

2009 Investor Conference



EMERSON

Investor Conference

David N. Farr
Chairman, Chief Executive Officer & President
February 6, 2009

Safe Harbor Statement

Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the remainder of the year and Emerson undertakes no obligation to update any such statement to reflect later developments. Information on factors that could cause actual results to vary materially from those discussed today is available in our most recent Annual Report on Form 10-K as filed with the SEC.

Non-GAAP Measures

In this presentation we will discuss some non-GAAP measures (denoted with an *) in talking about our company's performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or is available at our website www.emerson.com under the investor relations tab.



Investor Conference – Agenda February 6, 2009

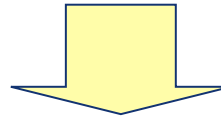
8:00am	Continental Breakfast	
8:30	Strategic Overview	David Farr
10:10	Global Operations	Ed Monser
10:45	Realizing Value & Growth	Charlie Peters
11:15	Wrap-Up and Q&A	David Farr

Key Messages To Drive Long-Term Value Creation

- **Emerson has a history of solid financial performance – and we plan to outperform the market in this challenging, global environment**
- **A key focus remains on building a strong portfolio of businesses that will maintain a 5-7% underlying sales growth through-the-cycle – But 2009 and 2010 will be tough with down underlying sales growth**
- **Technology leadership continues to be a differentiating strategy**
- **Long-Term Strategic Imperatives to Drive Emerson's Value Creation have not changed – Drive through 2009 and 2010 to position us for a strong recovery**
- **Business Group Summary and 2009 outlook**

If We Perform on These Challenges, We Will Continue to Drive Emerson's Value Creation:

- **Underlying Sales Growth** **5 - 7%**
- **Operating Profit** **15 - 17+%**
- **Trade Working Capital** **<15% of sales**
- **Free Cash Flow** **9 - 12% of sales**
- **Return on Total Capital** **17 - 22%**



Investing Cash to Drive Long-Term Growth, Profitability, and Returns:

- **Technology & New Products**
- **Globalization of Assets**
- **Capital Expenditures:**
 ~3% of Sales
- **Acquisitions to Build Strong, Global Business Platforms**
- **Dividends & Share Repurchases**

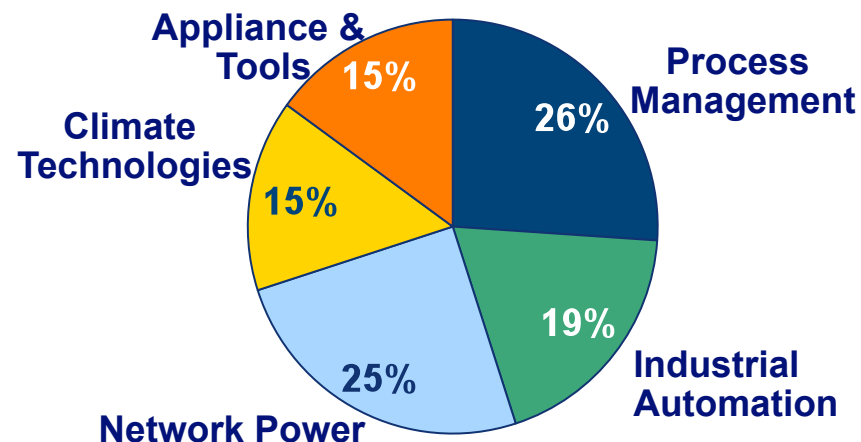


We Will Control Our Destiny

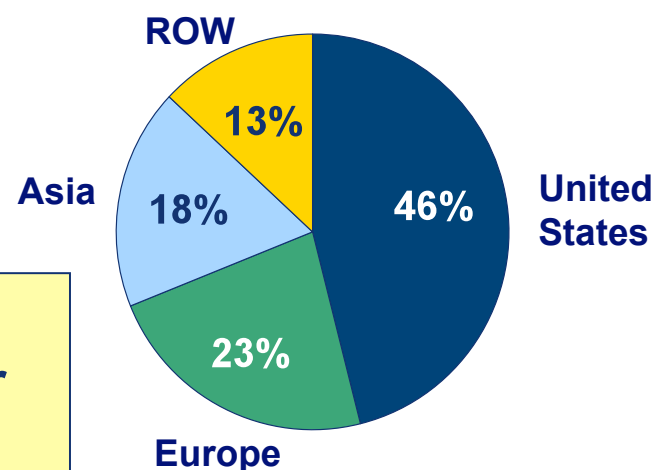
Emerson Business Summary

	<u>2007</u>	<u>2008</u>	<u>2007-08 Growth</u>
Sales	\$22.1B	\$24.8B	12.1%
OP \$*	\$3.5B	\$4.1B	16.8%
OP %*	15.8%	16.5%	
Free Cash Flow*	\$2.3B	\$2.6B	10.4%
FCF %*	10.3%	10.4%	
EPS ⁽¹⁾	\$2.65	\$3.11	17.4%
DPS	\$1.05	\$1.20	14.3%
ROTC	20.1%	21.8%	

2008 Sales by Segment



2008 Sales by Geography



**2008 Was an Outstanding Year!
In December We Raised Our DPS – Now for
52½ Consecutive Years!**

(1) Continuing Operations

Strong Performance the Last 5 Years

\$B (except EPS)	2003	2004	2005	2006	2007	2008	2003-2008 CAGR
Sales	\$13.6	\$15.2	\$16.9	\$19.7	\$22.1	\$24.8	12.7%
Operating Profit*	\$1.9	\$2.3	\$2.6	\$3.1	\$3.5	\$4.1	16.1%
% of Sales*	14.2%	14.8%	15.2%	15.5%	15.8%	16.5%	2.3 pts
Net Earnings	\$1.1	\$1.3	\$1.4	\$1.8	\$2.1	\$2.4	17.2%
% of Sales	8.0%	8.3%	8.4%	9.4%	9.7%	9.7%	1.7 pts
Operating Cash Flow	\$1.7	\$2.2	\$2.2	\$2.5	\$3.0	\$3.3	13.7%
Free Cash Flow*	\$1.4	\$1.8	\$1.7	\$1.9	\$2.3	\$2.6	13.1%
% of Sales*	10.0%	11.6%	9.6%	9.5%	10.3%	10.4%	
EPS⁽¹⁾	\$1.19	\$1.48	\$1.69	\$2.23	\$2.65	\$3.11	21.2%
ROTC	12.7%	14.2%	15.5%	18.4%	20.1%	21.8%	9.1 pts

We Have a History of Outperforming and Our Plan is to Do the Same in a Down Market!

(1) Continuing Operations

Fiscal Year 2009 Guidance: Very Challenging Global Economics and Business Environment

<u>2008</u>	<u>2009 Forecast</u>		<u>% Change</u>
			<u>2008-09</u>
Sales (8%)	\$24.8B	\$23 to \$23.7B	(5%) to
Operating Margin*	16.5%	15.9 – 16.4%	(10) to (60)
	basis points		
EPS (reported)	\$3.06	\$2.70 to \$2.95	(4%) to (12%)
EPS (continuing operations)	\$3.11	\$2.70 to \$2.95	(5%) to (13%)
Operating Cash Flow	\$3.3B	\$3.2B to \$3.4B	
Capital Expenditures	\$714M	<\$0.7B	<3% of Sales

Assumptions:

- Gross Fixed Investment (GFI)

	<u>2008-2009</u>
US: Private	(10%) to (13%)
Europe	(3%) to (5%)
Japan	(3%) to (5%)
China	10% to 12%
India	5% to 10%
Latin America	3% to 5%

- Underlying* sales growth: (3%) to (6%)
- Currency Unfavorable: ~\$1.2B (-5 pts)
–Euro to USD\$ exchange rate: 1.30
- Assumed future and completed acquisitions +3 pts: ~\$750M Sales
- Restructuring cost: \$175 to \$200M
- Pension Expense: approx. neutral; cash funding up to \$300M

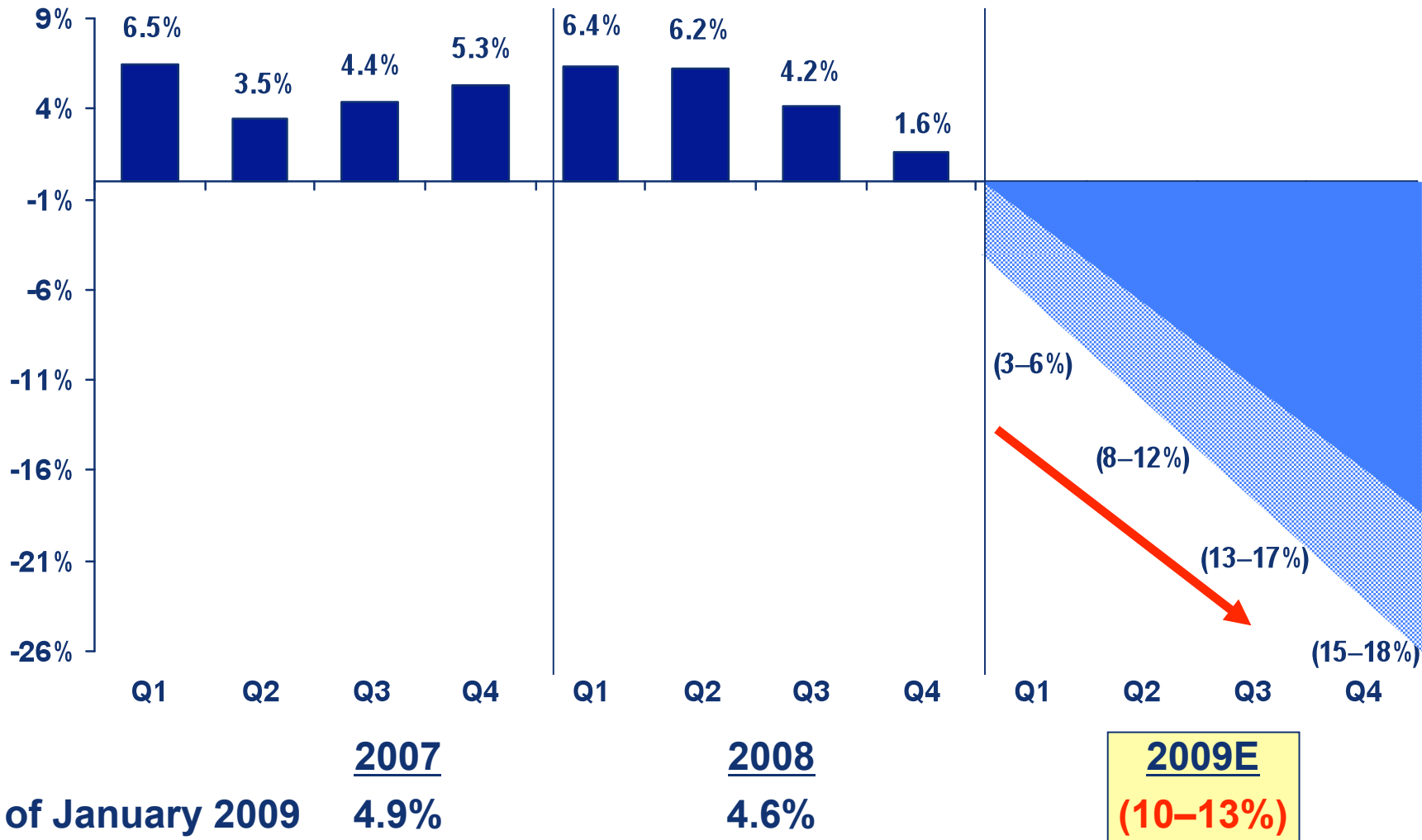
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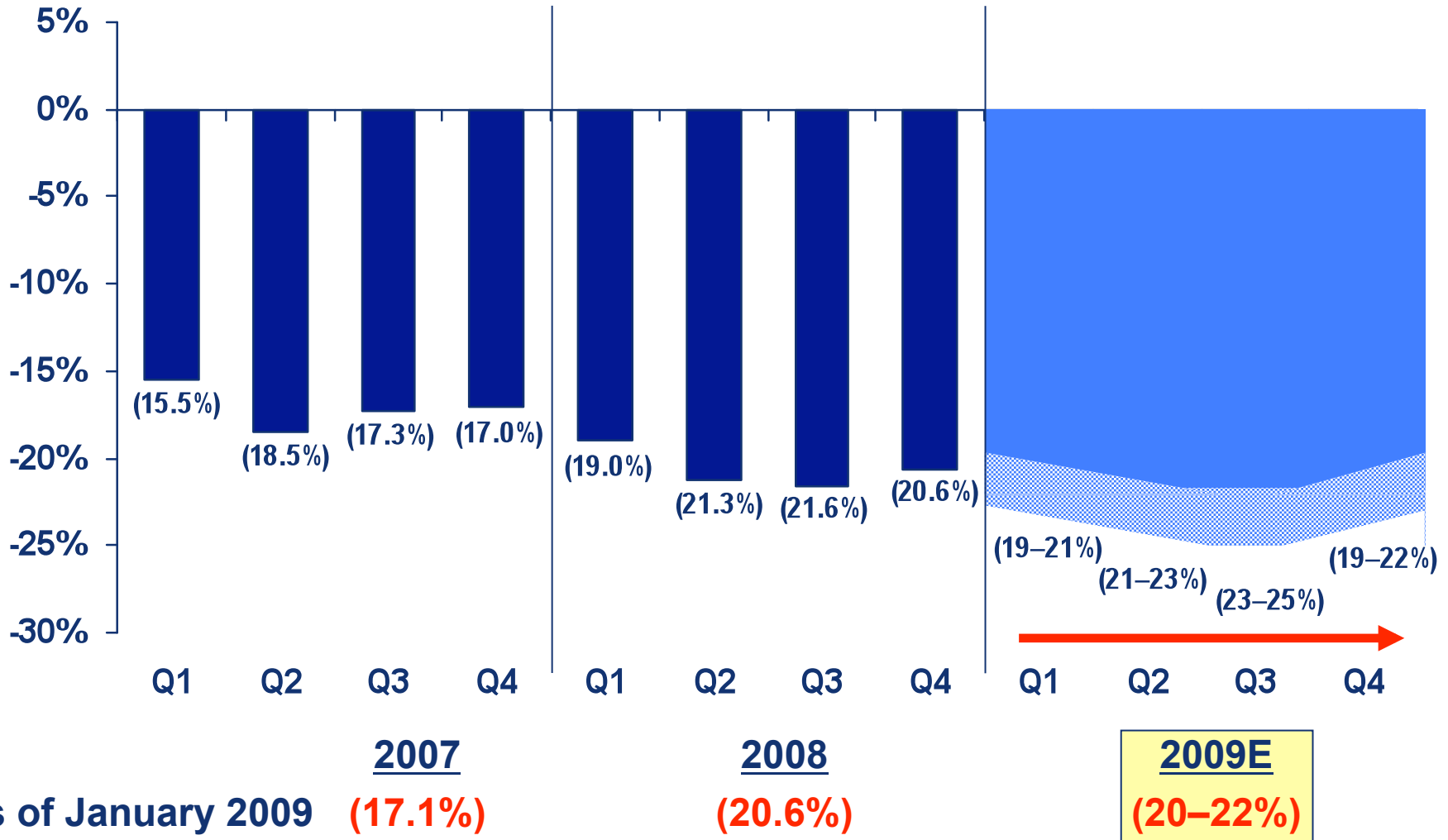
G7 Composite Leading Indicators And Industrial Production Index - 3MMA of Year/Year¹

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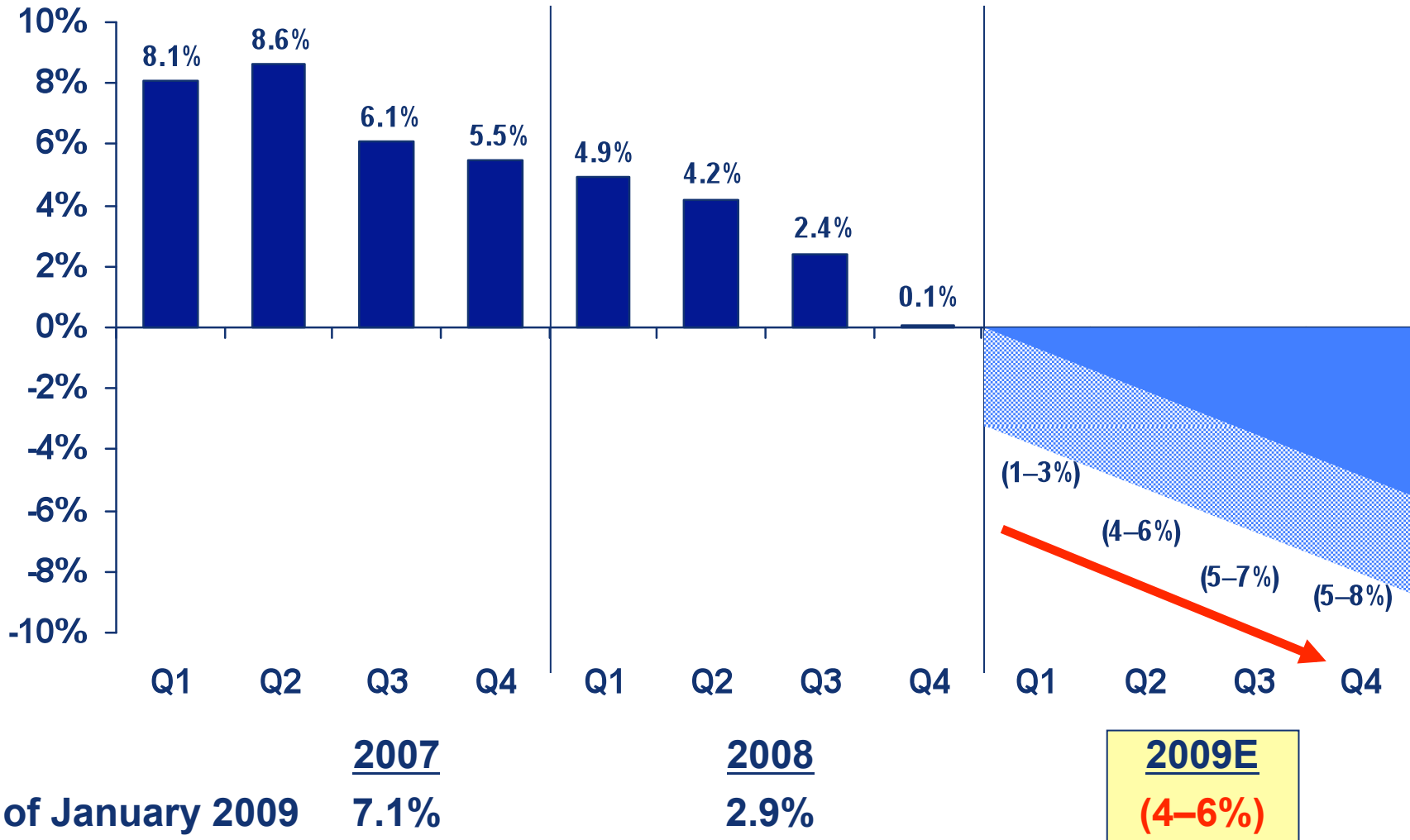
US Non-Residential Gross Fixed Investment (GFI)



US Residential Gross Fixed Investment (GFI)



Europe Real Gross Fixed Investment (GFI)



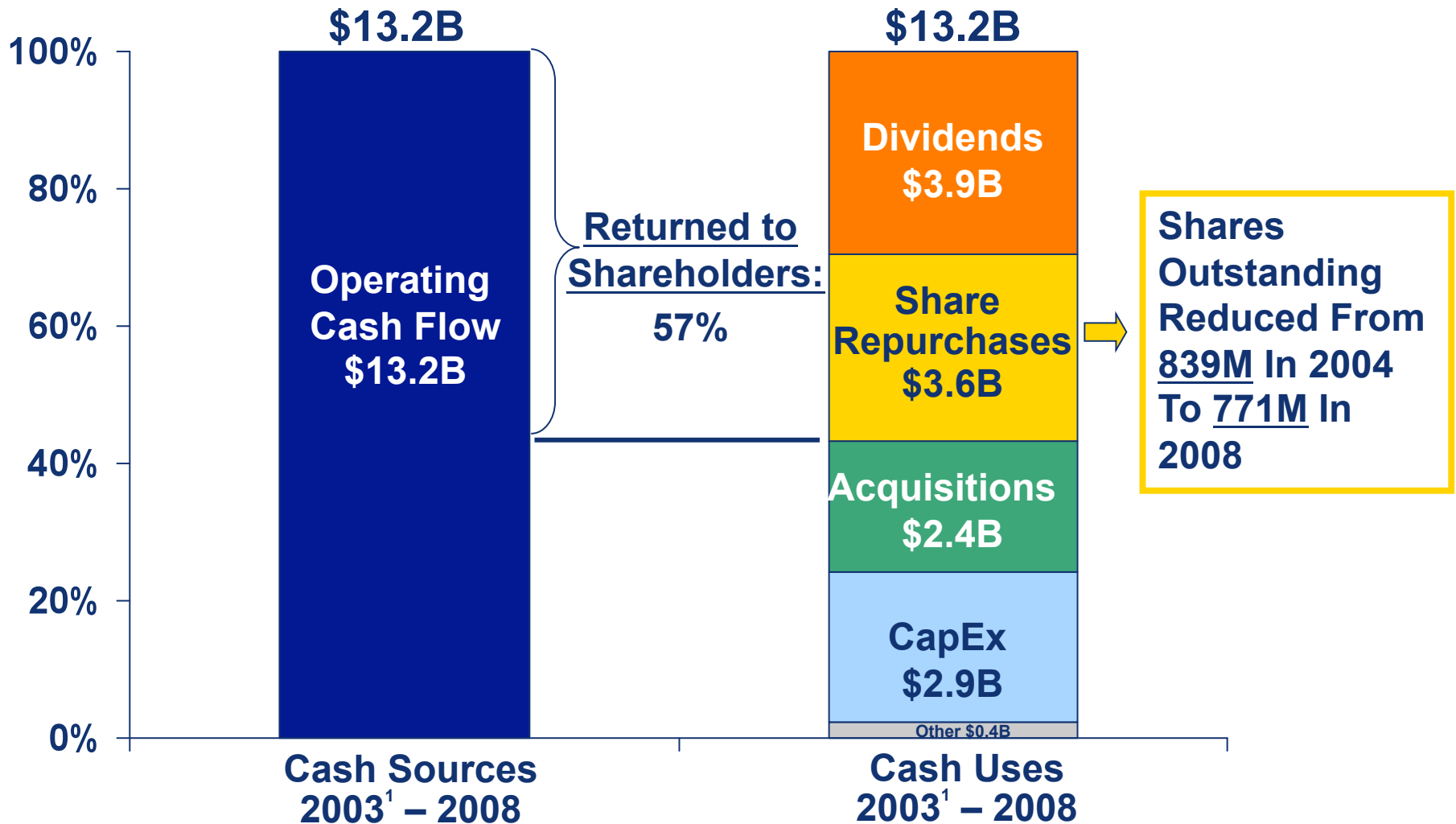
Underlying **Global** Economics Are Weaker, Most Emerging Markets Still Positive

	<u>2007/08</u> <u>% Change</u>	<u>2008 GFI \$</u>	<u>2008/09</u> <u>% Change</u>
US Private GFI	(3.2%)	\$2.1T	(10–13%) ↓
UK	(0.6%)	\$0.5T	(8–12%) ↓
France	2.0%	\$0.6T	(3–6%) ↓
Germany	4.4%	\$0.7T	(5–7%) ↓
Italy	(0.6%)	\$0.5T	(3–5%) ↓
Japan	(3.5%)	\$1.1T	(3–5%) ↓
Canada	3.0%	\$0.4T	(1–3%) ↓
G7	(0.9%)	\$6.4T	(6–9%) ↓
China	12.6%	\$1.8T	10–12% ↑
India	12.3%	\$0.4T	5–10% ↑
Eastern Europe/Russia	10.6%	\$1.0T	0–3% ↑
Latin America	11.6%	\$0.8T	3–5% ↑
Middle East and Africa	11.4%	\$0.4T	4–7% ↑
Emerging Markets	10.7%	\$4.6T	4–7% ↑
Emerson Global Weighted	2.4%		(4.6%) ↓

Key Messages To Drive Long-Term Value Creation

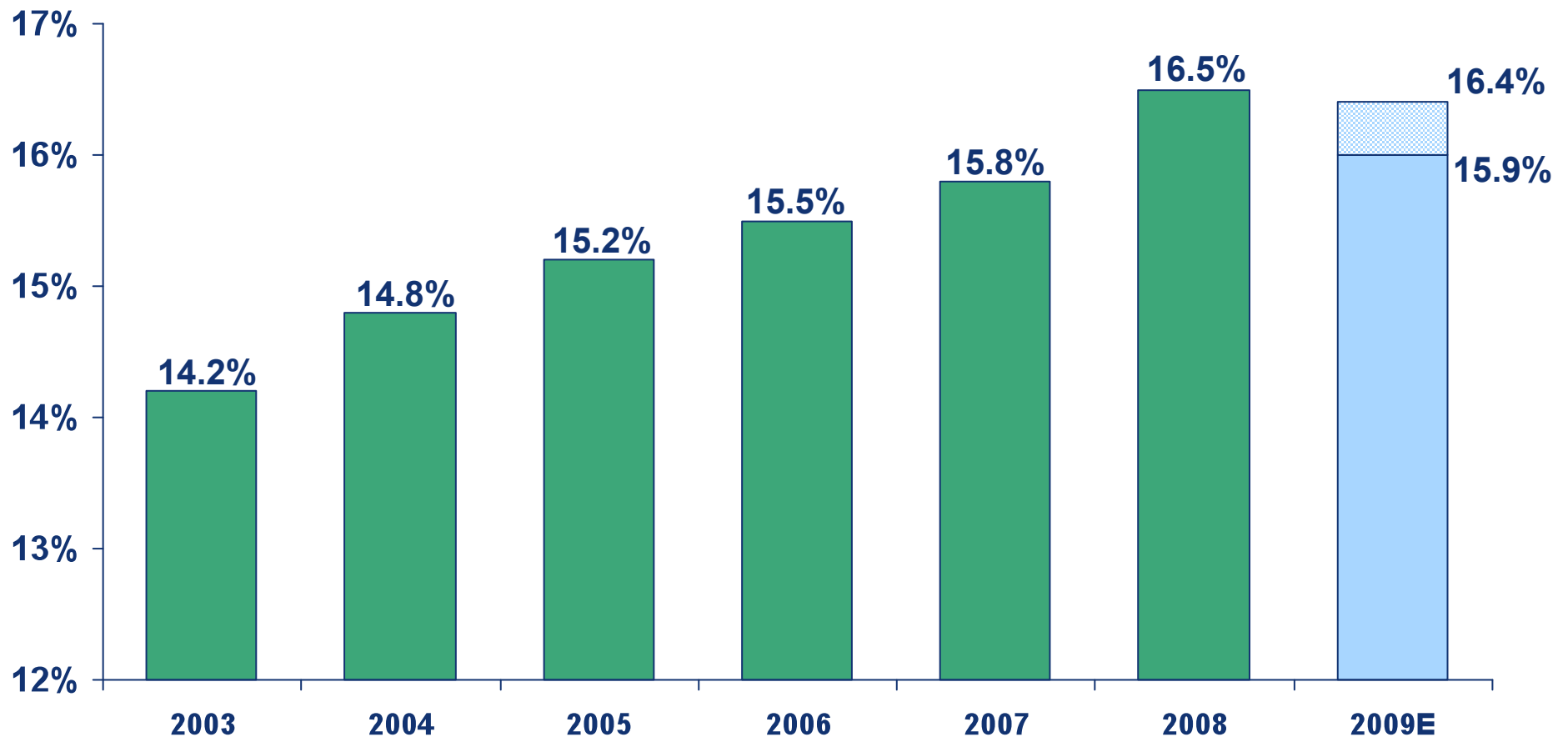
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Emerson Returned 57% Of Operating Cash Flow To Shareholders From 2003¹ – 2008



¹ Starting 10/1/2003 and ending 9/30/2008

Operating Profit Margin*

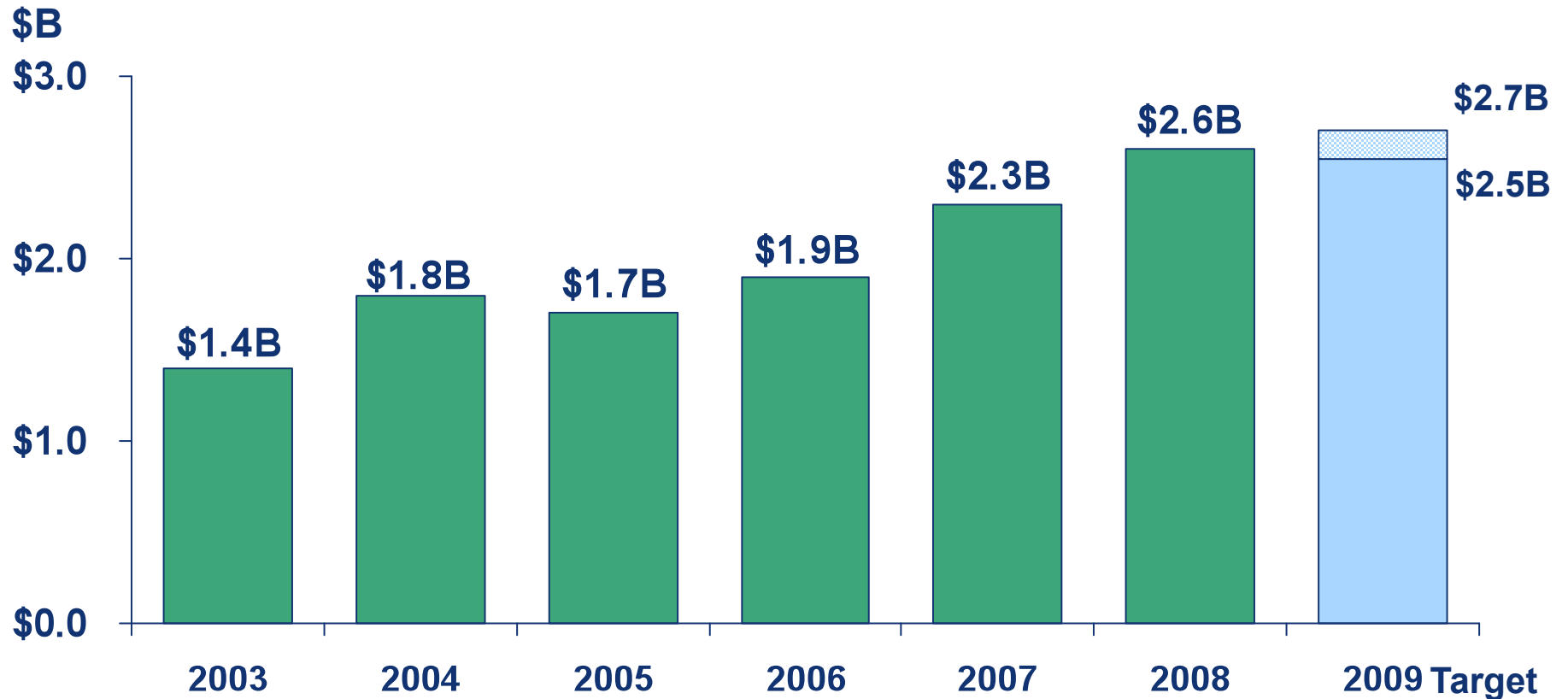


Strong Operating Margin Performance – We Have Repositioned the Company to Target Premium Profitability Through the Cycle: 15-17+%

Operating Profit Margin Performance Driven by Continuous Execution of Emerson's Management Process

- Execute the Emerson Planning Process Everyday
- Changed the Business Mix to Enhance Growth and Profitability
- Restructuring in Good Times and Bad -- Repositions Our Assets for Optimal Performance
- Constant Pursuit of Technology for Game Changing New Products and Improved Profitability
- Invested in a Stronger Global Presence in Sales, Marketing, Customer Support, Technology, and Manufacturing

Free Cash Flow Performance* – Key Operational Focus for 2009



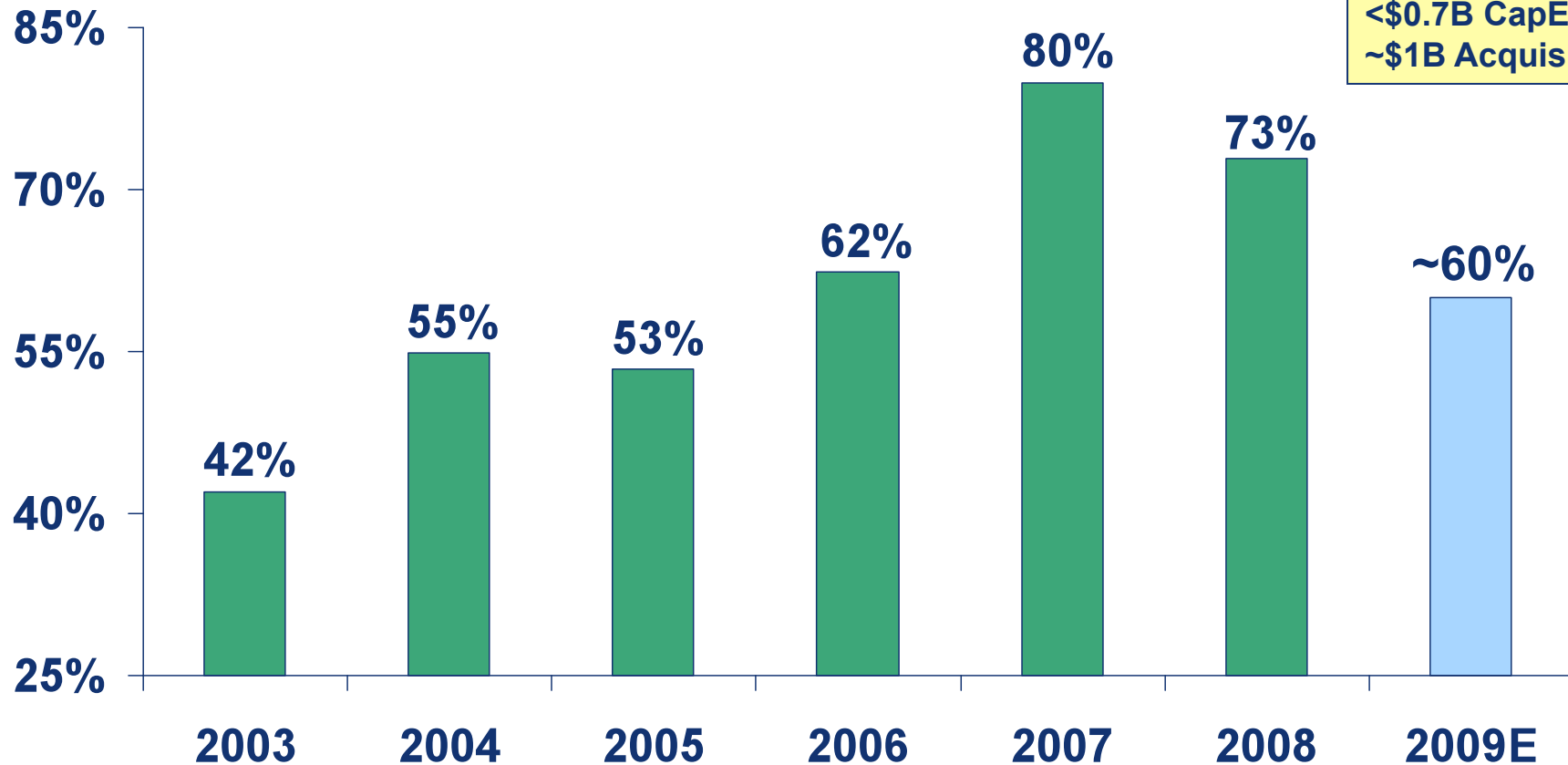
% of Sales	2003	2004	2005	2006	2007	2008	2009 Target
	10.0%	11.6%	9.6%	9.5%	10.3%	10.4%	11.0-11.5%

Strong Free Cash Flow Generation – 11-11.5% Is a Key Metric for 2009

Emerson's Balance Sheet and Flexibility to Invest for Growth Remains Strong

Operating Cash Flow to Debt

Assumptions
\$1B Dividends
~\$1B Share Repo
<\$0.7B CapEx
~\$1B Acquisitions



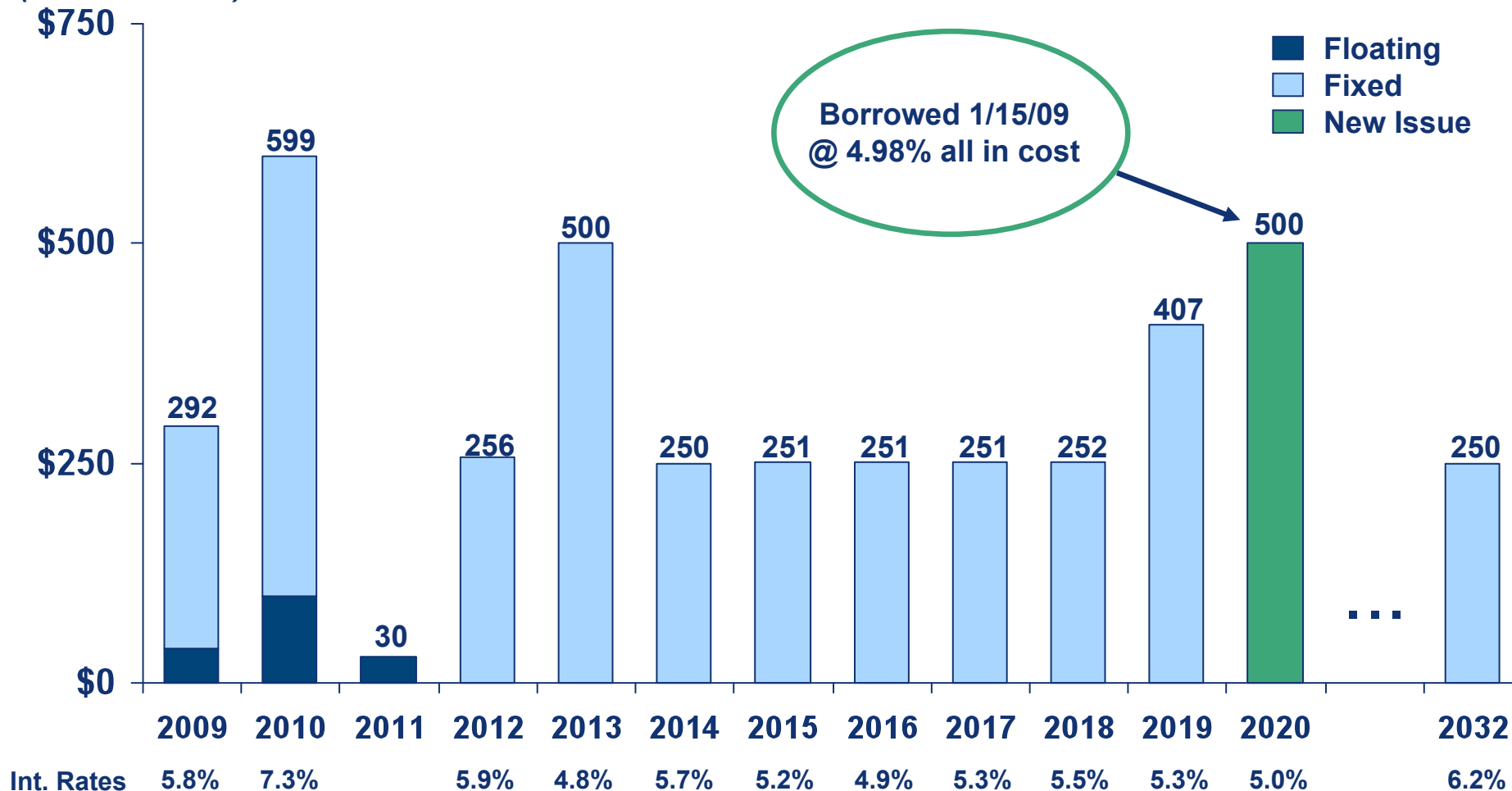
We Have a Strong Cash Position and a Strong Balance Sheet to Invest for Long-term Growth and Profitability

Liquidity Position Remains Strong and Flexible

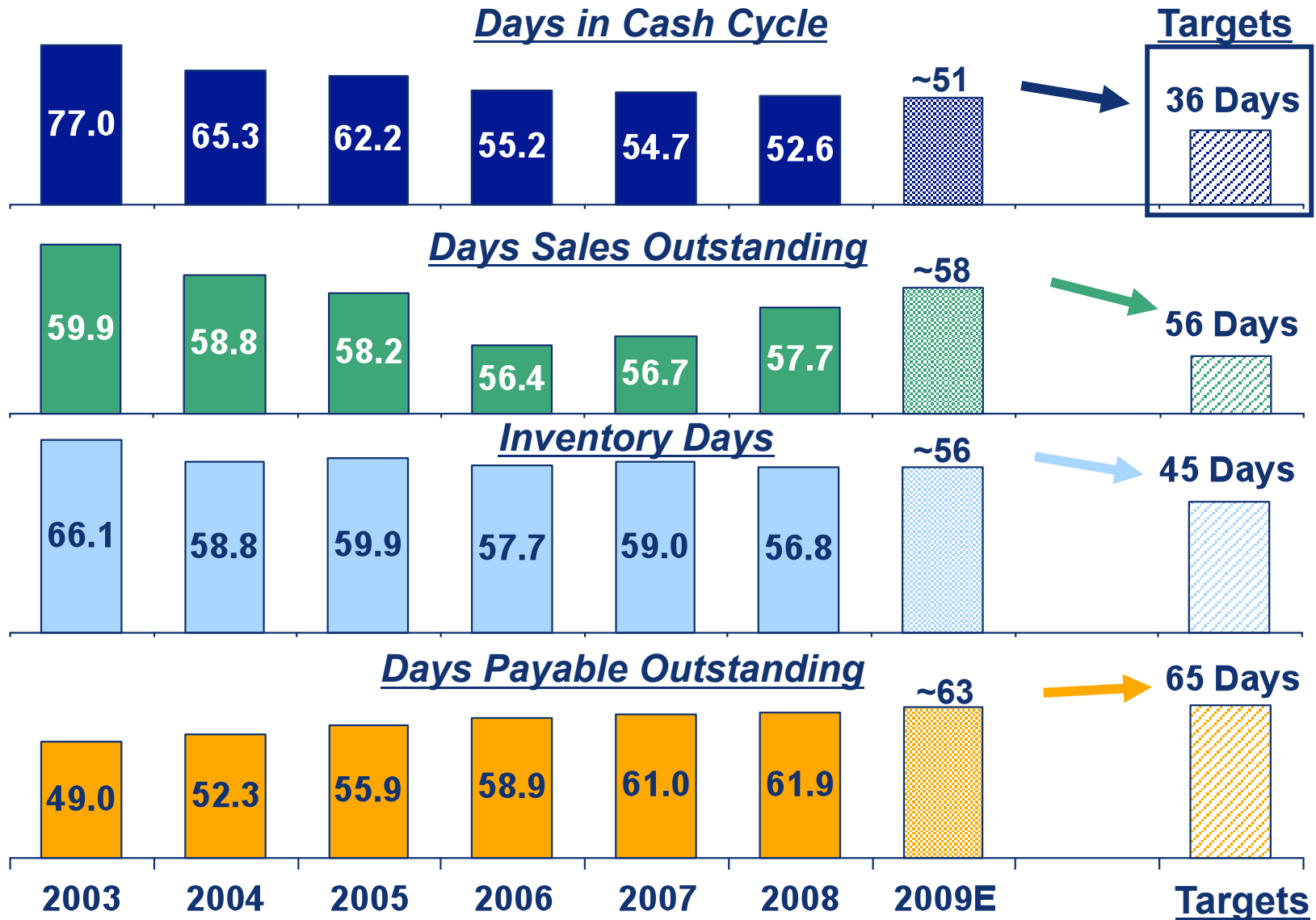
- **Emerson has had continuous access to the commercial paper markets**
 - High short-term credit rating (A1/P1)
 - Able to place paper with 30-day duration or longer at normal Emerson rates
 - Normally commercial paper borrowings peak in Q2
- **Liquidity**
 - Emerson has a \$2.8B backup credit line expiring April 2011 that has never been drawn against
 - Cash available throughout world
- **Long-Term Debt**
 - Strong laddered structure
 - Issued \$500M on 1/15/09 at 4.98% all in cost
 - Targeting another \$500M

Emerson's Term Debt Maturities as of 1/31/09

(U.S. \$ Millions)

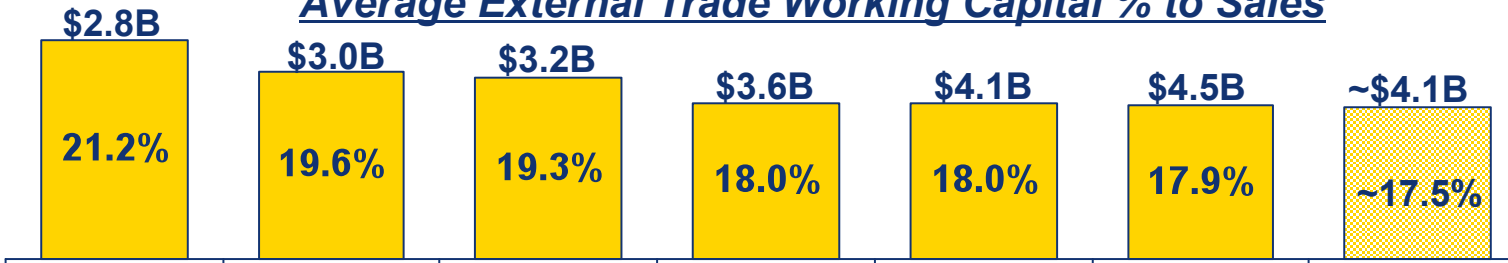


Asset Management Efficiency – We Have Made Excellent Progress



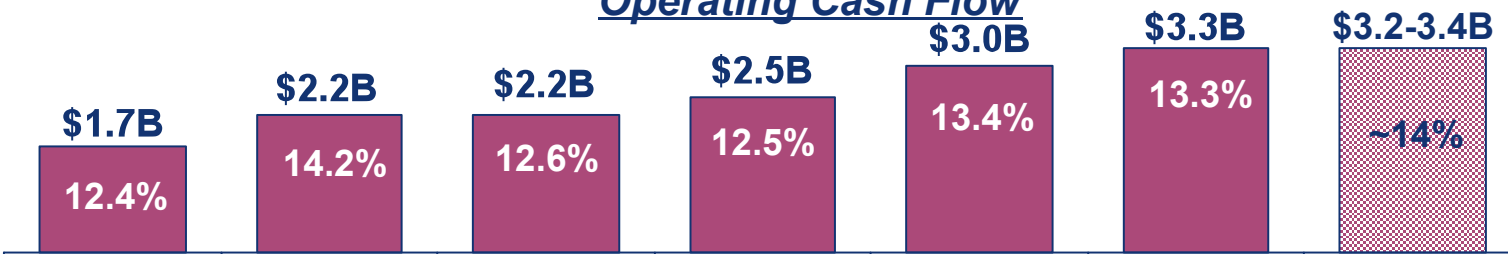
Operating Capital Efficiency Drives Higher Cash Flow And Returns

Average External Trade Working Capital % to Sales



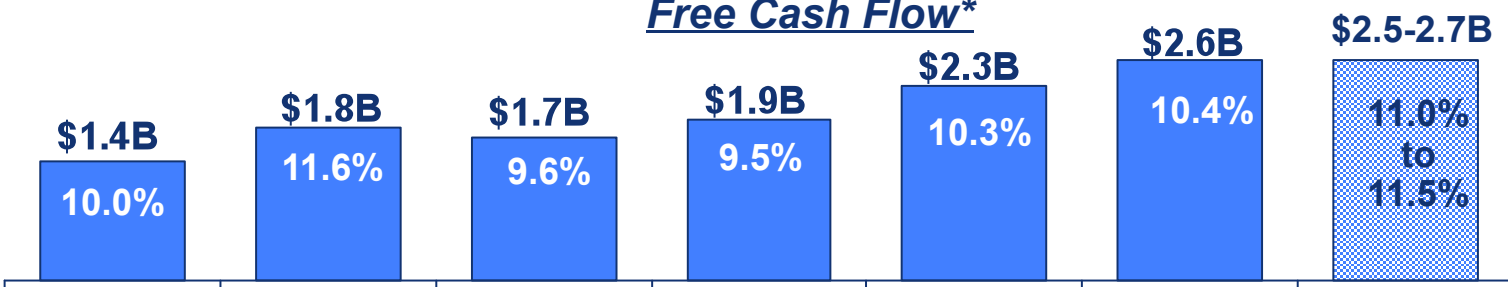
Long Term
Targets
<15%
of Sales

Operating Cash Flow



11-14%
of Sales

Free Cash Flow*



8-12%
of Sales

2003

2004

2005

2006

2007

2008

2009E

1.28x

1.44x

1.17x

1.04x

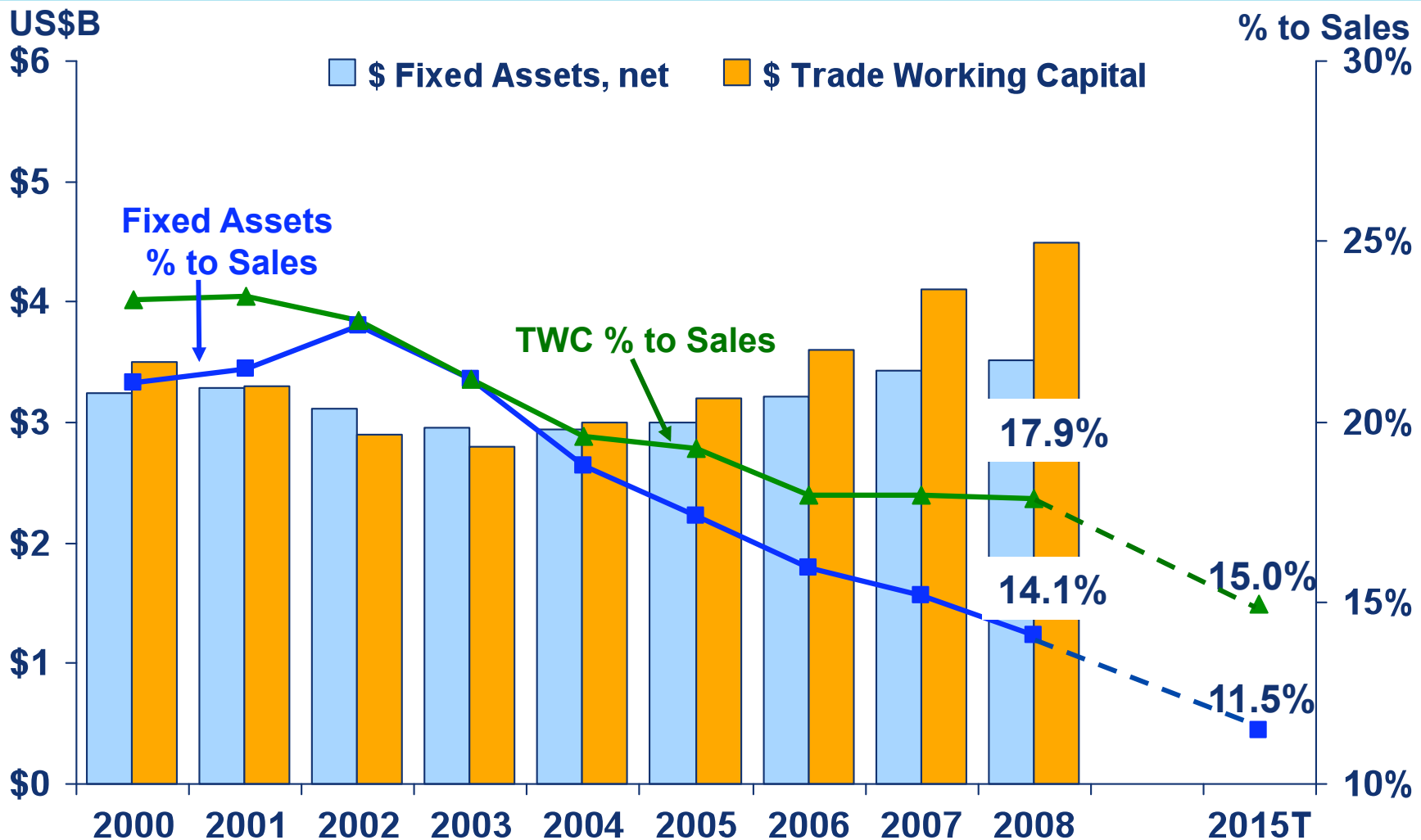
1.09x

1.07x

1.1x-1.3x

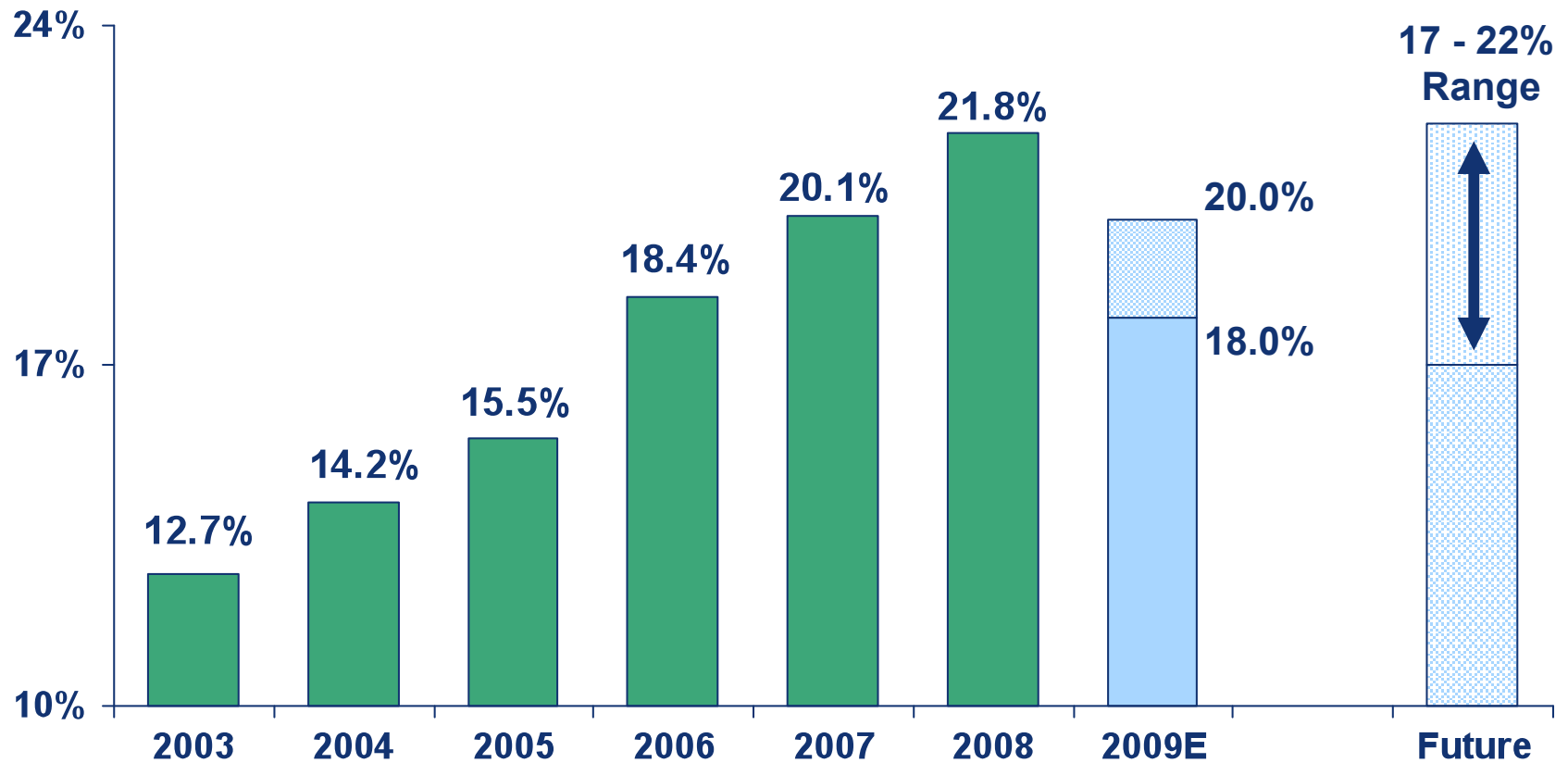
FCF* /
Net
Earnings

Capital Efficiency is Important to Continued ROTC Improvement: Excellent Performance Since 2000



Need to Continue to Improve Capital Efficiency – Trade Working Capital Needs to Be <15% and We Still Have Opportunities to Improve Fixed Assets

Return On Total Capital (ROTC) Performance



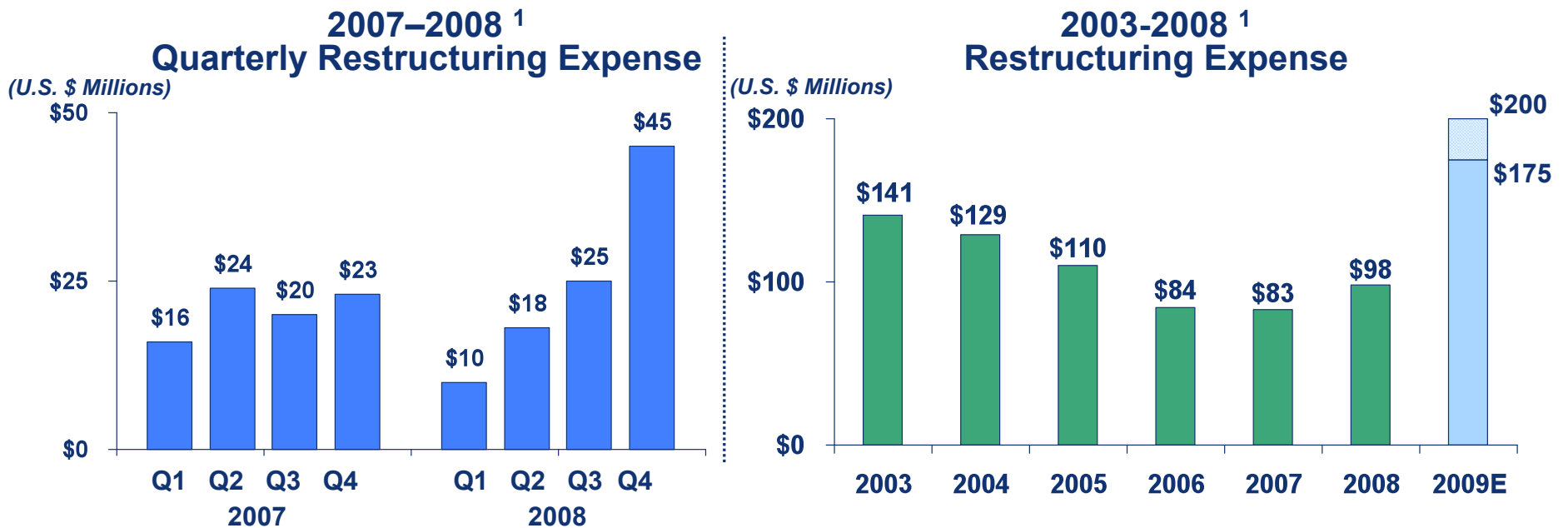
Focus On Maintaining High ROTC Levels In Future, Including The Negative Impact Of Acquisitions

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Emerson's Restructuring is Pay As We Go – Continuous Process

- Emerson restructures continuously throughout the business cycle
- Ongoing restructuring efforts support geographic expansion and best cost country programs to improve profitability
- Restructuring actions accelerated throughout 2008, as 2009 economy looked tougher and tougher



2009 Quarterly Spend ~\$40-50M/Quarter

¹ Includes discontinued operations

Employment Management

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Global Facility Restructuring 2006 – 2009E

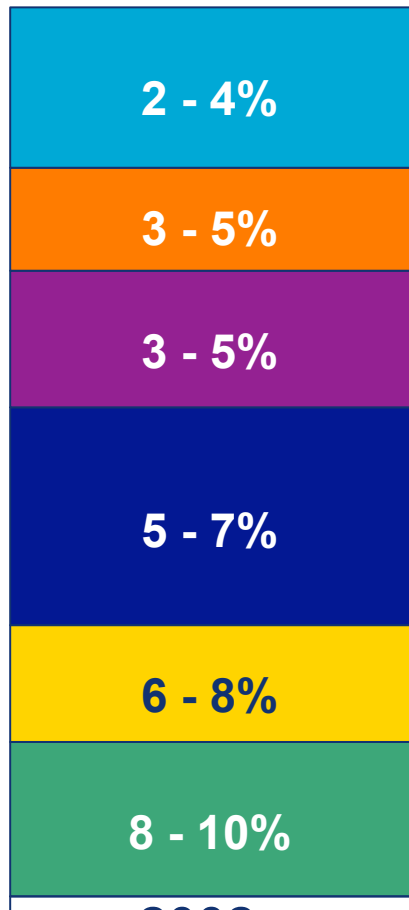
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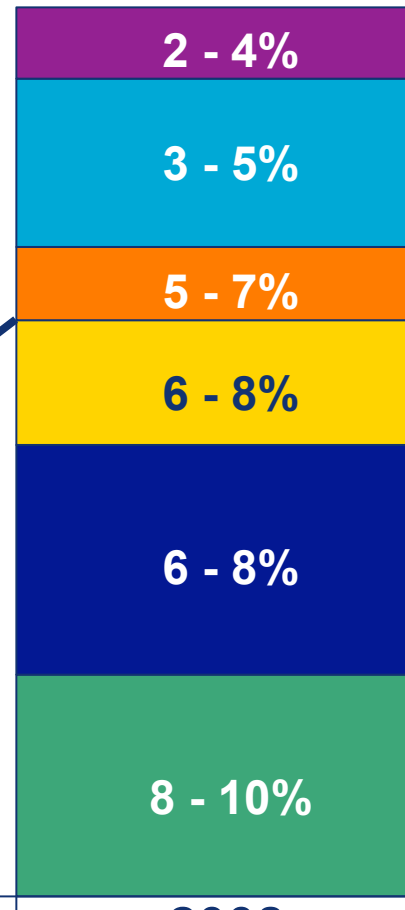
Our Mix of Business Has Evolved to Enhance Through-the-Cycle Growth

Through-the-Cycle Growth Rates



2002

Through-the-Cycle Growth Rates



2008

Motors and Appliance

Industrial Automation

Tools and Storage

Climate Technologies

Process Management

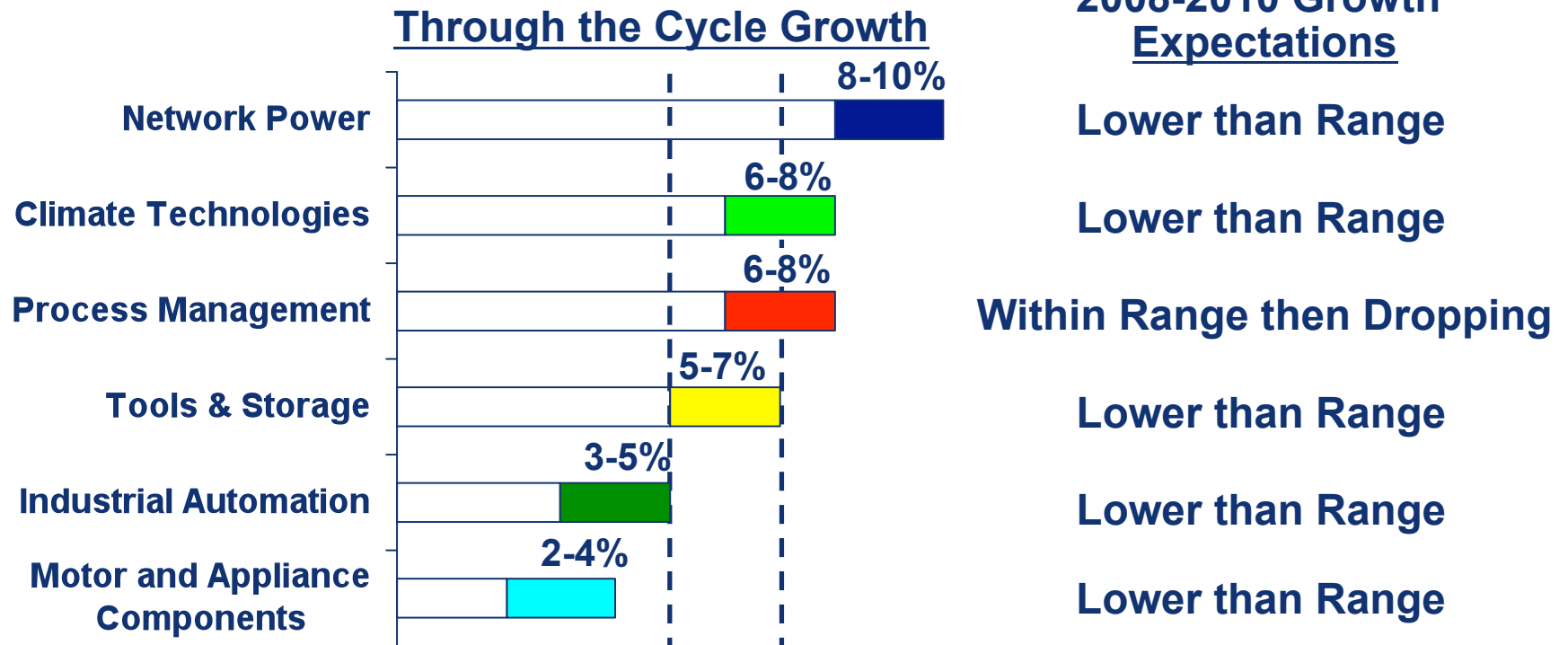
Network Power

4.5% - 6.5%

5.5% - 7.5%

Growth Range

Strong Portfolio of Businesses with Solid Through-the-Cycle Growth Potential



EMR Target Range: 5-7%

Underlying Sales*:	
2004:	8.3%
2005:	5.7%
2006:	12.5%
2007:	6.9%
2008:	6.8%
2009E:	-3% to -6%

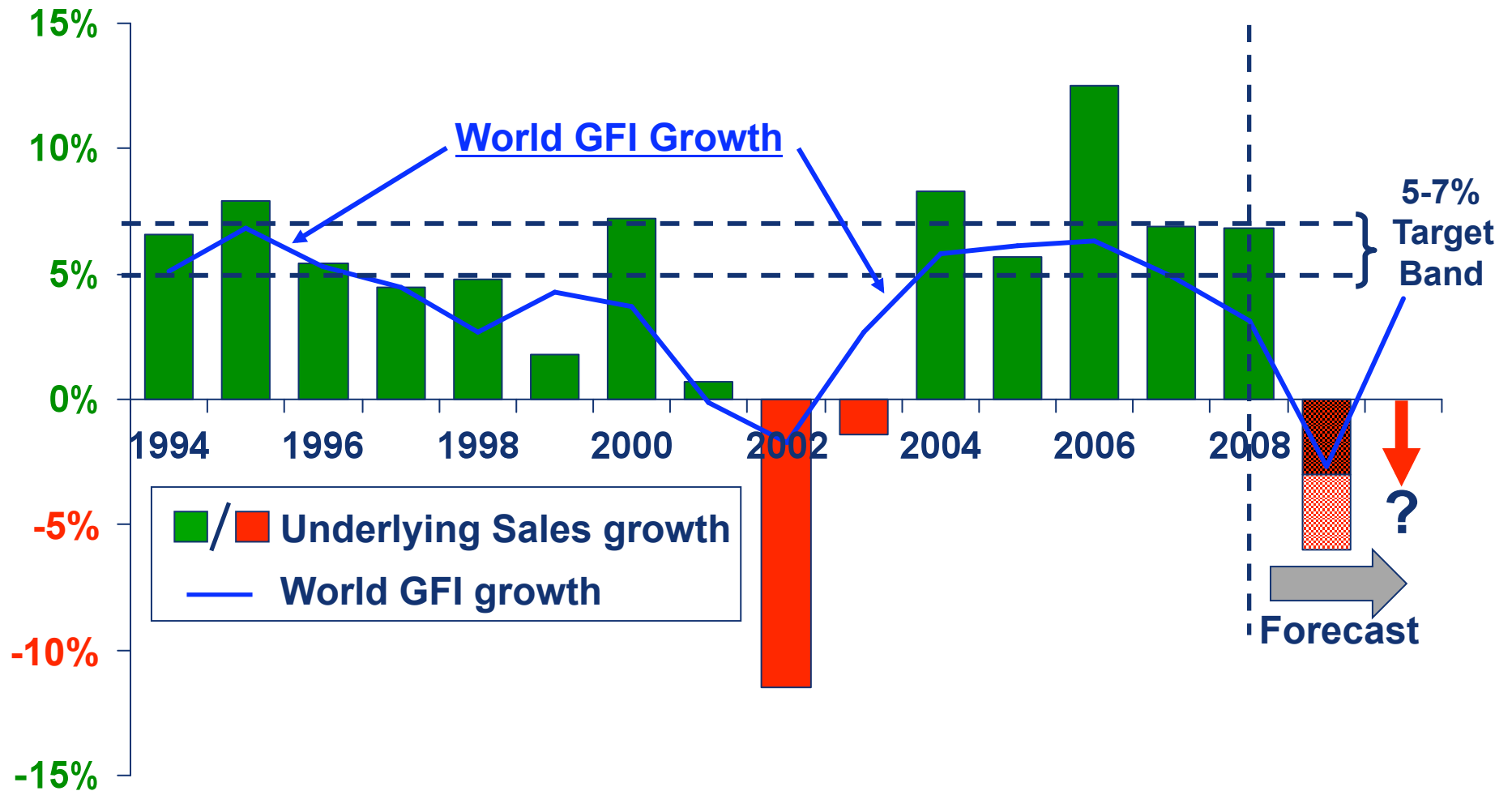
Net, Net the Next 5-6 Quarters Will Be Negative without Acquisitions

Last 5 Years Average 8% Underlying Growth

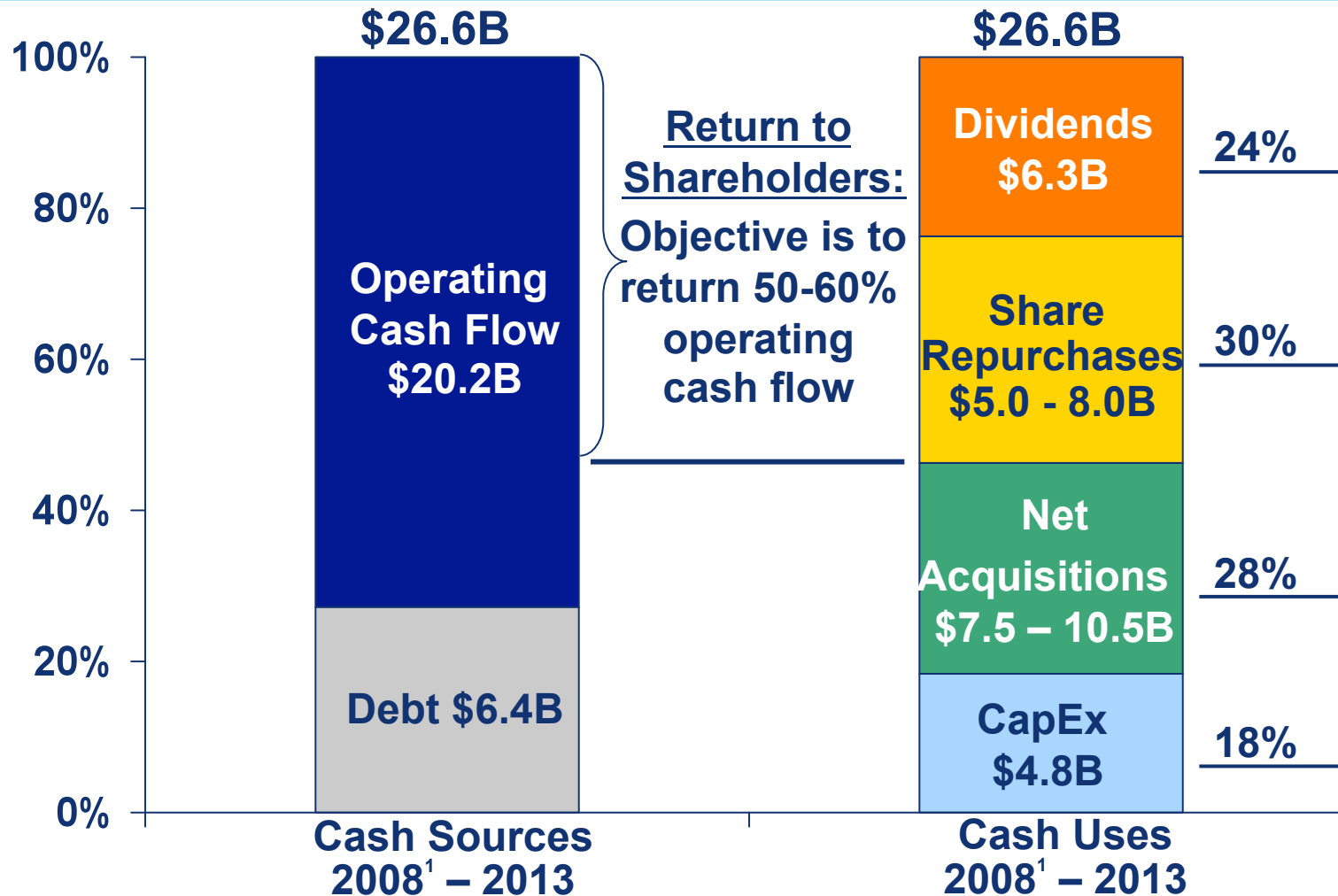
Underlying Sales Growth* vs. Target 5-7% Range

Underlying Sales

9 of 15 years – in or above 5-7% growth range
4 of 10 from 1994 to 2003 and 5 of 5 2004 to 2008



Strong Cash Generation Will Continue For 2008¹ – 2013F



Acquisitions Are a Key Part of Our 5 Year Plan, as Are Cash Returns to Our Shareholders

¹ Starting 10/1/2008 and ending 9/30/2013

The Improving Acquisition Environment

- Over the last few years, the acquisition environment has been challenging for companies like Emerson:
 - Limited availability of key strategic acquisition targets
 - Inflated management / board / shareholder value expectations in a strong economy
 - Strong Euro and Pound favored European acquirers

However the Environment is now changing for 2009 and 2010:

Closed	Working	Target
3	8	Annual Sales ~\$1B Acquisition Cost ~\$1B

Target Acquisitions in Process Management, Industrial Automation, Network Power and Climate Technologies with One Marquee Acquisition in 2009

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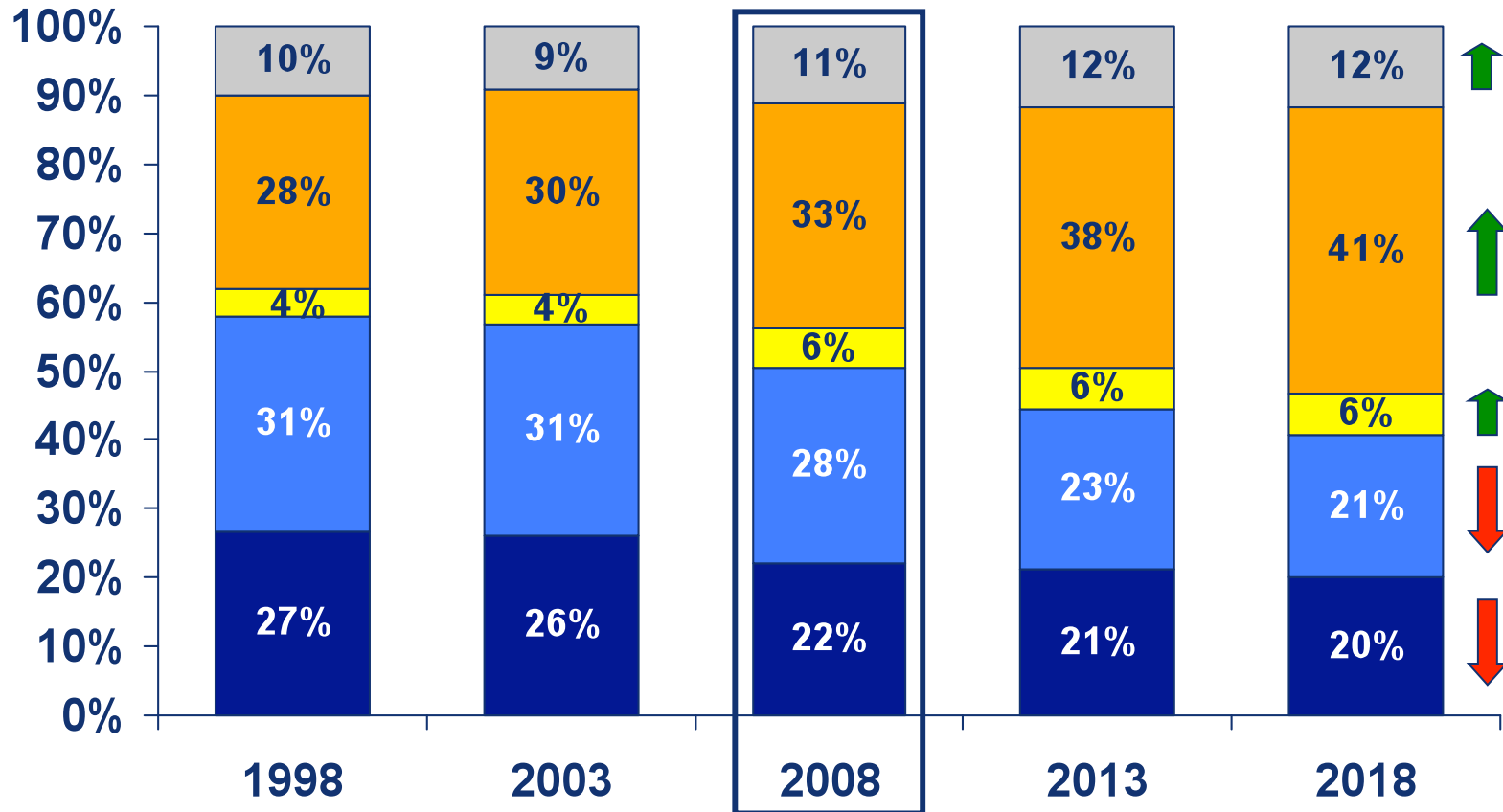
***Emerson End Market Through-The-Cycle Sales
Growth Rates -- Our Mix Of Served Markets Today***

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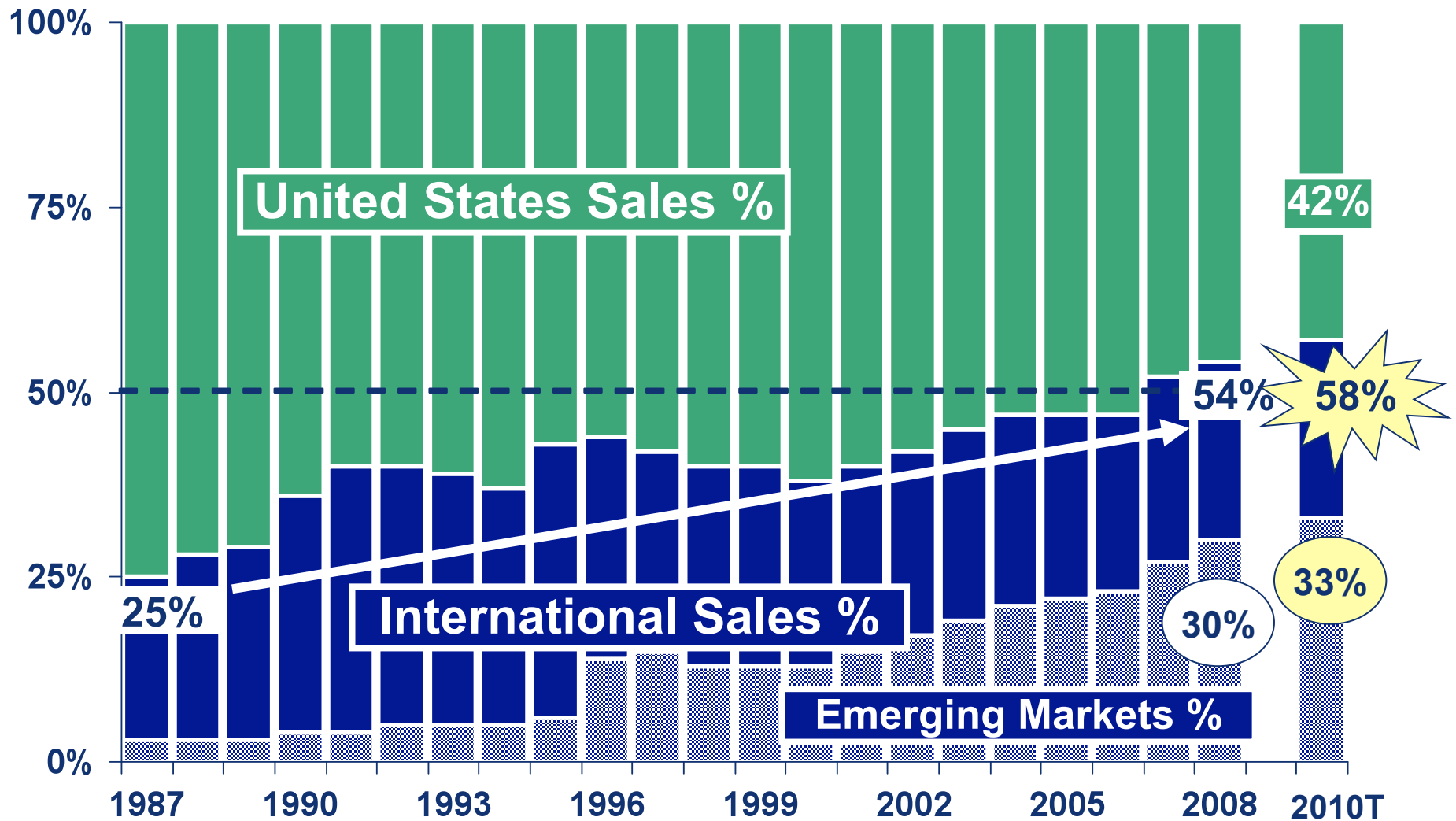
The Mix of the World's Gross Fixed Investment Continues to Change, and We Are Well Positioned



■ US
 ■ Western Europe
 ■ Eastern Europe
 ■ Asia Pacific
 ■ Other Regions

2008 \$13T Worldwide GFI Forecast to Grow 4+% Over the Next Two Planning Periods - - We Need to Prioritize our Regions for Investment

Emerging Markets Sales Are Expected to Account for Over 33% of Sales by 2010



Emerson's Investment In Emerging Markets Is Continuing to Pay Off With Sales Growth

	<u>1998</u>	<u>2008</u>	<u>Future</u>
Mature Markets	\$11.7B	\$17.4B	\$20B
Emerging Markets	\$1.7B	\$7.4B	\$10B
Total Emerson Sales	\$13.4B	\$24.8B	\$30B

Δ Mature Markets

\$5.7B

Δ Emerging Markets

\$5.7B



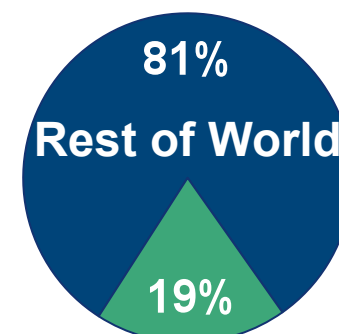
**50% of Growth
From Emerging
Markets!**

Emerging Markets Will Continue to Outgrow Mature Markets Over The Next 2 Years. We Target Growth of +1% More Than GFI Growth in Mature Markets and ~2x GFI Growth for Emerging Markets

Emerging Markets Sales Growth

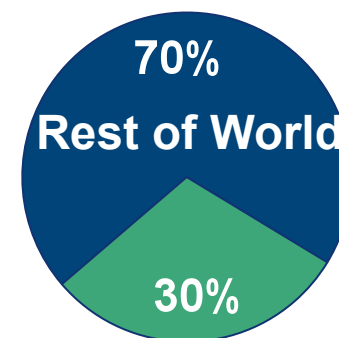
2003-08	2007-08		
Sales (\$M)	2008	CAGR	CAGR
China	\$2,252	32%	26%
India	546	16%	38%
Rest of Asia ⁽¹⁾	1,159	19%	16%
Eastern Europe	537	34%	23%
Russia	421	15%	32%
Latin America	1,262	25%	21%
Middle East	868	18%	25%
Africa	320	39%	21%
TOTAL	\$7,365	25%	24%
GFI Growth	11%	11%	

2003 Sales



Emerging markets

2008 Sales

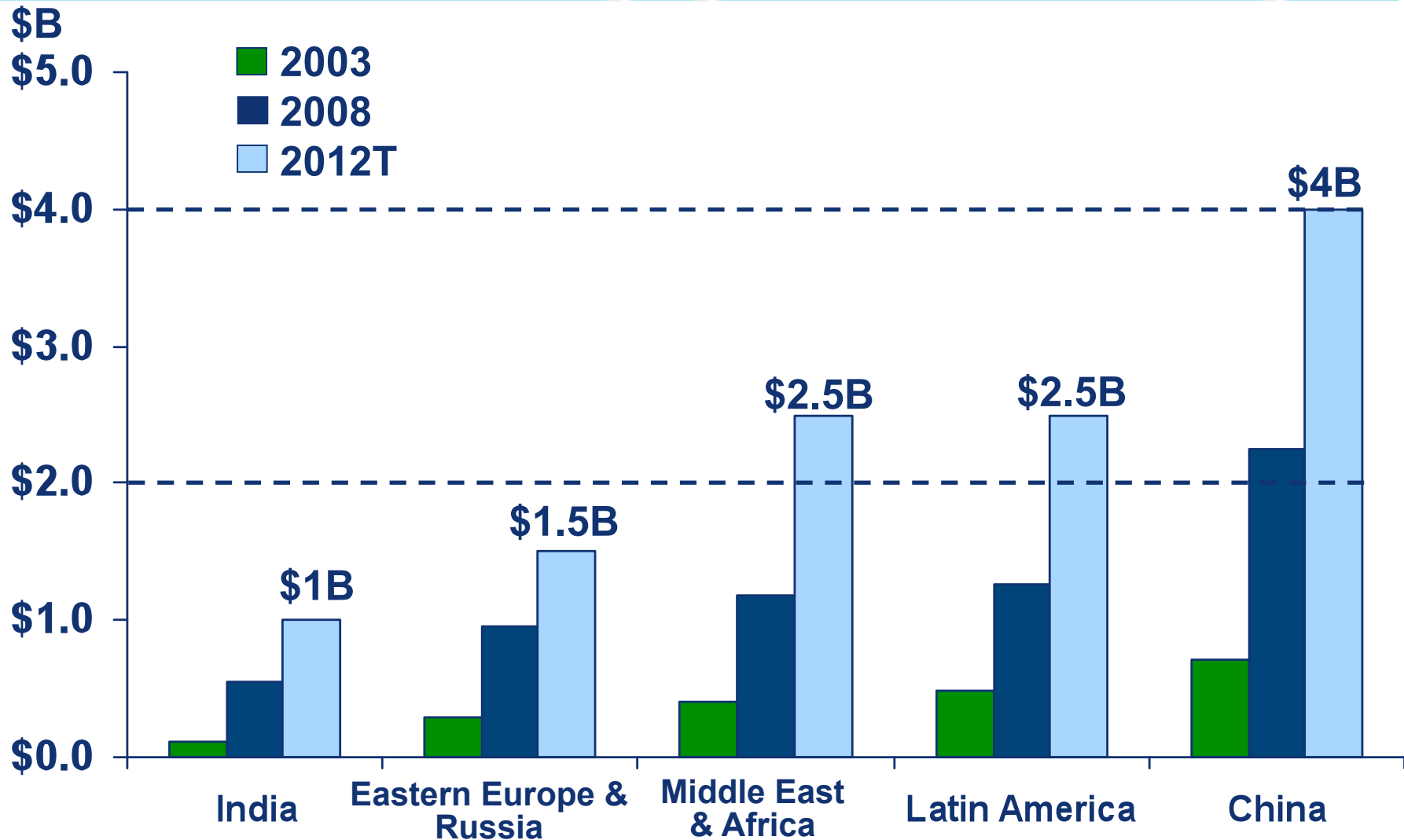


Emerging markets

Emerson Target is to Grow Emerging Market Sales at ~2x the Gross Fixed Investment (GFI) Rate: 2009E 5-10% Growth

(1) Excluding: Australia/NZ, China, Japan, and India

Emerging Market Growth is Core to Our Business Success – All Emerging Markets are on Target



Total Asia Pacific Target of \$5B by 2010 Versus \$4.2B in 2008

Evolution of Regional Capabilities and Relative Competitiveness

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Continued Repositioning Our Assets and Driving Towards Global Best Cost

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Major Growth Initiatives

Growth Initiative, \$M	2003	2008	2003-08 CAGR	2007-08 Change	2008-13F CAGR
Emerging Markets	\$2,560	\$7,365	23.5%	25.2%	10-15%
Service & Solutions	\$1,032	\$2,031	14.5%	19.5%	10-15%
Telecom Solutions	\$473	\$2,663	41.3%	32.1%	6-8%
Power Generation & Distribution	\$989	\$2,278	18.2%	19.2%	8-10%
PlantWeb	\$564	\$1,579	22.9%	19.2%	15-20%
Marquee Accounts	\$2,515	\$5,699	17.8%	13.7%	8-10%
✓ Datacenter Infrastructure	\$936	\$2,598	22.6%	17.0%	8-10%
✓ Responsible & Efficient Energy	\$521	\$2,096	32.1%	21.1%	15-20%
Total – 8 Growth Initiatives	\$7,222	\$16,863	18.5%	17.8%	10-12%
Total Emerson	\$13,635	\$24,807	12.7%	12.1%	
Growth Initiative / Total Sales	53%	68%			

We Have Refreshed the Growth Initiatives To Stay Current with Global Trends and Our Strategic Direction

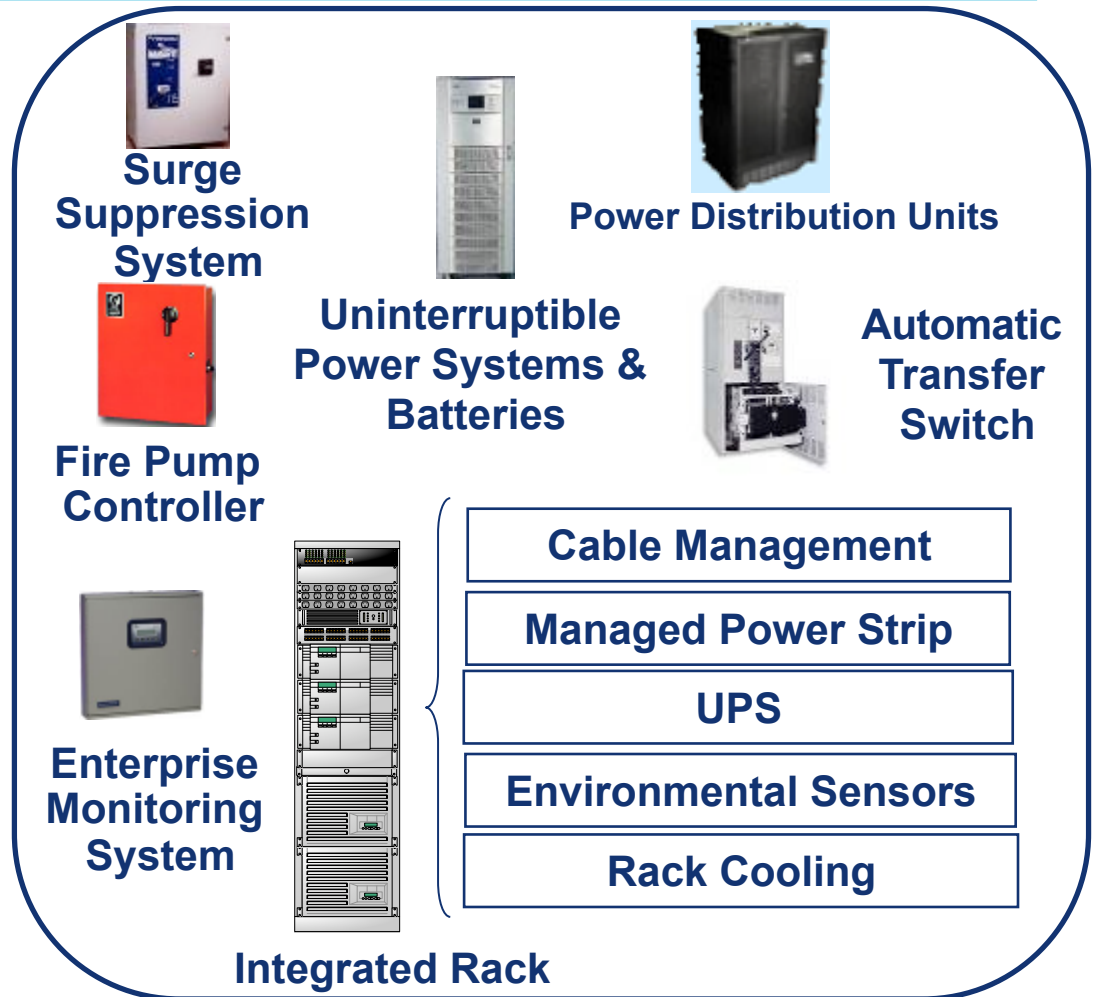
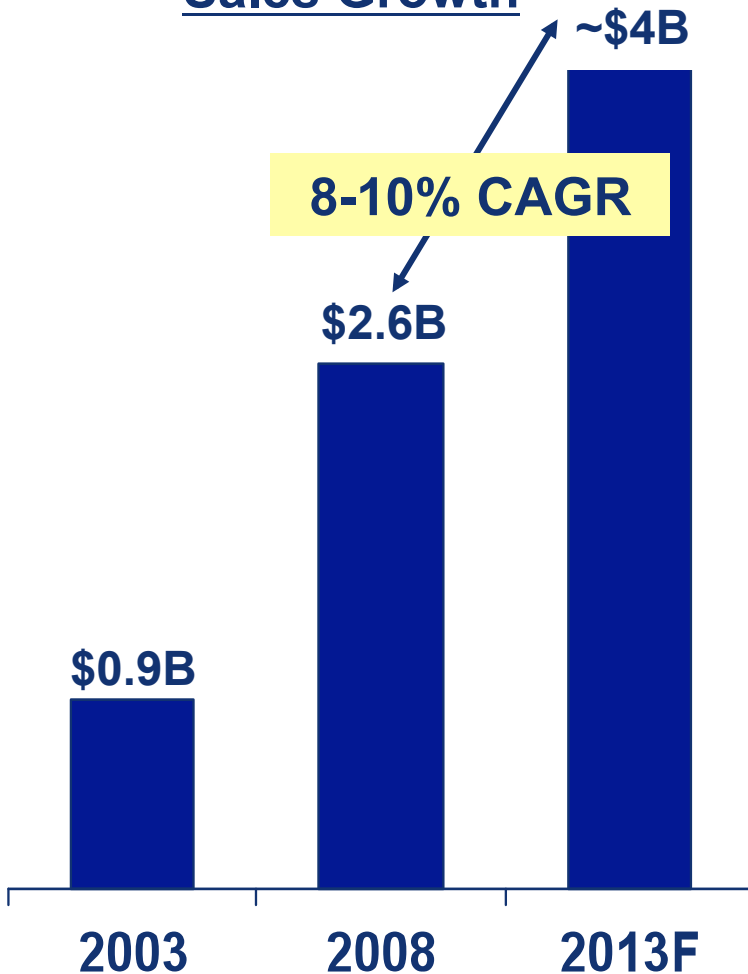
Major Growth Initiatives

Growth Initiative, \$M	2003	2008	2003-08 CAGR	2007-08 Change	2008-13F CAGR
Emerging Markets	\$2,560	\$7,365	23.5%	25.2%	10-15%
Service & Solutions	\$1,032	\$2,031	14.5%	19.5%	10-15%
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Our Product and Solutions Offerings Continue to Expand to Meet the Needs of Our Datacenter Clients


Datacenter Infrastructure Investments and Solutions

Sales Growth



Mega Datacenter Construction and Emerging Economies Will Drive Future Growth

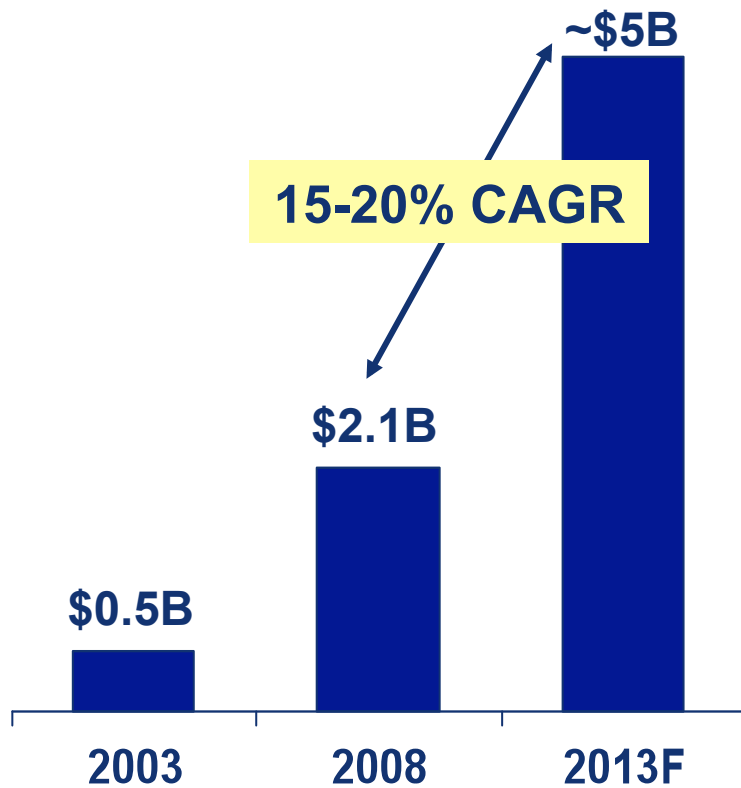
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**We Completed 261 Emerson Facility Energy Audits Last Year
Which Identified \$29M of Annualized Savings**


Responsible & Efficient Energy: Solutions That Allow Our Customers to Use Less Energy

Sales Growth



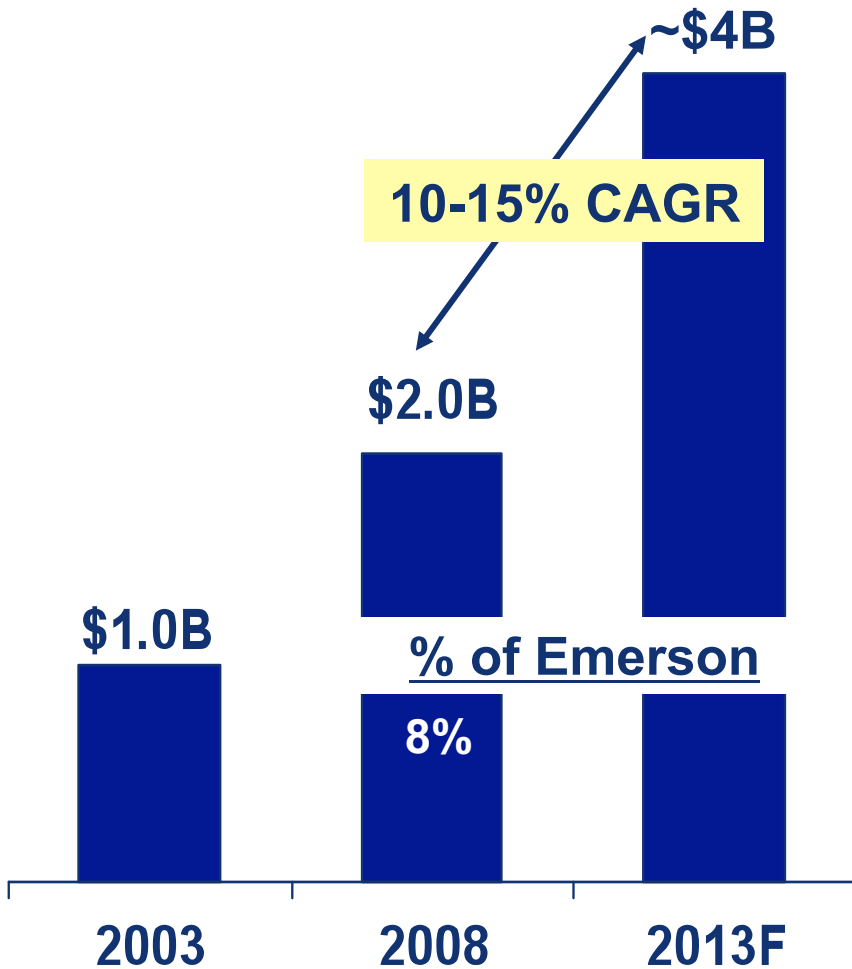
Responsible & Efficient Energy Will Provide a Good Source of Technology Growth as We Go Through This Tougher Cycle

Major Growth Initiatives

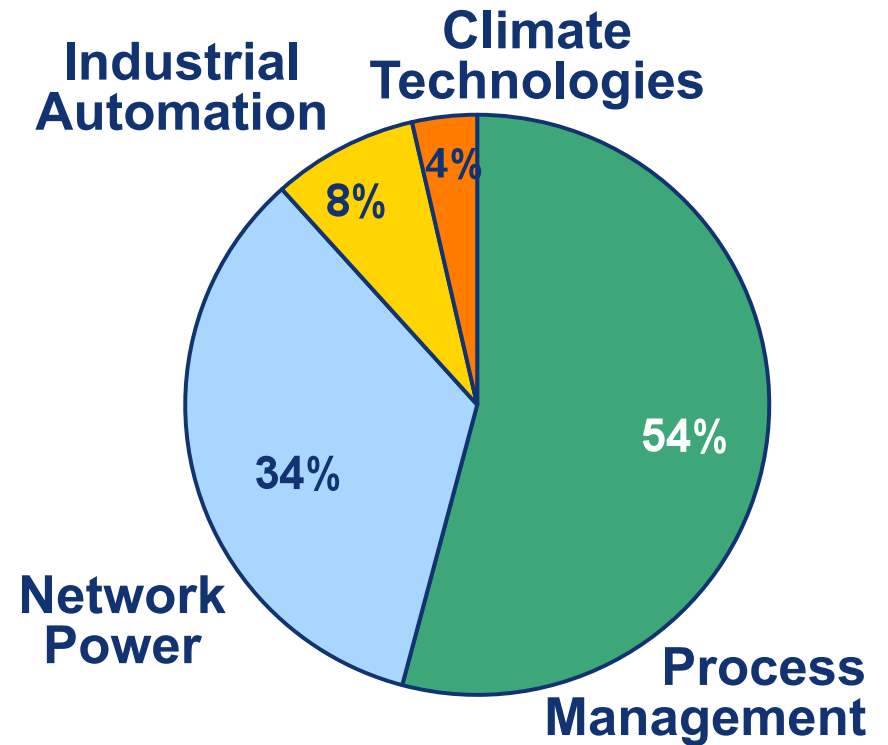
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Service & Solutions Is a Key Part of Our Mission – “Consider It Solved,” as Well as an Ingredient in Our Growth Strategy

Service And Solutions Sales Growth



2008 Service and Solutions Sales by Business

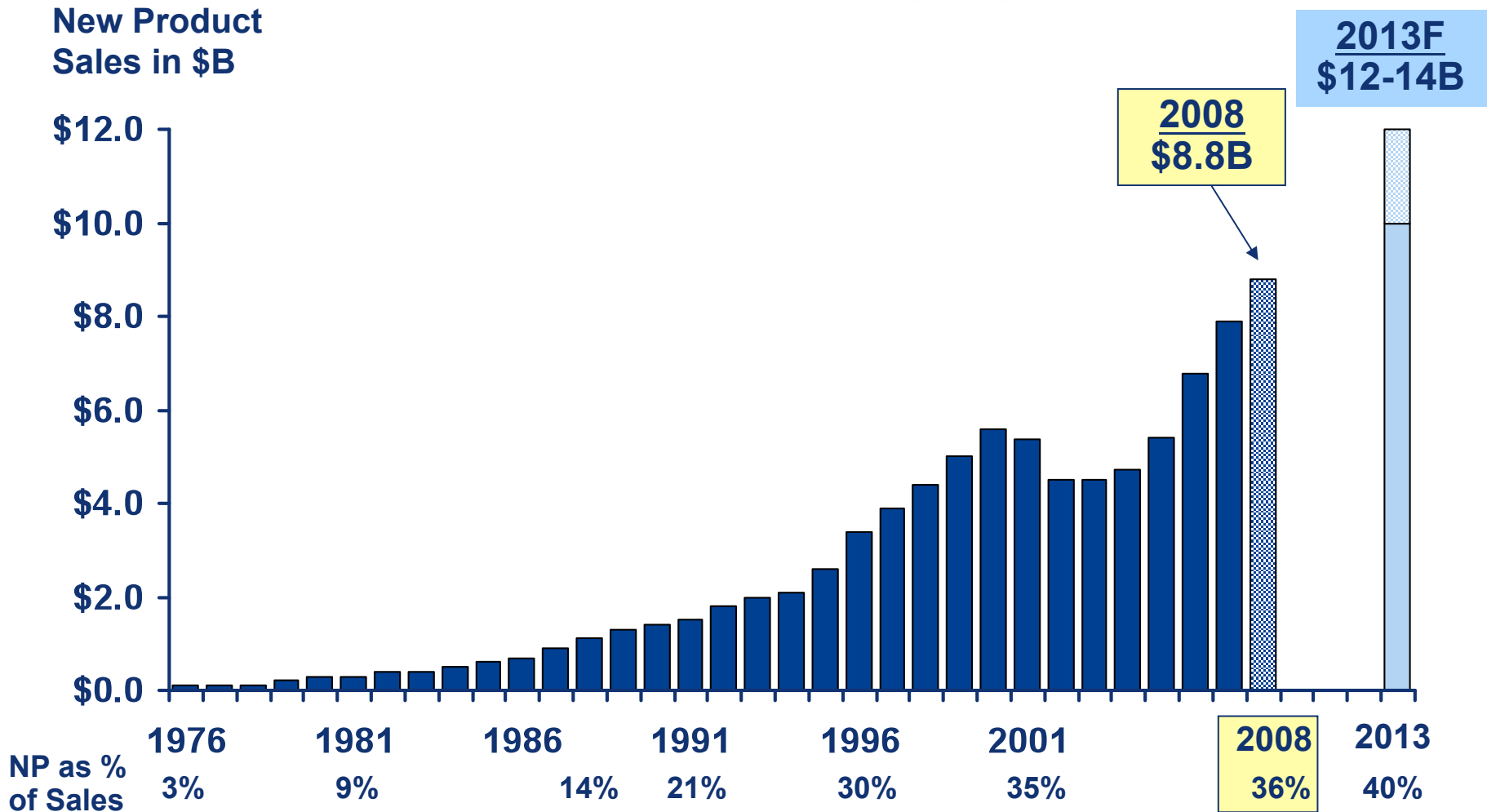


We Are Expanding the Breadth & Depth of Our Service & Solutions Offerings on a Global Basis and Still Targeting 12-14% of Sales By 2013

Key Messages To Drive Long-Term Value Creation

- Emerson has a history of solid financial performance – and we plan to outperform the market in this challenging, global environment
- A key focus remains on building a strong portfolio of businesses that will maintain a 5-7% underlying sales growth through-the-cycle – But 2009 and 2010 will be tough with down underlying sales growth
- **Technology leadership continues to be a differentiating strategy**
- Long-Term Strategic Imperatives to Drive Emerson's Value Creation have not changed – Drive through 2009 and 2010 to position us for a strong recovery
- Business Group Summary and 2009 outlook

New Product And Technology Investments Continue To Pay Off – Fundamental To The Key Growth Initiatives And The 5–7% Underlying Sales Growth



Record New Product Sales of Nearly \$9B in 2008

Our Focus is to Develop Industry Transforming and Game-Changing Technologies & Products

Technology Platforms

Mechanical



Electronics



Materials



Energy



Wireless



Software & Systems



Example Products

**Climate Technologies
CO₂ Scroll**

**Underground Visual
Products**

**EPT High Performance
Composites**

**ENPC Wind Power
Converter**

**Wireless Control &
Monitoring**

**Ease Of Use Center Of
Excellence**

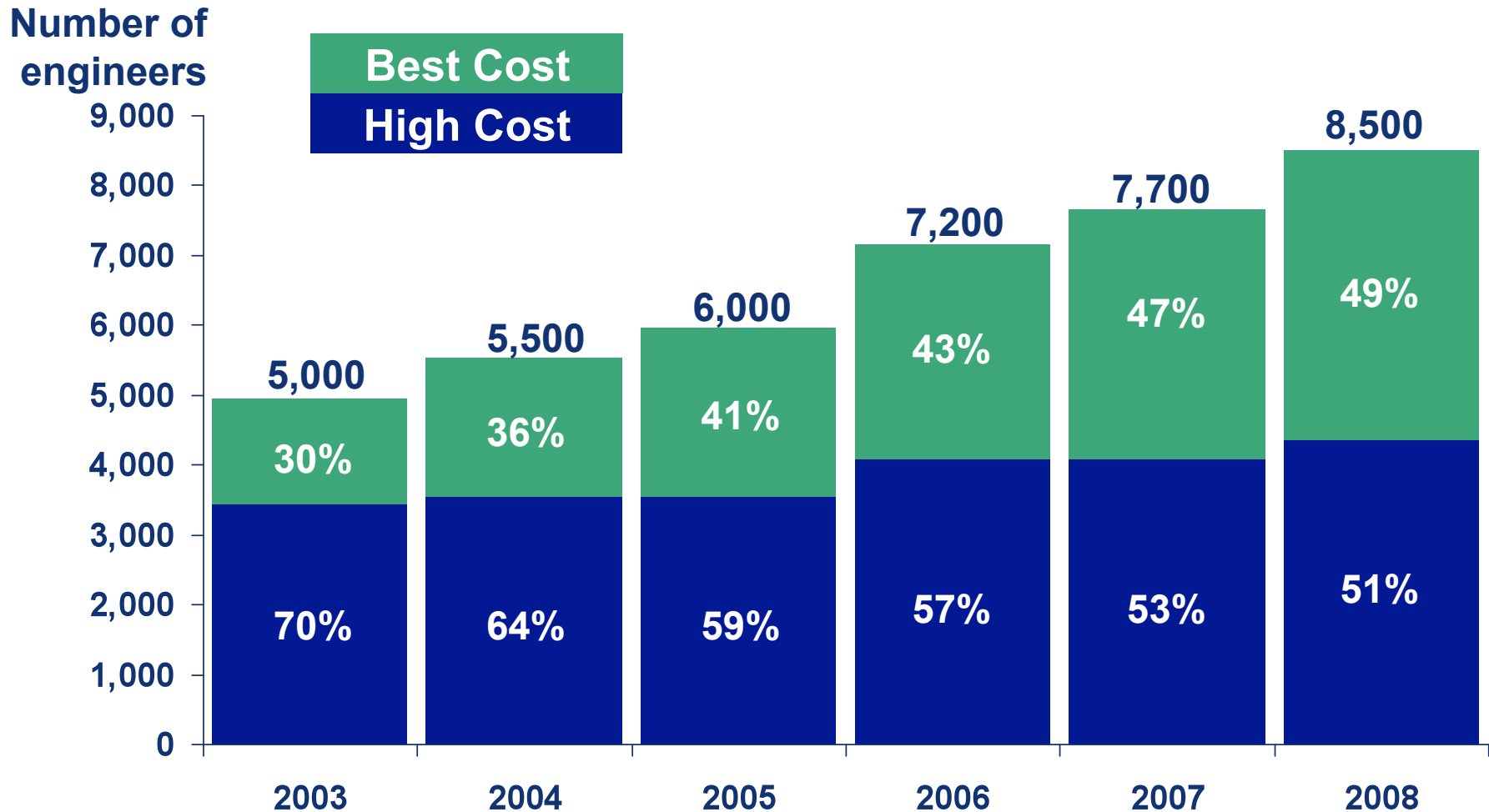


We Are Continuously Working with Customers to Identify and Create the Next Game-Changing Technology and Products

***The Focus Has Been and Continues To Be...
New Industry Transforming Technologies and
Innovations***

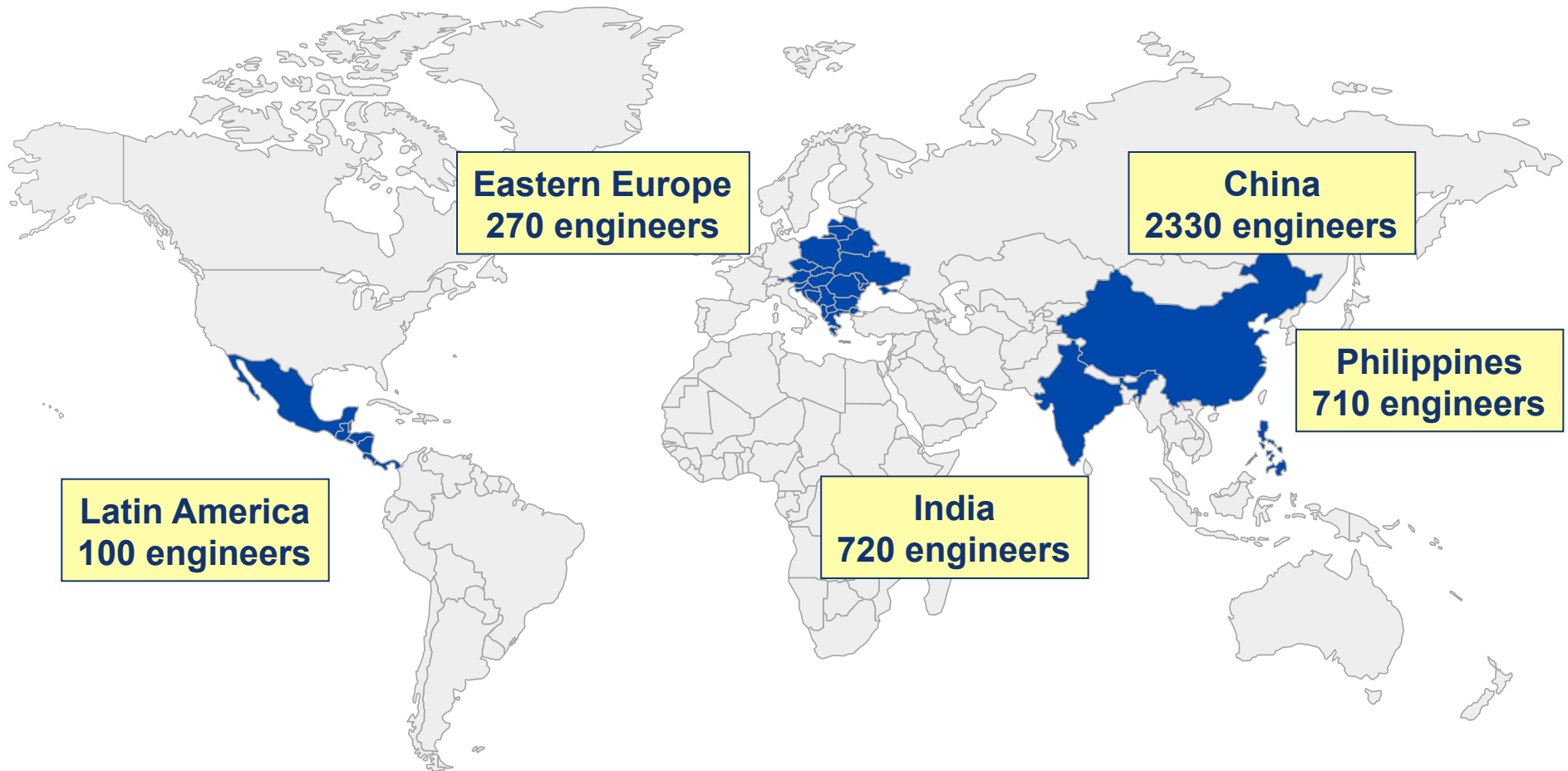
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Building Technology and Engineering Capacity in Best Cost Regions



Strong Investment for Emerging Market Sales Penetration

We Have ~4,100 Best Cost Engineering Resources Globally Dedicated to Research and Development or New Products



Key Messages To Drive Long-Term Value Creation

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Emerson's Long-Term Strategic Focus Has Not Changed

Strategic Imperatives	Actions
<p>Strengthen Business Platforms</p>	<ul style="list-style-type: none"> - Major Growth Initiatives will help keep us within the 5-7% zone – we have refreshed the list of growth initiatives to optimize the growth of the company. - Service and Solutions Growth - Acquisitions will be key – we must look outside our current served market to grow – Adjacent Space. - We are changing the mix of our business – in the right way. - Our Business Platforms are being valued globally – we are starting to look like one integrated company.
<p>Pursue Technology Leadership</p>	<ul style="list-style-type: none"> - Develop more game-changing products and technologies through efficient Portfolio Management and proper allocation of resources. - Now is the time to invest in technology for a competitive advantage! - Develop a strong offering of Responsible and Efficient Energy Products and Solutions. - Customer involvement throughout the entire process.

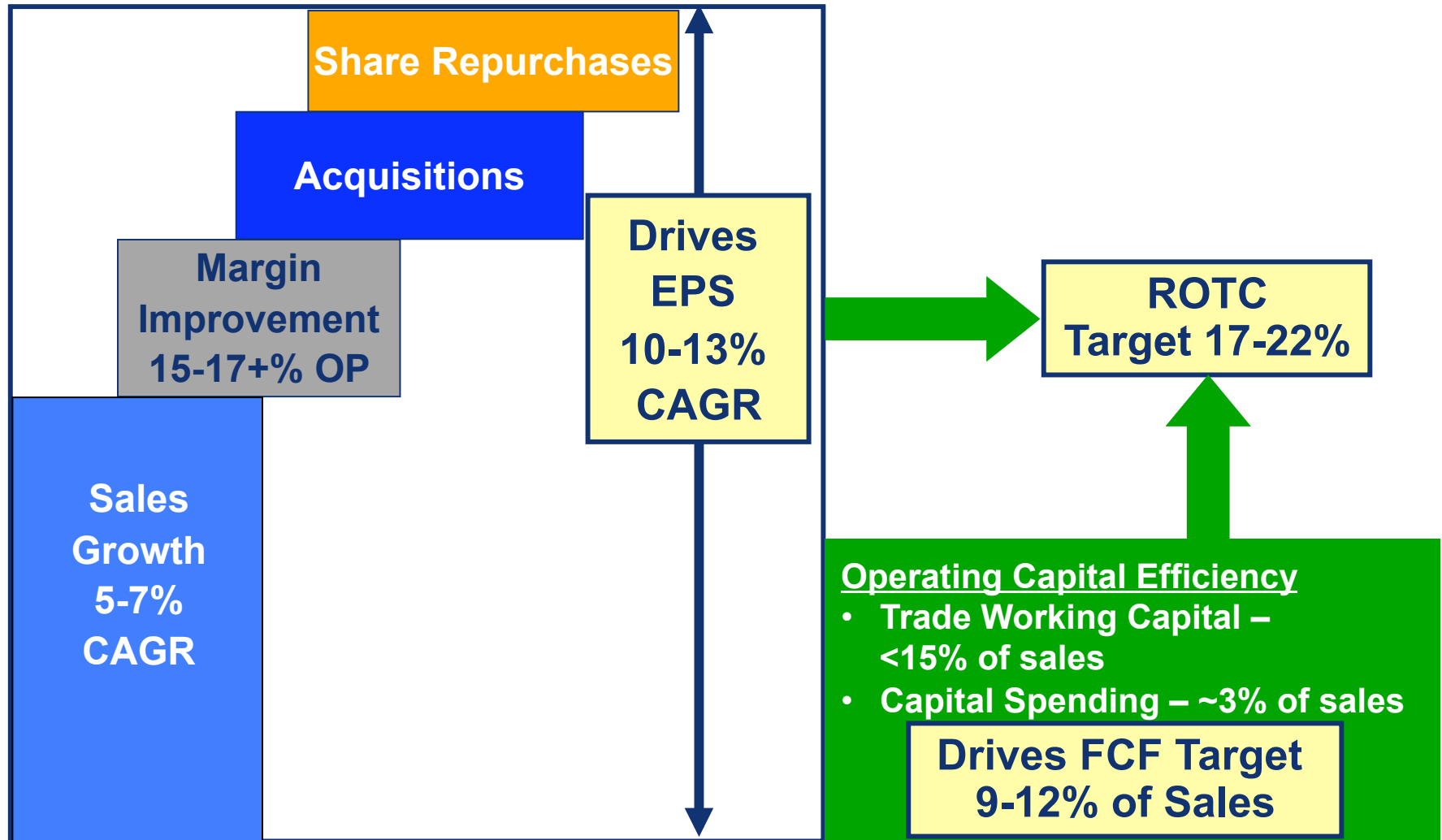
Executing These Four Strategic Imperatives Will Be Key in the 2009 and 2010 Recessionary Periods to Drive a Strong, Outperforming, Recovery

Emerson's Long-Term Strategic Focus Has Not Changed

Strategic Imperatives	Actions
<p>Globalize Assets</p>	<ul style="list-style-type: none"> - Take care of mature markets, but emerging markets play an ever increasing role in our success. - Our geographic mix presence allows continued growth. - Reposition assets to drive profitability improvements and to better serve our customers.
<p>Drive Business Efficiency</p>	<ul style="list-style-type: none"> - Price actions must stay ahead of material inflation. - Fix the complexity crisis – kill products and purge data. - We must improve on-time delivery performance to exceed customer expectations. - Continue to improve Trade Working Capital, generate strong Operating Cash Flow, and manage Capital Expenditures. - ROTC improvement will continue to be a key indicator of success.

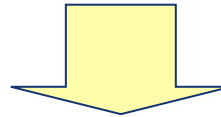
Executing These Four Strategic Imperatives Will Be Key in the 2009 and 2010 Recessionary Periods to Drive a Strong, Outperforming, Recovery

Emerson Financial Model – Driving Long Term Value



If We Perform on These Challenges, We Will Continue to Drive Emerson's Value Creation:

- **Underlying Sales Growth** **5 - 7%**
- **Operating Profit** **15 - 17+%**
- **Trade Working Capital** **<15% of sales**
- **Free Cash Flow** **9 - 12% of sales**
- **Return on Total Capital** **17 - 22%**



Investing Cash to Drive Long-Term Growth, Profitability, and Returns:

- **Technology & New Products**
- **Globalization of Assets**
- **Capital Expenditures:**
 ~3% of Sales
- **Acquisitions to Build Strong, Global Business Platforms**
- **Dividends & Share Repurchases**



We Will Control Our Destiny

Key Messages To Drive Long-Term Value Creation

- Emerson has a history of solid financial performance – and we plan to outperform the market in this challenging, global environment
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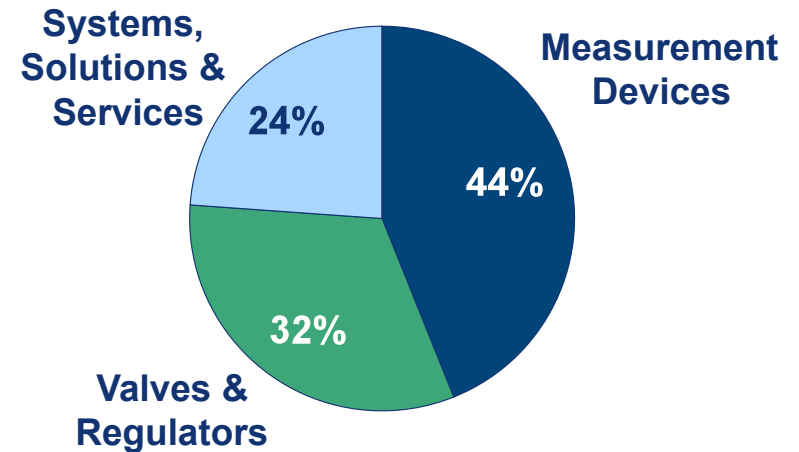
Process Management – Key Messages

- ✓ ● **We are the largest, broadest and most geographically balanced supplier of process automation**
- ✓ ● **Technology leadership continues—we are transforming industries. Wireless technology will expand Emerson's leading Industry Architecture, PlantWeb™**
- ✓ ● **The Power industry will continue to provide opportunities for growth.**
- ✓ ● **The installed base of our devices has grown substantially over the last few years. This provides great MRO growth opportunities for the future.**
- ✓ ● **Our customers look to us as the industry experts to solve their most challenging projects and to improve their performance in difficult market conditions**
 - **Investments in service capabilities and emerging markets have positioned us well for the future**

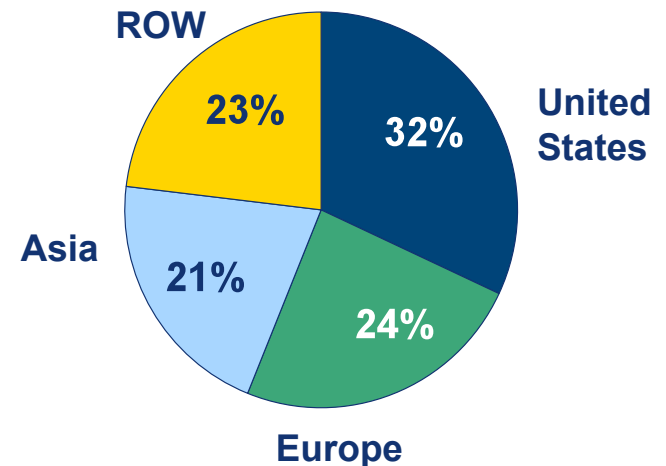
Process Management Summary

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2006-08 CAGR</u>
Sales	\$4.9B	\$5.7B	\$6.7B	16.8%
Earnings	\$0.88B	\$1.07B	\$1.31B	22.0%
% of Sales	18.0%	18.7%	19.6%	
Restructuring	\$14M	\$15M	\$12M	
ROTC	22%	25%	29%	

2008 Sales by Product



2008 Sales by Geography



Major Markets Served	% Sales
Oil & Gas	37%
Chemical	17%
Power	13%
Refining	9%
Other	24%

<u>2008</u>	
E&D spending	\$183M
New product sales	\$2.2B

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Wireless will Fuel the Next Wave of PlantWeb Growth and Innovation

- Wireless will expand the Automation Market
 - Lower installed cost drives incremental measurements
 - Enables previously impossible measurements
- Emerson is Uniquely Positioned to Win in Wireless
 - First-to-Market with **WirelessHART** Products
 - Unmatched range of field devices, systems, and solutions



Pressure Transmitter



Temperature Transmitter



pH Transmitter



Valve Position Monitor

Wireless New Product Introductions	
Timing	Number
Today	23
Throughout 2009	+8
2010 & Beyond (Planned)	+8

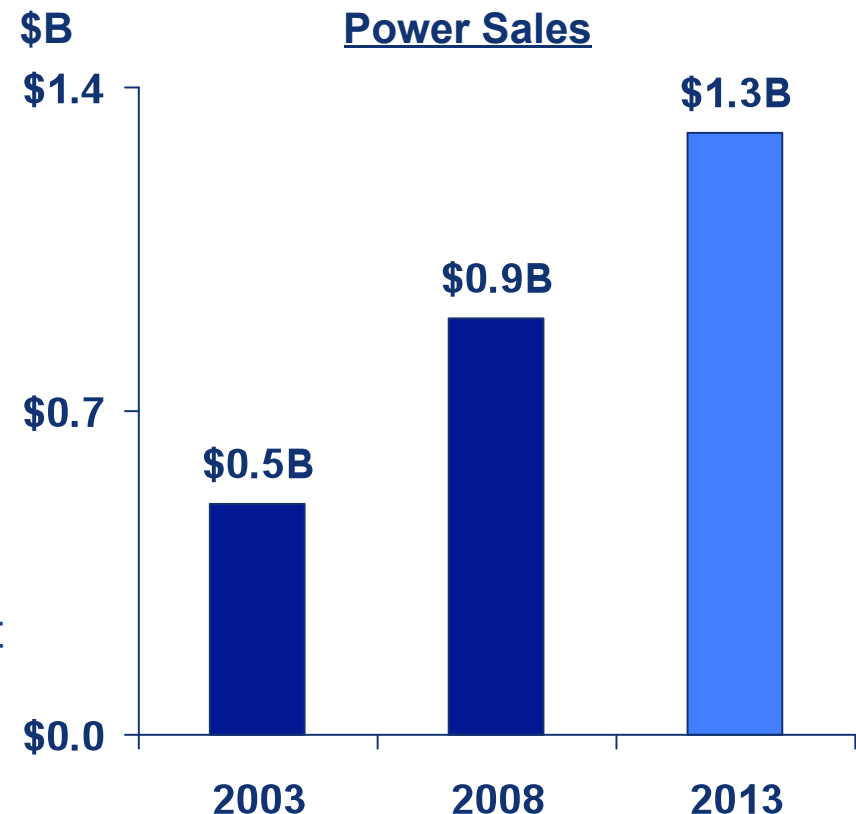
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Energy and Power Markets Provide Targeted Applications Areas for Continued Growth

Power Opportunity

- Ovation control systems drives advances to supercritical Power Plant efficiencies
- 150+ new nuclear reactors forecasted through 2020 worldwide (~\$25M Emerson opportunity per reactor)
- We are one of few certified nuclear suppliers with **complete** offering (control system, instrumentation and valves)
- 10 year Westinghouse Alliance Agreement provides solid foundation for growth



Our Strength in Power, both Fossil and Nuclear, will Differentiate Us!

Process Management – Key Messages

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***Daily Maintenance Repair and Operations (MRO),
Parts and Services Sales Generate Value and a
Steady Revenue Stream***

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Process Management – Key Messages

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**Customers Rate Emerson:
“Best-in-Class”**

**2009 Control
Customer’s Ratings**

25 Firsts!



Systems & Software

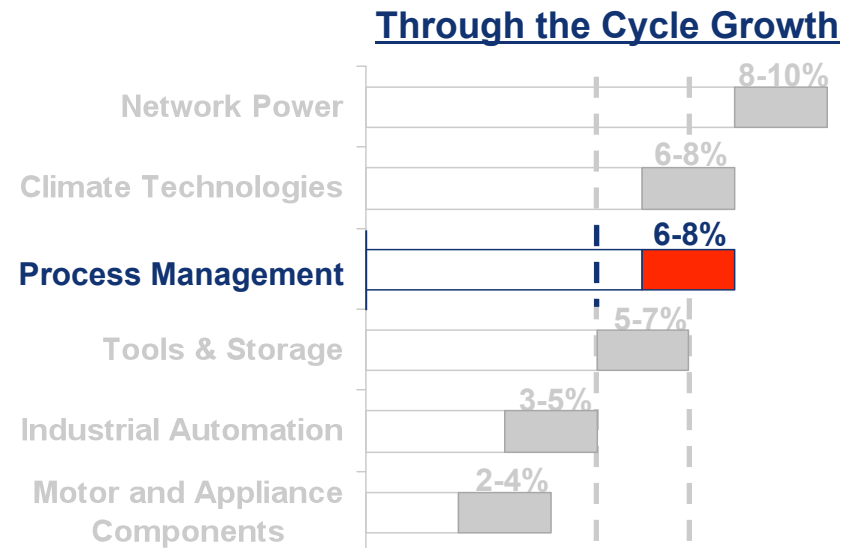
Continuous Regulatory Control
Batch Process Automation
Alarm Management Software
Asset Management Software
Calibration Management Software
Neural Networks Software
✓ **Wireless Infrastructure**

Measurement & Valves

Level Gauge, Contacting Radar
Level Gauge, Non-Contacting Radar
Level Gauge, Inventory Grade
Pressure Transmitter
Resistance Temperature Detector
Thermocouple
Temperature Transmitter
Density/Concentration Analyzer
pH/ORP/Conductivity Analyzer
Process Chromatograph
Stack Gas/Emissions Analyzer
Coriolis Flowmeter
Magnetic Flowmeter
Turbine Flowmeter
Vortex Flowmeter
Pneumatic Valve Actuators
Control Valves
On/Off Valves

Process Management – Outlook

- Long-term market fundamentals are strong
- Our investments in emerging markets will continue to drive growth (sales have tripled in regions since 2003)
- Customers continue to trust Emerson to manage their most challenging projects (Main Automation Contractor)
- Continuing pursuit of strategic acquisitions to enhance offerings



	<u>2008</u>	<u>2009E</u>
Underlying Sales Growth*	14%	+6 to +8%
Reported Sales Growth	17%	-1% to +1%
EBIT Margin	19.6%	19.4% to 20.1%
Restructuring	\$12M	\$15-20M

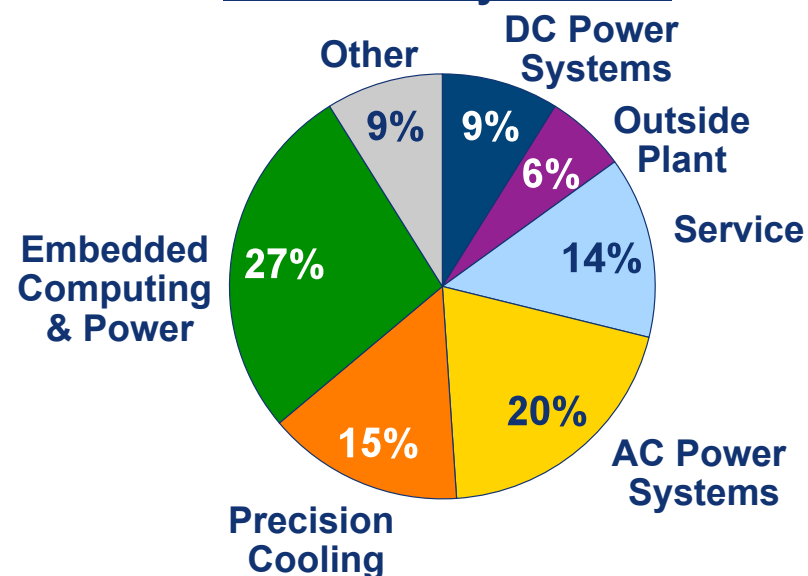
Network Power – Key Messages

- ✓ ● **Acquisitions, innovative new products, and international penetration have fueled growth and expanded earnings**
- ✓ ● **Computing End Market Diversification and Emerging Market Infrastructure Demand Driving Growth**
- ✓ ● **Datacenter Infrastructure Management Opportunities Continue to Expand**
- ✓ ● **Renewable Energy Markets Offer Tremendous Opportunities**
- ✓ ● **Well Positioned to Capitalize on Fast Growing ATCA Embedded Computing Segment**
- ✓ ● **Embedded Power's Technology Development Process Delivers Products that Lead the World in both Efficiency & Power Density**

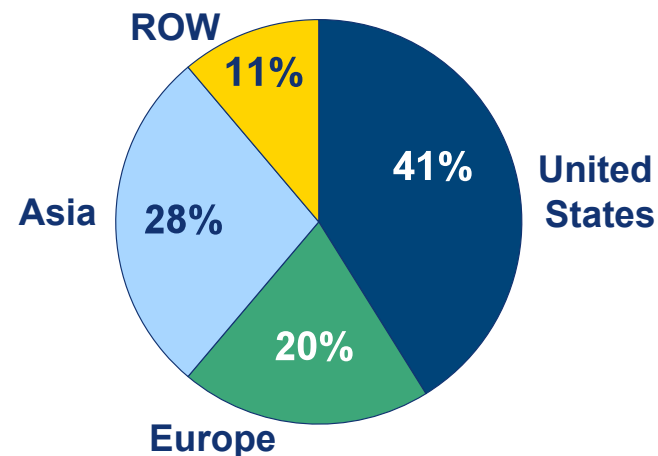
Network Power Summary

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Sales	\$4.4B	\$5.2B	\$6.3B	20.5%
Earnings	\$484M	\$645M	\$794M	28.1%
% of Sales	11.1%	12.5%	12.6%	
Restructuring	\$19M	\$23M	\$28M	
ROTC	13%	15%	16%	

2008 Sales by Product



2008 Sales by Geography



Major Markets Served	% Sales
Computing	39%
Communications	37%
Industrial	13%
Service	5%
Other	6%

<u>2008</u>	
E&D spending	\$270M
New product sales	\$3.1B

Network Power – Key Messages

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***Diversification of Datacenter Customer Base
Continues to Drive Balanced Growth***

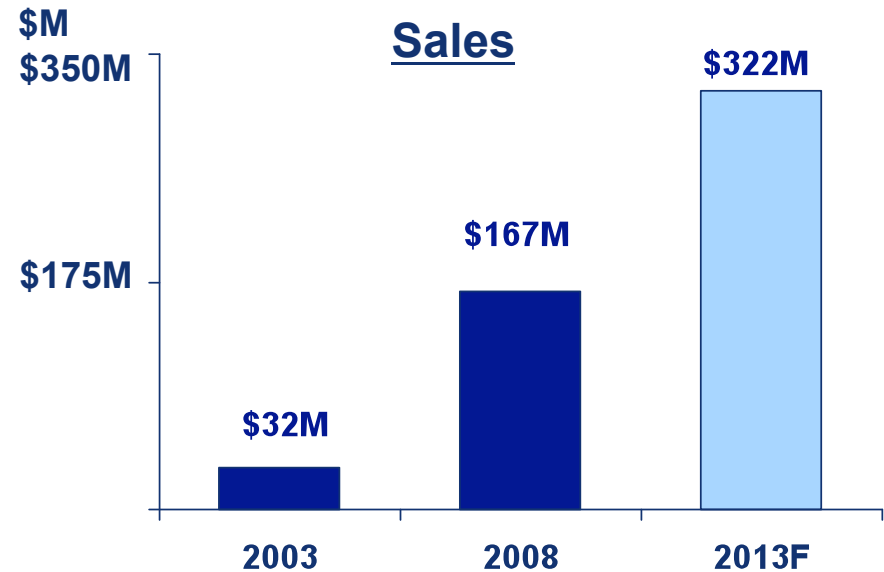
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Africa & Middle East Network Power Growth

- Telecom and Computing Infrastructure Demand
- Global Product Platforms Supporting Growth
- Telecom Hybrid Base Stations Providing Unique Solutions for Remote Locations
- Expanded Offering of Integrated Shelter Solutions



Telecom Hybrid Solution – Uganda



Power Enclosure Battery Enclosure

Global Product Platforms

AC Power **Precision Cooling**



Liebert NXL



Liebert HPM

Network Power – Key Messages

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Network Power – Infrastructure Management

- **IT Devices are Now an Integral Part of the Physical Infrastructure Design**
- **Opportunity to Create a Comprehensive Set of Tools and Services Within and Across the Infrastructure Management Domain**
 - Truly Differentiate Ourselves from Traditional and Non-Traditional Players
- **Strategy**
 - Leverage Domain Expertise and Aperture Acquisition
 - Make Strategic Acquisitions to Target the Monitoring Software IT/Facilities ‘Seam’
 - Provide Enhanced Service Offerings
- **Datacenter Infrastructure Management Evolving to a “PlantWeb™-Like” Solution**

Network Power – Key Messages

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IT Infrastructure Management Becoming Increasingly Critical Area Of Data Centers

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Network Power – Key Messages

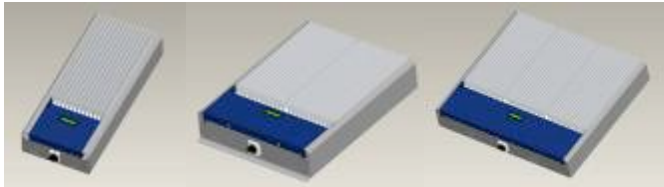
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Renewable Energy Solutions Offerings

Solar Power

Modular Inverter Design for Scalability

3kW 6kW 9kW



- Fan-less Convection Cooled Design
- Wireless Energy Monitor with Touch Screen Monitoring on Front Panel
- Greater Switching Frequency, Results in Smaller Size Yet Higher Efficiency

Wind Power



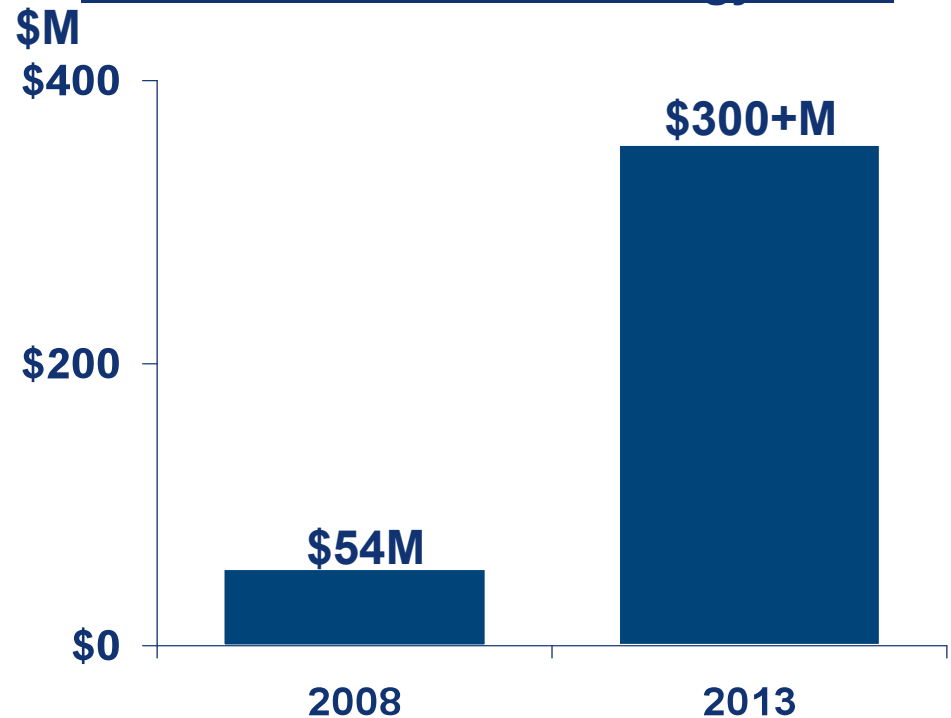
Converter



Switchgear

- New Market Entrance in Power Generation Field
- Converter Firmware Technology Leveraged from Emerson UPS and Motor Drive Applications

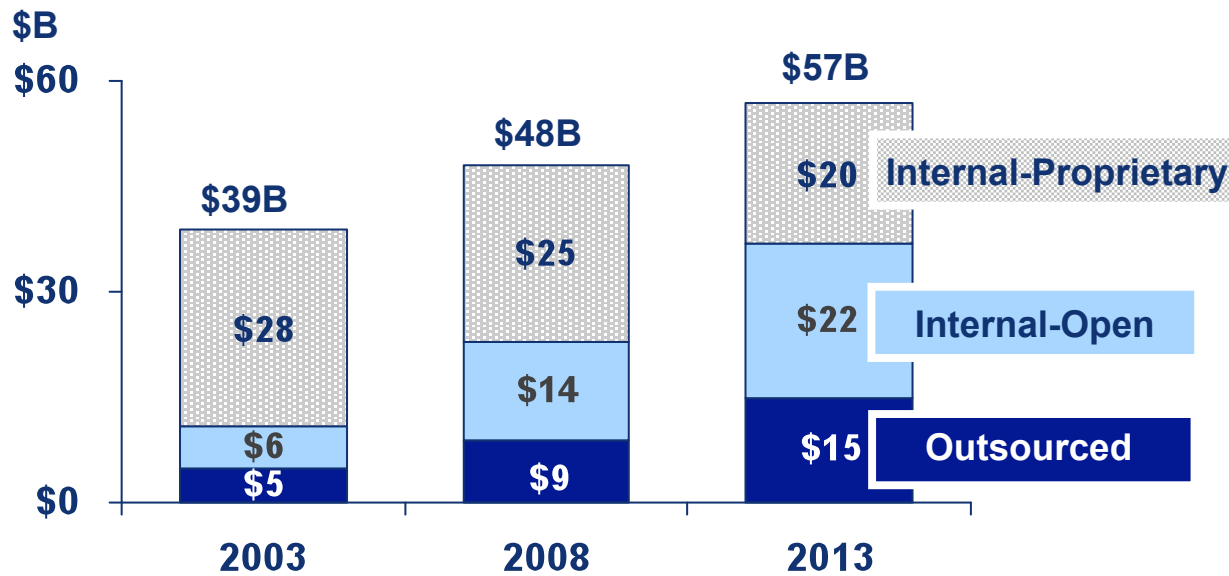
Emerson's Renewable Energy Sales



Network Power – Key Messages

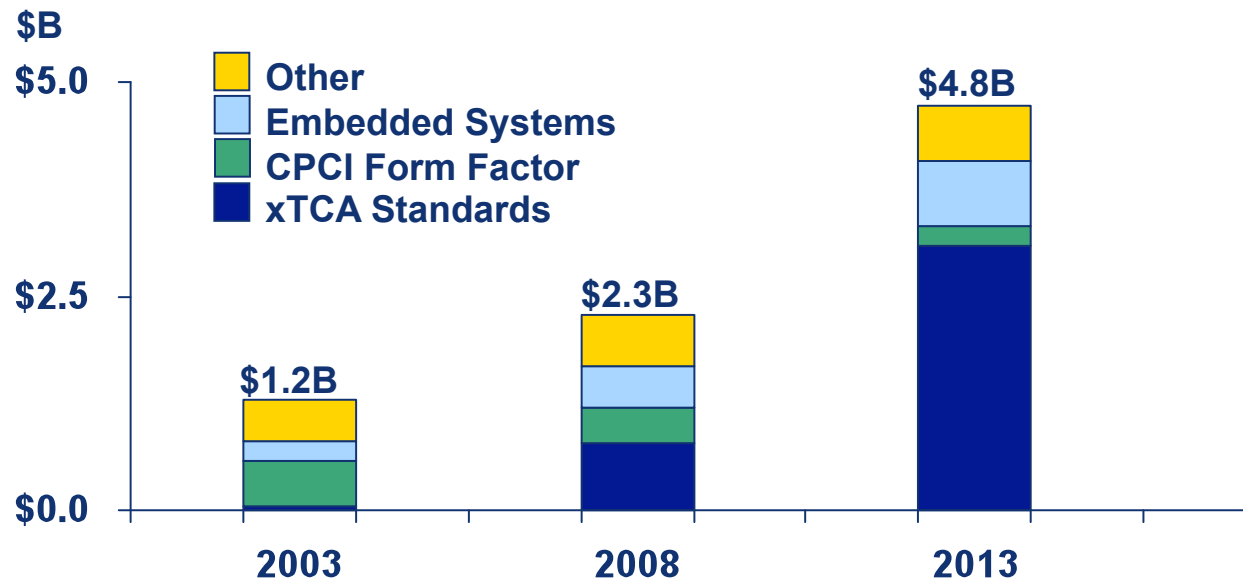
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Embedded Computing – Two Key Trends Accelerating Growth of Market



#1

Rapid Shift from Internally Developed Market to Outsourced Market Driving Double-Digit Growth in End-Market



#2

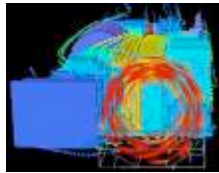
Brisk Adoption of ATCA & μ TCA Architecture by Tier 1 & Tier 2 OEMs Displacing Legacy Standards

Network Power – Key Messages

- Acquisitions, innovative new products, and international penetration have fueled growth and expanded earnings
- Computing End Market Diversification and Emerging Market Infrastructure Demand Driving Growth
- Datacenter Infrastructure Management Opportunities Continue to Expand
- Renewable Energy Markets Offer Tremendous Opportunities
- Well Positioned to Capitalize on Fast Growing ATCA Embedded Computing Segment
- ✓ ● **Embedded Power's Technology Development Process Delivers Products that Lead the World in both Efficiency & Power Density**

Embedded Power – Technology Development Process, a Clear Advantage

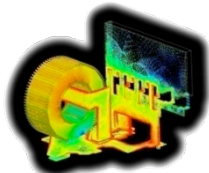
Development Tools, Applications & Resources



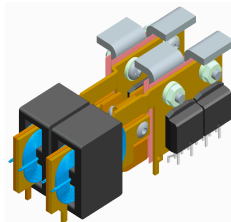
**Thermal
Modeling**



**Efficiency
Optimization**



**Advanced
Transformers**



**Integrated
Magnetics**

Asian Best Cost Engineering Centers

- Nanjing, China
- Shenzhen, China
- Manila, Philippines
- Ho Chi Minh City, Vietnam

Technologies

1. **New to the World** Power Conversion Topologies
2. Enhanced Packaging Techniques
3. Greater Magnetics Efficiency
4. Improved Thermal Management
5. Sizable Reduction in Total Part Count

Products



**Achieving Industry
Leading
90+% Efficiencies**



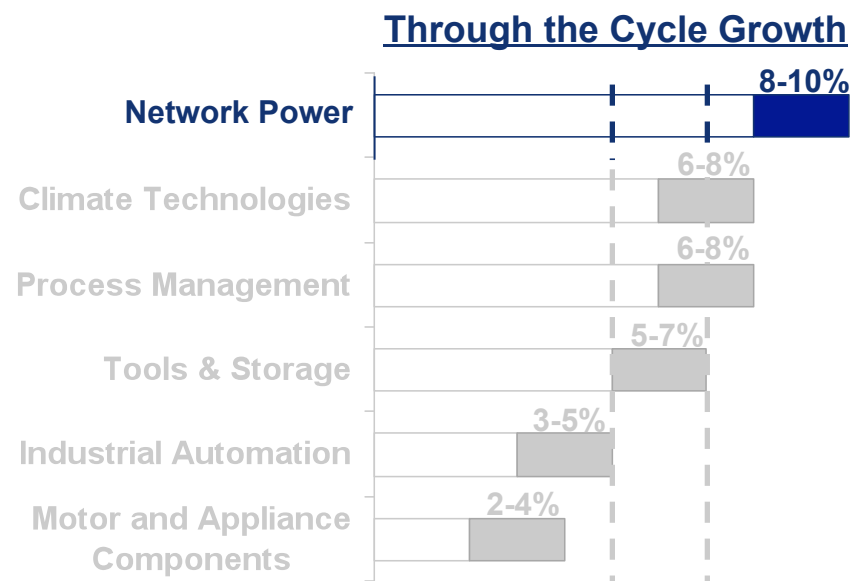
**Enabling Ultra Slim
16mm Design
Notebook Adapters**



**Premium Value for
Improved Efficiency &
Performance**

Network Power – Outlook

- We enter this market downturn with a significantly lower fixed capital base versus 2001
- Strong Relationships with Global Technology Providers
- Asia Markets Continuing to Grow and Prosper
- Distributed Fiber Initiatives Driving Telecom Wireline Spending



	<u>2008</u>	<u>2009E</u>
Underlying Sales Growth*	11%	-2% to -6%
Reported Sales Growth	23%	-6% to -10%
EBIT Margin	12.6%	11.5% to 12.1%
Restructuring	\$28M	\$90-95M

Industrial Automation – Key Messages

- ✓ ● **Growth has been driven by power generation, continuous emerging market penetration, and increased focus on energy efficiency**
- ✓ ● **Repositioned the portfolio via acquisitions/divestitures**
- **Develop more integrated and customized solutions combining electronics and traditional products**
- ✓ ● **Develop broader range of energy saving products and solutions**
- **Increase participation in renewable energies (wind, solar)**
- ✓ ● **Maintain global leadership position in power generation**
- ✓ ● **Build on a strong Caterpillar relationship**
- **Expand service investments and offerings**
- **Expand presence in emerging markets: 2008: 16% of sales → 2013: 30% of sales**

Industrial Automation Summary

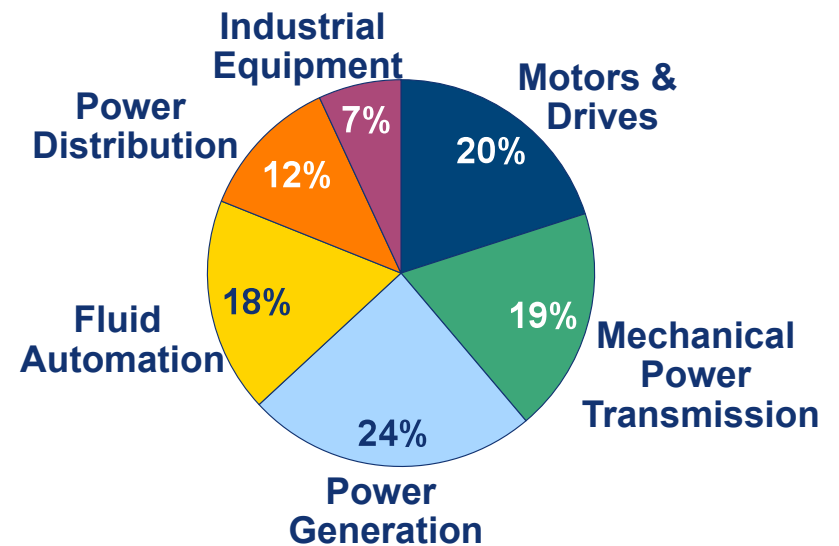
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2006-08 CAGR</u>
Sales	\$3.8B	\$4.3B	\$4.9B	13.5%
Earnings⁽¹⁾	\$569M	\$665M	\$727M	13.0%
% of Sales⁽¹⁾	15.1%	15.6%	15.0%	
Restructuring	\$12M	\$14M	\$19M	
ROTC	22%	23%	24%	

⁽¹⁾ Includes impact of anti-dumping duties

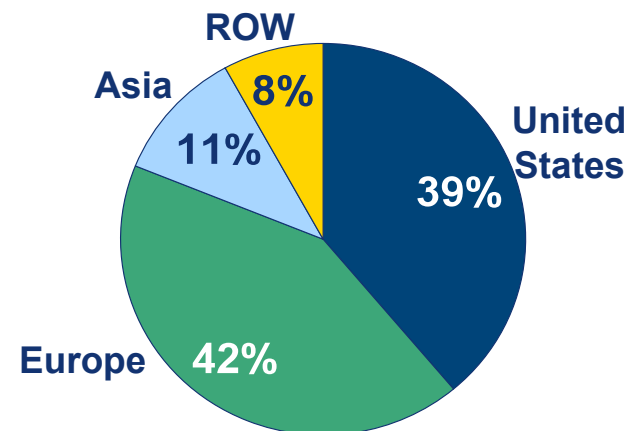
Major Markets Served	% Sales
General Industrial	21%
Power	10%
Building & Construction	9%
Oil & Gas	8%
Other	52%

<u>2008</u>	
E&D spending	\$91M
New product sales	\$1.1B

2008 Sales by Product



2008 Sales by Geography



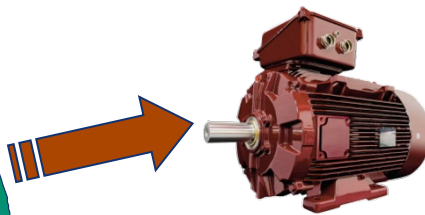
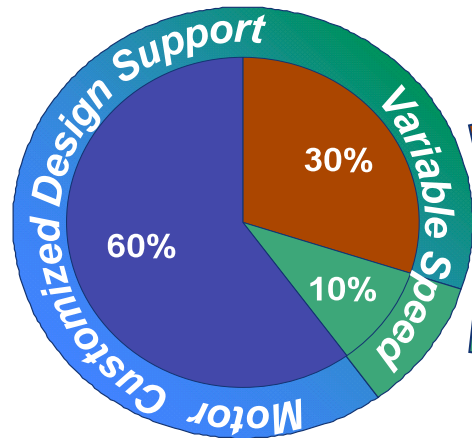
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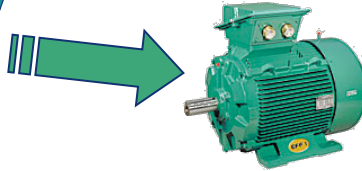
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Industrial Automation Motor/Drives Efficiency Solutions Portfolio



Electronic Speed Control



Energy Efficient Motors

Energy Efficiency Sales
 2008: \$365M
 2013F: \$850+M

Estimated Motor Potential Savings by 2020 in EU = 200 Terawatt-Hours



Complete System Design to Optimize Efficiency

Component Related	Europe	Energy Savings		Industrial Auto
	Energy Efficiency Motors	Terrawatt-hrs	%	Solution
Service Installation Related	Energy Efficiency Motors	20	10%	✓
Service Installation Related	Electronic Speed Control Instead of Mechanical Control	60	30%	✓
	Mechanical Systems Optimization	120	60%	✓
	Total	200	100%	

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Power Generation – Highlights and Initiatives

Highlights

- Relationship with Caterpillar continues to be strong
- Non-Caterpillar sales grew at a 31% 5-year CAGR
- Reynosa, Mexico facility now serving North America growth
- New plant being built in Cluj, Romania to serve Europe growth
- Finalized Alternator Power Gen. acquisition in India to expand market presence
 - \$85M in Sales

Initiatives

Expand Current Markets	
	
Increase Range to 20 MW	Penetrate new Wind Energy Markets
	
Off Highway Trucking	Explosion Proof Alternators for Oil & Gas

Service Opportunities

		
Installation	On-Site Repair	Centralized Rebuilding

Industrial Automation – Key Messages

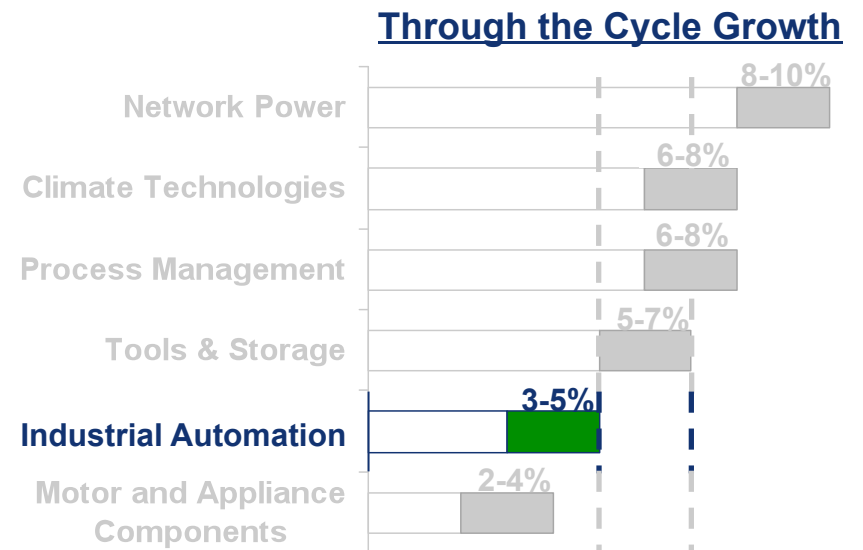
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***Industrial Automation
Alternator Power Generation Sales***

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Industrial Automation - Outlook

- Good position in Wind and Solar Power Market with solutions covering converters, couplings and panel tracking
- Expanding manufacturing and distribution capacity in Eastern Europe, China, and India
- Leading technologies for port cranes and elevators



	<u>2008</u>	<u>2009E</u>
Underlying Sales Growth*	7%	-9% to -12%
Reported Sales Growth	14%	-13% to -16%
EBIT Margin	15.0%	13.3% to 14.2%
Restructuring	\$19M	\$25-30M

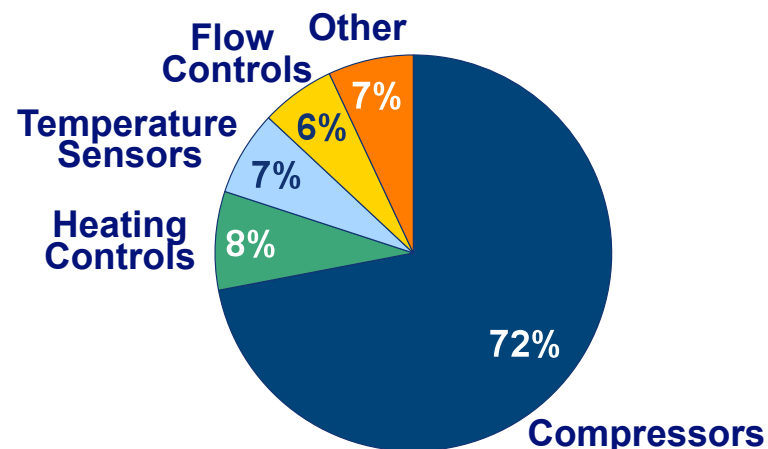
Climate Technologies - Key Messages

- ✓ ● **Industry leading innovation in compressor technology allows us to meet the needs of our global customers**
- ✓ ● **Global demand for energy responsible products drives long term growth of major platforms**
 - **R410A Conversion by January 1, 2010 – A positive in the US**
- ✓ ● **Electronics & communication integration into core products adds value and increases differentiation**
- ✓ ● **Building services & solutions business is our next key growth initiative**
- ✓ ● **Global footprint provides balanced portfolio and enables development of regional & global solutions**

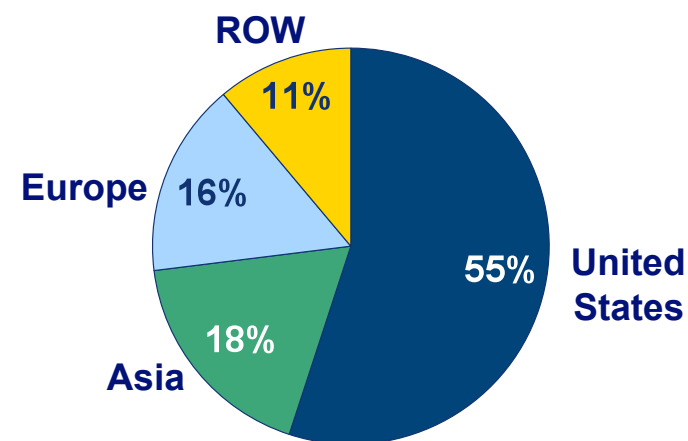
Climate Technologies Summary

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2006-08 CAGR</u>
Sales	\$3.4B	\$3.6B	\$3.8B	5.7%
Earnings	\$523M	\$538M	\$551M	2.6%
% of Sales	15.3%	14.9%	14.4%	
Restructuring	\$14M	\$9M	\$22M	
ROTC	29%	27%	29%	

2008 Sales by Product



2008 Sales by Geography



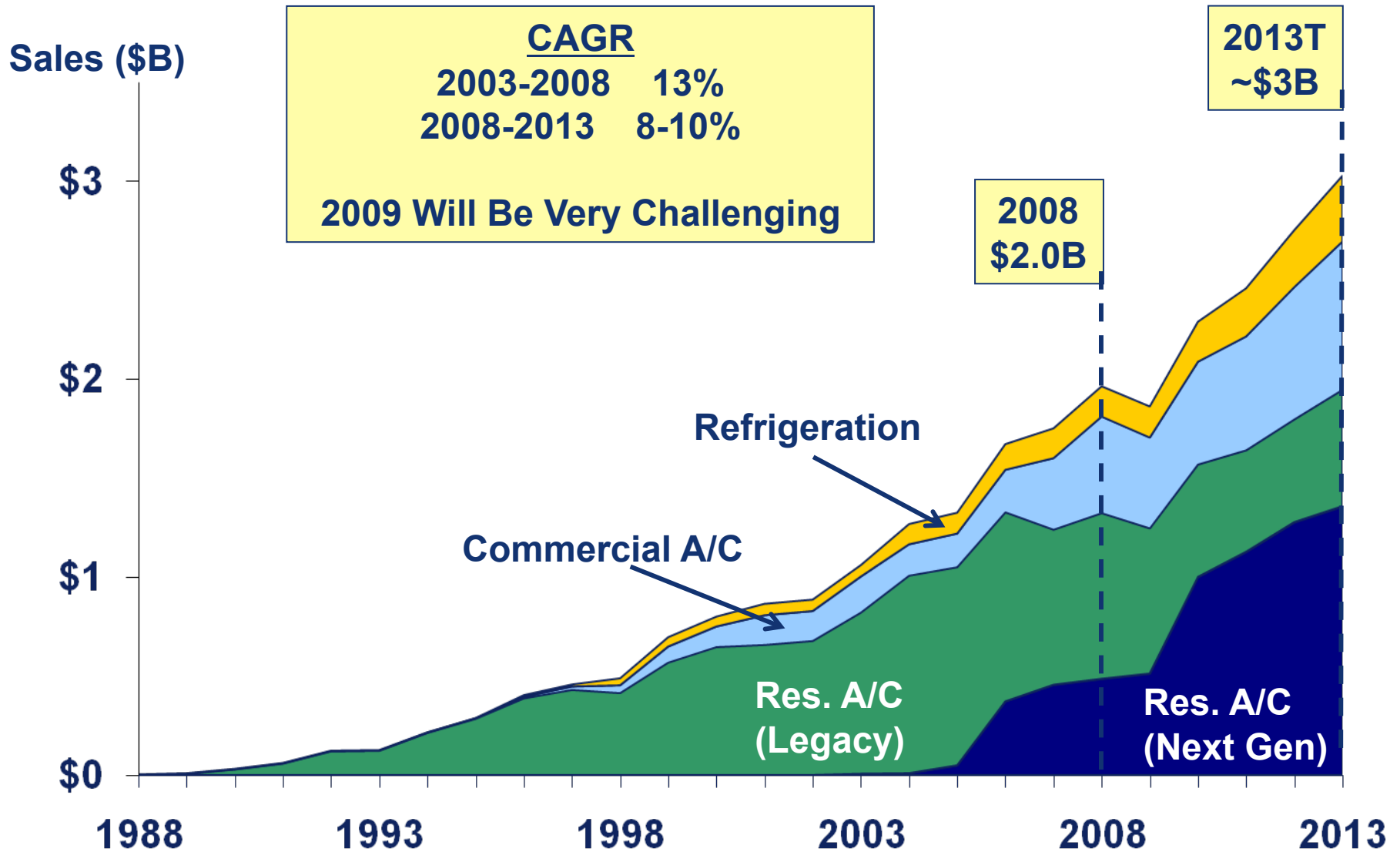
<u>Major Markets Served</u>	<u>% Sales</u>
Residential HVAC	44%
Commercial HVAC	25%
Stationary Refrigeration	16%
Solutions & Services	3%
Transport	2%
Other	10%

<u>2008</u>	
E&D spending	\$86M
New product sales	\$1.2B

Climate Technologies - Key Messages

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Scroll Products Provide Best In Class Efficiency & Value Globally



Climate Technologies - Key Messages

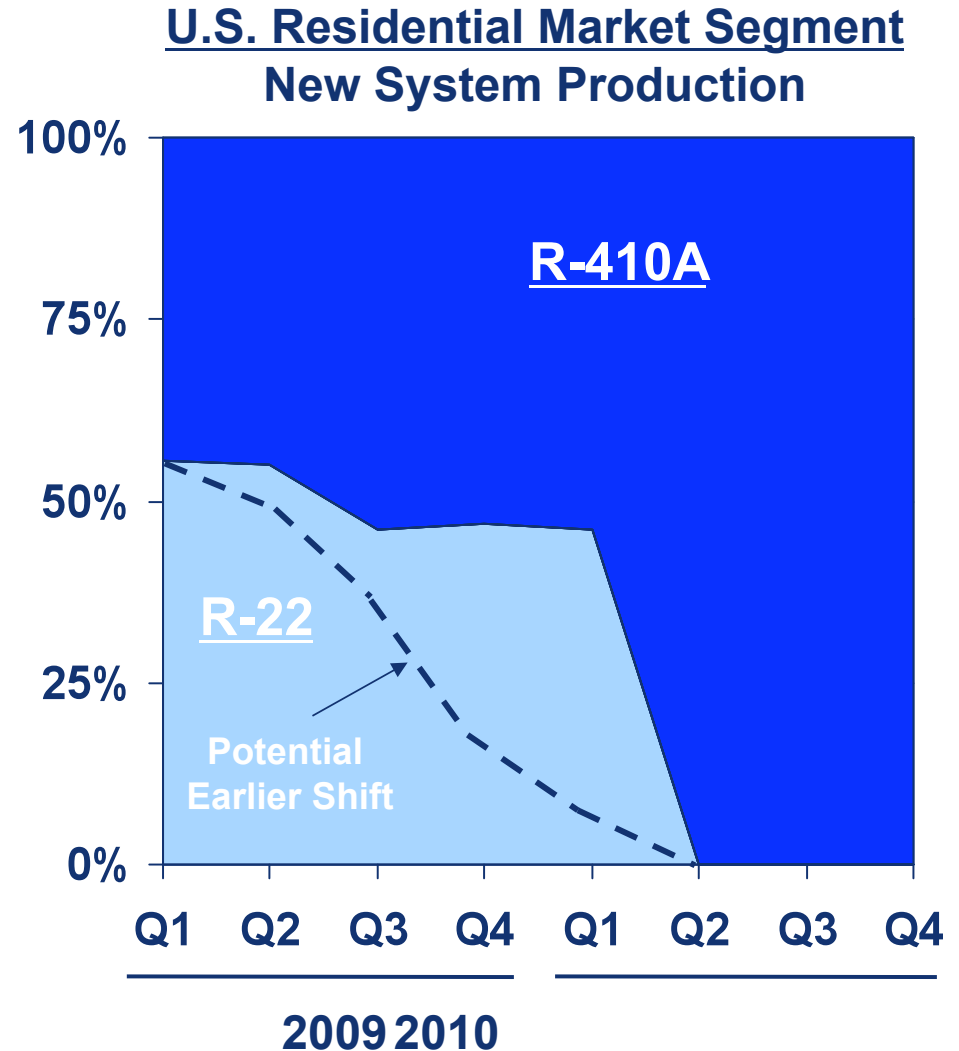
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U.S. Air Conditioning Refrigerant Transition

R-22 → R-410A

- R-22 (HCFC Gas), the primary U.S. A/C system refrigerant, will be phased out by January 1, 2010
 - Part of Montreal Protocol
 - Impacts new systems
- Emerson has optimized its technology around the new refrigerant, R-410A (HFC Gas)
 - Over 7M R-410A Scroll compressors produced over the past decade
- Recent EPA activity has raised industry sensitivity and accelerated R-410A transition

– R-410A transition is positive for Emerson – Especially in the Commercial Market Segment



Climate Technologies - Key Messages

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Using Electronics To Enhance Capabilities & Create New Functionality

Comfort Alert



Diagnostics

Control Link



Protection & Reliability

Performance Alert



Verification & Energy Monitoring

E2 Controller



Increasing Benefits & Value

Compressor / System Control

Communicating System

Software & Services



High Definition T-stat



Intelligent Store Discus



Unitary Controller



Monitoring & Reporting

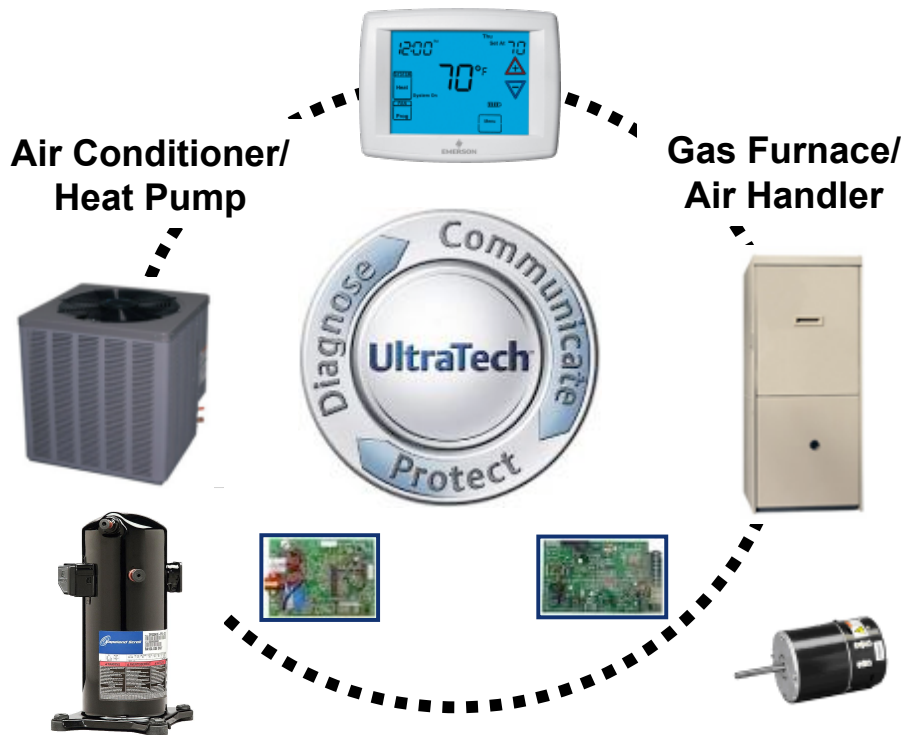
A Clear Acquisition Area for Emerson; Will Impact 50% of Climate Tech Business Someday

Climate Technologies - Key Messages

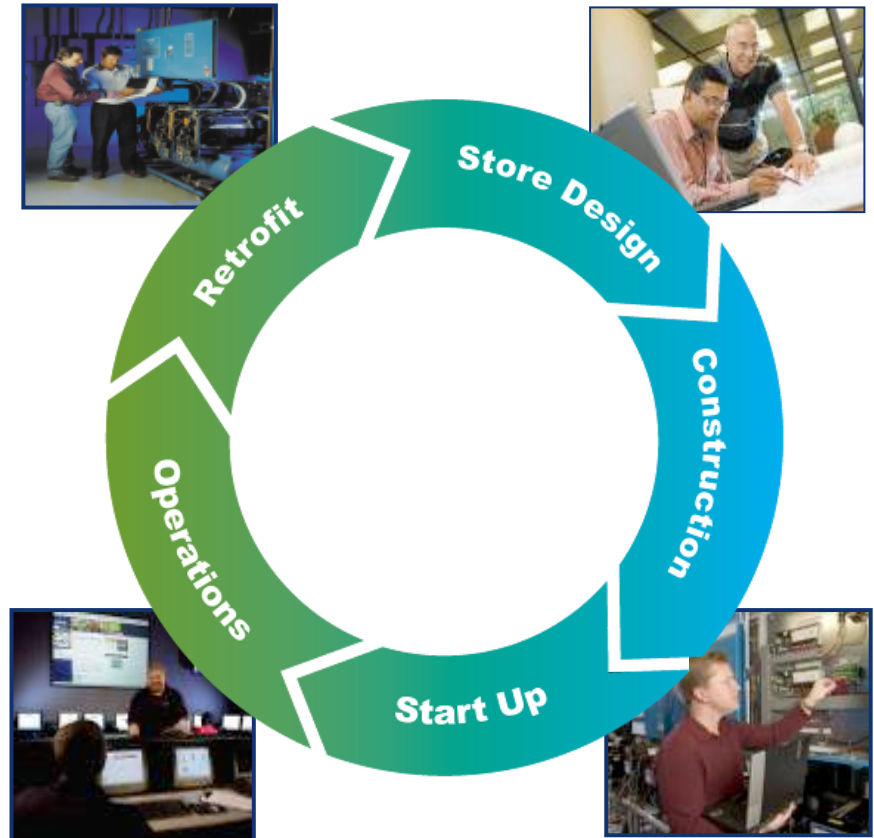
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Addressing Solutions Needs At The System Level

UltraTech Communicating System



Retail Solutions



Using Electronics & Software To Deliver Information To Customers Creates Enormous Value for Emerson and Customers

Climate Technologies - Key Messages

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New Products Drive Growth Across Diverse Global Markets

Refrigerated Marine Transport



- **Extends Food Shelf Life**
- **Reaches Temperature Setpoint Faster**

Modulated Air Conditioning



- **Precise Temperature & Humidity**
- **Up To 40% Lower Electricity Bills**

European Heating



- **30%+ Lower Heating Costs**
- **Improved Reliability**

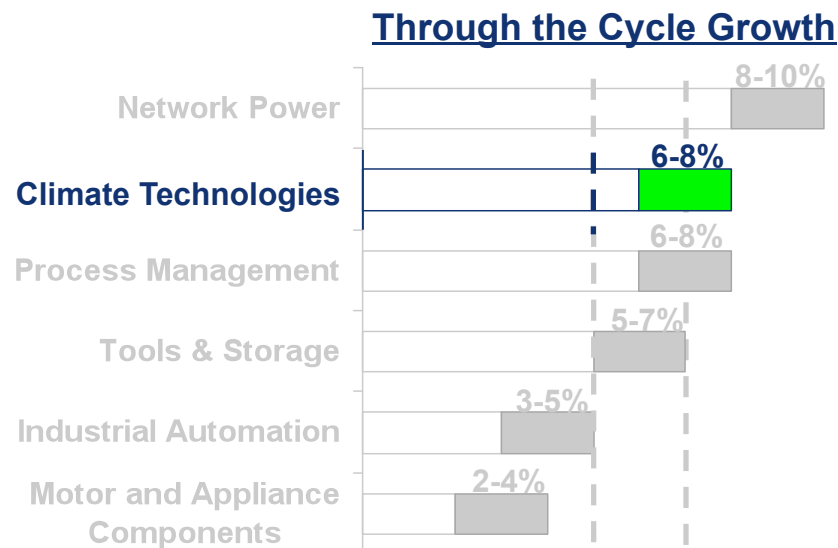
Commercial Air Conditioning



- **Best In Class Efficiency & Reliability**
- **Larger Capacities Expand Our Market**

Climate Technologies - Outlook

- Increasing focus on energy efficiency and availability will favorably impact the market
- We are ready for the following transitions:
 - US - January 2010 conversion to R410A
 - China - Pending implementation of new efficiency standards
- We will selectively expand our served markets and capabilities through acquisitions



	<u>2008</u>	<u>2009E</u>
Underlying Sales Growth*	3%	-6% to -10%
Reported Sales Growth	6%	-10% to -13%
EBIT Margin	14.4%	13.4% to 14.1%
Restructuring	\$22M	\$25-30M

Appliance & Tools – Key Messages

- ✓ ● **Appliance and Tools – Delivering productivity enabling solutions to our customers**
- ✓ ● **Selectively augment mix of portfolio via acquisitions/divestitures**
 - **Changing underlying dynamics**
- ✓ ● **Strengthen platform through innovation and technology to reach new, higher growth, more profitable global markets**
 - **RIDGID Professional Tools**
 - **Healthcare Storage Solutions**
 - **A broad range of Energy Efficient products**
- **Expand global footprint, tap faster growth in the developing economies**
 - **Penetrate emerging markets via new products**

Appliance and Tools Summary

	2006 ⁽¹⁾	2007 ⁽¹⁾	2008 ⁽¹⁾	2006-08 CAGR
Sales	\$3.9B	\$4.0B	\$3.9B	(0.7%)
Earnings	\$539M	\$564M	\$527M ⁽²⁾	(1.1%)
% of Sales	13.8%	14.1%	13.6%	
Restructuring	\$21M	\$14M	\$11M	
ROTC	24%	24%	24%	

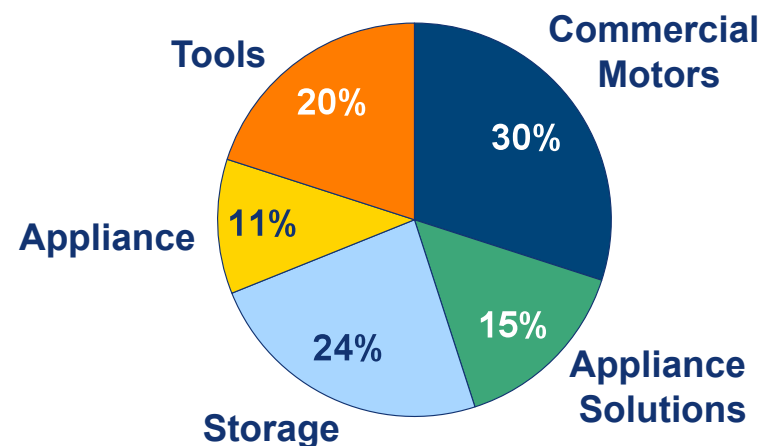
⁽¹⁾ European appliance motor & pump business reclassified as discontinued operations.

⁽²⁾ Includes \$31M Impairment charge for appliance control business

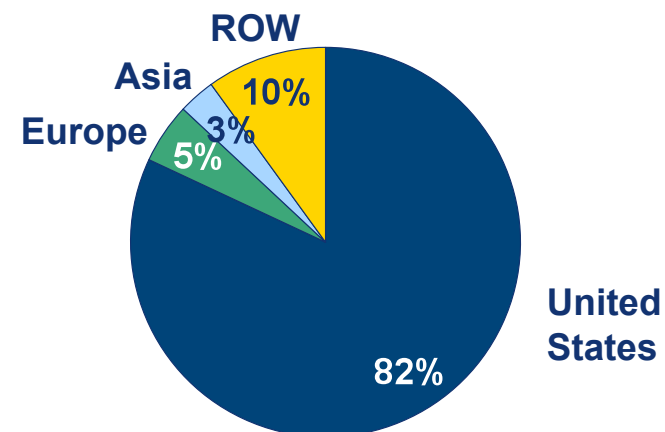
Major Markets Served	% Sales
Retail – Home Channel	21%
HVAC	18%
Commercial	15%
Appliance	14%
Other - Broad Industry Coverage	32%

2008	
E&D spending	\$73M
New product sales	\$1.6B

2008 Sales by Product



2008 Sales by Geography



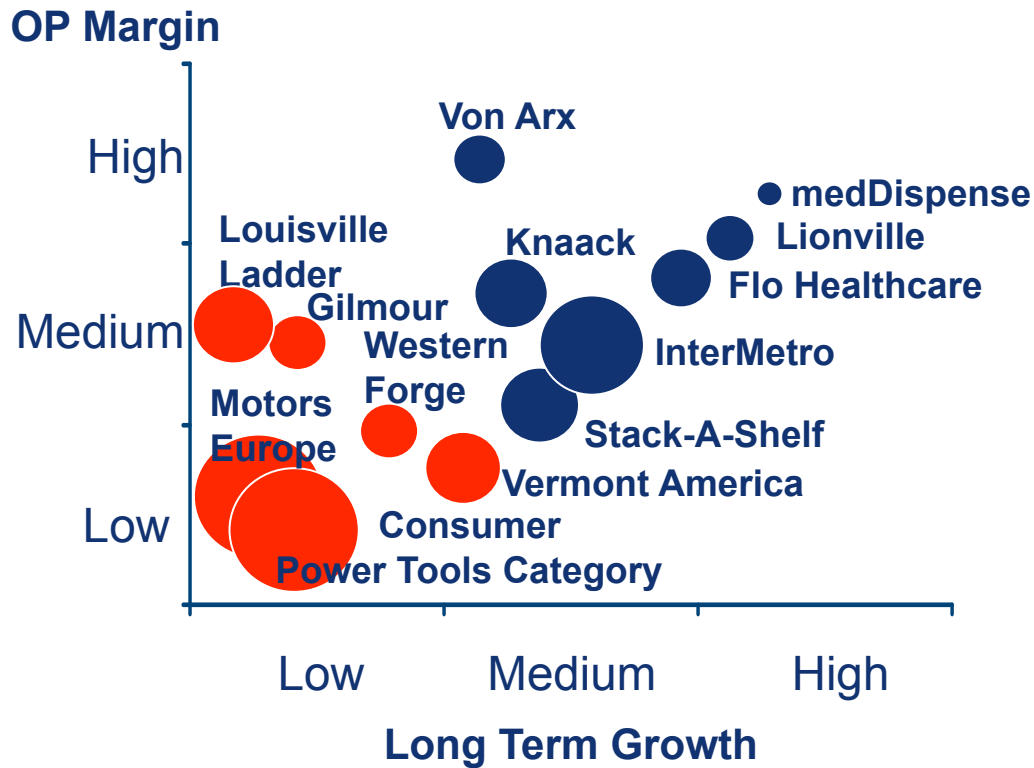
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 - Healthcare Storage Solutions
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Managing Business Segments to Sustain 5-7% Thru-the-Cycle Growth

Business Repositioned: 1999 - 2009

Current Target Areas of Focus



- Divestiture
- Core/Adjacent Space Acquisition



*Healthcare
Point-of-Care
Technologies*



*Infrastructure
Life Cycle
Development*

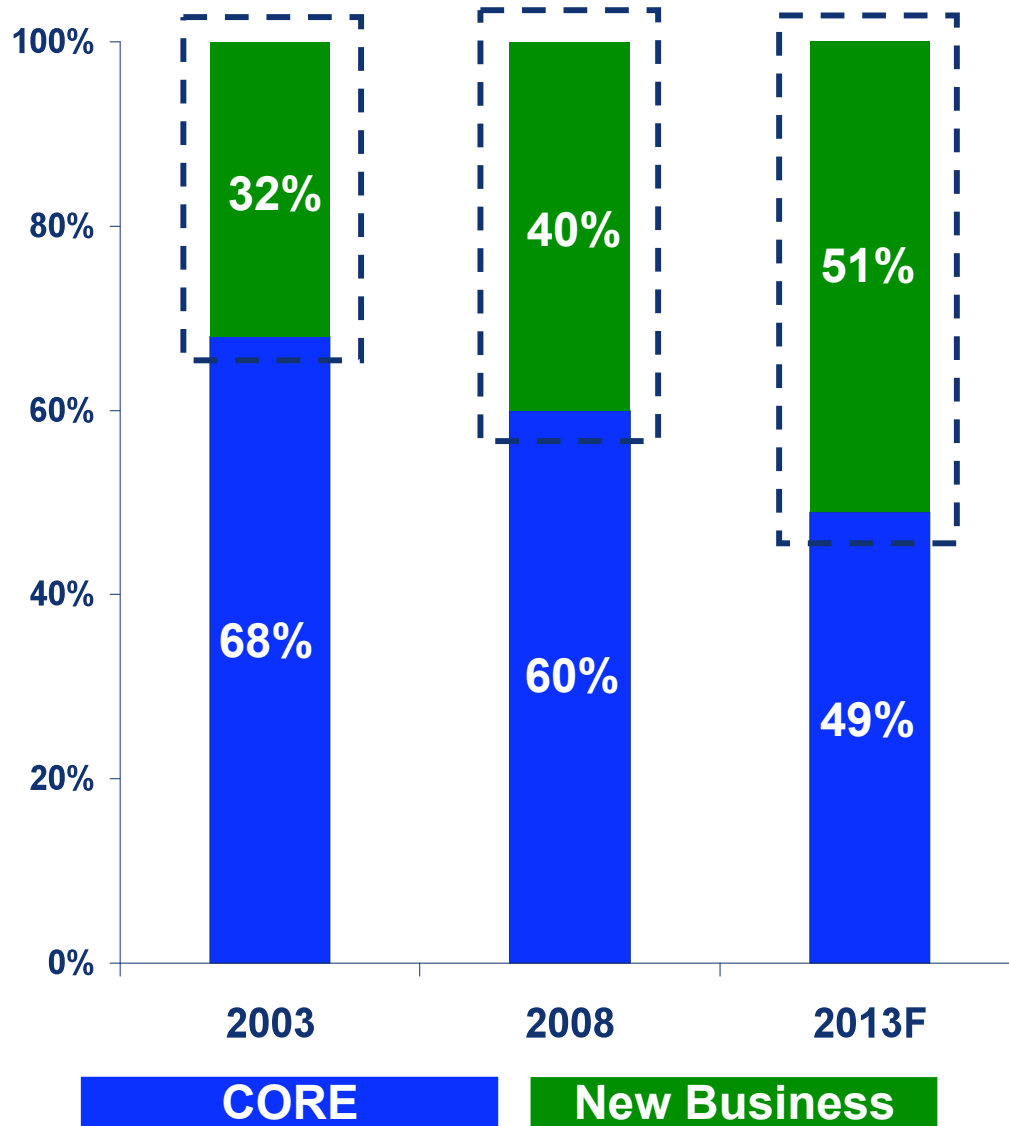


*Water &
Food Waste
Treatment*

Appliance & Tools – Key Messages

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Changing The Game New Business/Technologies Targeted at Profitable Growth



- Through the Cycle Growth
 - Core: 2-4%
 - New Business: 12-16%
- Global Infrastructure Alignment
- Focus: Faster Growth / Technology Based Markets
- 2013F Sales Mix > 50% of New Businesses

CCTV / Locating



Pressing



Handheld Inspection



Appliance & Tools – Key Messages

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Emerson's Healthcare Storage Development
Expanding Capabilities & Products at the Point-of-Care

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Appliance & Tools – Key Messages

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Improving Energy Efficiency with Environmentally Responsible Products

Our Line of Energy Efficient Products



- Energy Efficient Motors
- Variable Speed Motors
- Variable Speed Hermetic Motors for Scroll Compressors

Our Products Enabling Energy Efficient Systems



- Drive Systems for Diesel/Electric Hybrid Machinery
- Variable Speed Systems for Front-Loading Washers
- Variable Speed Systems for Leisure Water

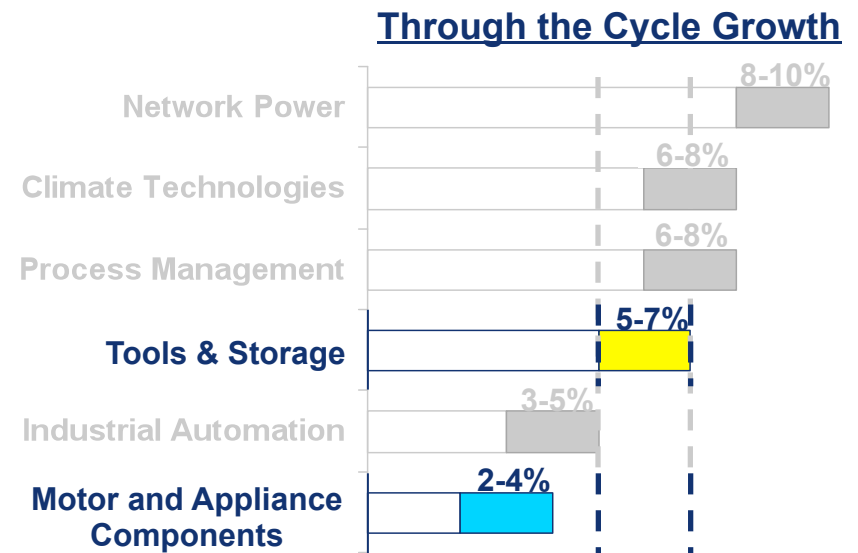
Our Products in Environmentally Responsible Applications



- Motors for Water / Wastewater Projects
- Motors for Coal Gasification Plants
- Terminals for CO₂ Compressors

Appliance & Tools - Outlook

- Continue repositioning to strengthen business
- Expand Online Customer Relationship Management Capabilities
- Increase Localized Resources to Support Emerging Market Growth



	<u>2008</u>	<u>2009E</u>
Underlying Sales Growth*	-3%	-14% to -17 %
Reported Sales Growth	-4%	-14% to -17%
EBIT Margin	13.6%	13.0% to 13.7%
Restructuring	\$11M	\$20-25M

**WE ARE A POWERFUL FORCE FOR
INNOVATION**

Passion. Collaboration. Anticipation. Customer-focus. Integrity.