

**TABLE 1**

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

	<u>Quarter Ended June 30,</u>		<u>Percent</u> <u>Change</u>
	<u>2007</u>	<u>2008</u>	
<b>Net sales</b>	\$5,772	\$6,568	14%
Less: Costs and expenses			
Cost of sales	3,677	4,155	
SG&A expenses	1,154	1,321	
Other deductions, net	58	100	
Interest expense, net	<u>61</u>	<u>46</u>	
Earnings from continuing operations before income taxes	822	946	15%
Income taxes	<u>249</u>	<u>299</u>	
<b>Earnings from continuing operations</b>	<u>\$ 573</u>	<u>\$ 647</u>	13%
Discontinued Operations, net of tax	<u>1</u>	<u>(35)</u>	
<b>Net earnings</b>	<u>\$ 574</u>	<u>\$ 612</u>	
Diluted avg. shares outstanding (millions)	802.1	787.8	
Diluted earnings per common share			
Earnings from continuing operations	\$ 0.71	\$ 0.82	15%
Discontinued operations	<u>0.01</u>	<u>(0.04)</u>	
Diluted earnings per common share	<u>\$ 0.72</u>	<u>\$ 0.78</u>	8%

	<u>Quarter Ended June 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Other deductions, net</b>		
Rationalization of operations	\$ 18	\$ 24
Amortization of intangibles	16	20
Other	27	56
Gains	<u>(3)</u>	<u>-</u>
Total	<u>\$ 58</u>	<u>\$ 100</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>2007</u>	<u>2008</u>	
<b>Net sales</b>	\$16,103	\$18,111	12%
Less: Costs and expenses			
Cost of sales	10,286	11,446	
SG&A expenses	3,334	3,757	
Other deductions, net	115	170	
Interest expense, net	<u>178</u>	<u>147</u>	
Earnings from continuing operations before income taxes	2,190	2,591	18%
Income taxes	<u>682</u>	<u>827</u>	
<b>Earnings from continuing operations</b>	<u>\$ 1,508</u>	<u>\$ 1,764</u>	17%
Discontinued Operations, net of tax	<u>5</u>	<u>(40)</u>	
<b>Net earnings</b>	<u>\$ 1,513</u>	<u>\$ 1,724</u>	
Diluted avg. shares outstanding (millions)	805.2	792.1	
Diluted earnings per common share			
Earnings from continuing operations	\$ 1.87	\$ 2.23	19%
Discontinued operations	<u>0.01</u>	<u>(0.05)</u>	
Diluted earnings per common share	<u>\$ 1.88</u>	<u>\$ 2.18</u>	16%

	<u>Nine Months Ended June 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Other deductions, net</b>		
Rationalization of operations	\$ 54	\$ 49
Amortization of intangibles	46	59
Other	84	126
Gains	<u>(69)</u>	<u>(64)</u>
Total	<u>\$ 115</u>	<u>\$ 170</u>

**TABLE 3**

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

	<u>2007</u>	<u>June 30,</u> <u>2008</u>
<b>Assets</b>		
Cash and equivalents	\$ 1,331	\$ 2,057
Receivables, net	4,083	4,663
Inventories	2,309	2,562
Other current assets	<u>648</u>	<u>812</u>
Total current assets	8,371	10,094
Property, plant & equipment, net	3,279	3,458
Goodwill	6,289	6,713
Other	<u>2,136</u>	<u>1,931</u>
	<u>\$20,075</u>	<u>\$22,196</u>
<b>Liabilities and Stockholders' Equity</b>		
Short-term borrowings and current maturities of long-term debt	\$ 954	\$ 1,732
Accounts payable	2,247	2,563
Accrued expenses	2,198	2,506
Income taxes	<u>283</u>	<u>242</u>
Total current liabilities	5,682	7,043
Long-term debt	3,623	3,298
Other liabilities	2,067	2,101
Stockholders' equity	<u>8,703</u>	<u>9,754</u>
	<u>\$20,075</u>	<u>\$22,196</u>

**TABLE 4**

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

	<u>Nine Months Ended June 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Operating Activities</b>		
Net earnings	\$ 1,513	\$ 1,724
Depreciation and amortization	491	530
Changes in operating working capital	(281)	(332)
Pension funding	(100)	(99)
Other (including gains on sales of assets and impairments)	<u>151</u>	<u>175</u>
Net cash provided by operating activities	<u>1,774</u>	<u>1,998</u>
<b>Investing Activities</b>		
Capital expenditures	(420)	(461)
Purchases of businesses, net of cash & equivalents acquired	(187)	(412)
Other (including sale of assets)	<u>72</u>	<u>142</u>
Net cash used in investing activities	<u>(535)</u>	<u>(731)</u>
<b>Financing Activities</b>		
Net increase in short-term borrowings	9	774
Proceeds from long-term debt	496	400
Principal payments on long-term debt	(3)	(10)
Dividends paid	(629)	(708)
Purchases of treasury stock	(628)	(727)
Other	<u>7</u>	<u>(45)</u>
Net cash used in financing activities	<u>(748)</u>	<u>(316)</u>
Effect of exchange rate changes on cash and equivalents	<u>30</u>	<u>98</u>
<b>Increase in cash and equivalents</b>	521	1,049
Beginning cash and equivalents	<u>810</u>	<u>1,008</u>
<b>Ending cash and equivalents</b>	<u>\$ 1,331</u>	<u>\$ 2,057</u>

**TABLE 5**

EMERSON AND SUBSIDIARIES  
SEGMENT SALES AND EARNINGS

(Dollars in millions, unaudited)

	<u>Quarter Ended June 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Sales</b>		
Process Management	\$ 1,471	\$ 1,731
Industrial Automation	1,095	1,271
Network Power	1,322	1,672
Climate Technologies	1,043	1,087
Appliance and Tools	<u>1,005</u>	<u>998</u>
	5,936	6,759
Eliminations	<u>(164)</u>	<u>(191)</u>
Total Emerson	<u>\$ 5,772</u>	<u>\$ 6,568</u>
	<u>Quarter Ended June 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Earnings</b>		
Process Management	\$ 269	\$ 346
Industrial Automation	161	186
Network Power	178	212
Climate Technologies	174	169
Appliance and Tools	<u>143</u>	<u>138</u>
	925	1,051
Differences in accounting methods	56	62
Corporate and other	(98)	(121)
Interest expense, net	<u>(61)</u>	<u>(46)</u>
Earnings before income taxes	<u>\$ 822</u>	<u>\$ 946</u>
	<u>Quarter Ended June 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Rationalization of operations</b>		
Process Management	\$ 2	\$ 4
Industrial Automation	5	5
Network Power	5	8
Climate Technologies	2	5
Appliance and Tools	<u>4</u>	<u>2</u>
Total Emerson	<u>\$ 18</u>	<u>\$ 24</u>

**TABLE 6**

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

	<u>Nine Months Ended June 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Sales</b>		
Process Management	\$ 4,034	\$ 4,764
Industrial Automation	3,146	3,572
Network Power	3,712	4,598
Climate Technologies	2,676	2,809
Appliance and Tools	<u>2,993</u>	<u>2,886</u>
	16,561	18,629
Eliminations	<u>(458)</u>	<u>(518)</u>
Total Emerson	<u>\$16,103</u>	<u>\$18,111</u>
	<u>Nine Months Ended June 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Earnings</b>		
Process Management	\$ 725	\$ 890
Industrial Automation	478	528
Network Power	441	579
Climate Technologies	405	413
Appliance and Tools	<u>406</u>	<u>409</u>
	2,455	2,819
Differences in accounting methods	156	172
Corporate and other	(243)	(253)
Interest expense, net	<u>(178)</u>	<u>(147)</u>
Earnings before income taxes	<u>\$ 2,190</u>	<u>\$ 2,591</u>
	<u>Nine Months Ended June 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Rationalization of operations</b>		
Process Management	\$ 8	\$ 8
Industrial Automation	11	11
Network Power	14	16
Climate Technologies	9	10
Appliance and Tools	<u>12</u>	<u>4</u>
Total Emerson	<u>\$ 54</u>	<u>\$ 49</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>Q3 2008</u>	
<b>Third-Quarter Cash Flow</b>			
Operating Cash Flow		\$ 827	
Capital Expenditures		<u>155</u>	
Free Cash Flow (Non-GAAP)		\$ 672	
<b>Third-Quarter Operating Profit</b>	<u>Q3 2007</u>	<u>Q3 2008</u>	
Net Sales	\$ 5,772	\$ 6,568	14%
Cost of Sales	3,677	4,155	
SG&A Expenses	<u>1,154</u>	<u>1,321</u>	
Operating Profit (Non-GAAP)	941	1,092	16%
Operating Profit Margin % (Non-GAAP)	16.3%	16.6%	
Other Deductions, Net	58	100	
Interest Expense, Net	<u>61</u>	<u>46</u>	
Pretax Earnings	\$ 822	\$ 946	15%
Pretax Earnings Margin %	14.2%	14.4%	
<b>Net Sales</b>		<u>Q3 2008</u>	
Underlying Sales (Non-GAAP)		7%	
Currency Translation / Acq. / Div.		<u>7%</u>	
Net Sales		14%	
<b>Operating Profit</b>		<u>2008E</u>	
Operating Profit (Non-GAAP)		~\$4,000 - 4,060	
Operating Profit Margin % (Non-GAAP)		16.2 – 16.4%	
Interest Expense and Other Deductions, Net		<u>~ (470)</u>	
Pretax Earnings		~\$3,530 – 3,590	
Pretax Earnings Margin %		14.2 – 14.4%	