

**TABLE 1**

EMERSON AND SUBSIDIARIES  
CONSOLIDATED OPERATING RESULTS  
(Dollars in millions, except per share amounts; unaudited)

	<u>Quarter Ended June 30,</u>		<u>Percent Change</u>
	<u>2006</u>	<u>2007</u>	
<b>Net sales</b>	\$ 5,217	\$ 5,874	13%
Less: Costs and expenses			
Cost of sales	3,361	3,769	
SG&A expenses	1,037	1,160	
Other deductions, net	54	59	
Interest expense, net	<u>51</u>	<u>62</u>	
Earnings before income taxes	714	824	16%
Income taxes	<u>228</u>	<u>250</u>	
<b>Net earnings</b>	<u>\$ 486</u>	<u>\$ 574</u>	18%
Diluted avg. shares outstanding (millions)	825.8	802.1	
Diluted earnings per common share	<u>\$ 0.59</u>	<u>\$ 0.72</u>	22%

	<u>Quarter Ended June 30,</u>	
	<u>2006</u>	<u>2007</u>
<b>Other deductions, net</b>		
Rationalization of operations	\$ 19	\$ 20
Amortization of intangibles	13	16
Other	34	26
Gains	<u>(12)</u>	<u>(3)</u>
Total	<u>\$ 54</u>	<u>\$ 59</u>

**TABLE 2**

EMERSON AND SUBSIDIARIES  
 CONSOLIDATED OPERATING RESULTS  
 (Dollars in millions, except per share amounts; unaudited)

	<u>Nine Months Ended June 30,</u>		<u>Percent Change</u>
	<u>2006</u>	<u>2007</u>	
<b>Net sales</b>	\$14,617	\$16,438	12%
Less: Costs and expenses			
Cost of sales	9,434	10,586	
SG&A expenses	2,992	3,353	
Other deductions, net	131	121	
Interest expense, net	<u>151</u>	<u>178</u>	
Earnings before income taxes	1,909	2,200	15%
Income taxes	<u>590</u>	<u>687</u>	
<b>Net earnings</b>	<u>\$ 1,319</u>	<u>\$ 1,513</u>	15%
Diluted avg. shares outstanding (millions)	827.3	805.2	
Diluted earnings per common share	<u>\$ 1.59</u>	<u>\$ 1.88</u>	18%

	<u>Nine Months Ended June 30,</u>	
	<u>2006</u>	<u>2007</u>
<b>Other deductions, net</b>		
Rationalization of operations	\$ 53	\$ 60
Amortization of intangibles	32	46
Other	88	84
Gains	<u>(42)</u>	<u>(69)</u>
Total	<u>\$ 131</u>	<u>\$ 121</u>

**TABLE 3**

EMERSON AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Dollars in millions, unaudited)

	<u>June 30,</u>	
	<u>2006</u>	<u>2007</u>
<b>Assets</b>		
Cash and equivalents	\$ 695	\$ 1,331
Receivables, net	3,668	4,083
Inventories	2,212	2,309
Other current assets	<u>592</u>	<u>648</u>
Total current assets	7,167	8,371
Property, plant & equipment, net	3,076	3,279
Goodwill	6,005	6,289
Other	<u>2,136</u>	<u>2,136</u>
	<u>\$18,384</u>	<u>\$20,075</u>
<b>Liabilities and Stockholders' Equity</b>		
Short-term borrowings and current maturities of long-term debt	\$ 984	\$ 954
Accounts payable	2,031	2,247
Accrued expenses	1,892	2,198
Income taxes	<u>303</u>	<u>283</u>
Total current liabilities	5,210	5,682
Long-term debt	3,132	3,623
Other liabilities	1,946	2,067
Stockholders' equity	<u>8,096</u>	<u>8,703</u>
	<u>\$18,384</u>	<u>\$20,075</u>

**TABLE 4**

EMERSON AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Dollars in millions, unaudited)

	<u>Nine Months Ended June 30,</u>	
	<u>2006</u>	<u>2007</u>
<b>Operating Activities</b>		
Net earnings	\$ 1,319	\$ 1,513
Depreciation and amortization	454	491
Changes in operating working capital	(373)	(281)
Pension funding	(100)	(100)
Other	<u>188</u>	<u>151</u>
Net cash provided by operating activities	<u>1,488</u>	<u>1,774</u>
<b>Investing Activities</b>		
Capital expenditures	(354)	(420)
Purchases of businesses, net of cash & equivalents acquired	(708)	(187)
Other	<u>28</u>	<u>72</u>
Net cash used in investing activities	<u>(1,034)</u>	<u>(535)</u>
<b>Financing Activities</b>		
Net increase in short-term borrowings	172	9
Proceeds from long-term debt	5	496
Principal payments on long-term debt	(260)	(3)
Dividends paid	(550)	(629)
Purchases of treasury stock	(411)	(628)
Other	<u>38</u>	<u>7</u>
Net cash used in financing activities	<u>(1,006)</u>	<u>(748)</u>
Effect of exchange rate changes on cash and equivalents	<u>14</u>	<u>30</u>
<b>Increase (decrease) in cash and equivalents</b>	(538)	521
Beginning cash and equivalents	<u>1,233</u>	<u>810</u>
<b>Ending cash and equivalents</b>	<u>\$ 695</u>	<u>\$ 1,331</u>

**TABLE 5**

EMERSON AND SUBSIDIARIES  
SEGMENT SALES AND EARNINGS  
(Dollars in millions, unaudited)

	<u>Quarter Ended June 30,</u>	
	<u>2006</u>	<u>2007</u>
<b>Sales</b>		
Process Management	\$ 1,233	\$ 1,471
Industrial Automation	968	1,095
Network Power	1,155	1,322
Climate Technologies	923	1,043
Appliance and Tools	<u>1,099</u>	<u>1,107</u>
	5,378	6,038
Eliminations	<u>(161)</u>	<u>(164)</u>
Total Emerson	<u>\$ 5,217</u>	<u>\$ 5,874</u>
	<u>Quarter Ended June 30,</u>	
	<u>2006</u>	<u>2007</u>
<b>Earnings</b>		
Process Management	\$ 221	\$ 269
Industrial Automation	142	161
Network Power	139	178
Climate Technologies	155	174
Appliance and Tools	<u>141</u>	<u>146</u>
	798	928
Differences in accounting methods	46	56
Corporate and other	(79)	(98)
Interest expense, net	<u>(51)</u>	<u>(62)</u>
Earnings before income taxes	<u>\$ 714</u>	<u>\$ 824</u>
	<u>Quarter Ended June 30,</u>	
	<u>2006</u>	<u>2007</u>
<b>Rationalization of operations</b>		
Process Management	\$ 3	\$ 2
Industrial Automation	4	5
Network Power	3	5
Climate Technologies	2	2
Appliance and Tools	<u>7</u>	<u>6</u>
Total Emerson	<u>\$ 19</u>	<u>\$ 20</u>

**TABLE 6**

EMERSON AND SUBSIDIARIES  
SEGMENT SALES AND EARNINGS  
(Dollars in millions, unaudited)

	<u>Nine Months Ended June 30,</u>	
	<u>2006</u>	<u>2007</u>
<b>Sales</b>		
Process Management	\$ 3,473	\$ 4,034
Industrial Automation	2,759	3,146
Network Power	3,098	3,712
Climate Technologies	2,523	2,676
Appliance and Tools	<u>3,211</u>	<u>3,328</u>
	15,064	16,896
Eliminations	<u>(447)</u>	<u>(458)</u>
Total Emerson	<u>\$ 14,617</u>	<u>\$ 16,438</u>
	<u>Nine Months Ended June 30,</u>	
	<u>2006</u>	<u>2007</u>
<b>Earnings</b>		
Process Management	\$ 587	\$ 725
Industrial Automation	416	478
Network Power	366	441
Climate Technologies	382	405
Appliance and Tools	<u>412</u>	<u>416</u>
	2,163	2,465
Differences in accounting methods	128	156
Corporate and other	(231)	(243)
Interest expense, net	<u>(151)</u>	<u>(178)</u>
Earnings before income taxes	<u>\$ 1,909</u>	<u>\$ 2,200</u>
	<u>Nine Months Ended June 30,</u>	
	<u>2006</u>	<u>2007</u>
<b>Rationalization of operations</b>		
Process Management	\$ 6	\$ 8
Industrial Automation	9	11
Network Power	9	14
Climate Technologies	11	9
Appliance and Tools	<u>18</u>	<u>18</u>
Total Emerson	<u>\$ 53</u>	<u>\$ 60</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>Third-Quarter Cash Flow</b>			
Operating Cash Flow	\$ 620	\$ 899	45%
Capital Expenditures	<u>140</u>	<u>144</u>	
Free Cash Flow (Non-GAAP)	\$ 480	\$ 755	57%
<b>Full Year 2007 Expected Cash Flow</b>			
Operating Cash Flow		~ \$ 2,800	
Capital Expenditures		<u>~700</u>	
Free Cash Flow (Non-GAAP)		~ \$ 2,100	
<b>Third-Quarter Operating Profit</b>			
Net Sales	\$ 5,217	\$ 5,874	13%
Cost of Sales	3,361	3,769	
SG&A Expenses	<u>1,037</u>	<u>1,160</u>	
Operating Profit (Non-GAAP)	819	945	15%
Operating Profit Margin % (Non-GAAP)	15.7%	16.1%	
Other Deductions, Net	54	59	
Interest Expense, Net	<u>51</u>	<u>62</u>	
Pretax Earnings	\$ 714	\$ 824	16%
Pretax Earnings Margin %	13.7%	14.0%	
	Expected <u>FY 2007</u>		
<b>Net Sales</b>			
Underlying Sales (Non-GAAP)		6 – 7%	
Currency Translation / Acq. / Div.		<u>4 – 5 pts</u>	
Net Sales		10 – 12%	

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