

**TABLE 1**

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

	<u>Quarter Ended September 30,</u>		<u>Percent Change</u>
	<u>2007</u>	<u>2008</u>	
<b>Net sales</b>	\$6,028	\$6,696	11%
Less: Costs and expenses			
Cost of sales	3,780	4,222	
SG&A expenses	1,235	1,300	
Other deductions, net	60	133	
Interest expense, net	<u>50</u>	<u>41</u>	
 Earnings from continuing operations before income taxes	903	1,000	11%
Income taxes	<u>282</u>	<u>310</u>	
<b>Earnings from continuing operations</b>	<u>\$ 621</u>	<u>\$ 690</u>	11%
 Discontinued operations, net of tax	<u>2</u>	<u>(2)</u>	
<b>Net earnings</b>	<u>\$ 623</u>	<u>\$ 688</u>	
 Diluted avg. shares outstanding (millions)	800.0	781.4	
 Diluted earnings per common share			
Earnings from continuing operations	\$ 0.78	\$ 0.88	13%
Discontinued operations	<u>-</u>	<u>-</u>	
Diluted earnings per common share	<u>\$ 0.78</u>	<u>\$ 0.88</u>	13%

	<u>Quarter Ended September 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Other deductions, net</b>		
Rationalization of operations	\$ 21	\$ 43
Amortization of intangibles	17	22
Other	27	68
Gains, net	<u>(5)</u>	<u>-</u>
Total	<u>\$ 60</u>	<u>\$ 133</u>

**TABLE 2**

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

	<u>Year Ended September 30,</u>		<u>Percent Change</u>
	<u>2007</u>	<u>2008</u>	
<b>Net sales</b>	\$22,131	\$ 24,807	12%
Less: Costs and expenses			
Cost of sales	14,066	15,668	
SG&A expenses	4,569	5,057	
Other deductions, net	175	303	
Interest expense, net	<u>228</u>	<u>188</u>	
Earnings from continuing operations before income taxes	3,093	3,591	16%
Income taxes	964	1,137	
<b>Earnings from continuing operations</b>	<u>\$2,129</u>	<u>\$2,454</u>	15%
Discontinued operations, net of tax	<u>7</u>	<u>(42)</u>	
<b>Net earnings</b>	<u>\$2,136</u>	<u>\$2,412</u>	
Diluted avg. shares outstanding (millions)	803.9	789.4	
Diluted earnings per common share			
Earnings from continuing operations	\$ 2.65	\$ 3.11	17%
Discontinued operations	<u>0.01</u>	<u>(0.05)</u>	
Diluted earnings per common share	<u>\$ 2.66</u>	<u>\$ 3.06</u>	15%

	<u>Year Ended September 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Other deductions, net</b>		
Rationalization of operations	\$ 75	\$ 92
Amortization of intangibles	63	81
Other	111	194
Gains, net	<u>(74)</u>	<u>(64)</u>
Total	<u>\$ 175</u>	<u>\$ 303</u>

**TABLE 3**

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

	<u>September 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Assets</b>		
Cash and equivalents	\$1,008	\$1,777
Receivables, net	4,260	4,618
Inventories	2,227	2,348
Other current assets	<u>570</u>	<u>588</u>
Total current assets	8,065	9,331
Property, plant & equipment, net	3,431	3,507
Goodwill	6,412	6,562
Other	<u>1,772</u>	<u>1,640</u>
	<u>\$19,680</u>	<u>\$21,040</u>
<b>Liabilities and Stockholders' Equity</b>		
Short-term borrowings and current maturities of long-term debt	\$ 404	\$1,221
Accounts payable	2,501	2,699
Accrued expenses	2,337	2,480
Income taxes	<u>304</u>	<u>173</u>
Total current liabilities	5,546	6,573
Long-term debt	3,372	3,297
Other liabilities	1,990	2,057
Stockholders' equity	<u>8,772</u>	<u>9,113</u>
	<u>\$19,680</u>	<u>\$21,040</u>

**TABLE 4**

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

	<u>Year Ended September 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Operating Activities</b>		
Net earnings	\$2,136	\$2,412
Depreciation and amortization	656	707
Changes in operating working capital	137	(22)
Pension funding	(136)	(135)
Other	<u>223</u>	<u>331</u>
Net cash provided by operating activities	<u>3,016</u>	<u>3,293</u>
<b>Investing Activities</b>		
Capital expenditures	(681)	(714)
Purchases of businesses, net of cash and equivalents acquired	(295)	(561)
Other	<u>106</u>	<u>203</u>
Net cash used in investing activities	<u>(870)</u>	<u>(1,072)</u>
<b>Financing Activities</b>		
Net increase (decrease) in short-term borrowings	(800)	521
Proceeds from long-term debt	496	400
Principal payments on long-term debt	(5)	(261)
Dividends paid	(837)	(940)
Purchases of treasury stock	(853)	(1,120)
Other	<u>5</u>	<u>(54)</u>
Net cash used in financing activities	<u>(1,994)</u>	<u>(1,454)</u>
Effect of exchange rate changes on cash and equivalents	<u>46</u>	<u>2</u>
<b>Increase in cash and equivalents</b>	198	769
Beginning cash and equivalents	<u>810</u>	<u>1,008</u>
<b>Ending cash and equivalents</b>	<u>\$1,008</u>	<u>\$1,777</u>

**TABLE 5**

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

	<u>Quarter Ended September 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Sales</b>		
Process Management	\$1,665	\$1,888
Industrial Automation	1,123	1,280
Network Power	1,438	1,714
Climate Technologies	938	1,013
Appliance and Tools	<u>1,013</u>	<u>975</u>
	6,177	6,870
Eliminations	<u>(149)</u>	<u>(174)</u>
Net Sales	<u>\$6,028</u>	<u>\$6,696</u>
	<u>Quarter Ended September 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Earnings</b>		
Process Management	\$ 341	\$ 416
Industrial Automation	187	199
Network Power	204	215
Climate Technologies	133	138
Appliance and Tools	<u>158</u>	<u>118</u>
	1,023	1,086
Differences in accounting methods	54	60
Corporate and other	(124)	(105)
Interest expense, net	<u>(50)</u>	<u>(41)</u>
Earnings before income taxes	<u>\$ 903</u>	<u>\$1,000</u>
	<u>Quarter Ended September 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Rationalization of operations</b>		
Process Management	\$ 7	\$ 4
Industrial Automation	3	8
Network Power	9	12
Climate Technologies	-	12
Appliance and Tools	<u>2</u>	<u>7</u>
Total Emerson	<u>\$ 21</u>	<u>\$ 43</u>

**TABLE 6**

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

	<u>Year Ended September 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Sales</b>		
Process Management	\$ 5,699	\$6,652
Industrial Automation	4,269	4,852
Network Power	5,150	6,312
Climate Technologies	3,614	3,822
Appliance and Tools	<u>4,006</u>	<u>3,861</u>
	22,738	25,499
Eliminations	<u>(607)</u>	<u>(692)</u>
Net Sales	<u>\$22,131</u>	<u>\$24,807</u>
	<u>Year Ended September 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Earnings</b>		
Process Management	\$1,066	\$1,306
Industrial Automation	665	727
Network Power	645	794
Climate Technologies	538	551
Appliance and Tools	<u>564</u>	<u>527</u>
	3,478	3,905
Differences in accounting methods	210	232
Corporate and other	<u>(367)</u>	<u>(358)</u>
Interest expense, net	<u>(228)</u>	<u>(188)</u>
Earnings before income taxes	<u>\$3,093</u>	<u>\$3,591</u>
	<u>Year Ended September 30,</u>	
	<u>2007</u>	<u>2008</u>
<b>Rationalization of operations</b>		
Process Management	\$ 15	\$ 12
Industrial Automation	14	19
Network Power	23	28
Climate Technologies	9	22
Appliance and Tools	<u>14</u>	<u>11</u>
Total Emerson	<u>\$ 75</u>	<u>\$ 92</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 2008</u>	<u>Fiscal 2008</u>	
<b>Net Sales</b>			
Underlying Sales (Non-GAAP)	7%	7%	
Foreign Currency Translation	2 pts	4 pts	
Acquisitions/Divestitures	<u>2 pts</u>	<u>1 pt</u>	
Net Sales	11%	12%	
<b>Full Year 2008 Cash Flow</b>			
Operating Cash Flow		<u>\$3,293</u>	
Capital Expenditures		<u>714</u>	
Free Cash Flow (Non-GAAP)		\$2,579	
Net Earnings		\$2,412	
% of Net Earnings			
Operating Cash Flow		137%	
Capital Expenditures		<u>(30)%</u>	
Free Cash Flow (Non-GAAP)		107%	
<b>Fourth-Quarter Operating Profit</b>			
	<u>Q4 2007</u>	<u>Q4 2008</u>	
Net Sales	\$ 6,028	\$ 6,696	11%
Cost of Sales	3,780	4,222	
SG&A Expenses	<u>1,235</u>	<u>1,300</u>	
Operating Profit (Non-GAAP)	1,013	1,174	16%
Operating Profit Margin % (Non-GAAP)	16.8%	17.5%	
Other Deductions, Net	60	133	
Interest Expense, Net	<u>50</u>	<u>41</u>	
Pretax Earnings	\$ 903	\$ 1,000	11%
Pretax Earnings Margin %	15.0%	14.9%	
<b>Fiscal Year Operating Profit</b>			
		<u>FY 2008</u>	
Net Sales		\$24,807	
Cost of Sales		15,668	
SG&A Expenses		<u>5,057</u>	
Operating Profit (Non-GAAP)		4,082	
Operating Profit Margin % (Non-GAAP)		16.5%	
Other Deductions, Net		303	
Interest Expense, Net		<u>188</u>	
Pretax Earnings		\$ 3,591	
Pretax Earnings Margin %		14.5%	

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