



THE MARKET

Emerson's market is the world. A little more than half its sales are in the United States, with the remainder spread throughout Europe, Asia, Latin America, and the rest of the globe. The company serves the needs of a wide range of specific markets and industries:

- **Process Management** — providing measurement, control, and diagnostic capabilities for automated industrial processes, producing such items as food, medicine, power, and fuel.
- **Climate Technologies** — enhancing household and commercial comfort as well as food safety and energy efficiency with air conditioning and refrigeration technology.
- **Network Power** — providing power conditioning and reliability to help keep telecommunications systems, data networks, and critical business applications operating continuously.
- **Industrial Automation** — bringing integrated manufacturing solutions such as motion control, motors and drives, materials testing, and precision cleaning to diverse industries worldwide.
- **Appliance and Tools** — providing uniquely designed motors for a broad range of applications, appliances and integrated appliance solutions, tools for homeowners and professionals, and home and commercial storage systems.

From home to business, from factory to family, from local neighborhoods to the other side of the world, Emerson delivers for a world in action.

ACHIEVEMENTS

Borne of a single electric motor patent, Emerson has grown to become one of the world's premier brands. Based in St. Louis, Missouri, Emerson is



a technology and engineering leader serving a wide range of vital global industries and individual consumers. With revenues exceeding \$17 billion in 2005, the company's more than 116,000 employees work in manufacturing, sales, and engineering facilities in over 150 countries. Emerson delivers a broad range of innovative solutions and services to customers through its Process Management, Network Power, Climate



Technologies, Industrial Automation, and Appliance and Tools businesses.

Under the leadership of chairman, CEO, and president David N. Farr, growth is a top priority. Emerson in recent years has achieved record sales and earnings and has extended its reach in mature markets; expanded into the world's developing regions, like China, where it totals more than \$1 billion in sales; engineered a series of strategic acquisitions; and maintained strong investments in new technology and innovation.

Emerson's businesses today are either number one or number two in the important markets they serve, and about a third of Emerson's sales are from products introduced within the past five years. Emerson's technology and innovation are everywhere, in home and business — from air conditioning to telecommunications power supplies to pharmaceutical plants and oil and gas refineries.

Recognized widely for its outstanding management process and for creating consistent shareholder value, Emerson has achieved 49 consecutive years of increased dividends while substantially outperforming the S&P 500 in total return.

Emerson also consistently ranks as one of *Fortune's* America's Most Admired Companies,

has been among the *Forbes* America's Best Big Companies, holds the No. 126 spot on the Fortune 500, and has been one of *InformationWeek's* 500 Top Innovators.

HISTORY

Since its humble beginnings in 1890 as a producer of small electric motors and electric fans, Emerson has grown to become one of the world's leading manufacturing companies, with operations around the globe.

Two Scotland-born brothers, Charles and Alexander Meston, along with John Wesley Emerson, a former Union Army officer, judge, and lawyer, started the company with a patent for a reliable electric motor. Emerson Electric Manufacturing Co., as it was then known, quickly began exploring new uses for the largely untested technology of electricity in a variety of household and commercial applications.

In 1892, Emerson sold America's first electric fans, a product for which the company soon became renowned. As the company grew, it expanded its product line by attaching electric motors to new products such as sewing machines, dental drills, player pianos, and hand tools.

During World War II, Emerson was a supplier to the U.S. Army and Air Force, becoming the world's largest manufacturer of aircraft gun turrets. In the postwar era, the company faced the dual challenges of promoting its highly seasonal fan product lines and responding to heightened competition from much larger electric motor manufacturers.

Those issues were addressed head-on in 1954 when the company's new chief executive decentralized Emerson's manufacturing base and expanded the company's product offerings. Emerson targeted high-growth markets and acquired a number of specialized businesses to position the company favorably within those markets. Management instituted a strong focus on cost reduction, quality improvement, and formal planning.

In the 1970s and 1980s, Emerson evolved into a major global enterprise, producing technologically advanced products used in such markets as telecommunications, electronics, heating, ventilating and air conditioning, and process controls. In the 1990s, Emerson continued to upgrade its process and product technologies and markedly increased sales overseas.

In 2000, Emerson redefined the brand and aligned its more than 60 diverse, autonomous businesses under a new brand architecture to better reflect its emphasis on collaboration, solutions orientation, and its customer focus. In the process Emerson created a new logo reflective of the company's ever-increasing technology edge.

THE PRODUCT

Emerson's technology and innovation surround people in many ways they don't often realize. Emerson products and solutions include:

- The sophisticated process control systems that make up intelligent field devices, performance software, and consulting and engineering expertise which help optimize productivity and



ensure efficient, safe, and high-quality production of products from petroleum and chemicals to pharmaceuticals and food.

- The climate control technologies like digital compressors, interactive thermostats, monitoring equipment, electronic flow controls, and system diagnostics and controls that enable environmentally friendly, energy-efficient air conditioning and refrigeration for businesses and homes.
- The reliable power technologies such as uninterruptible power supplies, power systems, embedded power supplies, and services and site operations that help safeguard the Internet, phone, and computer networks from electric power outages and disruptions.



Emerson also provides durable, energy-efficient electric motors for commercial use, as well as in residential appliances. With a range of other products that bring efficiency, organization, convenience, and comfort to homes and the workplace — such as closet and storage systems, kitchen garbage disposers and hot water dispensers, ceiling fans, and plumbing and hand tools — Emerson has truly solidified its position as a leading global technology solutions provider.

RECENT DEVELOPMENTS

Emerson is passionate about developing superior products and services to make life easier, safer, more pleasant, and more productive. To provide its customers with distinct competitive advantages, Emerson invests both time and money into developing breakthrough technologies and products, including:

Scroll Compressor Technology. This technology has revolutionized air conditioning and refrigeration equipment. Emerson's scroll compressor technology has also extended to microturbines, transport refrigeration, and even medical technology, bringing in nearly \$900 million in revenue in the last 15 years.

PlantWeb®. Development of PlantWeb® process automation technology has introduced the next-generation process control architecture for plant automation. The technology provides industrial customers like power plants

and chemical refineries with high-speed communications networks, real-time production data, better accuracy, and high-level diagnostics.

Electric Traction Motors. Development of electric traction motors for fuel cell-powered electric vehicles will make zero-emission vehicles possible. By using hydrogen, rather than gas or diesel, as the primary power provider, Emerson is providing the technology to produce highly efficient and environmentally friendly means of transportation.

PROMOTION

After years of leaving advertising and marketing activities to various divisions and product managers, Emerson in 2002 launched its first-ever

corporate ad and marketing campaign. The "Emerson. Consider It Solved" campaign, which showcased the newly organized and unified corporate brand, ran in top business publications, trade magazines, and airport displays. As management repositioned Emerson into faster-growing markets and demonstrated a greater collaboration among the company's businesses, the campaign helped customers better understand the company to know that when the stakes are high, they can turn to Emerson and "consider it solved."

Because Emerson's technology and people now play such a vital role in addressing tomorrow's global business challenges, recent advertising and promotion have positioned Emerson beyond traditional problem-solving and into the realm of bigger, broader issues and trends: energy efficiency, the communications

revolution, resources for the world, and business without borders. The 2006 "Are You Ready?" advertising campaign for the first time featured Emerson advertisements on business television around the world.

BRAND VALUES

Emerson's brand values are rooted deep within the company and reflect both:

- The traditional, internally disciplined character of being a well-managed, results-oriented, engineering-driven organization whose people have a passion for *excellence, commitment, and performance.*
- The more recent, externally focused nature of the company, whose people strive to be better partners with customers and are *connected, forward-looking, and have customer focus.*

These brand values are expressed in "who we are," the company's brand promise to shareholders, customers, and employees alike: *Emerson is where technology and engineering come together to create solutions for the benefit of its customers, driven without compromise for a world in action.*

The brand values and brand promise express how Emerson's world-class people engineer and create superior technology and are driven to collaborate, cross-sell, and offer better service for a broader array of consumer needs.

THINGS YOU DIDN'T KNOW ABOUT EMERSON

- Emerson Process Management equipment helped ignite and control an iconic flame at the 20th Winter Olympic Games in Turin, Italy.
- The Apollo 11 mission carried almost 100 Emerson devices, including the ventilation flow sensors that monitored oxygen flow through the spacesuits of moon-walking astronauts Neil Armstrong and Buzz Aldrin.
- Emerson Motor Technologies manufactures more than 1 million motors each week for use in equipment ranging from home washing machines and swimming pool pumps to automated food-processing lines and chemical refineries.