

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>2006</u>	<u>2007</u>	
Net sales	\$5,516	\$6,134	11%
Less: Costs and expenses			
Cost of sales	3,531	3,875	
SG&A expenses	1,107	1,240	
Other deductions, net	47	62	
Interest expense, net	<u>56</u>	<u>50</u>	
Earnings before income taxes	775	907	17%
Income taxes	<u>249</u>	<u>284</u>	
Net earnings	<u>\$ 526</u>	<u>\$ 623</u>	18%
Diluted avg. shares outstanding (millions)	816.0	800.0	
Diluted earnings per common share	<u>\$ 0.65</u>	<u>\$ 0.78</u>	20%

	<u>Quarter Ended September 30,</u>	
	<u>2006</u>	<u>2007</u>
Other deductions, net		
Rationalization of operations	\$ 31	\$ 23
Amortization of intangibles	15	17
Other	27	27
Gains, net	<u>(26)</u>	<u>(5)</u>
Total	<u>\$ 47</u>	<u>\$ 62</u>

TABLE 2

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

	<u>Year Ended September 30,</u>		<u>Percent Change</u>
	<u>2006</u>	<u>2007</u>	
Net sales	\$20,133	\$22,572	12%
Less: Costs and expenses			
Cost of sales	12,965	14,461	
SG&A expenses	4,099	4,593	
Other deductions, net	178	183	
Interest expense, net	<u>207</u>	<u>228</u>	
Earnings before income taxes	2,684	3,107	16%
Income taxes	<u>839</u>	<u>971</u>	
Net earnings	<u>\$ 1,845</u>	<u>\$ 2,136</u>	16%
Diluted avg. shares outstanding (millions)	824.5	803.9	
Diluted earnings per common share	<u>\$ 2.24</u>	<u>\$ 2.66</u>	19%

	<u>Year Ended September 30,</u>	
	<u>2006</u>	<u>2007</u>
Other deductions, net		
Rationalization of operations	\$ 84	\$ 83
Amortization of intangibles	47	63
Other	115	111
Gains, net	<u>(68)</u>	<u>(74)</u>
Total	<u>\$ 178</u>	<u>\$ 183</u>

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

	<u>September 30,</u>	
	<u>2006</u>	<u>2007</u>
Assets		
Cash and equivalents	\$ 810	\$ 1,008
Receivables, net	3,716	4,260
Inventories	2,222	2,227
Other current assets	<u>582</u>	<u>570</u>
Total current assets	7,330	8,065
Property, plant & equipment, net	3,220	3,431
Goodwill	6,013	6,412
Other	<u>2,109</u>	<u>1,772</u>
	<u>\$18,672</u>	<u>\$19,680</u>
Liabilities and Stockholders' Equity		
Short-term borrowings and current maturities of long-term debt	\$ 898	\$ 404
Accounts payable	2,305	2,501
Accrued expenses	1,933	2,337
Income taxes	<u>238</u>	<u>304</u>
Total current liabilities	5,374	5,546
Long-term debt	3,128	3,372
Other liabilities	2,016	1,990
Stockholders' equity	<u>8,154</u>	<u>8,772</u>
	<u>\$18,672</u>	<u>\$19,680</u>

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

	<u>Year Ended September 30.</u>	
	<u>2006</u>	<u>2007</u>
Operating Activities		
Net earnings	\$ 1,845	\$ 2,136
Depreciation and amortization	607	656
Changes in operating working capital	(152)	137
Pension funding	(124)	(136)
Other	<u>336</u>	<u>223</u>
Net cash provided by operating activities	<u>2,512</u>	<u>3,016</u>
Investing Activities		
Capital expenditures	(601)	(681)
Purchases of businesses, net of cash and equivalents acquired	(752)	(295)
Other	<u>137</u>	<u>106</u>
Net cash used in investing activities	<u>(1,216)</u>	<u>(870)</u>
Financing Activities		
Net increase (decrease) in short-term borrowings	89	(800)
Proceeds from long-term debt	6	496
Principal payments on long-term debt	(266)	(5)
Dividends paid	(730)	(837)
Purchases of treasury stock	(862)	(853)
Other	<u>32</u>	<u>5</u>
Net cash used in financing activities	<u>(1,731)</u>	<u>(1,994)</u>
Effect of exchange rate changes on cash and equivalents	<u>12</u>	<u>46</u>
Increase (decrease) in cash and equivalents	(423)	198
Beginning cash and equivalents	<u>1,233</u>	<u>810</u>
Ending cash and equivalents	<u>\$ 810</u>	<u>\$ 1,008</u>

TABLE 5

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

	<u>Quarter Ended September 30,</u>	
	<u>2006</u>	<u>2007</u>
Sales		
Process Management	\$ 1,402	\$ 1,665
Industrial Automation	1,008	1,123
Network Power	1,252	1,438
Climate Technologies	901	938
Appliance and Tools	<u>1,102</u>	<u>1,119</u>
	5,665	6,283
Eliminations	<u>(149)</u>	<u>(149)</u>
Net Sales	<u>\$ 5,516</u>	<u>\$ 6,134</u>
	<u>Quarter Ended September 30,</u>	
	<u>2006</u>	<u>2007</u>
Earnings		
Process Management	\$ 291	\$ 341
Industrial Automation	153	187
Network Power	118	204
Climate Technologies	141	133
Appliance and Tools	<u>138</u>	<u>162</u>
	841	1,027
Differences in accounting methods	48	54
Corporate and other	(58)	(124)
Interest expense, net	<u>(56)</u>	<u>(50)</u>
Earnings before income taxes	<u>\$ 775</u>	<u>\$ 907</u>
	<u>Quarter Ended September 30,</u>	
	<u>2006</u>	<u>2007</u>
Rationalization of operations		
Process Management	\$ 8	\$ 7
Industrial Automation	3	3
Network Power	10	9
Climate Technologies	3	-
Appliance and Tools	<u>7</u>	<u>4</u>
Total Emerson	<u>\$ 31</u>	<u>\$ 23</u>

TABLE 6

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

	<u>Year Ended September 30,</u>	
	<u>2006</u>	<u>2007</u>
Sales		
Process Management	\$ 4,875	\$ 5,699
Industrial Automation	3,767	4,269
Network Power	4,350	5,150
Climate Technologies	3,424	3,614
Appliance and Tools	<u>4,313</u>	<u>4,447</u>
	20,729	23,179
Eliminations	<u>(596)</u>	<u>(607)</u>
Net Sales	<u>\$ 20,133</u>	<u>\$ 22,572</u>
	<u>Year Ended September 30,</u>	
	<u>2006</u>	<u>2007</u>
Earnings		
Process Management	\$ 878	\$ 1,066
Industrial Automation	569	665
Network Power	484	645
Climate Technologies	523	538
Appliance and Tools	<u>550</u>	<u>578</u>
	3,004	3,492
Differences in accounting methods	176	210
Corporate and other	(289)	(367)
Interest expense, net	<u>(207)</u>	<u>(228)</u>
Earnings before income taxes	<u>\$ 2,684</u>	<u>\$ 3,107</u>
	<u>Year Ended September 30,</u>	
	<u>2006</u>	<u>2007</u>
Rationalization of operations		
Process Management	\$ 14	\$ 15
Industrial Automation	12	14
Network Power	19	23
Climate Technologies	14	9
Appliance and Tools	<u>25</u>	<u>22</u>
Total Emerson	<u>\$ 84</u>	<u>\$ 83</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>4Q 2007</u>	<u>Fiscal 2007</u>	
Net Sales			
Underlying Sales (Non-GAAP)	7%	7%	
Foreign Currency Translation	3 pts	2 pts	
Acquisitions/Divestitures	<u>1 pt</u>	<u>3 pts</u>	
Net Sales	11%	12%	
		<u>Expected</u>	
		<u>Fiscal 2008</u>	
Underlying Sales (Non-GAAP)		5 – 7%	
Foreign Currency Translation / Acq. / Div.		<u>2 – 3 pts</u>	
Net Sales		7 – 10%	
Full Year 2007 Cash Flow			<u>Fiscal 2007</u>
Operating Cash Flow			\$ 3,016
Capital Expenditures			<u>681</u>
Free Cash Flow (Non-GAAP)			\$ 2,335
Fourth-Quarter Operating Profit			
	<u>Q4 2006</u>	<u>Q4 2007</u>	
Net Sales	\$ 5,516	\$ 6,134	11%
Cost of Sales	3,531	3,875	
SG&A Expenses	<u>1,107</u>	<u>1,240</u>	
Operating Profit (Non-GAAP)	878	1,019	16%
Operating Profit Margin % (Non-GAAP)	15.9%	16.6%	
Other Deductions, Net	47	62	
Interest Expense, Net	<u>56</u>	<u>50</u>	
Pretax Earnings	\$ 775	\$ 907	17%
Pretax Earnings Margin %	14.1%	14.8%	