

TABLE 1

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

	<u>Quarter Ended December 31,</u>		<u>Percent Change</u>
	<u>2005</u>	<u>2006</u>	
Net sales	\$4,548	\$5,051	11%
Less: Costs and expenses			
Cost of sales	2,955	3,256	
SG&A expenses	950	1,078	
Other deductions, net	23	19	
Interest expense, net	<u>50</u>	<u>58</u>	
Earnings before income taxes	570	640	12%
Income taxes	<u>171</u>	<u>195</u>	
Net earnings	<u>\$ 399</u>	<u>\$ 445</u>	12%
Diluted avg. shares outstanding (millions)	827.2	808.5	
Diluted earnings per common share	<u>\$ 0.48</u>	<u>\$ 0.55</u>	15%

	<u>Quarter Ended December 31,</u>	
	<u>2005</u>	<u>2006</u>
Other deductions, net		
Rationalization of operations	\$ 12	\$ 16
Amortization of intangibles	9	14
Other	26	31
Gains	<u>(24)</u>	<u>(42)</u>
Total	<u>\$ 23</u>	<u>\$ 19</u>

TABLE 2EMERSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)

	<u>December 31,</u>	
	<u>2005</u>	<u>2006</u>
Assets		
Cash and equivalents	\$ 624	\$ 1,090
Receivables, net	3,222	3,673
Inventories	1,942	2,410
Other current assets	<u>501</u>	<u>573</u>
Total current assets	6,289	7,746
Property, plant & equipment, net	2,969	3,220
Goodwill	5,477	6,077
Other	<u>1,891</u>	<u>2,060</u>
	<u>\$16,626</u>	<u>\$19,103</u>
Liabilities and Stockholders' Equity		
Short-term borrowings and current maturities of long-term debt	\$ 453	\$ 1,167
Accounts payable	1,738	2,086
Accrued expenses	1,648	1,951
Income taxes	<u>260</u>	<u>322</u>
Total current liabilities	4,099	5,526
Long-term debt	3,128	3,375
Other liabilities	1,782	1,996
Stockholders' equity	<u>7,617</u>	<u>8,206</u>
	<u>\$16,626</u>	<u>\$19,103</u>

TABLE 3

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

	<u>Quarter Ended December 31,</u>	
	<u>2005</u>	<u>2006</u>
Operating Activities		
Net earnings	\$ 399	\$ 445
Depreciation and amortization	141	161
Changes in operating working capital	(263)	(327)
Other	<u>42</u>	<u>48</u>
Net cash provided by operating activities	<u>319</u>	<u>327</u>
Investing Activities		
Capital expenditures	(101)	(121)
Purchases of businesses, net of cash and equivalents acquired	(57)	-
Other	<u>(5)</u>	<u>43</u>
Net cash used in investing activities	<u>(163)</u>	<u>(78)</u>
Financing Activities		
Net increase (decrease) in short-term borrowings	(262)	270
Proceeds from long-term debt	-	248
Principal payments on long-term debt	(254)	(1)
Dividends paid	(183)	(211)
Purchases of treasury stock	(41)	(283)
Other	<u>(17)</u>	<u>(6)</u>
Net cash provided by (used in) financing activities	<u>(757)</u>	<u>17</u>
Effect of exchange rate changes on cash and equivalents	<u>(8)</u>	<u>14</u>
Increase (decrease) in cash and equivalents	(609)	280
Beginning cash and equivalents	<u>1,233</u>	<u>810</u>
Ending cash and equivalents	<u>\$ 624</u>	<u>\$1,090</u>

- more -

TABLE 4

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

	<u>Quarter Ended December 31,</u>	
	<u>2005</u>	<u>2006</u>
Sales		
Process Management	\$ 1,097	\$ 1,218
Industrial Automation	860	994
Network Power	939	1,199
Climate Technologies	748	688
Appliance and Tools	<u>1,040</u>	<u>1,088</u>
	4,684	5,187
Eliminations	<u>(136)</u>	<u>(136)</u>
Net Sales	<u>\$ 4,548</u>	<u>\$ 5,051</u>
	<u>Quarter Ended December 31,</u>	
	<u>2005</u>	<u>2006</u>
Earnings		
Process Management	\$ 176	\$ 217
Industrial Automation	143	166
Network Power	108	117
Climate Technologies	102	90
Appliance and Tools	<u>120</u>	<u>133</u>
	649	723
Differences in accounting methods	40	48
Corporate and other	(69)	(73)
Interest expense, net	<u>(50)</u>	<u>(58)</u>
Earnings before income taxes	<u>\$ 570</u>	<u>\$ 640</u>
	<u>Quarter Ended December 31,</u>	
	<u>2005</u>	<u>2006</u>
Rationalization of operations		
Process Management	\$ 2	\$ 2
Industrial Automation	2	3
Network Power	3	4
Climate Technologies	1	3
Appliance and Tools	<u>4</u>	<u>4</u>
Total Emerson	<u>\$ 12</u>	<u>\$ 16</u>

TABLE 5

Reconciliations of Non-GAAP Financial Measures

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

Full Year 2007 Expected Cash Flow

Operating Cash Flow	~ \$ 2,700
Capital Expenditures	<u>~700</u>
Free Cash Flow (Non-GAAP)	~ \$ 2,000

Net Sales

	<u>Expected</u>
Underlying Sales (Non-GAAP)	<u>Fiscal 2007</u> 5% to 7%
Currency Translation / Acq. / Divest.	<u>+3 to +4 pts</u>
Net Sales	8% to 11%

###