</u>	
Earnings before income taxes	1,530	1,909	25%
Income taxes (2005 includes \$58 tax expense for repatriating foreign earnings)	<u>527</u>	<u>590</u>	
<b>Net earnings</b>	<u>\$ 1,003</u>	<u>\$ 1,319</u>	31%
Diluted avg. shares outstanding (millions)	420.2	413.7	
Diluted earnings per common share	<u>\$ 2.39</u>	<u>\$ 3.19</u>	33%

---

	<u>Nine Months Ended June 30,</u>	
	<u>2005</u>	<u>2006</u>
<b>Other deductions, net</b>		
Rationalization of operations	\$ 82	\$ 53
Amortization of intangibles	21	32
Other	77	88
Gains	<u>(26)</u>	<u>(42)</u>
Total	<u>\$ 154</u>	<u>\$ 131</u>

**TABLE 3**EMERSON AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(DOLLARS IN MILLIONS)

	<u>2005</u>	<u>June 30,</u> <u>2006</u>
<b>Assets</b>		
Cash and equivalents	\$ 1,564	\$ 695
Receivables, net	3,138	3,668
Inventories	1,839	2,212
Other current assets	<u>481</u>	<u>592</u>
Total current assets	7,022	7,167
Property, plant & equipment, net	2,929	3,076
Goodwill	5,334	6,005
Other	<u>1,859</u>	<u>2,136</u>
	<u>\$17,144</u>	<u>\$18,384</u>
<b>Liabilities and Stockholders' Equity</b>		
Short-term borrowings and current maturities of long-term debt	\$ 1,622	\$ 984
Accounts payable	1,610	2,031
Accrued expenses	1,751	1,892
Income taxes	<u>244</u>	<u>303</u>
Total current liabilities	5,227	5,210
Long-term debt	2,879	3,132
Other liabilities	1,720	1,946
Stockholders' equity	<u>7,318</u>	<u>8,096</u>
	<u>\$17,144</u>	<u>\$18,384</u>

**TABLE 4**EMERSON AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(DOLLARS IN MILLIONS)

	<u>Nine Months Ended June 30,</u>	
	<u>2005</u>	<u>2006</u>
<b>Operating Activities</b>		
Net earnings	\$ 1,003	\$ 1,319
Depreciation and amortization	420	454
Changes in operating working capital	(159)	(373)
Pension funding	(101)	(100)
Other	<u>145</u>	<u>188</u>
Net cash provided by operating activities	<u>1,308</u>	<u>1,488</u>
<b>Investing Activities</b>		
Capital expenditures	(350)	(354)
Purchases of businesses, net of cash & equivalents acquired	(192)	(708)
Other	<u>(21)</u>	<u>28</u>
Net cash used in investing activities	<u>(563)</u>	<u>(1,034)</u>
<b>Financing Activities</b>		
Net increase in short-term borrowings	1,072	172
Proceeds from long-term debt	3	5
Principal payments on long-term debt	(620)	(260)
Dividends paid	(522)	(550)
Purchases of treasury stock	(469)	(411)
Other	<u>10</u>	<u>38</u>
Net cash used in financing activities	<u>(526)</u>	<u>(1,006)</u>
Effect of exchange rate changes on cash and equivalents	<u>(1)</u>	<u>14</u>
<b>Increase (decrease) in cash and equivalents</b>	218	(538)
Beginning cash and equivalents	<u>1,346</u>	<u>1,233</u>
<b>Ending cash and equivalents</b>	<u>\$ 1,564</u>	<u>\$ 695</u>

**TABLE 5**

EMERSON AND SUBSIDIARIES  
SEGMENT SALES AND EARNINGS  
(DOLLARS IN MILLIONS)

	<u>Quarter Ended June 30,</u>	
	<u>2005</u>	<u>2006</u>
<b>Sales</b>		
Process Management	\$ 1,061	\$ 1,233
Industrial Automation	826	968
Network Power	838	1,155
Climate Technologies	837	923
Appliance and Tools	<u>1,039</u>	<u>1,099</u>
	4,601	5,378
Eliminations	<u>(136)</u>	<u>(161)</u>
Total Emerson	<u>\$ 4,465</u>	<u>\$ 5,217</u>
	<u>Quarter Ended June 30,</u>	
	<u>2005</u>	<u>2006</u>
<b>Earnings</b>		
Process Management	\$ 184	\$ 221
Industrial Automation	118	142
Network Power	98	139
Climate Technologies	131	155
Appliance and Tools	<u>144</u>	<u>141</u>
	675	798
Differences in accounting methods	39	46
Corporate and other	(64)	(79)
Interest expense, net	<u>(52)</u>	<u>(51)</u>
Earnings before income taxes	<u>\$ 598</u>	<u>\$ 714</u>
	<u>Quarter Ended June 30,</u>	
	<u>2005</u>	<u>2006</u>
<b>Rationalization of operations</b>		
Process Management	\$ 5	\$ 3
Industrial Automation	4	4
Network Power	7	3
Climate Technologies	4	2
Appliance and Tools	<u>5</u>	<u>7</u>
Total Emerson	<u>\$ 25</u>	<u>\$ 19</u>

**TABLE 6**

EMERSON AND SUBSIDIARIES  
SEGMENT SALES AND EARNINGS  
(DOLLARS IN MILLIONS)

	<u>Nine Months Ended June 30.</u>	
	<u>2005</u>	<u>2006</u>
<b>Sales</b>		
Process Management	\$ 3,032	\$ 3,473
Industrial Automation	2,421	2,759
Network Power	2,376	3,098
Climate Technologies	2,216	2,523
Appliance and Tools	<u>2,988</u>	<u>3,211</u>
	13,033	15,064
Eliminations	<u>(371)</u>	<u>(447)</u>
Total Emerson	<u>\$ 12,662</u>	<u>\$ 14,617</u>
	<u>Nine Months Ended June 30.</u>	
	<u>2005</u>	<u>2006</u>
<b>Earnings</b>		
Process Management	\$ 468	\$ 587
Industrial Automation	344	416
Network Power	242	366
Climate Technologies	338	382
Appliance and Tools	<u>397</u>	<u>412</u>
	1,789	2,163
Differences in accounting methods	107	128
Corporate and other	(208)	(231)
Interest expense, net	<u>(158)</u>	<u>(151)</u>
Earnings before income taxes	<u>\$ 1,530</u>	<u>\$ 1,909</u>
	<u>Nine Months Ended June 30.</u>	
	<u>2005</u>	<u>2006</u>
<b>Rationalization of operations</b>		
Process Management	\$ 14	\$ 6
Industrial Automation	12	9
Network Power	29	9
Climate Technologies	9	11
Appliance and Tools	17	18
Corporate	<u>1</u>	<u>-</u>
Total Emerson	<u>\$ 82</u>	<u>\$ 53</u>

**TABLE 7****Reconciliations of Non-GAAP Financial Measures**

The following reconciles each Non-GAAP measure with the most directly comparable GAAP measure (dollars in millions):

	<u>2005</u>	<u>2006</u>	<u>Percent Change</u>
<b>Third-Quarter Cash Flow</b>			
Operating Cash Flow	\$ 606	\$ 620	2%
Capital Expenditures	<u>118</u>	<u>140</u>	
Free Cash Flow (Non-GAAP)	\$ 488	\$ 480	(2%)
<b>Full Year 2006 Expected Cash Flow</b>			
Operating Cash Flow		~ \$ 2,500	
Capital Expenditures		<u>~600</u>	
Free Cash Flow (Non-GAAP)		~ \$ 1,900	
<b>Third-Quarter Operating Profit</b>			
Net Sales	\$ 4,465	\$ 5,217	17%
Cost of Sales	2,865	3,361	
SG&A Expenses	<u>907</u>	<u>1,037</u>	
Operating Profit (Non-GAAP)	693	819	18%
OP % (Non-GAAP)	15.5%	15.7%	
Other Deductions, Net	43	54	
Interest Expense, Net	<u>52</u>	<u>51</u>	
Pretax Earnings	\$ 598	\$ 714	19%
Pretax Earnings %	13.4%	13.7%	
	<u>3Q 2006</u>		
<b>Net Sales</b>			
Underlying Sales (Non-GAAP)	12%		
Currency Translation	- pts		
Acquisitions/Divestitures	<u>5 pts</u>		
Net Sales	17%		

	<u>Reported</u>	<u>Tax</u> <u>Impact</u> <sup>(1)</sup>	<u>Excl. Tax</u> <u>Impact</u> <u>(Non-</u>
<b>Third-Quarter of 2005 Excluding Tax Impact</b>			
Diluted earnings per common share	\$ 0.86	\$ 0.14	\$ 1.00
Percent Increase	37%		18%

**Nine Months of 2005 Excluding Tax Impact**

Diluted earnings per common share	\$ 2.39	\$ 0.14	\$ 2.53
Percent Increase	33%		26%

(1) Tax expense of \$58 million relating to repatriation of foreign earnings under the American Jobs Creation Act.