

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): May 1, 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
-----		-----
(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 May 1, 2007, a press release was issued regarding the second 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>Jan '07</u>	<u>Feb '07</u>	<u>Mar '07</u>
Process Management	+15	+15	+10 to +15
Industrial Automation	+10 to +15	+15	+10 to +15
Network Power	+5 to +10	0	+5
Climate Technologies	-5 to 0	+0 to +5	+5 to +10
Appliance and Tools	+0 to +5	+0 to +5	+0 to +5
Total Emerson	+5 to +10	+5 to +10	+5 to +10

March 2007 Order Comments:

Order growth remained in the positive 5 to 10 percent range as order trends continued to match expectations. Favorable currency exchange rates contributed over 2 percentage points to the increase.

Process Management maintained double-digit order growth and continued to see balance across the portfolio with strength from the valve, measurement and systems businesses.

Order growth for Industrial Automation remained at high levels and was led by the power generating alternator and electrical distribution businesses. Orders also benefited from the weaker dollar.

Order growth increased for Network Power and continued to be led by the uninterruptible power supply (UPS), precision cooling and China power systems businesses.

Climate Technologies orders continued to trend positively as strength in Europe and Asia drove solid growth.

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

Upcoming Investor Events:

Emerson senior management will discuss the Company's second quarter 2007 results during an investor conference call that will be held on Tuesday, May 1, 2007. The call will begin at 2:00 p.m. Eastern Daylight Time (1:00 p.m. Central Daylight Time).

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.emerson.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.

May 23, 2007 – 2007 Electrical Products Group Conference

Location: Long Boat Key, Florida

Time: 10:45 a.m. to 11:25 a.m. EDT

Presenter: David N. Farr, Chairman, Chief Executive Officer and President

Presentation: Will be posted at the presentation starting time in the Investor Relations area of Emerson's Web site at www.emerson.com/financial. The presentation 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 May 1, 2007 Press Release announcing its second 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: May 1, 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 May 1, 2007 Press Release announcing its second quarter 2007 results.



news release

For immediate release

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

EMERSON REPORTS STRONG SECOND-QUARTER 2007 RESULTS

- Sales increased 14 percent to \$5.5 billion, led by international strength
- Earnings per share increased 17 percent to \$0.61
- Solid operating cash flow of \$548 million
- Full-year outlook confirmed

ST. LOUIS, May 1, 2007 – Emerson (NYSE: EMR) announced net sales for the second quarter ended March 31, 2007 were \$5.5 billion, an increase of 14 percent over the \$4.9 billion reported in the prior year period. Net earnings for the second quarter increased 14 percent to \$494 million, or \$0.61 per share. This represents a 17 percent increase in earnings per share from the \$0.52 earned in the same period last year.

The Company achieved underlying sales growth of more than 7 percent in the quarter, which excludes the impact of favorable exchange rates (over 2 percent) and growth from acquisitions, net of divestitures (4 percent). The growth was led by strong international results, where sales increased by 12 percent on an underlying basis.

“Emerson’s second-quarter performance, on top of the excellent results achieved in the prior year quarter, demonstrates continued momentum for the Company. The top-line growth achieved in the quarter illustrates the broad geographic capabilities we have established through many years of investing to globalize Emerson,” said Chairman, Chief Executive Officer and President, David N. Farr. “The global reach of Emerson, along with the diverse end-market exposures across the Company, allows us to achieve high levels of growth in spite of softness that may be experienced in certain regions or customer segments,” Farr said.

Second-quarter operating profit margin improved to 15.2 percent from 15.0 percent in the prior year period. Segment margins improved in four of the five business

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segments, largely as a result of leverage on the volume increases and benefits from prior cost reduction activities. Pretax margins improved to 13.3 percent from 12.9 percent in the prior year period. Commodity inflation remains persistent and has continued to put pressure on gross and operating profit margins.

Segment Highlights

Process Management delivered a strong quarter of sales and earnings performance. Reported sales grew by 18 percent which included an underlying sales increase of 11 percent and the favorable impact of currency translation (3 percent) and acquisitions (4 percent). Sales growth was balanced geographically, with underlying growth in the United States of 13 percent and 9 percent internationally. Orders rose at a double-digit rate in the quarter as strong capital spending in global energy markets continued to drive the growth. The margin for this segment expanded by 110 basis points to 17.7 percent. Margins for this segment have improved for more than two years due to leverage on sales volume increases as well as its technology leadership, global footprint, and cost reduction and productivity programs.

Industrial Automation reported its fifth consecutive quarter of double-digit growth in reported and underlying sales. In the quarter, reported sales increased by 13 percent with 10 percent underlying growth, favorable currency translation of 4 percent and a 1 percent unfavorable impact from divestitures. Underlying international growth was 15 percent in the quarter, while the United States experienced 4 percent growth. The profit margin for this segment was 14.3 percent, an increase of 20 basis points from the prior year quarter.

Network Power sales grew 19 percent in the quarter, which included underlying sales growth of 6 percent, a favorable impact of 11 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, all of which experienced double-digit growth during the quarter. The margin for this segment was 12.3 percent versus 11.9 percent in the prior year quarter. Compared to the first quarter of fiscal 2007, the margin for this segment improved by 250 basis points as the segment is realizing the benefits of prior cost reduction efforts.

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Climate Technologies sales increased 11 percent in the second quarter. Underlying sales increased more than 6 percent, acquisitions added 3 percent and currency translation added over 1 percent. Underlying sales in the United States were down nearly 3 percent reflecting slower residential construction rates and tough comparisons to the prior year period due to the 13-SEER transition. International growth for this segment was 23 percent as Europe and Asia both provided exceptional growth. Adoption of heat pump technologies in Europe continued to fuel strong compressor sales growth in this segment. The margin for this segment expanded 40 basis points driven primarily by benefits from prior cost reduction activities and lower restructuring spending.

Appliance and Tools sales grew 6 percent in the quarter which included more than 3 percent growth in underlying sales, reflecting higher sales prices and lower volume. Reported sales also included 1 percent favorable currency translation and 1 percent from acquisitions. Profitability for this segment declined by 210 basis points to 12.0 percent driven by deleverage on volume declines and the negative impact of store reset costs at the big-box retailers. These reset costs will drive sales growth in late 2007 and early 2008.

Balance Sheet / Cash Flow

Operating cash flow was \$548 million in the second quarter of 2007, essentially flat compared to the prior year quarter. Improvements were made during the quarter on working capital programs. This is evidenced by the ratio of trade working capital as a percent of sales, which declined to 18.8 percent from 19.8 percent in the first quarter of 2007.

“Our progress during the second quarter on improving working capital performance is encouraging. We are executing on the plans put in place to drive a more efficient balance sheet. This allows Emerson to generate significant cash flows which fund internal growth programs, while also funding share repurchases and dividends for shareholders,” Farr said. “Based on the second quarter results we still expect to generate 2007 operating cash flow of \$2.7 billion, free cash flow of \$2.0 billion and a return on total capital (ROTC) of approximately 19 percent.”

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2007 Outlook

The first half of fiscal 2007 has provided a strong foundation for the full year, with global economic conditions generally matching expectations. Order trends across the business have also remained supportive of our fiscal 2007 sales and earnings growth objectives. Based on these factors Emerson still expects full year underlying sales in the range of 5 to 7 percent, reported sales growth in the range of 9 to 11 percent and earnings per share in the range of \$2.50 to \$2.60.

Upcoming Investor Events

On Tuesday, May 1, 2007, at 2:00 p.m. EDT (1:00 p.m. CDT), Emerson senior management will discuss the second-quarter fiscal 2007 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.emerson.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.

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

TABLE 1

Quarter ended March 31,	Percent
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	2006	2007	Change
Net sales	\$ 4,852	\$ 5,513	14%
Less: Costs and expenses			
Cost of sales	3,118	3,561	
SG&A expenses	1,005	1,115	
Other deductions, net	54	43	
Interest expense, net	50	58	
Earnings before income taxes	625	736	18%
Income taxes	191	242	
Net earnings	\$ 434	\$ 494	14%
Diluted avg. shares outstanding (millions)	829.0	804.9	
Diluted earnings per common share	\$ 0.52	\$ 0.61	17%

	Quarter ended March 31,	
	2006	2007
Other deductions, net		
Rationalization of operations	\$ 22	\$ 24
Amortization of intangibles	10	16
Other	28	27
Gains	(6)	(24)
Total	\$ 54	\$ 43

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TABLE 2

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

	Six Months Ended March 31,		Percent Change
	2006	2007	
Net sales	\$ 9,400	\$ 10,564	12%
Less: Costs and expenses			
Cost of sales	6,073	6,817	
SG&A expenses	1,955	2,193	
Other deductions, net	77	62	
Interest expense, net	100	116	
Earnings before income taxes	1,195	1,376	15%
Income taxes	362	437	
Net earnings	\$ 833	\$ 939	13%
Diluted avg. shares outstanding (millions)	828.1	806.7	
Diluted earnings per common share	\$ 1.00	\$ 1.16	16%

	Six Months Ended March 31,	
	2006	2007
Other deductions, net		
Rationalization of operations	\$ 34	\$ 40
Amortization of intangibles	19	30
Other	54	58
Gains	(30)	(66)
Total	\$ 77	\$ 62

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TABLE 3

EMERSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)

	March 31,	
	2006	2007
Assets		
Cash and equivalents	\$ 604	\$ 1,094
Receivables, net	3,404	3,888
Inventories	2,063	2,388
Other current assets	560	619
Total current assets	6,631	7,989
Property, plant & equipment, net	2,990	3,259
Goodwill	5,636	6,240
Other	1,952	2,044
	<u>\$ 17,209</u>	<u>\$ 19,532</u>
Liabilities and Stockholders' Equity		
Short-term borrowings and current maturities of long-term debt	\$ 412	\$ 1,349
Accounts payable	1,867	2,137
Accrued expenses	1,705	2,016
Income taxes	279	284
Total current liabilities	4,263	5,786
Long-term debt	3,132	3,375
Other liabilities	1,867	2,025
Stockholders' equity	7,947	8,346
	<u>\$ 17,209</u>	<u>\$ 19,532</u>

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TABLE 4

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

	Six Months Ended March 31,	
	2006	2007
Operating Activities		
Net earnings	\$ 833	\$ 939
Depreciation and amortization	294	328
Changes in operating working capital	(376)	(464)
Other	117	72
Net cash provided by operating activities	<u>868</u>	<u>875</u>
Investing Activities		
Capital expenditures	(214)	(276)
Purchases of businesses, net of cash & equivalents acquired	(269)	(172)
Other	13	86
Net cash used in investing activities	<u>(470)</u>	<u>(362)</u>
Financing Activities		

Net increase (decrease) in short-term borrowings	(311)	398
Proceeds from long-term debt	5	248
Principal payments on long-term debt	(257)	(3)
Dividends paid	(367)	(421)
Purchases of treasury stock	(111)	(478)
Other	15	6
Net cash used in financing activities	<u>(1,026)</u>	<u>(250)</u>
Effect of exchange rate changes on cash and equivalents	<u>(1)</u>	<u>21</u>
Increase (decrease) in cash and equivalents	(629)	284
Beginning cash and equivalents	<u>1,233</u>	<u>810</u>
Ending cash and equivalents	\$ <u>604</u>	\$ <u>1,094</u>

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TABLE 5

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

	Quarter Ended March 31,	
	2006	2007
Sales		
Process Management	\$ 1,143	\$ 1,345
Industrial Automation	931	1,057
Network Power	1,004	1,191
Climate Technologies	852	945
Appliance and Tools	<u>1,072</u>	<u>1,133</u>
	5,002	5,671
Eliminations	<u>(150)</u>	<u>(158)</u>
Total Emerson	<u>\$ 4,852</u>	<u>\$ 5,513</u>
	Quarter Ended March 31,	
	2006	2007
Earnings		
Process Management	\$ 190	\$ 239
Industrial Automation	131	151
Network Power	119	146
Climate Technologies	125	141
Appliance and Tools	<u>151</u>	<u>137</u>
	716	814
Differences in accounting methods	42	52
Corporate and other	(83)	(72)
Interest expense, net	<u>(50)</u>	<u>(58)</u>
Earnings before income taxes	<u>\$ 625</u>	<u>\$ 736</u>
	Quarter Ended March 31,	
	2006	2007
Rationalization of operations		
Process Management	\$ 1	\$ 4
Industrial Automation	3	3
Network Power	3	5
Climate Technologies	8	4
Appliance and Tools	<u>7</u>	<u>8</u>
Total Emerson	<u>\$ 22</u>	<u>\$ 24</u>

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TABLE 6

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

		Six Months Ended March 31,	
		2006	2007
Sales			
Process Management	\$	2,240	\$ 2,563
Industrial Automation		1,791	2,051
Network Power		1,943	2,390
Climate Technologies		1,600	1,633
Appliance and Tools		2,112	2,221
		9,686	10,858
Eliminations		(286)	(294)
Total Emerson	\$	9,400	\$ 10,564
		Six Months Ended March 31,	
		2006	2007
Earnings			
Process Management	\$	366	\$ 456
Industrial Automation		274	317
Network Power		227	263
Climate Technologies		227	231
Appliance and Tools		271	270
		1,365	1,537
Differences in accounting methods		82	100
Corporate and other		(152)	(145)
Interest expense, net		(100)	(116)
Earnings before income taxes	\$	1,195	\$ 1,376
		Six Months Ended March 31,	
		2006	2007
Rationalization of operations			
Process Management	\$	3	\$ 6
Industrial Automation		5	6
Network Power		6	9
Climate Technologies		9	7
Appliance and Tools		11	12
Total Emerson	\$	34	\$ 40

Add Ten

TABLE 7

Reconciliations of Non-GAAP Financial Measures

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

	2006	2007	Percent Change
Second-Quarter Operating Profit			
Net Sales	\$ 4,852	\$ 5,513	14%
Cost of Sales	3,118	3,561	
SG&A Expenses	1,005	1,115	

Operating Profit (Non-GAAP)	<u>729</u>	<u>837</u>	15%
Operating Profit % (Non-GAAP)	15.0%	15.2%	
Other Deductions, Net	54	43	
Interest Expense, Net	<u>50</u>	<u>58</u>	
Pretax Earnings	\$ 625	\$ 736	18%
Pretax Earnings %	12.9%	13.3%	

Expected
Fiscal 2007

Net Sales

Underlying Sales (Non-GAAP)	5 - 7%
Fgn. Currency Translation / Acq / Div	<u>4 pts</u>
Net Sales	9 - 11%

Full Year 2007 Expected Cash Flow

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

All amounts above are GAAP financial measures except as noted.

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