

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>2006</u>	<u>2007</u>	
Net sales	\$5,051	\$5,637	12%
Less: Costs and expenses			
Cost of sales	3,256	3,615	
SG&A expenses	1,078	1,190	
Other deductions, net	19	5	
Interest expense, net	<u>58</u>	<u>49</u>	
Earnings from continuing operations before income taxes	640	778	22%
Income taxes	<u>195</u>	<u>256</u>	
Earnings from Continuing Operations	<u>\$ 445</u>	<u>\$ 522</u>	17%
Discontinued Operations, net of tax	<u>-</u>	<u>43</u>	
Net Earnings	<u>\$ 445</u>	<u>\$ 565</u>	27%
Diluted avg. shares outstanding (millions)	808.5	796.5	
Diluted earnings per common share:			
Earnings from continuing operations	\$ 0.55	\$ 0.66	20%
Discontinued Operations	<u>-</u>	<u>0.05</u>	
Diluted earnings per common share	<u>\$ 0.55</u>	<u>\$ 0.71</u>	29%

	<u>Quarter Ended December 31,</u>	
	<u>2006</u>	<u>2007</u>
Other deductions, net		
Rationalization of operations	\$ 16	\$ 10
Amortization of intangibles	14	17
Other	31	42
Gains	<u>(42)</u>	<u>(64)</u>
Total	<u>\$ 19</u>	<u>\$ 5</u>

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

	<u>December 31,</u>	
	<u>2006</u>	<u>2007</u>
Assets		
Cash and equivalents	\$ 1,090	\$ 1,706
Receivables, net	3,673	4,296
Inventories	2,410	2,480
Other current assets	<u>573</u>	<u>512</u>
Total current assets	7,746	8,994
Property, plant & equipment, net	3,220	3,435
Goodwill	6,077	6,595
Other	<u>2,060</u>	<u>1,830</u>
	<u>\$19,103</u>	<u>\$20,854</u>
Liabilities and Stockholders' Equity		
Short-term borrowings and current maturities of long-term debt	\$ 1,167	\$ 1,696
Accounts payable	2,086	2,329
Accrued expenses	1,951	2,151
Income taxes	<u>322</u>	<u>232</u>
Total current liabilities	5,526	6,408
Long-term debt	3,375	3,197
Other liabilities	1,996	2,075
Stockholders' equity	<u>8,206</u>	<u>9,174</u>
	<u>\$19,103</u>	<u>\$20,854</u>

TABLE 3

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

	<u>Quarter Ended December 31,</u>	
	<u>2006</u>	<u>2007</u>
Operating Activities		
Net earnings	\$ 445	\$ 565
Depreciation and amortization	161	171
Changes in operating working capital	(327)	(307)
Other (including gains on sale of assets)	<u>48</u>	<u>(6)</u>
Net cash provided by operating activities	<u>327</u>	<u>423</u>
Investing Activities		
Capital expenditures	(121)	(127)
Purchases of businesses, net of cash and equivalents acquired	-	(377)
Other (including sale of assets)	<u>43</u>	<u>183</u>
Net cash used in investing activities	<u>(78)</u>	<u>(321)</u>
Financing Activities		
Net increase in short-term borrowings	270	1,050
Proceeds from long-term debt	248	-
Principal payments on long-term debt	(1)	-
Dividends paid	(211)	(237)
Purchases of treasury stock	(283)	(194)
Other	<u>(6)</u>	<u>(61)</u>
Net cash provided by financing activities	<u>17</u>	<u>558</u>
Effect of exchange rate changes on cash and equivalents	<u>14</u>	<u>38</u>
Increase in cash and equivalents	280	698
Beginning cash and equivalents	<u>810</u>	<u>1,008</u>
Ending cash and equivalents	<u>\$1,090</u>	<u>\$1,706</u>

TABLE 4

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

	<u>Quarter Ended December 31,</u>	
	<u>2006</u>	<u>2007</u>
Sales		
Process Management	\$ 1,218	\$ 1,436
Industrial Automation	994	1,125
Network Power	1,199	1,406
Climate Technologies	688	766
Appliance and Tools	<u>1,088</u>	<u>1,049</u>
	5,187	5,782
Eliminations	<u>(136)</u>	<u>(145)</u>
Net Sales	<u>\$ 5,051</u>	<u>\$ 5,637</u>
	<u>Quarter Ended December 31,</u>	
	<u>2006</u>	<u>2007</u>
Earnings		
Process Management	\$ 217	\$ 258
Industrial Automation	166	171
Network Power	117	180
Climate Technologies	90	102
Appliance and Tools	<u>133</u>	<u>136</u>
	723	847
Differences in accounting methods	48	53
Corporate and other	(73)	(73)
Interest expense, net	<u>(58)</u>	<u>(49)</u>
Earnings before income taxes	<u>\$ 640</u>	<u>\$ 778</u>
	<u>Quarter Ended December 31,</u>	
	<u>2006</u>	<u>2007</u>
Rationalization of operations		
Process Management	\$ 2	\$ 1
Industrial Automation	3	3
Network Power	4	3
Climate Technologies	3	1
Appliance and Tools	<u>4</u>	<u>2</u>
Total Emerson	<u>\$ 16</u>	<u>\$ 10</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):

Net Sales		<u>Expected</u>	
Underlying Sales (Non-GAAP)		<u>Fiscal 2008</u>	
Currency Translation / Acq. / Divest.		5% to 7%	
Net Sales		<u>+4 pts</u>	
		9% to 11%	
Expected Fiscal Year 2008 Operating Profit Improvement			
	<u>2007</u>	<u>Expected 2008</u>	<u>Increase</u>
Operating Profit (Non-GAAP)	\$3,518	\$3,950 - 4,000	
Operating Profit Margin % (Non-GAAP)	15.6%	16.0% - 16.2%	0.4% - 0.6%
Interest Expense and Other Deduction, Net	<u>(411)</u>	<u>(490)</u>	
Pretax Earnings From Continuing Operations	\$3,107	\$3,460 - 3,510	
Pretax Earnings From Continuing Operations Margin %	13.8%	14.0% - 14.2%	0.2% - 0.4%
First-Quarter Operating Profit	<u>Q1 2007</u>	<u>Q1 2008</u>	
Net Sales	\$ 5,051	\$ 5,637	12%
Cost of Sales	3,256	3,615	
SG&A Expenses	<u>1,078</u>	<u>1,190</u>	
Operating Profit (Non-GAAP)	717	832	16%
Operating Profit Margin % (Non-GAAP)	14.2%	14.8%	
Other Deductions, Net	19	5	
Interest Expense, Net	<u>58</u>	<u>49</u>	
Pretax Earnings	\$ 640	\$ 778	22%
Pretax Earnings Margin %	12.7%	13.8%	