

**TABLE 1**

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

	<u>Quarter Ended March 31,</u>		<u>Percent Change</u>
	<u>2006</u>	<u>2007</u>	
<b>Net sales</b>	\$4,852	\$5,513	14%
Less: Costs and expenses			
Cost of sales	3,118	3,561	
SG&A expenses	1,005	1,115	
Other deductions, net	54	43	
Interest expense, net	<u>50</u>	<u>58</u>	
Earnings before income taxes	625	736	18%
Income taxes	<u>191</u>	<u>242</u>	
<b>Net earnings</b>	<u>\$ 434</u>	<u>\$ 494</u>	14%
Diluted avg. shares outstanding (millions)	829.0	804.9	
Diluted earnings per common share	<u>\$ 0.52</u>	<u>\$ 0.61</u>	17%

	<u>Quarter Ended March 31,</u>	
	<u>2006</u>	<u>2007</u>
<b>Other deductions, net</b>		
Rationalization of operations	\$ 22	\$ 24
Amortization of intangibles	10	16
Other	28	27
Gains	<u>(6)</u>	<u>(24)</u>
Total	<u>\$ 54</u>	<u>\$ 43</u>

**TABLE 2**

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

	<u>Six Months Ended March 31,</u>		<u>Percent Change</u>
	<u>2006</u>	<u>2007</u>	
<b>Net sales</b>	\$ 9,400	\$10,564	12%
Less: Costs and expenses			
Cost of sales	6,073	6,817	
SG&A expenses	1,955	2,193	
Other deductions, net	77	62	
Interest expense, net	<u>100</u>	<u>116</u>	
Earnings before income taxes	1,195	1,376	15%
Income taxes	<u>362</u>	<u>437</u>	
<b>Net earnings</b>	<u>\$ 833</u>	<u>\$ 939</u>	13%
Diluted avg. shares outstanding (millions)	828.1	806.7	
Diluted earnings per common share	<u>\$ 1.00</u>	<u>\$ 1.16</u>	16%

	<u>Six Months Ended March 31,</u>	
	<u>2006</u>	<u>2007</u>
<b>Other deductions, net</b>		
Rationalization of operations	\$ 34	\$ 40
Amortization of intangibles	19	30
Other	54	58
Gains	<u>(30)</u>	<u>(66)</u>
Total	<u>\$ 77</u>	<u>\$ 62</u>

**TABLE 3**

EMERSON AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(DOLLARS IN MILLIONS)

	<u>March 31,</u>	
	<u>2006</u>	<u>2007</u>
<b>Assets</b>		
Cash and equivalents	\$ 604	\$ 1,094
Receivables, net	3,404	3,888
Inventories	2,063	2,388
Other current assets	<u>560</u>	<u>619</u>
Total current assets	6,631	7,989
Property, plant & equipment, net	2,990	3,259
Goodwill	5,636	6,240
Other	<u>1,952</u>	<u>2,044</u>
	<u>\$17,209</u>	<u>\$19,532</u>
<b>Liabilities and Stockholders' Equity</b>		
Short-term borrowings and current maturities of long-term debt	\$ 412	\$ 1,349
Accounts payable	1,867	2,137
Accrued expenses	1,705	2,016
Income taxes	<u>279</u>	<u>284</u>
Total current liabilities	4,263	5,786
Long-term debt	3,132	3,375
Other liabilities	1,867	2,025
Stockholders' equity	<u>7,947</u>	<u>8,346</u>
	<u>\$17,209</u>	<u>\$19,532</u>

**TABLE 4**

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

	<u>Six Months Ended March 31,</u>	
	<u>2006</u>	<u>2007</u>
<b>Operating Activities</b>		
Net earnings	\$ 833	\$ 939
Depreciation and amortization	294	328
Changes in operating working capital	(376)	(464)
Other	<u>117</u>	<u>72</u>
Net cash provided by operating activities	<u>868</u>	<u>875</u>
<b>Investing Activities</b>		
Capital expenditures	(214)	(276)
Purchases of businesses, net of cash & equivalents acquired	(269)	(172)
Other	<u>13</u>	<u>86</u>
Net cash used in investing activities	<u>(470)</u>	<u>(362)</u>
<b>Financing Activities</b>		
Net increase (decrease) in short-term borrowings	(311)	398
Proceeds from long-term debt	5	248
Principal payments on long-term debt	(257)	(3)
Dividends paid	(367)	(421)
Purchases of treasury stock	(111)	(478)
Other	<u>15</u>	<u>6</u>
Net cash used in financing activities	<u>(1,026)</u>	<u>(250)</u>
Effect of exchange rate changes on cash and equivalents	<u>(1)</u>	<u>21</u>
<b>Increase (decrease) in cash and equivalents</b>	(629)	284
Beginning cash and equivalents	<u>1,233</u>	<u>810</u>
<b>Ending cash and equivalents</b>	<u>\$ 604</u>	<u>\$ 1,094</u>

**TABLE 5**

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

	<u>Quarter Ended March 31,</u>	
	<u>2006</u>	<u>2007</u>
<b>Sales</b>		
Process Management	\$ 1,143	\$ 1,345
Industrial Automation	931	1,057
Network Power	1,004	1,191
Climate Technologies	852	945
Appliance and Tools	<u>1,072</u>	<u>1,133</u>
	5,002	5,671
Eliminations	<u>(150)</u>	<u>(158)</u>
Total Emerson	<u>\$ 4,852</u>	<u>\$ 5,513</u>
	<u>Quarter Ended March 31,</u>	
	<u>2006</u>	<u>2007</u>
<b>Earnings</b>		
Process Management	\$ 190	\$ 239
Industrial Automation	131	151
Network Power	119	146
Climate Technologies	125	141
Appliance and Tools	<u>151</u>	<u>137</u>
	716	814
Differences in accounting methods	42	52
Corporate and other	(83)	(72)
Interest expense, net	<u>(50)</u>	<u>(58)</u>
Earnings before income taxes	<u>\$ 625</u>	<u>\$ 736</u>
	<u>Quarter Ended March 31,</u>	
	<u>2006</u>	<u>2007</u>
<b>Rationalization of operations</b>		
Process Management	\$ 1	\$ 4
Industrial Automation	3	3
Network Power	3	5
Climate Technologies	8	4
Appliance and Tools	<u>7</u>	<u>8</u>
Total Emerson	<u>\$ 22</u>	<u>\$ 24</u>

**TABLE 6**

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

	<u>Six Months Ended March 31,</u>	
	<u>2006</u>	<u>2007</u>
<b>Sales</b>		
Process Management	\$ 2,240	\$ 2,563
Industrial Automation	1,791	2,051
Network Power	1,943	2,390
Climate Technologies	1,600	1,633
Appliance and Tools	<u>2,112</u>	<u>2,221</u>
	9,686	10,858
Eliminations	<u>(286)</u>	<u>(294)</u>
Total Emerson	<u>\$ 9,400</u>	<u>\$ 10,564</u>
	<u>Six Months Ended March 31,</u>	
	<u>2006</u>	<u>2007</u>
<b>Earnings</b>		
Process Management	\$ 366	\$ 456
Industrial Automation	274	317
Network Power	227	263
Climate Technologies	227	231
Appliance and Tools	<u>271</u>	<u>270</u>
	1,365	1,537
Differences in accounting methods	82	100
Corporate and other	(152)	(145)
Interest expense, net	<u>(100)</u>	<u>(116)</u>
Earnings before income taxes	<u>\$ 1,195</u>	<u>\$ 1,376</u>
	<u>Six Months Ended March 31,</u>	
	<u>2006</u>	<u>2007</u>
<b>Rationalization of operations</b>		
Process Management	\$ 3	\$ 6
Industrial Automation	5	6
Network Power	6	9
Climate Technologies	9	7
Appliance and Tools	<u>11</u>	<u>12</u>
Total Emerson	<u>\$ 34</u>	<u>\$ 40</u>

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

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

	<u>2006</u>	<u>2007</u>	<u>Percent Change</u>
<b>Second-Quarter Operating Profit</b>			
Net Sales	\$ 4,852	\$ 5,513	14%
Cost of Sales	3,118	3,561	
SG&A Expenses	<u>1,005</u>	<u>1,115</u>	
Operating Profit (Non-GAAP)	729	837	15%
Operating Profit % (Non-GAAP)	15.0%	15.2%	
Other Deductions, Net	54	43	
Interest Expense, Net	<u>50</u>	<u>58</u>	
Pretax Earnings	\$ 625	\$ 736	18%
Pretax Earnings %	12.9%	13.3%	

Expected  
Fiscal 2007

**Net Sales**

Underlying Sales (Non-GAAP)	5 – 7%
Fgn. Currency Translation / Acq / Div	<u>4 pts</u>
Net Sales	9 – 11%

**Full Year 2007 Expected Cash Flow**

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

All amounts above are GAAP financial measures except as noted.

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