

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event
reported): February 6, 2007

Emerson Electric Co.

(Exact Name of Registrant as Specified in Charter)

Missouri	1-278	43-0259330
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)
8000 West Florissant Avenue St. Louis, Missouri		63136
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(Address of Principal Executive Offices)		(Zip Code)

Registrant's telephone number, including area code:

(314) 553-2000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

Quarterly Results Press Release

On February 6, 2007, a press release was issued regarding the first quarter 2007 results of Emerson Electric Co. (the "Company"). A copy of this press release is furnished with this Current Report on Form 8-K as Exhibit 99.1.

The press release contains non-GAAP financial measures as such term is defined in Regulation G under the rules of the Securities and Exchange Commission. While the Company believes these non-GAAP financial measures are useful in evaluating the Company, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Further, these non-GAAP financial measures may differ from similarly titled measures presented by other companies. The reasons why management believes that these non-GAAP financial measures provide useful information are set forth in the Company's most recent Form 10-K filed with the Securities and Exchange Commission.

Item 7.01. Regulation FD Disclosure.

The following information is furnished pursuant to Regulation FD.

Emerson GAAP Underlying Orders – 3 Month Summary
(Percent change. Trailing 3-month average versus prior year.)

	<u>Oct '06</u>	<u>Nov '06</u>	<u>Dec '06</u>
Process Management	+10 to +15	+10	+15 to +20
Industrial Automation	+10 to +15	+15	+15
Network Power	+5 to +10	+10 to +15	+10 to +15
Climate Technologies	-10 to -15	-10 to -15	-5 to -10
Appliance and Tools	+0 to +5	+0 to +5	+0 to +5
Total Emerson	+5	+5 to +10	+5 to +10

December 2006 Order Comments:

Order growth was in the 5 percent to 10 percent range during the first quarter as end market conditions remained supportive of growth expectations. Favorable currency exchange rates contributed nearly 4 percentage points to the increase.

Process Management orders remained strong on a global basis with strength from the valve, systems and measurement businesses. Orders also benefited from the weaker dollar.

Order growth for Industrial Automation maintained a double-digit pace. Growth for this segment continued to be led by the power generating alternator and electronic drives businesses.

Network Power delivered strong order growth driven by the uninterruptible power supply (UPS), precision cooling and China power systems businesses.

Climate Technologies order trends remained negative due to tough comparisons for the North American residential air-conditioning business. Order growth in Europe and Asia was strong for this segment.

Appliance and Tools order growth remained in the 0 to 5 percent range. Moderate growth from the tools and storage businesses offset softness from the motors and appliance businesses.

Upcoming Investor Events:

Emerson senior management will discuss the Company's first quarter 2007 results during an investor conference call that will be held on Tuesday, February 6, 2007. The call will begin at 2:30 p.m. Eastern Standard Time (1:30 p.m. Central Standard Time).

All interested parties may listen to the live conference call via the Internet by going to the Investor Relations area of the Company's Web site at www.gotoemerson.com/financial and completing a brief registration form. A replay of the conference call will be available for the next three months at the same location on the Web site.

February 9, 2007 – Emerson's Annual Investment Community Update

Location: New York City

Time: 8:30 a.m. to 11:30 a.m. EST

Presentation and webcast: Access to the webcast will be available in the Investor Relations area of Emerson's Web site at www.gotoemerson.com/financial at the time of the event. A replay of the webcast will be available for approximately one week at the same location on the Web site.

Updates and further details on these and other upcoming events will be posted in the Calendar of Events area in the Investor Relations section of the corporate Web site as they occur.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
99.1	Emerson's February 6, 2007 Press Release announcing its first quarter 2007 results.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EMERSON ELECTRIC CO.
(Registrant)

Date: February 6, 2007

By: /s/ Timothy G. Westman
Timothy G. Westman
Vice President, Associate General Counsel
and Assistant Secretary

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
99.1	Emerson's February 6, 2007 Press Release announcing its first quarter 2007 results.



news release

For immediate release

Contact: Mark Polzin (314) 982-1758
or John Hastings (314) 982-8622

EMERSON REPORTS FIRST-QUARTER 2007 SALES UP 11 PERCENT TO \$5.1 BILLION; 15 PERCENT INCREASE IN EARNINGS PER SHARE TO \$0.55

ST. LOUIS, February 6, 2007 – Emerson (NYSE: EMR) announced net sales for the first quarter ended December 31, 2006 were \$5.1 billion, an increase of 11 percent over the \$4.5 billion reported in the same period last year. Net earnings for the first quarter increased 12 percent to \$445 million, or \$0.55 per share. This represents a 15 percent increase in earnings per share from the \$0.48 earned in the same period last year. All per share amounts reflect the 2-for-1 stock split in the form of a stock dividend that was paid on December 11, 2006.

Underlying sales grew 4 percent in the quarter, which excludes the net impact of growth from acquisitions and divestitures (5 percent) and favorable exchange rates (2 percent). Underlying international sales increased 11 percent, including strong growth in Europe, Asia and Latin America. This quarter marked the first time that international sales were over 50 percent of total sales. As expected, underlying growth in the United States was down 2 percent driven primarily by weakness in the residential air-conditioning markets for the Climate Technologies segment, which experienced exceptionally strong growth last year as the industry converted to 13-SEER energy standards.

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Add One

“Emerson’s first quarter demonstrates the strength of the global balance across our portfolio of businesses,” said Emerson Chairman, Chief Executive Officer and President David N. Farr. “The Company’s performance in the first quarter represents a solid start to what is expected to be another year of strong sales and earnings growth for Emerson.”

Segment Highlights

Process Management delivered another quarter of strong sales and earnings performance. Reported sales grew by 11 percent which included an underlying sales increase of 6 percent and the favorable impact of currency translation (3 percent) and acquisitions (2 percent). Orders grew at a double digit rate in the quarter as strong capital spending in global energy markets continued to support the growth. The margin for this segment expanded by 170 basis points to 17.8 percent driven by leverage on the sales volume increase, benefits from new products and benefits from prior cost reduction activities.

Industrial Automation achieved sales growth of 16 percent in the quarter. Underlying sales growth was 11 percent, which excludes the favorable impact of currency translation (4 percent) and acquisitions, net of divestitures (1 percent). Growth was led by Europe and Asia, which saw underlying growth of 15 percent and 18 percent, respectively. The capital spending environment continued to drive growth in these markets. Also, global demand for both primary and back-up power generation capacity continued to drive strong growth for the power generating alternator business. The profit margin for this segment was 16.7 percent, an increase of 10 basis points from the prior year quarter.

Network Power sales grew 28 percent in the quarter, which included a favorable impact of 17 percent from acquisitions, net of divestitures, and 2 percent from currency translation. Growth remained strong in the core uninterruptible power supply (UPS), precision cooling and China power systems businesses which offset weakness in the North American telecom power

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business. The margin for this segment was 9.8 percent versus 11.5 percent in the prior year quarter driven primarily by dilution from acquisitions and deleverage on significantly lower sales volumes in the North American telecom business.

Climate Technologies sales decreased 8 percent in the first quarter of 2007. Underlying sales decreased 11 percent, which excludes the favorable impact of acquisitions (2 percent) and currency translation (1 percent). The sales decrease is primarily attributable to the North American residential air-conditioning market, where sales in the prior year quarter were exceptionally strong because of pending 13-SEER energy efficiency standards. Business was strong in Europe and Asia for this segment, with underlying sales growth of 33 percent and 11 percent, respectively. The margin for this business declined by 70 basis points, mainly due to deleverage on the North American sales volume declines, capacity expansion investments and margin dilution from acquisitions.

Appliance and Tools had sales growth of 5 percent in the quarter which included more than 1 percent of favorable currency translation and more than 1 percent from acquisitions. Strong growth from the tools and storage businesses was offset by a decline from the motors and appliance components businesses. Profitability for this segment improved by 70 basis points to 12.2 percent, driven primarily by benefits from prior cost reduction activities.

Balance Sheet / Cash Flow

Operating cash flow was \$327 million in the first quarter of 2007, an increase of 2 percent from the first quarter of 2006. The cash flow increase was driven by increased earnings, which were mostly offset by increased working capital. The Company's financial position is strong, evidenced by the ratio of operating cash flow to debt at over 55 percent on a trailing 12 month basis.

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"Despite a slower start to the year, Emerson remains committed to generating significant amounts of cash flow in the current growth environment," Farr said. "We expect to generate approximately \$2.7 billion of operating cash flow and \$2.0 billion of free cash flow in fiscal 2007. The key priorities for using this cash will continue to be funding internal growth and new products, dividends, share repurchases and acquisitions that strengthen our businesses."

2007 Outlook

The first quarter provided a solid start to the year. Earnings performance slightly exceeded expectations and order trends remained healthy during the quarter. Based on these factors Emerson expects full year earnings per share in the range of \$2.50 to \$2.60, which would represent growth in the range of 12 percent to 16 percent. This earnings performance is predicated on underlying sales growth in the range of 5 percent to 7 percent and reported sales growth in the range of 8 percent to 11 percent.

Upcoming Investor Events

On February 6, 2007, at 2:30 p.m. EST (1:30 p.m. CST), Emerson senior management will discuss the quarterly results during an investor conference call. All interested parties may listen to the live conference call via the Internet by going to the Investor Relations area of Emerson's Web site at www.gotoemerson.com/financial and completing a brief registration form. A replay of the conference call will be available for the next three months at the same location on the Web site.

On February 9, 2007, Emerson senior management will host the Company's annual investment community update meeting in New York. The meeting will discuss expectations for the Company's performance in 2007 as well as updates of long-term initiatives being pursued to create value for shareholders. The presentations will begin at 8:30 a.m. EST and conclude at

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approximately 11:30 a.m. EST. All interested parties may listen to the webcast via the Internet by going to the Investor Relations area of Emerson's Web site at www.gotoemerson.com/financial and completing a brief registration form. A replay of the webcast will be available for approximately one week at the same location on the Web site.

Details of upcoming events will be posted as they occur in the Investor Relations Calendar of Events on the corporate Web site.

Forward-Looking and Cautionary Statements

Statements in this release that are not strictly historical may be "forward-looking" statements, which involve risks and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. These risks and uncertainties include economic and currency conditions, market demand, pricing, and competitive and technological factors, among others, as set forth in the Company's most recent Form 10-K filed with the SEC.

(tables attached)

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TABLE 1

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

	Quarter Ended December 31,		Percent Change
	2005	2006	
Net sales	\$ 4,548	\$ 5,051	11%
Less: Costs and expenses			
Cost of sales	2,955	3,256	
SG&A expenses	950	1,078	
Other deductions, net	23	19	
Interest expense, net	50	58	
Earnings before income taxes	570	640	12%
Income taxes	171	195	
Net earnings	<u>\$ 399</u>	<u>\$ 445</u>	12%
Diluted avg. shares outstanding (millions)	827.2	808.5	
Diluted earnings per common share	<u>\$ 0.48</u>	<u>\$ 0.55</u>	15%

	Quarter Ended December 31,	
	2005	2006
Other deductions, net		
Rationalization of operations	\$ 12	\$ 16
Amortization of intangibles	9	14
Other	26	31
Gains	(24)	(42)
Total	<u>\$ 23</u>	<u>\$ 19</u>

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TABLE 2

EMERSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)

	December 31,	
	2005	2006
Assets		
Cash and equivalents	\$ 624	\$ 1,090
Receivables, net	3,222	3,673
Inventories	1,942	2,410
Other current assets	501	573
Total current assets	6,289	7,746
Property, plant & equipment, net	2,969	3,220
Goodwill	5,477	6,077
Other	1,891	2,060
	<u>\$ 16,626</u>	<u>\$ 19,103</u>
Liabilities and Stockholders' Equity		
Short-term borrowings and current maturities of long-term debt	\$ 453	\$ 1,167

Accounts payable	1,738	2,086
Accrued expenses	1,648	1,951
Income taxes	260	322
Total current liabilities	4,099	5,526
Long-term debt	3,128	3,375
Other liabilities	1,782	1,996
Stockholders' equity	7,617	8,206
	<u>\$ 16,626</u>	<u>\$ 19,103</u>

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TABLE 3

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

	Quarter Ended December 31,	
	2005	2006
Operating Activities		
Net earnings	\$ 399	\$ 445
Depreciation and amortization	141	161
Changes in operating working capital	(263)	(327)
Other	42	48
Net cash provided by operating activities	<u>319</u>	<u>327</u>
Investing Activities		
Capital expenditures	(101)	(121)
Purchases of businesses, net of cash and equivalents acquired	(57)	—
Other	(5)	43
Net cash used in investing activities	<u>(163)</u>	<u>(78)</u>
Financing Activities		
Net increase (decrease) in short-term borrowings	(262)	270
Proceeds from long-term debt	—	248
Principal payments on long-term debt	(254)	(1)
Dividends paid	(183)	(211)
Purchases of treasury stock	(41)	(283)
Other	(17)	(6)
Net cash provided by (used in) financing activities	<u>(757)</u>	<u>17</u>
Effect of exchange rate changes on cash and equivalents	<u>(8)</u>	<u>14</u>
Increase (decrease) in cash and equivalents	<u>(609)</u>	<u>280</u>
Beginning cash and equivalents	<u>1,233</u>	<u>810</u>
Ending cash and equivalents	<u>\$ 624</u>	<u>\$ 1,090</u>

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TABLE 4

SEGMENT SALES AND EARNINGS
(DOLLARS IN MILLIONS)

		Quarter Ended December 31,	
		2005	2006
Sales			
Process Management		\$ 1,097	\$ 1,218
Industrial Automation		860	994
Network Power		939	1,199
Climate Technologies		748	688
Appliance and Tools		1,040	1,088
		4,684	5,187
Eliminations		(136)	(136)
Net Sales		\$ 4,548	\$ 5,051
		Quarter Ended December 31,	
		2005	2006
Earnings			
Process Management		\$ 176	\$ 217
Industrial Automation		143	166
Network Power		108	117
Climate Technologies		102	90
Appliance and Tools		120	133
		649	723
Differences in accounting methods		40	48
Corporate and other		(69)	(73)
Interest expense, net		(50)	(58)
Earnings before income taxes		\$ 570	\$ 640
		Quarter Ended December 31,	
		2005	2006
Rationalization of operations			
Process Management		\$ 2	\$ 2
Industrial Automation		2	3
Network Power		3	4
Climate Technologies		1	3
Appliance and Tools		4	4
Total Emerson		\$ 12	\$ 16

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TABLE 5

Reconciliations of Non-GAAP Financial Measures

The following reconciles Non-GAAP measures with the most directly comparable GAAP measure (dollars in millions):

Full Year 2007 Expected Cash Flow

Operating Cash Flow	\$ ~2,700
Capital Expenditures	~700
Free Cash Flow (Non-GAAP)	<u>\$ ~2,000</u>

Net Sales

	<u>Expected</u>
	<u>Fiscal 2007</u>
Underlying Sales (Non-GAAP)	5% to 7%
Currency Translation / Acq. / Divest.	+3 to +4 pts
Net Sales	<u>8% to 11%</u>

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