UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 31, 2015

OR

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

For the transition period from ____________________ to __________________

Commission file number 1-278

EMERSON ELECTRIC CO.

(Exact name of registrant as specified in its charter)

Missouri (State or other jurisdiction of incorporation or organization)	**43-0259330** (I.R.S. Employer Identification No.)
8000 W. Florissant Ave. **P.O. Box 4100** **St. Louis, Missouri** (Address of principal executive offices)	**63136** (Zip Code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
Yes ý No ¨

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

Large accelerated filer ý	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date. Common stock of $0.50 par value per share outstanding at January 31, 2016: 643,115,792 shares.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

EMERSON ELECTRIC CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
THREE MONTHS ENDED DECEMBER 31, 2014 AND 2015
(Dollars in millions, except per share amounts; unaudited)

	Three Months Ended Dec 31,	
	2014	**2015**
Net sales	$ 5,587	4,713
Costs and expenses:		
Cost of sales	3,307	2,824
Selling, general and administrative expenses	1,405	1,226
Other deductions, net	64	114
Interest expense (net of interest income of $7 and $8, respectively)	46	46
Earnings before income taxes	765	503
Income taxes	236	151
Net earnings	529	352
Less: Noncontrolling interests in earnings of subsidiaries	4	3
Net earnings common stockholders	$ 525	349
Basic earnings per share common stockholders	$ 0.76	0.54
Diluted earnings per share common stockholders	$ 0.75	0.53
Cash dividends per common share	$ 0.47	0.475

See accompanying Notes to Consolidated Financial Statements.

EMERSON ELECTRIC CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED DECEMBER 31, 2014 AND 2015
(Dollars in millions; unaudited)

	Three Months Ended December 31,	
	2014	**2015**
Net earnings	$ 529	352
Other comprehensive income (loss), net of tax:		
Foreign currency translation	(305)	(153)
Pension and postretirement	28	26
Cash flow hedges	(24)	6
Total other comprehensive income (loss)	(301)	(121)
Comprehensive income	228	231
Less: Noncontrolling interests in comprehensive income of subsidiaries	3	3
Comprehensive income common stockholders	$ 225	228

See accompanying Notes to Consolidated Financial Statements.

EMERSON ELECTRIC CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in millions, except per share amounts; unaudited)

		Sept 30, 2015	Dec 31, 2015
ASSETS			
Current assets			
Cash and equivalents	$	3,054	3,109
Receivables, less allowances of $128 and $122, respectively		4,319	3,842
Inventories		1,847	1,903
Other current assets		829	840
Total current assets		10,049	9,694
Property, plant and equipment, net		3,585	3,520
Other assets			
Goodwill		6,653	6,601
Other intangible assets		1,526	1,467
Other		275	270
Total other assets		8,454	8,338
Total assets	$	22,088	21,552
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings and current maturities of long-term debt	$	2,553	3,409
Accounts payable		2,358	2,075
Accrued expenses		2,803	2,616
Income taxes		86	102
Total current liabilities		7,800	8,202
Long-term debt		4,289	4,043
Other liabilities		1,871	1,810
Equity			
Common stock, $0.50 par value; authorized, 1,200,000,000 shares; issued, 953,354,012 shares; outstanding, 654,608,521 shares and 643,099,581 shares, respectively		477	477
Additional paid-in-capital		170	178
Retained earnings		21,308	21,347
Accumulated other comprehensive income (loss)		(1,617)	(1,738)
Cost of common stock in treasury, 298,745,491 shares and 310,254,431 shares, respectively		(12,257)	(12,808)
Common stockholders' equity		8,081	7,456
Noncontrolling interests in subsidiaries		47	41
Total equity		8,128	7,497
Total liabilities and equity	$	22,088	21,552

See accompanying Notes to Consolidated Financial Statements.

EMERSON ELECTRIC CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED DECEMBER 31, 2014 AND 2015
(Dollars in millions; unaudited)

	Three Months Ended December 31, 2014	Three Months Ended December 31, 2015
Operating activities		
Net earnings	$ 529	352
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	207	202
Changes in operating working capital	(192)	(145)
Other, net	27	78
Net cash provided by operating activities	571	487
Investing activities		
Capital expenditures	(207)	(145)
Purchases of businesses, net of cash and equivalents acquired	(143)	(6)
Other, net	(26)	(12)
Net cash used by investing activities	(376)	(163)
Financing activities		
Net increase (decrease) in short-term borrowings	(227)	34
Proceeds from short-term borrowings greater than three months	1,957	827
Payments of short-term borrowings greater than three months	(731)	—
Payments of long-term debt	(251)	(251)
Dividends paid	(326)	(310)
Purchases of common stock	(509)	(507)
Other, net	(59)	(4)
Net cash used by financing activities	(146)	(211)
Effect of exchange rate changes on cash and equivalents	(76)	(58)
Increase (decrease) in cash and equivalents	(27)	55
Beginning cash and equivalents	3,149	3,054
Ending cash and equivalents	$ 3,122	3,109
Changes in operating working capital		
Receivables	$ 434	433
Inventories	(195)	(78)
Other current assets	(17)	4
Accounts payable	(277)	(270)
Accrued expenses	(261)	(248)
Income taxes	124	14
Total changes in operating working capital	$ (192)	(145)

See accompanying Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

1. In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments necessary for a fair presentation of operating results for the interim periods presented. Adjustments consist of normal and recurring accruals. The consolidated financial statements are presented in accordance with the requirements of Form 10-Q and consequently do not include all disclosures required for annual financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP). For further information, refer to the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended September 30, 2015.

2. Reconciliations of weighted-average shares for basic and diluted earnings per common share follow (in millions). Earnings allocated to participating securities were inconsequential.

	Three Months Ended December 31,	
	2014	**2015**
Basic shares outstanding	691.4	650.0
Dilutive shares	3.3	2.5
Diluted shares outstanding	694.7	652.5

3. Other Financial Information (in millions):

		Sept 30, 2015	Dec 31, 2015
Inventories			
Finished products	$	680	688
Raw materials and work in process		1,167	1,215
Total	$	1,847	1,903
Property, plant and equipment, net			
Property, plant and equipment, at cost	$	8,931	8,905
Less: Accumulated depreciation		5,346	5,385
Total	$	3,585	3,520
Goodwill by business segment			
Process Management	$	2,790	2,775
Industrial Automation		1,031	1,017
Network Power		2,144	2,126
Climate Technologies		492	490
Commercial & Residential Solutions		196	193
Total	$	6,653	6,601

The gross carrying amount of goodwill for the Company was $7,247 million and $7,299 million as of December 31, 2015 and September 30, 2015, respectively. Accumulated pretax goodwill impairment losses were $646 million at the end of both periods, all in the Network Power segment.

		Sept 30, 2015	Dec 31, 2015
Accrued expenses include the following			
Employee compensation	$	597	463
Customer advanced payments	$	450	478
Product warranty	$	167	162

		Sept 30, 2015	Dec 31, 2015
Other liabilities			
Pension liabilities	$	662	626
Deferred income taxes		408	453
Postretirement liabilities, excluding current portion		199	198
Other		602	533
Total	$	1,871	1,810

4. Following is a discussion regarding the Company's use of financial instruments:

Hedging Activities – As of December 31, 2015, the notional amount of foreign currency hedge positions was approximately $1.5 billion, and commodity hedge contracts totaled approximately $147 million (primarily 59 million pounds of copper and aluminum). All derivatives receiving deferral accounting are cash flow hedges. The majority of hedging gains and losses deferred as of December 31, 2015 are expected to be recognized over the next 12 months as the underlying forecasted transactions occur. Gains and losses on foreign currency derivatives reported in other deductions, net reflect hedges of balance sheet exposures that do not receive deferral accounting. The following gains and losses are included in earnings and other comprehensive income (OCI) for the three months ended December 31, 2015 and 2014 (in millions):

			Into Earnings 1st Quarter		Into OCI 1st Quarter	
Gains (Losses)	Location		2014	2015	2014	2015
Commodity	Cost of sales	$	(2)	(8)	(12)	(11)
Foreign currency	Sales, cost of sales		(1)	(6)	(31)	6
Foreign currency	Other deductions, net		(17)	3		
Total		$	(20)	(11)	(43)	(5)

Regardless of whether derivatives receive deferral accounting, the Company expects hedging gains or losses to be essentially offset by losses or gains on the related underlying exposures. The amounts ultimately recognized will differ from those presented above for open positions, which remain subject to ongoing market price fluctuations until settlement. Derivatives receiving deferral accounting are highly effective and no amounts were excluded from the assessment of hedge effectiveness. Hedge ineffectiveness was immaterial for the three months ended December 31, 2015 and 2014.

Fair Value Measurement – Valuations for all derivatives and the Company's long-term debt fall within Level 2 of the GAAP valuation hierarchy. As of December 31, 2015, the fair value of long-term debt was $4,618 million, which exceeded the carrying value by $289 million. At December 31, 2015, the fair values of commodity contracts and foreign currency contracts were reported in other current assets and accrued expenses. Valuations of derivative contract positions are summarized below (in millions):

		September 30, 2015		December 31, 2015	
		Assets	Liabilities	Assets	Liabilities
Foreign Currency	$	30	65	26	52
Commodity	$	—	29	—	32

Counterparties to derivatives arrangements are companies with investment-grade credit ratings. The Company has bilateral collateral arrangements with counterparties with credit rating-based posting thresholds that vary depending on the arrangement. If credit ratings on the Company's debt fall below preestablished levels, counterparties can require immediate full collateralization of all derivatives in net liability positions. The maximum amount that could have potentially been required was $61 million. The Company also can demand full collateralization of derivatives in net asset positions should any counterparty credit ratings fall below certain thresholds. No collateral was posted with counterparties and none was held by the Company as of December 31, 2015.

5. The change in equity for the first three months of 2016 is shown below (in millions):

	Common Stockholders' Equity	Noncontrolling Interests in Subsidiaries	Total Equity
Balance at September 30, 2015	$ 8,081	47	8,128
Net earnings	349	3	352
Other comprehensive income (loss)	(121)	—	(121)
Cash dividends	(310)	(9)	(319)
Net purchases of common stock	(543)	—	(543)
Balance at December 31, 2015	$ 7,456	41	7,497

6. Activity in accumulated other comprehensive income (loss) for the three months ended December 31, 2015 and 2014 is shown below (in millions):

	Three Months Ended December 31,	
	2014	2015
Foreign currency translation		
Beginning balance	$ 171	(622)
Other comprehensive income (loss)	(304)	(153)
Ending balance	(133)	(775)
Pension and postretirement		
Beginning balance	(746)	(952)
Amortization of deferred actuarial losses into earnings	28	26
Ending balance	(718)	(926)
Cash flow hedges		
Beginning balance	—	(43)
Deferral of gains (losses) arising during the period	(26)	(3)
Reclassification of realized (gains) losses to sales and cost of sales	2	9
Ending balance	(24)	(37)
Accumulated other comprehensive income (loss)	$ (875)	(1,738)

Activity above is shown net of income taxes for the three months ended December 31, 2015 and 2014, respectively, as follows: amortization of pension and postretirement deferred actuarial losses: \$(14) and \$(15); deferral of cash flow hedging gains (losses): \$2 and \$17; reclassification of realized cash flow hedging (gains) losses: \$(5) and \$(1).

7. Total periodic pension and postretirement expense is summarized below (in millions):

	Three Months Ended December 31,	
	2014	2015
Service cost	$ 27	22
Interest cost	60	50
Expected return on plan assets	(92)	(88)
Net amortization	43	40
Total	$ 38	24

Beginning in 2016, the Company refined the method used to determine the service and interest cost components of pension expense for its U.S. plans. The specific spot rates along the yield curve, rather than the single weighted-average rate previously used, are now applied to the projected cash flows to provide more precise measurement of these costs. This is a change in estimate which has been accounted for prospectively in the 2016 financial statements. The discount rates used to measure service and interest cost were 4.6 percent and 3.5 percent, respectively, compared with the single weighted-average rate of 4.35 percent which would have been used. The change will reduce interest and service cost by a total of $38 million ($0.04 per share) for fiscal 2016 compared with the cost measured using the weighted-average rate.

8. Other deductions, net are summarized below (in millions):

	Three Months Ended December 31,	
	2014	**2015**
Amortization of intangibles	$ 55	51
Rationalization of operations	9	13
Other	—	50
Total	$ 64	114

The increase in Other for the first quarter is primarily due to unfavorable foreign currency transactions of $27 million, reflecting foreign currency losses in the current year compared to gains in the prior year, and separation costs of $24 million ($22 million after tax, $0.03 per share) related to the planned portfolio repositioning actions. See Note 11.

9. Rationalization of operations expense reflects costs associated with the Company's ongoing efforts to improve operational efficiency and deploy assets globally in order to remain competitive on a worldwide basis. The Company expects full year 2016 rationalization expense to be in the range of $60 to $70 million. This includes $13 million incurred to date, as well as costs to complete actions initiated before the end of the first quarter and actions anticipated to be approved and initiated during the remainder of the year. Costs for the three months ended December 31, 2015 largely relate to restructuring of the global cost structure consistent with the current level of economic activity, as well as the redeployment of resources for future growth.

Rationalization of operations expense by segment is provided below (in millions):

	Three Months Ended December 31,	
	2014	**2015**
Process Management	$ 3	4
Industrial Automation	2	3
Network Power	1	4
Climate Technologies	2	1
Commercial & Residential Solutions	1	1
Total	$ 9	13

Details of the change in the liability for rationalization during the three months ended December 31, 2015 follow (in millions):

	Sept 30, 2015	**Expense**	**Paid/Utilized**	**Dec 31, 2015**
Severance and benefits	$ 105	6	46	65
Lease and other contract terminations	1	1	1	1
Vacant facility and other shutdown costs	3	2	2	3
Start-up and moving costs	3	4	4	3
Total	$ 112	13	53	72

10. Summarized information about the Company's results of operations by business segment follows (in millions):

	Three Months Ended December 31,			
	Sales		Earnings	
	2014	2015	2014	2015
Process Management	$ 2,099	1,806	392	271
Industrial Automation	1,152	808	164	95
Network Power	1,119	1,051	79	84
Climate Technologies	900	787	126	109
Commercial & Residential Solutions	480	392	103	85
	5,750	4,844	864	644
Differences in accounting methods			58	55
Corporate and other			(111)	(150)
Eliminations/Interest	(163)	(131)	(46)	(46)
Total	$ 5,587	4,713	765	503

Industrial Automation intersegment sales for the quarters ended December 31, 2015 and 2014 were $116 million and $145 million, respectively. The increase in corporate and other primarily reflects higher incentive stock compensation expense of $21 million and separation costs of $24 million. See Note 11.

11. In June 2015, the Company announced plans to spin off its network power systems business through a tax-free distribution to shareholders and to explore strategic alternatives, including potential sale, for its power generation and motors, drives, and residential storage businesses. These businesses together accounted for approximately $6.4 billion, $400 million and $500 million of consolidated 2015 sales, pretax earnings and cash flow, respectively. The Company currently estimates it will incur costs throughout 2016 to effect the portfolio repositioning as follows: approximately $250 to $350 million of expense for income taxes related to reorganizing the ownership structures of these businesses, investment banking, legal, consulting and other costs; and approximately $100 million in capitalized costs, including debt issuance costs, pension funding and the separation of information technology systems. In addition, the Company has received inquiries which could potentially lead to separation of the network power systems business through a sale transaction. There can be no assurance that the Company will not recognize a goodwill impairment charge or incur a loss on sale in connection with the separation of these businesses. With regard to the evaluation of strategic alternatives for the power generation and motors, drives, and residential storage businesses, it is uncertain whether the review process will result in any transaction. See the Company's 2015 Annual Report on Form 10-K for further information.

Items 2 and 3.

Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

First quarter sales were $4,713 million, down 16 percent. Underlying sales decreased 9 percent as the strength of the U.S. dollar and divestitures deducted 7 percent. Sales growth has continued to be affected by reduced levels of global industrial capital spending, specifically in oil and gas and other energy-related markets due to low oil prices, and weak demand in emerging markets. Net earnings common stockholders were $349 million, down 34 percent, and diluted earnings per share were $0.53, down 29 percent. Diluted earnings per share were $0.56, down 25 percent, excluding separation costs related to the planned portfolio repositioning actions which deducted 4 percentage points, or $0.03 per share.

RESULTS OF OPERATIONS

Following is an analysis of the Company's operating results for the first quarter ended December 31, 2015, compared with the first quarter ended December 31, 2014.

Three Months Ended December 31		2014	2015	Change
(dollars in millions, except per share amounts)				
Net sales	$	5,587	4,713	(16)%
Gross profit	$	2,280	1,889	(17)%
Percent of sales		*40.8%*	*40.1%*	
SG&A	$	1,405	1,226	
Percent of sales		*25.1%*	*26.0%*	
Other deductions, net	$	64	114	
Interest expense, net	$	46	46	
Earnings before income taxes	$	765	503	(34)%
Percent of sales		*13.7%*	*10.7%*	
Net earnings common stockholders	$	525	349	(34)%
Percent of sales		*9.4%*	*7.4%*	
Diluted earnings per share	$	0.75	0.53	(29)%
Adjusted earnings per share	$	0.75	0.56	(25)%

Net sales for the first quarter of 2016 were $4,713 million, a decrease of $874 million, or 16 percent compared with $5,587 million in 2015. Underlying sales decreased 9 percent ($453 million) on lower volume and slightly lower price. Foreign currency translation subtracted 4 percent ($230 million), divestitures subtracted 3 percent ($209 million) and prior year acquisitions added $18 million. Underlying sales decreased 10 percent in the U.S. and 7 percent internationally. Europe was flat, Asia was down 9 percent (China down 13 percent), Latin America was down 17 percent, Canada was down 18 percent and Middle East/Africa was down 9 percent. Sales in Process Management decreased $293 million resulting from persistent low oil and gas prices which reduced capital and operational spending, particularly in upstream markets. Sales decreased $344 million in Industrial Automation and $88 million in Commercial & Residential Solutions partially due to prior year divestitures. Sales decreased $113 million in Climate Technologies due to difficult comparisons from accelerated demand in U.S. residential air conditioning from regulatory changes in 2015. Network Power sales decreased $68 million primarily reflecting the stronger U.S. dollar.

Cost of sales for the first quarter of 2016 were $2,824 million, a decrease of $483 million compared with $3,307 million in 2015, primarily due to reduced sales volume, the impact of foreign currency translation and prior year divestitures. Gross profit margin of 40.1 percent decreased 0.7 percentage points compared with 40.8 percent in 2015 due to deleverage on the lower volume and unfavorable mix. Savings from cost reduction and containment actions partially offset these items.

Selling, general and administrative (SG&A) expenses of $1,226 million decreased $179 million compared with the prior year primarily due to the lower sales volume, the impact of foreign currency translation and savings from cost reduction actions. SG&A as a percent of sales of 26.0 percent in 2016 increased 0.9 percentage points primarily reflecting deleverage on the lower volume and higher incentive compensation of $21 million, primarily due to changes in the stock price and overlap of awards.

Other deductions, net were $114 million in 2016, an increase of $50 million primarily due to unfavorable foreign currency transactions of $27 million, and separation costs of $24 million related to the planned portfolio repositioning actions. See Notes 8 and 11.

Pretax earnings of $503 million decreased $262 million, or 34 percent. Earnings decreased $121 million in Process Management, $69 million in Industrial Automation, $18 million in Commercial & Residential Solutions and $17 million in Climate Technologies. Earnings increased $5 million in Network Power. See the following Business Segments discussion.

Income taxes were $151 million for 2016 and $236 million for 2015, resulting in effective tax rates of 30 percent and 31 percent, respectively. The effective tax rate for full year 2016 is estimated at 31 percent, before separation costs which are expected to increase the estimated rate to 34 to 37 percent, or 3 to 6 percentage points.

Net earnings common stockholders in 2016 were $349 million, down 34 percent, and earnings per share were $0.53, down 29 percent. Earnings per share benefited from purchases of common stock for treasury.

BUSINESS SEGMENTS

Following is an analysis of operating results for the Company's business segments for the first quarter ended December 31, 2015, compared with the first quarter ended December 31, 2014. The Company defines segment earnings as earnings before interest and taxes.

Process Management

Three Months Ended Dec 31 (dollars in millions)		2014	2015	Change
Sales	$	2,099	1,806	(14)%
Earnings	$	392	271	(31)%
Margin		18.7%	15.0%	

Process Management sales were $1.8 billion in the first quarter, a decrease of $293 million, or 14 percent. Underlying sales decreased 11 percent ($220 million) as persistently lower and uncertain oil and gas prices reduced capital and operational spending, particularly in upstream markets. Downstream power, chemical and life sciences markets experienced favorable activity in certain regions. Foreign currency translation had a 4 percent ($91 million) unfavorable impact while prior year acquisitions added 1 percent ($18 million). The systems and solutions, final control and measurement devices businesses were all down. Underlying sales decreased 10 percent in the U.S., increased 5 percent in Europe, and decreased 14 percent in Asia (China down 20 percent). Sales were down 21 percent in Latin America, 23 percent in Canada and 20 percent in Middle East/Africa. Earnings decreased $121 million and margin decreased 3.7 percentage points due to lower volume, deleverage and unfavorable mix, partially offset by savings from cost containment actions. Results also include foreign currency transaction losses of $15 million compared with gains of $13 million in 2015. Lower oil prices will continue to apply downward pressure on future upstream projects, but activity levels in power, chemical and life sciences markets are expected to remain favorable.

Industrial Automation

Three Months Ended Dec 31 (dollars in millions)		2014	2015	Change
Sales	$	1,152	808	(30)%
Earnings	$	164	95	(42)%
Margin		14.2%	11.8%	

Industrial Automation sales were $808 million in the first quarter, a decrease of $344 million, or 30 percent. Underlying sales were down 15 percent ($150 million) on lower volume, reflecting continued weakness in industrial spending and upstream oil and gas and commodity markets. The power transmission solutions divestiture deducted 10 percent ($140 million) and foreign currency translation subtracted 5 percent ($54 million). Sales decreased in all businesses led by power generation and motors, and drives. Underlying sales were down 23 percent in the U.S., 6 percent in Europe and 13 percent in Asia. Sales were down 25 percent in Latin America and 23 percent in Canada, and were up 1 percent in Middle East/Africa. Earnings decreased $69 million and margin decreased 2.4 percentage points due to lower volume, deleverage and unfavorable mix. Materials cost containment more than offset lower pricing. The divestiture negatively impacted earnings comparisons by $15 million. Market conditions will remain difficult during the second quarter but are expected to improve in the second half of the fiscal year.

Network Power

Three Months Ended Dec 31 (dollars in millions)		2014	2015	Change
Sales	$	1,119	1,051	(6)%
Earnings	$	79	84	7 %
Margin		7.1%	8.0%	

Network Power sales were $1.1 billion in the first quarter, a decrease of $68 million, or 6 percent. Underlying sales were down 1 percent ($12 million) on lower volume and price, and foreign currency translation deducted 5 percent ($56 million). Global telecommunications power product sales were mixed overall, as growth in Europe and North America was more than offset by decreases in Asia. Data center products also decreased, particularly in uninterruptible power supplies, infrastructure management and power switching. The decreases largely reflect the stronger U.S. dollar. Underlying sales decreased 5 percent in the U.S., were flat in Europe and increased 1 percent in Asia (China down 2 percent). Latin America was up 12 percent, Middle East/Africa was up 3 percent and Canada was down 8 percent. Earnings increased $5 million and margin improved 90 basis points as savings from cost reduction actions more than offset deleverage on lower volume. Materials cost containment offset lower pricing. Recent order trends have reflected improving conditions in both data center and telecommunications investment.

Climate Technologies

Three Months Ended Dec 31 (dollars in millions)		2014	2015	Change
Sales	$	900	787	(13)%
Earnings	$	126	109	(14)%
Margin		14.0%	13.8%	

Climate Technologies sales were $787 million in the first quarter, a decrease of $113 million, or 13 percent. Underlying sales were down 10 percent ($90 million) on lower volume and slightly lower price, while foreign currency translation deducted 3 percent ($23 million). Global air conditioning sales decreased due to strong demand in the prior year which resulted from U.S. residential air conditioning regulatory changes. Global refrigeration increased modestly, reflecting growth in the U.S. and Asia, partially offset by softness in Europe. Sales of temperature controls, sensors and solutions also decreased. Overall, underlying sales decreased 15 percent in the U.S., increased 1 percent in Europe and decreased 9 percent in Asia (China down 16 percent). Latin America was down 24 percent, Canada was up 11 percent and Middle East/Africa was up 25 percent. Earnings decreased $17 million and margin declined 20 basis points primarily due to lower volume, deleverage and higher warranty costs, partially offset by cost reduction savings. Materials cost containment more than offset lower pricing. Global demand in the air conditioning and refrigeration markets remains favorable supporting an outlook for modest levels of growth in 2016.

Commercial & Residential Solutions

Three Months Ended Dec 31 (dollars in millions)		2014	2015	Change
Sales	$	480	392	(18)%
Earnings	$	103	85	(18)%
Margin		21.5%	21.7%	

Commercial & Residential Solutions sales were $392 million in the first quarter, a decrease of $88 million, or 18 percent. Underlying sales decreased 2 percent ($7 million) on lower volume. The commercial storage divestiture and the transfer of a small product line to another segment deducted 15 percent ($75 million). Foreign currency translation deducted 1 percent ($6 million). Sales growth in wet/dry vacuums was solid and food waste disposers increased moderately, driven by favorable conditions in U.S. construction markets. The professional tools business was down sharply, reflecting reduced oil and gas related spending, and the residential storage business decreased modestly. Underlying sales decreased 1 percent in the U.S. and 3 percent internationally. Earnings decreased $18 million partially due to the divestiture which subtracted $10 million, and unfavorable mix, partially offset by materials cost containment. Margin increased due to the impact of the divestiture. Favorable trends in U.S. residential and commercial construction markets are expected to continue, supporting the outlook for modest levels of growth in 2016.

FINANCIAL CONDITION

Key elements of the Company's financial condition for the three months ended December 31, 2015 as compared to the year ended September 30, 2015 follow.

		Sept 30, 2015	Dec 31, 2015
Working capital (in millions)	$	2,249	1,492
Current ratio		1.3	1.2
Total debt-to-total capital		45.8%	50.0%
Net debt-to-net capital		31.3%	36.3%
Interest coverage ratio		21.8X	10.3X

The Company's interest coverage ratio (earnings before income taxes plus interest expense, divided by interest expense) of 10.3X for the first three months of 2016 compares to 15.6X for the first three months of 2015. The decrease reflects lower pretax earnings, including the impact of divestitures.

Cash provided by operating activities of $487 million decreased $84 million, or 15 percent, compared with $571 million in the prior year, due to lower earnings. Lower working capital investment partially offset the decrease. Operating cash flow funded capital expenditures of $145 million and dividends of $310 million. Common stock purchases of $507 million and payments on long-term debt of $251 million were supported by an increase in short-term borrowings. Free cash flow of $342 million (operating cash flow of $487 million less capital expenditures of $145 million) was down $22 million, due to the lower operating cash flow in 2016. Free cash flow was $364 million in the first quarter of 2015 (operating cash flow of $571 million less capital expenditures of $207 million).

Emerson's financial structure provides the flexibility necessary to achieve its strategic objectives. The Company has been able to readily meet all its funding requirements and believes that sufficient funds will be available to meet the Company's needs in the foreseeable future through ongoing operations, existing resources, short- and long-term debt capacity or backup credit lines. These resources enable Emerson to reinvest for growth in existing businesses, pursue strategic acquisitions and manage its liquidity and capital structure on a short- and long-term basis.

FISCAL 2016 OUTLOOK

The Company expects difficult conditions to persist in its served markets during fiscal 2016. These market conditions were anticipated and have not changed the Company's view of its financial objectives that were developed heading into the year. Reported sales for 2016 are expected to decline approximately 6 to 9 percent. Underlying sales are expected to be down approximately 2 to 5 percent, excluding negative currency translation of approximately 2 percent and a 2 percent deduction from completed divestitures. Reported sales for the second quarter of 2016 are expected to decline approximately 8 to 10 percent. Underlying sales for the second quarter are expected to be down approximately 4 to 6 percent, excluding deductions from negative currency translation and completed divestitures of approximately 2 percent each. Adjusted earnings per share are expected to be approximately \$3.05 to \$3.25 in 2016, excluding estimated expenses of approximately \$250 to \$350 million (\$0.35 to \$0.50 per share) related to the planned network power systems spinoff and the potential sales of the power generation and motors, and drives businesses. Reported earnings per share are expected to be approximately \$2.55 to \$2.90 including these costs. Adjusted earnings per share are expected to be approximately \$0.60 to \$0.65 in the second quarter of 2016, excluding estimated expenses of approximately \$75 million (\$0.11 per share) related to the portfolio repositioning actions. Reported earnings per share are expected to be \$0.49 to \$0.54 including these costs. Operating cash flow is expected to be approximately \$3 billion in 2016.

The outlook contained herein reflects the Company’s expectations for its consolidated results, including the full year results for the businesses that are the subject of the portfolio repositioning actions, and does not assume any gains or losses on the ultimate disposition of those businesses. See Note 11.

Statements in this report that are not strictly historical may be "forward-looking" statements, which involve risks and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. These risks and uncertainties include Emerson's ability to successfully complete on the terms and conditions anticipated, and the financial impact of, its strategic portfolio repositioning actions, as well as economic and currency conditions, market demand, pricing, protection of intellectual property, and competitive and technological factors, among others, which are set forth in the “Risk Factors” of Part I, Item 1, and the "Safe Harbor Statement" of Exhibit 13, to the Company's Annual Report on Form 10-K for the year ended September 30, 2015 and in subsequent reports filed with the SEC, which are hereby incorporated by reference.

Item 4. Controls and Procedures

The Company maintains a system of disclosure controls and procedures designed to ensure that information required to be disclosed in its reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported in a timely manner. This system also is designed to ensure information is accumulated and communicated to management, including the Company's certifying officers, to allow timely decisions regarding required disclosure. Based on an evaluation performed, the certifying officers have concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report.

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 period covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchases of Equity Securities (shares in 000s).

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 2015	—	$0.00	—	6,028
November 2015	4,060	$48.70	4,060	71,968
December 2015	7,552	$47.24	7,552	64,416
Total	11,612	$47.75	11,612	64,416

In November 2015, the Board of Directors authorized the purchase of up to 70 million shares, and 64.4 million shares remain available. In the first quarter, the remaining 6.0 million shares available under the May 2013 authorization were purchased.

Item 6. Exhibits

(a) Exhibits (Listed by numbers corresponding to the Exhibit Table of Item 601 in Regulation S-K).

10.1 Letter Agreement dated December 7, 2015 by and between Emerson Electric Co. and Charles A. Peters.

10.2 Amended and Restated Emerson Electric Co. Pension Restoration Plan dated October 6, 2015 and Lump Sum Distribution Election Forms, incorporated by reference to Emerson Electric Co. 2015 Form 10-K, File No. 1-278, Exhibit 10(e).

10.3 Form of Performance Shares Award Certificate and Acceptance of Award, 2016 Performance Shares Program Award Summary under the Emerson Electric Co. 2015 Incentive Shares Plan and Form of Restricted Shares Award Agreement, incorporated by reference to Emerson Electric Co. 2015 Form 10-K, File No. 1-278, Exhibit 10(u).

12 Ratio of Earnings to Fixed Charges.

31 Certifications pursuant to Exchange Act Rule 13a-14(a).

32 Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350.

101 Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Earnings for the three months ended December 31, 2014 and 2015, (ii) Consolidated Statements of Comprehensive Income for the three months ended December 31, 2014 and 2015, (iii) Consolidated Balance Sheets as of September 30, 2015 and December 31, 2015, (iv) Consolidated Statements of Cash Flows for the three months ended December 31, 2014 and 2015, and (v) Notes to Consolidated Financial Statements for the three months ended December 31, 2015.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EMERSON ELECTRIC CO.

By /s/ Frank J. Dellaquila
Frank J. Dellaquila
Executive Vice President and Chief Financial Officer
(on behalf of the registrant and as Chief Financial Officer)
February 3, 2016

INDEX TO EXHIBITS

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Exhibit 10.1

EMERSON™

David N. Farr
Chairman and
Chief Executive Officer

Emerson
8000 West Florissant Avenue
P.O. Box 4100
St. Louis, MO 63136-8506
USA
T 314 553 1850
F 314 553 1243

December 7, 2015

Mr. Charles A. Peters
35 Oakleigh Lane
St. Louis, MO 63124

Dear Mr. Peters:

I want to express to you on behalf of the entire Emerson Electric Co. organization our appreciation for your 40 years of service to the Company and for the significant and valued contributions you have made to Emerson as an executive officer and Director. This Letter Agreement ("Agreement") sets out the terms of your retirement, including your resignation as an employee, officer and Director of Emerson Electric Co. Throughout this Agreement, the term "Emerson" means Emerson Electric Co. together with any and all other entities owned directly or indirectly, in whole or in part, by Emerson Electric Co. Your retirement and the terms of this Agreement are effective as of December 7, 2015 ("Retirement Date").

In consideration of good and valuable consideration provided to you pursuant to this Agreement, you agree as follows:

1. NON-DISCLOSURE AGREEMENT

You agree that during your employment and directorship, you have received and had access to Emerson's trade secrets and confidential and proprietary information ("Confidential Information"), which includes or concerns, but is not limited to, attorney/client communications, global strategic communications, information pertaining to strategic planning or other strategy, mergers and acquisitions, corporate technology, intellectual property, customers, pricing, business methods and operations, business policies, procedures, practices and techniques, legal opinions and legal matters, research or development projects or results, sales, finances, products, suppliers, personnel performance and compensation, plans for future development, marketing practices, market participation, market studies, and financial forecasts and budgeting. You agree that disclosure of such Confidential Information would be detrimental to Emerson and agree that at no time following termination of your employment and directorship with Emerson will you directly or indirectly disclose or cause the disclosure of any Confidential Information to any person, firm, corporation, or entity, no matter what the purpose. You further agree that you will not directly or indirectly disclose the terms of this Agreement to any person except as authorized specifically herein.

The non-disclosure obligations set forth above shall not apply to the extent it is necessary for you to: report income to taxing authorities; communicate with your attorneys or agents to obtain legal and/or financial planning advice after any such attorneys or agents bind themselves in writing to the same non-disclosure obligations as set forth above; or, to respond to any lawfully issued subpoena or order of a court of competent jurisdiction or legitimate discovery request pursuant to state or federal rules of civil procedure. If any such subpoena, order of court or discovery request is received, you agree to send to Emerson's Lead Counsel no later than two days after receipt via email to tim.westman@emerson.com or via hand-delivery.

You agree also to deliver to the office of Emerson's Lead Counsel within a three day period following the Retirement Date all such Confidential Information, any other property of Emerson, and all copies thereof in your possession or control, whether in handwritten, typed, printed, graphic or electronic form (whether stored on Emerson-owned or personally owned or used devices, including but not limited to personal computers, tablets, smart phones, memory sticks, thumb drives, or on-site or off-site storage locations). If after such three day period you determine that you have any Confidential Information or other property of Emerson in your possession or control, you shall immediately deliver such Confidential Information or property to the office of Emerson's Lead Counsel. You further agree to deliver your signed certification of compliance with the provisions of this paragraph promptly upon request made to you in writing by Emerson's Lead Counsel.

2. NON-DISPARAGEMENT AGREEMENT

You will not individually or through third-parties make any public or private statement with respect to any aspect of your employment or directorship with Emerson, your retirement, or the terms of this Agreement. If inquiry is made by anyone regarding your employment or directorship by, or retirement from, Emerson, you agree to state only "I have retired from my officer and Director positions with Emerson effective December , 2015 and look forward to future pursuits. I have enjoyed my many years with Emerson, but it is time for me personally to move on. Emerson is a tremendous company and I wish it well."

You also agree that you will not, directly or indirectly, disparage or make or cause to be made, any comments, statements, or communications of any sort to anyone-whether true or false-that may reasonably be considered to be derogatory or detrimental to Emerson or any Released Parties (as defined in the Release Agreement attached as Exhibit A), their reputations, or their services. You acknowledge that Emerson has a good reputation locally, nationally and internationally, and you will take no action or engage in any conduct that could injure or diminish that good reputation.

3. NON-COMPETITION AND NON-SOLICITATION AGREEMENTS

You also agree that you will not, without prior written consent from both Emerson's Chief Executive Officer and Lead Counsel, directly or indirectly for a period of five years from your Retirement Date ("Restricted Period"):

(a) enter the employ of, provide consulting services to, assist, or have any financial interest in any person, firm, corporation, or other entity engaged in business activities anywhere in the world that directly or indirectly competes with the businesses of Emerson as conducted on the date of this Agreement or as contemplated on the date hereof to be developed during the Restricted Period;

(b) acquire in any manner any investment in, or provide services to in any capacity, any equity fund, hedge fund, or other investment vehicle, however structured, that either directly or indirectly or through portfolio company investments or otherwise competes with the businesses of Emerson as conducted on the date hereof or as contemplated on the date hereof to be developed during the Restrictive Period;

(c) accept or solicit business from or attempt to solicit or accept business from any person that is a customer of Emerson;

(d) divert, take any action to induce, or encourage a customer of Emerson to reduce or cease doing business with Emerson;

(e) solicit, hire, or attempt to solicit or hire any person that currently or during the Restricted Period is an employee, agent or consultant of Emerson to leave such employment or separate his or her relationship with Emerson or induce any such person to do anything which you are restricted from doing by reason of this Agreement; or

(f) engage in any other action that might undermine the business interests of Emerson.

The foregoing shall not restrict you from owning not more than five percent of the securities of any competitor of Emerson that is listed on any national securities exchange, traded over-the-counter, or that is otherwise available for investment by the general public as long as you have no relationship with the issuer of such securities or any affiliate thereof, except as an investor.

4. <u>REASONABLENESS ENFORCEABILITY AND LIQUIDATED DAMAGES</u>

You agree that the restrictions contained in Paragraph 3, including those on time and scope, are reasonable for the protection of Emerson in light of your in-depth knowledge of Emerson's global business, your present and prior positions with Emerson, and your access to Confidential Information relating to all of Emerson's businesses. You also affirm your agreement to comply with all existing non-competition, invention disclosure and assignment, non-disclosure and non-solicitation obligations you have with Emerson, including specifically your obligations under the Emerson Incentive Shares Plans and award agreements, Emerson stock option plans and option agreements, and Emerson non-qualified supplemental executive retirement plan participation. You agree that your obligations set forth in this Agreement are in addition to and do not invalidate or supersede your obligations under other plans, agreements or contracts unless in direct conflict, in which case the terms of this Agreement shall prevail.

You agree and acknowledge that Emerson would not enter into this Agreement and provide the valuable consideration offered to you herein but for the restrictions in this Agreement. You agree that a violation of these Agreements would result in irreparable injury to Emerson and that, in the event of a violation or a reasonably perceived threatened violation of any of the aforementioned restrictions, Emerson shall be entitled to immediate, preliminary and permanent injunctive relief which is in addition to any other remedies to which Emerson may be entitled. You further agree to reimburse Emerson for all costs, expenses and reasonable attorneys' fees Emerson incurs to seek enforcement of any provision contained herein, whether or not litigation is commenced.

You agree that any breach of this Agreement will result in immediate forfeiture by you of all payments to be made or benefits provided to you under this Agreement. You also agree as liquidated damages for any such breach to repay to Emerson one-half of the economic value of all benefits provided to you under this Agreement prior to the date of breach. You agree that this liquidated damage provision and other remedies are necessary because substantial damage will accrue to Emerson as the result of a breach, and the amount of damages attributable to such breach may be uncertain and difficult to calculate. Payment of liquidated damages shall in no way affect the settlement and release of claims by you, nor shall payment of liquidated damages limit the enforceability of any clause in this Agreement or the ability of Emerson to seek damages and any other relief from you as provided under applicable law.

5. RELEASE AND DISCHARGE

You will release and discharge Emerson and its respective Directors, officers, employees and agents from any and all claims or liability of whatever nature and will execute on your Retirement Date the Release Agreement attached hereto as Exhibit A. If the Release Agreement attached as Exhibit A is not executed by you, this Agreement shall be null and void. You also agree that no benefits or other compensation described in this Agreement shall be paid or provided to you until expiration of the seven-day revocation period set forth in Paragraph 3(e) of the Release Agreement.

6. RESIGNATIONS

On or before the Retirement Date, you agree to execute the Director and Officer Resignation Form attached hereto as Exhibit B.

7. CLAWBACK

You agree that you will remain subject to Emerson's Clawback Policy, which provides: "If the Board determines that an executive officer has engaged in intentional misconduct that caused or partially caused a material restatement of the Company's consolidated financial statements, the Board may, to the extent permitted by law and to the extent it determines that it is in the Company's best interests to do so, require reimbursement to the Company of, or reduce or cancel, that portion of annual incentive or any long-term incentive compensation paid or credited to such executive officer on or after October 1, 2009 that would not have been paid or credited had the consolidated financial statements that are the subject of such restatement been correctly stated. For purposes of this policy, the term "executive officer" means any officer of the Company who is required to file reports pursuant to Section 16 of the Securities Exchange Act of 1934."

8. COMPENSATION AND BENEFITS

Subject to and conditioned upon your compliance with your obligations and covenants in this Agreement, and also conditioned upon your service from the Retirement Date until September 30, 2016 as a consultant to Emerson, as such service may be requested or required by Emerson, you will receive the compensation and benefits outlined below. The period during which you shall serve as a consultant to Emerson may be terminated at any time by agreement of you and

Emerson. The compensation and benefits set forth herein are in lieu of and replace any other compensation or benefits to which you may be entitled from Emerson:

A. You will receive a monthly consulting fee of $55,000 through the earlier of September 30, 2016 or the date you become employed elsewhere (the "Consulting Period").

B. Effective as of the Retirement Date and until you attain the age of 65, you and all qualified beneficiaries may participate in Emerson's retiree medical plan on the same terms and conditions as other pre-age 65 Emerson retirees.

C. Effective as of the Retirement Date, you may continue coverage under the former split dollar and group universal life policies owned by you. Until the last day of the Consulting Period, Emerson will pay premiums on such policies in the same manner and to the same extent that it has prior to the Retirement Date. After the end of the Consulting Period, you may continue coverage under such policies at your expense.

D. Through the end of the Consulting Period, Emerson will continue to pay any amounts it is currently paying for your leased automobile, dues to clubs in which you are currently a member, and tax planning and compliance services.

E. In accordance with the terms of the applicable Emerson stock option plans, and as approved by the Compensation Committee of the Board of Directors, all options previously awarded to you under Emerson's stock option plans that have not already vested will vest as of the Retirement Date, and all options vested as of the Retirement Date will be exercisable for a period of five (5) years after the Retirement Date, except for any such options whose terms expire prior to the Retirement Date.

F. The Compensation Committee has determined that you will remain eligible to receive, subject to the other applicable terms of Emerson's Incentive Shares Plans and the applicable Performance Shares Program, including those concerning achievement of the performance objectives under the Program, the previously determined earned payout of the performance shares awarded to you under the 2013 Performance Shares Program, subject to achievement of the performance objectives under the Program, and based on the actual payout percentage applicable to all participants in the Program. Payments under the 2013 Performance Shares Program will be made at the time provided therefor under the Program. Your award under the 2016 Performance Share Program will be cancelled.

G. Pursuant to the terms of Emerson's Incentive Shares Plans, the Compensation Committee has determined that your awards of restricted shares will continue to vest at the times specified in such awards, i.e., October 3, 2016, October 7, 2018, and October 1, 2020, respectively, and that you will continue to receive dividends on such restricted share awards to the extent provided in the applicable award agreements.

H. Pursuant to the terms and conditions of the qualified all-employee Emerson Electric Co. Retirement Plan, you will be eligible to receive your monthly pension benefits accrued under such Plan as of the Retirement Date, subject to the provisions of such Plan. Pursuant to the terms and conditions of the related Emerson Electric Co. Pension Restoration Plan (the non-qualified supplemental executive retirement plan which covers the benefits you would have been eligible to receive under the aforesaid all-employee Retirement Plan were it not for the compensation limitations imposed under the Internal Revenue Code ("Code")), you will be credited with years of service until you attain age 65 and be eligible to receive your monthly pension benefits accrued under such Plan as of your attainment of age 65. Payments of your pension benefits under each of the aforesaid Plans will be paid monthly in the manner and times set forth in such Plans, subject to the terms and conditions of the Plans.

I. You will be eligible to receive distributions from your Emerson Electric Co. Employee Savings Investment Plan (401(k) plan) to the extent permitted under the terms of the plan and applicable law. You will be eligible to receive distributions under the Emerson Electric Co. Savings Investment Restoration Plan (non-qualified 401(k) plan), subject to the provisions of such plans and your distribution elections thereunder. Distributions from these plans which are not "grandfathered" under Section 409A of the Code shall be deferred to the extent required by Code Section 409A.

J. All payments and other benefits provided for under this Agreement, including but not limited to any performance shares program payouts, vesting of restricted stock, or shares of stock issued to you upon exercise of your stock options, will be subject to income tax and other withholdings as required by law.

K. Except as provided for specifically above, after the Retirement Date you will not be permitted to continue participating in any Emerson benefit or compensation programs including, but not limited to, the qualified and non-qualified 401(k) plans and the disability insurance program.

L. Notwithstanding any other provisions of this Agreement, if at any time after the Restricted Period you engage in an activity in which you are prohibited from engaging hereunder during the Restricted Period, Emerson shall be relieved of all, and shall have no further, obligations to provide the payments or benefits specified in this Section 8.

This Agreement is deemed to be entered in the State of Missouri and, without regard to conflict of laws principles, shall be interpreted in accordance with and governed by the laws of the State of Missouri. Emerson and you agree that any legal action or proceeding with respect to this Agreement shall be brought and determined in the courts of the County of St. Louis, State of Missouri or of the United States of America for the Eastern District of Missouri and that you submit to the jurisdiction of such courts with respect to any such action or proceeding.

You acknowledge that Emerson has advised you to consult with an attorney if you need assistance in reviewing or understanding this Agreement or any of the documents referenced in this Agreement, including the Release Agreement.

Please confirm that the foregoing represents your understanding of our entire agreement by signing in the space provided below. Once again, I thank you for your many years of dedicated service to Emerson, and I wish you the very best in your future endeavors.

Sincerely,
/s/ David N. Farr
David N. Farr
Chairman & Chief Executive Officer

ACCEPTED AND AGREED TO THIS 7th
DAY OF DECEMBER 2015:
/s/ Charles A. Peters
Charles A. Peters

EXHIBIT A - RELEASE AGREEMENT

This Release Agreement is Exhibit A to that certain Letter Agreement by and between Emerson Electric Co. ("Employer") and Charles A. Peters ("Employee") dated December 7, 2015 the ("Letter Agreement"). In consideration of the mutual promises and covenants contained in the Letter Agreement and herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. **Employment.** Employee was previously employed by Employer. The employment of Employee with Employer has ended as a result of Employee's retirement from Employer effective December 7, 2015.

2. **Release.** For and in consideration of the covenants, terms and conditions set forth in the Letter Agreement and this Release Agreement, Employee, for himself and his heirs, to the fullest extent permitted by law, agrees to and does hereby waive, covenant not to sue, releases, and forever discharges Employer, and each and every one of Employer's parent, subsidiary and other affiliated entities (the "Emerson Entities"), and their respective agents, employees, officers, directors, stockholders, managers, members, successors, predecessors, contractors, attorneys, external counsel, agents and assigns (collectively referred to as "Released Parties"), from and with respect to all matters, claims, charges, demands, damages, causes of action, debts, liabilities, controversies, judgments, and suits of every kind and nature whatsoever, foreseen or unforeseen, known or unknown, arising prior to the date this Release Agreement becomes effective and including, but not limited to, those in any way related to Employee and/or Employee's separation from employment. This release by Employee of Released Parties expressly includes, but is not limited to, any claim or cause of action against Released Parties related to or arising out of tort, contract, equity, implied covenant, invasion of privacy, defamation, personal injury, wrongful discharge, emotional distress, discrimination (whether based on race, sex, age, color, national origin, religion, disability, or any other class protected by law}, harassment, retaliation, claims for workers' compensation benefits, claims for unpaid wages, any claim under the Age Discrimination in Employment Act, 29 U.S.C. §621 et seq., Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e et seq., the Civil Rights Act of 1866, 42 U.S.C. §1981, the Americans With Disabilities Act, 42 U.S.C. §12101, et seq., the Employee Retirement Income Security Act of 1974, 29 U.S.C. §1001, et seq., the Family Medical Leave Act, 29 U.S.C. § 2601 et seq., the Fair Labor Standards Act of 1938, 29 U.S.C. §201 et seq., the Missouri Human Rights Act, Mo. Rev. Stat. §213.010 et seq.; the Missouri Equal Pay for Women Act, Mo. Rev. Stat.§ 290.400 et seq., the Missouri Service Letter statute Mo. Rev. Stat. § 290.14, the Missouri Minimum Wage Law, Mo. Rev. Stat. § 290.010 et seq., the Missouri Wage Payment Law, Mo. Rev. Stat.§ 290.010 et seq., any claim under common law, and any claim under any federal, state or local statute, regulation, constitution, order or executive order. This release also expressly includes, but is not limited to, any claim for attorneys' fees or costs. Employee affirms and warrants that he has made no charge, claim, complaint, or otherwise initiated action against Employer in any government agency, court or other forum and that no such matter is pending. Employee further affirms and warrants that Employee has not been retaliated againstfor reporting, or taking any actions, pertaining to allegations of wrongdoing by Employer or its officers and employees. Employee avers and agrees that he has no personal knowledge of any employee, officer or director of Employer engaging in any act related to the performance of their duties at or for Employer which Employee knows or believes to be illegal and Employee acknowledges that he has never complained of any unlawful conduct by Employer. Employee hereby releases and relinquishes any and all rights to employment, reinstatement and any right to future employment with Employer or the Emerson Entities. Employee also waives and releases any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on a claim in which Employer or any one or more Released Parties is a party. Notwithstanding the foregoing, Employee is not waiving any right to enforce any term or provision of the Letter Agreement, or any claims solely relating to the validity of this Release Agreement under the Age Discrimination in Employment Act.

3. Waiver of ADEA Rights. By execution of this Release Agreement, Employee expressly waives any and all rights or claims arising under the Age Discrimination in Employment Act of 1967 ("ADEA") and:

(a) Employee has read this Agreement, and the Letter Agreement, in their entirety and understands all of their terms; and

(b) Employee acknowledges and agrees that the waiver of his rights or claims arising under the ADEA is in exchange for the consideration provided in the Letter Agreement which, Employee agrees, is beyond that to which Employee is otherwise entitled; and

(c) Employee acknowledges that Employer has, and does, hereby expressly advise him to consult with an attorney of his choosing, at his own expense, prior to executing this Release Agreement and the Letter Agreement; and

(d) Employee agrees that he has been given a period of not less than forty- five (45) days from receipt of this document within which to consider this Release Agreement and the Letter Agreement, and that if Employee elects to sign this Release Agreement prior to the expiration of the 45-day consideration period specified herein, he does so knowingly and voluntarily and with full opportunity to consult with an attorney; and

(e) Employee acknowledges he has been advised by Employer that he is entitled to revoke this Release Agreement (in the event he executes this Release Agreement) within seven (7) days after executing it and that this Agreement will not and does not become effective or enforceable until the seven (7) day revocation period has expired; and

(f) The parties agree that should Employee exercise his right to revoke the waiver under this paragraph 3, this entire Release Agreement and Letter Agreement, and their obligations, are null and void and of no effect and, notwithstanding any other provision of this Release Agreement or the Letter Agreement to the contrary, no payment or other consideration shall be due, owing, paid or provided until the seven (7) day revocation period has expired without revocation by Employee. Notice of Employee's decision to revoke the waiver may be sent to Emerson's Vice President, Secretary and Lead Counsel by fax (at 314-553-1232), email (to tim.westman@emerson.com) or hand-delivery.

4. Remedies. Without limiting the remedies available to Employer for any breach of this Release Agreement, Employee agrees that any breach of either this Release Agreement or the Letter Agreement will result in immediate forfeiture of any future payments to be made to, or benefits to be provided to, Employee and all other remedies and relief as specifically set forth further in the Letter Agreement shall be available to Employer.

5. Successors and Assigns. This Release Agreement binds, and inures to the benefit of, the parties' respective heirs, administrators, representatives, executors, successors, and assigns.

6. <u>Review by Employee.</u> Employee acknowledges that he has read the provisions of this Release Agreement, that Employee was advised of his right to review this Release Agreement with an attorney at his expense, and that Employee fully understands the meaning and intent of this Release Agreement and agrees to all of its terms.

EMPLOYEE

/s/ Charles A. Peters

Charles A. Peters

Date: Dec 7, 2015

Exhibit B - DIRECTOR AND OFFICER RESIGNATION

I, Charles A Peters, do hereby submit my resignation, effective December 7, 2015, from my positions as a member of the Board of Directors of Emerson Electric Co. and as Senior Executive Vice President of Emerson Electric Co., as well as from any other positions I may hold with any subsidiaries or affiliates of Emerson.

/s/ Charles A. Peters

Charles A. Peters

Exhibit 12

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

	Years ended September 30					Three Months Ended
	2011	2012	2013	2014	2015	Dec 31, 2015
Earnings:						
Earnings from continuing operations before income taxes	$ 3,631	3,115	3,196	3,348	4,161	503
Fixed charges	370	373	373	355	331	86
Earnings, as defined	$ 4,001	3,488	3,569	3,703	4,492	589
Fixed Charges:						
Interest Expense	$ 246	241	234	218	200	54
One-third of all rents	124	132	139	137	131	32
Total fixed charges	$ 370	373	373	355	331	86
Ratio of Earnings to Fixed Charges	10.8X	9.4X	9.6X	10.4X	13.6X	6.8X

Exhibit 31

Certification

I, D. N. Farr, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Emerson Electric Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ D. N. Farr
D. N. Farr
Chairman of the Board and
Chief Executive Officer
Emerson Electric Co.
February 3, 2016

Certification

I, F. J. Dellaquila, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Emerson Electric Co.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ F. J. Dellaquila

F. J. Dellaquila
Executive Vice President and
Chief Financial Officer
Emerson Electric Co.
February 3, 2016

Exhibit 32

CERTIFICATION PURSUANT TO

EXCHANGE ACT RULE 13a-14(b) AND

18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Emerson Electric Co. (the "Company") on Form 10-Q for the period ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, D. N. Farr, certify, to the best of my knowledge, pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ D. N. Farr

D. N. Farr
Chairman of the Board and
Chief Executive Officer
Emerson Electric Co.
February 3, 2016

CERTIFICATION PURSUANT TO

EXCHANGE ACT RULE 13a-14(b) AND

18 U.S.C. SECTION 1350

In connection with the Quarterly Report of Emerson Electric Co. (the "Company") on Form 10-Q for the period ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, F. J. Dellaquila, 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/ F. J. Dellaquila

F. J. Dellaquila
Executive Vice President and
Chief Financial Officer
Emerson Electric Co.
February 3, 2016