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## **FORM 10-K**

**EMERSON ELECTRIC CO - EMR**

**Filed: November 23, 2009 (period: September 30, 2009)**

Annual report with a comprehensive overview of the company

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended September 30, 2009

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-278

**EMERSON ELECTRIC CO.**

(Exact name of registrant as specified in its charter)

**Missouri**

(State or other jurisdiction of  
incorporation or organization)

**43-0259330**

(I.R.S. Employer  
Identification No.)

**8000 W. Florissant Ave.**

**P.O. Box 4100**

**St. Louis, Missouri**

(Address of principal executive offices)

**63136**

(Zip Code)

Registrant's telephone number, including area code: **(314) 553-2000**

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
Common Stock of \$0.50 par value per share	New York Stock Exchange Chicago Stock Exchange

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Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

Aggregate market value of the voting stock held by nonaffiliates of the registrant as of close of business on March 31, 2009: \$21.4 billion.

Common stock outstanding at October 31, 2009: 752,147,714 shares.

#### Documents Incorporated by Reference

1. Portions of Emerson Electric Co. 2009 Annual Report to Stockholders (Parts I and II).
  2. Portions of Emerson Electric Co. Notice of 2010 Annual Meeting of Stockholders and Proxy Statement (Part III).
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## PART I

### **Item 1. Business**

Emerson was incorporated in Missouri in 1890, and has grown from a regional manufacturer of electric motors and fans into a diversified global technology company. Having expanded its product lines through internal growth and acquisition, Emerson today is designing and supplying product technology and delivering engineering services and solutions in a wide range of industrial, commercial and consumer markets around the world.

Emerson is organized into the following business segments, based on the nature of the products and services rendered:

- Process Management, providing measurement, control and diagnostic capabilities for automated industrial processes producing items such as foods, fuels, medicines and power
- Industrial Automation, bringing integrated manufacturing solutions to diverse industries worldwide
- Network Power, providing power and environmental conditioning and reliability to help keep telecommunication systems, data networks and critical business applications continuously operating
- Climate Technologies, enhancing household and commercial comfort as well as food safety and energy efficiency through air-conditioning and refrigeration technology
- Appliance and Tools, providing uniquely designed motors for a broad range of applications, appliances and integrated appliance solutions, tools for both professionals and homeowners, and home and commercial storage systems

Sales, earnings before interest and income taxes, and total assets attributable to each segment for the three years ended September 30, 2009, are set forth in Note 16 of Notes to Consolidated Financial Statements of the 2009 Annual Report, which note is hereby incorporated by reference. Sales by segment in 2009 were Process Management 29 percent, Industrial Automation 17 percent, Network Power 25 percent, Climate Technologies 15 percent, and Appliance and Tools 14 percent. Sales by geographic destination in 2009 were United States 45 percent, Europe 21 percent, Asia 21 percent and other regions 13 percent. Information with respect to acquisition and divestiture activities and rationalization of operations by Emerson is set forth in Notes 3 and 5 of Notes to Consolidated Financial Statements of the 2009 Annual Report, which notes are hereby incorporated by reference.

### **PROCESS MANAGEMENT**

The Process Management segment offers customers product technology as well as engineering and project management services for precision control, monitoring and asset optimization of oil and gas reservoirs and plants that produce power or that process or treat such items as oil, natural gas and petrochemicals; food and beverages; pulp and paper; pharmaceuticals; and municipal water supplies. This array of products and services helps customers optimize their plant capabilities in the areas of plant safety and reliability, and product quality and output. In 2009, sales by geographic destination for this segment were United States 33 percent, Europe 22 percent, Asia 23 percent and other regions 22 percent.

## Process Management Systems and Software

Process Management systems and software control plant processes by collecting and analyzing information from measurement devices in the plant, and then using that information to adjust valves, pumps, motors, drives and other control hardware for maximum product quality and process efficiency. Software capabilities also include upstream oil and gas reservoir simulation and modeling for production optimization. Emerson's process control systems can be extended wirelessly to support a mobile workforce with handheld tools/communicators, provide site-wide location tracking of people and assets, enable video monitoring and communicate with wireless field devices, thereby increasing the information available to operators.

## Measurement and Analytical Instrumentation

Measurement instrumentation measures the physical properties of liquids or gases in a process stream, such as pressure, temperature, level, or rate and amount of flow, and communicates this information to the control system. Measurement technologies provided by Emerson include Coriolis direct mass flow, magnetic flow, vortex flow, ultrasonic flow, differential pressure, ultralow-flow fluid measurement, temperature sensors and radar-based tank gauging. Emerson measurement products are also often used in custody transfer applications, such as the transfer of gasoline from a storage tank to a tanker truck, where precise metering of the amount of fluid transferred helps ensure accurate asset management. Complementary products include onshore and subsea multi-phase meters, wetgas meters, downhold gauges and corrosion/erosion instruments.

Analytical instrumentation analyzes the chemical composition of process fluids and emissions to enhance quality and efficiency, as well as environmental compliance. Emerson's analytical technologies include process gas chromatographs, in-situ oxygen analyzers, infrared gas and process fluid analyzers, combustion analyzers and systems, and analyzers that measure pH, conductivity and water quality.

Emerson also provides these same technologies with wireless communication capability. This allows customers to monitor processes or equipment that were previously not measurable (remote, moving/rotating) or not economical to measure due to the cost and difficulty of running wires in industrial process plants.

## Valves, Actuators and Regulators

Control valves respond to commands from the control system by continuously and precisely modulating the flow of process fluids to provide maximum process efficiency and product quality. Emerson provides sliding stem valves, rotary valves, butterfly valves and related valve actuators and controllers. Emerson also provides a line of industrial and residential regulators, whose function is to reduce the pressure of fluids such as natural gas and liquid petroleum gas for transfer from high-pressure supply lines to lower pressure systems.

## PlantWeb® Digital Plant Architecture

Emerson's PlantWeb digital plant architecture combines the technologies described above with the advantages of "intelligent" plant devices (valves and measurement instruments that have advanced diagnostic capabilities), open communication standards (non-proprietary wired and wireless digital protocols allowing the plant devices and the control system to "talk" with one another) and integrated modular software, not only to control the process better but also to collect and analyze valuable information about plant assets and processes. This capability gives customers the ability to detect or predict changes in equipment and process performance and the impact they can have on plant operations. The PlantWeb architecture provides the insight to improve plant availability and safety, and also furnishes a platform to continually improve asset management and standards compliance, and to reduce startup, operations and maintenance costs.

## Industry Services and Solutions

Emerson's array of process automation and asset optimization services can improve automation project implementation time and costs, increase process availability and productivity, and reduce total cost of ownership. Global industry centers offer engineering and project management services to help customers extract maximum performance and reliability from their process equipment and automation assets. These centers serve industries such as oil and gas, pulp and paper, chemical, power, food and beverage, and life sciences. They also assist customers in diagnosing equipment problems and plant inefficiencies.

## Distribution

The principal worldwide distribution channel for the Process Management segment is a direct sales force, although a network of independent sales representatives, and to a lesser extent, independent distributors purchasing these products for resale are also utilized. The majority of sales in the United States are made through a direct sales force with the remainder primarily through independent sales representatives. In Europe and Asia, sales are almost exclusively made through a direct sales force with the remainder split evenly between independent sales representatives and distributors.

## Brands

Service/trademarks and trade names within the Process Management segment include Emerson Process Management, AMS Suite, Baumann, Bettis, Bristol, CSI, Damcos, Daniel, DeltaV, El-O-Matic, Enable, Epro, Fisher, Go Switch, Guardian, Micro Motion, Ovation, PlantWeb, RMS, ROC, Rosemount, Roxar, Smart Process, SureService, Tescom, TopWorx and Valvetop.

## INDUSTRIAL AUTOMATION

The Industrial Automation segment provides integrated manufacturing solutions to our customers at the source of manufacturing their own products. Products include motors, power transmission solutions, alternators, fluid controls and materials joining equipment. Through these offerings, Emerson brings technology and enhanced quality to the customer's final product. In 2009, sales by geographic destination for this segment were United States 39 percent, Europe 39 percent, Asia 13 percent and other regions 9 percent.

### Motors and Drives

Emerson provides a broad line of drives and electric motors that are used in a wide variety of manufacturing operations and products, including production assembly lines, escalators in shopping malls and supermarket checkout stations. Products in this category include alternating current (AC) and direct current (DC) electronic variable speed drives, servo motors, pump motors, drive control systems, integral horsepower motors (1 HP and above), fractional horsepower motors (less than 1 HP) and gear drives.

### Power Transmission

Emerson's power transmission products include belt and chain drives, helical and worm gearing, gear motors, motor sheaves, pulleys, mounted and unmounted bearings, couplings, chains and sprockets. They are used to transmit power mechanically in a wide range of manufacturing and material handling operations and products. Our design and application experience enable us to provide both standard and customized automation and power transmission solutions to our customers.

### Power Generation

Emerson provides alternators (low, medium and high voltage) for use in diesel or gas powered generator sets, as well as high frequency alternators, AC motor/generator sets, traction generators and wind power generators.

### Fluid Power and Fluid Control

Products in this category control and power the flow of fluids (liquids and gases) in manufacturing operations such as automobile assembly, food processing, textile manufacturing and petrochemical processing. They include solenoid and pneumatic valves, valve position indicators, pneumatic cylinders, air preparation equipment, and pressure, vacuum and temperature switches.

## Materials Joining and Precision Cleaning

Emerson supplies both plastics joining technologies and equipment, and metal welding and joining processes to a diversified manufacturing customer base, including automotive, medical devices and toys. The Company also provides precision cleaning and liquid processing solutions to industrial and commercial manufacturers. Products include ultrasonic joining and cleaning equipment; linear and orbital vibration welding equipment; systems for hot plate welding, spin welding, and laser welding; and aqueous, semi-aqueous and vapor cleaning systems.

## Electrical Distribution

Emerson's majority-owned EGS Electrical Group joint venture with SPX Corporation manufactures a broad line of components for current- and noncurrent-carrying electrical distribution devices. These products include conduit and cable fittings, plugs and receptacles, industrial lighting, and enclosures and controls. Products in this category are used in hazardous, industrial, commercial and construction environments, such as oil and gas drilling and production sites, pulp and paper mills and petrochemical plants.

## Distribution

On a worldwide basis, the primary distribution channel for the Industrial Automation segment is through direct sales forces. Most products sold worldwide to original equipment manufacturers are through a direct sales force. Independent distributors constitute the next significant sales channel, mostly to reach end users; and, to a lesser extent, independent sales representatives are utilized, particularly for electrical distribution products in the United States.

## Brands

Service/trademarks and trade names within the Industrial Automation segment include Emerson Industrial Automation, Appleton, ASCO, ASCO Joucomatic, ASCO Numatics, Branson Ultrasonics, Browning, Control Techniques, Emerson Power Transmission, Kato Engineering, Kop-Flex, Leroy Somer, McGill, Morse, O-Z/Gedney, System Plast and Trident.

## NETWORK POWER

Emerson's Network Power segment designs, manufactures, installs and maintains products providing "grid to chip" electric power conditioning, power reliability and environmental control for telecommunications networks, data centers and other critical applications. Products in this segment include power systems, embedded power supplies, precision cooling and inbound power systems, along with 24-hour service. In 2009, sales by geographic destination for this segment were United States 39 percent, Europe 17 percent, Asia 33 percent and other regions 11 percent.

## Power Systems

Emerson supplies uninterruptible AC and DC power systems, which provide reliable, conditioned power to telecommunication networks, data centers and other critical equipment in the event of a blackout or line surges and spikes. Power Systems' products range from stand-alone units to complete systems incorporating rectifiers, distribution units, surge protection, batteries and system supervision.

## Embedded Power

Embedded power supplies are installed by original equipment manufacturers to convert or condition power for microprocessors and peripherals in a wide range of telecommunication, health care, computer and industrial applications using standard or custom AC/DC or DC/DC designs. They are also used in consumer products, in the form of chargers for mobile phones and power adaptors in ink jet printers.

## Embedded Computing

Embedded Computing designs and develops embedded computer systems for original equipment manufacturers and systems integrators serving telecommunications, defense, aerospace, medical and industrial automation end markets. Products range from communication platforms, blades and modules to enabling software and professional services.

## Precision Cooling

Emerson's precision cooling products provide temperature and humidity control for computers, telecommunications and other sensitive equipment. These products range from 14,000 to 4 million BTUs in capacity and are available in up flow, down flow and overhead configurations.

## Inbound Power Systems

Emerson inbound power technology provides reliable power systems which automatically transfer critical application loads from a utility to emergency backup generators in the event of a blackout or brownout. Products include automatic transfer switches, paralleling and synchronizing gear and related distribution equipment and control systems.

## Connectivity Solutions

Emerson's connectivity products serve the needs of the wireless communications, telephony and data network, CATV, defense, security systems and health care industries and other industrial customers globally with a broad range of radio frequency, microwave and fiber optic interconnect components and assemblies.

## Service and Site Operations

Emerson staffs Energy Operation Centers in more than 30 countries, and deploys field service personnel worldwide to assist customers in managing their network support systems. Our services include on-site operations management, energy consumption monitoring, preventive maintenance, electrical testing, remote monitoring and management, and 24-hour service capability.

## Distribution

The Network Power segment sells primarily through worldwide direct sales force networks, particularly in Europe and Asia. The remainder of sales is handled by independent sales representatives, particularly in the United States, and independent distributors.

## Brands

Service/trademarks and trade names within the Network Power segment include Emerson Network Power, Aperture, Artesyn, ASCO Power Technologies, Astec, Engineered Endeavors, Knürr, Liebert, Liebert Services, Netspan, Netsure, Semflex, Stratos and Trompeter.

## CLIMATE TECHNOLOGIES

The Climate Technologies segment provides products and services for all areas of the climate control industry, including residential, commercial and industrial heating and air conditioning, and commercial and industrial refrigeration. Our technology enables homeowners and businesses to better manage their heating, air-conditioning, and refrigeration systems for improved control and lower energy bills. This segment also digitally controls and remotely monitors refrigeration units in grocery stores and other food distribution outlets to enhance freshness and food safety. In 2009, sales by geographic destination for this segment were United States 56 percent, Europe 15 percent, Asia 18 percent and other regions 11 percent.



## Residential, Commercial and Industrial Heating and Air Conditioning

Emerson provides a full range of heating and air-conditioning products that help reduce operational and energy costs and create comfortable environments in all types of buildings. These products include reciprocating and scroll air-conditioning compressors, including an ultra-efficient residential scroll compressor with two stages of cooling capacity which runs at full capacity only during the hottest time periods; standard and programmable thermostats; monitoring equipment and electronic controls for gas and electric heating systems; gas valves for furnaces and water heaters; nitride ignition systems for furnaces; sensors and thermistors for home appliances; and temperature sensors and controls.

## Commercial and Industrial Refrigeration

Emerson's technology is incorporated into equipment to refrigerate food and beverages in supermarkets, convenience stores, food service operations and refrigerated trucks and transport containers. Our refrigeration products are also used in a wide variety of industrial applications, including medical applications, food processing and cold storage. These products include compressors; precision flow controls; system diagnostics and controls that provide precise temperature management; and environmental control systems.

## Services and Solutions

Emerson services and solutions enable customers to optimize the performance of retail facilities including large-scale retailers, supermarkets, convenience stores and food services facilities. By providing expertise in air conditioning, refrigeration and lighting control, Emerson performs as a complete facility manager for its customers. The Company's expertise allows customers to reduce energy and maintenance costs, thereby improving overall facility uptime. In addition to industry-leading controls, products include commissioning services, monitoring services, facility design and project management.

## Distribution

Climate Technologies segment sales, primarily to original equipment manufacturers and end users, are made predominately through worldwide direct sales force networks. The remaining sales are primarily through independent distributor networks throughout the world.

## Brands

Service/trademarks and trade names within the Climate Technologies segment include Emerson Climate Technologies, Clive Samuels & Associates, Computer Process Controls, Copeland, Design Services Network, Dixell, Emerson Climate Technologies Distribution Services, Emerson Climate Technologies Educational Services, Emerson Retail Services, Fusite, Therm-O-Disc, Vilter and White-Rodgers.

## APPLIANCE AND TOOLS

Emerson's Appliance and Tools segment includes a broad range of products and solutions in motors, appliances and components, tools and storage. In 2009, sales by geographic destination for this segment were United States 82 percent, Europe 5 percent, Asia 4 percent and other regions 9 percent.

## Motors

Emerson provides a broad range of electric motors, controls and assemblies from fractional to several thousand horsepower output. Each of these products is designed to give our customers the quality, reliability and energy efficiency needed for their specific applications. Emerson's electric motors are used in a variety of home appliances. They include variable, fixed and multi-speed motors used in horizontal and vertical axis washers, dryers and dishwashers. Our motors are also used in residential and commercial pumps, such as those provided in spas, pools and golf course irrigation equipment; in industrial and municipal pumps such as water/wastewater; in HVAC equipment, such as furnaces, compressors, condenser fans, heat pumps, cooling towers and commercial air handlers; and in industrial, farming and mining applications, where we offer products such as explosion-proof motors, paint-free washdown motors and industrial severe duty motors.

## Appliances and Appliance Components

Emerson provides a number of appliances and appliance technology solutions, ranging from water valves and controls to heating elements and switches. Our appliance offering includes residential and commercial garbage disposers and ceiling fans, instant hot-water dispensers, and compact electric water heaters. Our appliance solutions provide integrated systems, sub-systems and components for appliances that include electronic and electromechanical controls for washers, dryers, dishwashers, refrigerators and other home appliances as well as heating elements for dishwashers, electric ovens and water heaters.

## Professional and Do-It-Yourself Tools

Our pipe-working tools are used by plumbing and mechanical professionals to install and repair piping systems. These tools include pipe wrenches, pipe cutters, pipe threading and roll grooving equipment; a time-saving system that joins tubing through mechanical crimping; drain cleaners; diagnostic systems including closed-circuit television pipe inspection and locating equipment; and tubing tools. Other professional tools include water jettors, wet-dry vacuums, commercial vacuums, rolling storage boxes, truck work boxes, bolt cutters, and van and truck ladder racks. Do-it-yourself tools, available at home improvement retail outlets, include drain cleaning equipment, pipe and tube working tools, and wet-dry vacuums.

## Storage Solutions

Emerson provides a wide variety of freestanding, fixed and mobile storage products for residential, commercial, health care and food service applications. Our products for the home include wall-mounted and freestanding shelving systems, cabinet and closet organizers, home office storage, and drawer systems and containers, available in wire, stainless steel and laminate. Our storage solutions also help commercial customers utilize space in the most efficient manner. These solutions include storage and display shelving, stock-picking and kitting carts, cabinets, totes, bins, workstations, and merchandising and inventory storage racks. Products provided to the health care industry assist in medical response and treatment; they include emergency and operating room carts, medication carts, polymer and wire shelving systems, and sterile worktables. Our food service equipment helps meet the storage needs of the food service and hospitality industries, such as restaurants and hotels. This equipment includes polymer and wire storage systems, busing carts, pan and tray racks, transport carts and workstations.

## Distribution

The principal worldwide distribution channel for the Appliance and Tools segment is direct sales forces. Motors and appliance components and solutions for original equipment manufacturers are sold almost exclusively worldwide through direct sales force networks. Independent distributors constitute the next most significant sales channel, with professional tools sold almost exclusively worldwide through distributors; and, to a lesser extent, independent sales representatives are utilized, particularly for storage solutions.

## Brands

Service/trademarks and trade names within the Appliance and Tools segment include Emerson Appliance Solutions, Emerson Heating Products, Emerson Motor Technologies, Emerson Professional Tools, Emerson Storage Solutions, ClosetMaid, Digital Appliance Controls, Emerson, Flo Healthcare, InSinkErator, Knaack, Lionville, Mallory, MedDispense, METRO, ProTeam, RIDGID, U.S. Electrical Motors and Weather Guard.

## PRODUCTION

Emerson utilizes various production operations and methods. The principal production operations are metal stamping, forming, casting, machining, welding, plating, heat treating, painting and assembly. In addition, Emerson uses specialized production operations, including automatic and semiautomatic testing, automated material handling and storage, ferrous and nonferrous machining and special furnaces for heat treating and foundry applications. Management believes the equipment, machinery and tooling used in these processes are of modern design and are well maintained.

## RAW MATERIALS

Emerson's major requirements for basic raw materials include steel, copper, cast iron, electronics, aluminum and brass, and to a lesser extent, plastics and other petroleum-based chemicals. Emerson has multiple sources of supply for each of its major requirements and is not significantly dependent on any one or a few suppliers. Although recent high prices for some raw materials have caused pricing pressures for some of our businesses, the raw materials and various purchased components required for the Company's products have generally been available in sufficient quantities.

## PATENTS, TRADEMARKS AND LICENSES

The Company has many patents, trademarks and licenses obtained over a number of years which expire at various dates in the future. While proprietary intellectual property is important to the Company, management believes the loss of any intellectual property right would not materially impact the Company or any of its segments.

## BACKLOG

The Company's estimated consolidated order backlog was \$4,615 million and \$5,518 million at September 30, 2009 and 2008, respectively. Nearly all of the September 30, 2009 consolidated backlog amount is expected to be shipped within one year. The estimated backlog by business segment at September 30, 2009 and 2008 follows:

(dollars in millions)	<u>2008</u>	<u>2009</u>
Process Management	\$ 2,897	2,609
Industrial Automation	760	385
Network Power	1,230	1,066
Climate Technologies	396	373
Appliance and Tools	<u>235</u>	<u>182</u>
Consolidated Order Backlog	<u>\$ 5,518</u>	<u>4,615</u>

## COMPETITION

Emerson's businesses operate in markets that are highly competitive and the Company competes based on product performance, quality, service and/or price across the industries and markets served. A significant element of the Company's competitive strategy is to deliver solutions to our customers by manufacturing high quality products at the best relevant global cost. Although no single company competes directly with Emerson in all of the Company's product lines, various companies compete in one or more product lines and the number of competitors varies by product line. Some competitors have substantially greater sales and assets than Emerson and the Company also competes with many smaller companies. Management believes Emerson has a market leadership position in many of its product lines.

## RESEARCH AND DEVELOPMENT

Costs associated with Company-sponsored research and development activities were \$460 million, \$458 million and \$397 million in 2009, 2008 and 2007, respectively.

## ENVIRONMENT

The Company's manufacturing locations generate waste, the treatment, storage, transportation and disposal of which are subject to federal, state, foreign and/or local laws and regulations relating to the protection of the environment. Compliance with laws regulating the discharge of materials into the environment or otherwise relating to the protection of the environment has not had a material effect upon Emerson's capital expenditures, earnings or competitive position. The Company does not anticipate having material capital expenditures for environmental control facilities during the next fiscal year.

## EMPLOYEES

Emerson and its subsidiaries had an average of approximately 129,000 employees during 2009. Management believes that the Company's employee relations are favorable. Some of the Company's employees are represented under collective bargaining agreements, but none of these agreements is considered significant. See Note 5 of Notes to Consolidated Financial Statements of the 2009 Annual Report, which note is hereby incorporated by reference, for further information.

## DOMESTIC AND FOREIGN OPERATIONS

International sales were \$11,556 million in 2009, \$13,479 million in 2008 and \$11,219 million in 2007, including U.S. exports of \$1,290 million, \$1,537 million and \$1,277 million in 2009, 2008 and 2007, respectively. Although there are additional risks attendant to foreign operations, such as possible nationalization of facilities, currency fluctuations and restrictions on the movement of funds, Emerson's financial position has not been materially affected thereby to date. See Note 16 of Notes to Consolidated Financial Statements of the 2009 Annual Report, which note is hereby incorporated by reference, for further information with respect to foreign operations.

## INTERNET ACCESS

Emerson's Forms 10-K, 10-Q, 8-K and all amendments to those reports are available without charge through Emerson's website on the Internet as soon as reasonably practicable after they are electronically filed with, or furnished to, the U.S. Securities and Exchange Commission (SEC). They may be accessed as follows: [www.Emerson.com](http://www.Emerson.com), Investor Relations, SEC Filings. Information on Emerson's website does not constitute part of this Form 10-K.

The information set forth under, "Item 1A. Risk Factors" is hereby incorporated by reference.

## **Item 1A. Risk Factors**

Investing in our securities involves risks. We may amend or supplement the risk factors described below from time to time by other reports we file with the SEC in the future.

### *We Operate In Businesses That Are Subject To Competitive Pressures That Could Affect Prices Or Demand For Our Products*

Our businesses operate in markets that are highly competitive, and we compete on the basis of product performance, quality, service and/or price across the industries and markets served. A significant element of our competitive strategy is to deliver solutions to our customers by manufacturing high quality products at the best relevant global cost. Some of our competitors have greater sales, assets and financial resources than our Company. Competitive pressures could affect prices or customer demand for our products, impacting our profit margins and/or resulting in a loss of market share.

### *Our Operating Results Depend In Part On Continued Successful Research, Development And Marketing Of New And/Or Improved Products And Services, And There Can Be No Assurance That We Will Continue To Successfully Introduce New Products And Services*

The success of new and improved products and services depends on their initial and continued acceptance by our customers. Our businesses are affected by varying degrees of technological change and corresponding shifts in customer demand, which result in unpredictable product transitions, shortened life cycles and increased importance of being first to market with new products and services. We may experience difficulties or delays in the research, development, production and/or marketing of new products and services which may negatively impact our operating results and prevent us from recouping or realizing a return on the investments required to bring new products and services to market.

### *We Engage In Acquisitions, And May Encounter Difficulties In Integrating These Businesses And Therefore We May Not Realize The Anticipated Benefits Of The Acquisitions*

We are a company that, from time to time, seeks to grow through strategic acquisitions. In the past several years, we have made various acquisitions and entered into joint venture arrangements intended to complement or expand our business, and may continue to do so in the future. The success of these transactions will depend on our ability to integrate assets and personnel acquired in these transactions and to cooperate with our strategic partners. We may encounter difficulties in integrating acquisitions with our operations, and in managing strategic investments. Furthermore, we may not realize the degree, or timing, of benefits we anticipate when we first enter into a transaction. Any of the foregoing could adversely affect our business and results of operations.

### *Access To Funding Through The Capital Markets Is Essential To The Execution Of Our Business Plan And If We Are Unable To Maintain Such Access We Could Experience A Material Adverse Effect On Our Business And Financial Results*

Our ability to invest in our businesses, make strategic acquisitions and refinance maturing debt obligations requires access to the capital markets and sufficient bank credit lines to support short-term borrowings. Volatility in the capital markets may increase costs associated with issuing commercial paper or other debt instruments, or affect the Company's ability to access those markets. If we are unable to continue to access the capital markets, we could experience a material adverse effect on our business and financial results. If our customers, suppliers and financial institutions are unable to access the capital markets to meet their commitments to the Company, our business could be adversely impacted.

*We Use A Variety Of Raw Materials And Components In Our Businesses, And Significant Shortages Or Price Increases Could Increase Our Operating Costs And Adversely Impact The Competitive Positions Of Our Products*

Our major requirements for raw materials include steel, copper, cast iron, electronics, aluminum and brass and, to a lesser extent, plastics and other petroleum-based chemicals. Emerson has multiple sources of supply for each of its major requirements and is not significantly dependent on any one or a few suppliers. Significant shortages or price increases could impact the prices our affected businesses charge, their operating costs and the competitive position of their products and services, which could adversely affect our results of operations. While we monitor market prices of the commodities we require and attempt to reduce price exposure through hedging activities, this risk could adversely affect our operating results.

*Our Operations Depend On Production Facilities Throughout The World, A Majority Of Which Are Located Outside The United States And Subject To Increased Risks Of Disrupted Production Causing Delays In Shipments And Loss Of Customers And Revenue*

We manage businesses with manufacturing facilities worldwide, a majority of which are located outside the United States. Serving a global customer base requires that we place more production in emerging markets to capitalize on market opportunities and maintain our best-cost position. Our international production facilities and operations could be disrupted by a natural disaster, labor strike, war, political unrest, terrorist activity or public health concerns, particularly in emerging countries that are not well-equipped to handle such occurrences.

Our manufacturing facilities abroad also may be more susceptible to changes in laws and policies in host countries and economic and political upheaval than our domestic facilities. Any such disruption could cause delays in shipments of products and the loss of sales and customers, and insurance proceeds may not adequately compensate us.

*Our Substantial Sales Abroad Subject Us To Economic Risk As Our Results Of Operations May Be Adversely Affected By Foreign Currency Fluctuations And Changes In Local Government Regulations And Policies*

We sell, manufacture, engineer, and purchase products in overseas markets. A significant portion of our sales is outside the United States, and we expect sales from non-U.S. markets to continue to represent a significant portion of our total sales. International sales and operations are subject to changes in local government regulations and policies, including those related to tariffs and trade barriers, investments, taxation, exchange controls, and repatriation of earnings. Changes in the relative values of currencies occur from time to time and have affected our operating results and could do so in the future. While we monitor our exchange rate exposures and attempt to reduce this exposure through hedging activities, this risk could adversely affect our operating results.

*Recessions, Adverse Market Conditions Or Downturns In The End Markets We Serve May Negatively Impact Segment Revenues And Operating Results*

Segment revenues, operating results and cash flows have varied in the past and may be exposed to significant volatility from quarter to quarter in the future due to changes in general economic conditions, recessions or adverse conditions in the end markets we serve. These changes could adversely impact overall sales, operating results and cash flows, which in turn could trigger impairment of goodwill or other long-lived assets due to the fair value of such assets falling below the Company's carrying value. Moreover, during economic downturns we may undertake more extensive rationalization actions and therefore incur higher rationalization expense during such periods. If our rationalization actions are not sufficiently effective or if we must incur rationalization costs beyond what we anticipate, we may not be able to achieve our anticipated operating results.

## *We Are Subject To Litigation and Environmental Regulations That Could Adversely Impact Our Operating Results*

We are, and may in the future be, a party to a number of legal proceedings and claims, including those involving product liability and environmental matters, several of which claim, or may in the future claim, significant damages. Given the inherent uncertainty of litigation, we can offer no assurance that existing litigation or a future adverse development will not have a material adverse impact. We also are subject to various laws and regulations relating to environmental protection and the discharge of materials into the environment, and we could incur substantial costs as a result of the noncompliance with or liability for cleanup or other costs or damages under environmental laws.

### **Item 1B. Unresolved Staff Comments**

None.

### **Item 2. Properties**

At September 30, 2009, Emerson had approximately 250 manufacturing locations worldwide, of which approximately 165 were located outside the United States, primarily in Europe and to a lesser extent in Asia, Canada and Latin America. The approximate numbers of manufacturing locations by business segment are: Process Management, 60; Industrial Automation, 80; Network Power, 40; Climate Technologies, 35; and Appliance and Tools, 35. The majority of the locations are owned, with the remainder occupied under lease. The Company considers its facilities suitable and adequate for the purposes for which they are used.

### **Item 3. Legal Proceedings**

The information regarding legal proceedings set forth in Note 12 of Notes to Consolidated Financial Statements of the 2009 Annual Report is hereby incorporated by reference.

### **Item 4. Submission of Matters to a Vote of Security Holders**

There were no matters submitted to a vote of security holders during the quarter ended September 30, 2009.

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### Executive Officers of the Registrant

The following sets forth certain information as of November 23, 2009 with respect to Emerson's executive officers. The Fiscal Year column indicates the first year the executive served as an officer of the Company. These officers have been elected or appointed to terms which expire February 2, 2010:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Fiscal Year</u>
D. N. Farr*	Chairman of the Board, Chief Executive Officer and President	54	1985
C. W. Ashmore	Executive Vice President - Planning and Development	47	2001
F. J. Dellaquila	Senior Vice President - Finance and Controller	52	1991
W. J. Galvin	Vice Chairman and Chief Financial Officer	63	1984
E. L. Monser	Chief Operating Officer	59	2002
C. A. Peters	Senior Executive Vice President	54	1990
R. J. Schlueter	Vice President and Chief Accounting Officer	55	1992
F. L. Steeves	Senior Vice President, Secretary and General Counsel	55	2007

\*Also chairman of the Executive Committee of the Board of Directors.

There are no family relationships among any of the executive officers and directors.

David N. Farr has been Chief Executive Officer since October 2000 and was also appointed Chairman of the Board in September 2004 and appointed President in November 2005. Craig W. Ashmore was appointed Executive Vice President - Planning and Development in October 2009. Prior to his current position, Mr. Ashmore was Senior Vice President - Planning and Development from October 2004 to September 2009 and Group Vice President from 2003 to 2004. Frank J. Dellaquila has been Senior Vice President - Finance and Controller since August 2009. Prior to his current position, Mr. Dellaquila was Senior Vice President - Acquisitions and Development from 2004 to 2009. Walter J. Galvin was appointed Vice Chairman in October 2009 and has been Chief Financial Officer since 1993. Prior to his current position, Mr. Galvin was Senior Executive Vice President from October 2004 to September 2009 and Executive Vice President from February 2000 to October 2004. Edward L. Monser was appointed Chief Operating Officer in November 2001. Charles A. Peters has been Senior Executive Vice President since October 2000. Richard J. Schlueter has been Vice President Accounting since 1999 and was also appointed Chief Accounting Officer in February 2003. Frank L. Steeves was appointed Senior Vice President, Secretary and General Counsel in March 2007, prior to which he was Vice Chairman of the Milwaukee-based law firm of von Briesen & Roper, S.C., which has provided legal services to the Company since 2001. Mr. Steeves joined von Briesen and Roper as a partner in 2001, and became Vice Chairman of the firm in 2004.

## PART II

### **Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

The information regarding the market for the Company's common stock, quarterly market price ranges and dividend payments set forth in Note 18 of Notes to Consolidated Financial Statements of the 2009 Annual Report is hereby incorporated by reference. There were approximately 26,315 stockholders of record at September 30, 2009.

The Company's Board of Directors authorized the repurchase of up to 80 million shares under the May 2008 program. No shares were purchased during the quarter ended September 30, 2009. The maximum number of shares that may yet be purchased under this program was 51.4 million as of September 30, 2009.



## **Item 6. Selected Financial Data**

Years ended September 30  
(dollars in millions, except per share amounts)

	<u>2005 (a)</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net sales	16,902	19,734	22,131	24,807	20,915
Earnings from continuing operations	1,413	1,839	2,129	2,454	1,724
Basic earnings from continuing operations per common share	1.70	2.25	2.68	3.14	2.29
Diluted earnings from continuing operations per common share	1.69	2.23	2.65	3.11	2.27
Cash dividends per common share	0.83	0.89	1.05	1.20	1.32
Long-term debt	3,128	3,128	3,372	3,297	3,998
Total assets	17,227	18,672	19,680	21,040	19,763

(a) Fiscal 2005 includes tax expense of \$63 million (\$0.07 per share) related to the repatriation of foreign earnings under the American Jobs Creation Act of 2004.

Information presented reflects the December 2006 two-for-one stock split. The European appliance motor and pump business for the 2005-2008 periods, and the Brooks Instrument flow meters and flow controls unit for 2008 only, are classified as discontinued operations. See Note 3 of Notes to Consolidated Financial Statements of the 2009 Annual Report, which note is hereby incorporated by reference, for information regarding the Company's acquisition and divestiture activities.

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

Information appearing under "Results of Operations," "Financial Position, Capital Resources and Liquidity," "Critical Accounting Policies" and the "Safe Harbor Statement" in the 2009 Annual Report are hereby incorporated by reference.

### Fiscal 2010 Outlook

Fiscal year 2009 was a challenging year, but Emerson believes it is well positioned moving into the uncertain 2010 economic environment. Underlying sales for fiscal year 2010 are expected to decline in the range of negative 5 percent to negative 7 percent, which excludes an estimated favorable increase of 7 percent to 5 percent due to foreign currency translation, completed and assumed future acquisitions and potential divestitures. Reported sales for the year are forecast to be in the range of positive 2 percent to negative 2 percent compared with 2009 sales of \$20.9 billion. The Company also expects the operating profit margin to be flat to slightly down for the full year. There can be no assurance when or if potential future acquisitions or divestitures will be completed and what impact future exchange rate changes will have.

### Non-GAAP Financial Measures

To supplement Emerson's financial information presented in accordance with U.S. generally accepted accounting principles (GAAP), management uses certain "non-GAAP financial measures" as such term is defined in Regulation G under the rules of the SEC, to clarify and enhance understanding of past performance and prospects for the future. Generally, a non-GAAP financial measure is a numerical measure of a company's operating performance, financial position or cash flows that excludes or includes amounts that are included in or excluded from the most directly comparable measure calculated and presented in accordance with GAAP. For example, non-GAAP measures may exclude the impact of certain unique items such as acquisitions, divestitures, one-time gains and losses or items outside of management's control, such as foreign currency exchange rates. Management believes that the following non-GAAP financial measures provide investors and analysts useful insight into Emerson's financial position and operating performance.

Underlying sales, which exclude the impact of acquisitions and divestitures during the periods presented, and fluctuations in foreign currency exchange rates, are provided to facilitate relevant period-to-period comparisons of sales growth by excluding these unique items that impact the overall comparability. Underlying sales should be viewed in addition to, and not as an alternative to, net sales as determined in accordance with U.S. GAAP.

Operating profit (defined as net sales less cost of sales and selling, general and administrative expenses) and operating profit margin (defined as operating profit divided by net sales) are indicative of short-term operational performance and ongoing profitability. Management closely monitors operating profit and operating profit margin of each business to evaluate past performance and actions required to improve profitability. Operating profit and operating profit margin should be viewed in addition to, and not as an alternative to, pretax earnings or profit margin as determined in accordance with U.S. GAAP.

Earnings, earnings per share, return on equity and return on total capital excluding one-time gains and losses provide additional insight into the underlying, ongoing operating performance of the Company and facilitate period-to-period comparisons by excluding the earnings impact of these items. Given the unique nature of these items, management believes that presenting earnings, earnings per share, return on equity and return on total capital excluding them is more representative of the Company's operational performance and may be more useful for investors. However, these financial measures are not intended to replace earnings, earnings per share, return on equity or return on total capital as determined in accordance with U.S. GAAP.

Free cash flow (operating cash flow less capital expenditures) is an indicator of the Company's cash generating capabilities after considering investments in capital assets which are necessary to maintain and enhance existing operations. Operating cash flow adds back non-cash depreciation expense to earnings and thereby does not reflect a charge for necessary capital expenditures. Although management believes that free cash flow is useful to both management and investors as a measure of the Company's ability to generate cash, it is not intended to replace operating cash flow as determined in accordance with U.S. GAAP.

Overall, while Emerson 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, the calculation of these non-GAAP financial measures may differ from the calculation of similarly titled financial measures presented by other companies and therefore they may not be comparable among companies.

#### **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

Information appearing under "Financial Instruments" in the 2009 Annual Report is hereby incorporated by reference.

#### **Item 8. Financial Statements and Supplementary Data**

The consolidated financial statements of the Company and its subsidiaries and the report thereon of KPMG LLP in the 2009 Annual Report are hereby incorporated by reference.

#### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

Emerson maintains a system of disclosure controls and procedures which is designed to ensure that information required to be disclosed by the Company in the reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including the Company's certifying officers, as appropriate to allow timely decisions regarding required disclosure. Based on an evaluation performed, the Company's certifying officers have concluded that the disclosure controls and procedures were effective as of September 30, 2009 to provide reasonable assurance of achieving these objectives.

Notwithstanding the foregoing, there can be no assurance that the Company's disclosure controls and procedures will detect or uncover all failures of persons within the Company and its consolidated subsidiaries to report material information otherwise required to be set forth in the Company's reports.

There was no change in the Company's internal control over financial reporting during the quarter ended September 30, 2009, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's report on internal control over financial reporting, and the related report of the Company's auditor, KPMG LLP, an independent registered public accounting firm, appearing in the 2009 Annual Report are hereby incorporated by reference.

### **Item 9B. Other Information**

None.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

Information regarding nominees and directors appearing under "Nominees and Continuing Directors" in the Emerson Electric Co. Notice of Annual Meeting of Stockholders and Proxy Statement for the February 2010 annual stockholders' meeting (the "2010 Proxy Statement") is hereby incorporated by reference. Information regarding executive officers is set forth in Part I of this report. Information appearing under "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2010 Proxy Statement is hereby incorporated by reference. Information regarding the Audit Committee and Audit Committee Financial Expert appearing under "Board of Directors and Committees" in the 2010 Proxy Statement is hereby incorporated by reference.

Emerson has adopted a Code of Ethics that applies to the Company's chief executive officer, chief financial officer, chief accounting officer and controller; has posted such Code of Ethics on its Internet website; and intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K by posting such information on its Internet website. Emerson has adopted Charters for its Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee and a Code of Business Ethics for directors, officers and employees, which are available on its Internet website and are available in print to any shareholder who requests them. Emerson has also adopted Corporate Governance Principles and Practices, which are available on its Internet website and are available in print to any shareholder who requests them. The Company's Internet website may be accessed as follows: [www.Emerson.com](http://www.Emerson.com), Investor Relations, Corporate Governance.

### **Item 11. Executive Compensation**

Information appearing under “Board of Directors and Committees—Compensation Committee,” “Board of Directors and Committees—Corporate Governance and Nominating Committee,” “Director Compensation,” “Executive Compensation” (including, but not limited to, the information set forth under “Compensation Discussion and Analysis,” “Compensation Committee Report” and “Summary Compensation Table”) and “Compensation Committee Interlocks and Insider Participation” in the 2010 Proxy Statement is hereby incorporated by reference.

The information contained in “Compensation Committee Report” shall not be deemed to be “filed” with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), except to the extent that Emerson specifically incorporates such information into future filings under the Securities Act of 1933 or the Exchange Act.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information regarding beneficial ownership of shares by nominees and continuing directors, named executive officers and by all directors and executive officers as a group appearing under "Stock Ownership of Directors and Executive Officers" in the 2010 Proxy Statement is hereby incorporated by reference.

Information regarding equity compensation plans appearing under “Equity Compensation Plan Information” in the 2010 Proxy Statement is hereby incorporated by reference. Information regarding stock option plans and incentive shares plans set forth in Note 14 of Notes to Consolidated Financial Statements of the 2009 Annual Report is hereby incorporated by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information appearing under “Director Independence” in the 2010 Proxy Statement is hereby incorporated by reference.

### **Item 14. Principal Accounting Fees and Services**

Information appearing under "Fees Paid to KPMG LLP" in the 2010 Proxy Statement is hereby incorporated by reference.

## PART IV

### **Item 15. Exhibits and Financial Statement Schedules**

A) Documents filed as a part of this report:

1. The consolidated financial statements of the Company and its subsidiaries and the report thereon of KPMG LLP in the 2009 Annual Report.
2. Financial Statement Schedules

All schedules are omitted because they are not required, not applicable or the information is given in the financial statements or notes thereto contained in the 2009 Annual Report.

3. Exhibits (Listed by numbers corresponding to the Exhibit Table of Item 601 in Regulation S-K).
  - 3(a) Restated Articles of Incorporation of Emerson Electric Co., incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 2001, File No. 1-278, Exhibit 3(a); Termination of Designated Shares of Stock and Certificate of Designation, Preferences and Rights of Series B Junior Participating Preferred Stock, incorporated by reference to Emerson Electric Co. 1998 Form 10-K, File No. 1-278, Exhibit 3(a).
  - 3(b) Bylaws of Emerson Electric Co., as amended through November 3, 2009, incorporated by reference to Emerson Electric Co. Form 8-K dated November 3, 2009, Exhibit 3.1.
  - 4(a) Indenture dated as of April 17, 1991, between Emerson Electric Co. and The Boatmen's National Bank of St. Louis, Trustee, incorporated by reference to Emerson Electric Co. Registration Statement on Form S-3, File No. 33-62545, Exhibit 4.1.
  - 4(b) Indenture dated as of December 10, 1998, between Emerson Electric Co. and The Bank of New York, Trustee, incorporated by reference to Emerson Electric Co. 1998 Form 10-K, File No. 1-278, Exhibit 4(b).

No other long-term debt instruments are filed since the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of Emerson Electric Co. and its subsidiaries on a consolidated basis. Emerson Electric Co. agrees to furnish a copy of such instruments to the SEC upon request.

- 10(a)\* 1991 Stock Option Plan, as amended, incorporated by reference to Emerson Electric Co. 1997 Form 10-K, File No. 1-278, Exhibit 10(e) and Amendment No. 1 thereto, incorporated by reference to Emerson Electric Co. 2000 Form 10-K, File No. 1-278, Exhibit 10(c).
- 10(b)\* Third Amendment to the Emerson Electric Co. 1993 Incentive Shares Plan, as restated, incorporated by reference to Emerson Electric Co. 1996 Form 10-K, File No. 1-278, Exhibit 10(g), and Fourth Amendment thereto, incorporated by reference to Emerson Electric Co. 2001 Form 10-K, File No. 1-278, Exhibit 10(d).
- 10(c)\* Amended and Restated Emerson Electric Co. Continuing Compensation Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(c).

- 10(d)\* Amended and Restated Deferred Compensation Plan for Non-Employee Directors and Forms of Payment Election Form, Initial Notice of Election and Notice of Election Change, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(d).
- 10(e)\* First Amendment to the Emerson Electric Co. Supplemental Executive Retirement Plan, incorporated by reference to Emerson Electric Co. 1999 Form 10-K, File No. 1-278, Exhibit 10(h), and Form of Change of Control Election, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.9 (applicable only with respect to benefits vested as of December 31, 2004).
- 10(f)\* Amended and Restated Emerson Electric Co. Pension Restoration Plan and Forms of Participation Award Letter, Acceptance of Award and Benefit Election Forms (applicable only with respect to benefits after January 1, 2005), incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(f).
- 10(g)\* Fifth Amendment to the Supplemental Executive Savings Investment Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 1999, File No. 1-278, Exhibit 10(j), and Form of Participation Agreement and Form of Annual Election, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.8 (applicable only with respect to benefits vested as of December 31, 2004).
- 10(h)\* Amended and Restated Emerson Electric Co. Savings Investment Restoration Plan and Forms of Participation Agreement, Annual Election Form and Payment Election Form (applicable only with respect to benefits after January 1, 2005), incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(h), and First Amendment to Emerson Electric Co. Savings Investment Restoration Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 2008, File No. 1-278, Exhibit 10.1.
- 10(i)\* Amended and Restated Emerson Electric Co. Annual Incentive Plan and Form of Acceptance of Award, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(i).
- 10(j)\* 1997 Incentive Shares Plan, incorporated by reference to Emerson Electric Co. 1997 Proxy Statement dated December 6, 1996, File No. 1-278, Exhibit A, and First Amendment thereto, incorporated by reference to Emerson Electric Co. 2001 Form 10-K, File No. 1-278, Exhibit 10(j), Amendment for 409A Compliance, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(j), Form of Performance Share Award Certificate, Forms of Acceptance of Award and Change of Control Election, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.5, and Form of Restricted Shares Award Agreement, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.6.
- 10(k)\* 1998 Stock Option Plan, incorporated by reference to Emerson Electric Co. 1998 Proxy Statement dated December 12, 1997, File No. 1-278, Appendix A, and Amendment No. 1 thereto, incorporated by reference to Emerson Electric Co. 2000 Form 10-K, File No. 1-278, Exhibit 10(l), Form of Notice of Grant of Stock Options and Option Agreement and Form of Incentive Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.1, and Form of Notice of Grant of Stock Options and Option Agreement and Form of Nonqualified Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.2.

- 10(l)\* 2001 Stock Option Plan, incorporated by reference to Emerson Electric Co. 2002 Proxy Statement dated December 12, 2001, File No. 1-278, Appendix A, Form of Notice of Grant of Stock Options and Option Agreement and Form of Incentive Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.3, and Form of Notice of Grant of Stock Options and Option Agreement and Form of Nonqualified Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.4.
- 10(m)\* Emerson Electric Co. Description of Split Dollar Life Insurance Program Transition, incorporated by reference to Emerson Electric Co. Form 8-K dated August 31, 2005, Exhibit 10.1.
- 10(n)\* Emerson Electric Co. Restricted Stock Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. 2005 Proxy Statement dated December 8, 2004, Appendix B, and Form of Award Letter under the Emerson Electric Co. Restricted Stock Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. Form 8-K dated February 1, 2005, Exhibit 10.2.
- 10(o)\* Description of Non-Management Director Compensation, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 2007, File No. 1-278, Exhibit 10.1, and Summary of Changes to Compensation Arrangements for Non-Management Directors, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended June 30, 2008, File No. 1-278, Exhibit 10.2.
- 10(p)\* Description of Named Executive Officer Compensation, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2004, Exhibit 10.1.
- 10(q)\* Emerson Electric Co. 2006 Incentive Shares Plan, incorporated by reference to Emerson Electric Co. 2006 Proxy Statement dated December 16, 2005, Appendix C, Amendment for 409A Compliance, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(q), Forms of Performance Share Award Certificate, Acceptance of Award and Restricted Share Award Agreement, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(q), and Amendment to Emerson Electric Co. 2006 Incentive Shares Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended June 30, 2008, File No. 1-278, Exhibit 10.1.
- 10(r) Long-Term Credit Agreement dated as of April 28, 2006, incorporated by reference to Emerson Electric Co. Form 8-K dated May 2, 2006, Exhibit 10.1.
- 12 Ratio of Earnings to Fixed Charges.
- 13 Portions of Emerson Electric Co. Annual Report to Stockholders for the year ended September 30, 2009, incorporated by reference herein.
- 21 Subsidiaries of Emerson Electric Co.
- 23 Consent of Independent Registered Public Accounting Firm.
- 24 Power of Attorney.
- 31 Certifications pursuant to Exchange Act Rule 13a-14(a).
- 32 Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350.

101 Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Earnings for the years ended September 30, 2007, 2008 and 2009, (ii) Consolidated Balance Sheets at September 30, 2008 and 2009, (iii) Consolidated Statements of Stockholders' Equity for the years ended September 30, 2007, 2008 and 2009, (iv) Consolidated Statements of Cash Flows for the years ended September 30, 2007, 2008 and 2009, and (v) Notes to Consolidated Financial Statements for the year ended September 30, 2009. In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, and shall not be deemed "filed" or part of any registration statement or prospectus for purposes of Section 11 or 12 under the Securities Act or the Exchange Act, or otherwise subject to liability under those sections, except as shall be expressly set forth by specific reference in such filing.

\* Management contract or compensatory plan.



SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EMERSON ELECTRIC CO.

By /s/ W. J. Galvin

W. J. Galvin  
Vice Chairman  
and Chief Financial Officer

Date: November 23, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on November 23, 2009, by the following persons on behalf of the registrant and in the capacities indicated.

<u>Signature</u>	<u>Title</u>
<u>/s/ D. N. Farr</u> D. N. Farr	Chairman of the Board, Chief Executive Officer and President
<u>/s/ W. J. Galvin</u> W. J. Galvin	Vice Chairman, Chief Financial Officer and Director
<u>/s/ F. J. Dellaquila</u> F. J. Dellaquila	Senior Vice President – Finance and Controller
<u>/s/ R. J. Schlueter</u> R. J. Schlueter	Vice President and Chief Accounting Officer
<u>*</u> C. A. H. Boersig	Director
<u>*</u> A. A. Busch III	Director
<u>*</u> C. Fernandez G.	Director
<u>*</u> A. F. Golden	Director

*	Director
_____ H. Green	
*	Director
_____ R. B. Horton	
*	Director
_____ W. R. Johnson	
*	Director
_____ V. R. Loucks, Jr.	
*	Director
_____ J. B. Menzer	
*	Director
_____ C. A. Peters	
*	Director
_____ J. W. Prueher	
*	Director
_____ R. L. Ridgway	
*	Director
_____ R. L. Stephenson	

\* By /s/ W. J. Galvin  
W. J. Galvin  
Attorney-in-fact

## INDEX TO EXHIBITS

Exhibits are listed by numbers corresponding to the Exhibit Table of Item 601 in Regulation S-K.

<u>Exhibit No.</u>	<u>Exhibit</u>
12	Ratio of Earnings to Fixed Charges
13	Portions of Emerson Electric Co. Annual Report to Stockholders for the year ended September 30, 2009, incorporated by reference herein
21	Subsidiaries of Emerson Electric Co.
23	Consent of Independent Registered Public Accounting Firm
24	Power of Attorney
31	Certifications pursuant to Exchange Act Rule 13a – 14(a)
32	Certifications pursuant to Exchange Act Rule 13a – 14(b) and 18 U.S.C. Section 1350
101	Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Earnings for the years ended September 30, 2007, 2008 and 2009, (ii) Consolidated Balance Sheets at September 30, 2008 and 2009, (iii) Consolidated Statements of Stockholders' Equity for the years ended September 30, 2007, 2008 and 2009, (iv) Consolidated Statements of Cash Flows for the years ended September 30, 2007, 2008 and 2009, and (v) Notes to Consolidated Financial Statements for the year ended September 30, 2009. In accordance with Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, and shall not be deemed "filed" or part of any registration statement or prospectus for purposes of Section 11 or 12 under the Securities Act or the Exchange Act, or otherwise subject to liability under those sections, except as shall be expressly set forth by specific reference in such filing.

See Item 15(A) 3. for a list of exhibits incorporated by reference.

**EMERSON ELECTRIC CO. AND SUBSIDIARIES**  
**COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES**  
(Dollars in Millions)

	Year Ended September 30,				
	2005	2006	2007	2008	2009
<b>Earnings:</b>					
Earnings before income taxes (a)	\$ 2,200	2,749	3,178	3,666	2,464
Fixed charges	323	313	361	356	365
<b>Earnings, as defined</b>	<b>\$ 2,523</b>	<b>3,062</b>	<b>3,539</b>	<b>4,022</b>	<b>2,829</b>
<b>Fixed Charges:</b>					
Interest expense	\$ 243	225	261	244	244
One-third of all rents	80	88	100	112	121
<b>Total fixed charges</b>	<b>\$ 323</b>	<b>313</b>	<b>361</b>	<b>356</b>	<b>365</b>
<b>Ratio of Earnings to Fixed Charges</b>	<b>7.8X</b>	<b>9.8X</b>	<b>9.8X</b>	<b>11.3X</b>	<b>7.7X</b>

(a) Represents pretax earnings from continuing operations and minority interests in the pretax income of consolidated subsidiaries having fixed charges.

## FINANCIAL REVIEW

### Report of Management

The Company's management is responsible for the integrity and accuracy of the financial statements. Management believes that the financial statements for the three years ended September 30, 2009 have been prepared in conformity with U.S. generally accepted accounting principles appropriate in the circumstances. In preparing the financial statements, management makes informed judgments and estimates where necessary to reflect the expected effects of events and transactions that have not been completed. The Company's disclosure controls and procedures ensure that material information required to be disclosed is recorded, processed, summarized and communicated to management and reported within the required time periods.

In meeting its responsibility for the reliability of the financial statements, management relies on a system of internal accounting control. This system is designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. The design of this system recognizes that errors or irregularities may occur and that estimates and judgments are required to assess the relative cost and expected benefits of the controls. Management believes that the Company's internal accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period.

The Audit Committee of the Board of Directors, which is composed solely of independent Directors, is responsible for overseeing the Company's financial reporting process. The Audit Committee meets with management and the Company's internal auditors periodically to review the work of each and to monitor the discharge by each of its responsibilities. The Audit Committee also meets periodically with the independent auditors, who have free access to the Audit Committee and the Board of Directors, to discuss the quality and acceptability of the Company's financial reporting, internal controls, as well as non-audit-related services.

The independent auditors are engaged to express an opinion on the Company's consolidated financial statements and on the Company's internal control over financial reporting. Their opinions are based on procedures that they believe to be sufficient to provide reasonable assurance that the financial statements contain no material errors and that the Company's internal controls are effective.

### Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. With the participation of the Chief Executive Officer and the Chief Financial Officer, management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework and the criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that internal control over financial reporting was effective as of September 30, 2009.

The Company's auditor, KPMG LLP, an independent registered public accounting firm, has issued an audit report on the effectiveness of the Company's internal control over financial reporting.

/s/David N. Farr

David N. Farr  
*Chairman of the Board, Chief Executive Officer, and President*

/s/Walter J. Galvin

Walter J. Galvin  
*Vice Chairman and Chief Financial Officer*

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## Results of Operations

Years ended September 30 | Dollars in millions, except per share amounts

	2007	2008	2009	CHANGE 2007 - 2008	CHANGE 2008 - 2009
Net sales	\$ 22,131	24,807	<b>20,915</b>	12%	<b>(16) %</b>
Gross profit	\$ 8,065	9,139	<b>7,699</b>	13%	<b>(16) %</b>
<i>Percent of sales</i>	36.4%	36.8%	<b>36.8%</b>		
SG&A	\$ 4,569	5,057	<b>4,532</b>		
<i>Percent of sales</i>	20.6%	20.3%	<b>21.7%</b>		
Other deductions, net	\$ 175	303	<b>530</b>		
Interest expense, net	\$ 228	188	<b>220</b>		
Earnings from continuing operations before income taxes	\$ 3,093	3,591	<b>2,417</b>	16%	<b>(33) %</b>
<i>Percent of sales</i>	14.0%	14.5%	<b>11.6%</b>		
Earnings from continuing operations	\$ 2,129	2,454	<b>1,724</b>	15%	<b>(30) %</b>
Net earnings	\$ 2,136	2,412	<b>1,724</b>	13%	<b>(29) %</b>
<i>Percent of sales</i>	9.7%	9.7%	<b>8.2%</b>		
Diluted EPS – Earnings from continuing operations	\$ 2.65	3.11	<b>2.27</b>	17%	<b>(27) %</b>
Diluted EPS – Net earnings	\$ 2.66	3.06	<b>2.27</b>	15%	<b>(26) %</b>
Return on equity	25.2%	27.0%	<b>19.5%</b>		
Return on total capital	20.1%	21.8%	<b>16.2%</b>		

## OVERVIEW

Fiscal 2009 was a very challenging year as a significant decline in gross fixed investment worldwide, particularly for capital goods and nonresidential construction, as well as housing and consumer spending, adversely impacted sales and earnings for all of the Company's business segments. These declines began in the third quarter of fiscal 2008, continued throughout 2009, and the Company anticipates continued weakness stemming from these factors for much of fiscal 2010. Given the difficult economic environment, the Company took aggressive actions and incurred significant costs to rationalize its businesses to the level appropriate for the conditions and to improve its cost structure in preparation for the ultimate recovery. Fiscal 2009 net sales were \$20.9 billion, a decrease of 16 percent; earnings from continuing operations and earnings from continuing operations per share were \$1.7 billion and \$2.27, decreases of 30 percent and 27 percent, respectively; net earnings and net earnings per share were \$1.7 billion and \$2.27, decreases of 29 percent and 26 percent, respectively, from fiscal 2008. Underlying sales declined across all major geographic regions, particularly in the United States and Europe. Sales in Asia were down slightly but included a 2 percent increase in China. Unfavorable foreign currency translation also negatively impacted results for the year due to the strength of the U.S. dollar as compared with 2008. Sales and earnings for fiscal 2009 decreased versus prior year in all segments, reflecting lower spending and investment by both businesses and consumers as confidence declined and remained low. Although operating in a challenging environment, the Company was able to achieve gross margin consistent with prior year due to the benefits of rationalization actions and other productivity improvements, as well as higher pricing in certain markets and materials cost containment. Earnings margins decreased primarily because of deleverage on lower sales volume and higher rationalization expense. Despite the economic environment, Emerson's financial position remains strong and in 2009 the Company generated cash near the same level as the prior year with operating cash flow of \$3.1 billion and free cash flow (operating cash flow less capital expenditures) of \$2.6 billion. Emerson maintains a conservative financial structure to provide the strength and flexibility necessary to achieve its strategic objectives.

## NET SALES

Net sales for fiscal 2009 were \$20.9 billion, a decrease of approximately \$3.9 billion, or 16 percent, from fiscal 2008. Sales declined across all segments as the Company's businesses continued to be impacted by the broad slowdown in consumer and capital goods businesses. Consolidated results reflect an approximate 13 percent (\$3,090 million) decrease in underlying sales (which exclude acquisitions, divestitures and foreign currency translation), a 4 percent (\$933 million) unfavorable impact from foreign currency translation and a 1 percent (\$131 million) contribution from acquisitions. The underlying sales decrease for fiscal 2009 included an 18 percent decrease in the United States and a 9 percent decrease internationally, composed of Europe (16 percent), Latin America (7 percent), Middle East/Africa (6 percent), Asia (2 percent) and Canada (6 percent). The Company estimates that the underlying sales decline primarily reflects an approximate 14 percent decline from volume and an approximate 1 percent impact from higher pricing.

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Net sales for fiscal 2008 were \$24.8 billion, an increase of approximately \$2.7 billion, or 12 percent, over fiscal 2007, with international sales leading overall growth. Consolidated sales results reflect increases in four of the Company's five business segments with an approximate 7 percent (\$1,523 million) increase in underlying sales, a 4 percent (\$809 million) favorable impact from foreign currency translation and a 1 percent (\$344 million) contribution from acquisitions, net of divestitures. The Network Power, Process Management and Industrial Automation businesses drove sales growth, while the Appliance and Tools and Climate Technologies businesses were impacted by the U.S. consumer spending slowdown. The underlying sales increase for fiscal 2008 was driven by an international sales increase of more than 10 percent plus a 3 percent increase in the United States. The international sales increase primarily reflects growth in Asia (17 percent), Latin America (18 percent), Middle East/Africa (17 percent) and Europe (3 percent). The Company estimates that the underlying sales growth of approximately 7 percent primarily reflects an approximate 6 percent gain from volume, aided by penetration gains, and an approximate 1 percent impact from higher selling prices.

## **INTERNATIONAL SALES**

Emerson is a global business for which international sales have grown over the years and now constitute 55 percent of the Company's total sales. The Company expects this trend to continue due to faster economic growth in emerging markets in Asia, Latin America and Middle East/Africa.

International destination sales, including U.S. exports, decreased approximately 14 percent, to \$11.6 billion in 2009. U.S. exports of \$1,290 million were down 16 percent compared with 2008, reflecting declines in Industrial Automation, Network Power, Climate Technologies and Process Management as these businesses were impacted by lower volume and the stronger U.S. dollar. International subsidiary sales, including shipments to the United States, were \$10.3 billion in 2009, down 14 percent from 2008. Excluding the 7 percent net unfavorable impact from acquisitions and foreign currency translation, international subsidiary sales decreased 7 percent compared with 2008. Underlying destination sales declined 16 percent in Europe; 2 percent overall in Asia, including 2 percent growth in China; 7 percent in Latin America and 6 percent in Middle East/Africa.

International destination sales, including U.S. exports, increased approximately 20 percent, to \$13.5 billion in 2008, representing 54 percent of the Company's total sales. U.S. exports of \$1,537 million were up 20 percent compared with 2007, reflecting strong growth in the Network Power, Process Management and Climate Technologies businesses, aided by the weaker U.S. dollar as well as the benefit from acquisitions. Underlying destination sales grew 17 percent in Asia during the year, driven mainly by 21 percent growth in China, while sales grew 18 percent in Latin America, 17 percent in Middle East/Africa and 3 percent in Europe. International subsidiary sales, including shipments to the United States, were \$12.0 billion in 2008, up 19 percent over 2007. Excluding the 8 percent net favorable impact from acquisitions, divestitures and foreign currency translation, international subsidiary sales increased 11 percent compared with 2007.

## **ACQUISITIONS AND DIVESTITURES**

The Company acquired Roxar ASA, Trident Powercraft Private Limited, System Plast S.p.A. and several smaller businesses during 2009. Roxar supplies measurement solutions and software for reservoir production optimization, enhanced oil and gas recovery and flow assurance. Trident Power manufactures and supplies power generating alternators and associated products. System Plast manufactures engineered modular belts and custom conveyer components for food processing and packaging industries. Total cash paid for these businesses was approximately \$776 million (net of cash acquired of approximately \$31 million and debt assumed of approximately \$230 million). Annualized sales for acquired businesses were approximately \$530 million in 2009.

During the first quarter of fiscal 2010, the Company entered into a definitive agreement and commenced a tender offer to acquire Avocent Corporation for approximately \$1.2 billion in cash. Avocent is a leader in delivering information technology operations management solutions that reduce operating costs, simplify management and increase availability of critical information technology environments via integrated, centralized software. Avocent products complement the Network Power segment's power systems, energy management and precision cooling solutions. The transaction is expected to be completed in December 2009 and is subject to acceptance of the tender offer by a majority of Avocent shareholders, customary closing conditions and regulatory approvals.

The Company acquired Motorola Inc.'s Embedded Computing business and several smaller businesses during 2008. Embedded Computing provides communication platforms and enabling software used by manufacturers of equipment for telecommunications, medical imaging, defense and aerospace and industrial automation markets. Total cash paid for these businesses (net of cash and equivalents acquired of approximately \$2 million) was approximately \$561 million.

In the first quarter of fiscal 2008, the Company divested its Brooks Instrument flow meters and flow controls unit, which had sales for the first quarter of 2008 of \$21 million and net earnings of \$1 million. Proceeds from the sale of Brooks were \$100 million, resulting in a pretax gain of \$63 million (\$42 million after-tax). The net gain on divestiture and Brooks' results of operations for fiscal 2008 are classified as discontinued operations; prior year results of operations were inconsequential. Also in fiscal 2008, the Company received approximately \$101 million from the divestiture of the European appliance motor and pump business, resulting in a loss of \$92 million. The European appliance motor and pump business had total annual sales of \$453 million and \$441 million in 2008 and 2007, respectively and net earnings, excluding the divestiture loss, of \$7 million in both years. The divestiture loss and results of operations are classified as discontinued operations.

## **COST OF SALES**

Costs of sales for fiscal 2009 and 2008 were \$13.2 billion and \$15.7 billion, respectively, while gross profit was \$7.7 billion in 2009 compared with \$9.1 billion for 2008. The decrease in gross profit primarily reflects lower sales volume and unfavorable foreign currency translation. As a percent of net sales, cost of sales was 63.2 percent for both 2009 and 2008, resulting in consistent gross margin of 36.8 percent for both years. The level gross margin compared with 2008 reflects benefits realized from rationalization actions and other productivity improvements, materials cost containment and selective price increases, which were offset by deleverage on lower sales volume, inventory liquidation and unfavorable product mix. In addition, due to the economic slowdown the Company's inventory obsolescence allowance increased approximately \$40 million in 2009.

Costs of sales for fiscal 2007 were \$14.1 billion and cost of sales as a percent of net sales was 63.6 percent. Gross profit was \$8.1 billion for 2007, resulting in a gross profit margin of 36.4 percent. The increase in the gross profit margin in 2008 primarily reflects leverage on higher sales volume and benefits realized from productivity improvements, which were partially offset by negative product mix. Higher sales prices, together with the benefits received from commodity hedging of approximately \$42 million, were more than offset by higher raw material and wage costs. The increase in the gross profit amount in 2008 primarily reflects higher sales volume and foreign currency translation, as well as acquisitions.

## **SELLING, GENERAL AND ADMINISTRATIVE EXPENSES**

Selling, general and administrative (SG&A) expenses for 2009 were \$4.5 billion, or 21.7 percent of net sales, compared with \$5.1 billion, or 20.3 percent of net sales for 2008. The \$0.6 billion decrease in SG&A was primarily due to lower sales volume, benefits from rationalization, favorable foreign currency translation and a \$28 million decrease in incentive stock compensation expense (see Note 14). The increase in SG&A as a percent of sales was primarily the result of deleverage on lower sales volume, partially offset by cost reduction actions and the lower incentive stock compensation expense.

SG&A expenses for 2008 were \$5.1 billion, or 20.3 percent of net sales, compared with \$4.6 billion, or 20.6 percent of net sales for 2007. The increase of approximately \$0.5 billion in 2008 was primarily due to an increase in variable costs on higher sales volume, acquisitions and foreign currency translation, partially offset by a \$103 million decrease in incentive stock compensation (see Note 14). The reduction in SG&A as a percent of sales was primarily the result of lower incentive stock compensation, leverage on higher sales and benefits realized from cost reduction actions, particularly in the Process Management and Network Power businesses.



## **OTHER DEDUCTIONS, NET**

Other deductions, net were \$530 million in 2009, a \$227 million increase from 2008 that primarily reflects \$203 million of incremental rationalization expense. The Company continuously makes investments in its operations to improve efficiency and remain competitive on a global basis, and in 2009 incurred costs of \$295 million for actions to rationalize its businesses to the level appropriate for current economic conditions and improve its cost structure in preparation for the ultimate economic recovery. The 2009 increase also includes higher intangible asset amortization of \$27 million due to acquisitions, lower nonrecurring gains of \$25 million and other items. Gains in 2009 included the sale of an asset for which the Company received \$41 million and recognized a gain of \$25 million (\$17 million after-tax). See Notes 4 and 5 for further details regarding other deductions, net and rationalization costs.

Other deductions, net of \$303 million in 2008 represented a \$128 million increase from \$175 million in 2007. The increase in 2008 versus 2007 includes a \$31 million impairment charge related to the North American appliance control business, higher intangible asset amortization of \$18 million due to acquisitions, incremental rationalization expense of \$17 million, a \$12 million charge for in-process research and development in connection with the Embedded Computing acquisition, \$12 million of incremental foreign currency transaction losses, lower one-time gains of \$10 million and other items. In 2008, the Company received \$54 million and recognized a gain of \$39 million (\$20 million after-tax) on the sale of its equity investment in Industrial Motion Control Holdings, a manufacturer of motion control components for automation equipment, and also recorded a gain of \$18 million related to the sale of a facility.

## **INTEREST EXPENSE, NET**

Interest expense, net was \$220 million, \$188 million and \$228 million in 2009, 2008 and 2007, respectively. The increase of \$32 million in 2009 was due to lower interest income, driven by lower worldwide interest rates, and higher average long-term borrowings reflecting a change in debt mix. The \$40 million decrease in interest expense in 2008 was primarily due to lower interest rates and lower average borrowings.

## **INCOME TAXES**

Income taxes were \$693 million, \$1,137 million and \$964 million for 2009, 2008 and 2007, respectively, resulting in effective tax rates of 29 percent, 32 percent and 31 percent. The lower effective tax rate in 2009 reflects the Company recognizing a benefit from a net operating loss carryforward at a foreign subsidiary, a credit related to the repatriation of certain non-U.S. earnings, and a change in the mix of regional pretax income as operating results declined significantly in the United States and Europe while declining only slightly in Asia.

## **EARNINGS FROM CONTINUING OPERATIONS**

Earnings from continuing operations were \$1.7 billion for 2009, while earnings from continuing operations per share were \$2.27, decreases of 30 percent and 27 percent, respectively, compared with \$2.5 billion and \$3.11 for 2008. The earnings decline is due to decreases in all of the Company's business segments and reflects lower sales volume, increased rationalization expense and unfavorable product mix, partially offset by savings from cost reduction actions and materials cost containment. Earnings declined \$373 million in Industrial Automation, \$238 million in Process Management, \$227 million in Network Power, \$162 million in Appliance and Tools and \$154 million in Climate Technologies. Earnings per share results reflect the benefit of share repurchases. See the Business Segments discussion that follows for additional information.

Earnings from continuing operations and earnings from continuing operations per share for 2008 increased 15 percent and 17 percent, respectively, compared with \$2.1 billion and \$2.65 for 2007, reflecting increases in four of the five business segments, including \$240 million in Process Management, \$149 million in Network Power and \$62 million in Industrial Automation. The increased earnings reflect leverage from higher sales, benefits realized from cost containment and higher selling prices, partially offset by higher raw material and wage costs.

## DISCONTINUED OPERATIONS

There were no discontinued operations in fiscal 2009. The \$42 million loss from discontinued operations (\$0.05 per share) in fiscal 2008 included the \$42 million gain on the divestiture of Brooks, the \$92 million loss related to the divestiture of the European appliance motor and pump business, and \$8 million of combined earnings related to these divestitures. Fiscal 2007 income from discontinued operations related to the European appliance motor and pump business was \$7 million, or \$0.01 per share. See previous discussion under Acquisitions and Divestitures and Note 3 for additional information regarding prior year discontinued operations.

## NET EARNINGS, RETURN ON EQUITY AND RETURN ON TOTAL CAPITAL

Net earnings were \$1.7 billion and earnings per share were \$2.27 for 2009, decreases of 29 percent and 26 percent, respectively, compared with 2008, due to the same factors discussed previously. Net earnings as a percent of net sales were 8.2 percent and 9.7 percent in 2009 and 2008. Return on stockholders' equity (net earnings divided by average stockholders' equity) was 19.5 percent in 2009 compared with 27.0 percent in 2008. Return on total capital was 16.2 percent in 2009 compared with 21.8 percent in 2008, and is computed as net earnings excluding after-tax net interest expense, divided by average stockholders' equity plus short- and long-term debt less cash and short-term investments.

Net earnings were \$2.4 billion and earnings per share were \$3.06 for 2008, increases of 13 percent and 15 percent, respectively, compared with net earnings and earnings per share of \$2.1 billion and \$2.66, respectively, in 2007. Net earnings as a percent of net sales were 9.7 percent in 2008 and 2007. Net earnings in 2008 included the net loss from discontinued operations discussed previously. Return on stockholders' equity reached 27.0 percent in 2008 compared with 25.2 percent in 2007, and the Company realized a 2008 return on total capital of 21.8 percent compared with 20.1 percent in 2007.

## Business Segments

Following is a summary of segment results for fiscal 2009 compared with fiscal 2008, and also 2008 compared with fiscal 2007. The Company defines segment earnings as earnings before interest and taxes.

## PROCESS MANAGEMENT

(DOLLARS IN MILLIONS)	2007	2008	2009	CHANGE '07 - '08	CHANGE '08 - '09
Sales	\$ 5,699	6,652	<b>6,233</b>	17%	<b>(6)%</b>
Earnings	\$ 1,066	1,306	<b>1,068</b>	23%	<b>(18)%</b>
Margin	18.7%	19.6%	<b>17.1%</b>		

**2009 vs. 2008** - Process Management segment sales were \$6.2 billion in 2009, a decrease of \$419 million, or 6 percent, from 2008. Nearly all of the Process businesses reported lower sales and earnings, particularly for the measurement and flow business resulting primarily from weakness in the chemical, refining and marine markets. Sales were down slightly for the valves business while the power and water business had a small sales increase. The segment sales decrease reflects a 2 percent decline in underlying sales on lower volume, a 6 percent (\$373 million) unfavorable impact from foreign currency translation and a 2 percent (\$94 million) favorable impact primarily from the Roxar acquisition. Regionally, sales declined 6 percent in the United States while international sales were flat, as growth in Asia (7 percent) offset decreases in Europe (4 percent), Middle East/Africa (3 percent), Canada (6 percent) and Latin America (2 percent). Earnings decreased 18 percent to \$1,068 million from \$1,306 million in the prior year, reflecting the lower sales volume, negative product mix, higher rationalization costs of \$43 million and a \$12 million negative impact from foreign currency transactions related to the strengthening of the U.S. dollar in 2009 versus weakening in the prior year, partially offset by savings from cost reduction actions. The margin decrease primarily reflects unfavorable product mix (approximately 2 points) and deleverage on lower volume, which were partially offset by productivity improvements. Price increases and materials cost containment were substantially offset by higher wage costs.

**2008 vs. 2007** - Process Management segment sales were \$6.7 billion in 2008, an increase of \$953 million, or 17 percent, over 2007, reflecting higher volume and favorable foreign currency translation. These results reflect the Company's continued investment in next-generation technologies and expanding the global reach of the solutions and services businesses, as well as the strong worldwide growth in energy and power markets. All of the Process businesses reported higher revenues, with sales particularly strong for the valves, measurement and systems businesses. Underlying sales increased approximately 14 percent, reflecting 13 percent from volume, which includes an estimated 3 percent from penetration gains, and 1 percent from higher pricing. Foreign currency translation had a 4 percent (\$225 million) favorable impact and the Brooks divestiture, net of acquisitions, had an unfavorable impact of 1 percent (\$35 million). The underlying sales increase reflects growth in all geographic regions compared with the prior year, including Asia (21 percent), the United States (12 percent), Europe (7 percent), Latin America (22 percent), Canada (13 percent) and Middle East/Africa (14 percent). Earnings increased 23 percent to \$1,306 million from \$1,066 million in the prior year, reflecting higher sales volume, savings from cost reductions and materials cost containment and the benefit from foreign currency translation. The margin increase primarily reflects leverage on the higher volume, price increases and cost containment actions, which were partially offset by higher wage costs, unfavorable product mix and strategic investments to support the growth of these businesses.

## INDUSTRIAL AUTOMATION

(DOLLARS IN MILLIONS)	2007	2008	2009	CHANGE '07 - '08	CHANGE '08 - '09
Sales	\$ 4,269	4,852	<b>3,698</b>	14%	<b>(24) %</b>
Earnings	\$ 665	727	<b>354</b>	9%	<b>(51) %</b>
Margin	15.6%	15.0%	<b>9.6%</b>		

**2009 vs. 2008** - Industrial Automation segment sales decreased 24 percent to \$3.7 billion in 2009, compared with \$4.9 billion in 2008. Sales results reflect steep declines for all businesses due to the slowdown in the capital goods markets. Underlying sales declined 22 percent, unfavorable foreign currency translation subtracted 4 percent (\$236 million) and the System Plast and Trident Power acquisitions contributed 2 percent (\$97 million). Underlying sales decreased 25 percent in the United States and 19 percent internationally, including decreases in Europe (22 percent) and Asia (15 percent). Underlying sales reflect a 23 percent decline in volume and an approximate 1 percent positive impact from higher selling prices. Earnings decreased 51 percent to \$354 million for 2009, compared with \$727 million in 2008, primarily reflecting the lower sales volume. The margin decrease of 5.4 percentage points reflects deleverage on the lower sales volume (approximately 4 points) with significant inventory reduction (approximately 1 point) and higher rationalization costs of \$28 million, partially offset by savings from cost reduction actions and price increases.

**2008 vs. 2007** - Industrial Automation sales increased 14 percent to \$4.9 billion in 2008, compared with \$4.3 billion in 2007. Sales grew in all lines of business and in nearly all geographic regions, reflecting strength in the power generating alternator, fluid automation, electronic drives, electrical distribution and materials joining businesses. Underlying sales growth was 7 percent, including 8 percent in the United States and 6 percent internationally, and favorable foreign currency translation added 7 percent (\$278 million). The U.S. growth particularly reflects the alternator business, which was driven by increased demand for backup generators. The international sales growth primarily reflects increases in Europe (4 percent) and Asia (17 percent). The underlying growth reflects 6 percent from volume, as well as an approximate 1 percent positive impact from price. Earnings increased 9 percent to \$727 million for 2008, compared with \$665 million in 2007, reflecting higher sales volume and the benefit from foreign currency translation. The margin decrease reflects a lower payment received by the power transmission business for dumping duties under the U.S. Continued Dumping and Subsidy Offset Act. The Company received only \$3 million in 2008 versus \$24 million received in fiscal 2007. The Company does not expect to receive any significant payments in the future. Margin was positively impacted by leverage on the higher sales volume and benefits from prior cost reduction efforts. Higher sales prices were substantially offset by higher material and wage costs, as well as unfavorable product mix, which negatively impacted margin.

## NETWORK POWER

(DOLLARS IN MILLIONS)	2007	2008	2009	CHANGE '07 - '08	CHANGE '08 - '09
Sales	\$ 5,150	6,312	<b>5,359</b>	23%	<b>(15) %</b>
Earnings	\$ 645	794	<b>567</b>	23%	<b>(29) %</b>
Margin	12.5%	12.6%	<b>10.6%</b>		

**2009 vs. 2008** - Sales in the Network Power segment decreased 15 percent to \$5.4 billion in 2009 compared with \$6.3 billion in 2008, reflecting declines in the inbound power, uninterruptible power supply, precision cooling and embedded power businesses due to the continued slowdown in customers' capital spending, partially offset by growth in the China network power systems business. Underlying sales declined 11 percent, foreign currency translation had a 3 percent (\$191 million) unfavorable impact and a decline in sales for the Embedding Computing acquisition had a 1 percent (\$101 million) unfavorable impact. The underlying sales decrease reflects a 10 percent decline in volume and a 1 percent impact from lower selling prices. Geographically, underlying sales reflect decreases in the United States (19 percent), Europe (22 percent) and Latin America (3 percent), which were partially offset by increases in Asia (1 percent), as the Company continues to penetrate the Chinese market, Canada (9 percent), and Middle East/Africa (6 percent). Earnings decreased 29 percent to \$567 million, compared with \$794 million in 2008, primarily due to lower sales volume and higher rationalization costs of \$90 million (particularly for the integration of Embedded Computing), partially offset by solid earnings growth for the energy systems and China network power businesses. The segment margin decrease reflects deleverage on lower sales volume and a negative impact from acquisitions, partially offset by savings from cost reduction actions which contributed to margin improvement for both the energy systems and China network power systems businesses. Materials cost containment was partially offset by lower selling prices and increased wage costs.

**2008 vs. 2007** - Sales in the Network Power segment increased 23 percent to \$6.3 billion in 2008 compared with \$5.2 billion in 2007. The increase in sales reflects continued growth in the precision cooling, global services, uninterruptible power supply, inbound power and power systems businesses. Underlying sales grew 11 percent, while the Embedded Computing and Stratos acquisitions contributed approximately 9 percent (\$449 million) and foreign currency translation had a 3 percent (\$156 million) favorable impact. The underlying sales increase of 11 percent reflects higher volume, which includes an approximate 4 percent impact from penetration gains. Geographically, underlying sales reflect a 17 percent increase in Asia, an 8 percent increase in the United States, a 14 percent increase in Latin America, a 55 percent increase in Middle East/Africa and a 2 percent increase in Europe. The U.S. growth reflects continued demand for data room construction, non-residential computer equipment and telecommunications power. Internationally, the Company continues to penetrate the Chinese, Indian and other Asian markets. Earnings increased 23 percent, or \$149 million, to \$794 million, compared with \$645 million in 2007, primarily due to higher sales volume and savings from cost reduction actions. The margin increase reflects these savings and leverage on the higher volume, partially offset by a nearly 1 percentage point dilution from the Embedded Computing acquisition and higher wage costs.

## CLIMATE TECHNOLOGIES

(DOLLARS IN MILLIONS)	2007	2008	2009	CHANGE '07 - '08	change '08 - '09
Sales	\$ 3,614	3,822	<b>3,197</b>	6%	<b>(16) %</b>
Earnings	\$ 538	551	<b>397</b>	2%	<b>(28) %</b>
Margin	14.9%	14.4%	<b>12.4%</b>		

**2009 vs. 2008** - Climate Technologies reported sales of \$3.2 billion for 2009, a 16 percent decrease from 2008, reflecting declines across all businesses, especially for compressors, temperature sensors and heater controls. Underlying sales decreased approximately 15 percent, foreign currency translation had a 2 percent (\$92 million) unfavorable impact and acquisitions added 1 percent (\$38 million). The underlying sales decrease reflects an approximate 17 percent decline from lower volume and an estimated 2 percent positive impact from higher selling prices. Sales declines in the compressor business reflect the worldwide slowdown in air-conditioning and refrigeration markets, particularly in the United States and Asia. The underlying sales decrease reflects a 15 percent decrease in both the United States and internationally, including declines of 18 percent in Asia, 10 percent in Europe and 15 percent in Latin America. Earnings decreased 28 percent to \$397 million compared with \$551 million in 2008, primarily due to lower sales volume, higher rationalization costs of \$26 million, a \$15 million commercial litigation charge and a \$12 million negative impact from foreign currency transactions related to the strengthening of the U.S. dollar in 2009 versus weakening in the prior year, partially offset by savings from cost reduction actions. The margin decrease reflects deleverage on lower sales volume (approximately 2 points), as well as higher materials costs, which were only partially offset by price increases.

**2008 vs. 2007** - Climate Technologies reported sales of \$3.8 billion for 2008, representing a 6 percent increase over 2007, as underlying sales increased approximately 3 percent and foreign currency translation had a 3 percent (\$110 million) favorable impact. The underlying sales increase of 3 percent reflects an approximate 2 percent positive contribution from price increases and an approximate 1 percent gain from higher volume, which includes a 2 percent impact from penetration gains. The underlying sales increase was led by the water-heater controls business, which primarily reflects penetration in the U.S. water-heater market. The compressors business grew modestly, primarily in the refrigeration and the U.S. and Asian air-conditioning markets; while the temperature sensors and flow controls businesses declined. The growth in refrigeration was driven by the transport container market. The underlying sales increase reflects a 2 percent increase in the United States and 4 percent growth internationally, with Asia growing 9 percent and Europe declining 6 percent. Earnings increased 2 percent to \$551 million in 2008 compared with \$538 million in 2007. The margin was diluted as higher sales prices were more than offset by material inflation and higher restructuring costs of \$13 million.

## APPLIANCE AND TOOLS

(DOLLARS IN MILLIONS)	2007	2008	2009	CHANGE '07 - '08	change '08 - '09
Sales	\$ 4,006	3,861	<b>3,029</b>	(4)%	<b>(22)%</b>
Earnings	\$ 564	527	<b>365</b>	(7)%	<b>(31)%</b>
Margin	14.1%	13.6%	<b>12.0%</b>		

**2009 vs. 2008** - Sales for the Appliance and Tools segment were \$3.0 billion in 2009, a 22 percent decrease from 2008. Declines in the storage, tools and appliance businesses were due to the continued downturn in the U.S. residential and nonresidential markets, while declines in the motors and appliance and solutions businesses reflect major customers reducing inventory and production levels due to the difficult economic conditions. The sales decrease reflects a 21 percent decline in underlying sales and an unfavorable impact from foreign currency translation of 1 percent (\$41 million). Underlying sales in the United States were down 21 percent while underlying international sales decreased 17 percent. The underlying sales decrease reflects an estimated 23 percent decline in volume and an approximate 2 percent positive impact from pricing. Earnings for 2009 were \$365 million, a 31 percent decrease from 2008, reflecting deleverage on lower sales volume and higher rationalization costs of \$16 million, which were partially offset by savings from cost reductions, higher selling prices and a 2008 impairment charge of \$31 million in the appliance control business (see Note 4).

**2008 vs. 2007** - Sales in the Appliance and Tools segment were \$3.9 billion in 2008, a 4 percent decrease from 2007. Results for 2008 were mixed, reflecting the different sectors served by these businesses. The professional tools, commercial storage and hermetic motor businesses showed increases, while the residential storage, appliance components, and appliance and commercial motors businesses declined. The growth in the professional tools business was driven by U.S. and Latin American markets. The declines in the residential storage and appliance-related businesses primarily reflect the downturn in the U.S. consumer appliance and residential end-markets, as the U.S. markets represented more than 80 percent of sales for this segment. Underlying sales in the United States were down 6 percent from the prior year, while international underlying sales increased 13 percent in total. The decrease in total sales reflects a 3 percent decline in underlying sales, an unfavorable impact from divestitures of 2 percent (\$65 million) and a favorable impact from foreign currency translation of 1 percent (\$40 million). The underlying sales decrease reflects an estimated 7 percent decline in volume and an approximate 4 percent positive impact from higher pricing. Earnings for 2008 were \$527 million, a 7 percent decrease from 2007. Earnings decreased because of deleverage on lower sales volume and the \$31 million impairment charge in the appliance control business (see Note 4), which was partially offset by savings from cost reduction actions. The increase in sales prices was substantially offset by higher material (copper and other commodities) and wage costs. The 2007 sale of the consumer hand tools product line favorably impacted the margin.

### Financial Position, Capital Resources and Liquidity

The Company continues to generate substantial cash from operations, is in a strong financial position with total assets of \$20 billion and stockholders' equity of \$9 billion and has the resources available for reinvestment in existing businesses, strategic acquisitions and managing its capital structure on a short- and long-term basis.

## CASH FLOW

(DOLLARS IN MILLIONS)	2007	2008	2009
Operating Cash Flow	\$ 3,016	3,293	<b>3,086</b>
<i>Percent of sales</i>	<i>13.4%</i>	<i>13.3%</i>	<i>14.8%</i>
Capital Expenditures	\$ 681	714	<b>531</b>
<i>Percent of sales</i>	<i>3.0%</i>	<i>2.9%</i>	<i>2.6%</i>
Free Cash Flow (Operating Cash Flow less Capital Expenditures)	\$ 2,335	2,579	<b>2,555</b>
<i>Percent of sales</i>	<i>10.3%</i>	<i>10.4%</i>	<i>12.2%</i>
Operating Working Capital	\$ 1,915	2,202	<b>1,714</b>
<i>Percent of sales</i>	<i>8.5%</i>	<i>8.9%</i>	<i>8.2%</i>

Emerson generated operating cash flow of \$3.1 billion in 2009, a 6 percent decrease from 2008 due to lower earnings and increased pension funding, partially offset by significant savings from continued improvements in operating working capital management. The cash operating working capital reduction of \$620 million included accounts receivable and inventory liquidations of \$1,011 million and \$580 million, respectively, partially offset by an accounts payable reduction of \$709 million. Given the significant operating working capital reduction in 2009, the Company expects operating cash flow to decline in fiscal 2010. Operating cash flow was \$3.3 billion in 2008, a 9 percent increase from 2007, driven by higher net earnings. At September 30, 2009, operating working capital as a percent of sales was 8.2 percent, compared with 8.9 percent and 8.5 percent in 2008 and 2007, respectively. Pension contributions were \$303 million, \$135 million and \$136 million in 2009, 2008 and 2007, respectively.

Free cash flow (operating cash flow less capital expenditures) was \$2.6 billion in both 2009 and 2008, compared with \$2.3 billion in 2007. The 10 percent increase in free cash flow in 2008 compared with 2007 reflects the increase in operating cash flow, partially offset by higher capital spending. Capital expenditures were \$531 million, \$714 million and \$681 million in 2009, 2008 and 2007, respectively. The decrease in capital expenditures during 2009 compared with the prior year was primarily due to the overall decline in worldwide business, while the increase in 2008 compared with 2007 was primarily due to capacity expansion in the Process Management and Industrial Automation segments and construction of a corporate data center. In 2010, the Company is targeting capital spending of approximately \$500 million. Net cash paid in connection with acquisitions was \$776 million, \$561 million and \$295 million in 2009, 2008 and 2007, respectively.

Dividends were \$998 million (\$1.32 per share, up 10 percent) in 2009, compared with \$940 million (\$1.20 per share) in 2008 and \$837 million (\$1.05 per share) in 2007. In November 2009, the Board of Directors voted to increase the quarterly cash dividend 1.5 percent to an annualized rate of \$1.34 per share. In 2008, the Board of Directors approved a program for the repurchase of up to 80 million common shares to augment an existing 2002 plan. In 2009, 21.0 million shares were repurchased under the fiscal 2008 authorization; in 2008, 22.4 million shares were repurchased under the fiscal 2002 and 2008 authorizations; and in 2007, 18.9 million shares were repurchased under the 2002 authorization. 51.4 million shares remain available for repurchase under the 2008 authorization and zero remain available under the 2002 authorization. Purchases of Emerson common stock totaled \$695 million, \$1,128 million and \$849 million in 2009, 2008 and 2007, respectively, at an average price paid per share of \$33.09, \$50.31 and \$44.98, respectively.

## LEVERAGE/CAPITALIZATION

(DOLLARS IN MILLIONS)	2007	2008	2009
Total Assets	\$ 19,680	21,040	<b>19,763</b>
Long-term Debt	\$ 3,372	3,297	<b>3,998</b>
Stockholders' Equity	\$ 8,772	9,113	<b>8,555</b>
Total Debt-to-Capital Ratio	30.1%	33.1%	<b>34.8%</b>
Net Debt-to-Net Capital Ratio	23.6%	22.7%	<b>25.7%</b>
Operating Cash Flow-to-Debt Ratio	79.9%	72.9%	<b>67.5%</b>
Interest Coverage Ratio	12.9X	15.7X	<b>10.9X</b>

Total debt, which includes short-term borrowings and current maturities of long-term debt, was \$4.6 billion, \$4.5 billion and \$3.8 billion for 2009, 2008 and 2007, respectively. During 2009, the Company issued \$250 million of 4.125% notes due April 2015, \$250 million of 5.00% notes due April 2019, \$250 million of 6.125% notes due April 2039 and \$500 million of 4.875% notes due October 2019, and repaid \$175 million of 5% notes and \$250 million of 5.85% notes that had matured. In November 2009, the Company issued \$300 million of 4.25% notes due November 2020 and \$300 million of 5.25% notes due November 2039. During 2008, the Company issued \$400 million of 5.25% notes due October 2018 and repaid \$250 million of 5.5% notes that had matured. During 2007, the Company issued \$250 million of 5.125% notes due December 2016 and \$250 million of 5.375% notes due October 2017.

The total debt-to-capital ratio was 34.8 percent at year end 2009, compared with 33.1 percent for 2008 and 30.1 percent for 2007. At September 30, 2009, net debt (total debt less cash and short-term investments) was 25.7 percent of net capital, compared with 22.7 percent in 2008 and 23.6 percent in 2007. The operating cash flow-to-debt ratio was 67.5 percent, 72.9 percent and 79.9 percent in 2009, 2008 and 2007, respectively. The Company's interest coverage ratio (earnings before income taxes plus interest expense, divided by interest expense) was 10.9 times in 2009, compared with 15.7 times and 12.9 times in 2008 and 2007. The decrease in the interest coverage ratio from 2008 to 2009 was primarily due to lower earnings and the increase from 2007 to 2008 reflects higher earnings and lower interest rates. See Notes 3, 8 and 9 for additional information. The Company's strong financial position supports long-term debt ratings of A2 by Moody's Investors Service and A by Standard and Poor's. The Company anticipates no change in credit rating due to the Avocent acquisition discussed in Note 3.

The Company has a universal shelf registration statement on file with the U.S. Securities and Exchange Commission (SEC) under which it can issue debt securities, preferred stock, common stock, warrants, share purchase contracts and share purchase units without a predetermined limit. Securities can be sold in one or more separate offerings with the size, price and terms to be determined at the time of sale.

At year end 2009, the Company maintained, but has not drawn upon, a \$2.8 billion, five-year, revolving backup credit facility that expires in April 2011 to support short-term borrowings. The credit facility contains no financial covenants and is not subject to termination based on a change in credit ratings or a material adverse change. The Company expects to renew the backup credit facility in 2010.

Although credit markets in the U.S., including the commercial paper market, have stabilized, there remains a risk of volatility and illiquidity that could affect the Company's ability to access those markets. However, despite the adverse market conditions over the past year, the Company has thus far been able to readily meet all its funding needs and currently believes that sufficient funds will be available to meet the Company's needs in the foreseeable future through existing resources, ongoing operations, short- and long-term debt or backup credit lines.

## CONTRACTUAL OBLIGATIONS

At September 30, 2009, the Company's contractual obligations, including estimated payments due by period, are as follows (dollars in millions):

(DOLLARS IN MILLIONS)	PAYMENTS DUE BY PERIOD				
	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
Long-term Debt (including interest)	\$ 6,508	796	734	1,072	3,906
Operating Leases	766	227	275	116	148
Purchase Obligations	1,029	807	209	13	—
Total	\$ 8,303	1,830	1,218	1,201	4,054

Purchase obligations consist primarily of inventory purchases made in the normal course of business to meet operational requirements. The above table does not include \$2.3 billion of other noncurrent liabilities recorded in the balance sheet and summarized in Note 17, which consist primarily of retirement and postretirement plan liabilities and deferred income taxes (including unrecognized tax benefits), because it is not certain when these amounts will become due. See Notes 10, 11 and 13 for additional information.

## FINANCIAL INSTRUMENTS

The Company is exposed to market risk related to changes in interest rates, commodity prices and foreign currency exchange rates, and selectively uses derivative financial instruments, including forwards, swaps and purchased options, to manage these risks. The Company does not hold derivatives for trading purposes. The value of market risk sensitive derivative and other financial instruments is subject to change as a result of movements in market rates and prices. Sensitivity analysis is one technique used to evaluate the impact of these movements. Based on a hypothetical 10 percent increase in interest rates, 10 percent decrease in commodity prices or 10 percent weakening in the U.S. dollar across all currencies, the potential losses in future earnings, fair value and cash flows are immaterial. This method has limitations; for example, a weaker U.S. dollar would benefit future earnings through favorable translation of non-U.S. operating results, and lower commodity prices would benefit future earnings through lower cost of sales. See Notes 1, 7, 8 and 9.

## Critical Accounting Policies

Preparation of the Company's financial statements requires management to make judgments, assumptions and estimates regarding uncertainties that affect reported revenue, expenses, assets, liabilities and stockholders' equity. Note 1 describes the significant accounting policies used in preparation of the Consolidated Financial Statements. The most significant areas where management judgments and estimates impact the primary financial statements are described below. Actual results in these areas could differ materially from management's estimates under different assumptions or conditions.

## REVENUE RECOGNITION

The Company recognizes nearly all of its revenues through the sale of manufactured products and records the sale when products are shipped or delivered and title passes to the customer with collection reasonably assured. In certain instances, revenue is recognized on the percentage-of-completion method, when services are rendered, or in accordance with FASB Accounting Standards Codification (ASC) Subtopic 985-605, Software: Revenue Recognition. Sales sometimes involve delivering multiple items, including services such as installation. In these instances, the revenue assigned to each item is based on that item's objectively determined fair value, and revenue is recognized individually for delivered items only if the delivered items have value to the customer on a stand-alone basis, and the performance of the undelivered items is probable and substantially in the Company's control or the undelivered items are inconsequential or perfunctory. Management believes that all relevant criteria and conditions are considered when recognizing sales.

## INVENTORIES

Inventories are stated at the lower of cost or market. The majority of inventory values are based on standard costs that approximate average costs, while the remainder are principally valued on a first-in, first-out basis. Standard costs are revised at the beginning of each fiscal year. The effects of resetting standards and operating variances incurred during each period are allocated between inventories and cost of sales. The Company's divisions review inventory for obsolescence, make appropriate provisions and dispose of obsolete inventory on a regular basis. Various factors are considered in these reviews, including sales history and recent trends, industry conditions and general economic conditions.

## LONG-LIVED ASSETS

Long-lived assets, which include property, plant and equipment, goodwill and identifiable intangible assets are reviewed for impairment whenever events or changes in business circumstances indicate an impairment may exist. If the Company determines that the carrying value of the long-lived asset may not be recoverable, a permanent impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value. Reporting units are also reviewed for possible goodwill impairment at least annually, in the fourth quarter, by comparing the fair value of each unit to its carrying value. Fair value is generally measured based on a discounted future cash flow method using a discount rate judged by management to be commensurate with the applicable risk. Estimates of future sales and operating results, and therefore cash flows, as well as discount rates, are subject to change depending on the economic environment, including such factors as the general level of interest rates in the credit markets, expected equity market returns and volatility of markets served, particularly if the current recessionary economic environment continues for an extended period of time.

At the end of fiscal 2009, Emerson's total market value based on its exchange traded stock price was approximately \$30 billion and stockholders' equity was \$8.6 billion. There are two units in the Network Power segment with \$367 million of goodwill, including recent acquisitions, where estimated fair value exceeds carrying value by approximately 7 percent. Assumptions used in determining value include successful execution of business plans, completion of integration and restructuring actions, and economic recovery in served markets, primarily network communications and connectivity. There are two units in the Appliance and Tools segment with \$249 million of goodwill, where estimated fair value exceeds carrying value by 35 percent and assumes execution of business plan and recovery in residential and construction-related markets. Management believes the estimates of future cash flows and fair values are reasonable; however, changes in estimates due to variance from assumptions could materially affect the evaluations.

In 2008, the slowdown in consumer appliance and residential end-markets over the prior two years, along with strategic decisions in connection with two businesses, resulted in a \$31 million impairment charge in the North American appliance control business and a \$92 million loss on the divestiture of the European appliance motor and pump business. See Notes 1, 3, 4 and 6.

## RETIREMENT PLANS

The Company continues to focus on a prudent long-term investment strategy for its pension-related assets, and the calculation of defined benefit plan expense and obligations are dependent on assumptions made regarding these assets. These assumptions include the discount rate, rate of annual compensation increases and expected annual return on plan assets. In accordance with U.S. generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized in future periods. While management believes that the assumptions used are appropriate, differences versus actual experience or changes in assumptions may affect the Company's retirement plan obligations and future expense.



As of September 30, 2009, U.S. and non-U.S. retirement plans were underfunded by \$380 million and \$230 million, respectively, with the increase in underfunding primarily due to a decline in the discount rate for U.S. plans from 6.5 percent in 2008 to 5.5 percent in 2009, and the decline in asset values during fiscal 2009. Deferred actuarial losses, which will be recognized in earnings in future years, were \$1,692 million as of September 30, 2009. The Company contributed \$303 million to defined benefit plans in 2009 and expects to contribute approximately \$250 million in 2010. Defined benefit pension plan expense for fiscal 2010 is expected to be approximately \$130 million, versus \$94 million in 2009. See Notes 10 and 11.

## INCOME TAXES

Income tax expense and deferred tax assets and liabilities reflect management's assessment of future taxes expected to be paid on items reflected in the financial statements. Uncertainty exists regarding tax positions taken in previously filed tax returns still under examination and positions expected to be taken in future returns. Deferred tax assets and liabilities arise because of temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred income taxes are measured using enacted tax rates in effect for the year in which the temporary differences are expected to be recovered or settled. The impact on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. Generally, no provision is made for U.S. income taxes on the undistributed earnings of non-U.S. subsidiaries, as these earnings are considered permanently invested or otherwise indefinitely retained for continuing international operations. Determination of the amount of taxes that might be paid on these undistributed earnings if eventually remitted is not practicable. See Note 13.

## NEW ACCOUNTING PRONOUNCEMENTS

Effective October 1, 2009, the Company adopted ASC 805, Business Combinations (formerly FAS No. 141(R), "Business Combinations"). ASC 805 requires assets acquired and liabilities assumed to be measured at fair value as of the acquisition date, all acquisition costs to be expensed as incurred and contractual contingencies to be recognized at fair value as of the acquisition date. The impact of adoption, if any, will depend on acquisitions completed in the future.

Effective October 1, 2009, the Company adopted updates to ASC 810, Consolidation (formerly FAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements"). The updated portion of ASC 810 requires an entity to separately disclose noncontrolling interests as a separate component of equity in the balance sheet and clearly identify on the face of the income statement net income related to noncontrolling interests. Adoption is not expected to have a material impact on the Company's financial statements.

Effective October 1, 2009, the Company adopted updates to ASC 260, Earnings per Share (formerly FASB Staff Position No. EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities"). The updated portion of ASC 260 clarifies whether instruments granted in share-based payment transactions should be included in the computation of EPS using the two-class method prior to vesting. Adoption is not expected to have a material impact on the Company's financial statements.

In December 2008, the FASB issued Staff Position No. FAS 132 (R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" (now part of ASC 715, Compensation - Retirement Benefits). This portion of ASC 715 is effective for fiscal 2010 annual disclosure, and expands disclosure about an entity's investment policies and strategies for assets held by defined benefit pension or postretirement plans, including information regarding major categories of plan assets, inputs and valuation techniques used to measure the fair value of assets, and significant concentrations of risk within the plans. Adoption is not expected to have a material impact on the Company's financial statements.

**CONSOLIDATED STATEMENTS OF EARNINGS**

**EMERSON ELECTRIC CO. & SUBSIDIARIES**

*Years ended September 30 | Dollars in millions, except per share amounts*

	2007	2008	2009
<b>Net sales</b>	\$ 22,131	24,807	<b>20,915</b>
Costs and expenses:			
Cost of sales	14,066	15,668	<b>13,216</b>
Selling, general and administrative expenses	4,569	5,057	<b>4,532</b>
Other deductions, net	175	303	<b>530</b>
Interest expense (net of interest income: 2007, \$33; 2008, \$56; 2009, \$24)	228	188	<b>220</b>
<b>Earnings from continuing operations before income taxes</b>	<b>3,093</b>	<b>3,591</b>	<b>2,417</b>
Income taxes	964	1,137	<b>693</b>
<b>Earnings from continuing operations</b>	<b>2,129</b>	<b>2,454</b>	<b>1,724</b>
Discontinued operations, net of tax	7	(42)	–
<b>Net earnings</b>	<b>\$ 2,136</b>	<b>2,412</b>	<b>1,724</b>
<b>Basic earnings per common share:</b>			
Earnings from continuing operations	\$ 2.68	3.14	<b>2.29</b>
Discontinued operations	0.01	(0.05)	–
<b>Basic earnings per common share</b>	<b>\$ 2.69</b>	<b>3.09</b>	<b>2.29</b>
<b>Diluted earnings per common share:</b>			
Earnings from continuing operations	\$ 2.65	3.11	<b>2.27</b>
Discontinued operations	0.01	(0.05)	–
<b>Diluted earnings per common share</b>	<b>\$ 2.66</b>	<b>3.06</b>	<b>2.27</b>

*See accompanying Notes to Consolidated Financial Statements.*

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## CONSOLIDATED BALANCE SHEETS

### EMERSON ELECTRIC CO. & SUBSIDIARIES

September 30 | Dollars in millions, except per share amounts

ASSETS	2008	2009
<b>Current assets</b>		
Cash and equivalents	\$ 1,777	1,560
Receivables, less allowances of \$90 in 2008 and \$93 in 2009	4,618	3,623
Inventories:		
Finished products	884	697
Raw materials and work in process	1,464	1,158
Total inventories	2,348	1,855
Other current assets	588	615
Total current assets	9,331	7,653
<b>Property, plant and equipment</b>		
Land	201	219
Buildings	1,737	1,935
Machinery and equipment	6,296	6,511
Construction in progress	457	229
	8,691	8,894
Less accumulated depreciation	5,184	5,394
Property, plant and equipment, net	3,507	3,500
<b>Other assets</b>		
Goodwill	6,562	7,078
Other	1,640	1,532
Total other assets	8,202	8,610
	\$ 21,040	19,763

See accompanying Notes to Consolidated Financial Statements.

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LIABILITIES AND STOCKHOLDERS' EQUITY	2008	2009
<b>Current liabilities</b>		
Short-term borrowings and current maturities of long-term debt	\$ 1,221	577
Accounts payable	2,699	1,949
Accrued expenses	2,480	2,378
Income taxes	173	52
Total current liabilities	6,573	4,956
<b>Long-term debt</b>	3,297	3,998
<b>Other liabilities</b>	2,057	2,254
<b>Stockholders' equity</b>		
Preferred stock of \$2.50 par value per share		
Authorized 5,400,000 shares; issued - none	-	-
Common stock of \$0.50 par value per share		
Authorized 1,200,000,000 shares; issued 953,354,012 shares; outstanding 771,216,037 shares in 2008 and 751,872,857 shares in 2009	477	477
Additional paid-in capital	146	157
Retained earnings	14,002	14,714
Accumulated other comprehensive income	141	(496)
	14,766	14,852
Less cost of common stock in treasury, 182,137,975 shares in 2008 and 201,481,155 shares in 2009	5,653	6,297
Total stockholders' equity	9,113	8,555
	\$ 21,040	19,763

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**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

**EMERSON ELECTRIC CO. & SUBSIDIARIES**

Years ended September 30 | Dollars in millions, except per share amounts

	2007	2008	2009
<b>Common stock</b>			
Beginning balance	\$ 238	477	477
Adjustment for stock split	239	–	–
Ending balance	477	477	477
<b>Additional paid-in capital</b>			
Beginning balance	161	31	146
Stock plans and other	31	115	11
Adjustment for stock split	(161)	–	–
Ending balance	31	146	157
<b>Retained earnings</b>			
Beginning balance	11,314	12,536	14,002
Net earnings	2,136	2,412	1,724
Cash dividends (per share: 2007, \$1.05; 2008, \$1.20; 2009, \$1.32)	(837)	(940)	(998)
Adjustment for stock split	(77)	–	–
Adoption of FIN 48	–	(6)	–
Adoption of FAS 158 measurement date provision (net of tax of \$7)	–	–	(14)
Ending balance	12,536	14,002	14,714
<b>Accumulated other comprehensive income</b>			
Beginning balance	306	382	141
Foreign currency translation	459	(30)	(104)
Pension and postretirement (net of tax of: 2007, \$(1); 2008, \$51; 2009, \$334)	2	(144)	(568)
Cash flow hedges and other (net of tax of: 2007, \$29; 2008, \$51; 2009, (\$29))	(56)	(67)	35
Adoption of FAS 158 liability provisions (net of tax of \$193)	(329)	–	–
Ending balance	382	141	(496)
<b>Treasury stock</b>			
Beginning balance	(3,865)	(4,654)	(5,653)
Purchases	(849)	(1,128)	(695)
Issued under stock plans and other	60	129	51
Ending balance	(4,654)	(5,653)	(6,297)
<b>Total stockholders' equity</b>	\$ 8,772	9,113	8,555
<b>Comprehensive income</b>			
Net earnings	\$ 2,136	2,412	1,724
Foreign currency translation	459	(30)	(104)
Pension and postretirement	2	(144)	(568)
Cash flow hedges and other	(56)	(67)	35
Total	\$ 2,541	2,171	1,087

See accompanying Notes to Consolidated Financial Statements.

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## CONSOLIDATED STATEMENTS OF CASH FLOWS

### EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions

	2007	2008	2009
<b>Operating activities</b>			
Net earnings	\$ 2,136	2,412	1,724
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	656	707	727
Changes in operating working capital	137	(22)	620
Pension funding	(136)	(135)	(303)
Other	223	331	318
Net cash provided by operating activities	3,016	3,293	3,086
<b>Investing activities</b>			
Capital expenditures	(681)	(714)	(531)
Purchases of businesses, net of cash and equivalents acquired	(295)	(561)	(776)
Other	106	203	(2)
Net cash used in investing activities	(870)	(1,072)	(1,309)
<b>Financing activities</b>			
Net increase (decrease) in short-term borrowings	(800)	521	(684)
Proceeds from long-term debt	496	400	1,246
Principal payments on long-term debt	(5)	(261)	(678)
Dividends paid	(837)	(940)	(998)
Purchases of treasury stock	(853)	(1,120)	(718)
Other	5	(54)	(116)
Net cash used in financing activities	(1,994)	(1,454)	(1,948)
Effect of exchange rate changes on cash and equivalents	46	2	(46)
<b>Increase (decrease) in cash and equivalents</b>	198	769	(217)
Beginning cash and equivalents	810	1,008	1,777
<b>Ending cash and equivalents</b>	\$ 1,008	1,777	1,560
<b>Changes in operating working capital</b>			
Receivables	\$ (349)	(293)	1,011
Inventories	96	(90)	580
Other current assets	36	19	42
Accounts payable	104	199	(709)
Accrued expenses	200	154	(94)
Income taxes	50	(11)	(210)
	\$ 137	(22)	620

See accompanying Notes to Consolidated Financial Statements.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions, except per share amounts or where noted

#### (1) Summary of Significant Accounting Policies

##### FINANCIAL STATEMENT PRESENTATION

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect reported amounts and related disclosures, and actual results could differ from those estimates. The Company has evaluated subsequent events through November 23, 2009. Certain prior year amounts have been reclassified to conform to the current year presentation. Operating results of the European appliance motor and pump business are classified as discontinued operations for 2008 and earlier periods, while the operating results of Brooks Instruments are classified as discontinued operations for 2008 only.

Emerson adopted the FASB Accounting Standards Codification (ASC) in the fourth quarter of fiscal 2009. The Codification reorganized and consolidated current U.S. GAAP topically and is now the single authoritative source for GAAP. The adoption had no effect on the Company's operations.

##### PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements include the accounts of the Company and its controlled affiliates. Intercompany transactions, profits and balances are eliminated in consolidation. Investments of 20 percent to 50 percent of the voting shares of other entities are accounted for by the equity method. Investments in publicly-traded companies of less than 20 percent are carried at fair value, with changes in fair value reflected in accumulated other comprehensive income. Investments in nonpublicly-traded companies of less than 20 percent are carried at cost.

##### FOREIGN CURRENCY TRANSLATION

The functional currency for most of the Company's non-U.S. subsidiaries is the local currency. Adjustments resulting from translating local currency financial statements into U.S. dollars are reflected in accumulated other comprehensive income.

##### FAIR VALUE MEASUREMENTS

Effective October 1, 2008, the Company adopted the recognition and disclosure provisions of FAS No. 157, "Fair Value Measurements" (now part of ASC 820, Fair Value Measurements and Disclosures), which established a formal hierarchy and framework for measuring fair value, and expanded disclosure about fair value measurements and the reliability of valuation inputs. Under ASC 820, measurement assumes the transaction to sell an asset or transfer a liability occurs in the principal or at least the most advantageous market for that asset or liability. Within the hierarchy, Level 1 instruments use observable market prices for the identical item in active markets and have the most reliable valuations. Level 2 instruments are valued through broker/dealer quotation or through market-observable inputs for similar items in active markets, including forward and spot prices, interest rates and volatilities. Level 3 instruments are valued using inputs not observable in an active market, such as company-developed future cash flow estimates, and are considered the least reliable. Valuations for all of Emerson's financial instruments fall within Level 2. The fair value of the Company's long-term debt is estimated using current interest rates and pricing from financial institutions and other market sources for debt with similar maturities and characteristics. Due to the high credit quality of Emerson and its counterparties, the impact of adopting ASC 820 was inconsequential. ASC 820 is effective for nonfinancial assets and liabilities, including goodwill and certain other intangible and long-lived assets, beginning in fiscal 2010.

If credit ratings on the Company's debt fall below pre-established levels, derivatives counterparties can require immediate full collateralization on instruments in net liability positions. Similarly, Emerson can demand full collateralization should any of the Company's counterparties' credit rating fall below certain thresholds. For derivatives in asset positions, no credit loss is anticipated as the counterparties to these agreements are companies with high credit ratings. The Company has master netting arrangements in place with its counterparties that allow the offsetting of derivative-related amounts receivable and payable when settlement occurs in the same period. Accordingly, counterparty balances are netted in the consolidated balance sheet, with the net values of commodity contracts currently reported in current assets and net values of foreign currency contracts reported in accrued expenses. See Note 7.

##### CASH EQUIVALENTS

Cash equivalents consist of highly liquid investments with original maturities of three months or less.

##### INVENTORIES

Inventories are stated at the lower of cost or market. The majority of inventory values are based on standard costs that approximate average costs, while the remainder are principally valued on a first-in, first-out basis. Standard costs are revised at the beginning of each fiscal year. The effects of resetting standards and operating variances incurred during each period are allocated between inventories and cost of sales.

## PROPERTY, PLANT AND EQUIPMENT

The Company records investments in land, buildings, and machinery and equipment at cost. Depreciation is computed principally using the straight-line method over estimated service lives, which for principal assets are 30 to 40 years for buildings and 8 to 12 years for machinery and equipment. Long-lived tangible assets are reviewed for impairment whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. Impairment losses are recognized based on fair value if expected future undiscounted cash flows of the related assets are less than their carrying values.

## GOODWILL AND OTHER INTANGIBLE ASSETS

Assets and liabilities acquired in business combinations are accounted for using the purchase method and recorded at their respective fair values. Substantially all goodwill is assigned to the reporting unit that acquires a business. A reporting unit is an operating segment as defined in ASC 280, Segment Reporting or a business one level below an operating segment if discrete financial information for that business unit is prepared and regularly reviewed by the segment manager. The Company conducts impairment tests of goodwill on an annual basis and between annual tests if an event occurs or circumstances change that indicates the fair value of a reporting unit may be less than its carrying value. If a reporting unit's carrying amount exceeds its estimated fair value, goodwill impairment is recognized to the extent that recorded goodwill exceeds the implied fair value of that goodwill. Fair values of reporting units are Level 3 measures and are developed under an income approach that discounts estimated future cash flows using risk-adjusted interest rates.

All of the Company's identifiable intangible assets are subject to amortization. Identifiable intangibles consist of intellectual property such as patents and trademarks, customer relationships and capitalized software, and are amortized on a straight-line basis over the estimated useful life. These intangibles are also subject to evaluation for potential impairment if an event occurs or circumstances change that indicate the carrying amount may not be recoverable. See Note 6.

## WARRANTY

Product warranties vary by product lines and are competitive for the markets in which the Company operates. Warranty generally extends for a period of one to two years from the date of sale or installation. Provisions for warranty are determined primarily based on historical warranty cost as a percentage of sales or a fixed amount per unit sold based on failure rates, adjusted for specific problems that may arise. Product warranty expense is less than 1 percent of sales.

## REVENUE RECOGNITION

The Company recognizes nearly all of its revenues through the sale of manufactured products and records the sale when products are shipped or delivered, title passes to the customer and collection is reasonably assured. In certain instances, revenue is recognized on the percentage-of-completion method, when services are rendered, or in accordance with ASC 985-605, Software: Revenue Recognition. Product sales sometimes also include services such as installation. In these instances, revenue is assigned to each item based on that item's objectively determined fair value, with revenue recognized individually for delivered items only if the delivered items have value to the customer on a stand-alone basis and performance of the undelivered items is probable and substantially in the Company's control, or if the undelivered items are inconsequential or perfunctory. Management believes that all relevant criteria and conditions are considered when recognizing sales.

## DERIVATIVES AND HEDGING

In the normal course of business, the Company is exposed to changes in interest rates, foreign currency exchange rates and commodity prices due to its worldwide presence and diverse business profile. As part of the Company's risk management strategy, derivative instruments are selectively used in an effort to minimize the impact of these exposures. Foreign exchange forwards and options are utilized to hedge foreign currency exposures impacting sales or cost of sales transactions, firm commitments and the fair value of assets and liabilities, while swap and option contracts are used to minimize the effect of commodity price fluctuations on the cost of sales. All derivatives are explicitly associated with specific underlying exposures and the Company does not hold derivatives for trading or speculative purposes. Emerson's foreign currency exposures primarily relate to transactions denominated in euros, Mexican pesos, Canadian dollars and Swedish kroner. Primary commodity exposures are price fluctuations on forecasted purchases of copper, aluminum and related products. The duration of hedge positions is generally two years or less and amounts currently hedged beyond 18 months are not significant.

All derivatives are accounted for under ASC 815, Derivatives and Hedging, and are recognized on the balance sheet at fair value. For derivatives hedging variability in future cash flows, the effective portion of any gain or loss is deferred in stockholders' equity and recognized in earnings only when the underlying hedged transaction occurs. The majority of the Company's derivatives that are designated as hedges and qualify for deferral accounting are cash flow hedges. For derivatives hedging the fair value of existing assets or liabilities, both the gain or loss on the derivative and the offsetting loss or gain on the hedged item are recognized in earnings each period. Currency fluctuations on non-U.S. dollar obligations that have been designated as hedges of non-U.S. dollar net asset exposures are reported in stockholders' equity. To the extent that any hedge is not fully effective at offsetting cash flow or fair value changes in the underlying hedged item, there could be a net earnings impact. The Company also uses derivatives to hedge economic exposures that do not receive deferral accounting under ASC 815. The underlying exposures for these hedges relate primarily to purchases of commodity-based components used in the Company's manufacturing processes, and the revaluation of certain foreign-currency-denominated assets and liabilities. Gains or losses from the ineffective portion of any hedge, as well as any gains or losses on derivative instruments not designated as hedges, are recognized in the income statement immediately.



The majority of hedging gains and losses deferred as of September 30, 2009 are generally expected to be recognized over the next 12 months as the underlying forecasted transactions occur. The amounts ultimately recognized may differ, favorably or unfavorably, from those disclosed because until the positions are settled they remain subject to ongoing market price fluctuations. Derivatives receiving deferral accounting are highly effective, no amounts were excluded from the assessment of hedge effectiveness, and hedge ineffectiveness was immaterial in 2009, 2008 and 2007, including gains or losses on derivatives that were discontinued because forecasted transactions were no longer expected to occur. Effective January 1, 2009, the Company adopted the expanded disclosure provisions of ASC 815.

## INCOME TAXES

No provision has been made for U.S. income taxes on approximately \$4.3 billion of undistributed earnings of non-U.S. subsidiaries as of September 30, 2009. These earnings are considered permanently invested or otherwise indefinitely retained for continuing international operations. Determination of the amount of taxes that might be paid on these undistributed earnings if eventually remitted is not practicable.

## COMPREHENSIVE INCOME

Comprehensive income is primarily composed of net earnings plus changes in foreign currency translation, pension and postretirement adjustments and the effective portion of changes in the fair value of cash flow hedges. Accumulated other comprehensive income, net of tax, consists of foreign currency translation credits of \$594 and \$698, pension and postretirement charges of \$1,096 and \$528 and cash flow hedges and other credits of \$6 and charges of \$29, respectively, at September 30, 2009 and 2008.

## RETIREMENT PLANS

Effective September 30, 2009, the Company adopted the measurement provision of FAS 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (now part of ASC 715, Compensation – Retirement Benefits). This provision requires employers to measure defined benefit plan assets and obligations as of the Company's fiscal year end. The majority of the Company's pension and postretirement plans previously used a June 30 measurement date. To transition to the fiscal year-end measurement date pursuant to ASC 715, the Company measured its defined benefit plan assets and obligations as of September 30, 2009 and recorded a \$14 after-tax adjustment to ending retained earnings. Previously, as of September 30, 2007, the Company adopted the recognition and disclosure provisions of ASC 715, which required employers to recognize the full funded status of defined benefit pension and other postretirement plans in the balance sheet and to recognize changes in the funded status in comprehensive income in the year they occur. The incremental effect of adopting the recognition and disclosure provisions was a reduction in other assets of \$425, an increase in other liabilities of \$97 and an after-tax charge to stockholders' equity of \$329.

## (2) Weighted Average Common Shares

Basic earnings per common share consider only the weighted average of common shares outstanding while diluted earnings per common share consider the dilutive effects of stock options and incentive shares. Options to purchase approximately 7.6 million, 3.6 million and 1.1 million shares of common stock were excluded from the computation of diluted earnings per share in 2009, 2008 and 2007, respectively, because their effect would have been antidilutive. Reconciliations of weighted average shares for basic and diluted earnings per common share follow:

(SHARES IN MILLIONS)	2007	2008	2009
Basic shares outstanding	793.8	780.3	753.7
Dilutive shares	10.1	9.1	5.0
Diluted shares outstanding	803.9	789.4	758.7

### (3) Acquisitions and Divestitures

The Company acquired Roxar ASA during the third quarter of 2009, Trident Powercraft Private Limited during the second quarter of 2009 and System Plast S.p.A. during the first quarter of 2009. Roxar is a leading global supplier of measurement solutions and software for reservoir production optimization, enhanced oil and gas recovery and flow assurance and is included in the Process Management segment. Trident Power is a manufacturer and supplier of power generating alternators and other products and is included in the Industrial Automation segment. System Plast is a manufacturer of engineered modular belts and custom conveyer components for the food processing and packaging industries and is included in the Industrial Automation segment. In addition to Roxar, Trident Power and System Plast, the Company acquired other smaller businesses during 2009, mainly in the Climate Technologies, Appliance and Tools and Process Management segments. Total cash paid for all businesses was approximately \$776 (net of cash acquired of approximately \$31 and debt assumed of approximately \$230) and their annualized sales were approximately \$530. Goodwill of \$541 (\$34 of which is expected to be deductible for tax purposes) and identifiable intangible assets (primarily customer relationships and patents and technology) of \$365, which have a weighted-average life of 12 years, were recognized from these transactions in 2009. Because valuations of acquired assets and liabilities are in-process, purchase price allocations for fiscal year 2009 acquisitions are subject to refinement.

During the first quarter of fiscal 2010, the Company entered into a definitive agreement and commenced a tender offer to acquire Avocent Corporation for approximately \$1.2 billion in cash. Avocent is a leader in delivering information technology operations management solutions that reduce operating costs, simplify management and increase availability of critical information technology environments via integrated, centralized software. Avocent products complement the Network Power segment's power systems, energy management and precision cooling solutions. The transaction is expected to be completed in December 2009 and is subject to acceptance of the tender offer by a majority of Avocent shareholders, customary closing conditions and regulatory approvals.

The Company acquired Motorola Inc.'s Embedded Computing business during the first quarter of 2008. Embedded Computing provides communication platforms and enabling software used by manufacturers of equipment for telecommunications, medical imaging, defense and aerospace, and industrial automation markets and is included in the Network Power segment. In addition to Embedded Computing, the Company acquired several smaller businesses during 2008, mainly in the Process Management and Network Power segments. Total cash paid for these businesses was approximately \$561 (net of cash acquired of approximately \$2) and their annualized sales were approximately \$665. Goodwill of \$273 (\$214 of which is expected to be deductible for tax purposes) and identifiable intangible assets (primarily technology and customer relationships) of \$191, which have a weighted-average life of eight years, were recognized from these transactions.

In the first quarter of 2008, the Company divested the Brooks Instrument flow meters and flow controls unit, which had sales for the first quarter of 2008 of \$21 and net earnings of \$1. Proceeds from the sale of Brooks were \$100, resulting in a pretax gain of \$63 (\$42 after-tax). The net gain on divestiture and Brooks' results of operations for fiscal 2008 are classified as discontinued operations; prior year results of operations were inconsequential. This business was previously included in the Process Management segment. Also in fiscal 2008, the Company received approximately \$101 from the divestiture of the European appliance motor and pump business, resulting in a loss of \$92, which included goodwill impairment of \$83 and an additional loss of \$9. The European appliance motor and pump business had total annual sales of \$453 and \$441 and net earnings, excluding the divestiture loss, of \$7 and \$7 in 2008 and 2007, respectively. The divestiture loss and results of operations are classified as discontinued operations. This business was previously included in the Appliance and Tools segment.

In fiscal 2007, the Company acquired Damcos Holding AS during the second quarter and Stratos International, Inc. during the fourth quarter. Damcos supplies valve remote control systems and tank monitoring equipment to the marine and shipbuilding industries and is included in the Process Management segment. Stratos is a designer and manufacturer of radio-frequency and microwave interconnect products and is included in the Network Power segment. In addition to Damcos and Stratos, the Company acquired several smaller businesses during 2007, mainly in the Process Management and Appliance and Tools segments. Total cash paid for these businesses was approximately \$295 (net of cash acquired of approximately \$40 and debt assumed of approximately \$56) and their annualized sales were \$240. Goodwill of \$189 (none of which is expected to be deductible for tax purposes) and identifiable intangible assets (primarily technology and customer relationships) of \$106, which have a weighted-average life of nine years, were recognized from these transactions.

The results of operations of the businesses discussed above have been included in the Company's consolidated results of operations since the respective dates of acquisition or until the respective dates of divestiture.

#### (4) Other Deductions, Net

Other deductions, net are summarized as follows:

	2007	2008	2009
Rationalization of operations	\$ 75	92	295
Amortization of intangibles (intellectual property and customer relationships)	63	81	108
Other	111	194	166
Gains, net	(74)	(64)	(39)
Total	\$ 175	303	530

Other is composed of several items that are individually immaterial, including minority interest expense, foreign currency gains and losses, bad debt expense, equity investment income and losses, as well as one-time items such as litigation and disputed matters, insurance recoveries and interest refunds. Other decreased in 2009 primarily because of a \$31 impairment charge in 2008 and \$27 of lower minority interest expense, partially offset by \$30 of incremental losses on foreign currency exchange transactions.

Other increased from 2007 to 2008 primarily because of an incremental \$12 loss on foreign currency exchange transactions, an approximate \$12 charge to write off in-process research and development in connection with the Embedded Computing acquisition and a \$31 goodwill impairment charge related to the North American appliance control business due to a slow economic environment for consumer appliance and residential end-markets and a major customer's strategy to diversify suppliers and internalize the production of electronic controls. Subsequent to the impairment, these operations were restructured and integrated with the North American appliance motors business.

Gains, net for 2009 includes the sale of an asset in which the Company received \$41 and recognized a gain of \$25 (\$17 after-tax). In fiscal 2008, the Company received \$54 and recognized a gain of \$39 (\$20 after-tax) on the sale of an equity investment in Industrial Motion Control Holdings, a manufacturer of motion control components for automation equipment, and also recorded a pretax gain of \$18 related to the sale of a facility. Gains, net for 2007 includes a pretax gain of approximately \$32 related to the sale of the Company's remaining 4.5 million shares of MKS Instruments and a pretax gain of approximately \$24 for payments received under the U.S. Continued Dumping and Subsidy Offset Act.

#### (5) Rationalization of Operations

Rationalization of operations expense reflects costs associated with the Company's efforts to continuously improve operational efficiency and expand globally, in order to remain competitive on a worldwide basis. Given the difficult economic environment, the Company incurred costs of \$295 in 2009 for actions to rationalize its businesses to the level appropriate for current economic conditions and to improve its cost structure in preparation for the ultimate recovery. Rationalization expenses result from numerous individual actions implemented across the Company's various operating divisions on an ongoing basis and include costs for moving facilities to best-cost locations, starting up plants after relocation or geographic expansion to serve local markets, exiting certain product lines, curtailing/downsizing operations because of changing economic conditions and other costs resulting from asset redeployment decisions. The change in the liability for the rationalization of operations during the years ended September 30 follows. Shutdown costs include severance, benefits, stay bonuses, lease and contract terminations and asset write-downs. In addition to the costs of moving fixed assets, start-up and moving costs include employee training and relocation. Vacant facility costs include security, maintenance, utility and other costs.

	2008	EXPENSE	PAID / UTILIZED	2009
Severance and benefits	\$ 33	234	155	112
Lease/contract terminations	5	9	7	7
Fixed asset write-downs	—	14	14	—
Vacant facility and other shutdown costs	1	13	12	2
Start-up and moving costs	1	25	25	1
	\$ 40	295	213	122

	2007	EXPENSE	PAID / UTILIZED	2008
Severance and benefits	\$ 28	49	44	33
Lease/contract terminations	8	3	6	5
Fixed asset write-downs	–	4	4	–
Vacant facility and other shutdown costs	1	8	8	1
Start-up and moving costs	–	34	33	1
	\$ 37	98	95	40

Expense includes \$6 and \$8 in 2008 and 2007, respectively, related to the European appliance motor and pump business classified as discontinued operations.

Rationalization of operations by segment is summarized as follows:

	2007	2008	2009
Process Management	\$ 15	12	55
Industrial Automation	14	19	47
Network Power	23	28	118
Climate Technologies	9	22	48
Appliance and Tools	14	11	27
Total	\$ 75	92	295

Given ongoing economic conditions, the Company currently expects rationalization expense for 2010 in the range of \$125 to \$175, including the costs to complete actions initiated before the end of 2009 and actions anticipated to be approved and initiated during 2010.

Costs incurred during 2009 included action to exit approximately 25 production, distribution or office facilities and eliminate approximately 20,000 positions, of which approximately one-half were from restructuring actions and the remainder through layoffs and attrition, as well as costs related to facilities exited in previous periods. All the Company's business segments incurred shutdown costs due to workforce reductions and/or the consolidation of facilities. Start-up and moving costs were primarily attributable to Network Power and Industrial Automation, and Network Power accounted for most of the asset write-downs. Vacant facilities and other costs were immaterial for any segment. Actions during 2009 included Process Management reducing worldwide headcount; Industrial Automation consolidating production facilities and reducing North American headcount; Network Power primarily incurring integration costs for the Embedded Computing acquisition, but also consolidating power systems production areas in North America and Europe and shifting some production and engineering capabilities from Europe to Asia; Climate Technologies consolidating or downsizing production facilities in North America, Europe and Asia; and Appliance and Tools reducing salaried workforce and consolidating or downsizing production facilities in North America.

During 2008, rationalization of operations expense primarily related to exiting approximately 10 production, distribution or office facilities, and included the elimination of approximately 2,300 positions as well as ongoing costs related to facilities exited in previous periods. Noteworthy actions in 2008 included Process Management expanding capacity in China and consolidating European production facilities; Industrial Automation consolidating power transmission and valve facilities in North America; Network Power consolidating production in North America and transferring other production in Asia; Climate Technologies shifting certain production to Mexico and consolidating production facilities in Europe; and Appliance and Tools shifting production from Canada to the U.S. and closing motor production facilities in Europe.

Costs for 2007 related primarily to exiting approximately 25 production, distribution or office facilities, and included the elimination of approximately 2,200 positions plus costs related to facilities exited in previous periods. Process Management expanded capacity in China and moved certain operations from Western Europe to Eastern Europe and Asia; Industrial Automation consolidated certain power transmission facilities in Asia and North America; Network Power closed certain power conversion facilities and also shifted power systems production from the U.S. and Europe to Mexico; Climate Technologies expanded capacity in Mexico and Eastern Europe and consolidated production facilities in the U.S.; and Appliance and Tools consolidated certain North American production and closed production facilities in Europe.

## (6) Goodwill and Other Intangibles

Acquisitions are accounted for under the purchase method, with substantially all goodwill assigned to the reporting unit that acquires the business. Under the annual impairment test, if a reporting unit's carrying amount exceeds its estimated fair value, a goodwill impairment is recognized to the extent that the reporting unit's carrying amount of goodwill exceeds the implied fair value of the goodwill. Fair values of reporting units are estimated using discounted cash flows and market multiples. The change in goodwill by business segment follows. See Notes 3 and 4 for further discussion of changes in goodwill related to acquisitions, divestitures and impairment.

	PROCESS MANAGEMENT	INDUSTRIAL AUTOMATION	NETWORK POWER	CLIMATE TECHNOLOGIES	APPLIANCE AND TOOLS	TOTAL
Balance, September 30, 2007	\$ 1,985	1,070	2,259	420	678	6,412
Acquisitions	87	24	162			273
Divestitures					(83)	(83)
Impairment					(31)	(31)
Foreign currency translation and other	(29)	13	11	(8)	4	(9)
Balance, September 30, 2008	2,043	1,107	2,432	412	568	6,562
Acquisitions	242	204		60	35	541
Divestitures			(2)			(2)
Impairment						
Foreign currency translation and other	(6)	(7)	(13)	1	2	(23)
<b>Balance, September 30, 2009</b>	<b>\$ 2,279</b>	<b>1,304</b>	<b>2,417</b>	<b>473</b>	<b>605</b>	<b>7,078</b>

The gross carrying amount and accumulated amortization of identifiable intangible assets by major class follow:

	GROSS CARRYING AMOUNT		ACCUMULATED AMORTIZATION		NET CARRYING AMOUNT	
	2008	2009	2008	2009	2008	2009
Intellectual property and customer relationships	\$ 985	1,392	358	462	627	930
Capitalized software	805	883	613	669	192	214
	\$ 1,790	2,275	971	1,131	819	1,144

Total intangible asset amortization expense for 2009, 2008 and 2007 was \$184, \$150 and \$131, respectively. Based on intangible asset balances as of September 30, 2009, amortization expense is expected to approximate \$196 in 2010, \$182 in 2011, \$150 in 2012, \$108 in 2013 and \$85 in 2014.

## (7) Financial Instruments

### HEDGING ACTIVITIES

The notional value of foreign currency hedge positions totaled approximately \$2.3 billion as of September 30, 2009. Commodity hedges outstanding at year end included a total of approximately 52 million pounds of copper and aluminum. Shown below for the fiscal year ended September 30, 2009 are amounts reclassified from accumulated other comprehensive income into earnings, amounts recognized in other comprehensive income and amounts recognized in earnings for derivatives not receiving deferral accounting. Hedging gains or losses are largely offset by losses or gains on the related underlying exposures.

	GAIN (LOSS) RECLASSIFIED INTO EARNINGS	LOCATION	GAIN (LOSS) RECOGNIZED IN OTHER COMPREHENSIVE INCOME
<b>Derivatives Receiving Deferral Accounting</b>			
Cash Flow Hedges			
Foreign currency	\$ (24)	Sales	\$ (18)
Foreign currency	(32)	Cost of sales	(40)
Commodity	(96)	Cost of sales	(40)
	\$ (152)		\$ (98)
	GAIN (LOSS) RECOGNIZED IN EARNINGS	LOCATION	
<b>Derivatives Not Receiving Deferral Accounting</b>			
Foreign currency	\$ (67)	Other income (deductions)	
Commodity	(11)	Cost of sales	
	\$ (78)		

### FAIR VALUE MEASUREMENTS

Fair values of derivative contracts outstanding as of September 30, 2009 follow:

	ASSETS	LIABILITIES
<b>Derivatives Receiving Deferral Accounting</b>		
Foreign currency	\$ 15	(33)
Commodity	\$ 30	(4)
<b>Derivatives Not Receiving Deferral Accounting</b>		
Foreign currency	\$ 6	(7)
Commodity	\$ 2	(2)

The Company held \$4 of collateral posted by counterparties in the normal course of business as of September 30, 2009. The maximum incremental collateral the Company could have been required to post as of September 30, 2009 was \$27. As of September 30, 2009 and 2008, the fair value of long-term debt was \$4,915 and \$3,752, respectively, which was in excess of (less than) the carrying value by \$351 and \$(12).

## (8) Short-Term Borrowings and Lines of Credit

Short-term borrowings and current maturities of long-term debt are summarized as follows:

	2008	2009
Current maturities of long-term debt	\$ 467	566
Commercial paper	665	—
Payable to banks	17	11
Other	72	—
Total	\$ 1,221	577
Weighted-average short-term borrowing interest rate at year end	2.6%	1.1%

In 2000, the Company issued 13 billion Japanese yen of commercial paper and simultaneously entered into a 10-year interest rate swap, which fixed the rate at 2.2 percent. This swap was terminated in December 2008.

To support short-term borrowings, the Company maintains, but has not drawn on, a \$2.8 billion, five-year, revolving credit facility that expires in April 2011. The credit facility has no financial covenants and is not subject to termination based on a change in credit ratings or a material adverse change. There were no borrowings against U.S. lines of credit in the last three years. The Company expects to renew the backup credit facility in 2010.

## (9) Long-Term Debt

Long-term debt is summarized as follows:

	2008	2009
5% notes due October 2008	\$ 175	—
5.85% notes due March 2009	250	—
7.125% notes due August 2010	500	500
5.75% notes due November 2011	250	250
4.625% notes due October 2012	250	250
4.50% notes due May 2013	250	250
5.625% notes due November 2013	250	250
5% notes due December 2014	250	250
4.125% notes due April 2015	—	250
4.75% notes due October 2015	250	250
5.125% notes due December 2016	250	250
5.375% notes due October 2017	250	250
5.250% notes due October 2018	400	400
5.00% notes due April 2019	—	250
4.875% notes due October 2019	—	500
6% notes due August 2032	250	250
6.125% notes due April 2039	—	250
Other	189	164
	3,764	4,564
Less current maturities	467	566
Total	\$ 3,297	3,998

Long-term debt maturing during each of the four years after 2010 is \$66, \$277, \$500 and \$250, respectively. Total interest paid related to short-term borrowings and long-term debt was approximately \$230, \$235 and \$242 in 2009, 2008 and 2007, respectively.

The Company has a universal shelf registration statement on file with the SEC under which it could issue debt securities, preferred stock, common stock, warrants, share purchase contracts and share purchase units without a predetermined limit. Securities can be sold in one or more separate offerings with the size, price and terms to be determined at the time of sale.

## (10) Retirement Plans

Retirement plan expense includes the following components:

	U.S. PLANS			NON-U.S. PLANS		
	2007	2008	2009	2007	2008	2009
Defined benefit plans:						
Service cost (benefits earned during the period)	\$ 43	48	46	21	23	22
Interest cost	159	167	174	38	45	45
Expected return on plan assets	(211)	(230)	(243)	(38)	(45)	(37)
Net amortization	87	86	70	11	11	17
Net periodic pension expense	78	71	47	32	34	47
Defined contribution and multiemployer plans	94	104	80	27	34	37
Total retirement plan expense	\$ 172	175	127	59	68	84

Reconciliations of the actuarial present value of the projected benefit obligations and of the fair value of plan assets for defined benefit pension plans follow:

	U.S. PLANS		NON-U.S. PLANS	
	2008	2009	2008	2009
Projected benefit obligation, beginning	\$ 2,678	2,699	837	843
Service cost	48	46	23	22
Interest cost	167	174	45	45
Actuarial loss (gain)	(64)	408	21	15
Benefits paid	(136)	(154)	(35)	(37)
Acquisitions/divestitures, net	—	—	21	3
Effect of FAS 158 measurement date adjustment	—	21	—	8
Foreign currency translation and other	6	8	(69)	(35)
Projected benefit obligation, ending	\$ 2,699	3,202	843	864
Fair value of plan assets, beginning	\$ 3,204	3,030	690	619
Actual return on plan assets	(102)	(311)	(42)	3
Employer contributions	63	228	73	75
Benefits paid	(136)	(154)	(35)	(37)
Acquisitions/divestitures, net	—	—	4	—
Effect of FAS 158 measurement date adjustment	—	28	—	6
Foreign currency translation and other	1	1	(71)	(32)
Fair value of plan assets, ending	\$ 3,030	2,822	619	634
Plan assets in excess of (less than) benefit obligation as of June 30, 2008 and September 30, 2009	\$ 331	(380)	(224)	(230)
Adjustment for fourth quarter contributions	—	—	4	—
Net amount recognized in the balance sheet	\$ 331	(380)	(220)	(230)
Amounts recognized in the balance sheet as of September 30:				
Noncurrent asset	\$ 431	—	5	3
Noncurrent liability	\$ (100)	(380)	(225)	(233)
Accumulated other comprehensive loss	\$ (551)	(1,432)	(253)	(260)



Approximately \$138 of the \$1,692 of losses deferred in accumulated other comprehensive income at September 30, 2009, will be amortized into earnings in 2010. Retirement plans in total were underfunded by \$610 as of September 30, 2009.

As of the plans' September 30, 2009 and June 30, 2008 measurement dates, the total accumulated benefit obligation was \$3,811 and \$3,308, respectively. Also, as of the plans' respective measurement dates, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the retirement plans with accumulated benefit obligations in excess of plan assets were \$3,575, \$3,383 and \$2,974, respectively, for September 30, 2009, and \$1,127, \$1,025 and \$796, respectively, for June 30, 2008.

The weighted-average assumptions used in the valuations of pension benefits were as follows:

	U.S. PLANS			NON-U.S. PLANS		
	2007	2008	2009	2007	2008	2009
Assumptions used to determine net pension expense:						
Discount rate	6.50%	6.25%	<b>6.50%</b>	4.9%	5.3%	<b>5.9%</b>
Expected return on plan assets	8.00%	8.00%	<b>8.00%</b>	7.2%	7.3%	<b>6.0%</b>
Rate of compensation increase	3.25%	3.25%	<b>3.25%</b>	3.1%	3.5%	<b>3.5%</b>
Assumptions used to determine benefit obligations:						
Discount rate	6.25%	6.50%	<b>5.50%</b>	5.3%	5.9%	<b>5.3%</b>
Rate of compensation increase	3.25%	3.25%	<b>3.00%</b>	3.5%	3.5%	<b>3.9%</b>

The discount rate for the U.S. retirement plans was 5.50 percent as of September 30, 2009. Defined benefit pension plan expense for fiscal 2010 is expected to be approximately \$130, versus \$94 in 2009.

The primary objective for the investment of plan assets is to secure participant retirement benefits, while earning a reasonable rate of return. Plan assets are invested consistent with the provisions of the prudence and diversification rules of ERISA and with a long-term investment horizon. The expected return on plan assets assumption is determined by reviewing the investment returns of the plans for the past 10 years and the historical return (since 1926) of an asset mix approximating Emerson's asset allocation targets and evaluating these returns in relation to expectations of various investment organizations to determine whether long-term future returns are expected to differ significantly from the past. The Company's asset allocations at September 30, 2009 and June 30, 2008, and weighted-average target allocations are as follows:

Asset category	U.S. PLANS			NON-U.S. PLANS		
	2008	2009	TARGET	2008	2009	TARGET
Equity securities	65%	<b>64%</b>	60-70%	54%	<b>53%</b>	50-60%
Debt securities	29%	<b>32%</b>	25-35%	35%	<b>31%</b>	25-35%
Other	6%	<b>4%</b>	3-7%	11%	<b>16%</b>	15-20%
	100%	<b>100%</b>	100%	100%	<b>100%</b>	100%

The Company estimates that future benefit payments for the U.S. plans will be as follows: \$147 in 2010, \$155 in 2011, \$163 in 2012, \$171 in 2013, \$180 in 2014 and \$1,041 in total over the five years 2015 through 2019. Using foreign currency exchange rates as of September 30, 2009, the Company estimates that future benefit payments for the non-U.S. plans will be as follows: \$41 in 2010, \$36 in 2011, \$35 in 2012, \$40 in 2013, \$41 in 2014 and \$246 in total over the five years 2015 through 2019. In 2010, the Company expects to contribute approximately \$250 to its retirement plans.

## (11) Postretirement Plans

The Company sponsors unfunded postretirement benefit plans (primarily health care) for U.S. retirees and their dependents. The components of net postretirement plan expense for the years ended September 30 follow:

	2007	2008	2009
Service cost	\$ 6	5	4
Interest cost	29	29	30
Net amortization	26	27	15
Net postretirement expense	\$ 61	61	49

Reconciliations of the actuarial present value of accumulated postretirement benefit obligations follow:

	2008	2009
Benefit obligation, beginning	\$ 501	465
Service cost	5	4
Interest cost	29	30
Actuarial loss (gain)	(24)	24
Benefits paid	(39)	(34)
Acquisitions/divestitures and other	(7)	10
Benefit obligation, ending, recognized in balance sheet	\$ 465	499

Approximately \$1 of the \$13 of losses deferred in accumulated other comprehensive income at September 30, 2009 will be amortized into earnings in 2010. The assumed discount rates used in measuring the obligations as of September 30, 2009, 2008 and 2007, were 5.00 percent, 6.50 percent and 6.00 percent, respectively. The assumed health care cost trend rate for 2010 is 8.5 percent, declining to 5.0 percent in the year 2017. The assumed health care cost trend rate for 2009 was 9.0 percent, declining to 5.0 percent in the year 2017. A one-percentage-point increase or decrease in the assumed health care cost trend rate for each year would increase or decrease the obligation as of September 30, 2009 and the 2009 postretirement plan expense by less than 5 percent. The Company estimates that future health care benefit payments will be as follows: \$43 in 2010, \$47 in 2011, \$48 in 2012, \$47 in 2013, \$46 in 2014 and \$208 in total over the five years 2015 through 2019.

## (12) Contingent Liabilities and Commitments

Emerson is a party to a number of pending legal proceedings and claims, including those involving general and product liability and other matters, several of which claim substantial amounts of damages. The Company accrues for such liabilities when it is probable that future costs (including legal fees and expenses) will be incurred and such costs can be reasonably estimated. Such accruals are based on developments to date; management's estimates of the outcomes of these matters; the Company's experience in contesting, litigating and settling similar matters and any related insurance coverage.

Although it is not possible to predict the ultimate outcome of the matters discussed above, the Company historically has been successful in defending itself against claims and suits that have been brought against it, and will continue to defend itself vigorously in all such matters. While the Company believes a material adverse impact is unlikely, given the inherent uncertainty of litigation, a remote possibility exists that a future development could have a material adverse impact on the Company.

The Company enters into certain indemnification agreements in the ordinary course of business in which the indemnified party is held harmless and is reimbursed for losses incurred from claims by third parties, usually up to a prespecified limit. In connection with divestitures of certain assets or businesses, the Company often provides indemnities to the buyer with respect to certain matters including, as examples, environmental liabilities and unidentified tax liabilities related to periods prior to the disposition. Because of the uncertain nature of the indemnities, the maximum liability cannot be quantified. As such, liabilities are recorded when they are both probable and reasonably estimable. Historically, payments under indemnity arrangements have been inconsequential.

At September 30, 2009, there were no known contingent liabilities (including guarantees, pending litigation, taxes and other claims) that management believes will be material in relation to the Company's financial statements, nor were there any material commitments outside the normal course of business.

### (13) Income Taxes

Pretax earnings from continuing operations consist of the following:

	2007	2008	2009
United States	\$ 1,550	1,691	<b>1,134</b>
Non-U.S.	1,543	1,900	<b>1,283</b>
Total pretax earnings from continuing operations	\$ 3,093	3,591	<b>2,417</b>

The principal components of income tax expense follow:

	2007	2008	2009
Current:			
Federal	\$ 606	539	<b>231</b>
State and local	58	50	<b>25</b>
Non-U.S.	364	496	<b>315</b>
Deferred:			
Federal	(4)	65	<b>150</b>
State and local	(14)	(5)	<b>9</b>
Non-U.S.	(46)	(8)	<b>(37)</b>
Income tax expense	\$ 964	1,137	<b>693</b>

Reconciliations of the U.S. federal statutory tax rate to the Company's effective tax rate follow:

	2007	2008	2009
Federal rate	35.0%	35.0%	<b>35.0%</b>
State and local taxes, net of federal tax benefit	0.9	0.8	<b>0.9</b>
Non-U.S. rate differential	(4.1)	(4.2)	<b>(5.1)</b>
Non-U.S. tax holidays	(1.3)	(0.9)	<b>(2.0)</b>
U.S. manufacturing deduction	(0.4)	(0.8)	<b>(0.9)</b>
Export benefit	(0.2)	—	<b>—</b>
Other	1.3	1.8	<b>0.8</b>
Effective income tax rate	31.2%	31.7%	<b>28.7%</b>

Non-U.S. tax holidays reduce tax rates in certain foreign jurisdictions and are expected to expire over the next six years.

The principal items that gave rise to deferred income tax assets and liabilities follow:

	2008	2009
Deferred tax assets:		
Net operating losses and tax credits	\$ 249	279
Accrued liabilities	189	186
Postretirement and postemployment benefits	170	181
Employee compensation and benefits	146	160
Pensions	–	118
Capital loss carryforwards	18	19
Other	152	131
<b>Total</b>	<b>924</b>	<b>1,074</b>
Valuation allowances	(146)	(103)
Deferred tax liabilities:		
Intangibles	(437)	(587)
Property, plant and equipment	(221)	(233)
Leveraged leases	(79)	(59)
Pensions	(94)	–
Other	(53)	(75)
<b>Total</b>	<b>(884)</b>	<b>(954)</b>
<b>Net deferred income tax asset (liability)</b>	<b>\$ (106)</b>	<b>17</b>

At September 30, 2009 and 2008, respectively, net current deferred tax assets were \$290 and \$328, and net noncurrent deferred tax liabilities were \$273 and \$434. Total income taxes paid were approximately \$780, \$1,110 and \$960 in 2009, 2008 and 2007, respectively. The capital loss carryforwards of \$19 expire in 2012. The majority of the \$279 net operating losses and tax credits can be carried forward indefinitely, while the remainders expire over varying periods. Valuation allowances decreased \$43 due primarily to recognition of a net operating loss carryforward resulting from the restructuring of a foreign subsidiary.

Effective October 1, 2007, the Company adopted the recognition and disclosure provisions of FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes” (now part of ASC 740, Income Taxes), which addresses the accounting for uncertain tax positions a company has taken or expects to take when filing a tax return. As a result of adoption, the Company recorded a charge of \$6 to beginning retained earnings. Following are reconciliations of the beginning and ending balances of unrecognized tax benefits before recoverability of cross-jurisdictional tax credits (federal, state and non-U.S.) and temporary differences. The amount of unrecognized tax benefits is not expected to significantly increase or decrease within the next 12 months.

	2008	2009
Beginning balance, at October 1	\$ 149	168
Additions for current year tax positions	33	17
Additions for prior years tax positions	27	14
Reductions for prior years tax positions	(26)	(24)
Reductions for settlements with tax authorities	(9)	(10)
Reductions for expirations of statute of limitations	(6)	(6)
<b>Ending balance, at September 30</b>	<b>\$ 168</b>	<b>159</b>

If none of the unrecognized tax benefits shown is ultimately paid, the tax provision and the calculation of the effective tax rate would be favorably impacted by \$110. The Company accrues interest and penalties related to income taxes in income tax expense. Total interest and penalties recognized were \$6 and \$7 in 2009 and 2008, respectively. As of September 30, 2009 and 2008, total accrued interest and penalties were \$33 and \$27, respectively.

The United States is the major jurisdiction for which the Company files income tax returns. Examinations by the U.S. Internal Revenue Service are substantially complete through fiscal 2007. The status of state and non-U.S. tax examinations varies by the numerous legal entities and jurisdictions in which the Company operates.

## (14) Stock-Based Compensation

The Company's stock-based compensation plans include stock options, performance shares and restricted stock.

### STOCK OPTIONS

The Company's stock option plans permit key officers and employees to purchase common stock at specified prices. Options are granted at 100 percent of the average of the high and low prices of the Company's common stock on the date of grant, generally vest one-third each year and expire 10 years from the date of grant. Compensation expense is recognized ratably over the vesting period based on the number of options expected to vest. At September 30, 2009, approximately 7.9 million options remained available for grant under these plans.

Changes in shares subject to option during the year ended September 30, 2009, follow:

(SHARES IN THOUSANDS)	AVERAGE EXERCISE PRICE PER SHARE	SHARES	TOTAL INTRINSIC VALUE OF AWARDS	AVERAGE REMAINING LIFE (YEARS)
Beginning of year	\$ 36.31	14,351		
Options granted	\$ 31.51	3,636		
Options exercised	\$ 26.32	(1,516)		
Options canceled	\$ 41.98	(226)		
End of year	\$ 36.09	16,245	\$ 117	6.1
Exercisable at year end	\$ 33.13	9,845	\$ 86	4.3

The weighted-average grant date fair value per share of options granted was \$4.45, \$10.59 and \$9.31 for 2009, 2008 and 2007, respectively. The total intrinsic value of options exercised was \$10, \$75 and \$53 in 2009, 2008 and 2007, respectively. Cash received for option exercises under share option plans was \$33, \$73 and \$60, and the actual tax benefit realized from tax deductions related to option exercises was \$7, \$19 and \$14 for 2009, 2008 and 2007, respectively.

The grant date fair value of each award is estimated using the Black-Scholes option-pricing model. Weighted-average assumptions used in the Black-Scholes valuations for 2009, 2008 and 2007 are as follows: risk-free interest rate based on the U.S. Treasury yield of 2.4 percent, 4.1 percent and 4.6 percent; dividend yield of 4.2 percent, 2.0 percent and 2.4 percent; and expected volatility based on historical volatility of 22 percent, 17 percent and 20 percent. The expected life of an option is seven years based on historical experience and expected future exercise patterns.

### PERFORMANCE SHARES AND RESTRICTED STOCK

The Company's incentive shares plans include performance share awards which distribute common stock to key management personnel subject to certain conditions and restrictions. Distributions are made primarily in shares of common stock and partially in cash. Compensation expense is recognized over the service period based on the number of awards expected to be ultimately earned. Performance share awards are accounted for as liabilities in accordance with FAS No. 123 (R), "Share-Based Payment" (now part of ASC 718, Compensation – Stock Compensation), with compensation expense adjusted at the end of each period to reflect the change in the fair value of the awards.

In 2008, as a result of the Company achieving its performance objective at the end of 2007 and participants meeting service requirements, 4,647,888 rights to receive common shares vested and were distributed as follows: 2,693,922 issued in shares, 1,562,045 withheld for income taxes, 313,222 paid in cash and 78,699 deferred by participants for future distribution. As of September 30, 2009 and 2008, 5,055,800 and 5,008,800 rights to receive common shares (awarded primarily in 2007) were outstanding, respectively, contingent on the Company achieving its performance objective through 2010 and continued service by participants.

Incentive shares plans also include restricted stock awards, which involve distribution of common stock to key management personnel subject to cliff vesting at the end of service periods ranging from three to 10 years. The fair value of these awards is determined based on the average of the high and low price of the Company's common stock on the date of grant, with compensation expense recognized ratably over the applicable service period. In 2009, 74,000 shares of restricted stock vested as a result of participants fulfilling the applicable service requirements and were distributed as follows: 58,576 issued in shares and 15,424 withheld for income taxes. As of September 30, 2009, there were 1,913,000 shares of restricted stock awards outstanding.

Changes in awards outstanding but not yet earned under the incentive shares plans during the year ended September 30, 2009 follow:

(SHARES IN THOUSANDS)	SHARES	AVERAGE GRANT DATE FAIR VALUE PER SHARE
Beginning of year	6,633	\$ 40.79
Granted	465	\$ 36.90
Earned/vested	(74)	\$ 34.46
Canceled	(55)	\$ 41.10
End of year	6,969	\$ 40.59

The total fair value of shares earned/vested was \$3, \$253 and \$5, respectively, under the incentive shares plans, of which \$1, \$104 and \$2 was paid in cash, primarily for tax withholding, in 2009, 2008 and 2007, respectively. As of September 30, 2009, approximately 15.5 million shares remained available for award under the incentive shares plans.

Combined compensation expense for the stock option and incentive shares plans was \$54, \$82 and \$185, for 2009, 2008 and 2007, respectively. Expense in 2007 includes the full overlap of two performance share programs during the year (2004 awards for performance through 2007 and 2007 awards for performance through 2010). The decrease in expense in 2008 reflects a partial overlap of performance share programs, as a portion of the 2004 awards remained outstanding during the year, and a decline in the Company's stock price. The decrease from 2008 to 2009 reflects no performance share program overlap in 2009 and expense accrual at a lower overall performance percentage. Total income tax benefits recognized in the income statement for these compensation arrangements during 2009, 2008 and 2007 were \$13, \$21 and \$55, respectively. As of September 30, 2009, there was \$101 of total unrecognized compensation cost related to nonvested awards granted under these plans, which is expected to be recognized over a weighted-average period of 1.8 years.

In addition to the stock option and incentive shares plans, the Company issued 41,400 shares of restricted stock in 2009 under the restricted stock plan for non-management directors and 368,854 million shares remained available for issuance as of September 30, 2009.

#### (15) Common Stock

At September 30, 2009, approximately 45 million shares of common stock were reserved for issuance under the Company's stock-based compensation plans. During 2009, 21.0 million common shares were repurchased and 1.7 million treasury shares were issued.

#### (16) Business Segment Information

The Company designs and supplies product technology and delivers engineering services in a wide range of industrial, commercial and consumer markets around the world. The segments of the Company are organized primarily by the nature of the products and services provided. The Process Management segment includes systems and software, measurement and analytical instrumentation, valves, actuators and regulators, and services and solutions that provide precision control, monitoring and asset optimization for plants that produce power or that process fluids, such as petroleum, chemicals, food and beverages, pulp and paper, and pharmaceuticals. The Industrial Automation segment includes industrial motors and drives, power transmission and materials handling equipment, alternators, materials joining and precision cleaning, fluid power and control, and electrical distribution equipment, which are used in a wide variety of manufacturing operations to provide integrated manufacturing solutions to our customers. The Network Power segment designs, manufactures, installs and maintains power systems, including power conditioning and uninterruptible power supplies, embedded power supplies, precision cooling systems, electrical switching equipment, and site monitoring systems for telecommunications networks, data centers and other critical applications. The Climate Technologies segment consists of compressors, temperature sensors and controls, thermostats, flow controls, and remote monitoring services provided to all areas of the climate control industry. The Appliance and Tools segment includes general and special purpose motors and controls, appliances and appliance components, plumbing tools, and storage products used in a wide variety of commercial and residential applications. The principal distribution method for each segment is a direct sales force, although the Company also uses independent sales representatives and distributors.

The primary income measure used for assessing segment performance and making operating decisions is earnings before interest and income taxes. Intersegment sales approximate market prices. Accounting method differences between segment reporting and the consolidated financial statements include primarily management fees allocated to segments based on a percentage of sales and the accounting for pension and other retirement plans. Gains and losses from divestitures of businesses are included in Corporate and other. Corporate assets include primarily cash and equivalents, pensions, investments and certain fixed assets.

Summarized information about the Company's operations by business segment and by geographic region follows:

## BUSINESS SEGMENTS

(See Notes 3, 4, 5 and 6)

	SALES			EARNINGS			TOTAL ASSETS		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Process Management	\$ 5,699	6,652	<b>6,233</b>	1,066	1,306	<b>1,068</b>	4,902	5,152	<b>5,340</b>
Industrial Automation	4,269	4,852	<b>3,698</b>	665	727	<b>354</b>	3,141	3,357	<b>3,252</b>
Network Power	5,150	6,312	<b>5,359</b>	645	794	<b>567</b>	4,758	5,433	<b>4,915</b>
Climate Technologies	3,614	3,822	<b>3,197</b>	538	551	<b>397</b>	2,156	2,201	<b>2,131</b>
Appliance and Tools	4,006	3,861	<b>3,029</b>	564	527	<b>365</b>	2,630	2,153	<b>1,973</b>
	22,738	25,499	<b>21,516</b>	3,478	3,905	<b>2,751</b>	17,587	18,296	<b>17,611</b>
Differences in accounting methods				210	232	<b>186</b>			
Corporate and other (a)				(367)	(358)	<b>(300)</b>	2,093	2,744	<b>2,152</b>
Sales eliminations / Interest	(607)	(692)	<b>(601)</b>	(228)	(188)	<b>(220)</b>			
Total	\$ 22,131	24,807	<b>20,915</b>	3,093	3,591	<b>2,417</b>	19,680	21,040	<b>19,763</b>

(a) Corporate and other decreased from 2008 to 2009 primarily because of lower incentive stock compensation expense (see Note 14) and lower commodity mark-to-market, partially offset by lower nonrecurring gains. The decrease from 2007 to 2008 was primarily due to lower incentive stock compensation expense, substantially offset by a number of items including an increase in spending on corporate initiatives, higher commodity hedging mark-to-market and a charge for in-process research and development.

	INTERSEGMENT SALES			DEPRECIATION AND AMORTIZATION EXPENSE			CAPITAL EXPENDITURES		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Process Management	\$ 4	5	<b>4</b>	148	148	<b>166</b>	125	144	<b>100</b>
Industrial Automation	28	34	<b>25</b>	104	112	<b>120</b>	107	129	<b>91</b>
Network Power	10	15	<b>16</b>	115	149	<b>155</b>	111	127	<b>100</b>
Climate Technologies	48	53	<b>43</b>	132	139	<b>138</b>	160	128	<b>83</b>
Appliance and Tools	517	585	<b>513</b>	140	138	<b>119</b>	131	107	<b>72</b>
Corporate and other				17	21	<b>29</b>	47	79	<b>85</b>
Total	\$ 607	692	<b>601</b>	656	707	<b>727</b>	681	714	<b>531</b>

## GEOGRAPHIC

	SALES BY DESTINATION			PROPERTY, PLANT AND EQUIPMENT		
	2007	2008	2009	2007	2008	2009
United States	\$ 10,912	11,329	<b>9,359</b>	1,998	2,032	<b>2,010</b>
Europe	4,844	5,663	<b>4,346</b>	680	670	<b>717</b>
Asia (including China)	3,617	4,480	<b>4,352</b>	484	516	<b>525</b>
Latin America	1,009	1,262	<b>1,065</b>	197	229	<b>227</b>
Other regions	1,749	2,073	<b>1,793</b>	72	60	<b>21</b>
Total	\$ 22,131	24,807	<b>20,915</b>	3,431	3,507	<b>3,500</b>

Sales in China were \$2,335, \$2,252 and \$1,703 for 2009, 2008 and 2007, respectively.

## (17) Other Financial Data

Items reported in earnings during the years ended September 30 include the following:

	2007	2008	2009
Depreciation	\$ 525	557	543
Research and development expense	\$ 397	458	460
Rent expense	\$ 300	337	363

The Company leases facilities, transportation and office equipment and various other items under operating lease agreements. The minimum annual rentals under noncancelable long-term leases, exclusive of maintenance, taxes, insurance and other operating costs, will approximate \$227 in 2010, \$166 in 2011, \$109 in 2012, \$69 in 2013 and \$47 in 2014.

Other assets, other are summarized as follows:

	2008	2009
Intellectual property and customer relationships	\$ 627	930
Capitalized software	192	214
Pension plans	436	3
Other	385	385
Total	\$ 1,640	1,532

The pension asset decreased and the pension liability increased due to the decrease in funded status (see Note 10).

Items reported in accrued expenses include the following:

	2008	2009
Employee compensation	\$ 609	536
Customer advanced payments	\$ 314	315
Product warranty	\$ 204	199

Other liabilities are summarized as follows:

	2008	2009
Pension plans	\$ 325	613
Postretirement plans, excluding current portion	417	460
Deferred income taxes	533	406
Minority interest	188	151
Other	594	624
Total	\$ 2,057	2,254



**(18) Quarterly Financial Information (Unaudited)**

	FIRST QUARTER		SECOND QUARTER		THIRD QUARTER		FOURTH QUARTER		FISCAL YEAR	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Net sales	\$ 5,520	<b>5,415</b>	6,023	<b>5,087</b>	6,568	<b>5,091</b>	6,696	<b>5,322</b>	24,807	<b>20,915</b>
Gross profit	\$ 2,010	<b>1,996</b>	2,242	<b>1,837</b>	2,413	<b>1,838</b>	2,474	<b>2,028</b>	9,139	<b>7,699</b>
Earnings from continuing operations	\$ 519	<b>458</b>	598	<b>373</b>	647	<b>387</b>	690	<b>506</b>	2,454	<b>1,724</b>
Net earnings	\$ 565	<b>458</b>	547	<b>373</b>	612	<b>387</b>	688	<b>506</b>	2,412	<b>1,724</b>
Earnings from continuing operations per common share:										
Basic	\$ 0.66	<b>0.60</b>	0.76	<b>0.50</b>	0.83	<b>0.52</b>	0.89	<b>0.67</b>	3.14	<b>2.29</b>
Diluted	\$ 0.65	<b>0.60</b>	0.75	<b>0.49</b>	0.82	<b>0.51</b>	0.88	<b>0.67</b>	3.11	<b>2.27</b>
Net earnings per common share:										
Basic	\$ 0.72	<b>0.60</b>	0.70	<b>0.50</b>	0.79	<b>0.52</b>	0.89	<b>0.67</b>	3.09	<b>2.29</b>
Diluted	\$ 0.71	<b>0.60</b>	0.69	<b>0.49</b>	0.78	<b>0.51</b>	0.88	<b>0.67</b>	3.06	<b>2.27</b>
Dividends per common share	\$ 0.30	<b>0.33</b>	0.30	<b>0.33</b>	0.30	<b>0.33</b>	0.30	<b>0.33</b>	1.20	<b>1.32</b>
Common stock prices:										
High	\$ 58.32	<b>39.19</b>	55.83	<b>39.10</b>	58.20	<b>37.35</b>	50.94	<b>41.24</b>	58.32	<b>41.24</b>
Low	\$ 50.50	<b>29.98</b>	47.88	<b>24.87</b>	48.17	<b>29.53</b>	38.46	<b>30.63</b>	38.46	<b>24.87</b>

Earnings per share are computed independently each period; as a result, the quarterly amounts may not sum to the calculated annual figure.

The operating results of the European appliance motor and pump business for 2008 and Brooks for first quarter 2008 are classified as discontinued operations. See Notes 3 and 4 for information regarding the Company's acquisition and divestiture activities and non-recurring items.

Emerson Electric Co. common stock (symbol EMR) is listed on the New York Stock Exchange and the Chicago Stock Exchange.

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## Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders  
Emerson Electric Co.:

We have audited the accompanying consolidated balance sheets of Emerson Electric Co. and subsidiaries as of September 30, 2009 and 2008, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years in the three-year period ended September 30, 2009. We also have audited Emerson Electric Co.'s internal control over financial reporting as of September 30, 2009, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Emerson Electric Co.'s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Emerson Electric Co. and subsidiaries as of September 30, 2009 and 2008, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2009, in conformity with U.S. generally accepted accounting principles. Also in our opinion, Emerson Electric Co. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2009, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Note 1 to the consolidated financial statements, effective September 30, 2007, the Company changed its method of accounting for defined benefit pension and other postretirement plans due to the adoption of the recognition and disclosure provisions FAS 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (now part of ASC 715, Compensation – Retirement Benefits). Also as discussed in Note 1 to the consolidated financial statements, effective September 30, 2009, the Company adopted the measurement date provision of ASC 715.

/s/KPMG LLP

St. Louis, Missouri  
November 23, 2009

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## Safe Harbor Statement

This Annual Report contains various forward-looking statements and includes assumptions concerning Emerson's operations, future results, and prospects. These forward-looking statements are based on current expectations, are subject to risk and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Emerson provides the following cautionary statement identifying important economic, political, and technological factors, among others, changes in which could cause the actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions.

Such factors include the following: (i) current and future business environment, including interest rates, currency exchange rates and capital and consumer spending; (ii) potential volatility of the end markets served; (iii) competitive factors and competitor responses to Emerson initiatives; (iv) development and market introduction of anticipated new products; (v) availability of raw materials and purchased components; (vi) U.S. and foreign government laws and regulations, including taxes and restrictions; (vii) outcome of pending and future litigation, including environmental compliance; (viii) stability of governments and business conditions in foreign countries, including emerging economies, which could result in nationalization of facilities or disruption of operations; (ix) penetration of emerging economies; (x) favorable environment for acquisitions, domestic and foreign, including regulatory requirements and market values of candidates; (xi) integration of acquisitions; (xii) favorable access to capital markets; and (xiii) execution of cost-reduction efforts.

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**SUBSIDIARIES AND AFFILIATES OF EMERSON ELECTRIC CO.**  
**September 30, 2009**

<b>LEGAL NAME</b>	<b>JURISDICTION OF INCORPORATION</b>
AIH, Inc.	Delaware
AIHL, LLC	Delaware
Astec America Inc.	Delaware
Astec Electronics (Malaysia) Sdn Bhd	Malaysia
Astec International Holdings Limited	Delaware/UK
Astec International Limited	Hong Kong
Astec Advanced Power Systems Ltda.	Brazil
Astec Advanced Power Systems (Malaysia) Sdn Bhd	Malaysia
Astec Advanced Power Systems (Penang) Sdn Bhd	Malaysia
Astec Agencies Limited	Hong Kong
Astec Custom Power (Hong Kong) Limited	Hong Kong
Astec Custom Power (Philippines) Inc.	Philippines
Astec Custom Power (Singapore) Pte Ltd	Singapore
Astec Electronics Company Limited	China
Astec Electronics (Luoding) Company Ltd.	China
Astec Nanjing Design Engineering Company	China
Astec Power Supply (Shenzhen) Company Ltd.	China
Astec Power Inc.	BVI
Astec Power Philippines, Inc.	Philippines
Emerson Network Power - Embedded Power (Vietnam) Co., Ltd.	Vietnam
Emerson Network Power (Vietnam) Design Company Limited	Vietnam
Emerson Network Power - Embedded Computing GmbH	Germany
EMR Holdings Limited	Japan
Stourbridge Holdings (U.K.) Limited	United Kingdom
Mirroware Manufacturing Limited	United Kingdom
Astec Europe Ltd.	United Kingdom
Aperture Technologies, Inc.	Delaware
Aperture International Limited	United Kingdom
Aperture Technologies International, Inc.	New York
Applied Concepts, Inc.	Pennsylvania
Artesyn Technologies, Inc.	Florida
Artesyn North America, Inc.	Delaware
Artesyn Cayman LP	Cayman Islands
Artesyn International Ltd.	Cayman Islands
Artesyn Ireland Ltd.	Cayman Islands
Artesyn Technologies Asia Pacific, Ltd.	Hong Kong
Artesyn Delaware, Inc.	Delaware
Artesyn Delaware LLC	Delaware
Artesyn Netherlands B.V.	Netherlands
Artesyn UK Ltd.	United Kingdom
Artesyn Holding GmbH	Austria
Artesyn Austria GmbH	Austria
Artesyn Austria GmbH & Co. KG	Austria
Artesyn Hungary Elektronikai kft	Hungary
Artesyn do Brasil Comercio de Produtos de Conversao de Energia LTDA	Brazil
Artesyn Germany GmbH	Germany
Artesyn Elektronische Gerate Beteiligungs-und Verwaltungs GmbH	Germany
Artesyn GmbH & Co. KG	Germany
Emerson Network Power - Embedded Computing & Power S.A.R.L.	France
Emerson Network Power - Embedded Computing, Inc.	Wisconsin
Artesyn Communication Products Scandinavia AB	Sweden
Artesyn Communication Products UK Ltd.	Scotland
Emerson Network Power - Embedded Computing UK Ltd.	Scotland

<b>LEGAL NAME</b>	<b>JURISDICTION OF INCORPORATION</b>
Bay-Tec Engineering, Inc.	California
B.B.I., S.A. de C.V.	Mexico
Branson Ultrasonic S.A.	Switzerland
Bristol, Inc.	Delaware
California Emerson LLC	Delaware
ClosetMaid Corporation	Florida
Clairson, Inc.	Delaware
ClosetMaid de Mexico, S.A. de C.V.	Mexico
ClosetMaid North America, Inc.	Delaware
Compania de Motores Domesticos S.A. de C.V.	Mexico
Computational Systems, Incorporated	Tennessee
CSI Technology, Inc.	Delaware
Controles Electromecanicos de Mexico S.A. de C.V.	Mexico
Control Techniques Iberia S.A.	Spain
Cooligy Inc.	Delaware
Daniel Industries, Inc.	Delaware
Emerson Process Management Valve Automation, Inc.	Delaware
Bettis Canada Ltd.	Canada
Bettis France SARL	France
Bettis Holdings, Ltd.	United Kingdom
Bettis UK Ltd.	United Kingdom
Prime Actuator Control Systems Limited	United Kingdom
Prime Actuator Control Systems UK Ltd.	United Kingdom
Dantorque A/S	Denmark
Emerson Process Management Valve Actuation LLC	Delaware
Hytork Controls, Inc.	Delaware
Daniel Automation Company	Delaware
Daniel Industrial, Inc.	Delaware
Daniel En-Fab Systems, Inc.	Delaware
Daniel International Limited	United Kingdom
Daniel Europe Limited	United Kingdom
Daniel Industries Limited	United Kingdom
Spectra-Tek Holdings Ltd.	United Kingdom
Spectra-Tek UK Ltd.	United Kingdom
Daniel Measurement Solutions Pvt. Ltd.	India
Spectra-Tek International Limited	United Kingdom
Greenfield (UK) Limited	United Kingdom
Daniel Measurement and Control, Inc.	Delaware
Daniel Industries Canada Inc.	Canada
Daniel Measurement Services, Inc.	Delaware
Metco Services Limited	United Kingdom
Metco Services Venezuela, C.A.	Venezuela
Danmasa S.A. de C.V.	Mexico
Hytork International Ltd.	United Kingdom
Hytork Controls, Inc.	Florida
Hytork Controls Limited	United Kingdom
Hytork LLC	Delaware
Hytork Services Limited	United Kingdom
DEAS Holdings, Inc.	Delaware
Decision Management International, Inc.	Delaware
Decision Management International, Inc.	Florida
EDAS (I) U.K. Limited	United Kingdom
EDAS (II) U.K. Limited	United Kingdom
EECO, Inc.	Delaware
Apple JV Holding Corp.	Delaware
EGS Electrical Group LLC	Delaware

LEGAL NAME	JURISDICTION OF INCORPORATION
Appleton Electric LLC	Delaware
Appleton Electric, S.A. de C.V.	Mexico
Appleton Holding Corp.	Delaware
EGS Electrical Group Canada Ltd.	Canada
Easy Heat Ltd.	Canada
EGS Participacoes Ltda.	Brazil
Easy Heat, Inc.	Delaware
Easy Heat Holding B.V.	Netherlands
Easy Heat Europe B.V.	Netherlands
EGS Electrical Group Romania S.R.L.	Romania
EGS Holding S.A.R.L.	France
ATX S.A.	France
EGS Mexico S. de R.L. de C.V.	Mexico
EGS Private Ltd.	Singapore
GSEG LLC	Delaware
O-Z Gedney Company LLC	Delaware
Electrical Reliability Services, Inc.	California
Emerson Climate Technologies, Inc.	Delaware
Computer Process Controls, Inc.	Georgia
Emerson Retail Services, Inc.	Delaware
Clive Samuels & Associates, Inc.	New Jersey
Emerson Climate Services, LLC	Delaware
Copeland Access +, Inc.	Delaware
Copeland Corporation LLC	Delaware
Copeland de Mexico S.A. de C.V.	Mexico
Emerson Climate Technologies (India) Limited	India
Copeland Redevelopment Corporation	Missouri
CR Compressors LLC	Delaware
Scroll Compressors LLC	Delaware
Scroll Mexico LLC	Delaware
Emerson Electric (U.S.) Holding Corporation	Delaware
Automatic Switch Company	Delaware
ASC Investments, Inc.	Delaware
Asco Controls AG	Switzerland
Asco Controls B.V.	Netherlands
Asco Mideast B.V.	Netherlands
Asco Magnesszelep Kft.	Hungary
Asco/Joucomatic sp. z.o.o.	Poland
Asco/Joucomatic s.r.o.	Czech Republic
Asco Joucomatic ZA BV	Netherlands
ASCO/NUMATICS GmbH	Switzerland
Ascomation Pty. Ltd.	Australia
Asco Numatics Pty. Ltd.	Australia
Asco Valve Pty. Ltd.	Australia
Ascomation (NZ) Ltd.	New Zealand
Asco Numatics (NZ) Limited	New Zealand
Sirai Pty. Ltd.	Australia
Asco AB	Sweden
Asco (India) Limited	India
ASCO Japan Co., Ltd.	Japan
Ascomatica S.A. de C.V.	Mexico
Asco Services, Inc.	New Jersey
ASCO Switch Enterprises LLC	Delaware
ASCO Power Technologies, L.P.	Delaware
ASCO Valve Enterprises LLC	Delaware
ASCO Valve, Inc.	Delaware

LEGAL NAME	JURISDICTION OF INCORPORATION
ASCO Controls, L.P.	Delaware
ASCO Valve Manufacturing, LLC	Delaware
Ascovial Industria E Comercio Ltda.	Brazil
Branson Ultrasonics Corporation	Delaware
Branson Korea Co., Ltd.	Korea
Branson Ultrasonidos S.A.E.	Spain
Branson Ultrasonics S.A.S.	France
El-O-Matic GmbH	Germany
Emerson Climate Technologies GmbH	Germany
Emerson Climate Technologies Limited	United Kingdom
Emerson Climate Technologies Refrigeration S.A.	Belgium
Emerson Climate Technologies S.A.	Spain
Emerson Climate Technologies S.A.	Belgium
Emerson Climate Technologies s.a.r.l.	France
Emerson Climate Technologies S.r.L.	Italy
Emerson Dietzenbach GmbH	Germany
Emerson Electric GmbH	Germany
Emerson Electric GmbH & Co. OHG	Germany
Emerson Electric Overseas Finance Corp.	Delaware
Motores U.S. de Mexico, S.A. de C.V.	Mexico
U.S.E.M. de Mexico S.A. de C.V.	Mexico
Emerson Europe S.A.	France
Asco Joucomatic S.A.	France
Asco Joucomatic GmbH	Germany
Asco Numatics S.p.A.	Italy
Fluidicontrol S.A.	Spain
Joucomatic S.A.	Belgium
Sotrac S.r.l.	Italy
Company Financiere de Chausey, SA	France
Emerson Network Power Energy Systems S.A.	France
Emerson Energy Systems EURL	France
Francel S.A.	France
Leroy-Somer S.A.	France
Bertrand Polico SAS	France
Comercial Leroy-Somer Ltda.	Chile
Constructions Electriques DeBeaucourt SAS	France
ESO S.A.S	France
ABME SARL	France
BEI Roanne SARL	France
BEI SARL	France
Belzon et Richardot SARL	France
Cargnelli SAS	France
Cocard SARL	France
DME SARL	France
EMC SARL	France
Houssin SARL	France
Lorraine Service SARL	France
Maintenance Industrie Service Provence SARL	France
MEZIERES SARL	France
Michel SARL	France
MIS Rennes SARL	France
MIS SARL	France
MIS SIBE SARL	France
MIS SPIRE SARL	France
Navarre Services SARL	France
OES SARL	France

LEGAL NAME	JURISDICTION OF INCORPORATION
Oury SARL	France
Paillet Service SARL	France
Prevost SARL	France
Radiel Bobinage SARL	France
Silvain SARL	France
Sorem SARL	France
Sud Maintenance SARL	France
Suder SARL	France
Wieprecht CF SARL	France
Wieprecht Rodez SARL	France
Etablissements Trepeau SAS	France
Girard Transmissions SAS	France
I.M.I Kft	Hungary
La Francaise de Manutention SAS	France
Leroy-Somer Denmark A/S	Denmark
Leroy-Somer Elektomekanik Sistemler Ticaret Ltd. STI	Turkey
Leroy-Somer Iberica S.A.	Spain
Teilsa Servicios, S.L.	Spain
Leroy-Somer Ltd.	Greece
Leroy-Somer Limited	United Kingdom
Leroy-Somer Marbaise GmbH	Germany
Leroy-Somer Motores E Sistemas Electro Mecanicas CDA	Portugal
Leroy-Somer B.V.	Netherlands
Leroy-Somer Norden AB	Sweden
Leroy-Somer Norge A/S	Norway
Leroy-Somer NV	Belgium
Muyle Electro-Machinery SA	Belgium
Leroy-Somer Finland OY	Finland
Leroy-Somer (Pty) Ltd. (South Africa)	South Africa
Leroy-Somer (Pty) Ltd.	Australia
Leroy-Somer S.E.A. Pte. Ltd.	Singapore
Leroy-Somer SA	Switzerland
Leroy-Somer S.p.A.	Italy
E.M.S. Elettro Multi Service Srl	Italy
M.L.S. Holice spol. s.r.o.	Czech Republic
MLS Industries Inc.	Delaware
Yorba Linda International, Inc.	Delaware
Moteurs Leroy-Somer S.A.	France
Moteurs Patay SAS	France
Societe Anonyme de Mecanique et D'outillage du Vivarais S.A.	France
Societe Confolentaise de Metallurgie SAS	France
Societe de Mecanique et D'Electrothermie des Pays de L'Adour SAS	France
Emerson Network Power SA	France
Ridgid France SAS	France
Emerson Process Management GmbH	Germany
Emerson Process Management GmbH & Co. OHG	Germany
epro GmbH	Germany
Emerson Process Management Ltda.	Brazil
Emerson Retail Services Europe GmbH	Germany
Emerson Technologies Verwaltungs GmbH	Germany
Emerson Technologies GmbH & Co.	Germany
Emersub LXXXIV, Inc.	Delaware
Emerson Process Management, S.A. de C.V.	Mexico
Emersub LXXXVI, Inc.	Delaware
Marbaise Hanlo LS GmbH	Germany
Ridge Tool GmbH	Germany



LEGAL NAME	JURISDICTION OF INCORPORATION
Ridge Tool GmbH & Co. OHG	Germany
RIDGID Peddinghaus Werkzeug GmbH	Germany
Rosemount Inc.	Minnesota
Control Techniques - Americas, Inc.	Delaware
Control Techniques - Americas LLC	Delaware
Fincor Holding, LLC	Delaware
Dieterich Standard, Inc.	Delaware
Emerson Process Management AB	Sweden
Emerson Process Management A/S (Denmark)	Denmark
Emerson Process Management AS	Norway
Emerson Process Management Holding AG	Switzerland
Emerson Process Management AG	Switzerland
Emerson EAD	Bulgaria
Emerson LLC	Azerbaijan
Emerson LLC	Ukraine
Emerson LLP	Kazakhstan
Emerson Process Management Kft.	Hungary
Emerson Process Management Romania S.R.L.	Romania
Emerson Process Management sp. z.o.o.	Poland
Emerson Process Management Ticaret Limited Sirketi	Turkey
Emerson Process Management, s.r.o.	Czech Republic
Emerson Process Management, s.r.o.	Slovakia
FR af 13.august 1999 A/S	Denmark
Emerson Process Management Power and Water Solutions Sp. z.o.o.	Poland
Emerson Process Management Asia Pacific Pte Ltd.	Singapore
Emerson Process Management Manufacturing (M) Sdn Bhd	Malaysia
Emerson Process Management (Shanghai) International Trading Co. Ltd.	China
Emerson Process Management Valve Automation (M) Sdn Bhd	Malaysia
Emerson Process Management (India) Pvt. Ltd.	India
Emerson Process Management Korea Ltd.	Korea
Emerson Process Management, S.L.	Spain
Emerson Process Management Oy	Finland
P I Components Corp.	Texas
Rosemount Analytical Inc.	Delaware
Rosemount China Inc.	Minnesota
Rosemount Nuclear Instruments, Inc.	Delaware
Xomox Uruguay S.A.	Uruguay
Emerson Power Transmission Corporation	Delaware
Emerson Chain, Inc.	Delaware
Emerson Power Transmission Drives and Components, Inc.	Delaware
Emerson Power Transmission Manufacturing	Missouri
Emerson Power Transmission Ithaca, Inc.	Delaware
Rollway Bearing International Ltd.	Delaware
Rollway Bearing N.V.	Belgium
EPT Investments, Inc.	Delaware
McGill Manufacturing Company, Inc.	Indiana
Emerson Power Transmission Bearings, Inc.	Delaware
Liebert Corporation	Ohio
Alber Corp.	Florida
Atlas Asia Limited	Hong Kong
Emerson Network Power Software (Shenzhen) Co., Ltd.	China
Emerson Network Power Australia Pty. Ltd.	Australia
Atlas Air Australia Pty. Ltd.	Australia
Emerson Network Power (Hong Kong) Limited	Hong Kong
Wuhan Liebert Computer Power Support System Limited	China
Emerson Network Power (India) Private Limited	India

<b>LEGAL NAME</b>	<b>JURISDICTION OF INCORPORATION</b>
Leroy Somer India Private Limited	India
Emerson Network Power, Liebert Services, Inc.	Delaware
Emerson Network Power (Singapore) Pte. Ltd.	Singapore
Emerson Network Power (Malaysia) Sdn. Bhd.	Malaysia
Knuerr Pte. Ltd.	Singapore
Spectra Systems Sdn Bhd	Malaysia
Emerson Network Power Surge Protection, Inc.	New York
Emerson Network Power (Thailand) Co. Ltd.	Thailand
Liebert Field Services, Inc.	Delaware
Liebert North America, Inc.	Delaware
Liebert Property Holdings, LLC	Delaware
Liebert Tecnologia Ltda.	Brazil
Micro Motion, Inc.	Colorado
Ridge Tool Company	Ohio
Ridge Tool (Australia) Pty., Ltd.	Australia
Ridge Tool Manufacturing Company	Delaware
Ridge Tool Pattern Company	Delaware
Ridgid, Inc.	Delaware
Ridgid Italia Srl	Italy
Ridgid Online, Inc.	Ohio
Ridgid Werkzeuge AG	Switzerland
Therm-O-Disc, Incorporated	Ohio
Componentes Avanzados de Mexico, S.A. de C.V.	Mexico
Controles de Temperatura S.A. de C.V.	Mexico
E.G.P. Corporation	Delaware
Emermex S.A. de C.V.	Mexico
Emerson Arabia, Inc.	Delaware
Emersub 4 LLC	Delaware
Emerson Capital (Canada) Corporation	Canada
Emerson Climate Technologies Mexico S.A. de C.V.	Mexico
Emerson Electric (Asia) Limited	Hong Kong
Branson Ultrasonics (Asia Pacific) Co. Ltd.	Hong Kong
Emerson Electric (South Asia) Pte. Ltd.	Singapore
Emerson Technology Service (Shenzhen) Co.	China
Emerson Electric II, C.A.	Venezuela
Emerson Electric de Colombia Ltda.	Colombia
Emerson Electric International, Inc.	Delaware
Emerson Electric Ireland Ltd.	Bermuda
Emersub Treasury Ireland	Ireland
Emerson Electric (Mauritius) Ltd.	Mauritius
Emerson Electric Co. (India) Private Ltd.	India
Westinghouse Electric Private Ltd. (Mauritius)	Mauritius
Emerson Process Management Power & Water Solutions India Private Limited	India
Emerson Electric Nederland B.V.	Netherlands
Aegir Norge Holding AS	Norway
Roxar ASA	Norway
CorrOcean Mareco AS	Norway
Corrocean Srl	Italy
PolyOil Ltd.	United Kingdom
RFM Holding AS	Norway
Roxar do Brasil Ltda.	Brazil
Roxar Flow Measurement AS	Norway
Roxar Flow Measurement Inc.	Texas
Roxar Flow Measurement Ltd.	United Kingdom
Roxar Flow Measurement Sdn Bhd	Malaysia
Roxar International AS	Norway

LEGAL NAME	JURISDICTION OF INCORPORATION
Roxar Nigeria Ltd.	Nigeria
Roxar Pty Ltd.	Australia
Roxar Saudi Company	Saudi Arabia
Roxar Holding AS	Norway
Energy Scitech Ltd.	United Kingdom
Roxar Xworks AS	Norway
RSS Software Holding AS	Norway
Roxar Canada Ltd.	Canada
Roxar de Mexico S.A. de C.V.	Mexico
Roxar de Venezuela SA	Venezuela
Roxar Inc.	Texas
Roxar Ltd.	United Kingdom
Roxar Maximum Reservoir Performance WLL	Bahrain
Roxar Services AS	Norway
Roxar Services OOO	Russia
Roxar Software Solutions AS	Norway
Roxar Strategic Staffing S.A. de C.V.	Mexico
Roxar Vietnam Company Ltd.	Vietnam
Alco Controls spol. s.r.o.	Czech Republic
Branson Ultrasonics B.V.	Netherlands
Beckman Industrial B.V.	Netherlands
Damcos Holding A/S	Denmark
Damcos A/S.	Denmark
Emerson Process Management Marine Solutions Korea Co., Ltd.	Korea
Emerson Process Management Marine Systems (Shanghai) Co., Ltd.	China
El-O-Matic B.V.	Netherlands
El-O-Matic Valve Actuators (F.E.) Pte. Ltd.	Singapore
Emerson Process Management (South Africa) (Proprietary) Ltd.	South Africa
Electrische Apparatenfabriek Capax B.V.	Netherlands
Emerson a.s.	Slovakia
Emerson LLC	Russia
Emerson S.R.L.	Romania
Emerson Climate Technologies, s.r.o.	Czech Republic
Emerson Electric spol. s.r.o.	Czech Republic
Emerson Network Power Pakistan (Private) Limited	Pakistan
Emerson Network Power (Vietnam) Co. Ltd.	Vietnam
Emerson Process Management B.V.	Netherlands
Emerson Process Management (Vietnam) Co., Ltd.	Vietnam
EMRSN HLDG B.V.	Netherlands
Emerson Network Power B.V.	Netherlands
Emerson Process Management Flow B.V.	Netherlands
Fisher Rosemount Temperature B.V.	Netherlands
Fusite, B.V.	Netherlands
Ortrud Verwaltungsgesellschaft mbH	Germany
Knurr-Holding GmbH	Germany
Knurr AG	Germany
Knurr AB	Sweden
Knurr AG	Switzerland
Knurr AG & Co. Grundbesitz OHG	Germany
Knurr BV	Netherlands
Knurr Electronics GmbH	Germany
Knurr Electronics GmbH & Co. Grundbesitz OHG	Germany
Knurr-Ercotec GmbH & Grundstücksverwaltung KG	Germany
Knurr Electronics (Shanghai) Co. Ltd.	China
Knurr Holding Ltda.	Brazil
Knuerr Ltda.	Brazil

LEGAL NAME	JURISDICTION OF INCORPORATION
Knurr Innovation GmbH	Germany
Knurr Ltd.	United Kingdom
Knurr Lommatec Mechanik fur die Elektronik Beteiligungs und Verwaltungs GmbH	Germany
Knurr s.a.r.l.	France
Knurr s.r.o.	Czech Republic
Knurr Technical Furniture GmbH	Germany
Knurr-Ercotec GmbH	Germany
Knurr International GmbH	Germany
Therm-O-Disc Europe B.V.	Netherlands
Therm-O-Disc (Vietnam) Co., Ltd.	Vietnam
Emerson Electric Puerto Rico, Inc.	Delaware
Emerson Puerto Rico, Inc.	Delaware
Emerson Electric (Taiwan) Company Limited	Taiwan
Emerson Finance LLC	Delaware
Emerson Global Finance Company	Missouri
Emerson Middle East, Inc.	Delaware
Emerson Network Power, Energy Systems, North America, Inc.	Delaware
Emerson Network Power Exportel, S.A. de C.V.	Mexico
Emerson Network Power, Inc.	Texas
Emerson Sice S.r.l.	Italy
Branson Ultrasuoni S.r.l.	Italy
CDZ.T s.r.l.	Italy
Dixell S.p.A.	Italy
Emerson Network Power Holding S.r.l.	Italy
Emerson Network Power S.r.l.	Italy
Emerson Network Power Sp. Z.o.o.	Poland
Liebert Hiross Holding GmbH	Germany
Emerson Network Power GmbH	Germany
Emerson Network Power Kft.	Hungary
Emerson Process Management S.r.l.	Italy
Sirai Elettromeccanica s.r.l.	Italy
System Plast S.p.A.	Italy
System Plast GmbH	Germany
System Plast International BV	Netherlands
System Plast, LLC	North Carolina
SPPA LLC	Pennsylvania
Solus Industrial Innovations, LLC	Delaware
Solus Industrial Innovations BV	Netherlands
System Plast USA de Mexico, S. de R.L. de C.V.	Mexico
System Plast Ltd.	United Kingdom
System Plast Ltda.	Brazil
System Plast S.A.	France
Target Mold s.r.l.	Italy
Emerson Telecommunication Products, LLC	Delaware
JTP Industries, Inc.	Delaware
Dura-Line Espana, S.L.	Spain
Dura-Line Iberia, S.L.	Spain
Dura-Line Limited	United Kingdom
OOO Dura-Line	Russia
Emerson Network Power Connectivity Solutions, Inc.	Delaware
Emerson Electronic Connector and Components do Brasil, Ltda.	Brazil
Emerson Mexico Corporate Services S de R.L. de C.V.	Mexico
LoDan de Mexico S.A. de C.V.	Mexico
LoDan West do Brasil, Ltda.	Brazil
O.O.O. Viewsonics	Russia
Stratos International, Inc.	Delaware

LEGAL NAME	JURISDICTION OF INCORPORATION
Advanced Interconnection Technology LLC	Delaware
Paracer, Inc.	Delaware
Rapidwerks LLC	Delaware
Sterling Holding Company	Delaware
Quality Components, Inc.	Delaware
Semflex, Inc.	Delaware
Swiss Precision Products, Inc.	Delaware
TQ Management Corporation	Delaware
Trompeter Electronics, Inc.	Delaware
STRATOS Lightwave, LLC	Delaware
Stratos Lightwave-Florida Incorporated	Delaware
Stratos Limited	United Kingdom
Stratos Lightwave UK Limited	United Kingdom
Tsunami Optics, Inc.	California
Viewsonics do Brasil, Ltda.	Brazil
Vitelec Electronics Ltd.	United Kingdom
Engineered Endeavors, Inc.	Delaware
Engineered Endeavors do Brasil, Ltda.	Brazil
Engineered Endeavors do Brasil Servicos Ltda.	Brazil
Northern Technologies, Inc.	Idaho
Emerson Venezuela C.A.	Venezuela
Emerson Ventures Inc.	Delaware
Emerson WFC, Inc.	Delaware
Emersub 3 LLC	Delaware
Emersub 13 LLC	Delaware
Emersub 14 LLC	Delaware
Vilter Manufacturing LLC	Wisconsin
Emersub CII, Inc.	Delaware
Emersub XLVI, Inc.	Nevada
Copesub, Inc.	Delaware
Alliance Compressors LLC	Delaware
Emersub LII, Inc.	Delaware
Emersub XCI, Inc.	Delaware
Emersub Italia Srl	Italy
International Gas Distribution S.A.	Luxembourg
O.M.T Officina Meccanica Tartarini S.r.l.	Italy
Fisher Process Srl	Italy
EMR Foundation, Inc.	Missouri
EMR Holdings, Inc.	Delaware
Branson de Mexico, S.A. de C.V.	Mexico
Copeland Compresores Hermeticos, S.A. de C.V.	Mexico
Copeland Korea, Inc.	Korea
EMR Manufacturing (M) Sdn Bhd	Malaysia
Emerson Appliance Solutions (Shenzhen) Co., Ltd.	China
Emerson Argentina S.A.	Argentina
Emerson Climate Technologies Australia Pty Ltd.	Australia
Emerson DHC B.V.	Netherlands
Emerson Electric (Thailand) Limited	Thailand
Emersub 7 LLC	Delaware
Emersub 8 LLC	Delaware
Emersub 9 LLC	Delaware
Emersub 10 LLC	Delaware
Emersub 11 LLC	Delaware
Emersub 12 LLC	Delaware
EMR (Mauritius) Ltd.	Mauritius
Trident Powercraft Private Limited	India

<b>LEGAL NAME</b>	<b>JURISDICTION OF INCORPORATION</b>
Emerson d.o.o.	Croatia
Emerson Electric Canada Limited	Canada
Emerson Electric Chile Ltda.	Chile
Emerson Electric de Mexico S.A. de C.V.	Mexico
Ascotech, S.A. de C.V.	Mexico
Emerson Electric do Brasil Ltda	Brazil
Emerson Comercio em Tecnologia de Climatizacao Ltda	Brazil
Emerson Electric Holdings (Switzerland) GmbH	Switzerland
Emerson (China) Motor Co. Ltd.	China
Emerson Process Management Co. Ltd.	China
EMR Emerson Holdings (Switzerland) GmbH	Switzerland
EMR (Asia) Limited	Hong Kong
Emerson Electric (China) Holdings Co., Ltd.	China
ASCO Valve (Shanghai) Co., Ltd.	China
Beijing Rosemount Far East Instrument Co., Ltd.	China
Branson Ultrasonics (Shanghai) Co., Ltd.	China
ClosetMaid (Jiangmen) Storage Limited	China
Emerson Beijing Instrument Co. Ltd.	China
Emerson Climate Technologies (Shenyang) Co. Ltd.	China
Emerson Climate Technologies (Shenyang) Refrigeration Co. Ltd.	China
Emerson Climate Technologies (Suzhou) Co., Ltd.	China
Emerson Climate Technologies (Suzhou) Research & Development Co., Ltd.	China
Emerson Electric (Shenzhen) Co., Ltd.	China
Emerson eResource (Xi'an) Co., Ltd.	China
Emerson Fusite Electric (Shenzhen) Co. Ltd.	China
Emerson Junkang Enterprise (Shanghai) Co., Ltd.	China
Emerson Machinery & Equipment (Shenzhen) Co. Ltd.	China
Emerson Network Power (Xi'an) Co., Ltd.	China
Emerson Network Power Connectivity Solutions (Shanghai) Co., Ltd.	China
Emerson Network Power Co., Ltd. (f/k/a/ Avansys)	China
Emerson Power Transmission (Zhangzhou) Co., Ltd.	China
Emerson Process Management Flow Technologies Co., Ltd.	China
Emerson Process Management Power & Water Solutions Co., Ltd.	China
Emerson Process Management (Tianjin) Valves Co., Ltd.	China
Emerson Process Management Valve Automation (Tianjin) Co., Ltd.	China
Emerson Professional Tools (Shanghai) Co., Ltd.	China
Emerson Trading (Shanghai) Co. Ltd.	China
Fisher Jeon Gas Equipment (Chengdu) Co., Ltd.	China
Fisher Regulators (Shanghai) Co., Ltd.	China
Leroy Somer Electro-Technique (Fuzhou) Co., Ltd.	China
Emerson Network Power (Jiangmen) Co., Ltd.	China
Emerson Electric Korea Ltd.	Korea
Emerson Electric (M) Sdn Bhd	Malaysia
Emerson Electric Poland Sp. z.o.o.	Poland
FZN Marbaise LS Sp. z.o.o.	Poland
Emerson Energy Systems Sdn Bhd	Malaysia
Emerson Holding Sweden AB	Sweden
Emerson Sweden AB	Sweden
Emerson Network Power Energy Systems AB	Sweden
Rosemount Tank Radar AB	Sweden
Emerson Process Management Marine Solutions Singapore Pte. Ltd.	Singapore
Rosemount Tank Gauging India Pvt. Ltd.	India
Rosemount Tank Gauging Middle East SPC	Bahrain
SF-Control OY	Finland
Emerson Network Power del Peru S.A.C.	Peru
Emerson Network Power Limited	Nigeria

LEGAL NAME	JURISDICTION OF INCORPORATION
Emerson Network Power (Philippines), Inc.	Philippines
Emerson Network Power (South Africa) (Pty) Ltd	South Africa
Emerson Laminaciones de Acero de Monterrey, S.A. de C.V.	Mexico
Emerson Network Power, S. A. Jaure, S.A.	Spain
Emerson Process Management Costa Rica S.R.L.	Costa Rica
Emerson Process Management Europe GmbH	Switzerland
Emerson Process Management Magyarország Kft.	Hungary
Emerson Process Management NV PI Components NV	Belgium
Emerson Puerto Rico, Inc.	Puerto Rico
Emerson Sistemas de Energia Ltda.	Brazil
Emerson (Thailand) Limited	Thailand
Emersub 5 LLC	Delaware
Emersub Mexico, Inc. ClosetMaid Reynosa S. de R.L. de C.V.	Nevada
Copeland Scroll Compresores de Mexico S.A. de C.V.	Mexico
Daniel Measurement & Control, S. de R.L. de C.V.	Mexico
Emerpowsys, S. de R.L. de C.V.	Mexico
Emerson Electronic Connector and Components, S.A. de C.V.	Mexico
Emerson Network Power Embedded Computing, S. de R.L. de C.V.	Mexico
Emerson Tool and Appliance Company, S. de R.L. de C.V.	Mexico
Emerson Tool Company de Mexico S. de R.L. de C.V.	Mexico
Emersub 1 LLC	Delaware
Intermetro de Mexico, S. de R.L. de C.V.	Mexico
Emersub XXXVI, Inc. Digital Appliance Controls (UK) Limited	Delaware
Control Techniques Ltd.	United Kingdom
Control Techniques GmbH	United Kingdom
Reta Anlagenbau GmbH	Germany
Control Techniques Asia-Pacific Pte. Ltd.	Germany
Control Techniques Drives (Malaysia) Sdn Bhd	Singapore
Control Techniques Singapore Pte Limited	Malaysia
Control Techniques Australia Pty Ltd.	Singapore
Control Techniques Bermuda Limited	Australia
Control Techniques Drives Limited	Bermuda
Control Techniques Dynamics Limited	United Kingdom
Evershed Powerotor Limited	United Kingdom
Moore Reed & Company Limited	United Kingdom
Control Techniques Southern Africa (Pty.) Limited	United Kingdom
Control Techniques SpA	South Africa
Control Techniques Worldwide BV	Italy
Control Techniques AG	Netherlands
Control Techniques BV	Switzerland
Control Techniques Brno s.r.o.	Netherlands
Control Techniques China Pte. Ltd.	Czech Republic
Control Techniques AS	Hong Kong
Control Techniques Endustriyel Control Sistemleri Sanayii Ve Ticaret A.S.	Denmark
Control Techniques India Limited	Turkey
Control Techniques Elpro Automation Limited	India
DriveShop Limited	India
Electric Drives Limited	United Kingdom
Electric Drives Manufacturing Ltd.	Ireland
Foray 600 Limited	Ireland
Foray 606 Limited	United Kingdom
Emerson Holding Company Limited	United Kingdom

LEGAL NAME	JURISDICTION OF INCORPORATION
Asco Joucomatic Ltd.	United Kingdom
Asco Power Technologies Limited	United Kingdom
Joucomatic Controls Ltd.	United Kingdom
Sotrac Limited	United Kingdom
Temple Instruments Ltd.	United Kingdom
Bristol Babcock Limited	United Kingdom
Computational Systems Limited	United Kingdom
Copeland Ltd.	United Kingdom
CSA Consulting Engineers, Ltd.	United Kingdom
El-O-Matic Limited	United Kingdom
Emerson Electric U.K. Limited	United Kingdom
Bray Lectroheat Limited	United Kingdom
Buehler Europe Limited	United Kingdom
BannerScientific Limited	United Kingdom
Buehler UK Limited	United Kingdom
Metaserve Limited	United Kingdom
Metallurgical Services Laboratories Limited	United Kingdom
Emerson FZE	UAE
Emerson Climate Technologies FZE	UAE
Emerson Network Power Limited	United Kingdom
Hiross Limited	United Kingdom
Liebert Swindon Ltd.	United Kingdom
Emerson Energy Systems (UK) Limited	United Kingdom
Emerson Network Power Connectivity Solutions Limited	United Kingdom
Midwest Microwave Limited	United Kingdom
Emerson Process Management Limited	United Kingdom
Emerson Process Management Distribution Limited	United Kingdom
Fisher-Rosemount Properties Limited	United Kingdom
Emerson Process Management Shared Services Limited	United Kingdom
F-R Properties (UK) Limited	United Kingdom
EMR Barnstaple Limited	United Kingdom
Emerson Process Management Services Limited	United Kingdom
Emerson UK Trustees Limited	United Kingdom
Fisher Controls Limited	United Kingdom
Farris Engineering Ltd.	United Kingdom
Fisher Governor Company Ltd.	United Kingdom
MDC Technology Limited	United Kingdom
MDC Technology Trustees Limited	United Kingdom
Mobrey Group Limited	United Kingdom
Mobrey Overseas Sales Limited	United Kingdom
Mobrey S.A./N.V.	Belgium
Mobrey Sp. Z.o.o.	Poland
Mobrey SA	France
Mobrey Limited	United Kingdom
Oaksmere Refrigeration Design & Consultancy Limited	United Kingdom
Pactrol Controls Limited	United Kingdom
S R Drives Manufacturing Limited	United Kingdom
Switched Reluctance Drives Limited	United Kingdom
Reluctance Motors Limited	United Kingdom
F-R Technologias de Flujo, S.A. de C.V.	Mexico
Fisher-Rosemount Peru S.A.C.	Peru
Motores Reynosa, S.A. de C.V.	Mexico
Motoreductores U.S., S.A. de C.V.	Mexico
NetworkPower Ecuador S.A.	Ecuador
PT Emerson Indonesia	Indonesia
RAC Technologies (Israel) Ltd.	Israel



LEGAL NAME	JURISDICTION OF INCORPORATION
Rey-Lam, S. de R.L. de C.V.	Mexico
Rotores S.A. de C.V. Rotores S.A. de C.V.	Mexico
Saab Rosemount Marine Korea Co., Ltd.	Korea
Termotec de Chihuahua S.A. de C.V.	Mexico
Tranmet Holdings Limited	United Kingdom
Tranmet Holdings B.V.	Netherlands
Industrial Group Metran CJSC	Russia
Metran-Export CJSC	Russia
Firma Metran LLC	Russia
Metran Sensor LLC	Russia
EPMCO Holdings, Inc.	Delaware
Emerson Process Management Regulator Technologies, Inc.	Delaware
Fromex, S.A. de C.V.	Mexico
Fisher Controls International LLC	Delaware
Emerson Process Management Australia Pty Limited	Australia
Emerson Electric Australia Co. Pty. Ltd.	Australia
Emerson Process Management New Zealand Limited	New Zealand
Emerson Process Management China Ltd.	Hong Kong
Fisher Controls De Mexico, S.A. de C.V.	Mexico
Instrument & Valve Services Company	Delaware
Nippon Fisher Co. Ltd.	Japan
Fisco Ltd. (Fisco Kabushiki Kaisha)	Japan
Fisher-Rosemount Systems, Inc.	Delaware
Emerson Process Management LLLP	Delaware
Emerson Process Management Dominicana, S.A.	Dominican Republic
Emerson Process Management Power & Water Solutions, Inc.	Delaware
Emerson Process Management S.A.S.	France
Emerson Process Management, Lda	Portugal
Fiberconn Assemblies Morocco S.A.R.L.	Morocco
Fusite Corporation	Ohio
Emerson Japan Ltd.	Japan
Fusite Land Company	Delaware
General Equipment and Manufacturing Company, Inc.	Kentucky
TopWorx UK Limited	United Kingdom
TopWorx PTE Ltd.	Singapore
Twist-Set Controls (Proprietary) Limited	South Africa
TopWorx IC-Disc, Inc.	Delaware
Globe Acquisition Corporation	Delaware
High Voltage Maintenance Corporation	Ohio
Hiross India Private Limited	India
Humboldt Hermetic Motor Corp.	Delaware
Woodstock Land Company, LLC	Missouri
Kato Engineering Inc.	Delaware
Knaack LLC	Delaware
Kop-Flex, Inc.	Delaware
Kop-Flex Canada Limited	Canada
Lionville Systems, Inc.	Pennsylvania
Flo Healthcare Solutions, LLC	Georgia
Med-Dispense, L.P.	Delaware
Metaloy, Inc.	Massachusetts
Metropolitan International, Inc.	Nevada
InterMetro Industries Corporation	Nevada
InterMetro Industries Corporation	Delaware
InterMetro Industries B.V.	Netherlands
Metro Industries, Inc.	Nevada
Metropolitan Wire (Canada) Ltd.	Canada

<b>LEGAL NAME</b>	<b>JURISDICTION OF INCORPORATION</b>
Metropolitan Wire Corporation	Pennsylvania
Motores Hermeticos del Sur, S.A. de C.V.	Mexico
Numatics, Incorporated	Michigan
Asco Numatics (Taiwan) Co., Ltd.	Taiwan
Numatics de Mexico, S.A. de C.V.	Mexico
Numatics GmbH	Germany
Numatics Limited	United Kingdom
Ultra Air Products, Inc.	Michigan
PC & E, Inc.	Missouri
ProTeam, Inc.	Idaho
ProTeam (China) Limited	China
Ridge Tool Europe NV	Belgium
Ridgid Scandinavia A/S	Denmark
VonArx AG	Switzerland
VonArx GmbH	Germany
Rosemount Tank Gauging North America, Inc.	Texas
TAG, Inc.	Delaware
Emersub 6 LLC	Delaware
The Automation Group, L.P.	Texas
Termocontroles de Juarez S.A. de C.V.	Mexico
The Sulton Company, Inc.	Delaware
Tescom Corporation	Minnesota
Tescom, LLC	Minnesota
Hankuk Tescom Ltd.	Korea
Tescom Europe Management GmbH	Germany
Tescom Europe GmbH & Co. KG	Germany
Thunderline Z, Inc.	Delaware
Transmisiones de Potencia Emerson S.A. de C.V.	Mexico
Wiegand S.A. de C.V.	Mexico

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors  
Emerson Electric Co.:

We consent to the incorporation by reference in Registration Statement Nos. 333-154362, 333-154361, 333-152917, 333-152916, 333-118591, 333-118589, 333-90240, 333-46919, and 33-38805 on Form S-8 and Registration Statement Nos. 333-155674, 333-110546, 333-52658, 333-84673 and 333-66865 on Form S-3 of Emerson Electric Co. of our report dated November 23, 2009, with respect to the consolidated balance sheets of Emerson Electric Co. as of September 30, 2009 and 2008, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years in the three-year period ended September 30, 2009, and the effectiveness of internal control over financial reporting as of September 30, 2009, which report is incorporated by reference in the September 30, 2009 annual report on Form 10-K of Emerson Electric Co.

Our report refers to a change in the method of accounting for pension and other postretirement benefits in 2007 and in 2009.

/s/ KPMG LLP

St. Louis, Missouri  
November 23, 2009

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## POWER OF ATTORNEY

The undersigned members of the Board of Directors and Executive Officers of Emerson Electric Co., a Missouri corporation with principal offices at 8000 West Florissant Avenue, St. Louis, Missouri, 63136, hereby appoint W. J. Galvin as their Attorney-in-Fact for the purpose of signing Emerson Electric Co.'s Securities and Exchange Commission Form 10-K (and any and all Amendments thereto) for the fiscal year ended September 30, 2009.

Dated: October 6, 2009

Signature	Title
<u>/s/ D. N. Farr</u> D. N. Farr	Chairman of the Board, Chief Executive Officer and President
<u>/s/ W. J. Galvin</u> W. J. Galvin	Senior Executive Vice President, Chief Financial Officer and Director
<u>/s/ R. J. Schlueter</u> R. J. Schlueter	Vice President and Chief Accounting Officer
<u>/s/ C. A. H. Boersig</u> C. A. H. Boersig	Director
<u>/s/ A. A. Busch III</u> A. A. Busch III	Director
<u>/s/ C. Fernandez G.</u> C. Fernandez G.	Director
<u>/s/ A. F. Golden</u> A. F. Golden	Director
<u>/s/ H. Green</u> H. Green	Director

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/s/ R. B. Horton R. B. Horton	Director
/s/ W. R. Johnson W. R. Johnson	Director
/s/ V. R. Loucks, Jr. V. R. Loucks, Jr.	Director
/s/ C. A. Peters C. A. Peters	Director
/s/ J. W. Prueher J. W. Prueher	Director
/s/ R. L. Ridgway R. L. Ridgway	Director
/s/ R. L. Stephenson R. L. Stephenson	Director

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**Certification**

I, D. N. Farr, certify that:

1. I have reviewed this annual report on Form 10-K of Emerson Electric Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2009

/s/ D. N. Farr

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D. N. Farr  
 Chairman of the Board,  
 Chief Executive Officer and President  
 Emerson Electric Co.

## Certification

I, W. J. Galvin, certify that:

1. I have reviewed this annual report on Form 10-K of Emerson Electric Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 23, 2009

/s/ W. J. Galvin

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W. J. Galvin  
Vice Chairman and  
Chief Financial Officer  
Emerson Electric Co.

CERTIFICATION PURSUANT TO  
EXCHANGE ACT RULE 13a-14(b) AND  
18 U.S.C. SECTION 1350

In connection with the Annual Report of Emerson Electric Co. (the "Company") on Form 10-K for the period ended September 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, D. N. Farr, certify, to the best of my knowledge, pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ D. N. Farr

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D. N. Farr  
Chairman of the Board,  
Chief Executive Officer and President  
Emerson Electric Co.  
November 23, 2009

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CERTIFICATION PURSUANT TO  
EXCHANGE ACT RULE 13a-14(b) AND  
18 U.S.C. SECTION 1350

In connection with the Annual Report of Emerson Electric Co. (the "Company") on Form 10-K for the period ended September 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, W. J. Galvin, certify, to the best of my knowledge, pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ W. J. Galvin

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W. J. Galvin  
Vice Chairman and  
Chief Financial Officer  
Emerson Electric Co.  
November 23, 2009

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