

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): August 7, 2007

Emerson Electric Co.

(Exact Name of Registrant as Specified in its Charter)

Missouri

(State or Other
Jurisdiction of
Incorporation)

1-278

(Commission
File Number)

43-0259330

(I.R.S. Employer
Identification Number)

8000 West Florissant Avenue
St. Louis, Missouri

(Address of Principal Executive Offices)

63136

(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 August 7, 2007, a press release was issued regarding the third 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.)

Apr '07

May '07

Jun '07

Process Management	+10 to +15	+15 to +20	+10
Industrial Automation	+10 to +15	+10	+10
Network Power	+5 to +10	+10 to +15	+10 to +15
Climate Technologies	+10 to +15	+10 to +15	+5
Appliance and Tools	+0 to +5	0	-5 to 0
Total Emerson	+10	+10	+5 to +10

June 2007 Order Comments:

Order growth was positive 5 to 10 percent for the three months ended in June as order rates declined at Process Management, Climate Technologies and Appliance and Tools. Favorable currency exchange rates contributed approximately 2 percentage points to the order growth.

Process Management continued to see positive end market dynamics and achieved 10 percent growth in the quarter. Order growth was balanced across the valve, systems and measurement businesses.

Industrial Automation achieved 10 percent order growth and was led by the power generating alternator and electronic drives businesses. Orders also benefited from the weaker dollar.

Order growth for Network Power continued to be strong and was driven by spending in the datacenter computing and telecommunications end markets.

Climate Technologies order growth was positive 5 percent for the quarter ended in June. Order growth slowed as comparisons to the prior year period became more difficult.

Appliance and Tools dropped for the three months ended in June as the businesses serving big box retailers and residential construction continued to see softness. The professional tools business continued to have strong growth driven by non-residential construction.

Upcoming Investor Events:

Emerson senior management will discuss the Company's third quarter 2007 results during an investor conference call that will be held on Tuesday, August 7, 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.

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>
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99.1	Emerson's August 7, 2007 Press Release announcing its third quarter 2007 results.
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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: August 7, 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>
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99.1	Emerson's August 7, 2007 Press Release announcing its third quarter 2007 results.
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news release

For immediate release

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

EMERSON ANNOUNCES THIRD QUARTER 2007 RESULTS

- Sales increased 13 percent to \$5.9 billion
- Earnings per share of \$0.72, up 22 percent
- Operating cash flow increased 45 percent to \$899 million

ST. LOUIS, August 7, 2007 – Emerson (NYSE: EMR) today announced record net sales and earnings for the third quarter ended June 30, 2007. Net sales totaled \$5.9 billion, an increase of 13 percent from the \$5.2 billion reported in the prior year period. For the quarter, underlying sales increased 9 percent which excludes the impact of favorable currency exchange rates (3 percent) and growth from acquisitions, net of divestitures (1 percent). Four of Emerson's five business segments reported double-digit sales growth in the quarter.

Net earnings increased 18 percent to \$574 million, or \$0.72 per share. The earnings per share amount represents an increase of 22 percent from the \$0.59 of earnings per share achieved in the third quarter of 2006. Operating profit margins improved to 16.1% in the quarter, a 40 basis point improvement from the 2006 period. Margins improved in four of the Company's five business segments. Pretax earnings margins were 14.0 percent compared to 13.7 percent in the prior year period.

"Emerson's continued strong performance this quarter demonstrates that our long-term strategies are working," said Emerson Chairman, Chief Executive Officer and President, David N. Farr. "Our strong organic growth and profit margin improvements would not be possible without market leading technologies and global business platforms to serve our customers. Investing in these technologies and business platforms, while expanding our global footprint, will continue to be Emerson's focus moving forward."

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For the nine months ended June 30, 2007, net sales were \$16.4 billion, an increase of 12 percent over the same period last year. Earnings per share for the first nine months of the fiscal year were \$1.88, an increase of 18 percent over the prior year period.

Balance Sheet / Cash Flow:

Operating cash flow in the quarter was \$899 million, an increase of 45 percent compared to \$620 million in the third quarter of 2006. Free cash flow (operating cash flow less capital expenditures) for the quarter was \$755 million, a 57 percent increase versus the prior year quarter. The Company's full-year target for capital spending is unchanged at approximately \$700 million, but the full year targets for operating and free cash flow have been increased to \$2.8 billion and \$2.1 billion respectively.

"The Company's cash flow performance in the quarter was very good and is a testament to the operating management who were key to delivering these strong results," Farr said. "Focus on cash flow generation and return on total capital continues to be a high priority at Emerson. This focus provides the Company with the ability to make internal growth investments and acquisitions, while also returning significant amounts of cash to shareholders in the form of dividends and share repurchases." Through the first nine months of fiscal 2007, the Company has paid \$629 million in dividends and repurchased \$628 million of stock. Emerson's goal is to return between 50 and 60 percent of operating cash flow to shareholders and the Company expects to be at the high end of this range in 2007.

Operating Highlights:

Process Management had another strong quarter as revenue grew by 19 percent. This increase was comprised of 14 percent underlying sales growth, 3 percent favorable impact from currency and 2 percent growth from acquisitions. The momentum of this business is evidenced by continued large project wins around the world. During the quarter, Process announced project awards to

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digitally automate facilities in the oil sands of Canada as well as the largest lignite-fired power plant in Europe.

Industrial Automation revenues increased by 13 percent during the quarter with growth led by the power generating alternator business. Underlying sales growth in the quarter was 9 percent which excludes a 4 percent favorable impact from currency translation. Growth rates for this segment were highest internationally, where underlying sales grew 12 percent.

Network Power sales increased by 14 percent in the quarter. Underlying sales were up 11 percent, favorable currency translation added more than 2 percent and acquisitions, net of divestitures, contributed approximately 1 percent. In the quarter, growth was in excess of 20 percent for the uninterruptible power supply (UPS) and precision cooling businesses as well as the power systems business in Asia.

Climate Technologies grew by 13 percent in the quarter, with Europe and Asia leading the growth. Underlying sales in the quarter increased by 8 percent, acquisitions added 3 percent of growth and currency translation added 2 percent. Favorable conditions outside the United States led to 18 percent underlying sales growth internationally. Growth in the United States was 3 percent in spite of continued softness from residential construction markets.

Appliance and Tools experienced revenue growth of 1 percent in the third quarter. Underlying sales for this segment decreased by 1 percent and was offset by favorable 1 percent impacts from both currency translation and acquisitions. The consumer exposures in this segment, primarily related to big box retailers and residential construction, were soft and led to the negative underlying sales growth.

Full Year Earnings Outlook:

Based on strong results for the first three quarters of fiscal 2007 and continued solid order trends, Emerson has increased the outlook for the full year. The Company now expects full year earnings per share in the range of \$2.58 to

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\$2.63, an increase from the previous guidance of \$2.50 to \$2.60. The new range equates to earnings per share growth of 15 to 17 percent. For the year, underlying sales growth is expected in the range of 6 to 7 percent and reported sales growth is expected to be in the range of 10 to 12 percent.

Upcoming Investor Events

On Tuesday, August 7, 2007, at 2:00 p.m. EDT (1:00 p.m. CDT), Emerson senior management will discuss the third-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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TABLE 1

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

	Quarter Ended June 30,		Percent
	2006	2007	Change
Net sales	\$ 5,217	\$ 5,874	13%
Less: Costs and expenses			
Cost of sales	3,361	3,769	
SG&A expenses	1,037	1,160	
Other deductions, net	54	59	
Interest expense, net	51	62	
Earnings before income taxes	714	824	16%
Income taxes	228	250	

Net earnings	\$	<u>486</u>	\$	<u>574</u>	18%
Diluted avg. shares outstanding (millions)		825.8		802.1	
Diluted earnings per common share	\$	<u>0.59</u>	\$	<u>0.72</u>	22%

	Quarter ended June 30,	
	2006	2007
Other deductions, net		
Rationalization of operations	\$ 19	\$ 20
Amortization of intangibles	13	16
Other	34	26
Gains	(12)	(3)
Total	\$ <u>54</u>	\$ <u>59</u>

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TABLE 2

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

	Nine Months Ended June 30,		Percent Change
	2006	2007	
Net sales	\$ 14,617	\$ 16,438	12%
Less: Costs and expenses			
Cost of sales	9,434	10,586	
SG&A expenses	2,992	3,353	
Other deductions, net	131	121	
Interest expense, net	151	178	
Earnings before income taxes	1,909	2,200	15%
Income taxes	590	687	
Net earnings	\$ <u>1,319</u>	\$ <u>1,513</u>	15%
Diluted avg. shares outstanding (millions)	827.3	805.2	
Diluted earnings per common share	\$ <u>1.59</u>	\$ <u>1.88</u>	18%

	Nine Months Ended June 30,	
	2006	2007
Other deductions, net		
Rationalization of operations	\$ 53	\$ 60
Amortization of intangibles	32	46
Other	88	84
Gains	(42)	(69)
Total	\$ <u>131</u>	\$ <u>121</u>

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TABLE 3

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

	June 30,	
	2006	2007
Assets		
Cash and equivalents	\$ 695	\$ 1,331

Receivables, net	3,668	4,083
Inventories	2,212	2,309
Other current assets	592	648
Total current assets	7,167	8,371
Property, plant & equipment, net	3,076	3,279
Goodwill	6,005	6,289
Other	2,136	2,136
	<u>\$ 18,384</u>	<u>\$ 20,075</u>

Liabilities and Stockholders' Equity

Short-term borrowings and current maturities of long-term debt	\$ 984	\$ 954
Accounts payable	2,031	2,247
Accrued expenses	1,892	2,198
Income taxes	303	283
Total current liabilities	5,210	5,682
Long-term debt	3,132	3,623
Other liabilities	1,946	2,067
Stockholders' equity	8,096	8,703
	<u>\$ 18,384</u>	<u>\$ 20,075</u>

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TABLE 4

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

	Nine Months Ended June 30,	
	2006	2007
Operating Activities		
Net earnings	\$ 1,319	\$ 1,513
Depreciation and amortization	454	491
Changes in operating working capital	(373)	(281)
Pension funding	(100)	(100)
Other	188	151
Net cash provided by operating activities	<u>1,488</u>	<u>1,774</u>
Investing Activities		
Capital expenditures	(354)	(420)
Purchases of businesses, net of cash & equivalents acquired	(708)	(187)
Other	28	72
Net cash used in investing activities	<u>(1,034)</u>	<u>(535)</u>
Financing Activities		
Net increase in short-term borrowings	172	9
Proceeds from long-term debt	5	496
Principal payments on long-term debt	(260)	(3)
Dividends paid	(550)	(629)
Purchases of treasury stock	(411)	(628)
Other	38	7
Net cash used in financing activities	<u>(1,006)</u>	<u>(748)</u>
Effect of exchange rate changes on cash and equivalents	<u>14</u>	<u>30</u>
Increase (decrease) in cash and equivalents	<u>(538)</u>	<u>521</u>
Beginning cash and equivalents	<u>1,233</u>	<u>810</u>
Ending cash and equivalents	<u>\$ 695</u>	<u>\$ 1,331</u>

Add Eight

TABLE 5

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

	Quarter Ended June 30,	
	2006	2007
Sales		
Process Management	\$ 1,233	\$ 1,471
Industrial Automation	968	1,095
Network Power	1,155	1,322
Climate Technologies	923	1,043
Appliance and Tools	1,099	1,107
	5,378	6,038
Eliminations	(161)	(164)
Total Emerson	\$ 5,217	\$ 5,874
	Quarter Ended June 30,	
	2006	2007
Earnings		
Process Management	\$ 221	\$ 269
Industrial Automation	142	161
Network Power	139	178
Climate Technologies	155	174
Appliance and Tools	141	146
	798	928
Differences in accounting methods	46	56
Corporate and other	(79)	(98)
Interest expense, net	(51)	(62)
Earnings before income taxes	\$ 714	\$ 824
	Quarter Ended June 30,	
	2006	2007
Rationalization of operations		
Process Management	\$ 3	\$ 2
Industrial Automation	4	5
Network Power	3	5
Climate Technologies	2	2
Appliance and Tools	7	6
Total Emerson	\$ 19	\$ 20

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TABLE 6

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

	Nine Months Ended June 30,	
	2006	2007
Sales		
Process Management	\$ 3,473	\$ 4,034
Industrial Automation	2,759	3,146
Network Power	3,098	3,712
Climate Technologies	2,523	2,676
Appliance and Tools	3,211	3,328
	15,064	16,896

Eliminations		(447)		(458)
Total Emerson	\$	<u>14,617</u>	\$	<u>16,438</u>
Nine Months Ended June 30,				
		2006		2007
Earnings				
Process Management	\$	587	\$	725
Industrial Automation		416		478
Network Power		366		441
Climate Technologies		382		405
Appliance and Tools		<u>412</u>		<u>416</u>
		2,163		2,465
Differences in accounting methods		128		156
Corporate and other		(231)		(243)
Interest expense, net		<u>(151)</u>		<u>(178)</u>
Earnings before income taxes	\$	<u>1,909</u>	\$	<u>2,200</u>
Nine Months Ended June 30,				
		2006		2007
Rationalization of operations				
Process Management	\$	6	\$	8
Industrial Automation		9		11
Network Power		9		14
Climate Technologies		11		9
Appliance and Tools		<u>18</u>		<u>18</u>
Total Emerson	\$	<u>53</u>	\$	<u>60</u>

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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
Third-Quarter Cash Flow			
Operating Cash Flow	\$ 620	\$ 899	45%
Capital Expenditures	<u>140</u>	<u>144</u>	
Free Cash Flow (Non-GAAP)	\$ 480	\$ 755	57%
Full Year 2007 Expected Cash Flow			
Operating Cash Flow		~ \$2,800	
Capital Expenditures		<u>~700</u>	
Free Cash Flow (Non-GAAP)		~ \$ 2,100	
Third-Quarter Operating Profit			
Net Sales	\$ 5,217	\$ 5,874	13%
Cost of Sales	3,361	3,769	
SG&A Expenses	<u>1,037</u>	<u>1,160</u>	
Operating Profit (Non-GAAP)	819	945	15%
Operating Profit Margin % (Non-GAAP)	15.7%	16.1%	
Other Deductions, Net	54	59	
Interest Expense, Net	<u>51</u>	<u>62</u>	
Pretax Earnings	\$ 714	\$ 824	16%
Pretax Earnings Margin %	13.7%	14.0%	
	Expected FY 2007		
Net Sales			
Underlying Sales (Non-GAAP)	6 — 7%		
Currency Translation / Acq. / Div.	<u>4 — 5pts</u>		
Net Sales	10 — 12%		

