

TABLE 1

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

	<u>Quarter Ended September 30,</u>		<u>Percent Change</u>
	<u>2005</u>	<u>2006</u>	
Net sales	\$4,643	\$5,516	19%
Less: Costs and expenses			
Cost of sales	2,974	3,531	
SG&A expenses	923	1,107	
Other deductions, net	76	47	
Interest expense, net	<u>51</u>	<u>56</u>	
Earnings before income taxes	619	775	25%
Income taxes	<u>200</u>	<u>249</u>	
Net earnings	<u>\$ 419</u>	<u>\$ 526</u>	26%
Diluted avg. shares outstanding (millions)	414.9	408.0	
Diluted earnings per common share	<u>\$ 1.01</u>	<u>\$ 1.29</u>	28%

	<u>Quarter Ended September 30,</u>	
	<u>2005</u>	<u>2006</u>
Other deductions, net		
Rationalization of operations	\$ 28	\$ 31
Amortization of intangibles	7	15
Other	41	27
Gains, net	<u>-</u>	<u>(26)</u>
Total	<u>\$ 76</u>	<u>\$ 47</u>

TABLE 2

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

	<u>Year Ended September 30,</u>		<u>Percent</u> <u>Change</u>
	<u>2005</u>	<u>2006</u>	
Net sales	\$ 17,305	\$20,133	16%
Less: Costs and expenses			
Cost of sales	11,122	12,965	
SG&A expenses	3,595	4,099	
Other deductions, net	230	178	
Interest expense, net	<u>209</u>	<u>207</u>	
Earnings before income taxes	2,149	2,684	25%
Income taxes	<u>727</u>	<u>839</u>	
Net earnings	<u>\$ 1,422</u>	<u>\$ 1,845</u>	30%
Diluted avg. shares outstanding (millions)	418.9	412.2	
Diluted earnings per common share	<u>\$ 3.40</u>	<u>\$ 4.48</u>	32%

	<u>Year Ended September 30,</u>	
	<u>2005</u>	<u>2006</u>
Other deductions, net		
Rationalization of operations	\$ 110	\$ 84
Amortization of intangibles	28	47
Other	118	115
Gains, net	<u>(26)</u>	<u>(68)</u>
Total	<u>\$ 230</u>	<u>\$ 178</u>

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

	<u>September 30,</u>	
	<u>2005</u>	<u>2006</u>
Assets		
Cash and equivalents	\$ 1,233	\$ 810
Receivables, net	3,256	3,716
Inventories	1,813	2,222
Other current assets	<u>535</u>	<u>582</u>
Total current assets	6,837	7,330
Property, plant & equipment, net	3,003	3,220
Goodwill	5,479	6,013
Other	<u>1,908</u>	<u>2,109</u>
	<u>\$17,227</u>	<u>\$18,672</u>
Liabilities and Stockholders' Equity		
Short-term borrowings and current maturities of long-term debt	\$ 970	\$ 898
Accounts payable	1,841	2,305
Accrued expenses	1,839	1,933
Income taxes	<u>281</u>	<u>238</u>
Total current liabilities	4,931	5,374
Long-term debt	3,128	3,128
Other liabilities	1,768	2,016
Stockholders' equity	<u>7,400</u>	<u>8,154</u>
	<u>\$17,227</u>	<u>\$18,672</u>

TABLE 4

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

	<u>Year Ended September 30.</u>	
	<u>2005</u>	<u>2006</u>
Operating Activities		
Net earnings	\$ 1,422	\$ 1,845
Depreciation and amortization	562	607
Changes in operating working capital	110	(152)
Pension funding	(124)	(124)
Other	<u>217</u>	<u>336</u>
Net cash provided by operating activities	<u>2,187</u>	<u>2,512</u>
Investing Activities		
Capital expenditures	(518)	(601)
Purchases of businesses, net of cash and equivalents acquired	(366)	(752)
Other	<u>(12)</u>	<u>137</u>
Net cash used in investing activities	<u>(896)</u>	<u>(1,216)</u>
Financing Activities		
Net increase in short-term borrowings	320	89
Proceeds from long-term debt	251	6
Principal payments on long-term debt	(625)	(266)
Dividends paid	(694)	(730)
Purchases of treasury stock	(668)	(862)
Other	<u>15</u>	<u>32</u>
Net cash used in financing activities	<u>(1,401)</u>	<u>(1,731)</u>
Effect of exchange rate changes on cash and equivalents	<u>(3)</u>	<u>12</u>
Decrease in cash and equivalents	(113)	(423)
Beginning cash and equivalents	<u>1,346</u>	<u>1,233</u>
Ending cash and equivalents	<u>\$ 1,233</u>	<u>\$ 810</u>

TABLE 5

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

	<u>Quarter Ended September 30,</u>	
	<u>2005</u>	<u>2006</u>
Sales		
Process Management	\$ 1,168	\$ 1,402
Industrial Automation	821	1,008
Network Power	941	1,252
Climate Technologies	825	901
Appliance and Tools	<u>1,020</u>	<u>1,102</u>
	4,775	5,665
Eliminations	<u>(132)</u>	<u>(149)</u>
Net Sales	<u>\$ 4,643</u>	<u>\$ 5,516</u>
	<u>Quarter Ended September 30,</u>	
	<u>2005</u>	<u>2006</u>
Earnings		
Process Management	\$ 203	\$ 291
Industrial Automation	120	153
Network Power	131	118
Climate Technologies	115	141
Appliance and Tools	<u>137</u>	<u>138</u>
	706	841
Differences in accounting methods	38	48
Corporate and other	(74)	(58)
Interest expense, net	<u>(51)</u>	<u>(56)</u>
Earnings before income taxes	<u>\$ 619</u>	<u>\$ 775</u>
	<u>Quarter Ended September 30,</u>	
	<u>2005</u>	<u>2006</u>
Rationalization of operations		
Process Management	\$ 6	\$ 8
Industrial Automation	3	3
Network Power	6	10
Climate Technologies	6	3
Appliance and Tools	<u>7</u>	<u>7</u>
Total Emerson	<u>\$ 28</u>	<u>\$ 31</u>

TABLE 6

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

	<u>Year Ended September 30,</u>	
	<u>2005</u>	<u>2006</u>
Sales		
Process Management	\$ 4,200	\$ 4,875
Industrial Automation	3,242	3,767
Network Power	3,317	4,350
Climate Technologies	3,041	3,424
Appliance and Tools	<u>4,008</u>	<u>4,313</u>
	17,808	20,729
Eliminations	<u>(503)</u>	<u>(596)</u>
Net Sales	<u>\$ 17,305</u>	<u>\$ 20,133</u>
	<u>Year Ended September 30,</u>	
	<u>2005</u>	<u>2006</u>
Earnings		
Process Management	\$ 671	\$ 878
Industrial Automation	464	569
Network Power	373	484
Climate Technologies	453	523
Appliance and Tools	<u>534</u>	<u>550</u>
	2,495	3,004
Differences in accounting methods	145	176
Corporate and other	(282)	(289)
Interest expense, net	<u>(209)</u>	<u>(207)</u>
Earnings before income taxes	<u>\$ 2,149</u>	<u>\$ 2,684</u>
	<u>Year Ended September 30,</u>	
	<u>2005</u>	<u>2006</u>
Rationalization of operations		
Process Management	\$ 20	\$ 14
Industrial Automation	15	12
Network Power	35	19
Climate Technologies	15	14
Appliance and Tools	24	25
Corporate	<u>1</u>	<u>-</u>
Total Emerson	<u>\$ 110</u>	<u>\$ 84</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>4Q 2006</u>	<u>Fiscal 2006</u>	
Net Sales			
Underlying Sales (Non-GAAP)	11%	12%	
Foreign Currency Translation	2 pts	- pts	
Acquisitions	<u>6 pts</u>	<u>4 pts</u>	
Net Sales	19%	16%	
			<u>Expected</u>
			<u>Fiscal 2007</u>
Underlying Sales (Non-GAAP)			5 – 7%
Foreign Currency Translation / Acq. / Div.			<u>2 – 4 pts</u>
Net Sales			7 – 11%
			<u>Excl. Tax</u>
	<u>2005</u>	<u>Tax</u>	<u>Impact</u>
	<u>Reported</u>	<u>Impact</u> ⁽¹⁾	<u>(Non-GAAP)</u>
Fiscal Year 2005 Excluding Tax Charge			
Diluted earnings per common share	\$ 3.40	\$0.15	\$ 3.55
Fiscal Year 2006 percent increase	32%		26%

⁽¹⁾Tax expense of \$63 million relating to repatriation of foreign earnings under American Jobs Creation Act.

All amounts above are GAAP financial measures except as noted.