

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>2007</u>	<u>2008</u>	
Net sales	\$5,394	\$6,023	12%
Less: Costs and expenses			
Cost of sales	3,455	3,781	
SG&A expenses	1,109	1,252	
Other deductions, net	39	67	
Interest expense, net	<u>58</u>	<u>51</u>	
Earnings from continuing operations before income taxes	733	872	19%
Income taxes	<u>240</u>	<u>274</u>	
Earnings from continuing operations	<u>\$ 493</u>	<u>\$ 598</u>	21%
Discontinued Operations, net of tax	<u>1</u>	<u>(51)</u>	
Net earnings	<u>\$ 494</u>	<u>\$ 547</u>	
Diluted avg. shares outstanding (millions)	804.9	792.0	
Diluted earnings per common share			
Earnings from continuing operations	\$ 0.61	\$ 0.75	23%
Discontinued operations	<u>-</u>	<u>(0.06)</u>	
Diluted earnings per common share	<u>\$ 0.61</u>	<u>\$ 0.69</u>	13%

	<u>Quarter Ended March 31,</u>	
	<u>2007</u>	<u>2008</u>
Other deductions, net		
Rationalization of operations	\$ 20	\$ 16
Amortization of intangibles	16	22
Other	27	29
Gains	<u>(24)</u>	<u>-</u>
Total	<u>\$ 39</u>	<u>\$ 67</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>2007</u>	<u>2008</u>	
Net sales	\$10,331	\$ 11,543	12%
Less: Costs and expenses			
Cost of sales	6,609	7,291	
SG&A expenses	2,180	2,436	
Other deductions, net	57	70	
Interest expense, net	<u>117</u>	<u>101</u>	
Earnings from continuing operations before income taxes	1,368	1,645	20%
Income taxes	<u>433</u>	<u>528</u>	
Earnings from continuing operations	<u>\$ 935</u>	<u>\$ 1,117</u>	19%
Discontinued Operations, net of tax	<u>4</u>	<u>(5)</u>	
Net earnings	<u>\$ 939</u>	<u>\$ 1,112</u>	
Diluted avg. shares outstanding (millions)	806.7	794.2	
Diluted earnings per common share			
Earnings from continuing operations	\$ 1.16	\$ 1.41	22%
Discontinued operations	<u>-</u>	<u>(0.01)</u>	
Diluted earnings per common share	<u>\$ 1.16</u>	<u>\$ 1.40</u>	21%

	<u>Six Months Ended March 31,</u>	
	<u>2007</u>	<u>2008</u>
Other deductions, net		
Rationalization of operations	\$ 36	\$ 25
Amortization of intangibles	30	39
Other	57	70
Gains	<u>(66)</u>	<u>(64)</u>
Total	<u>\$ 57</u>	<u>\$ 70</u>

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

	<u>March 31,</u>	
	<u>2007</u>	<u>2008</u>
Assets		
Cash and equivalents	\$ 1,094	\$ 1,767
Receivables, net	3,888	4,377
Inventories	2,388	2,532
Other current assets	<u>619</u>	<u>762</u>
Total current assets	7,989	9,438
Property, plant & equipment, net	3,259	3,413
Goodwill	6,240	6,658
Other	<u>2,044</u>	<u>1,941</u>
	<u>\$ 19,532</u>	<u>\$ 21,450</u>
Liabilities and Stockholders' Equity		
Short-term borrowings and current maturities of long-term debt	\$ 1,349	\$ 1,609
Accounts payable	2,137	2,403
Accrued expenses	2,016	2,342
Income taxes	<u>284</u>	<u>234</u>
Total current liabilities	5,786	6,588
Long-term debt	3,375	3,338
Other liabilities	2,025	2,044
Stockholders' equity	<u>8,346</u>	<u>9,480</u>
	<u>\$ 19,532</u>	<u>\$ 21,450</u>

TABLE 4

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

	<u>Six Months Ended March 31,</u>	
	<u>2007</u>	<u>2008</u>
Operating Activities		
Net earnings	\$ 939	\$ 1,112
Depreciation and amortization	328	350
Changes in operating working capital	(464)	(319)
Other (including gains on sales of assets and impairments)	<u>72</u>	<u>28</u>
Net cash provided by operating activities	<u>875</u>	<u>1,171</u>
Investing Activities		
Capital expenditures	(276)	(306)
Purchases of businesses, net of cash and equivalents acquired	(172)	(440)
Other (including sale of assets)	<u>86</u>	<u>168</u>
Net cash used in investing activities	<u>(362)</u>	<u>(578)</u>
Financing Activities		
Net increase in short-term borrowings	398	688
Proceeds from long-term debt	248	399
Principal payments on long-term debt	(3)	(1)
Dividends paid	(421)	(473)
Purchases of treasury stock	(478)	(483)
Other	<u>6</u>	<u>(45)</u>
Net cash provided by (used in) financing activities	<u>(250)</u>	<u>85</u>
Effect of exchange rate changes on cash and equivalents	<u>21</u>	<u>81</u>
Increase in cash and equivalents	284	759
Beginning cash and equivalents	<u>810</u>	<u>1,008</u>
Ending cash and equivalents	<u>\$ 1,094</u>	<u>\$ 1,767</u>

TABLE 5

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

	<u>Quarter Ended March 31,</u>	
	<u>2007</u>	<u>2008</u>
Sales		
Process Management	\$ 1,345	\$ 1,597
Industrial Automation	1,057	1,176
Network Power	1,191	1,520
Climate Technologies	945	956
Appliance and Tools	<u>1,014</u>	<u>956</u>
	5,552	6,205
Eliminations	<u>(158)</u>	<u>(182)</u>
Net Sales	<u>\$ 5,394</u>	<u>\$ 6,023</u>
	<u>Quarter Ended March 31,</u>	
	<u>2007</u>	<u>2008</u>
Earnings		
Process Management	\$ 239	\$ 286
Industrial Automation	151	171
Network Power	146	187
Climate Technologies	141	142
Appliance and Tools	<u>134</u>	<u>139</u>
	811	925
Differences in accounting methods	52	57
Corporate and other	(72)	(59)
Interest expense, net	<u>(58)</u>	<u>(51)</u>
Earnings from continuing operations before income taxes	<u>\$ 733</u>	<u>\$ 872</u>
	<u>Quarter Ended March 31,</u>	
	<u>2007</u>	<u>2008</u>
Rationalization of operations		
Process Management	\$ 4	\$ 3
Industrial Automation	3	3
Network Power	5	5
Climate Technologies	4	4
Appliance and Tools	<u>4</u>	<u>1</u>
Total Emerson	<u>\$ 20</u>	<u>\$ 16</u>

TABLE 6

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

	<u>Six Months Ended March 31,</u>	
	<u>2007</u>	<u>2008</u>
Sales		
Process Management	\$ 2,563	\$ 3,033
Industrial Automation	2,051	2,301
Network Power	2,390	2,926
Climate Technologies	1,633	1,722
Appliance and Tools	<u>1,988</u>	<u>1,888</u>
	10,625	11,870
Eliminations	<u>(294)</u>	<u>(327)</u>
Net Sales	<u>\$10,331</u>	<u>\$11,543</u>
	<u>Six Months Ended March 31,</u>	
	<u>2007</u>	<u>2008</u>
Earnings		
Process Management	\$ 456	\$ 544
Industrial Automation	317	342
Network Power	263	367
Climate Technologies	231	244
Appliance and Tools	<u>263</u>	<u>271</u>
	1,530	1,768
Differences in accounting methods	100	110
Corporate and other	(145)	(132)
Interest expense, net	<u>(117)</u>	<u>(101)</u>
Earnings from continuing operations before income taxes	<u>\$ 1,368</u>	<u>\$ 1,645</u>
	<u>Six Months Ended March 31,</u>	
	<u>2007</u>	<u>2008</u>
Rationalization of operations		
Process Management	\$ 6	\$ 4
Industrial Automation	6	6
Network Power	9	8
Climate Technologies	7	5
Appliance and Tools	<u>8</u>	<u>2</u>
Total Emerson	<u>\$ 36</u>	<u>\$ 25</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>2007</u>	<u>2008</u>	<u>Percent Change</u>
Second Quarter Operating Profit			
Net Sales	\$ 5,394	\$ 6,023	12%
Cost of Sales	3,455	3,781	
SG&A Expenses	<u>1,109</u>	<u>1,252</u>	
Operating Profit (Non-GAAP)	830	990	19%
Operating Profit Margin% (Non-GAAP)	15.4%	16.4%	
Other Deductions, Net	39	67	
Interest Expense, Net	<u>58</u>	<u>51</u>	
Pretax Earnings	\$ 733	\$ 872	19%
Pretax Earnings Margin %	13.6%	14.5%	
Second Quarter Cash Flow			
	<u>Q2 2007</u>	<u>Q2 2008</u>	
Operating Cash Flow	\$ 548	\$ 748	
Capital Expenditures	<u>(155)</u>	<u>(179)</u>	
Free Cash Flow (Non-GAAP)	\$ 393	\$ 569	
Net Sales			
	<u>Q2 2008</u>	<u>2008E</u>	
Underlying Sales (Non-GAAP)	6%	5-7%	
Currency / Acq. / Div.	<u>6%</u>	<u>~6%</u>	
Net Sales	12%	11-13%	

All amounts above are GAAP financial measures except as noted.