

TABLE 1

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

| | <u>Quarter Ended December 31,</u> | | <u>Percent Change</u> |
|--|-----------------------------------|----------------|---------------------------|
| | <u>2008</u> | <u>2009</u> | |
| Net sales | \$ 5,415 | \$ 5,011 | -7% |
| Less: Costs and expenses | | | |
| Cost of sales | 3,419 | 3,108 | |
| SG&A expenses | 1,193 | 1,161 | |
| Other deductions, net | 79 | 93 | |
| Interest expense, net | <u>43</u> | <u>65</u> | |
| Earnings from continuing operations before income taxes | 681 | 584 | -14% |
| Income taxes | <u>210</u> | <u>150</u> | |
| Earnings from continuing operations | \$ 471 | \$ 434 | -8% |
| Discontinued operations, net of tax | <u>-</u> | <u>3</u> | |
| Net Earnings | \$ 471 | \$ 437 | -7% |
| Less: Noncontrolling interests in earnings of subsidiaries | 13 | 12 | |
| Net earnings attributable to common stockholders | <u>\$ 458</u> | <u>\$ 425</u> | -7% |
| Diluted avg. shares outstanding | 767.9 | 755.5 | |
| Diluted earnings per share attributable to common stockholders: | | | |
| Earnings from continuing operations | \$ 0.60 | \$ 0.56 | -7% |
| Discontinued operations | <u>-</u> | <u>-</u> | |
| Diluted earnings per common share | <u>\$ 0.60</u> | <u>\$ 0.56</u> | -7% |

| | <u>Quarter Ended December 31,</u> | |
|-------------------------------|-----------------------------------|--------------|
| | <u>2008</u> | <u>2009</u> |
| Other deductions, net | | |
| Rationalization of operations | \$ 43 | \$ 38 |
| Amortization of intangibles | 23 | 35 |
| Other | 17 | 24 |
| Gains | <u>(4)</u> | <u>(4)</u> |
| Total | <u>\$ 79</u> | <u>\$ 93</u> |

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

| | <u>December 31,</u> | |
|--|---------------------|------------------|
| | <u>2008</u> | <u>2009</u> |
| Assets | | |
| Cash and equivalents | \$ 1,668 | \$ 1,840 |
| Receivables, net | 4,007 | 3,650 |
| Inventories | 2,470 | 1,956 |
| Other current assets | <u>728</u> | <u>617</u> |
| Total current assets | 8,873 | 8,063 |
| Property, plant & equipment, net | 3,459 | 3,475 |
| Goodwill | 6,556 | 7,647 |
| Other | <u>1,634</u> | <u>2,304</u> |
| | <u>\$ 20,522</u> | <u>\$ 21,489</u> |
| Liabilities and Stockholders' Equity | | |
| Short-term borrowings and current maturities of long-term debt | \$ 2,042 | \$ 1,240 |
| Accounts payable | 2,171 | 1,991 |
| Accrued expenses | 2,412 | 2,474 |
| Income taxes | <u>203</u> | <u>100</u> |
| Total current liabilities | 6,828 | 5,805 |
| Long-term debt | 3,234 | 4,558 |
| Other liabilities | 1,900 | 2,188 |
| Total equity | <u>8,560</u> | <u>8,938</u> |
| | <u>\$ 20,522</u> | <u>\$ 21,489</u> |

TABLE 3

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

| | <u>Quarter Ended December 31,</u> | |
|---|-----------------------------------|----------------|
| | <u>2008</u> | <u>2009</u> |
| Operating Activities | | |
| Net earnings | \$ 471 | \$ 437 |
| Depreciation and amortization | 176 | 196 |
| Changes in operating working capital | (316) | 15 |
| Other | <u>(12)</u> | <u>39</u> |
| Net cash provided by operating activities | <u>319</u> | <u>687</u> |
| Investing Activities | | |
| Capital expenditures | (132) | (89) |
| Purchases of businesses, net of cash and equivalents acquired | (271) | (1,301) |
| Other | <u>(12)</u> | <u>38</u> |
| Net cash used in investing activities | <u>(415)</u> | <u>(1,352)</u> |
| Financing Activities | | |
| Net increase in short-term borrowings | 968 | 662 |
| Proceeds from long-term debt | 2 | 596 |
| Principal payments on long-term debt | (186) | (36) |
| Dividends paid | (252) | (251) |
| Purchases of treasury stock | (433) | - |
| Other | <u>(35)</u> | <u>(15)</u> |
| Net cash provided by financing activities | <u>64</u> | <u>956</u> |
| Effect of exchange rate changes on cash and equivalents | <u>(77)</u> | <u>(11)</u> |
| Increase (decrease) in cash and equivalents | (109) | 280 |
| Beginning cash and equivalents | <u>1,777</u> | <u>1,560</u> |
| Ending cash and equivalents | <u>\$1,668</u> | <u>\$1,840</u> |

TABLE 4

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

| | <u>Quarter Ended December 31,</u> | |
|--------------------------------------|-----------------------------------|-----------------|
| | <u>2008</u> | <u>2009</u> |
| Sales | | |
| Process Management | \$ 1,526 | \$ 1,382 |
| Industrial Automation | 1,103 | 876 |
| Network Power | 1,461 | 1,381 |
| Climate Technologies | 692 | 784 |
| Appliance and Tools | <u>771</u> | <u>731</u> |
| | 5,553 | 5,154 |
| Eliminations | <u>(138)</u> | <u>(143)</u> |
| Net Sales | <u>\$ 5,415</u> | <u>\$ 5,011</u> |
| | | |
| | <u>Quarter Ended December 31,</u> | |
| | <u>2008</u> | <u>2009</u> |
| Earnings | | |
| Process Management | \$ 299 | \$ 216 |
| Industrial Automation | 164 | 85 |
| Network Power | 152 | 206 |
| Climate Technologies | 54 | 113 |
| Appliance and Tools | <u>79</u> | <u>111</u> |
| | 748 | 731 |
| Differences in accounting methods | 50 | 46 |
| Corporate and other | (74) | (128) |
| Interest expense, net | <u>(43)</u> | <u>(65)</u> |
| Earnings before income taxes | <u>\$ 681</u> | <u>\$ 584</u> |
| | | |
| | <u>Quarter Ended December 31,</u> | |
| | <u>2008</u> | <u>2009</u> |
| Rationalization of operations | | |
| Process Management | \$ 2 | \$ 7 |
| Industrial Automation | 3 | 18 |
| Network Power | 20 | 7 |
| Climate Technologies | 14 | 3 |
| Appliance and Tools | <u>4</u> | <u>3</u> |
| Total Emerson | <u>\$ 43</u> | <u>\$ 38</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>Forecast</u> | |
| | | <u>Fiscal 2010</u> | |
| Underlying Sales (Non-GAAP) | | -6% to -3% | |
| Currency Translation | | +2 pts | |
| Completed Acquisitions | | +4 pts | |
| Net Sales | | <hr/> | 0% to +3% |
| Forecast Fiscal Year 2010 Operating Profit | | <u>Forecast</u> | |
| | | <u>Fiscal 2010</u> | |
| Operating Profit (Non-GAAP) | | ~\$3,160 – 3,350 | |
| Operating Profit Margin % (Non-GAAP) | | 15.1% - 15.6% | |
| Interest Expense and Other Deduction, Net | | <u>~ (\$705)</u> | |
| Pretax Earnings | | ~ \$2,455 - 2,645 | |
| Pretax Earnings Margin % | | 11.7% - 12.3% | |
| First Quarter Operating Profit | <u>Q1 2009</u> | <u>Q1 2010</u> | <u>Change</u> |
| Net Sales | \$ 5,415 | \$ 5,011 | -7% |
| Cost of Sales | 3,419 | 3,108 | |
| SG&A Expenses | <u>1,193</u> | <u>1,161</u> | |
| Operating Profit (Non-GAAP) | 803 | 742 | -8% |
| Operating Profit Margin % (Non-GAAP) | 14.8% | 14.8% | |
| Other Deductions, Net | 79 | 93 | |
| Interest Expense, Net | <u>43</u> | <u>65</u> | |
| Pretax Earnings | \$ 681 | \$ 584 | -14% |
| Pretax Earnings Margin % | 12.6% | 11.7% | |
| First Quarter Cash Flow | <u>Q1 2009</u> | <u>Q1 2010</u> | <u>Change</u> |
| Operating Cash Flow | \$ 319 | \$ 687 | |
| Capital Expenditures | <u>132</u> | <u>89</u> | |
| Free Cash Flow (Non-GAAP) | \$ 187 | \$ 598 | 219% |
| Net Earnings | | \$ 425 | |
| % of Net Earnings: | | | |
| Operating Cash Flow | | 162% | |
| Capital Expenditures | | <u>(21)%</u> | |
| Free Cash Flow (Non-GAAP) | | 141% | |

All amounts above are GAAP financial measures, except as noted

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