UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended September 30, 2004

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

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:

Title of each class	**Name of each exchange on which registered**
Common Stock of $.50 par value per share	New York Stock Exchange Chicago Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange Chicago Stock Exchange

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

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, and (2) has been subject to such filing requirements for the past 90 days. Yes **[X]** No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. **[X]**

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act.) Yes **[X]** No [ ]

Aggregate market value of the voting stock held by nonaffiliates of the registrant as of close of business on March 31, 2004: $25.1 billion.

Common stock outstanding at October 31, 2004: 419,564,185 shares.

Documents Incorporated by Reference

1. Portions of Emerson Electric Co. 2004 Annual Report to Stockholders (Parts I and II).

2. Portions of Emerson Electric Co. Notice of 2005 Annual Meeting of the Stockholders and Proxy Statement (Part III).

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 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, medicines, power and fuels
- Industrial Automation, bringing integrated manufacturing solutions to diverse industries worldwide
- Network Power, providing power 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, and tools for both homeowners and professionals, as well as 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, 2004, are set forth in Note 15 of Notes to Consolidated Financial Statements of the 2004 Annual Report, which note is hereby incorporated by reference. Sales by segment were Process Management 23 percent, Industrial Automation 18 percent, Network Power 17 percent, Climate Technologies 19 percent, and Appliance and Tools 23 percent in 2004. Sales by geographic destination were United States 53 percent, Europe 23 percent, Asia 13 percent and other regions 11 percent in 2004. Information with respect to acquisition and divestiture activities by Emerson is set forth in Note 3 of Notes to Consolidated Financial Statements of the 2004 Annual Report, which note is 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 protection of 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 process plant capabilities in the areas of plant safety and reliability, and product quality and output. Sales by geographic destination for this segment were United States 38 percent, Europe 26 percent, Asia 17 percent and other regions 19 percent in 2004.

Process Management Systems & Software

Emerson's Process Management software and systems regulate automated plant processes by collecting and analyzing information from measurement devices in the plant, and by using that information to continuously adjust the control hardware in the plant for maximum product quality and process efficiency.

Measurement & Analytical Instrumentation

Measurement instrumentation measures the physical properties of liquids or gases in a process stream, such as pressure, temperature, level, and 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, differential pressure, ultralow-flow fluid measurement, temperature sensors and radar based tank gauging. Emerson measurement products also are 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.

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.

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 advantages of "intelligent" plant devices (valves and measurement instruments that have self-diagnostic capabilities), open communication standards (non-proprietary digital protocols allowing the plant devices and the control system to "talk" with one another) and integrated modular software, to collect and analyze valuable information about plant assets and processes. This capability gives customers the ability to predict changes in equipment and process performance and the impact they can have on plant operations. The PlantWeb architecture provides precision control over plant processes while also furnishing 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 improve project implementation scheduling and costs, increase process availability and productivity while also reducing 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, and they assist 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, sales are almost exclusively made through a direct sales force with the remainder split evenly between independent sales representatives and distributors.

Brands

Brands, service/trademarks and trade names within the Process Management segment include Emerson Process Management, AMS, Asset Optimization Technologies, Bettis, Brooks, Brooks Instrument, CSI, Daniel, DeltaV, El-o-matic, Emerson Process Management Process Systems, Emerson Process Management Power & Water Solutions, EnTech, Fisher, Flow Computers, Kenonic Controls, MDC Technologies, Micro Motion, Ovation, PlantWeb, Rosemount, SAAB Marine and Valve Automation.

INDUSTRIAL AUTOMATION

The Industrial Automation segment provides integrated manufacturing solutions to our customers at the source of manufacturing their own products. Products include motors, transmissions, alternators, fluid controls, and materials joining equipment. Through these offerings, Emerson brings technology and enhanced quality to the customer's final product. Sales by geographic destination for this segment were United States 42 percent, Europe 41 percent, Asia 9 percent and other regions 8 percent in 2004.

Motors and Drives

Emerson provides a broad line of gear drives that can be coupled to our electric motors and used in a wide variety of manufacturing operations and products, from automobile assembly lines to escalators in shopping malls or 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. We also provide 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.

Materials Testing

Emerson manufactures scientific equipment and supplies used in destructive materials analysis, that is, analysis involving the cutting or grinding of the material to be tested. These products are used in manufacturing facilities, laboratories, and university research facilities to perform quality control, failure analysis and material characterization of such things as metals, ceramics and electronics. Our products include abrasive cutters, precision saws, mounting presses, grinders and polishers, hardness testers, digital imagers and consumables such as abrasives, polishing cloths and suspensions.

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

Brands, service/trademarks and trade names within the Industrial Automation segment include Emerson Industrial Automation, Appleton, ASCO, ASCO Joucomatic, Branson Ultrasonics, Browning, Buehler, Control Techniques, Emerson Power Transmission, Kato Engineering, Kop-Flex, KVT, Leroy Somer, McGill, Morse, O-Z/Gedney and Rollway.

NETWORK POWER

The Network Power segment designs, manufactures, installs and maintains products providing “grid to chip” electric power conditioning, power reliability, environmental control and connectivity for telecommunications networks, data centers and other critical applications. Products in this segment include power systems, embedded power supplies, precision cooling, inbound power systems, and connectivity, along with 24-hour service. Sales by geographic destination for this segment were United States 43 percent, Europe 24 percent, Asia 24 percent and other regions 9 percent in 2004.

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 Supplies

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 power adaptors for notebook computers and ink jet printers, and in chargers for mobile phones.

Precision Cooling

Emerson’s precision cooling products provide temperature and humidity control for computer, 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 back-up 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

Emerson supplies fiber and copper cable assemblies that provide connectivity to telecommunication central offices, data networking, and high-end computing applications. The Company also designs, manufactures and sells cable television components, radio frequency (RF) connectors, and wireless antenna structures that blend in with the environment and allow improved wireless signal transmission.

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

Brands, service/trademarks and trade names within the Network Power segment include Emerson Network Power, ASCO, ASCO Power Technologies, Astec Power, Control Concepts, Emerson Energy Systems, Engineered Endeavors, Fiber-Conn Assemblies, Liebert, Liebert HIROSS, Liebert Global Services, Lorain, Northern Technologies and VORTEX.

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 refrigeration. Our technology enables homeowners and businesses to better control 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. Sales by geographic destination for this segment were United States 63 percent, Europe 13 percent, Asia 16 percent and other regions 8 percent in 2004.

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 so as to run at full capacity only on the hottest days; standard and programmable thermostats; monitoring equipment and electronic flow controls for gas and electric heating systems; gas valves for furnaces and water heaters; nitride ignition systems for furnaces; and temperature sensors and controls.

Commercial Refrigeration

Emerson’s technology is used 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 industrial applications, such as environmental test chambers, and in medical applications, such as magnetic resonance imaging (MRI) machines. These products include compressors; precision flow controls; system diagnostics and controls that provide precise temperature management; and environmental control systems.

Services and Solutions

Emerson’s services in this segment assist customers in improving their climate control systems for better control and efficiency relating to new refrigerants, energy efficiency standards, indoor air quality and food safety. We also provide remote monitoring of food refrigeration control systems, 24-hour energy supervision and service dispatch, and a process that audits food store mechanical systems to identify potential energy savings.

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

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

APPLIANCE AND TOOLS

Emerson's Appliance and Tools segment includes a broad range of products and solutions in motors, appliance and components, tools and storage. Sales by geographic destination for this segment were United States 78 percent, Europe 14 percent, Asia 2 percent and other regions 6 percent in 2004.

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 in their specific applications. Emerson's electric motors are used in a variety of home appliances. They include variable speed washer motors, horizontal and vertical axis washer motors, dryer motors, and motors for dishwashers and refrigerators. Our motors are also used in residential and commercial pumps, such as those provided in spas, pools and golf course watering equipment; in HVAC equipment, such as furnaces, condenser fans, heat pumps, cooling towers and commercial air handlers; in automotive components, such as electric power steering units; 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 sensors 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 hot water heaters. Our appliance solutions provide integrated systems and sub-systems for appliances that include electronic and electromechanical controls for washers, dryers, dishwashers and refrigerators; heating elements for dishwashers, electric ovens and hot water heaters; electronic controls and automatic temperature controls for hot water heaters and refrigerators; gas valves and ignition systems for furnaces; sensors and thermistors for home appliances, such as equipment that senses the load size in a washer; and oven cooling fans.

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 jetters, wet-dry 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 hand tools (screwdrivers, pliers, chisels and adjustable wrenches), 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, healthcare 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 healthcare 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 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

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, In-Sink-Erator, Knaack, Mallory, METRO, RIDGID, Stack-A-Shelf and U.S. Electrical Motors.

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 also 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 AND ENERGY

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.

The raw materials and various purchased components required for its products have generally been available in sufficient quantities. Emerson uses various forms of energy, principally natural gas and electricity, obtained from public utilities. A majority of the Company's plants have the capability of being converted to use alternative sources of energy.

PATENTS, TRADEMARKS, LICENSES AND FRANCHISES

The Company has a number of patents, trademarks, licenses and franchises, obtained over a number of years and expiring at various times. While proprietary intellectual property is important to the Company, management believes the loss or expiration of any intellectual property right would not materially impact the Company or any of its segments.

BACKLOG

The estimated consolidated order backlog of the Company was $2,359 million and $2,566 million at September 30, 2003 and 2004, respectively. Nearly all of the September 30, 2004, consolidated backlog amount is expected to be shipped within one year. The estimated backlog by business segment at September 30, 2003 and 2004, follows (dollars in millions):

	2003	2004
Process Management	$ 1,033	1,155
Industrial Automation	274	303
Network Power	474	503
Climate Technologies	290	299
Appliance and Tools	288	306
Consolidated Order Backlog	$ 2,359	2,566

COMPETITION

Emerson's businesses operate in markets that are highly competitive, and Emerson competes on product performance, quality, service 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 lowest 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. Some of these companies have substantially greater sales and assets than Emerson, and Emerson also competes with many smaller companies. The number of Emerson's competitors varies by product line, and management believes that Emerson has a market leadership position in many of these product lines.

RESEARCH AND DEVELOPMENT

Costs associated with Company-sponsored research, new product development and product improvement were $474 million, $464 million and $486 million in 2002, 2003 and 2004, respectively.

ENVIRONMENT

The Company's manufacturing locations generate waste, the treatment, storage, transportation and disposal of which are subject to federal, state 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. It is not anticipated that Emerson will have material capital expenditures for environmental control facilities during the next fiscal year.

EMPLOYEES

Emerson and its subsidiaries had an average of approximately 107,800 employees during 2004. 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.

DOMESTIC AND FOREIGN OPERATIONS

International sales were $5,751 million in 2002, $6,312 million in 2003 and $7,353 million in 2004, including U.S. exports of $946 million, $893 million and $939 million in 2002, 2003 and 2004, 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 15 of Notes to Consolidated Financial Statements of the 2004 Annual Report 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 Web site on the Internet as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission. They may be accessed as follows: www.gotoemerson.com, Investor Relations, SEC Filings.

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 lowest 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 anticipated 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. If we are unable to continue to access the capital markets, we could experience a material adverse effect on our business and financial results.

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 affect 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.

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 could affect our operating results. While we monitor our exchange rate exposures and attempt to reduce this exposure through hedging activities, this risk could adversely affect our operating results.

Downturns In The End Markets That We Serve May Negatively Impact Our Segment Revenues And Profitability

Our segment revenues, operating results and profitability have varied in the past and may vary significantly from quarter to quarter in the future. Profitability can be negatively impacted by volatility in the end markets that we serve. Future downturns in any of the markets that we serve could adversely affect our overall sales and operating results. For example, we experienced a significant decline in our Network Power segment operating results in 2001 and 2002 as a result of extremely difficult market conditions.

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 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 2. Properties

At September 30, 2004, Emerson had approximately 245 manufacturing locations worldwide, of which approximately 145 were located outside the United States, primarily in Europe and to a lesser extent in Asia, Canada and Latin America. The approximate number of manufacturing locations by business segment are: Process Management, 45; Industrial Automation, 80; Network Power, 30; Climate Technologies, 40; and Appliance and Tools, 50. The majority of the locations are owned, with the remainder occupied under operating or capital leases. 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 2004 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, 2004.

Executive Officers of the Registrant

The following sets forth certain information as of December 2004 with respect to Emerson's executive officers. 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 will expire February 1, 2005:

Name	Position	Age	Fiscal Year
D. N. Farr*	Chairman of the Board and Chief Executive Officer	49	1985
J. G. Berges	President	57	1989
W. J. Galvin	Senior Executive Vice President and Chief Financial Officer	58	1984
E. L. Monser	Chief Operating Officer	54	2002
C. A. Peters	Senior Executive Vice President	49	1990
R. J. Schlueter	Vice President and Chief Accounting Officer	50	1992
W. W. Withers	Executive Vice President, Secretary and General Counsel	64	1989

*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. Prior to his current position, Mr. Farr was Senior Executive Vice President and Chief Operating Officer. James G. Berges has been President since May 1999. Walter J. Galvin was appointed Senior Executive Vice President in October 2004 and has been Chief Financial Officer since 1993. Prior to his current position, Mr. Galvin was Executive Vice President from February 2000 to October 2004 and Senior Vice President from October 1993 to February 2000. Edward L. Monser was appointed Chief Operating Officer in November 2001. Prior to his current position, Mr. Monser was appointed President of the Company's Rosemount Inc. subsidiary in 1996. Charles A. Peters has been Senior Executive Vice President since October 2000. Prior to his current position, Mr. Peters was Executive Vice President from February to October of 2000, and Senior Vice President from October 1998 to February 2000. Richard J. Schlueter has been Vice President Accounting since 1999 and was also appointed Chief Accounting Officer in February 2003. W. Wayne Withers was appointed Executive Vice President in October 2004. Prior to his current position, Mr. Withers was Senior Vice President from 1989 to October 2004, and he has been Secretary and General Counsel since November 1989.

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 17 of Notes to Consolidated Financial Statements of the 2004 Annual Report is hereby incorporated by reference. There were approximately 30,200 stockholders of record at September 30, 2004.

Repurchases of equity securities during the fourth quarter of 2004 are listed in the following table.

Period	(a) Total Number of Shares Purchased (000s)	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (000s)	(d) Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs (000s)
July 2004	--	n/a	--	38,384
August 2004	539	$61.29	539	37,845
September 2004	248	$61.76	248	37,597
Total	787	$61.44	787	37,597

The Company's Board of Directors authorized the repurchase of up to 40 million shares under the November 2001 program. The maximum number of shares that may yet be purchased under this program is 37,597 thousand.

Item 6. Selected Financial Data

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

	2000	2001 (a)	2002 (b)	2003	2004
Net sales	$ 15,351	15,311	13,748	13,958	15,615
Earnings from continuing operations	$ 1,409	1,049	1,076	1,013	1,257
Earnings before cumulative effect of change in accounting principle	$ 1,422	1,032	1,060	1,089	1,257
Earnings from continuing operations per common share (basic)	$ 3.30	2.47	2.57	2.42	3.00
Earnings from continuing operations per common share (diluted)	$ 3.27	2.44	2.56	2.41	2.98

Earnings before cumulative effect of change in accounting principle per common share (diluted)	$ 3.30	2.40	2.52	2.59	2.98
Cash dividends per common share	$ 1.43	1.53	1.55	1.57	1.60
Long-term debt	$ 2,248	2,256	2,990	3,733	3,136
Total assets	$ 15,164	15,046	14,545	15,194	16,361

The operating results of Dura-Line are classified as discontinued operations for 2000-2003 in the table above. See Note 3 of Notes to Consolidated Financial Statements of the 2004 Annual Report for information regarding the Company's acquisition and divestiture activities.

(a) Fiscal 2001 includes a charge of $260 million ($0.61 per share) of which $248 million ($0.58 per share) was reported in continuing operations, primarily for the disposition of facilities and exiting of product lines.

(b) Fiscal 2002 earnings and per share amounts are before a cumulative effect of a change in accounting principle of $938 million ($2.24 per basic share, or $2.23 per diluted share). See Note 6 of Notes to Consolidated Financial Statements of the 2004 Annual Report for additional information.

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

Information appearing under "Overview", "Results of Operations", "Financial Position, Capital Resources and Liquidity" and "Critical Accounting Policies" and the "Safe Harbor Statement" in the 2004 Annual Report are hereby incorporated by reference.

Non-GAAP Financial Measures

To supplement Emerson's financial information presented in accordance with generally accepted accounting principles (GAAP), management uses additional measures to clarify and enhance understanding of past performance and prospects for the future. These measures may exclude, for example, the impact of unique items (acquisitions, divestitures, one-time gains and losses) or items outside of management's control (foreign currency exchange rates).

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 excluding these unique items.

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.

Earnings per share excluding gains from divestitures provides additional insight into the underlying, ongoing operating performance of the Company which facilitates period-to-period comparisons excluding the earnings impact of one-time gains from strategic portfolio decisions.

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 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.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Information appearing under "Financial Instruments" in the 2004 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 2004 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 are designed to ensure that information required to be disclosed by the Company in the reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified under the SEC's rules and forms. Based on an evaluation performed, the Company's certifying officers have concluded that the disclosure controls and procedures were effective as of September 30, 2004, to provide reasonable assurance of the achievement of 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, 2004, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Information regarding nominees and directors appearing under “Nominees and Continuing Directors” in the Emerson Electric Co. Notice of Annual Meeting of the Stockholders and Proxy Statement for the February 2005 annual stockholders’ meeting (the “2005 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 2005 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 2005 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 Web site; and intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K by posting such information on its Internet Web site. Emerson has adopted a Code of Business Ethics for directors, officers and employees, which is available on its Internet Web site and is available in print to any shareholder who requests it. Emerson has also adopted Corporate Governance Principles and Practices, which are available on its Internet Web site and are available in print to any shareholder who requests them. The Company’s Internet Web site may be accessed as follows: www.gotoemerson.com, Investor Relations, Corporate Governance.

Item 11. Executive Compensation

Information appearing under “Director Compensation” and “Executive Compensation” in the 2005 Proxy Statement is hereby incorporated by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information regarding beneficial ownership of shares by nominees and continuing directors and by all directors and executive officers as a group appearing under “Nominees and Continuing Directors” in the 2005 Proxy Statement is hereby incorporated by reference. The information regarding equity compensation plans appearing under “Equity Compensation Plan Information” in the 2005 Proxy Statement is hereby incorporated by reference.

Item 13. Certain Relationships and Related Transactions

Information appearing under “Certain Business Relationships and Transactions” in the 2005 Proxy Statement is hereby incorporated by reference.

Item 14. Principal Accounting Fees and Services

Information appearing under “Fees Paid to KPMG LLP” in the 2005 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 2004 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 2004 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, 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 6, 2001, incorporated by reference to Emerson Electric Co. 2001 Form 10-K, Exhibit 3(b).

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 Securities and Exchange Commission upon request.

4(c) Rights Agreement dated as of November 1, 1998, between Emerson Electric Co. and ChaseMellon Shareholder Services, L.L.C., incorporated by reference to Emerson Electric Co. Form 8-A, dated October 6, 1998, File No. 1-278, Exhibit 1.

10(a)* 1986 Stock Option Plan, as amended, incorporated by reference to Emerson Electric Co. 1992 Form 10-K, File No. 1-278, Exhibit 10(e), Form 10-Q for the quarter ended December 31, 1992, File No. 1-278, Exhibit 10(b), and Amendment No. 3 thereto, incorporated by reference to Emerson Electric Co. 2000 Form 10-K, Exhibit 10(b).

10(b)* 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, Exhibit 10(c).

10(c)* 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, Exhibit 10(d).

10(d)* Emerson Electric Co. Continuing Compensation Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended June 30, 2002, Exhibit 10(e).

10(e)* Deferred Compensation Plan for Non-Employee Directors, as amended, incorporated by reference to Emerson Electric Co. 1994 Form 10-K, File No. 1-278, Exhibit 10(k).

10(f)* First Amendment to the Emerson Electric Co. Supplemental Executive Retirement Plan, incorporated by reference to Emerson Electric Co. 1999 Form 10-K, 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.

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, 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.

10(h)* Annual Incentive Plan incorporated by reference to Emerson Electric Co. 2000 Proxy Statement dated December 8, 1999, Appendix A, and Form of Deferral and Change of Control Election, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.7.

10(i)* 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, Exhibit 10(j), Form of Performance Share Award Certificate and Form 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(j)* 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, 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(k)* 2001 Stock Option Plan, incorporated by reference to Emerson Electric Co. 2002 Proxy Statement dated December 12, 2001, 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(l)* Emerson Electric Co. Form of Split Dollar Agreement Life Insurance Policy, incorporated by reference to Emerson Electric Co. 2002 Form 10-K, Exhibit 10(m).

12 Ratio of Earnings to Fixed Charges.

13 Portions of Emerson Electric Co. Annual Report to Stockholders for the year ended September 30, 2004, 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.

99(a) Employment Agreement made as of October 1, 1975, as amended January 9, 1987, October 22, 1997, and December 11, 2000, between Emerson Electric Co. and C. F. Knight, incorporated by reference to Emerson Electric Co. 2000 Form 10-K, Exhibit 10(a); and Letter of Agreement, as of September 30, 2002, incorporated by reference to Emerson Electric Co. 2002 Form 10-K, Exhibit 10(a); and Letter of Agreement, as of September 22, 2003, incorporated by reference to Emerson Electric Co. 2003 Form 10-K, Exhibit 10(a); and Letter of Agreement, as of September 25, 2004, filed herewith.

* 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/ Walter J. Galvin
Walter J. Galvin
Senior Executive Vice President
and Chief Financial Officer

Date: November 18, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on November 18, 2004, by the following persons on behalf of the registrant and in the capacities indicated.

Signature	Title
/s/ D. N. Farr D. N. Farr	Chairman of the Board, Chief Executive Officer and Director
/s/ W. J. Galvin W. J. Galvin	Senior Executive Vice President, Chief Financial Officer and Director
/s/ R. J. Schlueter R. J. Schlueter	Vice President and Chief Accounting Officer
* J. G. Berges	Director
* A. A. Busch III	Director
* D. C. Farrell	Director
* C. Fernandez G.	Director
* A. F. Golden	Director
* R. B. Horton	Director
* G. A. Lodge	Director
* V. R. Loucks, Jr.	Director
* J. B. Menzer	Director

* C. A. Peters	Director
* J. W. Prueher	Director
* R. L. Ridgway	Director
* E. E. Whitacre, Jr.	Director

* 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.

Exhibit No.	Exhibit
12	Ratio of Earnings to Fixed Charges
13	Portions of Annual Report to Stockholders for the year ended September 30, 2004, 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
99(a)	Letter of Agreement, as of September 25, 2004

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

Exhibit 12

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

	YEAR ENDED SEPTEMBER 30,				
	2000	**2001**	**2002**	**2003**	**2004**
Earnings:					
Earnings before income taxes (a)	$ 2,192	1,650	1,622	1,452	1,893
Fixed charges	359	376	321	322	311
Earnings, as defined	$ 2,551	2,026	1,943	1,774	2,204
Fixed Charges:					
Interest expense	$ 292	304	250	246	234
One-third of all rents	67	72	71	76	77
Total fixed charges	$ 359	376	321	322	311
Ratio of Earnings to Fixed Charges	7.1x	5.4x	6.1x	5.5x	7.1x

(a) Represents earnings from continuing operations before income taxes and cumulative effect of change in accounting principle and minority interests in the income of consolidated subsidiaries with fixed charges.

OVERVIEW

Emerson achieved record sales and strong earnings in the fiscal year ended September 30, 2004. Sales and earnings for all of the business segments increased over the prior year. The climate technologies and appliance and tools businesses drove U.S. sales gains, while the process management, industrial automation and network power businesses drove international sales growth. Strong growth in Asia, the United States and Latin America, moderate gains in Europe and favorable exchange rates contributed to these results. Profit margins improved primarily due to leverage on higher sales volume and benefits from previous rationalization actions. The Company continues to manage commodity cost inflation pressure through sourcing initiatives, productivity improvements and sales price. Emerson's financial position remains strong and the Company continues to generate substantial cash flow.

RESULTS OF OPERATIONS

Fiscal Year 2004 Compared With Fiscal Year 2003

(dollars in millions, except per share amounts)	*2003*	*2004*	*Change*
Sales	$13,958	**15,615**	12%
Gross profit	$ 4,898	**5,566**	14%
Percent of sales	35.1%	**35.6%**	
SG&A	$ 2,935	**3,281**	
Percent of sales	21.0%	**21.0%**	
Other deductions, net	$ 318	**223**	
Interest expense, net	$ 231	**210**	
Pretax earnings	$ 1,414	**1,852**	31%
Earnings from continuing operations	$ 1,013	**1,257**	24%
Net earnings	$ 1,089	**1,257**	15%
Continuing operations – EPS	$ 2.41	**2.98**	24%
Net earnings – EPS	$ 2.59	**2.98**	15%

Net Sales

Net sales for fiscal 2004 were a record $15.6 billion, an increase of almost $1.7 billion, or 12 percent, over net sales of $14.0 billion for fiscal 2003, with both U.S. and international sales contributing. The consolidated results reflect improving markets and increases in all five business segments, with an underlying sales (which exclude acquisitions, divestitures and currency) increase of 8 percent ($1,181 million) and an approximate 4 percentage point ($488 million) favorable impact from the strengthening Euro and other currencies. The underlying sales increase of 8 percent was driven by 8 percent growth in the United States and a total international sales increase of 9 percent, which primarily reflects 20 percent growth in Asia and 4 percent growth in Europe. The Company estimates that the underlying growth reflects the net result of an approximate 6 percentage point gain from volume and an approximate 3 percentage point impact from market penetration gains, partially offset by an approximate 1 percentage point negative impact from lower sales prices.

International Sales

International destination sales, including U.S. exports, increased 17 percent, to $7.4 billion in 2004, representing 47 percent of the Company's total sales. U.S. exports were up 5 percent compared to the prior year, at $939 million. International subsidiary sales, including shipments to the United States, were $6.6 billion in 2004, up 18 percent over 2003. Excluding the net 9 percent impact from acquisitions, divestitures, and favorable currency translation, international subsidiary sales increased 9 percent compared to the prior year. Underlying destination sales grew 20 percent in Asia during the year, particularly in China, while sales grew 9 percent in Latin America and 4 percent in Europe.

Acquisitions and Divestitures

During 2004, the Company acquired the North American outside plant and power systems business of Marconi Corporation PLC, as well as several other smaller businesses for a total of approximately $414 million in cash. In the third quarter of 2003, the Company sold the Dura-Line fiber-optic conduit business, which is reported as discontinued operations. See discussion of Discontinued Operations below for additional information.

Costs and Expenses

Cost of sales for fiscal 2004 and 2003 were $10.0 billion and $9.1 billion, respectively. Cost of sales as a percent of net sales was 64.4 percent for 2004, compared with 64.9 percent in the prior year period. The increase in the gross profit margin from 35.1 percent in the prior year to 35.6 percent for 2004 primarily reflects increased volume and leverage on higher sales, as well as benefits realized from prior rationalization and other cost reduction efforts. These improvements, however, were partially offset by negative impacts from lower sales prices and higher costs for wages and benefits (including higher pension costs).

Selling, general and administrative (SG&A) expenses for 2004 were $3.3 billion compared with $2.9 billion for 2003. As a percent of sales, SG&A expenses were 21.0 percent in both 2004 and 2003. Leverage on higher sales and the benefits realized from prior rationalization efforts that improved the Company's cost structure were offset by higher costs for wages and benefits.

Research and development expense was $486 million in 2004, compared with $464 million in 2003. Research and development as a percent of net sales was 3.1 percent in 2004 and 3.3 percent in 2003, reflecting Emerson's continuing investment in technology to improve the Company's competitive position.

Other deductions, net were $223 million for 2004, a $95 million decrease from the $318 million for the prior year. The decrease in other deductions, net was primarily due to the $54 million goodwill impairment charge in the prior year. Also, 2004 included gains totaling $27 million related to the sale of shares in MKS Instruments, Inc. and the Louisville Ladder investment, while 2003 included gains of $24 million from divestitures. In 2004, ongoing costs for the rationalization of operations were $129 million, down from $141 million in the prior year, primarily reflecting lower costs in the network power segment. See notes 4 and 5 for further details regarding other deductions, net and rationalization costs.

Interest expense, net of $210 million in 2004 was down $21 million from the prior year of $231 million due to lower average borrowings. During 2004, the Company swapped $600 million of 7 $^7/_8$ % notes due June 2005 to a floating rate based on 3-month LIBOR.

Income Taxes

Income taxes for 2004 were $595 million compared to $401 million for the prior year. Prior year income taxes were reduced $68 million and the effective tax rate for 2003 was reduced 4 percentage points by the tax benefits from the restructuring of the Emerson Telecommunication Products business ("ETP") net of the impairment charge. Excluding these items, the prior year rate is comparable to the approximate 32 percent effective tax rate in the current year.

Earnings From Continuing Operations

Earnings from continuing operations were $1.3 billion and diluted earnings per share were $2.98 for 2004, increases of 24 percent compared to $1.0 billion and $2.41 for 2003. These earnings results reflect increases for all of the business segments, particularly in the network power, process management and climate technologies businesses. The higher earnings also reflect increased volume and leverage from the higher sales, savings from cost reduction efforts, partially offset by lower sales prices and other items. The increase also reflects the decrease in other deductions, net discussed above, partially offset by a $14 million ($0.03 per share) contribution in the prior year from the tax benefits of the restructuring of the ETP business net of the impairment charge.

Discontinued Operations

In May 2003, the Board of Directors approved a plan to restructure the Jordan business acquired in 2000, in which the Dura-Line business would be sold and its other businesses would be retained by Emerson. Discontinued operations of $76 million, or $0.18 per share, in 2003 included a net gain of $83 million (including income tax benefit of $170 million), or $0.20 per share, related to the sale of Jordan stock including its Dura-Line operations. The operating results of Dura-Line have been reclassified to discontinued operations in the Consolidated Statements of Earnings for fiscal years 2003 and 2002. See note 3 for additional information.

Net Earnings and Return on Equity

Net earnings for 2004 were $1.3 billion, or $2.98 per share, compared to $1.1 billion, or $2.59 per share, for 2003, increases of 15 percent. Net earnings in 2003 include the net gain from discontinued operations of $76 million, or $0.18 per share. Net earnings as a percent of sales were 8.1 percent in 2004, compared to 7.8 percent in 2003. Return on average stockholders' equity was 18.4 percent and 17.9 percent for 2004 and 2003, respectively.

Business Segments

Process Management

(dollars in millions)	*2003*	*2004*	*Change*
Sales	$ 3,394	**3,703**	9%
Earnings	$ 388	**476**	23%
Margin	11.4%	**12.9%**	

Process management segment sales of $3.7 billion in 2004 were up $309 million, or 9 percent, over sales a year ago, as this segment continues to grow internationally, win large projects and expand systems and solutions. Underlying sales increased 5 percent, excluding a 4 percentage point ($140 million) favorable impact from currency translation and a less than 0.5 percentage point negative impact from divestitures, net of acquisitions. The increase in underlying sales reflects 21 percent growth in Asia, 11 percent growth in Latin America and 1 percent growth in Europe, while sales in the United States decreased 1 percent compared with the prior year. The slight decline in the United States reflects customers shifting production to lower cost areas. Underlying results were also driven by sales increases in most businesses, particularly the measurement business and the systems/solutions business due to project activity in Asia and the Middle East. Leverage from these higher sales during the year as well as savings from prior cost reduction efforts drove an increase in earnings before interest and taxes of 23 percent, from $388 million in the prior year to $476 million for 2004.

Industrial Automation

(dollars in millions)	*2003*	*2004*	*Change*
Sales	$ 2,600	**2,936**	13%
Earnings	$ 330	**391**	18%
Margin	12.7%	**13.3%**	

Sales increases in most businesses drove a 13 percent increase in sales of the industrial automation segment to $2.9 billion for 2004, and an earnings increase of 18 percent. The nearly 7 percent increase in underlying sales volume, excluding a 6 percentage point ($157 million) favorable impact from currency, reflects almost 9 percent international sales growth, led by Europe with 5 percent and Asia with 28 percent, and a 4 percent increase in the United States. The results reflect solid improvements across nearly all the businesses from increased capital spending and industrial demand. The strongest growth across the segment was in the European generator business and the ultrasonic plastic joining business worldwide. The U.S. increase reflects growth in the capital goods markets due to a strong upturn in U.S. industrial fixed investment in 2004. Earnings increased 18 percent to $391 million for 2004, compared with $330 million in the prior year, reflecting benefits from prior cost reduction efforts and increased volume and leverage from higher sales, partially offset by higher litigation costs related to the electrical products business.

Network Power

(dollars in millions)	*2003*	*2004*	*Change*
Sales	$2,316	**2,692**	16%
Earnings	$ 168	**297**	77%
Margin	7.2%	**11.0%**	

Network power segment sales of $2.7 billion for 2004 increased 16 percent compared to the prior year, as Emerson benefited from favorable market dynamics that are driving demand for power systems and cooling, as well as global services and embedded power modules. An underlying sales increase of 13 percent, primarily due to volume, helped drive the increase in sales and a 77 percent increase in segment earnings. Underlying sales exclude a 3 percentage point favorable impact from currency and a less than 0.5 percent net impact from the prior-year Dura-Line divestiture and the current-year Marconi acquisition. The underlying sales increase includes penetration gains, particularly in the OEM power business, which are estimated to have contributed approximately 4 percentage points of the sales growth, offset by an estimated 4 percentage point impact from lower prices, due in part to the introduction of next generation products at lower price points. These results reflect increases in all major geographic regions, led by a 22 percent increase in Asia, an 11 percent increase in the United States and a 10 percent increase in Europe. The U.S. increase reflects the strong upturn in U.S. investment in communication and non-residential computer equipment in 2004. Emerson continues to build upon its Emerson Network Power China (Avansys) acquisition by increasing the Company's penetration in China and Asia, and leveraging its engineering resources to design next generation products. Improvements in capital spending in nearly all of this segment's served markets also helped drive increased sales in the climate and power systems business. Earnings increased $129 million to $297 million, compared with $168 million in the prior year, primarily reflecting increased volume and leverage from higher sales. Earnings also reflect lower material costs, benefits from prior cost reduction efforts, and a $13 million reduction in rationalization costs, partially offset by the impact from lower sales prices. Rationalization costs during 2004 included severance and lease termination costs related to certain power systems operations in Western Europe shifting to China and Eastern Europe in order to leverage product platforms and lower production and engineering costs to remain competitive on a global basis.

Climate Technologies

(dollars in millions)	*2003*	*2004*	*Change*
Sales	$ 2,614	**2,983**	14%
Earnings	$ 386	**467**	21%
Margin	14.8%	**15.7%**	

Sales of the climate technologies segment were $3.0 billion in 2004, an increase of 14 percent compared to the prior year period, due to an underlying sales increase of nearly 12 percent and a more than 2 percentage point favorable impact from currency. The underlying sales increase was driven by favorable end market conditions and penetration gains which are estimated to have contributed approximately 7 percentage points of the sales growth. The underlying sales increase reflects 15 percent growth in the United States, 11 percent growth in Asia and increases in all of the businesses. In particular, increased demand in the North American and Asian residential air-conditioning markets led to very strong sales growth in the compressor business in these regions. Sales of Emerson's Copeland Scroll compressor continue to grow as a result of the trend towards higher-efficiency equipment in served markets, the expansion of scroll technology into large commercial applications and the introduction of new modulated capacity scroll product offerings. In addition, the controls, thermostat and valves businesses all had very strong growth for the year. Climate technologies' earnings increased 21 percent to $467 million compared to $386 million in the prior year, primarily due to increased volume and leverage from higher sales. Earnings also reflect benefits from prior cost reduction efforts and material cost containment, partially offset by pricing pressures, particularly in Asia.

Appliance and Tools

(dollars in millions)	*2003*	*2004*	*Change*
Sales	$ 3,453	**3,749**	9%
Earnings	$ 479	**530**	11%
Margin	13.9%	**14.1%**	

The appliance and tools segment sales increased almost 9 percent to $3.7 billion for 2004. Underlying sales increased 8 percent, primarily due to volume, excluding a more than 2 percentage point favorable impact from currency and a negative impact of more than 1 percentage point related to exiting the manufacturing of bench top and stationary power tools. The improved underlying sales results reflect gains for all of the businesses within the appliance and tools segment, particularly very strong growth in motors, residential storage and disposers. The increase in motors was aided by penetration gains in European appliance motors and underlying growth in hermetic motors. The residential storage and disposers increases resulted from strength in new and existing home markets, as evidenced by the strong growth in U.S. residential investment in 2004, and higher demand at major retailers during the year. Earnings for 2004 of $530 million were up 11 percent from $479 million in 2003, primarily due to increased volume and leverage from higher sales and savings from prior cost reduction efforts, which were impacted by higher commodity costs and sales price pressure. Rationalization costs of $47 million during 2004 included severance and start-up and moving costs related to shifting certain motor manufacturing primarily from the United States to Mexico and China in order to consolidate facilities and improve profitability, and severance related to consolidating manufacturing operations in the professional tools business for operational efficiency.

Fiscal Year 2003 Compared With Fiscal Year 2002

(dollars in millions, except per share amounts)	*2002*	*2003*	*Change*
Sales	$13,748	13,958	2%
Gross Profit	$ 4,809	4,898	2%
Percent of sales	35.0%	35.1%	
SG&A	$ 2,904	2,935	
Percent of sales	21.1%	21.0%	
Other deductions, net	$ 82	318	
Interest expense, net	$ 233	231	
Pretax earnings	$ 1,590	1,414	(11%)
Earnings from continuing operations	$ 1,076	1,013	(6%)
Net earnings	$ 122	1,089	795%
Continuing operations – EPS	$ 2.56	2.41	(6%)
Net earnings – EPS	$ 0.29	2.59	793%

Net Sales

Net sales for 2003 were $14.0 billion, an increase of $210 million, or 2 percent, from 2002. Consolidated results include a nearly 4 percentage point (approximately $520 million) favorable impact from currency and a less than 1 percentage point negative impact from divestitures, net of acquisitions. Underlying sales decreased 1 percent from the prior year, reflecting the continuing difficult economic environment. The Company estimates that underlying sales reflect an approximate 1 percentage point negative impact from price. Sales in the United States declined $301 million, or 4 percent, from the prior year, while international sales increased 2 percent, driven by strong growth in Asia. A 7 percent underlying sales increase in the climate technologies segment was more than offset by a 7 percent decline in underlying sales of the network power segment and modest declines in the other business segments.

International Sales

International destination sales, including U.S. exports, increased 10 percent, to $6.3 billion in 2003, representing 45 percent of the Company’s total sales. U.S. exports were down 6 percent compared to the prior year, at $893 million, reflecting the general sluggish economic environment, divestitures, and a shift in supplying some non-U.S. customers locally rather than from the United States. International subsidiary sales, including shipments to the United States, were $5.6 billion in 2003, up 12 percent over 2002. Emerson continued to expand in Asia during the year, particularly in China, which showed strength in the fourth quarter, to capitalize on market opportunities and further improve the Company’s cost position. European markets served by Emerson showed signs of recovery, with sales improving in the second half of the year. Excluding the net 10 percent impact from acquisitions, divestitures and favorable currency translation, international subsidiary sales increased 2 percent compared to the prior year.

Acquisitions and Divestitures

In the third quarter of 2003, the Company sold the Dura-Line fiber-optic conduit business, which is reported as discontinued operations. In the first quarter of 2002, the Company acquired Avansys Power Co., Ltd., a provider of network power products to the telecommunications industry in China, for approximately $750 million in cash. The Company also divested the Chromalox industrial heating solutions business and the Daniel Valve business. Also in 2002, Emerson exchanged its ENI semiconductor equipment division for an equity interest in MKS Instruments, Inc. of 12 million common shares.

Costs and Expenses

Cost of sales for fiscal 2003 and 2002 were $9.1 billion and $8.9 billion, respectively, an increase of 1 percent. Cost of sales as a percent of net sales was 64.9 percent in 2003, compared with 65.0 percent in 2002. The improvement in the gross profit margin in 2003 was primarily the result of the Company's cost reduction efforts and productivity improvement programs despite a negative impact of 0.2 points from higher pension expense.

Selling, general and administrative expenses were $2.9 billion in both 2003 and 2002. As a percent of net sales, SG&A expenses were 21.0 percent and 21.1 percent in 2003 and 2002, respectively.

Research and development expense was $464 million in 2003, compared with $474 million in 2002. Research and development as a percent of net sales was 3.3 percent in 2003 and 3.4 percent in 2002, reflecting Emerson's continuing investment in technology to improve the Company's competitive position.

Other deductions, net were $318 million in 2003, compared with $82 million in 2002. Fiscal 2003 increased $236 million over the prior year due to $207 million of lower divestiture gains in 2003 and a 2003 goodwill impairment charge of $54 million related to the businesses in the network power segment. Fiscal 2002 included gains of $85 million and $42 million from the divestitures of the Chromalox and Daniel Valve businesses, respectively, and a $93 million gain from the ENI transaction. Also included in other deductions, net were ongoing costs for the rationalization of operations of $141 million and $190 million in 2003 and 2002, respectively. Higher levels of rationalization in 2002 related to cost structure improvements in response to the difficult economic environment. See notes 4 and 5 for further details regarding other deductions, net and rationalization costs.

Interest expense, net of $231 million in 2003 was down slightly from the prior year of $233 million. During 2003, the Company issued $750 million of long-term debt to decrease commercial paper borrowings.

Income Taxes

Income taxes were $401 million and $514 million in 2003 and 2002, respectively. The 2003 effective tax rate was 28.3 percent, compared with 32.3 percent in 2002. In 2003, income taxes and the effective tax rate were reduced $68 million and 4 percent, respectively, by the tax benefits from the restructuring of the ETP business net of the impairment charge. Excluding these items, the rate is more indicative of the ongoing tax rate and is comparable to the effective tax rate in the prior year.

Earnings From Continuing Operations

Earnings from continuing operations were $1.0 billion, or $2.41 per share, in 2003, down from $1.1 billion, or $2.56 per share, in 2002. Lower income taxes in 2003 and $159 million of higher profits contributed by the business segments were more than offset by lower divestiture gains in 2003 and the impairment charge, discussed above in other deductions, net.

Cumulative Effect of Change in Accounting Principle

Effective October 1, 2001, Emerson adopted SFAS No. 142, "Goodwill and Other Intangible Assets." The transitional goodwill impairment recognized upon adoption of FAS 142 is a required change in accounting principle, and the cumulative effect of adopting this standard resulted in a non-cash, after-tax decrease to 2002 net earnings and diluted earnings per share of $938 million and $2.23, respectively. Also as a result of the adoption of this standard, goodwill is no longer subject to amortization. See note 6 for additional information.

Net Earnings and Return on Equity

Net earnings of $1.1 billion and earnings per share of $2.59 for 2003 included the gain from discontinued operations of $76 million, or $0.18 per share. Net earnings in 2002 were $122 million, or $0.29 per share, including an accounting change of $938 million, or $2.23 per share (net earnings were $1.1 billion, or $2.52 per share, excluding the accounting change). Net earnings as a percent of sales were 7.8 percent in 2003, compared to 7.7 percent in 2002 (excluding the accounting change). Return on average stockholders' equity was 17.9 percent in 2003 and 2002 (excluding the accounting change).

Business Segments

Process Management

(dollars in millions)	*2002*	*2003*	*Change*
Sales	$ 3,396	3,394	– %
Earnings	$ 387	388	– %
Margin	11.4%	11.4%	

Process management segment sales of $3.4 billion in 2003 were comparable with the prior year. Reported sales include an almost 5 percentage point ($153 million) favorable impact from currency, which was partially offset by a nearly 3 percentage point impact from the Daniel Valve and Intellution divestitures. Excluding acquisitions, divestitures and currency, underlying sales declined 2 percent due to 9 percent and 7 percent declines in the United States and Latin America, respectively, which were partially offset by 4 percent growth in Europe and 7 percent growth in Asia. Process management continued its market penetration and geographic expansion despite the ongoing weakness in the U.S. market. Systems, services and solutions businesses continued growing with strong new project activity and displacement of competitors in the market. Earnings before interest and taxes were $388 million in 2003, compared to $387 million in the prior year, reflecting increased sales and profitability in the systems, solutions and measurement businesses, offset by weakness in the valve businesses and $9 million in higher costs for the rationalization of operations during the year.

Industrial Automation

(dollars in millions)	*2002*	*2003*	*Change*
Sales	$ 2,500	2,600	4%
Earnings	$ 297	330	11%
Margin	11.9%	12.7%	

Sales in the industrial automation segment increased 4 percent to $2.6 billion in 2003, reflecting a 7 percentage point ($170 million) favorable impact from currency, which was partially offset by a 1 percentage point impact from divestitures. An almost 2 percent decline in underlying sales reflects weakness in industrial activity in the United States, which contributed to a 6 percent decline in U.S. sales, partially offset by 3 percent international sales growth, led by a 9 percent increase in Asia and 2 percent growth in Europe. Most end markets have begun to stabilize. This stability together with the benefits from restructuring drove earnings growth in the segment. Margin improvements in the fluid control valves, variable-speed drives and materials joining businesses, as well as $13 million lower rationalization costs, led to an 11 percent increase in earnings to $330 million in 2003 from $297 million in 2002.

Network Power

(dollars in millions)	*2002*	*2003*	*Change*
Sales	$2,465	2,316	(6%)
Earnings	$ 119	168	41%
Margin	4.8%	7.2%	

The network power segment reported sales of $2.3 billion in 2003, down 6 percent from 2002. Underlying sales, excluding a 2 percentage point impact from divestitures and a 3 percentage point favorable impact from currency, declined 7 percent as a result of significant declines in most major geographic regions, except Asia and Latin America which turned positive in the fourth quarter. The significant restructuring efforts in this business paid off and helped drive margins higher. Despite lower sales volume, earnings increased $49 million, or 41 percent, to $168 million in 2003, primarily driven by the precision cooling and power systems business and $25 million lower rationalization costs in the current year. This business segment strengthened its position through 2003 with a continued focus on restructuring initiatives, engineering and technology investments, and international expansion.

Climate Technologies

(dollars in millions)	*2002*	*2003*	*Change*
Sales	$ 2,389	2,614	9%
Earnings	$ 333	386	16%
Margin	13.9%	14.8%	

Sales in the climate technologies segment increased over 9 percent to $2.6 billion in 2003, driven by continued global penetration gains, market growth and a nearly 3 percentage point favorable impact from currency. The underlying sales increase of nearly 7 percent compared to the prior year reflects 22 percent growth in Asia and almost 19 percent growth in Latin America, and 5 percent and 4 percent increases, respectively, in the United States and the European commercial market. The combination of new wins, market dynamics, and higher efficiency regulations worldwide is driving long-term scroll technology penetration and growth. In addition, energy management and site monitoring services are growing, particularly by helping supermarkets reduce energy costs and safeguard food quality. Climate technologies earnings increased $53 million, or 16 percent, over the prior year to $386 million, primarily due to higher sales and improved margins from increased operating efficiencies for the compressor and heating controls businesses in 2003.

Appliance and Tools

(dollars in millions)	*2002*	*2003*	*Change*
Sales	$ 3,437	3,453	– %
Earnings	$ 456	479	5%
Margin	13.3%	13.9%	

The appliance and tools segment sales were $3.5 billion in 2003, compared to sales of $3.4 billion in the prior year. Sales reflect a 3 percent decline in underlying sales, which was offset by a 2 percentage point favorable impact from currency and an almost 1 percentage point impact from acquisitions. Earnings of $479 million were up 5 percent over $456 million in 2002, primarily driven by the disposer, residential storage and plumbing tools businesses and $13 million lower costs for rationalization compared to the prior year, partially offset by weakness in the motors business. Residential storage products sales continued to show strength, driven by new product offerings, innovative Web-enabled design and support services, and favorable market conditions. The motors and appliance component business sales declined moderately, while the construction and tools business sales declined slightly, partially resulting from exiting the manufacturing of power woodworking tools. Emerson made the strategic business decision to discontinue the manufacture of bench top and stationary woodworking power tools, which had sales of approximately $60 million in 2003.

FINANCIAL POSITION, CAPITAL RESOURCES AND LIQUIDITY

The Company continues to generate substantial cash from operations and is in a strong financial position with total assets of $16 billion and stockholders' equity of $7 billion, and has the resources available for reinvestment in existing businesses, strategic acquisitions and managing the capital structure on a short- and long-term basis.

Cash Flow

Emerson generated record operating cash flow of $2.2 billion in 2004, a 28 percent increase from the prior year. Operating cash flow was $1.7 billion in 2003, a decrease of 5 percent compared with $1.8 billion in 2002. Cash flow in 2004 reflects continued improvements in operating working capital, particularly an 8 percent increase in days payable outstanding and a 3 percent decrease in days sales outstanding. At September 30, 2004, operating working capital as a percentage of sales was 10.5 percent, compared with 12.7 percent and 12.6 percent in 2003 and 2002, respectively. Operating working capital as a percentage of sales for 2003 was negatively impacted 1 percentage point by approximately $140 million of tax benefits received in cash in 2004 due to the carryback of a capital loss against prior capital gains. Operating cash flow was decreased by pension contributions of $167 million, $308 million and $169 million in 2004, 2003 and 2002, respectively. Pension contributions are expected to be less than $100 million in 2005.

Free cash flow (operating cash flow less capital expenditures) was $1.8 billion in 2004, compared to $1.4 billion in 2003 and 2002. The 30 percent increase in 2004 was driven by higher net earnings, improved operating working capital and lower pension contributions, which were partially offset by higher capital spending. The slight decrease in 2003 was primarily due to the higher pension contribution made during the year and changes in working capital, offset by lower capital expenditures. Capital expenditures were $400 million, $337 million and $384 million in 2004, 2003 and 2002, respectively. In 2005, the Company is targeting capital spending of approximately 3 percent of net sales. Cash paid in connection with Emerson's acquisitions was $414 million, $6 million and $754 million in 2004, 2003 and 2002, respectively.

Dividends were $675 million ($1.60 per share, up 1.9 percent) in 2004, compared with $661 million ($1.57 per share) in 2003, and $652 million ($1.55 per share) in 2002. In November 2004, the Board of Directors voted to increase the quarterly cash dividend to an annualized rate of $1.66 per share. In 2004 and 2002, approximately 2,630,000 and 360,000 shares, respectively, were repurchased under the fiscal 1997 and 2002 Board of Directors' authorizations; 37.6 million shares remain available for repurchase under the 2002 authorization and none remain available under the 1997 authorization. The Company did not repurchase any shares during 2003 under these plans. Net purchases of treasury stock totaled $121 million and $20 million in 2004 and 2002, respectively, compared to net issuances of $11 million in 2003.

Leverage/Capitalization

Total debt decreased to $4.0 billion at the end of 2004. Total debt in 2003 decreased to $4.1 billion from $4.6 billion in 2002. The total debt-to-capital ratio was 35.8 percent at year-end 2004, compared with 39.0 percent for 2003 and 44.2 percent for 2002. At September 30, 2004, net debt (total debt less cash and equivalents and short-term investments) was 27.0 percent of net capital (net debt plus stockholders' equity), compared with 34.5 percent of net capital in 2003 and 42.0 percent of net capital in 2002. The cumulative effect of change in accounting principle in 2002 increased these ratios by almost 4 percentage points. The operating cash flow-to-debt ratio was 54.9 percent, 42.0 percent and 39.9 percent in 2004, 2003 and 2002, respectively. The Company's interest coverage ratio (earnings from continuing operations before income taxes and interest expense, divided by interest expense) was 8.9 times in 2004, compared with 6.7 times in 2003 and 7.4 times in 2002. The increase in the interest coverage ratio in 2004 from 2003 reflects higher earnings and lower average borrowings, partially offset by higher interest rates. The decrease in the interest coverage ratio from 2002 to 2003 reflects lower earnings and higher interest rates on new issuances of long-term debt that replaced commercial paper, which were partially offset by lower average borrowings. See notes 3, 8 and 9 for additional information.

At year-end 2004, the Company and its subsidiaries maintained lines of credit amounting to $2,750 million to support short-term borrowings, and had uncommitted bank credit facilities to support non-U.S. operations of which approximately $420 million was unused at September 30, 2004. Two-thirds of the credit lines ($1,833 million) are effective until March 2009, with the remainder effective until March 2005. The 364-day credit lines do not contain any financial covenants, while the five-year credit lines require the Company to maintain minimum stockholders' equity of $4,000 million. The 364-day credit lines may be converted to a one-year term loan within 60 days prior to maturity in March 2005 at the Company's option. The credit line agreements are not subject to termination based upon a change in credit ratings or a material adverse change. In addition, as of September 30, 2004, the Company could issue up to $2.5 billion in debt securities, preferred stock, common stock, warrants, share purchase contracts and share purchase units under the shelf registration with the Securities and Exchange Commission. The Company's long-term debt is rated A2 by Moody's Investors Service and A by Standard and Poor's.

Contractual Obligations

At September 30, 2004, the Company's contractual obligations, including estimated payments due by period, are as follows (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	$3,758	622	253	731	2,152
Operating Leases	384	117	137	64	66
Purchase Obligations	1,037	771	240	26	–
Total	$5,179	1,510	630	821	2,218

Purchase obligations consist primarily of inventory purchases made in the normal course of business to meet operational requirements. The above table does not include $1.7 billion of other noncurrent liabilities recorded in the balance sheet, as summarized in note 16, which primarily consist of deferred income tax and retirement and postretirement plan liabilities, because it is not certain when these liabilities 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, copper and other commodity prices and European and other 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 these impacts. Based on a hypothetical ten-percent increase in interest rates, ten-percent decrease in commodity prices or ten-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 the reported amounts of assets, liabilities, stockholders' equity, revenues and expenses. Note 1 of the Notes to Consolidated Financial Statements describes the significant accounting policies used in preparation of the Consolidated Financial Statements. The most significant areas involving management judgments and estimates 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 substantially all of its revenues through the sale of manufactured products and records the sale when products are shipped and 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 SOP No. 97-2, "Software Revenue Recognition." Sales sometimes include multiple items including services such as installation. In such instances, 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 standalone basis, performance of the undelivered items is probable and substantially in the Company's control and 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 upon standard costs which 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.

Management regularly reviews inventory for obsolescence to determine whether a write-down is necessary. Various factors are considered in making this determination, including recent sales history and predicted trends, industry market conditions and general economic conditions. See note 1.

Long-lived Assets

Long-lived assets, which primarily include goodwill and property, plant and equipment, are reviewed for impairment whenever events and changes in business circumstances indicate the carrying value of the assets may not be recoverable. 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. In 2002, the Company adopted FAS 142 and recorded a transitional impairment charge as a cumulative effect of change in accounting principle. In 2003, a goodwill impairment charge related to the network power segment was recorded. Fair value is generally measured based on a discounted cash flow method using a discount rate determined by management to be commensurate with the risk inherent in the Company's current business model. The estimates of cash flows and discount rate are subject to change due to the economic environment, including such factors as interest rates, expected market returns and volatility of markets served. Management believes that the estimates of future cash flows and fair value are reasonable; however, changes in estimates could materially affect the evaluations. See notes 1, 3 and 6.

Retirement Plans

Defined benefit plan expense and obligations are dependent on assumptions used in calculating such amounts. These assumptions include discount rate, rate of compensation increases and expected return on plan assets. In accordance with U.S. generally accepted accounting principles, actual results that differ from the assumptions are accumulated and amortized over future periods. While management believes that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the Company's retirement plan obligations and future expense. In 2002, the Company adjusted the expected long-term rate of return on plan assets to 9.0 percent, down from 10.5 percent, which increased retirement plan expense approximately $30 million in 2003. In 2003, the Company adjusted the expected long-term rate of return on plan assets to 8.5 percent and adjusted the discount rate for the U.S. retirement plans to 6.0 percent, which increased retirement plan expense approximately $50 million in 2004. Effective for 2005, the Company adjusted the discount rate for the U.S. retirement plans to 6.25 percent. Defined benefit pension plan expense is expected to be approximately $90 million in 2005. As of the June 30, 2004, measurement date, the fair value of plan assets exceeded the accumulated benefit obligation for the primary defined benefit pension plan by approximately $250 million, and an additional $50 million was contributed to the plan in the fourth quarter of 2004. If the performance of the equity and bond markets in 2005 eliminates the $300 million excess, the Company could be required to record an after-tax charge to equity of approximately $550 million. The Company expects to contribute less than $100 million to defined benefit plans in 2005. See note 10.

Income Taxes

Income tax expense and deferred tax assets and liabilities reflect management's assessment of actual future taxes to be paid on items reflected in the financial statements. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the 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 are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. No provision is made for U.S. income taxes on the undistributed earnings of non-U.S. subsidiaries. These earnings are permanently invested or indefinitely retained for continuing international operations. In those cases in which distributions have been made, additional income taxes have not been significant. See note 13.

The American Jobs Creation Act of 2004 was signed into law on October 22, 2004. The new law repeals an export tax benefit, provides for a 9 percent deduction on U.S. manufacturing income, and allows the repatriation of foreign earnings at a reduced rate for one year, subject to certain limitations. Based on fiscal year 2004 and when fully phased-in, management estimates that the repeal of the export tax benefit will increase income tax expense approximately $25 million per year but expects a significant portion of this cost to be offset by the deduction on manufacturing income. The Company is also considering the implications of the new law on repatriation of foreign earnings, which reduces the Federal income tax rate to 5.25 percent on earnings distributed from non-U.S. subsidiaries for a one-year period.

Consolidated Statements of Earnings

EMERSON ELECTRIC CO. AND SUBSIDIARIES

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

	2002	2003	2004
Net sales	$ 13,748	13,958	**15,615**
Costs and expenses:			
Cost of sales	8,939	9,060	**10,049**
Selling, general and administrative expenses	2,904	2,935	**3,281**
Other deductions, net	82	318	**223**
Interest expense (net of interest income: 2002, $17; 2003, $15; 2004, $24)	233	231	**210**
Earnings from continuing operations before income taxes	1,590	1,414	**1,852**
Income taxes	514	401	**595**
Earnings from continuing operations	1,076	1,013	**1,257**
Net gain (loss) from discontinued operations	(16)	76	**–**
Earnings before cumulative effect of change in accounting principle	1,060	1,089	**1,257**
Cumulative effect of change in accounting principle	(938)	–	**–**
Net earnings	$ 122	1,089	**1,257**
Basic earnings per common share:			
Earnings from continuing operations	$ 2.57	2.42	**3.00**
Discontinued operations	(0.04)	0.18	**–**
Cumulative effect of change in accounting principle	(2.24)	–	**–**
Basic earnings per common share	$ 0.29	2.60	**3.00**
Diluted earnings per common share:			
Earnings from continuing operations	$ 2.56	2.41	**2.98**
Discontinued operations	(0.04)	0.18	**–**
Cumulative effect of change in accounting principle	(2.23)	–	**–**
Diluted earnings per common share	$ 0.29	2.59	**2.98**

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

EMERSON ELECTRIC CO. AND SUBSIDIARIES

September 30
(Dollars in millions except per share amounts

ASSETS	*2003*	*2004*
Current assets		
Cash and equivalents	$ 696	**1,346**
Receivables, less allowances of $82 in 2003 and $78 in 2004	2,650	**2,932**
Inventories:		
Finished products	628	**693**
Raw materials and work in process	930	**1,012**
Total inventories	1,558	**1,705**
Other current assets	596	**433**
Total current assets	5,500	**6,416**
Property, plant and equipment		
Land	178	**184**
Buildings	1,341	**1,402**
Machinery and equipment	5,129	**5,284**
Construction in progress	216	**249**
	6,864	**7,119**
Less accumulated depreciation	3,902	**4,182**
Property, plant and equipment, net	2,962	**2,937**
Other assets		
Goodwill	4,942	**5,259**
Other	1,790	**1,749**
Total other assets	6,732	**7,008**
	$15,194	**16,361**

See accompanying notes to consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	*2003*	*2004*
Current liabilities		
Short-term borrowings and current maturities of long-term debt	$ 391	**902**
Accounts payable	1,397	**1,629**
Accrued expenses	1,513	**1,695**
Income taxes	116	**113**
Total current liabilities	3,417	**4,339**
Long-term debt	3,733	**3,136**
Other liabilities	1,584	**1,648**
Stockholders' equity		
Preferred stock of $2.50 par value per share.		
Authorized 5,400,000 shares; issued— none	–	**–**
Common stock of $.50 par value per share.		
Authorized 1,200,000,000 shares; issued 476,677,006 shares; outstanding 421,154,464 shares in 2003 and 419,428,547 shares in 2004	238	**238**
Additional paid-in capital	65	**87**
Retained earnings	8,889	**9,471**
Accumulated other comprehensive income	(386)	**(88)**
	8,806	**9,708**
Less cost of common stock in treasury, 55,522,542 shares in 2003 and 57,248,459 shares in 2004	2,346	**2,470**
Total stockholders' equity	6,460	**7,238**
	$ 15,194	**16,361**

Consolidated Statements of Stockholders' Equity

EMERSON ELECTRIC CO. AND SUBSIDIARIES

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

	2002	2003	2004
Common stock	$ 238	238	**238**
Additional paid-in capital			
Beginning balance	31	52	**65**
Stock plans and other	21	13	**22**
Ending balance	52	65	**87**
Retained earnings			
Beginning balance	8,991	8,461	**8,889**
Net earnings	122	1,089	**1,257**
Cash dividends (per share: 2002, $1.55; 2003, $1.57; 2004, $1.60)	(652)	(661)	**(675)**
Ending balance	8,461	8,889	**9,471**
Accumulated other comprehensive income			
Beginning balance	(741)	(647)	**(386)**
Foreign currency translation	132	366	**264**
Minimum pension liability (net of tax of: 2002, $18; 2003, $82; 2004, $(24))	(30)	(133)	**32**
Cash flow hedges and other (net of tax of: 2002, $5; 2003, $(17); 2004, $(2))	(8)	28	**2**
Ending balance	(647)	(386)	**(88)**
Treasury stock			
Beginning balance	(2,405)	(2,363)	**(2,346)**
Acquired	(17)	–	**(157)**
Issued under stock plans and other	59	17	**33**
Ending balance	(2,363)	(2,346)	**(2,470)**
Total stockholders' equity	$ 5,741	6,460	**7,238**
Comprehensive income			
(Net earnings, Foreign currency translation, Minimum pension liability and Cash flow hedges)	$ 216	1,350	**1,555**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

EMERSON ELECTRIC CO. AND SUBSIDIARIES

Years ended September 30
(Dollars in millions)

	2002	2003	2004
Operating Activities			
Net earnings	$ 122	1,089	**1,257**
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Cumulative effect of change in accounting principle	938	–	**–**
Depreciation and amortization	541	534	**557**
Changes in operating working capital	432	266	**322**
Pension funding	(169)	(308)	**(167)**
Gains on divestitures and other	(46)	150	**247**
Net cash provided by operating activities	1,818	1,731	**2,216**
Investing activities			
Capital expenditures	(384)	(337)	**(400)**
Purchases of businesses, net of cash and equivalents acquired	(754)	(6)	**(414)**
Divestitures of businesses and other, net	257	39	**97**
Net cash used in investing activities	(881)	(304)	**(717)**
Financing activities			
Net decrease in short-term borrowings	(975)	(1,232)	**(106)**
Proceeds from long-term debt	751	746	**29**
Principal payments on long-term debt	(38)	(17)	**(16)**
Net (purchases) issuances of treasury stock	(20)	11	**(121)**
Dividends paid	(652)	(661)	**(675)**
Net cash used in financing activities	(934)	(1,153)	**(889)**
Effect of exchange rate changes on cash and equivalents	22	41	**40**
Increase in cash and equivalents	25	315	**650**
Beginning cash and equivalents	356	381	**696**
Ending cash and equivalents	$ 381	696	**1,346**

Changes in operating working capital			
Receivables	$ 155	8	**(134)**
Inventories	265	161	**(8)**
Other current assets	12	12	**202**
Accounts payable	101	57	**123**
Accrued expenses	(72)	24	**114**
Income taxes	(29)	4	**25**
	$ 432	266	**322**

See accompanying notes to consolidated financial statements.

EMERSON ELECTRIC CO. AND SUBSIDIARIES
(Dollars in millions except per share amounts)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its controlled affiliates. All significant intercompany transactions, profits and balances are eliminated in consolidation. Other investments of 20 percent to 50 percent are accounted for by the equity method. Investments of less than 20 percent are carried at cost.

Foreign Currency Translation

The functional currency of nearly all of the Company's non-U.S. subsidiaries is the local currency. Adjustments resulting from the translation of financial statements are reflected in accumulated other comprehensive income.

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 upon standard costs which 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. Service lives for principal assets are 30 to 40 years for buildings and 8 to 12 years for machinery and equipment. Long-lived assets are reviewed for impairment whenever events and 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 cash flows of the related assets are less than their carrying values.

Goodwill and Intangible Assets

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, "Business Combinations." FAS 141 requires the purchase method of accounting and eliminates the pooling-of-interests method. Assets and liabilities related to business combinations accounted for as purchase transactions are recorded at their respective fair values. Effective October 1, 2001, Emerson adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," and therefore ceased amortizing goodwill as of that date. Prior to the adoption of FAS 142, goodwill was amortized on a straight-line basis to other deductions over the periods estimated to be benefited, not exceeding 40 years. Substantially all goodwill is assigned to the reporting unit that acquires a business. A reporting unit is an operating segment as defined in Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," or a business one level below an operating segment if discrete financial information is prepared and regularly reviewed by the segment manager. The Company conducts a formal impairment test of goodwill on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Under the 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 value of reporting units are estimated using discounted cash flows and market multiples.

All of the Company's intangible assets (other than goodwill) are subject to amortization. Capitalized software is being amortized on a straight-line basis with a weighted-average life of three years. Other intangibles consist of intellectual property (such as patents) and customer relationships which are being amortized on a straight-line basis with a weighted-average life of ten years. Based on intangible assets as of September 30, 2004, amortization expense will approximate $72 in 2005, $64 in 2006, $46 in 2007, $32 in 2008 and $25 in 2009.

Warranty

The Company's product warranties vary by each of its product lines and are competitive for the markets in which it operates. Warranty generally extends for a period of one to two years from the date of sale or installation. Provisions for warranty are primarily determined 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 one 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 and 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 AICPA Statement of Position No. 97-2, "Software Revenue Recognition." Sales sometimes include multiple items including services such as installation. In such instances, 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 standalone basis, performance of the undelivered items is probable and substantially in the Company's control and the undelivered items are inconsequential or perfunctory. Management believes that all relevant criteria and conditions are considered when recognizing sales.

Stock-Based Compensation

Effective October 1, 2002, Emerson adopted the fair value method provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123). Under the Standard's prospective method of adoption, options granted, modified or settled after September 30, 2002, are expensed based on their fair value at date of grant over the vesting period, generally three years. Previously, the Company accounted for options pursuant to Accounting Principles Board Opinion No. 25, and no expense was recognized. The following table illustrates the effect on net earnings and earnings per share if the fair value based method had been applied to all outstanding and unvested awards in each period.

	2002	*2003*	*2004*
Net earnings, as reported	$ 122	1,089	**1,257**
Add: Stock-based employee compensation expense included in reported net earnings, net of related tax effects	17	18	**42**
Deduct: Total stock-based employee compensation expense determined under the fair value based method for all awards, net of related tax effects	34	25	**48**
Pro forma net earnings	$ 105	1,082	**1,251**
Earnings per share:			
Basic - as reported	$ 0.29	2.60	**3.00**
Basic - pro forma	$ 0.25	2.58	**2.99**
Diluted - as reported	$ 0.29	2.59	**2.98**
Diluted - pro forma	$ 0.25	2.57	**2.97**

Financial Instruments

All derivative instruments are reported on the balance sheet at fair value. For each derivative instrument designated as a cash flow hedge, the gain or loss on the derivative is deferred in accumulated other comprehensive income until recognized in earnings with the underlying hedged item. For each derivative instrument designated as a fair value hedge, the gain or loss on the derivative and the offsetting gain or loss on the hedged item are recognized immediately in earnings. Currency fluctuations on non-U.S. dollar obligations that have been designated as hedges on non-U.S. net asset exposures are included in accumulated other comprehensive income.

Income Taxes

No provision is made for U.S. income taxes on the undistributed earnings of non-U.S. subsidiaries (approximately $2,390 at September 30, 2004). These earnings are permanently invested or otherwise indefinitely retained for continuing international operations. In those cases in which distributions have been made, additional income taxes have not been significant.

Comprehensive Income

Comprehensive income is primarily comprised of net earnings, foreign currency translation, minimum pension liability and cash flow hedges. Accumulated other comprehensive income, after-tax, consists of a foreign currency translation credit of $83 and a charge of $181, minimum pension liability charges of $160 and $192, and cash flow hedges and other charges of $11 and $13 at September 30, 2004 and 2003, respectively.

Financial Statement Presentation

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. Certain prior year amounts have been reclassified to conform to the current year presentation.

Effective October 1, 2002, Emerson adopted Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses the impairment or disposal of long-lived assets and the reporting of discontinued operations. The operating results of Dura-Line are classified as discontinued operations in the Consolidated Statements of Earnings for 2003 and 2002 (see Note 3).

(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, incentive shares and convertible securities. Reconciliations of weighted average common shares for basic earnings per common share and diluted earnings per common share follow (shares in millions):

	2002	*2003*	*2004*
Basic	418.9	419.1	**419.3**
Dilutive shares	2.0	1.8	**2.9**
Diluted	420.9	420.9	**422.2**

(3) ACQUISITIONS AND DIVESTITURES

In the fourth quarter of 2004, the Company acquired the outside plant and power systems business of Marconi Corporation PLC, a leading provider of DC power products and engineering and installation services to major telecommunication carriers throughout North America, which is included in the Network Power segment. Marconi (renamed Emerson Network Power Energy Systems - North America) and several smaller businesses acquired during 2004 for a total of $414 in cash (net of cash and equivalents acquired) had annualized sales of approximately $430. Goodwill of $224 (substantially all of which is expected to be deductible for tax purposes) and intangible assets of $120 (all of which is being amortized on a straight-line basis with a weighted-average life of 14 years) were recognized from these transactions. Third-party valuations of assets are in-process; thus, the allocations of the purchase prices are subject to refinement.

Several small businesses were also acquired during 2003. Due to challenging market conditions, Emerson began evaluating strategies during 2003 to maximize the value of the Jordan business (renamed Emerson Telecommunication Products, Inc. (“Jordan”)) acquired in 2000. In May 2003, the Board of Directors approved a plan to restructure Jordan in which all but one of its businesses would be retained by Emerson (and will continue to do business as Emerson Telecommunication Products, LLC (“ETP”)), and the Dura-Line fiber-optic conduit business would be sold. In June 2003, after the restructuring, the Jordan stock, including its Dura-Line operations, was sold for $6, resulting in a pretax loss of $87, which is reported as discontinued operations. In addition, an appraisal of the retained ETP business was performed. All of the businesses in the Network Power segment, including ETP, were reviewed for impairment and a goodwill impairment charge of $54 was recorded in the third quarter of 2003, the majority of which related to the ETP business. The restructuring and sale resulted in income tax benefits of $238 as the tax basis in the stock of these businesses significantly exceeded the carrying value primarily due to a goodwill impairment of $647 in 2002. Approximately $164 of the benefits were received in cash in 2004 due to the carryback of the capital loss against prior capital gains and application to current year capital gains, with the remainder expected to be received in subsequent years as the capital loss carryforward is utilized against future capital gains. The income tax benefits were recognized in the third quarter of 2003: $170 was associated with discontinued operations and $68 was associated with the retained ETP business.

The tax benefits from the restructuring of the ETP business net of the impairment charge contributed $14 ($0.03 per share) to continuing operations in 2003. The net gain of $83 from the sale of Jordan (including income tax benefit of $170) is reported as discontinued operations in the Consolidated Statements of Earnings. The operating results of Dura-Line are also classified as discontinued operations for 2003 and 2002. Sales were $41 and $76, and net losses were $7 and $16 for the years ended September 30, 2003 and 2002, respectively. Other businesses divested in 2003 represented total annual sales of approximately $80 in 2002.

During the first quarter of 2002, Emerson acquired Avansys Power Co., Ltd. (renamed Emerson Network Power China), a provider of network power products to the telecommunications industry in China, for $750 in cash (approximately $710 net of cash acquired), resulting in $624 of goodwill. Avansys and other smaller businesses acquired during 2002 had annualized sales of approximately $270.

In the first quarter of 2002, Emerson received $165 from the divestiture of the Chromalox industrial heating solutions business, resulting in a pretax gain of $85. In the second quarter of 2002, Emerson exchanged its ENI semiconductor equipment business for an equity interest in MKS Instruments, Inc. of 12 million common shares, resulting in a pretax gain of approximately $93. During the third quarter, Emerson received $73 from the divestiture of the Daniel Valve business, resulting in a pretax gain of $42. Chromalox, ENI and Daniel Valve represented total annual sales of approximately $300 in 2001.

The results of operations of these businesses have been included in the Company’s consolidated results of operations since the respective dates of acquisition and prior to the respective dates of divestiture.

(4) OTHER DEDUCTIONS, NET

Other deductions, net are summarized as follows:

	2002	*2003*	*2004*
Rationalization of operations	$ 190	141	**129**
Impairment	–	54	**3**
Amortization of intangibles	26	17	**21**
Other	97	130	**97**
Gains from divestitures	(231)	(24)	**(27)**
Total	$ 82	318	**223**

In January 2004, the Company sold 2 million shares of MKS Instruments, Inc., a publicly traded company, and continues to hold 10 million shares. The Company also sold its investment in the Louisville Ladder joint venture. The Company recorded a pretax gain of $27 in the second quarter of 2004 from these transactions. Pretax gains from divestitures were $24 and $231 in 2003 and 2002, respectively. See Note 3 for information regarding divestiture activities.

Other is comprised of several items which 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 gains and losses, such as capital asset dispositions, asset impairments, litigation and disputed matters, insurance recoveries and contract settlement gains.

(5) RATIONALIZATION OF OPERATIONS

The change in the liability for rationalization of operations follows:

	September 30, 2003	*Expense*	*Paid / Utilized*	*September 30, 2004*
Severance and benefits	$ 20	50	47	**23**
Lease/contract terminations	25	12	19	**18**
Fixed asset writedowns	–	9	9	**–**
Vacant facility and other shutdown costs	2	24	23	**3**
Start-up and moving costs	5	34	37	**2**
	$ 52	129	135	**46**

Rationalization of operations by segment is summarized as follows:

	2002	*2003*	*2004*
Process Management	$ 27	36	**31**
Industrial Automation	33	20	**14**
Network Power	71	39	**26**
Climate Technologies	26	20	**17**
Appliance and Tools	49	36	**47**
Corporate	1	(2)	**(6)**
Discontinued operations [a]	(17)	(8)	**–**
Total	$190	141	**129**

[a] Discontinued operations eliminates the operating results of discontinued operations related to Dura-Line, which are included in the Network Power segment amounts.

Rationalization of operations comprises expenses associated with the Company's efforts to continuously improve operational efficiency and to expand globally in order to remain competitive on a worldwide basis. These expenses result from numerous individual actions implemented across the divisions on a routine basis and are not part of a large, company-wide program. Rationalization of operations includes ongoing costs for moving facilities, starting up plants from relocation as well as business expansion, exiting product lines, curtailing/downsizing operations due to changing economic conditions, and other one-time items resulting from asset redeployment decisions. Shutdown costs include severance, benefits, stay bonuses, lease/contract terminations and asset writedowns. Start-up and moving costs include employee training and relocation, moving of assets and other items. Vacant facility costs include security, maintenance and utility costs associated with facilities that are no longer being utilized.

During 2004, rationalization of operations primarily related to the exit of approximately 20 production, distribution or office facilities including the elimination of more than 2,000 positions, as well as costs related to facilities exited in previous periods. Noteworthy rationalization actions during 2004 are as follows. Process Management segment includes severance and plant closure costs related to the closing of a valve plant due to consolidating operations within North America in response to weak market demand, severance costs related to the consolidation of European measurement operations in order to obtain operational synergies, and several other reduction and consolidation actions. Network Power segment includes severance and lease termination costs related to certain power systems operations in Western Europe shifting to China and Eastern Europe in order to leverage product platforms and lower production and engineering costs to remain competitive on a global basis. Climate Technologies segment includes severance costs related to workforce reductions in the European temperature sensors and controls operations due to weakness in market demand. Appliance and Tools segment includes severance and start-up and moving costs related to shifting certain motor manufacturing primarily from the United States to Mexico and China in order to consolidate facilities and improve profitability, and severance related to consolidating manufacturing operations in the professional tools business for operational efficiency. The Company expects rationalization expense for 2005 to be comparable to 2004 (approximately $130), including the costs to complete actions initiated before the end of 2004 and actions anticipated to be approved and initiated during 2005.

Rationalization actions, including the following, were implemented during 2003 to expand in global markets and to increase overall profitability by obtaining synergies and increasing operational efficiency. Process Management segment includes plant closure and severance costs related to several reduction and consolidation actions primarily in North America and Europe. Network Power segment includes severance costs related to European power systems operations. Appliance and Tools segment includes plant closure and start-up and moving costs related to relocating certain industrial motor manufacturing primarily from the United States to Mexico and China and fixed asset writedowns related to consolidating manufacturing operations in the jobsite and truck storage business.

Rationalization actions implemented during 2002 to increase overall profitability by obtaining synergies and increasing operational efficiency include the following. Industrial Automation segment includes severance, vacant facility costs and start-up and moving costs related to relocating certain EGS Electrical Group manufacturing primarily from the United States to Mexico, and severance and start-up and moving costs related to consolidating operations in the power transmission business. Network Power segment includes severance related to North American power systems operations and the European uninterruptible power supply business. Appliance and Tools segment includes severance, start-up and moving costs and fixed asset writedowns related to consolidating motor manufacturing operations and relocating commercial storage operations within North America.

(6) GOODWILL

Effective October 1, 2001, Emerson adopted Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets.” The statement requires, among other things, the discontinuation of goodwill amortization for business combinations before July 1, 2001, assignment of goodwill to reporting units, and completion of a transitional goodwill impairment test. Substantially all goodwill was assigned to the reporting unit that acquired the business. Under the 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 value of reporting units were estimated using discounted cash flows and market multiples.

Emerson completed the transitional impairment test and recorded a non-cash, after-tax charge of $938 (net of $17 tax benefit), as a cumulative effect of a change in accounting principle in 2002. The primary factors resulting in the impairment charge were the change in the goodwill impairment criteria from an undiscounted to a discounted cash flow method and the sharp decline in the telecommunication and computing equipment markets. The after-tax charge by segment was Network Power $831, Industrial Automation $59, and Process Management $48.

The change in goodwill by business segment follows:

	Process Management	*Industrial Automation*	*Network Power*	*Climate Technologies*	*Appliance and Tools*	*Total*
Balance, September 30, 2002	$ 1,591	788	1,590	377	564	4,910
Acquisitions					1	1
Dispositions	(24)		(46)			(70)
Impairment			(54)			(54)
Foreign exchange and other	36	48	53	1	17	155
Balance, September 30, 2003	$ 1,603	836	1,543	378	582	4,942
Acquisitions	14		210			224
Impairment	(3)					(3)
Foreign exchange and other	24	44	17	2	9	96
Balance, September 30, 2004	**$ 1,638**	**880**	**1,770**	**380**	**591**	**5,259**

(7) FINANCIAL INSTRUMENTS

The Company selectively uses derivative financial instruments to manage interest costs, commodity prices and currency exchange risk. The Company does not hold derivatives for trading purposes. No credit loss is anticipated as the counterparties to these agreements are major financial institutions with high credit ratings.

To efficiently manage interest costs, the Company utilizes interest rate swaps as cash flow hedges of variable rate debt or fair value hedges of fixed rate debt. Also as part of its hedging strategy, the Company utilizes purchased option and forward exchange contracts and commodity swaps as cash flow hedges to minimize the impact of currency and commodity price fluctuations on transactions, cash flows and firm commitments. These contracts for the sale or purchase of European and other currencies and the purchase of copper and other commodities generally mature within one year.

Notional transaction amounts and fair values for the Company’s outstanding derivatives, by risk category and instrument type, as of September 30, 2003 and 2004, are summarized as follows. Fair values of the derivatives do not consider the offsetting underlying hedged item.

	2003		*2004*	
	Notional Amount	*Fair Value*	*Notional Amount*	*Fair Value*
Foreign currency:				
Forwards	$ 1,193	9	**1,033**	**13**
Options	$ 52	–	**22**	**–**
Interest rate swaps	$ 338	(1)	**853**	**(7)**
Commodity contracts	$ 95	8	**130**	**18**

Fair values of the Company’s financial instruments are estimated by reference to quoted prices from market sources and financial institutions, as well as other valuation techniques. The estimated fair value of long-term debt (including current maturities) exceeded the related carrying value by $223 and $335 at September 30, 2004 and 2003, respectively. The fair value and carrying value of an equity investment in MKS Instruments, Inc., a publicly traded company, were $260 and $183, respectively, at September 30, 2003. The estimated fair value of each of the Company's other classes of financial instruments approximated the related carrying value at September 30, 2004 and 2003.

(8) SHORT-TERM BORROWINGS AND LINES OF CREDIT

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

	2003	*2004*
Current maturities of long-term debt	$ 4	**622**
Commercial paper	117	**118**
Payable to banks	41	**24**
Other	229	**138**
Total	$ 391	**902**
Weighted average short-term borrowing interest rate at year end	1.6%	**2.4%**

In 2000, the Company issued 13 billion Japanese yen of commercial paper and simultaneously entered into a ten-year interest rate swap which fixed the rate at 2.2 percent. The Company had 76 million and 138 million of British pound notes with interest rates of 4.7 percent and 3.6 percent, swapped to $134 and $222 at U.S. commercial paper rates at September 30, 2004 and 2003, respectively.

The Company and its subsidiaries maintained lines of credit amounting to $2,750 with various banks at September 30, 2004, to support short-term borrowings and to assure availability of funds at prevailing interest rates. Lines of credit totaling $1,833 are effective until March 2009, with the remainder effective until March 2005. The 364-day credit lines do not contain any financial covenants, while the five-year credit lines require the Company to maintain minimum stockholders' equity of $4,000. The 364-day credit lines may be converted to a one-year term loan within 60 days prior to maturity in March 2005 at the Company's option. The credit line agreements are not subject to termination based upon 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's subsidiaries maintained uncommitted bank credit facilities in various currencies of which approximately $420 was unused at September 30, 2004. In some instances, borrowings against these credit facilities have been guaranteed by the Company to facilitate funding at favorable interest rates.

(9) LONG-TERM DEBT

Long-term debt is summarized as follows:

	2003	2004
$7\,^7/_8$% notes due June 2005	$ 600	**600**
6.3% notes due November 2005	250	**250**
$5\,^1/_2$% notes due September 2008	250	**250**
5% notes due October 2008	175	**175**
5.85% notes due March 2009	250	**250**
$7\,^1/_8$% notes due August 2010	500	**500**
5.75% notes due November 2011	250	**250**
4.625% notes due October 2012	250	**250**
$4\,^1/_2$% notes due May 2013	250	**250**
$5\,^5/_8$% notes due November 2013	250	**250**
5% notes due December 2014	250	**250**
6% notes due August 2032	250	**250**
Other	212	**233**
	3,737	**3,758**
Less current maturities	4	**622**
Total	$3,733	**3,136**

In 1999, the Company issued $250 of 5.85%, ten-year notes that were simultaneously swapped to U.S. commercial paper rates. The Company terminated the swap in 2001, establishing an effective interest rate of 5.7 percent. In 2000, the Company issued $600 of $7\,^7/_8$%, five-year notes that were simultaneously swapped to floating U.S. commercial paper rates. The Company terminated the swap in 2001, establishing an effective interest rate of 6.9 percent. During the first quarter of 2004, the Company swapped the $600 of $7\,^7/_8$ % notes due June 2005 to a floating rate based on 3-month LIBOR.

Long-term debt maturing during each of the four years after 2005 is $252, $1, $251 and $480, respectively. Total interest paid related to short-term borrowings and long-term debt was approximately $233, $245 and $283 in 2004, 2003 and 2002, respectively.

As of September 30, 2004, the Company could issue up to $2,500 in debt securities, preferred stock, common stock, warrants, share purchase contracts and share purchase units under the shelf registration with the Securities and Exchange Commission. The Company may sell securities in one or more separate offerings with the size, price and terms to be determined at the time of sale. The net proceeds from the sale of the securities will be used for general corporate purposes, which may include, but are not limited to, working capital, capital expenditures, financing acquisitions and the repayment of short or long-term borrowings. The net proceeds may be invested temporarily until they are used for their stated purpose.

(10) RETIREMENT PLANS

Retirement plan expense includes the following components:

	U.S. Plans			Non-U.S. Plans		
	2002	2003	2004	2002	2003	2004
Defined benefit plans:						
Service cost (benefits earned during the period)	$ 41	41	**49**	9	11	**15**
Interest cost	134	136	**136**	16	22	**27**
Expected return on plan assets	(178)	(187)	**(196)**	(21)	(22)	**(21)**
Net amortization	9	34	**65**	–	3	**14**
Net periodic pension expense	6	24	**54**	4	14	**35**
Defined contribution and multiemployer plans	58	60	**66**	18	22	**22**
Total retirement plan expense	$ 64	84	**120**	22	36	**57**

The 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*	
	2003	*2004*	*2003*	*2004*
Benefit obligation, beginning	$1,871	**2,264**	342	**526**
Service cost	41	**49**	11	**15**
Interest cost	136	**136**	22	**27**
Actuarial loss (gain)	309	**(82)**	76	**2**
Benefits paid	(103)	**(108)**	(15)	**(16)**
Acquisitions/divestitures, net	9	**67**	1	**6**
Foreign currency and other	1	**4**	89	**47**
Benefit obligation, ending	$2,264	**2,330**	526	**607**
Fair value of plan assets, beginning	$1,703	**1,962**	279	**326**
Actual return on plan assets	74	**318**	(14)	**30**
Employer contributions	288	**67**	8	**60**
Benefits paid	(103)	**(108)**	(15)	**(16)**
Acquisitions/divestitures, net	–	**51**	–	**4**
Foreign currency and other	–	**2**	68	**29**
Fair value of plan assets, ending	$1,962	**2,292**	326	**433**
Plan assets in excess of (less than) benefit obligation as of June 30	$ (302)	**(38)**	(200)	**(174)**
Unrecognized net loss	1,137	**872**	187	**176**
Unrecognized prior service costs (benefit)	12	**10**	(3)	**(3)**
Adjustment for fourth quarter contributions	1	**51**	11	**1**
Net amount recognized in the balance sheet	$ 848	**895**	(5)	**–**
Accumulated benefit obligation	$2,057	**2,151**	475	**540**

	U.S. Plans			*Non-U.S. Plans*		
	2002	2003	*2004*	*2002*	*2003*	*2004*
Weighted average assumptions used to determine net pension expense:						
Discount rate	7.75%	7.25%	**6.00%**	6.4%	5.8%	**5.2%**
Expected return on plan assets	9.00%	9.00%	**8.50%**	8.5%	8.3%	**7.2%**
Rate of compensation increase	4.25%	3.75%	**3.25%**	3.9%	3.4%	**3.3%**
Weighted average assumptions used to determine benefit obligations as of June 30:						
Discount rate		6.00%	**6.25%**		5.2%	**5.4%**
Rate of compensation increase		3.25%	**3.25%**		3.3%	**3.1%**

At September 30, 2004 and 2003, the pension assets recognized in the balance sheet were $883 and $843, and the pension liabilities recognized in the balance sheet were $242 and $310, respectively; in addition, $254 and $310 were included in accumulated other comprehensive income at September 30, 2004 and 2003, respectively. As of the plans' June 30 measurement date, 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 $1,009, $934 and $694, respectively, for 2004, and $905, $844 and $522, respectively, for 2003. As of the June 30, 2004, measurement date, the fair value of plan assets exceeded the accumulated benefit obligation for the primary defined benefit pension plan by approximately $250 and an additional $50 was contributed to the plan in the fourth quarter of 2004. If the performance of the equity and bond markets in 2005 eliminates the $300 excess, the Company could be required to record an after-tax charge to equity of approximately $550.

The primary objectives for the investment of plan assets is to secure participant retirement benefits and to minimize reliance on contributions as a source of benefit security. Plan assets are invested consistent with the provisions of 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 return of the plans for the past ten years and the historical return (since 1926) of a 70% equity / 30% debt asset allocation 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 pension plan asset allocations at June 30, 2003 and 2004, and target weighted-average allocations are as follows:

	U.S. Plans			*Non-U.S. Plans*		
	2003	*2004*	*Target*	*2003*	*2004*	*Target*
Asset category						
Equity securities	66%	**70%**	70%	52%	**53%**	55%
Debt securities	34%	**30%**	30%	36%	**37%**	35%
Other	–	**–**	–	12%	**10%**	10%
	100%	**100%**	100%	100%	**100%**	100%

The Company estimates that future benefit payments for the U.S. plans will be as follows: $119 in 2005, $126 in 2006, $134 in 2007, $141 in 2008, $150 in 2009 and $780 in total over the five years 2010 through 2014. Using foreign exchange rates as of September 30, 2004, the Company estimates that future benefit payments for the non-U.S. plans will be as follows: $20 in 2005, $22 in 2006, $23 in 2007, $25 in 2008, $26 in 2009 and $156 in total over the five years 2010 through 2014. In 2005, the Company expects to contribute less than $100 to the retirement plans.

(11) POSTRETIREMENT PLANS

The Company sponsors unfunded postretirement benefit plans (primarily health care) for U.S. retirees and their dependents. Net postretirement plan expense for the years ended September 30, 2002, 2003 and 2004, follows:

	2002	*2003*	*2004*
Service cost	$ 6	7	**5**
Interest cost	26	27	**25**
Net amortization	–	8	**19**
Net postretirement plan expense	$ 32	42	**49**

The reconciliations of the actuarial present value of accumulated postretirement benefit obligations follow:

	2003	*2004*
Benefit obligation, beginning	$377	**426**
Service cost	7	**5**
Interest cost	27	**25**
Actuarial losses	46	**30**
Benefits paid	(40)	**(37)**
Acquisitions/divestitures and other	9	**(5)**
Benefit obligation, ending	426	**444**
Unrecognized net loss	(89)	**(101)**
Unrecognized prior service (costs) benefit	(8)	**8**
Postretirement benefit liability recognized in the balance sheet	$329	**351**

The assumed discount rates used in measuring the obligations as of September 30, 2004, 2003 and 2002, were 5.75 percent, 6.00 percent and 7.00 percent, respectively. The assumed health care cost trend rate for 2005 was 9.5 percent, declining to 5.0 percent in the year 2013. The assumed health care cost trend rate for 2004 was 10.0 percent, declining to 5.0 percent in the year 2013. 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, 2004, and the 2004 postretirement plan expense by less than five percent. The Company estimates that future benefit payments will be $39 annually for 2005 through 2009, and $195 in total over the five years 2010 through 2014.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law on December 8, 2003. In accordance with FASB Staff Position 106-2, neither the amount of postretirement benefit expense nor the accumulated postretirement benefit obligation in the financial statements and accompanying notes reflects the effects of the Act on the Company's postretirement benefit plans. The Company does not expect the effects of the Act to have a material impact on the financial statements.

(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 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, its experience in contesting, litigating and settling other similar matters, and any related insurance coverage.

Although it is not possible to predict the ultimate outcome of the matters discussed above, historically, the Company has been successful in defending itself against claims and suits that have been brought against it. The Company 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 adverse development could have a material adverse impact on the Company.

The Company enters into 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. In connection with divestitures of certain assets or businesses, the Company often provides indemnities to the buyer with respect to certain matters including, for example, environmental liabilities and unidentified tax liabilities related to periods prior to the disposition. Due to the uncertain nature of the indemnities, the maximum liability cannot be quantified. Liabilities for obligations are recorded when probable and when they can be reasonably estimated. Historically, the Company has not made significant payments for these obligations.

At September 30, 2004, 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

Earnings from continuing operations before income taxes consist of the following:

	2002	*2003*	*2004*
United States	$1,124	790	**1,022**
Non-U.S.	466	624	**830**
Earnings from continuing operations before income taxes	$1,590	1,414	**1,852**

The principal components of income tax expense follow:

	2002	*2003*	*2004*
Current:			
Federal	$ 204	170	**132**
State and local	11	7	**26**
Non-U.S.	109	154	**229**
Deferred:			
Federal	173	73	**185**
State and local	26	17	**5**
Non-U.S.	(9)	(20)	**18**
Income tax expense	$ 514	401	**595**

The federal corporate statutory rate is reconciled to the Company's effective income tax rate as follows:

	2002	*2003*	*2004*
Federal corporate statutory rate	35.0%	35.0%	**35.0%**
State and local taxes, less federal tax benefit	1.4	1.1	**1.1**
Export benefit	(1.7)	(1.7)	**(1.4)**
Foreign rate differential	(3.0)	(4.2)	**(3.8)**
Goodwill	–	1.3	**–**
Capital gains (losses)	.4	(4.5)	**–**
Other	.2	1.3	**1.2**
Effective income tax rate	32.3%	28.3%	**32.1%**

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

	2003	2004
Deferred tax assets:		
Accrued liabilities	$ 199	**181**
Postretirement and postemployment benefits	132	**137**
Employee compensation and benefits	98	**114**
NOL and tax credits	241	**205**
Capital loss benefit	238	**74**
Other	150	**158**
Total	$1,058	**869**
Valuation allowance	$ (127)	**(121)**
Deferred tax liabilities:		
Property, plant and equipment	$ (298)	**(291)**
Leveraged leases	(137)	**(128)**
Pension	(214)	**(244)**
Intangibles	(156)	**(200)**
Other	(99)	**(100)**
Total	$ (904)	**(963)**
Net deferred income tax asset (liability)	$ 27	**(215)**

At September 30, 2004 and 2003, respectively, net current deferred tax assets were $255 and $435, and net noncurrent deferred tax liabilities were $470 and $408. Total income taxes paid were approximately $340 (net of the capital loss benefit received of $164), $310 and $320 in 2004, 2003 and 2002, respectively. The Company received approximately $164 of the capital loss benefit in cash in 2004 due to the carryback of a capital loss against prior capital gains and application to current year capital gains; the remaining $74 capital loss carryforward can be utilized through 2008. In addition, the majority of the net operating losses can be carried forward indefinitely, while the remainder expire over varying periods, and the Company expects to carryback $45 of tax credits to prior years (see Note 3).

(14) COMMON STOCK

The Company has various stock option plans that permit key officers and employees to purchase common stock at specified prices. Options are granted at 100 percent of the market value of the Company's common stock on the date of grant, generally vest one-third each year and expire ten years from the date of grant. At September 30, 2004, approximately 10.2 million options were available for grant under these plans. Changes in the number of shares subject to option during 2002, 2003 and 2004, follow (shares in thousands):

	2002		*2003*		*2004*	
	Average Price	*Shares*	*Average Price*	*Shares*	*Average Price*	*Shares*
Beginning of year	$ 48.42	9,088	$ 49.66	10,413	**$ 50.09**	**10,059**
Options granted	$ 52.85	2,112	$ 46.50	335	**$ 56.21**	**307**
Options exercised	$ 40.86	(591)	$ 35.76	(444)	**$ 42.20**	**(1,133)**
Options canceled	$ 52.85	(196)	$ 52.80	(245)	**$ 53.48**	**(162)**
End of year	$ 49.66	10,413	$ 50.09	10,059	**$ 51.22**	**9,071**
Exercisable at year end		6,016		7,610		**7,914**

Summarized information regarding stock options outstanding and exercisable at September 30, 2004, follows (shares in thousands):

	Outstanding			*Exercisable*	
Range of Exercise Prices	*Shares*	*Average Contractual Life*	*Average Price*	*Shares*	*Average Price*
up to $44	3,046	3.9 years	$ 43.15	3,046	$ 43.15
$45 to 54	3,919	6.3	$ 52.19	2,862	$ 52.40
$55 to 74	2,106	4.6	$ 61.10	2,006	$ 61.05
Total	9,071	5.1	$ 51.22	7,914	$ 51.03

During 2004 and 2003, respectively, 307 thousand and 335 thousand options were granted, resulting in $1.7 and $0.7 of compensation expense, pursuant to FAS 123, which Emerson adopted effective October 1, 2002. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants: risk-free interest rate of 3.1 percent, 2.8 percent and 4.2 percent, dividend yield of 2.8 percent, 3.4 percent and 2.9 percent for 2004, 2003 and 2002, respectively, and expected volatility of 25 percent and expected life of five years for all years. The weighted average fair value of options granted was $11.13, $8.13 and $11.03 for 2004, 2003 and 2002, respectively.

The Company's Incentive Shares Plans authorize the distribution of common stock to key management personnel subject to certain conditions and restrictions. Upon accomplishment of the five-year performance objectives, 2,085,314 shares were distributed to participants in 2002, including 1,216,985 shares paid in cash; additionally, participants elected to defer 97,604 shares for future distribution. At September 30, 2004, 1,531,987 shares were outstanding with restriction periods of three to ten years, including 97,500 shares issued in 2004. In addition, 1,074,219 rights to receive common shares have been awarded, including 2,000 rights awarded in 2004, which are contingent upon accomplishing certain objectives by 2005; 2,342,786 rights to receive common shares were also awarded in 2004, and are contingent upon accomplishing certain objectives by 2007. At September 30, 2004, approximately 1.1 million shares remained available for award under these plans. Compensation expense charged against income for the Company's Incentive Shares Plans was $65, $28 and $27 for 2004, 2003 and 2002, respectively.

At September 30, 2004, 23,889,014 shares of common stock were reserved, primarily for issuance under the Company's stock plans. During 2004, 2,631,200 treasury shares were acquired and 905,283 treasury shares were issued.

Approximately 1.2 million preferred shares are reserved for issuance under a Preferred Stock Purchase Rights Plan. Under certain conditions involving the acquisition of or an offer for 20 percent or more of the Company's common stock, all holders of Rights, except an acquiring entity, would be entitled (i) to purchase, at an exercise price of $260, common stock of the Company or an acquiring entity with a value twice the exercise price, or (ii) at the option of the Board, to exchange each Right for one share of common stock. The Rights remain in existence until November 1, 2008, unless earlier redeemed (at one-half cent per Right), exercised or exchanged under the terms of the plan.

(15) 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 divisions of the Company are primarily organized based on 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 for automated industrial processes. The Industrial Automation segment includes industrial motors and drives, power transmission equipment, alternators, materials joining and precision cleaning, fluid power and control, materials testing, and electrical distribution equipment. The Network Power segment consists of uninterruptible power supplies, power conditioning and electrical switching equipment, and precision cooling, site monitoring and connectivity systems. The Climate Technologies segment consists of compressors, temperature sensors and controls, thermostats, flow controls, and remote monitoring services. The Appliance and Tools segment includes general and special purpose motors and controls, appliances and appliance components, as well as hand and plumbing tools, and storage products.

The primary income measure used for assessing 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 primarily include 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 primarily include cash and equivalents, investments, pensions, deferred charges, and certain fixed assets.

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

Business Segments

(See Notes 3, 4, 5 and 6)

	Sales			*Earnings*			*Total Assets*		
	2002	*2003*	*2004*	*2002*	*2003*	*2004*	*2002*	*2003*	*2004*
Process Management	$ 3,396	3,394	**3,703**	387	388	**476**	3,506	3,531	**3,634**
Industrial Automation	2,500	2,600	**2,936**	297	330	**391**	2,354	2,422	**2,503**
Network Power	2,465	2,316	**2,692**	119	168	**297**	2,878	2,721	**3,234**
Climate Technologies	2,389	2,614	**2,983**	333	386	**467**	1,876	1,871	**1,887**
Appliance and Tools	3,437	3,453	**3,749**	456	479	**530**	2,393	2,388	**2,440**
	14,187	14,377	**16,063**	1,592	1,751	**2,161**	13,007	12,933	**13,698**
Discontinued operations [a]	(76)	(41)	–	25	12	–			
Differences in accounting methods				149	127	**126**			
Corporate and other [b]				57	(245)	**(225)**	1,538	2,261	**2,663**
Sales eliminations / Interest	(363)	(378)	**(448)**	(233)	(231)	**(210)**			
Total	$ 13,748	13,958	**15,615**	1,590	1,414	**1,852**	14,545	15,194	**16,361**

[a] Discontinued operations eliminates Dura-Line's sales and operating losses, which are included in the Network Power segment and the geographic amounts.
[b] Corporate and other included gains from divestitures of $27, $24 and $231 in 2004, 2003 and 2002, respectively.

	Intersegment Sales			*Depreciation and Amortization Expense*			*Capital Expenditures*		
	2002	*2003*	*2004*	*2002*	*2003*	*2004*	*2002*	*2003*	*2004*
Process Management	$ 3	2	**3**	124	114	**117**	76	69	**75**
Industrial Automation	12	15	**14**	93	97	**96**	67	55	**67**
Network Power	14	4	**9**	81	71	**70**	33	34	**36**
Climate Technologies	25	26	**32**	99	107	**120**	85	65	**94**
Appliance and Tools	309	331	**390**	134	136	**141**	105	102	**108**
Corporate and other				10	9	**13**	18	12	**20**
Total	$363	378	**448**	541	534	**557**	384	337	**400**

Geographic

	Sales by Destination			*Property, Plant and Equipment*		
	2002	*2003*	*2004*	*2002*	*2003*	*2004*
United States	$ 8,073	7,687	**8,262**	2,162	1,970	**1,880**
Europe	2,766	3,169	**3,649**	489	502	**539**
Asia	1,563	1,712	**2,085**	280	297	**307**
Latin America	525	487	**533**	130	124	**135**
Other regions	897	944	**1,086**	55	69	**76**
Discontinued operations [a]	(76)	(41)				
Total	$13,748	13,958	**15,615**	3,116	2,962	**2,937**

(16) OTHER FINANCIAL DATA

Items reported in earnings during the years ended September 30, 2002, 2003 and 2004, include the following:

	2002	*2003*	*2004*
Depreciation	$457	463	**478**
Intangible asset amortization	$ 84	71	**79**
Research and development	$474	464	**486**
Rent expense	$216	227	**233**

The Company leases computers, transportation equipment and various other property under operating lease agreements. The minimum annual rentals under noncancelable long-term leases, exclusive of maintenance, taxes, insurance and other operating costs, will approximate $117 in 2005, $85 in 2006, $52 in 2007, $39 in 2008 and $25 in 2009.

Other assets, other are summarized as follows:

	2003	*2004*
Pension plans	$ 843	**883**
Equity and other investments	336	**223**
Intellectual property and customer relationships	104	**205**
Capitalized software	147	**148**
Leveraged leases	139	**124**
Other	221	**166**
Total	$ 1,790	**1,749**

Items reported in accrued expenses include the following:

	2003	*2004*
Employee compensation	$382	**432**
Product warranty	$148	**180**

Other liabilities are summarized as follows:

	2003	*2004*
Deferred income taxes	$ 503	**528**
Postretirement plans, excluding current portion	309	**306**
Retirement plans	356	**285**
Minority interest	114	**126**
Other	302	**403**
Total	$ 1,584	**1,648**

(17) QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	First Quarter		*Second Quarter*		*Third Quarter*		*Fourth Quarter*		*Fiscal Year*	
	2003	*2004*	*2003*	*2004*	*2003*	*2004*	*2003*	*2004*	*2003*	*2004*
Net sales	$ 3,226	**3,600**	3,465	**3,859**	3,573	**4,036**	3,694	**4,120**	13,958	**15,615**
Gross profit	$ 1,143	**1,282**	1,211	**1,356**	1,250	**1,439**	1,294	**1,489**	4,898	**5,566**
Earnings from continuing operations	$ 218	**244**	241	**318**	278	**341**	276	**354**	1,013	**1,257**
Net earnings	$ 217	**244**	236	**318**	360	**341**	276	**354**	1,089	**1,257**
Earnings from continuing operations per common share:										
Basic	$ 0.52	**0.58**	0.58	**0.76**	0.66	**0.81**	0.66	**0.85**	2.42	**3.00**
Diluted	$ 0.52	**0.58**	0.57	**0.75**	0.66	**0.81**	0.66	**0.84**	2.41	**2.98**
Net earnings per common share:										
Basic	$ 0.52	**0.58**	0.56	**0.76**	0.86	**0.81**	0.66	**0.85**	2.60	**3.00**
Diluted	$ 0.52	**0.58**	0.56	**0.75**	0.85	**0.81**	0.66	**0.84**	2.59	**2.98**
Dividends per common share	$ .3925	**.4000**	.3925	**.4000**	.3925	**.4000**	.3925	**.4000**	1.57	**1.60**
Common stock prices:										
High	$ 53.08	**64.95**	52.72	**68.46**	54.41	**63.55**	56.79	**64.02**	56.79	**68.46**
Low	$ 42.42	**52.73**	44.43	**59.39**	46.15	**56.56**	50.47	**59.08**	42.42	**52.73**

The operating results of Dura-Line are classified as discontinued operations for 2003. See Note 3 for information regarding the Company's acquisition and divestiture activities.

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

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, 2004 and 2003, 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, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 2004, in conformity with U.S. generally accepted accounting principles.

As described in Note 6 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets" in the year ended September 30, 2002.

/s/ KPMG LLP

St. Louis, Missouri
November 1, 2004

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 statement 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 of 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 and capital and consumer spending; (ii) volatility of the end markets served, as demonstrated by the recent decline in the electronics and telecommunications market; (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) government laws and regulations, including taxes; (vii) outcome of pending and future litigation, including environmental compliance; (viii) stable governments and business conditions in emerging economies; (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.

EXHIBIT 21

SUBSIDIARIES OF EMERSON ELECTRIC CO.
SEPTEMBER 30, 2004

LEGAL NAME	JURISDICTION OF INCORPORATION
AIH, Inc.	Delaware
AIHL, LLC	Delaware
Alco Controls S.A. de C.V.	Mexico
Applied Concepts, Inc.	Pennsylvania
Woodstock Land Company, LLC	Missouri
Astec International Holdings Limited	United Kingdom
Astec America Inc.	Delaware
Astec Electronics (Malaysia) Sdn Bhd	Malaysia
Astec Germany GmbH	Germany
Astec International Limited	Hong Kong
Astec Advanced Power Systems B.V.	Netherlands
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 International (Singapore) Pte. Limited	Singapore
Astec Pekan Sdn Bhd	Malaysia
Astec Power Supply (Shenzhen) Company Ltd.	China
Astec Power Inc.	BVI
Astec Power Philippines, Inc.	Philippines
EMR Holdings Limited	Japan
Stourbridge Holdings (UK) Limited	United Kingdom
Brandenburg Limited	United Kingdom
Mirroware Manufacturing Limited	United Kingdom
Astec Europe Ltd.	United Kingdom
Astec International PLC	United Kingdom
Astec France S.A.R.L.	France
Branson Ultrasonic S.A	Switzerland
Brooks Instrument Canada (1967) Limited	Canada
Buehler Ltd.	Illinois
Buehler Holdings Inc.	Delaware
Business Services Philippines, Inc.	Delaware
California Emerson LLC	Delaware
ClosetMaid Corporation	Florida
Clairson, Inc.	Delaware
Clairson de Mexico, S.A. de C.V.	Mexico
ClosetMaid (Hong Kong) Limited	Hong Kong
ClosetMaid North America, Inc.	Delaware
Compania de Motores Domesticos S.A. de C.V.	Mexico
Computational Systems, Incorporated	Tennessee
CSI Services, Inc.	Tennessee
CSI Technology, Inc.	Delaware
Computational Systems, Inc. Europe	Belgium
Controles Electromecanicos de Mexico S.A. de C.V.	Mexico
Control Techniques Iberia S.A.	Spain
Control Techniques Sweden AB	Sweden
Daniel Industries, Inc.	Delaware
Bettis Corporation	Delaware
Bettis Canada Ltd.	Canada
Bettis France SARL	France
Bettis Holdings, Ltd.	United Kingdom
Bettis UK Ltd.	United Kingdom
Prime Actuator Control Systems Ltd.	United Kingdom
Prime Actuator Control Systems UK Ltd.	United Kingdom
Dantorque A/S	Denmark
Hytork Controls, Inc.	Delaware
Shafer Valve Company	Ohio
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
Spectra-Tek International Limited	United Kingdom
Greenfield (UK) Ltd.	United Kingdom
Daniel Measurement and Control, Inc.	Delaware
Daniel Industries Canada Inc.	Canada
Daniel Measurement Services, Inc.	Delaware

Metco Services, Ltd.	United Kingdom
Metco Services Venezuela, C.A.	Venezuela
Danmasa S.A. de C.V.	Mexico
Hytork International Limited	United Kingdom
Hytork Controls, Inc.	Florida
Hytork Controls Ltd.	United Kingdom
Hytork LLC	Delaware
Hytork Services Limited	United Kingdom
DEAS Holdings, Inc.	Delaware
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
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 Holding S.A.R.L.	France
ATX S.A.	France
Easy Heat, Inc.	Delaware
GSEG LLC	Delaware
O-Z Gedney Company LLC	Delaware
Easy Heat Holding B.V.	Netherlands
Easy Heat Europe B.V.	Netherlands
Copeland Corporation	Delaware
Computer Process Controls, Inc.	Georgia
Emerson Retail Services, Inc.	Delaware
Clive Samuels & Associates, Inc.	New Jersey
Copeland Access +, Inc.	Delaware
CopelandBitzer L.P.	Delaware
CopelandBitzer Management LLC	Delaware
Copeland de Mexico S.A. de C.V.	Mexico
Copeland Redevelopment Corporation	Missouri
Newcope, Inc.	Delaware
Electrical Reliability Services, Inc.	California
El-O-Matic USA, Inc.	Delaware
Emerson Electric (U.S.) Holding Corporation	Delaware
Automatic Switch Company	Delaware
ASC Investments, Inc.	Delaware
Asco Controls A.G.	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 Electrical Products Co., Inc.	New Jersey
Ascomation Pty. Ltd.	Australia
Ascomation New Zealand Ltd.	New Zealand
Asco AB	Sweden
ASCO Japan Co., Ltd.	Japan
Aso/Joucomatic Sarl	Switzerland
Ascomatica S.A. de C.V.	Mexico
Asco Services, Inc.	New Jersey
ASCO Switch Enterprises LLC	Delaware
ASCO Switch Investment, Inc.	Delaware
ASCO Power Technologies, L.P.	Delaware
ASCO Valve Enterprises LLC	Delaware
ASCO Valve, Inc.	Delaware
ASCO Valve Investment, Inc.	Delaware
ASCO Controls, L.P.	Delaware
ASCO Valve Manufacturing, Inc.	Delaware
Ascoval Industria E Commercio Ltda	Brazil
Branson Ultrasonics Corporation	Delaware
Amtech S.a.r.L.	France
Branson Korea Co., Inc.	Korea
Branson Ultrasonidos S.A.E.	Spain
Branson Ultrasons S.A.	France
Environmental Mediation Management, LLC	Delaware
Buehler GmbH	Germany
Buehler S.A.R.L.	France
Camco Vertriebs-GmbH	Germany
Copeland GmbH	Germany
Copeland Corporation Limited	United Kingdom
Copeland France S.A.	France
Copeland Italia S.a.R.l.	Italy
Copeland Iberica CIB S.A.	Spain
Copeland Refrigeration Europe S.A.	Belgium
Copeland S.A.	Belgium
El-O-Matic GmbH	Germany
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 Energy Systems 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
Flow Technology, S.A. de C.V.	Mexico
EMR Deutschland GmbH & Co. OHG	Germany
Emerson Process Management GmbH	Germany
Emerson Process Management GmbH & Co. OHG	Germany
Emerson Process Management Manufacturing GmbH & Co. OHG	Germany
Emerson Process Management Services GmbH & Co. OHG	Germany
Marbaise Hanlo LS GmbH	Germany
Ridge Tool GmbH	Germany
Ridge Tool GmbH & Co. OHG	Germany
RIDGID Peddinghaus Werkzeug GmbH	Germany
Rosemount Inc.	Minnesota
Control Techniques - Americas LLC	Delaware
Control Techniques Drives Limited	Canada
Dieterich Standard, Inc.	Delaware
Emerson Process Management AB	Sweden
Emerson Process Management AS	Norway
Emerson Process Management Australia Pty Limited	Australia
Emerson Electric Australia Co. Pty. Ltd.	Australia
Fisher-Rosemount Ltd.	New Zealand
Emerson Process Management Holding AG	Switzerland
Emerson Process Management AG	Switzerland
Emerson Process Management Kft	Hungary
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
Emerson Process Management AS	Denmark
Fisher-Rosemount Ges. M.B.H.	Austria
Westinghouse Electric GES m.b.H.	Austria
FR af 13.august 1999 A/S	Denmark
Emerson Process Management Power and Water Solutions Sp. z.o.o.	Poland
Emerson Process Management (India) Pvt. Ltd.	India
Emerson Process Management Korea Ltd.	Korea
Emerson Process Management, S.A.	Spain
Emerson Process Management Servicios, S.L.	Spain
Emerson Process Management Asia Pacific Pte Ltd.	Singapore
Emerson Process Management Manufacturing (M) Sdn Bhd	Malaysia
Emerson Process Management Valve Automation (M) Sdn Bhd	Malaysia
HSFR Performance Services Pte Ltd.	Singapore
Emerson Process Management (Shanghai) International Trading Co. Ltd.	China
Westinghouse Electric Singapore Limited	Singapore
Emerson Process Management Co. Ltd.	China
Emerson Process Management Oy	Finland
Emerson Process Management LLLP	Delaware
P I Components Corp.	Texas
Rosemount Analytical Inc.	Delaware
Rosemount China Inc.	Minnesota
Rosemount Nuclear Instruments, Inc.	Delaware
Emerson Process Management Temperature GmbH	Germany
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 L.P.	Missouri
Emerson Power Transmission Ithaca, Inc.	Delaware
Rollway Bearing International Ltd.	Delaware
Lipe-Rollway de Mexico, S.A. de C.V.	Mexico
Lipe-Rollway Deutschland GmbH	Germany
Rollway Bearing N.V.	Belgium
EPT Investments, Inc.	Delaware
McGill Manufacturing Company, Inc.	Indiana
Emerson Power Transmission Bearings, Inc.	Delaware
McGill International, Inc.	Taiwan
Liebert Corporation	Ohio
Albér Corp.	Florida
Atlas Asia Limited	Hong Kong
Control Concepts Corporation	Delaware
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
Emerson Network Power (Singapore) Pte. Ltd.	Singapore
Emerson Network Power (Malaysia) Sdn. Bhd.	Malaysia

Emerson Network Power (Thailand) Co. Ltd.	Thailand
Emerson Telecom Systems, Inc.	Ohio
Global Energy Services, Inc.	Delaware
Liebert Field Services, Inc.	Delaware
Liebert Global 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 Werkzeuge AG	Switzerland
Ridgid, Inc.	Delaware
Ridgid Italia Srl	Italy
Ridgid Online, Inc.	Ohio
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
Emerson Capital (Canada) Corporation	Canada
EMRCDNA I	Canada
EMRCDNA II	Canada
Emerson Climate Technologies de Mexico S.A. de C.V.	Mexico
Emerson Climate Technologies - Distribution Services, Inc.	Delaware
Emerson Electric (Asia) Limited	Hong Kong
Branson Ultrasonics (Asia Pacific) Co. Ltd.	Hong Kong
Emerson Electric (South Asia/Pacific) Pte. Ltd.	Singapore
Emerson Technology Service (Shenzhen) Co.	China
Emerson Venezuela C.A.	Venezuela
Emerson Electric II, C.A.	Venezuela
Emerson Electric de Colombia, Ltda.	Colombia
Emerson Electric Foreign Sales Corporation	U.S. Virgin Islands
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
Westinghouse Electric Private Ltd. (India)	India
Emerson Electric Nederland B.V.	Netherlands
Alco Controls Spol s.r.o.	Czech Republic
Branson Ultrasonics B.V.	Netherlands
Beckman Industrial B.V.	Netherlands
Brooks Instrument B.V.	Netherlands
Emerson Network Power B.V.	Netherlands
Emerson Process Management Flow B.V.	Netherlands
Capax Electrische Apparatenfabriek B.V.	Netherlands
Crouzet Appliance Controls D.O.O.	Slovenia
Emerson LLC	Russia
Emerson Electric Slovakia Spol. s.r.o.	Slovakia
Emerson a.s.	Slovakia
Emerson Electric Spol, s.r.o.	Czech Republic
Emerson Process Management B.V.	Netherlands
Emerson Process Management Services B.V.	Netherlands
Fisher Rosemount Temperature B.V.	Netherlands
Fusite, B.V.	Netherlands
El-O-Matic B.V.	Netherlands
El-O-Matic Valve Actuators (F.E.) Pte. Ltd.	Singapore
El-O-Matic S.A. (Proprietary) Ltd.	South Africa
Ridge Tool Ag	Liechtenstein
Therm-O-Disc Europe B.V.	Netherlands
Emerson Electric Puerto Rico, Inc.	Delaware
Emerson Puerto Rico, Inc.	Delaware
Emerson Electric (Taiwan) Company Limited	Taiwan
Emerson Mexico Corporate Services, S. de R.L. de C.V.	Mexico
Emerson Finance LLC	Delaware
Emerson Global Finance Company	Missouri
Emerson Middle East, 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.P.A.	Italy
C.E. Set S.R.L.	Italy
Plaset, S.p.A.	Italy
Emerson Energy Systems Srl	Italy
Emerson Process Management S.r.l.	Italy
Emerson Process Management Operations S.r.l.	Italy
EMR Milano SRL	Italy
Fisher-Rosemount Italia S.r.l. in liquidazione	Italy
Emerson Network Power Holding S.r.l.	Italy
Hiross Holding GmbH	Austria

Hiross International Corporation BV	Netherlands
Hiross Management SA	Switzerland
Liebert Hiross SpA	Italy
Emerson Network Power Sp. Z.o.o.	Poland
Liebert Hiross Italia Srl	Italy
Liebert Hiross Holding GmbH	Germany
Emerson Network Power GmbH	Germany
Emerson Network Power AG	Switzerland
Sirai Elettromeccanica s.r.l.	Italy
Sirai Deutschland Vertrieb Elektronischer GmbH	Germany
Emerson Telecommunication Products, LLC	Delaware
Fiber-Conn Assemblies, Inc.	Maryland
JTP Industries, Inc.	Delaware
Dura Line do Brasil, Ltda.	Brazil
Dura-Line Espana, S.L.	Spain
Dura-Line Iberia, S.L.	Spain
Dura-Line Limited	United Kingdom
Integral Limited	United Kingdom
Integral Conduit Products (M) Sdn. Bhd.	Malaysia
OOO Dura-Line	Russia
Emerson Network Power Connectivity Solutions, Inc.	Delaware
Balance Manufacturing Services, Inc.	Texas
Cable Spec, Ltd.	Texas
Emerson Electronic Connector and Components do Brasil, Ltda.	Brazil
Emerson Network Power Connectivity Solutions (Shanghai) Co., Ltd.	China
LoDan de Mexico S.A. de C.V.	Mexico
LoDan West do Brasil, Ltda.	Brazil
OOO Viewsonics	Russia
Viewsonics do Brasil, Ltda.	Brazil
Viewsonics Mexico S.A. de C.V.	Mexico
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 Ventures Inc.	Delaware
Emersub 3 LLC	Delaware
Emersub XXXVIII, Inc.	Delaware
Emersub XLVI, Inc.	Nevada
Wilson Investment 2, Inc.	Delaware
Copesub, Inc.	Delaware
Alliance Compressors LLC	Delaware
Emersub LII, Inc.	Delaware
Emersub XCI, Inc.	Delaware
Emersub XCV, LLC	Delaware
B/E Holdings, L.L.C.	Iowa
B/E Corporation of Mexico, L.L.C.	Delaware
Emersub XCVII, Inc.	Delaware
Emersub Italia Srl	Italy
International Gas Distribution S.A.	Luxembourg
O.M.T Officina Meccanica Tartarini SpA	Italy
Fisher Process Srl	Italy
Tartarini Industrial Gas Mexico S.A. de C.V.	Mexico
IGS Dataflow Srl	Italy
EMR Foundation, Inc.	Delaware
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
Copeland Taiwan Refrigeration Co.	Taiwan
Digital Appliance Controls, S.A. de C.V.	Mexico
EEI Europe SAS	France
EMR Manufacturing (M) Sdn Bhd	Malaysia
Emerson Appliance Motor Europe S.R.L.	Romania
Emerson Argentina S.A.	Argentina
Emerson (China) Motor Co. Ltd.	China
Emerson Electric Canada Limited	Canada
Tech-Met 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
Motores Reynosa, 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
EMR Emerson Holdings (Switzerland) GmbH	Switzerland
Emerson Electric (China) Holdings 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 (Suzhou) Research & Development Co., Ltd.	China
Emerson Electric (Shenzhen) Co., Ltd.	China
Emerson Climate Technologies (Suzhou) Co., Ltd.	China
Emerson Engineering Systems (Shanghai) Co., Limited	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 Co. Ltd. (f/k/a/ Avansys)	China
Emerson Process Management (Tianjin) Valves Co., Ltd.	China
Emerson Trading (Shanghai) Co. Ltd.	China
Emerson White-Rodgers Electric (Xiamen) Co., Ltd.	China
Emerson Professional Tools (Shanghai) Co., Ltd.	China
Fisher Jeon Gas Equipment (Chengdu) Co., Ltd.	China
Fisher Regulators (Shanghai) Co., Ltd.	China
Leroy Somer Fuzhou Generator Company Limited	China
Shenyang Copeland Refrigeration 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 Electric (Thailand) Limited	Thailand
Emerson energetski sustavi d.o.o.	Croatia
Emerson Energy Systems Argentina S.A.	Argentina
Emerson Energy Systems Iberia, S.A.	Spain
Emerson Network Power del Peru S.A.C.	Peru
Emerson Network Power Limited	Nigeria
Emerson Network Power (Philippines), Inc.	Philippines
Emerson Energy Systems (Pty) Ltd.	South Africa
Emerson Energy Systems Sdn Bhd	Malaysia
Emerson Europe S.A.	France
Asco Joucomatic S.A.	France
Asco Joucomatic GmbH	Germany
Asco Joucomatic S.p.A.	Italy
Asco Joucomatic N.V.	Belgium
Fluidocontrol S.A.	Spain
Joucomatic Controls Ltd.	New Zealand
Sotrac S.r.l.	Italy
Emerson Appliance Controls SA	France
Emerson Energy Systems EURL	France
Francel S.A.	France
Leroy-Somer S.A.	France
Bertrand Polico S.A.	France
Comercial Leroy-Somer Ltda	Chile
Constructions Electriques DeBeaucourt S.A.S.	France
Electronique du Sud-Ouest S.A.S.	France
Atelier de Bobinage de Moteurs Electriques - Viet Services S.a.r.L.	France
Atelier Equipement Electrique Wieprecht	France
SARL Wieprecht	France
Bobinage Electrique Industriel S.A.	France
Bobinage Electrique Industriel Roannais S.A.R.L.	France
Diffusion Mecanique Electricite S.A.	France
Electro Maintenance Courbon S.A.	France
Etablissements Belzon & Richardot S.A.R.L.	France
Etablissements de Cocard S.A.	France
Etablissements J. Michel S.A.R.L.	France
Etablissements Suder et Fils S.A.R.L.	France
Houssin S.A.R.L.	France
Lorraine Services Electrique Electronique Electromecanique S.a.r.l.	France
Maintenance Industrie Service Provence SARL	France
Maintenance Industrie Service SPIRE SARL	France
Maintenance Industrie Service S.a.r.L.	France
Maintenance Industrie Service Rennes S.a.r.L.	France
Maintenance Industrie Service SIBE SARL	France
Marcel Oury S.A.R.L.	France
MEZIERES S.A.R.L.	France
Navarre Services S.A.R.L.	France
Ouest Electro Service S.A.R.L.	France
Radiel Bobinage S.A.R.L.	France
SA Prevost Michel	France
Societe Industrielle de Reparation Electromecanique	France
Societe Nouvelle Paillet Services S.A.R.L.	France
Societe Nouvelle Silvain S.A.R.L.	France
Societe De Reparation Electro-Mecanique S.A.R.L.	France
Sud Bobinage S.A.R.L.	France
Etablissements Trepeau S.A.	France
Girard Transmissions S.A.	France
I.M.I Kft	Hungary
La Francaise de Manutention S.A.	France
Leroy-Somer Canada Ltd.	Canada
Leroy-Somer Ltd.	Greece
Leroy-Somer Norden AB	Sweden
Leroy-Somer Denmark A/S	Denmark
Leroy-Somer Norge A/S	Norway
Leroy-Somer BV	Netherlands
Leroy-Somer Elektroantriebe GmbH	Austria
Leroy-Somer Elektromotoren GmbH	Germany
Leroy-Somer Electromekanik Sistemler Ticaret Ltd. STI	Turkey
Leroy-Somer Ltd.	United Kingdom
Leroy-Somer Motores E Sistemas Electro Mecanicas CDA	Portugal

Leroy Somer S.A.	Belgium
Leroy-Somer OY	Finland
Leroy-Somer (Pty) Ltd.	South Africa
Leroy-Somer (Pty) Ltd.	Australia
Leroy-Somer Suise S.A.	Switzerland
Leroy-Somer Iberica S.A.	Spain
Leroy-Somer (SEA) Pte. Ltd.	Singapore
Leroy-Somer S.p.A.	Italy
E.M.S. Elettro Multi Service Srl	Italy
Maintenance Industrielle de Vierzon S.A.	France
M.L.S. Holice Spol. s.r.o.	Czech Republic
MLS Industries Inc.	Delaware
Yorba Linda International Inc.	Delaware
Motadour S.A.	France
Moteurs Leroy-Somer S.A.	France
Moteurs Patay S.A.	France
Societe Anonyme de Mecanique et D'outillage du Vivarais S.A.	France
Societe Confolentaise de Metallurgie S.A.	France
Societe de Mecanique et D'Electrothermie des Pays de L'Adour S.A.	France
Emerson Network Power SA	France
Ridgid France S.A.	France
Emerson Finance KB	Sweden
Emerson Holding AG	Switzerland
Emerson Laminaciones de Acero de Monterrey, S.A. de C.V.	Mexico
Emerson Network Power , S. A.	Spain
Flexair Clima S.A.	Spain
Emerson Sistemas de Energia Ltda.	Brazil
Emerson Sweden AB	Sweden
Emerson Energy Systems AB	Sweden
Saab Marine Holding AB	Sweden
Saab Rosemount Tank Radar AB	Sweden
MEP Marine AS	Norway
Saab Marine Middle-East (FZC)	UAE
Saab Marine RU	Russia
Saab Rosemount Deutschland GmbH	Germany
Saab Rosemount Marine Singapore Pte Ltd	Singapore
CHP Navcom Pte. Ltd.	Singapore
Saab Tank Control (UK) Ltd.	United Kingdom
Saab Tank Control (India) Pvt. Ltd.	India
Saab Tank Control WLL	Bahrain
Scanjet Marine AB	Sweden
Scanjet AB	Sweden
SF-Control OY	Finland
Emersub Mexico, Inc.	Nevada
Daniel Measurement and Control, S. de R.L. de C.V.	Mexico
Emerpowsys, S. de R.L. de C.V.	Mexico
Emerson Electronic Connector and Components Mexico S.A. de C.V.	Mexico
Emersub 1 LLC	Delaware
Emerson Tool Company de Mexico S. de R.L. de C.V.	Mexico
In-Sink-Erator de Mexico, S. de R.L. de C.V.	Mexico
Intermetro de Mexico, S. de R.L. de C.V.	Mexico
Emersub 2 LLC	Delaware
Emersub XXXVI, Inc.	Delaware
Digital Appliance Controls (UK) Limited	United Kingdom
Control Techniques Ltd.	United Kingdom
Control Techniques GmbH	Germany
Reta Anlagenbau GmbH	Germany
Reta Elektronic GmbH	Germany
Control Techniques Asia-Pacific Pte. Ltd.	Singapore
Control Techniques Drives (Malaysia) Sdn Bhd	Malaysia
Control Techniques Singapore Pte Limited	Singapore
Control Techniques (Thailand) Limited	Thailand
PT Kontrol Teknik Indonesia	Indonesia
Control Techniques Australia Pty Ltd.	Australia
Control Techniques Bermuda Limited	Bermuda
Control Techniques Drives Limited	United Kingdom
Control Techniques Dynamics Limited	United Kingdom
Evershed Powerotor Limited	United Kingdom
Moore Reed & Company Limited	United Kingdom
Control Techniques Precision Systems Limited	United Kingdom
Control Techniques SKS Oy	Finland
Control Techniques Southern Africa (Pty.) Limited	South Africa
Control Techniques SpA	Italy
Control Techniques Worldwide BV	Netherlands
Control Technika Hungary Villamos Hajtastechnikai Kft.	Hungary
Control Techniques AG	Switzerland
Control Techniques BV	Netherlands
Control Techniques Brno s.r.o.	Czech Republic
Control Techniques China Pte. Ltd.	Hong Kong
Control Techniques AS	Denmark
Control Techniques Endustriyel Control Sistemieri Sanayii Ve Ticaret A.S.	Turkey
Control Techniques GesbmH	Austria
Control Techniques India Limited	India
Control Techniques Elpro Automation Limited	India
Control Techniques NV	Belgium

Control Techniques Vietnam Limited	Vietnam
DriveShop Limited	United Kingdom
Electric Drives Limited	Ireland
Electric Drives Manufacturing Ltd.	Ireland
Foray 600 Limited	United Kingdom
Foray 606 Limited	United Kingdom
Emerson Holding Company Limited	United Kingdom
Asco Joucomatic Ltd.	United Kingdom
Asco Power Technologies Ltd.	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
Emerson FZE	UAE
Liebert Europe Limited	United Kingdom
Emerson Network Power Limited	United Kingdom
Hiross Limited	United Kingdom
Liebert Swindon Ltd.	United Kingdom
Emerson Energy Systems (UK) Limited	United Kingdom
Emerson U.K. Trustees Limited	United Kingdom
Emerson Process Management Limited	United Kingdom
Farris Engineering Ltd.	United Kingdom
Emerson Process Management Distribution Limited	United Kingdom
Fisher-Rosemount Properties Limited	United Kingdom
Emerson Process Management Shared Services Limited	United Kingdom
Fisher Governor Company Ltd.	United Kingdom
F-R Properties (UK) Limited	United Kingdom
EMR Barnstaple Limited	United Kingdom
Emerson Process Management Services Limited	United Kingdom
MDC Technology Limited	United Kingdom
MDC Technology Trustees Limited	United Kingdom
Northern Technologies UK Limited	United Kingdom
Pactrol Controls Limited	United Kingdom
Switched Reluctance Drives Limited	United Kingdom
SR Drives Manufacturing 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
Fisher-Rosemount Europe Middle East & Africa GmbH	Switzerland
Emerson Process Management Hungary Ltd.	Hungary
Fisher-Rosemount Systems GmbH	Switzerland
Motoreductores U.S., S.A. de C.V.	Mexico
P.T. Emerson Electric Indonesia	Indonesia
RAC Technologies (Israel) Ltd.	Israel
Rey-Lam, S. de R.L. de C.V.	Mexico
Rotores S.A. de C.V.	Mexico
Saab 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	Russia
Metran-SMART	Russia
Metran-STAR	Russia
Metran-Energoservice Chelyabinsk	Russia
Firma Metran	Russia
Enterprise Metran-Thermometria	Russia
Metran Sensor	Russia
Wiegand Component Technologies (Shenzhen) Co., Ltd.	China
Emsub, Inc.	Delaware
EPMCO Holdings, Inc.	Delaware
Fisher Controls International LLC	Delaware
Emerson Process Management China Ltd.	Hong Kong
Tianjin Fisher Controls Valve Co. Ltd.	China
Fisher Controls Industria e Comercio Ltda.	Brazil
Fisher Controls De Mexico, S.A. de C.V.	Mexico
Fisher Controles Do Brasil Ltda.	Brazil
Fisher Controls Pty. Limited	Australia
Corot Pty. Ltd.	Australia
Fisher Sanmar Limited	India
Fro-Mex, 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 Dominicana, S.A.	Dominican Republic
Emerson Performance Solutions, Inc.	Georgia
Emerson Process Management Power & Water Solutions, Inc.	Delaware
Emerson Network Power Ges.M.B.H.	Austria
Emerson Network Power Kft.	Hungary
Emerson Process Management NV	Belgium
Senpro N.V.	Belgium
Emerson Process Management Group Services S.A.S.	France
Emerson Process Management S.A.S.	France

Emerson Process Management Manufacturing S.A.S.	France
Emerson Process Management Services S.A.S.	France
Fisher-Rosemount, Lda	Portugal
Emerson Process Management Services BVBA	Belgium
Fiberconn Assemblies Morocco S.A.R.L.	Morocco
Fusite Corporation	Ohio
Emerson Japan, Ltd.	Japan
Fusite Land Company	Delaware
High Voltage Maintenance Corporation	Ohio
Hiross India Private Limited	India
Humboldt Hermetic Motor Corp.	Delaware
Innoven III Corporation	Delaware
Kato Engineering, Inc.	Delaware
Knaack Manufacturing Company	Delaware
Capsacorp LLC	Delaware
Kop-Flex, Inc.	Delaware
Kop-Flex Canada Limited	Canada
Metaloy, Inc.	Massachusetts
Metropolitan International, Inc.	Nevada
InterMetro Industries Corporation	Nevada
InterMetro Industries Corporation	Delaware
Metro Industries, Inc.	Nevada
Metropolitan Wire (Canada) Ltd.	Canada
Metropolitan Wire Corporation	Pennsylvania
Motores Hermeticos del Sur, S.A. de C.V.	Mexico
PC & E, Inc.	Missouri
Ridge Tool Europe NV	Belgium
Ridgid Scandinavia A/S	Denmark
Von Arx AG	Switzerland
Von Arx GmbH	Germany
Saab Rosemount Tank Gauging Inc.	Texas
Termocontroles de Juarez S.A. de C.V.	Mexico
The Sulton Company, Inc.	Delaware
Thunderline Z, Inc.	Delaware
Transmisiones de Potencia Emerson S.A. de C.V.	Mexico
Wer Canada (1984) Inc.	Canada
Western Forge Corporation	Delaware
White-Rodgers (1967) Limited	Canada
Wiegand S.A. de C.V.	Mexico

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Emerson Electric Co.:

We consent to incorporation by reference in Registration Statement Nos. 333-118592, 333-118591, 333-118590, 333-118589, 333-90240, 333-46919, 333-72591, 333-44163, 33-57161, 33-38805, 33-34948, 33-34633, 33-57985 and 33-2739 on Form S-8 and Registration Statement Nos. 333-110546, 333-52658, 333-84673, 333-66865, 33-62545 and 33-39109 on Form S-3 of Emerson Electric Co. of our report dated November 1, 2004, with respect to the consolidated balance sheets of Emerson Electric Co. and subsidiaries as of September 30, 2004 and 2003, 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, 2004, which report is incorporated by reference in the September 30, 2004 annual report on Form 10-K of Emerson Electric Co.

Our report refers to a change in accounting for goodwill and other intangible assets.

/s/ KPMG LLP

St. Louis, Missouri
November 18, 2004

Exhibit 24

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, 2004.

Dated: October 5, 2004

Signature	Title
/s/ D. N. Farr D. N. Farr	Chairman of the Board, Chief Executive Officer and Director
/s/ W. J. Galvin W. J. Galvin	Senior Executive Vice President, Chief Financial Officer and Director
/s/ R. J. Schlueter R. J. Schlueter	Vice President and Chief Accounting Officer
/s/ J. G. Berges J. G. Berges	Director
/s/ A. A. Busch III A. A. Busch III	Director
/s/ D. C. Farrell D. C. Farrell	Director
/s/ C. Fernandez G. C. Fernandez G.	Director
/s/ A. F. Golden A. F. Golden	Director
/s/ R. B. Horton R. B. Horton	Director
/s/ G. A. Lodge G. A. Lodge	Director

/s/ V. R. Loucks, Jr. V. R. Loucks, Jr.	Director
/s/ J. B. Menzer J. B. Menzer	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/ E. E. Whitacre, Jr. E. E. Whitacre, Jr.	Director

Certification

I, D. N. Farr, Chairman of the Board and Chief Executive Officer, Emerson Electric Co., 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)) 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) [Reserved — not effective]

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 18, 2004

/s/ D. N. Farr
D. N. Farr
Chairman of the Board and
Chief Executive Officer
Emerson Electric Co.

Certification

I, W. J. Galvin, Senior Executive Vice President and Chief Financial Officer, Emerson Electric Co., 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)) 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) [Reserved — not effective]

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 18, 2004

/s/ W. J. Galvin
W. J. Galvin
Senior Executive Vice President 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, 2004, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, D. N. Farr, Chairman of the Board and Chief Executive Officer of the Company, 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/ David N. Farr
D. N. Farr
Chairman of the Board and
Chief Executive Officer
Emerson Electric Co.
November 18, 2004

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, 2004, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, W. J. Galvin, Senior Executive Vice President and Chief Financial Officer of the Company, 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/ Walter J. Galvin
W. J. Galvin
Senior Executive Vice President and
Chief Financial Officer
Emerson Electric Co.
November 18, 2004

Exhibit 99(a)

September 30, 2004

Mr. David N. Farr
Chairman and Chief Executive Officer
Emerson Electric Co.
8000 W. Florissant Ave.
St. Louis, MO 63136

Dear David:

I am writing to confirm our discussions on September 25, 2004 about my compensation for the recently concluded fiscal year (2004). As you know, during the year I was paid monthly at the annual rate of $800,000. As my employment agreement (dated December 11, 2000) calls for minimum compensation of $900,000 per year, we envisioned that the difference would be part of any bonus award to me by Emerson.

As we discussed, in light of the continuing problems with the economy and their impact on Emerson's performance, I elected to forego any further compensation for the year. My waiver of compensation applies only to this past year, and my employment agreement remains in effect in all respects for future years.

Sincerely,

/s/ Charles F. Knight
Charles F. Knight