

**TABLE 1**

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

	<u>Quarter Ended December 31,</u>		<u>Percent Change</u>
	<u>2007</u>	<u>2008</u>	
<b>Net sales</b>	\$ 5,520	\$ 5,415	-2%
Less: Costs and expenses			
Cost of sales	3,510	3,419	
SG&A expenses	1,184	1,193	
Other deductions, net	3	91	
Interest expense, net	<u>50</u>	<u>43</u>	
Earnings from continuing operations before income taxes	773	669	-14%
Income taxes	<u>254</u>	<u>211</u>	
<b>Earnings from Continuing Operations</b>	<u>\$ 519</u>	<u>\$ 458</u>	-12%
Discontinued Operations, net of tax	<u>46</u>	<u>-</u>	
<b>Net Earnings</b>	<u>\$ 565</u>	<u>\$ 458</u>	-19%
Diluted avg. shares outstanding (millions)	796.5	767.9	
Diluted earnings per common share:			
Earnings from continuing operations	\$ 0.65	\$ 0.60	-8%
Discontinued Operations	<u>0.06</u>	<u>-</u>	
Diluted earnings per common share	<u>\$ 0.71</u>	<u>\$ 0.60</u>	-15%

	<u>Quarter Ended December 31,</u>	
	<u>2007</u>	<u>2008</u>
<b>Other deductions, net</b>		
Rationalization of operations	\$ 9	\$ 43
Amortization of intangibles	17	23
Other	41	29
Gains	<u>(64)</u>	<u>(4)</u>
Total	<u>\$ 3</u>	<u>\$ 91</u>

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

	<u>December 31,</u>	
	<u>2007</u>	<u>2008</u>
<b>Assets</b>		
Cash and equivalents	\$ 1,706	\$ 1,668
Receivables, net	4,296	4,007
Inventories	2,480	2,470
Other current assets	<u>512</u>	<u>728</u>
Total current assets	8,994	8,873
Property, plant & equipment, net	3,435	3,459
Goodwill	6,595	6,556
Other	<u>1,830</u>	<u>1,634</u>
	<u>\$ 20,854</u>	<u>\$ 20,522</u>
<b>Liabilities and Stockholders' Equity</b>		
Short-term borrowings and current maturities of long-term debt	\$ 1,696	\$ 2,042
Accounts payable	2,329	2,171
Accrued expenses	2,151	2,412
Income taxes	<u>232</u>	<u>203</u>
Total current liabilities	6,408	6,828
Long-term debt	3,197	3,234
Other liabilities	2,075	2,058
Stockholders' equity	<u>9,174</u>	<u>8,402</u>
	<u>\$ 20,854</u>	<u>\$ 20,522</u>

**TABLE 3**

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

	<u>Quarter Ended December 31,</u>	
	<u>2007</u>	<u>2008</u>
<b>Operating Activities</b>		
Net earnings	\$ 565	\$ 458
Depreciation and amortization	171	176
Changes in operating working capital	(307)	(316)
Other	<u>(6)</u>	<u>1</u>
Net cash provided by operating activities	<u>423</u>	<u>319</u>
<b>Investing Activities</b>		
Capital expenditures	(127)	(132)
Purchases of businesses, net of cash and equivalents acquired	(377)	(271)
Other	<u>183</u>	<u>(12)</u>
Net cash used in investing activities	<u>(321)</u>	<u>(415)</u>
<b>Financing Activities</b>		
Net increase in short-term borrowings	1,050	968
Proceeds from long-term debt	-	2
Principal payments on long-term debt	-	(186)
Dividends paid	(237)	(252)
Purchases of treasury stock	(194)	(433)
Other	<u>(61)</u>	<u>(35)</u>
Net cash provided by financing activities	<u>558</u>	<u>64</u>
Effect of exchange rate changes on cash and equivalents	<u>38</u>	<u>(77)</u>
<b>Increase (decrease) in cash and equivalents</b>	698	(109)
Beginning cash and equivalents	<u>1,008</u>	<u>1,777</u>
<b>Ending cash and equivalents</b>	<u>\$1,706</u>	<u>\$1,668</u>

**TABLE 4**

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

	<u>Quarter Ended December 31,</u>	
	<u>2007</u>	<u>2008</u>
<b>Sales</b>		
Process Management	\$ 1,436	\$ 1,553
Industrial Automation	1,125	1,103
Network Power	1,406	1,435
Climate Technologies	766	692
Appliance and Tools	<u>932</u>	<u>771</u>
	5,665	5,554
Eliminations	<u>(145)</u>	<u>(139)</u>
Net Sales	<u>\$ 5,520</u>	<u>\$ 5,415</u>
	<u>Quarter Ended December 31,</u>	
	<u>2007</u>	<u>2008</u>
<b>Earnings</b>		
Process Management	\$ 258	\$ 302
Industrial Automation	171	153
Network Power	180	149
Climate Technologies	102	53
Appliance and Tools	<u>132</u>	<u>79</u>
	843	736
Differences in accounting methods	53	50
Corporate and other	(73)	(74)
Interest expense, net	<u>(50)</u>	<u>(43)</u>
Earnings before income taxes	<u>\$ 773</u>	<u>\$ 669</u>
	<u>Quarter Ended December 31,</u>	
	<u>2007</u>	<u>2008</u>
<b>Rationalization of operations</b>		
Process Management	\$ 1	\$ 2
Industrial Automation	3	3
Network Power	3	20
Climate Technologies	1	14
Appliance and Tools	<u>1</u>	<u>4</u>
Total Emerson	<u>\$ 9</u>	<u>\$ 43</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):

<b>Net Sales</b>			
Underlying Sales (Non-GAAP)		<u>Forecast</u>	
Currency Translation		<u>Fiscal 2009</u>	
Assumed Future and Completed Acquisitions		-6% to -3%	
Net Sales		-5 pts	
		+3 pts	
		<hr/>	
		~ -8% to -5%	
<b>Forecast Fiscal Year 2009 Operating Profit</b>		<u>Forecast</u>	
Operating Profit (Non-GAAP)		<u>Fiscal 2009</u>	
Operating Profit Margin % (Non-GAAP)		~\$3,640 - 3,885	
Interest Expense and Other Deduction, Net		15.9% - 16.4%	
Pretax Earnings		<u>~ (\$630 - 660)</u>	
Pretax Earnings Margin %		~ \$2,980 - 3,255	
		13.0% - 13.8%	
<b>First Quarter Operating Profit</b>	<u>Q1 2008</u>	<u>Q1 2009</u>	<u>Change</u>
Net Sales	\$ 5,520	\$ 5,415	-2%
Cost of Sales	3,510	3,419	
SG&A Expenses	<u>1,184</u>	<u>1,193</u>	
Operating Profit (Non-GAAP)	826	803	-3%
Operating Profit Margin % (Non-GAAP)	15.0%	14.8%	
Other Deductions, Net	3	91	
Interest Expense, Net	<u>50</u>	<u>43</u>	
Pretax Earnings	\$ 773	\$ 669	-14%
Pretax Earnings Margin %	14.0%	12.3%	
<b>Free Cash Flow (dollars in billions)</b>		<u>Forecast</u>	
Operating Cash Flow		<u>Fiscal 2009</u>	
Capital Expenditures		~\$3.2 - \$3.4	
Free Cash Flow (Non-GAAP)		~\$0.7	
		<hr/>	
		~\$2.5 - \$2.7	
Sales		~\$23 - \$23.7	
<u>% to Sales</u>			
Operating Cash Flow		14.0% - 14.5%	
Capital Expenditures		(3.0%)	
Free Cash Flow (Non-GAAP)		<hr/>	
		11.0% - 11.5%	