

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 1994
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	43-0259330
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

8000 W. Florissant Ave.	
P.O. Box 4100	
St. Louis, Missouri	63136
(Address of principal executive offices)	(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 \$1.00 par value per share	New York Stock Exchange Chicago Stock Exchange
Preferred Share 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 ☒ 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. ☒

Aggregate market value of the voting stock held by nonaffiliates of the registrant as of close of business on October 31, 1994: \$13,495 million.

Common stock outstanding at October 31, 1994: 223,538,697 shares.

Documents Incorporated by Reference

1. Portions of Emerson Electric Co. 1994 Annual Report to Stockholders (Parts I and II).
2. Portions of Emerson Electric Co. Notice of 1995 Annual Meeting of the Stockholders and Proxy Statement (Part III).

PART I

Item 1. Business

Emerson was incorporated in Missouri in 1890. Originally engaged in

the manufacture and sale of electric motors and fans prior to World War II and aircraft armament items during the war, Emerson's product lines were subsequently expanded through internal growth and acquisitions. Emerson is now engaged principally in the design, manufacture and sale of a broad range of electrical, electromechanical and electronic products and systems.

The products manufactured by the Company are classified into the following industry segments: Commercial and Industrial Components and Systems; and Appliance and Construction-Related Components. Net sales, income before income taxes and accounting change and total assets attributable to each industry segment for the three years ended September 30, 1994 are set forth in Note 12 of Notes to Consolidated Financial Statements on page 37 of the 1994 Annual Report, which note is hereby incorporated by reference. Information with respect to acquisition and divestiture activities by Emerson is set forth in Notes 2 and 11 of Notes to Consolidated Financial Statements on pages 31 and 36 of the 1994 Annual Report, respectively, which notes are hereby incorporated by reference.

COMMERCIAL AND INDUSTRIAL COMPONENTS AND SYSTEMS

The Commercial and Industrial segment includes process control instrumentation, valves and systems; industrial motors and drives; industrial machinery, equipment and components; and electronic products. These products are generally highly engineered, both in product design and manufacturing process. Products of this segment are sold to commercial and industrial distributors and end-users for manufacturing and commercial applications.

Products used in process industries include various types of instrumentation, valves and control systems for measurement and control of fluid flow. Included are various types of meters such as rotameters, positive displacement meters, magnetic flow meters, turbine meters, direct mass flow meters and laboratory instruments to measure water quality. Other products include solid state telemetering equipment and various types of pressure and vacuum relief valves. In addition, Emerson manufactures and sells temperature sensors, pressure sensors and transmitters used to measure and/or control temperature, pressure, level and rate and amount of flow. Also produced are process gas chromatographs, in-situ absorptive oxygen analyzers, infrared gas and trace moisture analyzers, combustion analyzers and systems, and other analyzers which measure pH and conductivity. The Company also manufactures and sells sliding stem valves, rotary valves, plastic-lined plug valves, butterfly valves, pressure regulators, and related actuators and controllers.

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Emerson also manufactures electronic measurement and data acquisition equipment for use in industrial processing. In addition, Emerson produces vibratory separating equipment used primarily in the chemical, mining, pharmaceutical, food processing, pulp and paper, ceramic and metal-working markets.

Beginning with a line of electric motors for industrial and heavy commercial applications, Emerson's products for industrial automation include certain kinds of integral horsepower motors, gear drives, pump motors, alternators and electronic variable speed drives. Emerson also produces electronic uninterruptible power supplies, power conditioning and distribution equipment, modular power systems and environmental control systems used in communications and information processing applications.

Emerson manufactures and sells components for the transmission and regulation of mechanical power, such as certain kinds of chains, sprockets, sheaves, gears, bearings, couplings and speed reducers, and a line of cam-operated index drives, programmable motion controllers and automation accessories. These products are used primarily in industrial and commercial applications requiring the transmission of mechanical motion or drive systems of various types.

Emerson also manufactures a line of multi-purpose pressure and solenoid valves, pressure, vacuum and temperature switches, automatic transfer switches, remote control switches and electric power control systems. These products are widely used in the automation of equipment and industrial processes and for the control of emergency electric power.

Emerson also produces a variety of industrial and commercial ultrasonic products for applications such as cleaning, sealing, welding and flaw detection. Other products include material preparation and

microstructure analysis equipment. Emerson also manufactures electric circulation heaters, fluid heat transfer systems and component heating elements.

Emerson manufactures a broad line of components for current- and noncurrent-carrying electrical distribution devices such as panelboards, receptacles, fittings, cable handling reels and lighting products for use in hazardous and nonhazardous environments.

APPLIANCE AND CONSTRUCTION-RELATED COMPONENTS

The Appliance and Construction-Related segment consists of fractional horsepower motors; appliance components; heating, ventilating and air conditioning components; and tools. This segment includes components sold to distributors and original equipment manufacturers for inclusion in end-products and systems (ultimately sold through commercial and residential building construction channels); and construction-related products which retain their identity and are sold through distributors to consumers and the professional trades.

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Emerson manufactures and sells a variety of components and systems for refrigeration and comfort control applications, including hermetic and semi-hermetic compressors; hermetic motors and terminals for hermetically sealed compressors; and fractional and sub-fractional horsepower motors for selected appliance, office equipment, ventilating equipment, pump, heater and other motor-driven machine applications. Automatic temperature controls, timers, switches, and thermo-protective devices are manufactured for gas and electric heating systems, refrigeration and air conditioning equipment and various large and small appliances. Emerson also manufactures and sells a variety of electric heating elements and electrostatic air cleaners.

Emerson manufactures and sells a line of electrical products primarily for the residential markets, including humidifiers, electric waste disposers, hot water dispensers, ventilating equipment and exhaust fans.

Emerson is a producer of selected professional and hardware tools and service equipment. These products include certain kinds of wrenches, thread cutters, pipe cutters, reamers, vises, pipe and bolt threading machines and sewer and drain cleaning equipment. The principal markets for these professional tools and service equipment include plumbing, heating and air conditioning contractors, construction and maintenance companies, petroleum and gas producers, refiners and processors, and farm and home consumers.

Emerson also produces a specialized line of light-duty industrial bench power tools, ladders and scaffolding and related accessories. Also produced by Emerson for marketing by a major retailer are shop vacuum cleaners, a line of bench power tools for home workshop use and a line of hand tools including adjustable wrenches, screwdrivers, pliers and chisels.

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 well maintained.

RAW MATERIALS AND ENERGY

Emerson's major requirements for basic raw materials include steel, copper, cast iron, aluminum and brass and, to a lesser extent, plastics and other petroleum-based chemicals. Emerson has multiple sources of supply for each of its material requirements. 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 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, none of which is considered material to any segment of its consolidated operations.

BACKLOG

The estimated consolidated order backlog of the Company was \$1,546 million and \$1,362 million at September 30, 1994 and 1993, respectively. Of the 1994 consolidated year-end backlog amount, \$40 million is expected to extend beyond one year. The estimated backlog by industry segment at September 30, 1994 and 1993 follows (dollars in millions):

	1994	1993
	-----	-----
Commercial and Industrial	\$ 1,000	958
Appliance and Construction-Related	546	404
	-----	-----
Consolidated Order Backlog	\$ 1,546	1,362
	=====	=====

COMPETITION

Emerson's businesses are highly competitive and the methods of competition vary across the industry segments served. Although no single company competes directly with Emerson in all of its product lines, various companies compete in one or more product lines. Some of these companies have substantially greater sales and assets than Emerson. In addition, Emerson competes with many smaller companies.

RESEARCH AND DEVELOPMENT

Costs associated with Company-sponsored research, new product development and product improvement were \$298.2 million in 1994, \$272.4 million in 1993 and \$244.8 million in 1992.

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 73,900 employees during 1994.

DOMESTIC AND FOREIGN OPERATIONS

International sales were \$3,243 million in 1994, \$3,168 million in 1993 and \$3,064 million in 1992, including U.S. exports of \$589 million, \$562 million and \$486 million in 1994, 1993 and 1992, respectively. Although there are additional risks attendant to foreign operations, such as 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 12 of Notes to Consolidated Financial Statements on page 37 of the 1994 Annual Report for further information with respect to foreign operations.

Item 2. Properties

At September 30, 1994, Emerson had approximately 270 manufacturing locations worldwide, of which approximately 140 were located in 22 countries outside the United States. Approximately 180 locations are occupied by the Commercial and Industrial segment, and approximately 90 are occupied by the Appliance and Construction-Related segment. The majority of the locations are owned or occupied under capital lease obligations with the remainder occupied under operating leases. The Company considers its facilities suitable and adequate for the purposes for which they are used.

Item 3. Legal Proceedings

Emerson is a party to a number of pending legal proceedings, several of which claim substantial amounts of damages. There are no pending legal proceedings that, in the opinion of management, are expected to be material in relation to the Company's business or financial position.

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, 1994.

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Executive Officers of the Registrant

The following sets forth certain information as of December 1994 with respect to Emerson's executive officers. These officers have been elected or appointed to terms which will expire February 7, 1995:

Name	Position	Age	First Served as Officer In
C. F. Knight*	Chairman of the Board and Chief Executive Officer	58	1972
A. E. Suter*	Senior Vice Chairman and Chief Operating Officer	59	1979
J. J. Adorjan*	President	55	1975
R. W. Staley*	Vice Chairman of Emerson and Chief Executive Officer of Emerson - Asia Pacific	59	1975
W. J. Galvin	Senior Vice President - Finance and Chief Financial Officer	48	1984
W. W. Withers	Senior Vice President, Secretary and General Counsel	54	1989

*Also chairman and/or member of certain committees of the Board of Directors.

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

Each of the above has served as an officer or in a supervisory capacity with Emerson for the last five years, except J. J. Adorjan. Mr. Adorjan was an Executive Vice President of the Company from October 1983 to July 1987, a Vice Chairman of the Company and Group Vice President of its Government and Defense Group from 1987 until August 1990, and Chairman and Chief Executive Officer of ESCO Electronics Corporation from August 1990 to October 1992, when he was elected President of the Company.

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PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder

Matters

The information regarding the market for the Company's common stock, quarterly market price ranges and dividend payments set forth in Note 13 of Notes to Consolidated Financial Statements on page 38 of the 1994 Annual Report is hereby incorporated by reference. There were approximately 31,800 stockholders at September 30, 1994.

Item 6. Selected Financial Data

Years ended September 30

(Dollars in millions except per share amounts)

	1994	1993	1992	1991	1990
Net sales	\$ 8,607.2	8,173.8	7,706.0	7,427.0	7,573.4
Net earnings	\$ 788.5	708.1	662.9	631.9	613.2
Earnings per common share	\$ 3.52	3.15	2.96	2.83	2.75
Cash dividends per common share	\$ 1.56	1.44	1.38	1.32	1.26
Long-term debt	\$ 279.9	438.0	448.0	450.2	496.2
Total assets	\$ 8,215.0	7,814.5	6,627.0	6,364.4	6,376.4

Income before cumulative effect of change in accounting for postretirement benefits (\$115.9 million; \$.52 per share) was \$904.4 million in 1994. Net earnings in 1994 includes non-recurring items which were substantially offset by the accounting change. See Notes 2, 7 and 11 of Notes to Consolidated Financial Statements on pages 31, 34 and 36 of the 1994 Annual Report for information regarding these items and the Company's acquisition and divestiture activities.

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

Narrative discussion appearing in the 1994 Annual Report under "Results of Operations" and "Financial Position, Capital Resources and Liquidity" on pages 20 through 24, is hereby incorporated by reference.

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Item 8. Financial Statements and Supplementary Data

The consolidated financial statements of the Company and its subsidiaries on pages 25 through 38 and the report thereon of KPMG Peat Marwick LLP appearing on page 39 of the 1994 Annual Report are hereby incorporated by reference.

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

None.

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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 1995 annual stockholders' meeting (the "1995 Proxy Statement") is hereby incorporated by reference. Information regarding executive officers is set forth in Part I of this report.

Item 11. Executive Compensation

Information appearing under "Board of Directors and Committees" and "Executive Compensation" in the 1995 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 1995 Proxy Statement is hereby incorporated by reference.

Item 13. Certain Relationships and Related Transactions

Information appearing under "Certain Business Relationships" in the 1995 Proxy Statement is hereby incorporated by reference.

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PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on

Form 8-K

A) Documents filed as a part of this report:

1. The consolidated financial statements of the Company and its subsidiaries on pages 25 through 38 and the report thereon of KPMG Peat Marwick LLP appearing on page 39 of the 1994 Annual Report.

2. Financial Statement Schedules

Independent Auditors' Report (page 16)

I - Marketable Securities - Other Investments (page 17)

All other 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 1994 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. 1989 Form 10-K, Exhibit 3(a).
- 3(b) Bylaws of Emerson Electric Co., as amended through May 3, 1994, filed herewith.
- 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. 33-39109, Exhibit 4.1.

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.

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- 4(b) Rights Agreement dated as of November 1, 1988 between Emerson Electric Co. and Centerre Trust Company of St. Louis, incorporated by reference to Emerson Electric Co. Form 8-K, dated November 1, 1988, Exhibits 1 and 2.
- 10(a)* 1974 Non-qualified Stock Option Plan, as amended, incorporated by reference to Emerson Electric Co. 1991 Form 10-K, Exhibit 10(a) and Form 10-Q for the quarter ended December 31, 1992, Exhibit 10(a).

- 10(b)* 1982 Incentive Stock Option Plan, as amended, incorporated by reference to Emerson Electric Co. 1992 Form 10-K, Exhibit 10(b).
- 10(c)* Employment Agreement made as of October 1, 1975 and amended January 9, 1987 between Emerson Electric Co. and C. F. Knight, incorporated by reference to Emerson Electric Co. 1987 Form 10-K, Exhibit 10(e).
- 10(d)* Employment Agreement made as of September 30, 1992 between Emerson Electric Co. and J. J. Adorjan, incorporated by reference to Emerson Electric Co. 1992 Form 10-K, Exhibit 10(d).
- 10(e)* 1986 Stock Option Plan, as amended, incorporated by reference to Emerson Electric Co. 1992 Form 10-K, Exhibit 10(e) and Form 10-Q for the quarter ended December 31, 1992, Exhibit 10(b).
- 10(f)* 1991 Stock Option Plan, as amended, incorporated by reference to Emerson Electric Co. 1992 Form 10-K, Exhibit 10(f) and Form 10-Q for the quarter ended December 31, 1992, Exhibit 10(c).
- 10(g)* 1988 Incentive Shares plan, incorporated by reference to Emerson Electric Co. 1988 Proxy Statement dated December 18, 1987, Exhibit A, and Form 10-Q for the quarter ended December 31, 1992, Exhibits 10(d) and 10(e), and Amendments No. 3 and No. 4 thereto, incorporated by reference to Emerson Electric Co. 1993 Form 10-K, Exhibit 10(g).
- 10(h)* 1993 Incentive Shares Plan, incorporated by reference to Emerson Electric Co. 1993 Proxy Statement dated December 16, 1992, Exhibit A, and Amendment No. 1 thereto, incorporated by reference to Emerson Electric Co. 1993 Form 10-K, Exhibit 10(h).
- 10(i)* Restricted Shares Award Agreement with C. F. Knight dated November 1, 1993, incorporated by reference to Emerson Electric Co. 1993 Form 10-K, Exhibit 10(i).
- 10(j)* Emerson Electric Co. Directors' Continuing Compensation Plan, incorporated by reference to Emerson Electric Co. 1987 Form 10-K, Exhibit 10(g).

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- 10(k)* Deferred Compensation Plan for Non-Employee Directors, as amended, filed herewith.
- 10(l)* Emerson Electric Co. Supplemental Executive Retirement Plan, incorporated by reference to Emerson Electric Co. 1989 Form 10-K, Exhibit 10(i).
- 10(m)* Second Amendment to the Supplemental Executive Savings Investment Plan, incorporated by reference to Emerson Electric Co. 1991 Form 10-K, Exhibit 10(j).
- 10(n)* Annual Incentive Plan incorporated by reference to Emerson Electric Co. 1995 Proxy Statement dated December 14, 1994, Appendix A.

13 Portions of Emerson Electric Co. Annual Report to Stockholders for the year ended September 30, 1994 incorporated by reference herein.

21 Subsidiaries of Emerson Electric Co.

23 Independent Auditors' Consent.

24 Power of Attorney.

27 Financial Data Schedule

* Management contract or compensatory plan.

B) No reports on Form 8-K were filed during the quarter ended September 30, 1994.

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SIGNATURES

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

EMERSON ELECTRIC CO.

By /s/ W. J. Galvin

W. J. Galvin
Senior Vice President -
Finance and Chief Financial
Officer (and Principal Accounting
Officer)

Date: December 21, 1994

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on December 21, 1994, by the following persons on behalf of the registrant and in the capacities indicated.

Signature -----	Title -----
* ----- C. F. Knight	Chairman of the Board and Chief Executive Officer and Director
/s/ W. J. Galvin ----- W. J. Galvin	Senior Vice President - Finance and Chief Financial Officer (and Principal Accounting Officer)
* ----- J. J. Adorjan	Director
* ----- L. L. Browning, Jr.	Director
* ----- A. A. Busch III	Director
* ----- D. C. Farrell	Director
* ----- J. A. Frates	Director

*

R. B. Horton

*

----- Director
G. A. Lodge

*

----- Director
V. R. Loucks, Jr.

*

----- Director
R. B. Loynd

*

----- Director
B. A. Schriever

*

----- Director
R. W. Staley

*

----- Director
A. E. Suter

*

----- Director
W. M. Van Cleve

*

----- Director
E. E. Whitacre, Jr.

*

----- Director
E. F. Williams, Jr.

* By /s/ W. J. Galvin

W. J. Galvin
Attorney-in-fact

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Emerson Electric Co.:

Under date of November 1, 1994, we reported on the consolidated balance sheets of Emerson Electric Co. and subsidiaries as of September 30, 1994 and 1993, 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, 1994, as contained in the 1994 annual report to stockholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 1994. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule as listed in the accompanying index. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, this financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

SCHEDULE I

EMERSON ELECTRIC CO.
MARKETABLE SECURITIES - OTHER INVESTMENTS
AT SEPTEMBER 30, 1994
(Millions)

NAME OF ISSUER AND TITLE OF ISSUE	NUMBER OF SHARES	COST OF ISSUE	MARKET VALUE	NET BOOK VALUE
-----	-----	-----	-----	-----
Astec (BSR) PLC common stock	150.5	\$127.4	\$199.3	\$124.1
Other Equity Investments				285.9

Total Equity Investments included in Other Assets at September 30, 1994				\$410.0
				=====

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INDEX TO EXHIBITS

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

Exhibit No. -----	Exhibit -----
3(b)	Bylaws, as amended through May 3, 1994
10(k)	Deferred Compensation Plan for Non-Employee Directors, as amended
13	Portions of Annual Report to Stockholders for the year ended September 30, 1994, incorporated by reference herein
21	Subsidiaries of Emerson Electric Co.
23	Independent Auditors' Consent
24	Power of Attorney
27	Financial Data Schedule

See Item 14(A)(3) for a list of exhibits incorporated by reference.

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<SEQUENCE>2
<DESCRIPTION>BYLAWS, AS AMENDED MAY 3, 1994
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Exhibit 3(b)

EMERSON ELECTRIC CO.

BYLAWS

As Amended through May 3, 1994

EMERSON ELECTRIC CO.

BYLAWS
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EMERSON ELECTRIC CO.

* * * * *

BYLAWS

* * * * *

ARTICLE I

OFFICES; DEFINITIONS

Section 1. Registered Office. The registered office of Emerson Electric Co. (the "Corporation") shall be located in the County of St. Louis, State of Missouri.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Missouri as the Board may, from time to time, determine of the business of the Corporation may require.

Section 3. Definitions. Unless the context otherwise requires, defined terms herein shall have the meaning ascribed thereto in the Articles of Incorporation (the "Articles").

ARTICLE II

MEETINGS OF SHAREHOLDERS

Section 1. Place of Meeting. All meetings of the shareholders shall be held at such place within or without the State of Missouri as may be, from time to time, fixed or

determined by the Board.

Section 2. Annual Meeting. The annual meeting of the shareholders shall be held on the first Tuesday in February of

each year if not a legal holiday, or, if a legal holiday, then on the next business day following, at such hour as may be specified in the notice of the meeting; provided, however, that the day fixed for such meeting in any year may be changed by resolution of the Board to such other day in February, March, April, May or June not a legal holiday as the Board may deem desirable or appropriate. At the annual meeting the shareholders shall elect Directors in accordance with Article 5 of the Articles of Incorporation and Article III of these Bylaws, and shall transact such other business as may properly be brought before the meeting. If no other place for the annual meeting is determined by the Board of Directors and specified in the notice of such meeting, the annual meeting shall be held at the principal offices of the Corporation at 8000 West Florissant Avenue, St. Louis, Missouri.

Section 3. Special Meetings.

(a) Unless otherwise limited by statute or by the Articles, special meetings of the shareholders, for any

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purpose or purposes, may be called at any time by the Chairman of the Board, any Vice Chairman of the Board, the President, the Secretary, or a majority of the Board.

(b) A special meeting may also be called by the holders of not less than 85% of all of the outstanding shares entitled to vote at such meeting, upon written request delivered to the Secretary of the Corporation. Such request shall state the purpose or purposes of the proposed meeting. Upon receipt of any such request, it shall be the duty of the Secretary to call a special meeting of the shareholders to be held at any time, not less than (10) nor more than seventy (70) days thereafter, as the Secretary may fix. If the Secretary shall neglect to issue such call, the person or persons making the request may issue the call.

Section 4. Notice of Meetings. Written notice of every meeting of the shareholders, specifying the place, date

and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered or mailed, postage prepaid, by or at the direction of the Secretary, not less than ten (10) nor more than seventy (70) days before the date of the meeting to each shareholder of record entitled to vote at such meeting.

Section 5. List of Shareholders Entitled to Vote. At

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least ten (10) days before each meeting of the shareholders, a complete list of the shareholders entitled to vote at such meeting shall be prepared and arranged in alphabetical order with the address of each shareholder and the number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof kept in the State of Missouri, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders. Failure to comply with the above requirements in respect of lists of shareholders shall not affect the validity of any action taken at such meeting.

Section 6. Quorum. The holders of a majority of the issued and outstanding shares entitled to vote, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the shareholders for the transaction of business, except as otherwise provided by

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law, the Articles or by these Bylaws. The shareholders present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of such number of shareholders as to reduce the remaining shareholder to less than a quorum. Whether or not a quorum is present, the chairman of the meeting or a majority of the shareholders entitled to vote thereat, present in person or by proxy, shall have power, except as otherwise provided by statute, successively to adjourn the meeting to such time and place as they may determine, to a date not longer than ninety (90) days after each such adjournment, and no notice of any such adjournment need be given to shareholders other than the announcement of the adjournment at the meeting. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally called.

Section 7. Requisite Vote. When a quorum is present or represented at any meeting, the vote of the holders of a majority of the shares entitled to vote which are present in person or represented by proxy shall decide any questions brought before such meeting, unless the question is one upon which, by express provision of law, the Articles or by these

Bylaws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 8. Voting. Each shareholder shall, at every meeting of the shareholders, be entitled to one vote in person or by proxy for each share having voting power held by such shareholder, but no proxy shall be voted after eleven (11) months from the date of its execution unless otherwise provided in the proxy. In each election for Directors, no shareholder shall be entitled to vote cumulatively or to cumulate his votes.

Section 9. Notice of Shareholder Business at Annual Meetings. At any annual meeting of shareholders, only such

business shall be conducted as shall have been properly brought before the meeting. In addition to any other requirements imposed by or pursuant to law, the Articles or these Bylaws, each item of business to be properly brought before an annual meeting must (a) be specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board or the persons calling the meeting pursuant to the Articles; (b) be otherwise properly brought before the meeting by or at the direction of the Board; or (c) be otherwise properly brought before the meeting by a

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shareholder. For business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the annual meeting; provided, however, that in the event less than 70 days' notice or prior public disclosure of the date of the annual meeting is given or made to shareholders, notice by the shareholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. For purposes of these Bylaws "public disclosure" shall mean disclosure in a press release reported by the Dow Jones, Associated Press, Reuters or comparable national news service, or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"). A shareholder's notice to the Secretary shall set forth as to each matter he or she proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the meeting and the

reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the shareholder(s) proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the proposing shareholder(s), and (d) any material interest of the proposing shareholder(s) in such business. Notwithstanding anything in these Bylaws to the contrary, but subject to Article III, Section 1(c) hereof, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section. The Chairman of the annual meeting shall, if the facts warrant, determine and declare to the annual meeting that business was not properly brought before the annual meeting in accordance with the provisions of this Section; and if he or she should so determine, shall so declare to the meeting and any such business not properly brought before the annual meeting shall not be transacted. The Chairman of the meeting shall have absolute authority to decide questions of compliance with the foregoing procedures, and his or her ruling thereon shall be final and conclusive.

ARTICLE III

DIRECTORS

Section 1. Number; Classification; Nominations; Election; Term of Office.

(a) The Board shall consist of such number of Directors as the Board may from time to time determine, provided that in no event shall the number of Directors be less than three (3), and provided further that no reduction in the number of Directors shall have the effect of shortening

the term of any incumbent Director. In addition, the Board may, from time to time, appoint such number of "Advisory Directors" and "Directors Emeritus" as it may deem advisable.

(b) The Board of Directors (herein the "Board") shall be divided into three classes, as nearly equal in number as possible. In the event of any increase in the number of Directors, the additional Director(s) shall be added to such class(es) as may be necessary so that all classes shall be as nearly equal in number as possible. In the event of any decrease in the number of Directors, all classes of Directors shall be decreased as nearly equally as may be possible. Subject to the foregoing, the Board shall determine the class(es) to which any additional Director(s) shall be

added and the class(es) which shall be decreased in the event of any decrease in the number of Directors.

At each annual meeting of shareholders the successors to the class of Directors whose term shall then expire shall be elected for a term expiring at the third succeeding annual meeting after such election.

(c) In addition to the qualifications set out in Section 3 of this Article III, in order to be qualified for election as a Director, persons must be nominated in accordance with the following procedure:

Nominations of persons for election to the Board of the Corporation may be made at a meeting of shareholders by or at the direction of the Board or by any shareholder of the Corporation entitled to vote for the election of Directors at the meeting who complies with the procedures set forth in this Section 1(c). In order for persons nominated to the Board, other than those persons nominated by or at the direction of the Board, to be qualified to serve on the Board, such nominations shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, a shareholder's notice shall be delivered to or mailed and received by the Secretary of the

Corporation not less than 60 days nor more than 90 days prior to the meeting; provided, however, that in the event less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be so received not later than the close of business on the 10th day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made. Such shareholder's notice shall set forth (i) as to each person whom the shareholder proposes to nominate for election or re-election as a Director, (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of the Corporation which are beneficially owned by such person, (D) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, (including without limitation such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected) and (E) if the shareholder(s) making the nomination is an Interested

Person, details of any relationship, agreement or understanding between the shareholder(s) and the nominee; and (ii) as to the shareholder(s) making the nomination (A) the name and address, as they appear on the Corporation's books, of such shareholder(s) and (B) the class and number of shares of the Corporation which are beneficially owned by such

shareholder(s). At the request of the Board, any person nominated by the Board for election as a Director shall furnish to the Secretary of the Corporation that information required to be set forth in a shareholder's notice of nomination which pertains to the nominee. No person shall be qualified for election as a Director of the Corporation unless nominated in accordance with the procedures set forth in this Section 1(c). The Chairman of a meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by the Bylaws, and if he or she should so determine, shall so declare to the meeting, and the defective nomination shall be disregarded. The Chairman of a meeting shall have absolute authority to decide questions of compliance with the foregoing procedures, and his or her ruling thereon shall be final and conclusive.

(d) Directors shall be elected at annual

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meetings of the shareholders, except as provided in Section 2 of this Article III, and each Director shall hold office until his or her successor is elected and qualified.

Section 2. Filling of Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of Directors shall be filled only by a majority of the remaining Directors, though less than a quorum, and each person so elected shall be a Director until his or her successor is elected by the shareholders, who may make such election at the next annual meeting of the shareholders at which Directors are elected or at any special meeting of shareholders duly called for that purpose and held prior thereto.

Section 3. Qualifications. Directors must be nominated in accordance with the procedure set out in Section 1(c) of this Article III. Directors need not be shareholders. No person shall be eligible for election as a Director, either under Section 1 or Section 2 of this Article III, if such person's seventy-second (72d) birthday shall fall on a

date prior to the commencement of the Term for which such Director is to be elected or appointed; provided, however, that this limitation shall not apply to persons who were Directors of the Corporation on April 4, 1967. No person

shall be qualified to be elected and to hold office as a Director if such person is determined by a majority of the whole Board to have acted in a manner contrary to the best interests of the Corporation, including, but not limited to, violation of either State or Federal law, maintenance of interests not properly authorized and in conflict with the interests of the Corporation, or breach of any agreement between such Director and the Corporation relating to such Director's services as a Director, employee or agent of the Corporation.

Section 4. Removal. By action of a majority of the whole Board, any Director may be removed from office for cause if such Director shall at the time of such removal fail to meet the qualifications for election as a Director as set forth under Article III, Section 3 hereof. Notice of the proposed removal shall be given to all Directors of the Corporation prior to action thereon. Directors may be otherwise removed only in the manner prescribed in the Articles.

Section 5. General Powers. The property and business of the Corporation shall be controlled and managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not,

by law, the Articles or by these Bylaws, directed or required to be exercised and done by the shareholders or the Continuing

Directors.

Section 6. Place of Meetings. The Board may hold meetings, both regular and special, either within or without the State of Missouri.

Section 7. Regular Annual Meeting. A regular annual meeting of the Board, including newly elected Directors, shall be held immediately following the annual meeting of the shareholders and shall be held at the principal offices of the Corporation at 8000 West Florissant Avenue, St. Louis, Missouri, unless another time or place shall be fixed therefor by the Directors. No notice of such meeting shall be necessary to the Directors in order, legally, to constitute the meeting, provided a majority of the whole Board shall be present. In the event such annual meeting of the Board is not held at the time and place specified herein, or at such other time and place as may be fixed by the Directors, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for meetings of the Board, or as shall be specified in a written waiver signed by all of the Directors.

Section 8. Additional Regular Meetings. Additional

regular meetings of the Board shall be held once each month on the first Tuesday thereof, or on such other day thereof as the Board may, by resolution, prescribe, and at such hour of such day as shall be stated in the notice of the meeting; provided that the Chairman, in his or her discretion, may dispense with any one or more of such meetings, by having notice of the intention so to do given, by letter or telegram, to each Director not less than ten (10) days prior to the regularly scheduled date of each meeting so to be dispensed with. If the first Tuesday of any month shall be a legal holiday, the regular meeting for such month shall be held on the Thursday following, and if the Monday preceding the first Tuesday of any month shall be a legal holiday, the regular meeting for such month shall be held on the Wednesday following, in each case unless the Board shall otherwise prescribe by resolution.

Notice of any regular meeting shall be given to each Director at least forty-eight (48) hours in advance thereof, either personally, by mail or by telegram.

Section 9. Special Meetings. Special meetings of the Board may be called by the Chairman, any Vice Chairman, the President, any Vice President or the Secretary, on notice given personally, by mail, by telephone, by telegram or by facsimile to each Director given twenty-four (24) hours in

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advance of such meeting. Special meetings shall be called by the Chairman, any Vice Chairman, the President or Secretary in like manner and on like notice on the written request of any two Directors.

Section 10. Place of Meetings. Special meetings and regular meetings of the Board, other than the regular annual meeting, shall be held at such place within the City or County of St. Louis, Missouri, as may be specified in the notice of such meeting; provided that any meeting may be held elsewhere, within or without the State of Missouri, pursuant to resolution of the Board or pursuant to the call of the Chairman, any Vice Chairman or the President. Members of the Board and its Committees may participate in meetings by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and such participation shall constitute presence at the meeting.

Section 11. Notices. Notice of any meeting may be given by the Chairman, any Vice Chairman, the President, any Vice President or the Secretary and shall specify the time and place of the meeting.

Section 12. Quorum. At all meetings of the Board a majority of Directors in office (the "whole Board") shall be

necessary to constitute a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board, except as otherwise may be specifically provided by law or by the Articles. If a quorum shall not be present at any meeting of the Board, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. So long as the whole Board shall consist of sixteen (16) or more members, a Director who may be disqualified, by reason of personal interest, from voting on any particular matter before a meeting of the Board may nevertheless be counted for the purpose of constituting a quorum of the Board.

Section 13. Compensation of Directors. Directors, as such, shall receive for their services such compensation as may be fixed, from time to time, by resolution of the Board, together with a stipend for attendance, and expenses of attendance, if any, for each meeting of the Board or meetings of any committee on which the Directors may serve; provided that nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 14. Executive Committee. The Board may, by

resolution passed by a majority of the whole Board, designate two or more of its number to constitute an Executive Committee which, to the extent provided in such resolution, shall have and exercise the authority of the Board in the management and business of the Corporation.

Section 15. Finance Committee. The Board may, by resolution passed by a majority of the whole Board, designate two or more of its number, one of whom shall be the Committee Chairman, as the Finance Committee of the Board, which to the extent provided in such resolution shall have and exercise the authority of the Board in the management and business of the Corporation. The Committee shall study and consider financial

matters affecting the operations of the Corporation, including its long range financial requirements, shall advise the Board in respect thereto, and shall have such other duties as shall be specified by resolution of the Board.

Section 16. Other Committees of the Board. The Board may, by resolution passed by a majority of the whole Board, designate two or more of its members to constitute such other Committees of the Board as the Board by such resolution or resolutions may determine. To the extent provided in such resolution or resolutions, such Committees shall have and

exercise the authority of the Board in the management and business of the Corporation.

Section 17. Committees-General Rules. Each Committee of the Board shall keep regular minutes of its proceedings and report the same to the Board when required. Vacancies in the membership of each Committee shall be filled by the Board at any regular or special meeting of the Board. A Director who may be disqualified, by reason of personal interest, from voting on any particular matter before a meeting of a Committee may nevertheless be counted for the purpose of constituting a quorum of the Committee. At all meetings of a Committee, a majority of the Committee members then in office shall constitute a quorum for the purpose of transacting business, and the acts of a majority of the Committee members present at any meeting at which there is a quorum shall be the acts of the Committee.

Section 18. Directors Emeritus and Advisory Directors. The Board may from time to time create one or more positions of Director Emeritus and Advisory Director, and may fill such position or positions for such term as the Board deems proper. Each Director Emeritus and Advisory Director shall have the privilege of attending meetings of the Board but shall do so solely as an observer. Notice of such meetings to a Director

Emeritus or Advisory Director shall not be required under any applicable law, the Articles, or these Bylaws. Each Director Emeritus and Advisory Director shall be entitled to receive such compensation as may be fixed from time to time by the Board. No Director Emeritus or Advisory Director shall be entitled to vote on any business coming before the Board, nor shall they be counted as members of the Board for the purpose of determining the number of Directors necessary to constitute a quorum, for the purpose of determining whether a quorum is present, or for any other purpose whatsoever. In the case of a Director Emeritus or Advisory Director, the occurrence of any event which in the case of a Director would create a vacancy on the Board, shall be deemed to create a vacancy in such position; but the Board may declare the position terminated until such time as the Board shall again deem it proper to create and to fill the position.

ARTICLE IV

NOTICES

Section 1. Service of Notice. Notices to Directors and shareholders shall be in writing and delivered personally or mailed or sent by telegram, telex or facsimile transmission to the Directors or shareholders at their addresses appearing on the books of the Corporation, except that notice to Directors

of a special meeting of the Board may be given orally. Notice by mail shall be deemed to be given at the time when the same shall be mailed; notice by telegram when such notice is delivered to the telegraph company; notice by facsimile transmission when transmitted.

Section 2. Waiver of Notices. Whenever any notice is required to be given under the provisions of law, the Articles, or of these Bylaws, a waiver thereof in writing,

signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 1. Titles. The Officers of the Corporation shall be chosen by the Board of Directors and shall be a Chairman of the Board (herein the "Chairman"), a President, at least one Vice President, a Secretary and a Treasurer. The Board may also elect one or more Vice Chairmen of the Board (herein "Vice Chairmen"), additional Vice Presidents, a Controller, one or more Assistant Controllers, and such other officers as the Board may deem appropriate. Any two of the aforesaid offices, except those of President and Vice President or President and Secretary, may be held by the same

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person. Vice Presidents of the Corporation may be given distinctive designations such as Executive Vice President, Group Vice President, Senior Vice President and the like.

Section 2. Election. The Board, at its annual meeting immediately following each annual meeting of the shareholders, shall elect a Chairman and a President, and may elect one or more Vice Chairmen, all of whom shall be Directors or Advisory Directors; and the Board shall also at such annual meeting elect one or more Vice Presidents, a Secretary and a Treasurer, who may, but need not, be Directors or Advisory Directors. The Board may elect such other officers and agents as it shall determine necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. In connection with the election of any officer of the Corporation, the Board may determine that such officer, in addition to the title of the office to which he is elected, shall have a further title such as Chief Administrative Officer, Chief Operating Officer or such other title as the Board may designate, and the Board may prescribe powers to be exercised and duties to be performed by any such officer to

whom any such additional title of office is given in addition

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to those powers and duties provided for by these Bylaws for such office.

Section 3. Term. The officers of the Corporation shall hold office until their respective successors are elected and qualify. Any officer elected or appointed by the Board may be removed by the Board at any time with or without cause by the affirmative vote of a majority of the whole Board. Any vacancy occurring in any such office may be filled only by the Board.

Section 4. Chairman of the Board. The Chairman shall be the Chief Executive Officer of the Corporation. In addition to his or her duties as Chairman and Chief Executive Officer, the Chairman shall be responsible for the general and active management of the business and affairs of the Corporation, subject only to the control of the Board; shall have full authority in respect to the signing and execution of deeds, bonds, mortgages, contracts and other instruments of the Corporation; and, in the absence or disability of a Vice Chairman or the President, shall exercise all of the powers and discharge all of the duties of such Vice Chairman or the President. The Chairman shall also be, ex officio, a member of all standing Board Committees, shall preside at all

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meetings of shareholders and Directors, and shall perform such other duties as the Board may prescribe.

Section 5. President. The President shall be an executive Officer of the Corporation, shall preside at all meetings of the shareholders and Directors in the absence of

the Chairman and the Senior Vice Chairman, and shall perform such other duties as the Chairman or the Board shall prescribe. The President shall have equal authority with the Chairman and the Vice Chairmen, if any, to sign and execute deeds, bonds, mortgages, contracts and other instruments of the Corporation.

Section 6. Vice Chairmen of the Board. Vice Chairmen, if any, may but need not be executive officers of the Corporation. The Vice Chairmen shall perform such other duties, and have such other powers as the Chairman or the Board may, from time to time, prescribe. Each Vice Chairman shall have equal authority with the Chairman and the President with respect to the signing and execution of deeds, bonds, mortgages, contracts and other instruments of the Corporation.

Section 7. Vice Presidents. The Vice President, or if there shall be more than one, the Vice Presidents shall, in the absence or disability of the Chairman, the President and all Vice Chairmen, perform the duties and exercise the powers

of the President. Each Vice President shall perform such other duties and have such other powers as the Chairman and the Board may, from time to time, prescribe.

Section 8. Secretary and Assistant Secretaries. The Secretary shall attend all meetings of the Board and all meetings of the shareholders and record all the proceedings of the meetings of the Corporation and of the Board in books to be kept for that purpose, shall perform like duties for Committees of the Board when required, and shall perform such other duties as may be prescribed by the Board, the Chairman, any Vice Chairman, or the President. The Secretary shall keep in safe custody the seal of the Corporation and affix the same to any instrument requiring it, and, when so affixed, it shall be attested by his or her signature or by the signature of an Assistant Secretary. The Assistant Secretary, or, if there be more than one, the Assistant Secretaries, in the order determined by the Board, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers

of the Secretary and shall perform such other duties and have such other powers as the Board may, from time to time, prescribe.

Section 9. Treasurer and Assistant Treasurers. The Treasurer shall have charge of the funds of the Corporation;

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shall keep the same in depositories designated by the Board or by officers of the Corporation authorized by the Board to make such designation; shall cause said funds to be disbursed upon checks, drafts, bills of exchange or orders for the payment of money signed in such manner as the Board or authorized officers of the Corporation may, from time to time, direct; shall perform such other duties as directed by the Board, the Chairman or other senior officers; and, if required by the Board, shall give bond for the faithful performance of his or her duties in such form and amount as may be determined by the Board. The Assistant Treasurer, or, if there be more than one, the Assistant Treasurers, in the order determined by the Board, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer, and shall have such other duties and powers as the Board may prescribe.

Section 10. Controller and Assistant Controllers. The Controller, if one is elected by the Board, shall have charge of the accounting records of the Corporation; shall keep full and accurate accounts of all receipts and disbursements in books and records belonging to the Corporation; shall maintain appropriate internal control and auditing of the Corporation; and shall perform such other duties as directed

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by the Board, the Chairman or other senior officers. The

Assistant Controller or, if there be more than one, the Assistant Controllers, in the order determined by the Board, shall, in the absence or disability of the Controller, perform the duties and exercise the powers of the Controller and shall have such other duties and powers as the Board may prescribe.

Section 11. Appointed Officers. In addition to the corporate officers elected by the Board as hereinabove in this Article V provided, the Chairman may, from time to time, appoint one or more other persons as appointed officers who shall not be deemed to be corporate officers, but may, respectively, be designated with such titles as the Chairman may deem appropriate. The Chairman may prescribe the powers to be exercised and the duties to be performed by each such appointed officer, may designate the term for which each such appointment is made, and may, from time to time, terminate any or all of such appointments with or without cause. Such appointments and termination of appointments shall be reported periodically to the Board.

ARTICLE VI

CERTIFICATES OF SHARES

Section 1. Certificates. The certificates of shares of the Corporation shall be numbered and registered in a share register as they are issued. They shall exhibit the name of the registered holder and the number and class of shares and the series, if any, represented thereby and the par value of each share or a statement that such shares are without par value as the case may be.

Section 2. Signatures on Certificates. Every share certificate shall be signed by the Chairman of the Board, the President or a Vice President; and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer; and shall be sealed with the Corporation's seal

which may be facsimile, engraved or printed.

Section 3. Transfer Agents and Registrars; Facsimile Signatures. The Board may appoint one or more transfer agents or transfer clerks and one or more registrars and may require all certificates for shares to bear the signature or signatures of any of them. Where a certificate is signed (a) by a transfer agent or an assistant or co-transfer agent, or (b) by a transfer clerk or (c) by a registrar or co-registrar, the signature of any officer thereon may be facsimile. Where

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a certificate is signed by a registrar or co-registrar the certificate of any transfer agent or co-transfer agent thereon may be by facsimile signature of the authorized signatory of such transfer agent or co-transfer agent. In case any officer or officers of the Corporation who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may, nevertheless, be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

Section 4. Lost Certificates. In case of loss or destruction of any certificate of stock or other security of the Corporation, another may be issued in its place upon satisfactory proof of such loss or destruction and upon the giving of a satisfactory bond of indemnity to the Corporation and to the transfer agents and registrars, if any, of such stock or other security, in such sum as the Board may provide. The Board may delegate to any officer or officers of the Corporation the authorization of the issue of such new

certificate or certificates and the approval of the form and amount of such indemnity bond and the surety thereon.

Section 5. Transfer of Shares. Upon surrender to the Corporation or a transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation may issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 6. Registered Shareholders. The Corporation and its transfer agents shall be entitled to treat the holder of record of any share or shares as the holder in fact thereof and shall not be bound to recognize any equitable or other claims to, or interest in, such shares on the part of any other person and shall not be liable for any registration or transfer of shares which are registered, or to be registered, in the name of a fiduciary or the nominee of a fiduciary unless made with actual knowledge that a fiduciary, or nominee of a fiduciary, is committing a breach of trust in requesting such registration or transfer, or with knowledge of such facts that its participation therein amounts to bad faith.

Section 7. Interested Shareholders. The provisions of

these Bylaws, including without limitation the provisions of this Article VI as they apply to any Interested Person or shares beneficially owned by such Interested Person, are subject to the provisions of Article 9 of the Articles.

ARTICLE VII

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 1. Actions Involving Directors, Officers or Employees. The Corporation shall indemnify any person who was or is a party (other than a party plaintiff suing on his own

behalf or in the right of the Corporation), or who is threatened to be made such a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including, but not limited to, an action by or in the right of the Corporation) by reason of the fact that he or she is or was a Director, officer or employee of the Corporation, or is or was serving at the request of the Corporation as a director, officer or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in

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connection with such action, suit or proceeding; provided, that no such person shall be indemnified (a) except to the extent that the aggregate of losses to be indemnified under the provisions of this Article VII exceeds the amount of such losses for which the Director, officer or employee is insured pursuant to any directors and officers liability insurance policy maintained by the Corporation; (b) in respect to remuneration paid to such person if it shall be finally adjudged that such remuneration was in violation of law; (c) on account of any suit in which judgment is rendered against such person for an accounting of profits made from the purchase or sale by such person of securities of the Corporation pursuant to the provisions of Section 16(b) of the 1934 Act and amendments thereto or similar provisions of any federal, state or local statutory law; (d) on account of such person's conduct which is finally adjudged to have been knowingly fraudulent, deliberately dishonest or willful misconduct; and (e) if it shall be finally adjudged that such indemnification is not lawful.

Section 2. Actions Involving Agents. The Corporation may indemnify any person who was or is a party (other than a party plaintiff suing on his own behalf or in the right of the Corporation), or who is threatened to be made such a party, to

any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including, but not limited to, an action by or in the right of the Corporation) by reason of the fact that he or she is an agent of the Corporation, or is or was serving at the request of the Corporation as an agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, all to the full extent permitted by law.

Section 3. Determination of Right to Indemnification in Certain Instances.

(a) Any indemnification under Section 1 of this Article VII (unless ordered by a court) shall be made by the Corporation unless a determination is reasonably and promptly made that indemnification of the director, officer or employee is not proper in the circumstances because he or she has not satisfied the conditions set forth in such Section 1. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is

not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders; provided, that no such determination shall preclude an action brought in an appropriate court to challenge such determination.

(b) Any indemnification under Section 2 of this

Article VII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in such Section 2. Such determination shall be made (1) by the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion, or (3) by the shareholders.

Section 4. Advance Payment of Expenses. Expenses incurred by defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director,

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officer, employee or agent to repay such amounts unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation as authorized in this Article.

Section 5. Successful Defense. Notwithstanding any other provision of this Article VII, to the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise (including the dismissal of an action without prejudice or the settlement of an action without admission of liability) in defense of any action, suit or proceeding referred to in Sections 1 or 2 of this Article VII, or in defense of any claim, issue or matter therein, he or she shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred in connection therewith.

Section 6. Not Exclusive Right. The indemnification provided by this Article VII shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as

to action in an official capacity and as to action in another capacity while holding such office. Without limiting the generality of the foregoing, in the event of conflict between

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the provisions of this Article VII and the provisions of any agreement adopted by the shareholders between the Corporation on the one hand, and any director, officer, employee or agent of the Corporation on the other, providing for indemnification, the terms of such agreement shall prevail. Any indemnification, whether required under this Bylaw or permitted by statute or otherwise, shall continue as to a person who has ceased to be a director, officer or employee and shall inure to the benefit of the heirs, executors and administrators of such person.

Section 7. Insurance. The Board shall have the power to cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article.

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Section 8. Subsidiaries of Corporation. For the purposes of this Article VII, (a) any officer, Director, or employee of the Corporation who shall serve as an officer, director, employee or agent of any other corporation, joint

venture, trust or other enterprise of which the Corporation, directly or indirectly, is or was a stockholder or creditor, or in which the Corporation is or was in any way interested, or (b) any officer, director, or employee of any subsidiary corporation, venture, trust or other enterprise wholly owned by the Corporation, shall be deemed to be serving as such director, officer, employee or agent at the request of the Corporation, unless the Board shall determine otherwise. In all instances where any person shall serve as a director, officer, employee or agent of another corporation, joint venture, trust or other enterprise of which the Corporation is or was a stockholder or creditor, or in which it is or was otherwise interested, if it is not otherwise established that such person is or was serving as such director, officer, employee or agent at the request of the Corporation, the Board may determine whether such service is or was at the request of the Corporation, and it shall not be necessary to show any actual or prior request for such service.

Note: The indemnification provided in the foregoing provisions of Article VII (and related matters) was approved by the stockholders of the Corporation on February 10, 1987.

Section 9. Spousal Indemnification. The spouse of a person entitled to indemnification under Section 1 hereof or who is granted indemnification under Section 2 hereof, shall be entitled to be so indemnified; provided, that the spouse was or is a party (other than a party plaintiff suing on his or her own behalf or in the right of the Corporation), or was or is threatened to be made a party, to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (including, but not limited to, an action by or in the right of the Corporation), solely by reason of the spousal relationship to the person entitled to indemnification under Section 1 hereof or who is granted indemnification under Section 2 hereof.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the shares of the Corporation, subject to the provisions of the Articles, if any, may be declared by the Board at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock or other securities of the Corporation, in rights or warrants relating thereto, or in any other form authorized by law.

Section 2. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board, or officers authorized by the Board, may, from time to time, designate.

Section 3. Fiscal Year. The fiscal year of the Corporation shall commence on October 1, and close on September 30.

Section 4. Seal. The Corporation's seal shall have inscribed thereon the name of the Corporation, the numeral "1890" being the year of the incorporation of the Corporation, and the words "Corporate Seal, Missouri". The seal may be

used by causing it, or a facsimile thereof, to be impressed, affixed, reproduced or otherwise.

Section 5. Closing of Transfer Books and Fixing of Record Dates. The Board shall have power to close the share transfer books of the Corporation for a period not exceeding seventy (70) days preceding the date of any meeting of shareholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change, conversion or exchange of shares shall go into effect; provided, however, that, in lieu of closing the share transfer books as aforesaid, the Board may fix in advance a date, not exceeding seventy (70) days preceding the date of any meeting of shareholders, or the date for the payment any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares shall go into effect, as a record date for the determination of the shareholders entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment of rights, or to exercise rights in respect of any such change, conversion or exchange of shares; and, in each such case, such shareholders and only such shareholders as shall be

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shareholders of record on the date of closing the share transfer books, or on the record date so fixed, shall be entitled to notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend, or to receive such allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any shares after such date of closing of the share transfer books or such record date fixed as aforesaid.

ARTICLE IX AMENDMENTS

Section 1. These Bylaws may be altered, amended or repealed solely by a majority vote of the members of the whole

Board at any regular or special meeting thereof duly called
and convened.

DEFERRED COMPENSATION

For Non-Employee Directors
(As Amended February, 1994)

1. Eligibility

Effective February 1, 1982, each director who is not an employee of Emerson Electric Co. ("Emerson" or the "Company") or a corporation in which Emerson owns 50% or more of the outstanding stock, shall have the right to elect to defer the payment of all or any part of the cash compensation to which such director would otherwise be entitled as retainers or fees, whether for service on the Board of Directors of Emerson or on a Committee thereof ("Fees"), with such deferred compensation payable at the time or times in the manner hereinafter stated. Effective upon implementation of the Amendment and Restatement approved on June 6, 1989, as determined by the Committee (as hereafter defined in Section 4), each such director who elects to defer Fees hereunder may, at the time of such election, also elect to have some or all of such deferred Fees converted into units equivalent to shares of Emerson common stock ("Units") in which case Emerson shall establish an account for such director and shall credit to the account a number of Units equal to the number of full and fractional shares of Emerson common stock ("Shares") which could be purchased with such deferred Fees

on the date such Fees would have been paid had there been no deferral. In addition, any such director who elected to defer Fees hereunder prior to such implementation, may elect to have such deferred Fees not previously paid also converted into full and fractional Units. The price per Share for converting into Units shall be the mean between the high and the low of the price per Share on the New York Stock Exchange on such dates for such Shares, or if no Shares have been traded on such date, then the next succeeding date on which such Shares have been traded ("Market Price").

2. Election

Each director who elects to defer the payment of Fees shall execute and deliver to the Vice President Corporate Administration (J. A. Harmon) a "Notice of Election". Such Notice will provide (i) the percentage or amount of Fees to be deferred, (ii) the date such deferral is to commence, (iii) the manner of distribution, (iv) the date each distribution is to commence (which date, in the case of an election to convert all or any deferred fees into Units, shall be at least six months after the last Fee or dividend payment or other distribution subject to the Notice would otherwise have been payable), (v) the extent to which the deferred Fees are to be credited with interest as provided in Section 4 or converted into Units as provided in Section 1, and (vi) the beneficiary designations of the participating director. Such deferral election shall be applicable only to Fees earned by reason of services rendered after the date of such Notice.

An election to defer Fees shall continue in effect until revoked (in the case of an election in which no portion of any deferred Fees will be converted into Units), or modified by a subsequent "Notice of Election", provided however, (i) that every election to defer (whether such deferred Fees are converted into Units or not), and the manner and date of distribution thereof, shall be irrevocable as to Fees earned prior to the date of revocation or modification, (ii) in the case of an election in which no portion of any deferred Fees will be converted into Units, such election may be changed or revoked with respect to both future and past deferrals, but no more frequently than once per calendar year, provided, that any change to an election to convert deferred Fees into Units must comply with the first paragraph of this Section 2, and (iii) in the case of an election to convert all or any deferred Fees into Units, such election may not be revoked and may not be changed more frequently than once per calendar year and then only to cease future deferrals or to change the level of future deferrals. Revocation or modification shall be made in writing to the Vice President Corporate Administration (J. A. Harmon) and shall be effective upon the date stated therein.

3. Payment of Deferred Fees

No Fees so deferred shall be payable to a director until the time designated in the Notice of Election, his disability, resignation as a director, removal from office or demonstration of severe financial hardship. Demonstration of severe financial hardship must be proved to the satisfaction of the Compensation and Human Resources Committee of the Company's Board of Directors, or such other Committee of such Board as may be designated by such Board to administer the Plan from time to time (the "Committee"). Provided that no Fees which have been converted into Units shall be payable on account of hardship. Provided, further, that Fees which have been converted into Units and which become payable by reason of a director's resignation as a director or his removal from office shall be payable six months after his resignation or removal. Subject to Section 6 and the foregoing provisions of this Section 3, upon the occurrence of any of these events, all such deferred Fees, together with any interest or dividend accruals thereon, as hereafter provided, shall be payable in a cash lump sum amount (with Fees which have been converted into Units, converted into cash equal to the Market Price on the payment date multiplied by the number of Units then being paid) to such director, or his beneficiary, within thirty (30) days from the date of such event, unless the director shall have designated an optional installment payment in the Notice of Election with respect to the Fees then being deferred, in which event the first such installment shall be paid within thirty (30) days of such date. Installment payments will be made in approximately equal periodic installments over a period not to exceed ten (10) years, provided however, that no such installment method of distribution may be elected which will result in any regular installment being less than \$400. In the event a director shall elect such installment method of distribution,

either interest shall continue to be credited on the undistributed sums as provided in Section 4, or dividend accruals shall continue to be credited on the undistributed Units in his account as provided in the next paragraph of this Section 3, as the director shall elect.

A director who elects to have deferred Fees converted into Units shall have his account credited with additional Units equal in value to dividends which he would have received if he had been the owner of a number of Shares equal to the number of Units in his account. The price per share for converting dividends into such additional Units shall be the Market Price as of the payment dates for such dividends. Within 30 days after the date ending the deferral period, the director shall commence receiving payment of deferred Fees, either in cash (with interest) or the cash value of Units paid (said cash being equal to the Market Price on such payment date multiplied by the number of Units then being paid). No director shall be deemed to be the owner of any Shares pursuant to this Plan. The form of payments shall be a cash lump sum or approximately equal periodic installments over a period of not to exceed ten (10) years, as the director shall designate in accordance with this Section 3.

Notwithstanding anything else contained in the Plan, in no event shall a director receive payment in respect of any Fees converted into Units prior to the expiration of six (6) months after such Fees were converted.

4. Interest Rate

Fees deferred by a director who has not elected to have his deferred Fees converted into Units, shall be credited with interest compounded quarterly at the prime rate with any change in interest rates taking effect simultaneously with the change in the prime rate, or such other rate as may be established from time to time by the Committee. Such interest shall accrue from the dates that Fees would otherwise be payable had such Fees not been deferred. For all purposes of this Plan, the term "prime rate" shall mean the prime rate publicly announced by The Boatmen's National Bank of St. Louis for 90-day commercial loans.

5. Designation of Beneficiary

Each director may designate one or more beneficiaries to receive all sums due to such director hereunder upon his death. Such beneficiary designation may be revoked or amended by such director, from time to time, by appropriate notice in writing delivered to the Vice President Corporate Administration (J. A. Harmon). In the absence of any beneficiary designation or in the event that the designated beneficiaries shall not be living at the time of death of the director, the account value on the date of death of the director shall be payable and delivered to the estate of such deceased director.

6. Death or Incapacity of Director

Upon the death of a serving director, the entire account balance, including all Fees deferred under the Plan, and all unpaid installments of Fees then being paid and interest and earnings thereon, shall be made in one lump sum cash amount to his designated beneficiary or estate. In addition, with respect to each director who has elected to have his deferred Fees converted into Units a cash lump sum equal to the Market Price on the date of death multiplied by the number of Units credited to his account on such date shall be paid to his designated beneficiary or estate. Upon the death of a director who had previously retired and had elected an installment method of distribution, all sums remaining undistributed shall be paid in one lump sum cash amount to his designated beneficiary or estate.

In the event that any person to whom deferred Fees are distributable under the terms of this Plan shall be unable to properly manage his or her own affairs by reason of incapacity, all amounts payable hereunder may be paid to a duly appointed personal

representative, conservator or guardian or to any person, firm or corporation furnishing or providing support and maintenance to such distributee. The Company and its officers and employees shall be fully and completely exonerated from all liability to any distributee upon making payment in accordance with the terms of this paragraph.

7. Change of Control

Notwithstanding anything else contained in the Plan, in the event of a Change of Control (as hereinafter defined), the entire account balance of each director, including all Fees deferred under the Plan, and all unpaid installments of Fees then being paid, and interest and earnings thereon, shall immediately be paid to the director in a single cash lump sum. Provided, however, that no Fees which have at any time been converted into Units shall be paid or accelerated on account of a Change of Control. For the purpose of this section, a "Change of Control" shall mean:

(i) The purchase or other acquisition (other than from Emerson) by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (excluding, for this purpose, Emerson or its subsidiaries or any employee benefit plan of Emerson or its subsidiaries), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either the then-outstanding shares of common stock of Emerson or the combined voting power of Emerson's then-outstanding voting securities entitled to vote generally in the election of directors; or

(ii) Individuals who, as of the date hereof, constitute the Board of Directors of Emerson (the "Board" and, as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by Emerson's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of Emerson, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

(iii) Approval by the stockholders of Emerson of a reorganization, merger or consolidation, in each case with respect to which persons who were the stockholders of Emerson immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than 50% of, respectively, the common stock and the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated corporation's then-outstanding voting securities, or of a liquidation or dissolution of Emerson or of the sale of all or substantially all of the assets of Emerson.

8. Amendment and Termination

The Committee may at any time amend or terminate this Deferred Compensation Plan with respect to Fees earned on or after the date of amendment or termination, except that this Plan, as amended, shall apply to deferred fees, Units and interests in this Plan earned prior to the date hereof in order to comply with Rule 16a-1 (c)(3)(ii), as referred to in Section 9. No action of the Committee may permit anyone other than the directors eligible under Section 1 to participate in the Plan or withdraw the administration of the Plan from the Committee or the Administrator who has been designated by the Committee to administer the Plan.

9. Miscellaneous

The Committee shall have full power and authority to administer, construe and interpret this Plan. The Committee may, from time to time, name a Company employee to administer, construe or interpret the terms of the Plan. The decisions of the Committee concerning the administration, construction and interpretation of this Plan

shall be final, conclusive and binding upon all parties involved, including the successors and assigns of Emerson. Payments required to be made under Section 6 or 7 shall be made as soon as practicable after the death of the director or termination of the Plan, as the case may be.

No right or payment under this Plan shall be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber or charge the same shall be null and void. No right or payment hereunder shall be liable for or subject to the debts, contracts, liabilities or torts of the person entitled to such benefit. If any participant or beneficiary hereunder should become bankrupt or attempt to anticipate, alienate, sell, assign, pledge, encumber or charge any right or payment hereunder, then such right or payment shall, in the discretion of the Committee terminate. In such a case, the Company may hold or apply the same or any part thereof for the benefit of the participant or beneficiary, his or her spouse, children or other dependents, or any of them, in such manner and in such proportion as the Committee shall determine, and their decision shall be final, conclusive and binding upon all persons involved.

In the event of changes in the outstanding Shares of the Company by reason of stock dividends, spin-offs, recapitalization, mergers, consolidations, split-ups, combinations or exchange of shares and the like, the account of a director who has elected to convert his deferred Fees into Units shall be appropriately adjusted to reflect such action if such action consists of distribution of Company stock. If such action consists of any other distribution, the value of such distribution shall be converted to Units on the date of such distribution.

This Plan is unfunded. Detailed records of amounts deferred hereunder, including interest credits and payouts, shall be maintained by the Vice President Corporate Administration (J. A. Harmon), and made available on reasonable notice for any director's inspection with respect to such director's own deferrals.

This Plan shall at all times be interpreted and administered in accordance with Rule 16a-1(c)(3)(ii) as amended from time to time and any successor provision thereto, under Section 16 of the Securities Exchange Act of 1934, as promulgated by the Securities and Exchange Commission, such that Units and interests in this Plan shall not be deemed to be "derivative securities" within the meaning of Rule 16a-1(c), as amended from time to time and any successor provision thereto. Any provision of this Plan which is in conflict with Rule 16a-1(c)(3)(ii) shall be null and void.

FINANCIAL REVIEW

RESULTS OF OPERATIONS

NET SALES

Emerson achieved record sales in fiscal 1994 of \$8.6 billion, up \$433 million or 5.3 percent from 1993. This sales performance was primarily attributable to a \$358 million increase in domestic sales. Excluding acquisitions and divestitures, domestic sales increased more than 8 percent, reflecting strong sales volume and slight price increases. International sales increased approximately \$135 million, excluding the impact of unfavorable exchange rates in 1994 of approximately \$60 million. Several minor acquisitions, which contributed approximately \$75 million to sales in 1994, were more than offset by the impact of the divestiture of the Aerospace unit (Aero) of Rosemount Inc. of approximately \$100 million. See note 2 for additional discussion of the Company's acquisition and divestiture activities. New product sales, from products introduced in the past five years, increased \$167 million or 8.6 percent to a record \$2.1 billion, representing 24.6 percent of sales.

The joint ventures in which Emerson is a partner had combined annual sales of approximately \$2.2 billion, \$2.0 billion and \$1.4 billion in 1994, 1993 and 1992, respectively, which were not consolidated in Emerson's financial statements. Emerson's proportionate share of these sales was approximately \$1 billion, \$900 million and \$625 million, respectively. Equity earnings were \$48 million in 1994, up from \$38 million and \$14 million in 1993 and 1992, respectively. The 1994 increases reflect improved performance by each of the Company's major equity investees, with the tools joint ventures reporting

double-digit sales gains. The 1993 increases reflect the impact of the Skil transaction in 1992 as well as improved performance by other equity investees.

In 1993, sales were \$8.2 billion, up \$468 million or 6.1 percent from \$7.7 billion in 1992. The 1993 sales comparison reflects the impact of the October 1, 1992 acquisition of Fisher Controls International (1993 sales of approximately \$900 million), the September 30, 1992 contribution of Skil to a 50-50 joint venture (1992 sales of approximately \$350 million) and the impact of unfavorable exchange rates in 1993 (approximately \$120 million). Excluding the impact of Fisher, Skil and foreign exchange, sales increased slightly as strong new product growth, modest domestic sales gains and slight price increases were substantially offset by recessionary European and Japanese economies. New product sales increased 10.3 percent to \$2.0 billion.

INTERNATIONAL SALES

International sales, including U.S. exports, increased \$75 million or 2.4 percent to a record \$3.2 billion in 1994, representing approximately 38 percent of the Company's total sales. Asia Pacific sales, excluding Japan, experienced double-digit increases, with sales to China up approximately 20 percent. Sales by non-U.S. subsidiaries were \$2.7 billion in 1994, up \$48 million or 1.8 percent from 1993, despite unfavorable currency translation. European and Canadian markets strengthened in the second half of the year, and continued solid growth in Latin American and other Asia Pacific subsidiaries more than offset the impact of the continued recession in Japan. U.S. exports increased \$27 million to a record \$589 million in 1994, while

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underlying export sales were up more than 8 percent despite the stronger dollar.

In 1993, international sales increased 3.4 percent to \$3.2 billion compared to \$3.1 billion in 1992. Sales by non-U.S. subsidiaries were \$2.6 billion in 1993, up slightly from 1992. Excluding Fisher, Skil and the impact of unfavorable exchange rates of approximately \$120 million, non-U.S. subsidiary sales declined moderately due to recessions in Europe and Japan partially offset by strong growth sustained in other Asia Pacific and Latin American subsidiaries. U.S. exports increased 15.5 percent to \$562 million in 1993, while underlying export sales were up 4.2 percent despite the stronger dollar.

INDUSTRY SEGMENT SALES

Sales in the Appliance and Construction-Related segment were \$3.7 billion in 1994, an increase of \$377 million or 11.5 percent from 1993, primarily reflecting strong domestic volume growth in all businesses. The largest sales gain was achieved by the heating, ventilating and air conditioning business, as it experienced a double-digit sales increase resulting from hot summer weather, strong demand for new products and market penetration gains. The fractional horsepower motors business realized a double-digit sales increase due to strong domestic end-market demand. The appliance components business also reported double-digit growth due to strong domestic demand, market penetration gains, and an acquisition. Sales of the tools business increased moderately with double-digit sales gains in the second half of the year.

Sales in the Commercial and Industrial segment were \$4.9 billion in 1994, up \$56 million or 1.1 percent from 1993. Excluding acquisitions, the Aero divestiture and foreign exchange, sales of the segment increased approximately 3 percent, reflecting modest domestic sales volume gains, slight price increases and improved international sales in the second half of the year. The electronics business experienced double-digit growth primarily as a result of the introduction of new products and sales of environmental systems in the U.S. and Asia Pacific. Sales of the industrial components and equipment business increased modestly as European economies strengthened in the second half of the year. Sales of the industrial motors and drives business increased slightly as domestic gains were offset by weak international sales, which were impacted by unfavorable exchange rates. Sales of the underlying process control business increased slightly while total process control sales were negatively impacted by the divestiture of Aero.

In 1993, sales in the Commercial and Industrial segment increased \$812 million, or 19.9 percent, to \$4.9 billion. Excluding Fisher and foreign exchange, sales of the segment were unchanged. Sales of the industrial components and equipment, industrial motors and drives, and process control businesses (excluding Fisher) were down modestly as improvements in domestic sales were more than offset by weak non-U.S. subsidiary sales, which were impacted by unfavorable exchange rates. The electronics business was down moderately due to the stronger dollar and sluggish mainframe computer markets.

Sales in the Appliance and Construction-Related segment decreased \$344 million, or 9.5 percent, to \$3.3 billion in 1993. Excluding the effects of the Skil joint venture transaction, sales of the segment increased slightly. The appliance components business recorded strong gains due to continued improvements in appliance end-markets, while sales in the tools business (excluding Skil)

increased slightly. Sales of the fractional horsepower motors business increased, aided by improved sales in the second half of the year. Sales in the heating, ventilating and air conditioning components business were down due to strong 1992 performance and the persistence of high industry inventory levels throughout most of 1993.

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TOTAL COSTS AND EXPENSES

Cost of sales for 1994 was \$5.6 billion, an increase of 5.0 percent over 1993, due primarily to increased sales volume. In 1993, cost of sales was \$5.3 billion compared to \$5.1 billion in 1992, an increase of 4.7 percent. Excluding the impact of Fisher and Skil, cost of sales decreased modestly in 1993, due primarily to the impact of foreign exchange, cost savings from plant consolidations and material cost reductions. Cost of sales as a percent of net sales was 64.5 percent in 1994 compared to 64.7 percent and 65.6 percent in 1993 and 1992, respectively. As a result of ongoing cost reduction efforts and productivity improvement programs, cost of sales increases have remained below sales growth rates.

Selling, general and administrative (SG&A) expenses were \$1.7 billion, \$1.6 billion and \$1.5 billion in 1994, 1993 and 1992, respectively. As a percent of net sales, SG&A expenses were 19.5 percent in 1994 compared to 19.7 percent and 18.9 percent in 1993 and 1992, respectively. The decrease in SG&A expenses as a percent of net sales in 1994 is due primarily to higher volume, positive contribution from product mix, and ongoing cost reduction efforts, partially offset by increased investment in new product development and other top-line growth programs. The increase in SG&A expenses as a percent of net sales in 1993 is due primarily to the Fisher acquisition. The Company continued its commitment to new product development by increasing engineering and development expense 9.5 percent to a record \$298 million in 1994, compared to \$272 million and \$245 million in 1993 and 1992, respectively.

Interest expense of \$89 million in 1994 decreased from \$119 million in 1993 due to reduction of debt resulting from continued strong operating cash flow. In 1993, interest expense increased \$28 million from \$91 million in 1992, resulting from the additional U.S. commercial paper issued to finance the Fisher acquisition.

The first quarter of 1994 included a gain on sale of the Aero business of \$242 million and other non-recurring items of \$50 million. Other non-recurring items principally consist of severance and related costs arising from relocation of several operations, or workforce reductions, primarily in the Company's European heating, ventilating and air conditioning, and process control businesses. The net earnings impact of these non-recurring items was substantially offset by the adoption of SFAS No. 106. See notes 2 and 7 for additional information.

Other deductions, net, was \$50 million in 1994, compared to \$46 million and \$56 million in 1993 and 1992, respectively. In 1992, other deductions, net, included restructuring charges of approximately \$50 million and a gain on the Skil transaction of \$43 million.

INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE

Income before income taxes and cumulative effect of change in accounting principle included the Aero gain and other non-recurring items in 1994. Excluding these items, income increased 11 percent, reflecting increased domestic sales volume, improved underlying domestic and international operating margins, and reduced interest expense.

Income before interest expense, income taxes and accounting change in the Appliance and Construction-Related segment increased \$44 million, or 7.9 percent, to \$602 million in 1994. These results reflect a solid increase in domestic sales volume in all businesses, partially offset by non-recurring items. As a percent of net sales, income of the segment was 16.4 percent in 1994 and 17.0 percent in 1993. Excluding

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non-recurring items, income of the segment as a percent of sales increased slightly in 1994.

Income in the Commercial and Industrial segment increased \$19 million, or 2.9 percent, to \$675 million in 1994. Income of the segment was 13.6 percent and 13.4 percent of net sales in 1994 and 1993, respectively. These improvements are primarily a result of a modest increase in domestic sales volume and ongoing cost reduction efforts. See note 12 for additional information by industry segment and geographic area.

In 1993, income before income taxes was \$1,112 million, up 6.5 percent from \$1,044 million in 1992, reflecting improved domestic operating margins and increased equity earnings. As a result of ongoing cost reduction efforts and productivity improvement programs, consolidated profit margins increased over the prior year despite the lower profit margins of Fisher. Income before interest expense and income taxes in the Commercial and Industrial segment increased \$122 million or 22.8 percent, to \$656 million, reflecting the Fisher acquisition and cost reduction efforts. Income in the Appliance and Construction-Related segment increased slightly to \$558 million despite the Skil

transaction. Margins in both segments improved despite the persistently difficult global economic environment.

INCOME TAXES

Income taxes in 1994 increased \$119 million to \$523 million, compared to \$404 million and \$381 million in 1993 and 1992, respectively. The effective income tax rate was 36.7 percent in 1994 (36.3 percent excluding non-recurring items), compared to 36.3 percent in 1993 and 36.5 percent in 1992. The 1994 increases were due primarily to \$95 million of income taxes on the Aero divestiture.

CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

Effective October 1, 1993, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This statement requires that other postretirement benefits (primarily health care) be accrued over the service lives of employees. The Company recognized the transition obligation arising from service prior to adoption in the first quarter as a cumulative effect of change in accounting principle which decreased 1994 net earnings and earnings per common share by \$115.9 million and \$.52, respectively. In addition, ongoing expense for these benefits increased to \$27 million in 1994, compared to \$16 million and \$11 million in 1993 and 1992, respectively.

NET EARNINGS AND RETURN ON EQUITY

Net earnings for 1994 were a record \$789 million, up 11.4 percent from \$708 million in 1993. Net earnings as a percent of sales was 9.2 percent, the highest level achieved during the Company's 37 consecutive years of increased earnings. Earnings per common share were a record \$3.52, up 11.7 percent from \$3.15 in 1993. Emerson achieved a return on average stockholders' equity of 19.1 percent compared to 18.5 percent and 19.0 percent in 1993 and 1992, respectively.

Net earnings for 1993 were up 6.8 percent from \$663 million in 1992. Earnings per common share were up 6.4 percent from \$2.96 in 1992. The Fisher and Skil transactions did not materially impact 1993 net earnings or earnings per share.

OTHER MATTERS

Emerson is in the process of acquiring several companies with combined annual sales of approximately \$450 million. If completed, the total cost of these transactions would approximate \$550 million. These

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companies include F.G. Wilson (Engineering) Ltd., a manufacturer of diesel generator sets located in the United Kingdom, and Control Techniques, plc, an industry leader in the design and production of electronic drives for electric motors. Prior to the proposed transaction, Emerson owned nearly 30 percent of Control Techniques.

FINANCIAL POSITION, CAPITAL RESOURCES AND LIQUIDITY

The Company continues to generate substantial cash from operations, which has been used to significantly reduce leverage since the Fisher acquisition (see notes 2 and 3). The Company remains in a strong financial position and has the resources available for reinvestment in existing businesses, strategic acquisitions and managing the capital structure.

CASH FLOW

Emerson's earnings growth and focus on asset management generated record operating cash flow of \$1,097 million in 1994, compared to \$1,075 million and \$1,001 million in 1993 and 1992, respectively. Accounts receivable, inventories and accounts payable increased from September 30, 1993, due primarily to stronger 1994 operations and the impact of foreign exchange. Operating working capital was approximately 18 percent of sales in 1994 and 1993, down from 20 percent in 1992. This reduction reflects an improvement in average inventory turnover.

Dividends were a record \$350 million (\$1.56 per share) in 1994, compared with \$324 million (\$1.44 per share) in 1993 and \$309 million (\$1.38 per share) in 1992. On November 1, 1994, the Board of Directors approved a 10.3 percent increase in the quarterly dividend to an annualized rate of \$1.72 per share, an amount consistent with the Company's long-standing target payout ratio of 45 to 50 percent of prior year earnings.

Capital expenditures were \$332 million in 1994, compared to \$306 million in 1993 and \$346 million in 1992, as construction spending on the Copeland Compliant Scroll compressor project peaked in 1992. Emphasis continues to be placed on programs designed to improve productivity by incorporating advanced processes and technology into existing facilities, cost reduction projects and new products.

LEVERAGE/CAPITALIZATION

Strong operating cash flow and the net proceeds from the Aero divestiture of \$206 million in 1994 enabled the Company to reduce total debt \$449 million to \$1.2 billion and fund net treasury stock purchases of \$111 million. In 1993, total debt increased to \$1.6 billion from \$882 million in 1992, reflecting the issuance of U.S. commercial paper related to the October 1, 1992 acquisition of Fisher for \$1.25 billion. Strong operating cash flow in 1993 allowed the Company to reduce debt by \$483 million subsequent to the Fisher acquisition.

The total debt to total capital ratio was 21.7 percent at year-end 1994, compared to 29.3 percent in 1993 and 19.1 percent in 1992. At September 30, 1994, net debt (total debt less cash and equivalents and short-term investments) was 20.0 percent of net capital, compared to 27.9 percent in 1993 (35.5 percent immediately after the Fisher acquisition) and 17.7 percent in 1992. The Company's interest coverage ratio (income before income taxes, non-recurring items and interest expense divided by interest expense) was 15.0 times in 1994 compared to 10.3 times in 1993 and 12.5 times in 1992.

At year-end 1994, the Company maintained lines of credit of \$700 million to support U.S. commercial paper and had available non-U.S. bank credit facilities of \$455 million to support non-U.S. operations. In addition, the Company can issue up to \$330 million of debt securities under its shelf registration with the Securities and Exchange Commission. The Company has swapped approximately \$650 million of its floating interest rate obligations to fixed rates for up to one year.

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF EARNINGS

EMERSON ELECTRIC CO. AND SUBSIDIARIES
Years ended September 30
(Dollars in millions except per share amounts)

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>

NET SALES	\$8,607.2	8,173.8	7,706.0
	-----	-----	-----
Costs and expenses:			
Cost of sales	5,553.0	5,289.8	5,054.6
Selling, general and administrative expenses	1,679.6	1,606.6	1,460.1
Interest expense	88.5	119.2	91.0
Gain on sale of business and other non-recurring items	(192.0)	--	--
Other deductions, net	50.3	46.2	56.4
	-----	-----	-----
Total costs and expenses	7,179.4	7,061.8	6,662.1
	-----	-----	-----
Income before income taxes and cumulative effect of change in accounting principle	1,427.8	1,112.0	1,043.9
Income taxes	523.4	403.9	381.0
	-----	-----	-----
Income before cumulative effect of change in accounting principle	904.4	708.1	662.9
Cumulative effect of change in accounting for postretirement benefits (\$190.0 less income tax benefit of \$74.1); \$.52 per common share	(115.9)	--	--
	-----	-----	-----
NET EARNINGS	\$ 788.5	708.1	662.9
	=====	=====	=====
EARNINGS PER COMMON SHARE	\$ 3.52	3.15	2.96
	=====	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

NOTE: Including the pretax impact of the cumulative effect of accounting change, income before income taxes would have been \$1,237.8 million in 1994, compared to \$1,112.0 million and \$1,043.9 million in 1993 and 1992, respectively.

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<TABLE>
<CAPTION>
CONSOLIDATED BALANCE SHEETS

EMERSON ELECTRIC CO. AND SUBSIDIARIES
September 30
(Dollars in millions except per share amounts)

ASSETS	1994	1993
	-----	-----
<S>	<C>	<C>
CURRENT ASSETS		
Cash and equivalents	\$ 113.3	101.9
Receivables, less allowances of \$42.0 in 1994 and \$35.7 in 1993	1,542.6	1,392.1
Inventories:		
Finished products	506.5	484.6
Raw materials and work in process	885.7	813.7
	-----	-----
Total inventories	1,392.2	1,298.3
Other current assets	290.1	282.0
	-----	-----
Total current assets	3,338.2	3,074.3
	-----	-----
PROPERTY, PLANT AND EQUIPMENT		
Land	150.3	146.5
Buildings	860.6	836.6
Machinery and equipment	2,671.0	2,447.9
Construction in progress	158.8	155.6
	-----	-----
	3,840.7	3,586.6
Less accumulated depreciation	1,893.4	1,706.5
	-----	-----
Property, plant and equipment, net	1,947.3	1,880.1
	-----	-----

OTHER ASSETS

Excess of cost over net assets of purchased businesses, less accumulated amortization of \$237.3 in 1994 and \$184.7 in 1993	1,862.9	1,834.3
Other	1,066.6	1,025.8
	-----	-----
Total other assets	2,929.5	2,860.1
	-----	-----
	\$8,215.0	7,814.5
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY

	1994	1993
	-----	-----
<S>	<C>	<C>
CURRENT LIABILITIES		
Short-term borrowings and current maturities of long-term debt	\$ 923.3	1,183.9
Accounts payable	611.4	492.8
Accrued expenses	936.4	870.0
Income taxes	146.2	145.9
	-----	-----
Total current liabilities	2,617.3	2,692.6
	-----	-----
LONG-TERM DEBT	279.9	438.0
	-----	-----
OTHER LIABILITIES	976.0	768.8
	-----	-----
STOCKHOLDERS' EQUITY		
Preferred stock of \$2.50 par value per share. Authorized 5,400,000 shares; issued - none	--	--
Common stock of \$1 par value per share. Authorized 400,000,000 shares; issued 238,338,503 shares in 1994 and 1993	238.3	238.3
Additional paid-in capital	--	4.1
Retained earnings	4,619.1	4,182.5
Cumulative translation adjustments	8.7	(69.1)
	-----	-----
	4,866.1	4,355.8
Less cost of common stock in treasury, 14,752,649 shares in 1994 and 13,575,263 shares in 1993	524.3	440.7
	-----	-----
Total stockholders' equity	4,341.8	3,915.1
	-----	-----
	\$8,215.0	7,814.5
	=====	=====

</TABLE>

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<TABLE>
<CAPTION>

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

EMERSON ELECTRIC CO. AND SUBSIDIARIES
Years ended September 30
(Dollars in millions except per share amounts)

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
COMMON STOCK	\$ 238.3	238.3	238.3
	-----	-----	-----
ADDITIONAL PAID-IN CAPITAL			
Beginning balance	4.1	--	--
Treasury stock issued	(.6)	(.9)	--
Stock plans	(3.5)	5.0	--
	-----	-----	-----
Ending balance	--	4.1	--
	-----	-----	-----
RETAINED EARNINGS			
Beginning balance	4,182.5	3,798.6	3,445.7
Net earnings	788.5	708.1	662.9
Cash dividends (per share: 1994, \$1.56; 1993, \$1.44; 1992, \$1.38)	(349.9)	(324.2)	(309.5)
Stock plans	(2.0)	--	(.5)
	-----	-----	-----
Ending balance	4,619.1	4,182.5	3,798.6
	-----	-----	-----
CUMULATIVE TRANSLATION ADJUSTMENTS			
Beginning balance	(69.1)	133.0	17.6
Translation adjustments	77.8	(202.1)	115.4
	-----	-----	-----
Ending balance	8.7	(69.1)	133.0
	-----	-----	-----
TREASURY STOCK			
Beginning balance	(440.7)	(440.1)	(444.7)
Acquired	(116.5)	(30.6)	(7.1)
Issued	6.4	3.5	1.2
Issued under stock plans	26.5	26.5	10.5
	-----	-----	-----
Ending balance	(524.3)	(440.7)	(440.1)
	-----	-----	-----
TOTAL STOCKHOLDERS' EQUITY	\$4,341.8	3,915.1	3,729.8
	=====	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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<TABLE>
<CAPTION>
CONSOLIDATED STATEMENTS OF CASH FLOWS

EMERSON ELECTRIC CO. AND SUBSIDIARIES
Years ended September 30
(Dollars in millions)

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net earnings	\$ 788.5	708.1	662.9
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	274.0	269.3	253.1
Amortization of intangibles	90.5	71.4	42.1
Changes in operating working capital	(82.4)	25.7	43.5
Cumulative effect of change in accounting principle	115.9	--	--
Gain on sale of business and other non-recurring items, net of income taxes	(117.1)	--	--
Other	27.4	.3	(.4)
	-----	-----	-----
Net cash provided by operating activities	1,096.8	1,074.8	1,001.2
	-----	-----	-----
INVESTING ACTIVITIES			
Capital expenditures	(332.3)	(305.6)	(345.5)
Purchases of businesses, net of cash and equivalents acquired	(58.1)	(1,263.4)	(61.2)
Proceeds from divestiture of businesses, net	205.9	--	19.9
Other	(1.2)	74.9	46.3
	-----	-----	-----
Net cash used in investing activities	(185.7)	(1,494.1)	(340.5)

FINANCING ACTIVITIES	-----	-----	-----
Net increase (decrease) in short-term borrowings			
with maturities of 90 days or less	(239.7)	726.4	(259.8)
Proceeds from short-term borrowings	227.6	99.7	98.0
Principal payments on short-term borrowings	(266.8)	(132.7)	(180.2)
Proceeds from long-term debt	4.6	190.4	65.0
Principal payments on long-term debt	(175.0)	(91.6)	(117.9)
Net issuances (purchases) of treasury stock	(110.8)	(8.2)	.2
Dividends paid	(349.9)	(324.2)	(309.5)
	-----	-----	-----
Net cash provided by (used in) financing activities	(910.0)	459.8	(704.2)
	-----	-----	-----
Effect of exchange rate changes on cash and equivalents	10.3	(18.8)	21.3
	-----	-----	-----
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	11.4	21.7	(22.2)
Beginning cash and equivalents	101.9	80.2	102.4
	-----	-----	-----
ENDING CASH AND EQUIVALENTS	\$ 113.3	101.9	80.2
	=====	=====	=====

CHANGES IN OPERATING WORKING CAPITAL			
Receivables	\$ (93.2)	(11.5)	16.3
Inventories	(88.5)	53.4	45.2
Other current assets	26.2	14.2	(10.9)
Accounts payable	96.0	(29.4)	(58.4)
Accrued expenses	(23.7)	6.9	9.4
Income taxes	.8	(7.9)	41.9
	-----	-----	-----
	\$ (82.4)	25.7	43.5
	=====	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

EMERSON ELECTRIC CO. AND SUBSIDIARIES

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. All significant intercompany transactions, profits and balances are eliminated in consolidation. Investments of 20 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 as a separate component of stockholders' equity.

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 the fiscal year and variances incurred during the year 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. For assets placed in service prior to fiscal 1992, depreciation is computed principally using accelerated methods over estimated service lives. Effective October 1, 1991, the Company began depreciating newly acquired assets using the straight-line method, which conforms to prevailing industry practice. The effect of the change was not material to the financial results. Service lives for principal assets are 30 to 40 years for buildings and 8 to 12 years for machinery and equipment.

EXCESS OF COST OVER NET ASSETS OF PURCHASED BUSINESSES

Assets and liabilities related to business combinations accounted for as purchase transactions are recorded at their respective fair values. Excess of cost over net assets of purchased businesses is amortized on a straight-line basis over the periods estimated to be benefited, not exceeding 40 years.

REVENUE RECOGNITION

The Company recognizes the vast majority of its revenues through the sale of manufactured products as shipped.

INTEREST RATE SWAP AGREEMENTS

The net amount to be paid or received under interest rate swap agreements is accrued over the life of the agreements as a separate component of interest expense.

INCOME TAXES

No provision is made for U.S. income taxes on the undistributed earnings of non-U.S. subsidiaries (approximately \$550 million at September 30, 1994), primarily because retention of a significant portion of these earnings is considered essential for continuing operations. In those cases where distributions have been made, additional income taxes, if any, have been minimal due to available foreign tax credits.

EARNINGS PER COMMON SHARE

Earnings per common share is computed by dividing net earnings by the weighted average number of common shares outstanding during the applicable periods. The weighted average number of common shares outstanding was 224,232,225 shares, 225,082,844 shares, and 224,252,059 shares in 1994, 1993 and 1992, respectively.

FINANCIAL PRESENTATION CHANGES

Certain prior year amounts have been reclassified to conform to the current year presentation.

(2) BUSINESS COMBINATIONS AND DIVESTITURES

On October 1, 1992, the Company acquired Fisher Controls International, Inc., and its subsidiaries and other related operations for \$1,254.7 million (net of cash and equivalents acquired) in a business combination accounted for as a purchase. Fisher is a worldwide manufacturer of control valves and control systems for major process industries including chemical, oil and gas, and pulp and paper. Assets (excluding cash and equivalents) acquired and liabilities assumed in connection with the Company's purchase acquisitions follow (dollars in millions):

<TABLE>

<CAPTION>

	1994	1993	1992
	-----	-----	----
<S>	<C>	<C>	<C>
Fair value of assets acquired.....	\$96.7	1,644.1	74.7
Less liabilities assumed.....	38.6	380.7	13.5
	-----	-----	----
Cash paid, net.....	\$58.1	1,263.4	61.2
	=====	=====	=====

</TABLE>

On December 14, 1993, the Company sold the Aerospace unit of its Rosemount Inc. subsidiary (fiscal 1993 sales of approximately \$130 million) for \$301 million (\$206 million net of income taxes). The transaction resulted in a pretax gain of \$242 million. The net earnings impact of this gain was substantially offset in the first quarter by other non-recurring items (\$50 million pretax impact) and the adoption of SFAS No. 106 (see note 7). Other non-recurring items principally consist of severance and related costs arising from relocation of several operations, or work force reductions, primarily in the Company's European heating, ventilating and air conditioning, and process control businesses.

On September 30, 1992, Emerson and Robert Bosch GmbH established a 50-50 joint venture for the development, manufacture and distribution of power tools. The Company contributed its Skil business (excluding receivables totaling \$65 million and certain non-U.S. businesses) and Bosch contributed its U.S. power tool operations and cash of \$130 million to form S-B Power Tool Company. Emerson received \$44 million from the sale of the non-U.S. businesses to the newly formed partnership. The joint venture is accounted for under the equity method; Skil had 1992 sales of approximately \$350 million. The transaction resulted in a 1992 pretax gain of \$43 million which is included in Corporate and other items in note 12. The fourth quarter 1992 results also included a pretax charge of approximately \$50 million for the shutdown and restructuring of facilities and operations, the majority of which is reflected in the Commercial and Industrial segment in note 12. In fiscal 1995, the Company received a preferential distribution from S-B Power Tool Company of approximately \$41 million.

On an unaudited pro forma basis, assuming consummation of the Fisher and Skil/Bosch transactions at the beginning of fiscal 1992, net sales would have been approximately \$8,275 million in 1992. Net earnings and earnings per share

would not have been significantly different from reported amounts.

The results of operations of these businesses have been included in the Company's consolidated results of operations since the respective dates of the acquisitions and prior to the dates of the divestitures.

(3) SHORT-TERM BORROWINGS AND LINES OF CREDIT

Short-term borrowings consist primarily of commercial paper and non-U.S. bank borrowings as follows (dollars in millions):

	United States			Non-U.S.		
	1994	1993	1992	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Borrowings at year end.....	\$ 502.2	920.4	176.6	264.2	108.2	175.8
Weighted average interest rate at year end....	4.6%	4.6%	3.8%	6.2%	7.5%	10.5%
Month-end average borrowings during the year..	\$ 741.7	1,335.1	462.3	175.5	133.9	190.7
Month-end weighted average interest rate during the year.....	4.6%	4.4%	4.3%	6.8%	10.0%	10.1%
Highest month-end level of borrowings during the year.....	\$1,014.4	1,546.3	581.2	264.2	168.8	230.5
</TABLE>						

In October 1992, in connection with the Fisher acquisition (see note 2), the Company issued \$1.275 billion of U.S. commercial paper and swapped these borrowings to a weighted average fixed rate of 4.6 percent. At September 30, 1994, approximately \$650 million of the Company's floating interest rate borrowings remained swapped for up to one year; at September 30, 1993, borrowings of approximately \$900 million were swapped for periods up to two years. Excluding the impact of these swaps, interest expense would have been \$83 million and \$105 million, and the U.S. year-end weighted average interest rate would have been 4.9 percent and 3.1 percent in 1994 and 1993, respectively.

Lines of credit amounting to \$700 million were maintained with various banks at September 30, 1994, to support U.S. commercial paper and to assure availability of funds. These lines of credit are effective through January 1995. There were no borrowings against U.S. lines of credit in the last three years. The Company's non-U.S. subsidiaries maintained bank credit facilities in various currencies approximating \$560 million (\$455 million unused) at September 30, 1994. In some instances, borrowings against these credit facilities have been guaranteed by the Company to assure the availability of funds at favorable interest rates.

(4) LONG-TERM DEBT

Long-term debt is summarized as follows (dollars in millions):

<TABLE>	1994	1993
<CAPTION>	-----	-----
<S>	<C>	<C>

7 7/8% Eurodollar notes due 1998.....	\$100.0	100.0
Medium-term notes due through 1996 swapped to a weighted average effective interest rate of 4.2 percent at September 30, 1994.....	153.5	292.6
8% convertible subordinated debentures due 1997 through 2011.....	45.6	47.1
Lease obligations payable in installments through 2009 with a weighted average interest rate of 6.5 percent at September 30, 1994.....	25.7	39.4
Other, principally notes payable in installments through 2006 with a weighted average interest rate of 6.5 percent at September 30, 1994.....	112.0	114.2
	-----	-----
	436.8	593.3
Less current maturities.....	156.9	155.3
	-----	-----
Total.....	\$279.9	438.0
	=====	=====

</TABLE>

The 7 7/8% Eurodollar notes were exchanged for non-U.S. dollar obligations of the same maturity. The non-U.S. dollar obligations have a weighted average interest rate of 5.5 percent and 6.1 percent at September 30, 1994 and 1993, respectively, and are composed of 136 million Dutch guilders, 5 billion Japanese yen and 27 million Swiss francs. These non-U.S. dollar obligations have been designated as a partial hedge of the Company's non-U.S. dollar net asset exposure. The effects of exchange rate fluctuations on these obligations are included in cumulative translation adjustments and other liabilities.

Long-term debt maturing during each of the four years after 1995 is \$71.1 million, \$9.9 million, \$132.2 million and \$8.3 million, respectively. Total interest paid related to short-term borrowings and long-term debt was approximately \$90 million, \$126 million and \$86 million in 1994, 1993 and 1992, respectively.

(5) FINANCIAL INSTRUMENTS

The Company is a party to various financial instruments with off-balance-sheet risk. No loss is anticipated due to nonperformance by the counterparties to these agreements.

In addition to the 7 7/8% notes described above, the Company has entered into foreign currency and interest rate exchange agreements that partially hedge non-U.S. dollar net asset exposures and provide for the legal right of offset. At September 30, 1994, the Company was required to deliver 133 million German marks in fiscal 1995 with interest at 6.6 percent in exchange for U.S. \$82 million with interest at U.S. commercial paper rates. At September 30, 1993, these agreements required the Company to deliver 267 million German marks with interest at a weighted average rate of 6.9 percent and 2.5 billion Japanese yen with interest at 4.99 percent in exchange for U.S. \$184 million with interest at U.S. commercial paper rates.

As part of its currency hedging strategy, the Company also utilizes option and forward exchange contracts to minimize the impact of currency fluctuations on transactions, cash flows and firm commitments. These contracts for the sale or purchase of European and other currencies generally mature within one year. The Company and its subsidiaries had approximately \$225 million and \$250 million of contracts outstanding at September 30, 1994 and 1993, respectively.

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. Unless otherwise stated, the estimated fair value of each class of financial instruments approximated the related carrying value at September 30, 1994 and 1993.

(6) RETIREMENT PLANS

The Company sponsors retirement plans covering substantially all employees. Benefits are provided to employees under defined benefit pay-related and flat-dollar plans which are primarily noncontributory. Annual contributions to retirement plans equal or exceed the minimum funding requirements of the Employee Retirement Income Security Act or applicable local regulations.

The Company also sponsors defined contribution plans and participates in multiemployer plans for certain union employees. Benefits are determined and funded annually based on terms of the plans or as stipulated in collective bargaining agreements.

Retirement plan expense for the years ended September 30, 1994, 1993 and 1992, follows (dollars in millions):

<TABLE>
<CAPTION>

	U.S. Plans			Non-U.S. Plans		
	1994	1993	1992	1994	1993	1992
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Defined benefit plans:						
Service cost (benefits earned during the period)..	\$ 27.9	23.5	18.5	7.2	7.8	7.3
Interest cost.....	75.6	69.0	51.2	13.3	13.6	11.0
Actual return on plan assets.....	(26.3)	(137.3)	(68.7)	(8.9)	(21.9)	(.6)
Net amortization and deferral.....	(76.8)	38.2	(9.1)	(3.3)	8.8	(8.1)
	-----	-----	-----	-----	-----	-----
Net periodic pension expense (income).....	.4	(6.6)	(8.1)	8.3	8.3	9.6
Defined contribution and multiemployer plans.....	39.5	41.5	35.3	3.9	3.5	4.5
	-----	-----	-----	-----	-----	-----
Total retirement plan expense.....	\$ 39.9	34.9	27.2	12.2	11.8	14.1
	=====	=====	=====	=====	=====	=====

</TABLE>

The retirement plan expense information reflects the impact of the October 1, 1992 Fisher acquisition.

The actuarial present value of benefit obligations and the funded status of the Company's defined benefit pension plans as of September 30, 1994 and 1993, follow (dollars in millions):

<TABLE>
<CAPTION>

	U.S. Plans		Non-U.S. Plans	
	1994	1993	1994	1993
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>

Accumulated benefit obligation.....	\$ 840.0	768.4	167.7	143.9
	=====	=====	=====	=====
Vested benefits included in accumulated benefit obligation.....	\$ 729.3	698.0	139.8	123.7
	=====	=====	=====	=====
Projected benefit obligation.....	\$1,000.6	934.3	193.6	169.7
Plan assets at fair value (primarily corporate equity and fixed income securities).....	1,057.5	1,064.5	136.7	125.2
	-----	-----	-----	-----
Plan assets in excess of (less than) projected benefit obligation	56.9	130.2	(56.9)	(44.5)
Unamortized transition amount.....	(58.1)	(65.3)	(1.8)	(2.5)
Unrecognized net loss (gain).....	73.8	1.7	(3.5)	(8.5)
Unrecognized prior service costs.....	23.8	27.2	1.1	1.1
	-----	-----	-----	-----
Pension asset (liability) recognized in the balance sheet.....	\$ 96.4	93.8	(61.1)	(54.4)
	=====	=====	=====	=====

</TABLE>

For 1994, the assumed discount rate, rate of increase in compensation levels and expected long-term rate of return on plan assets used in the actuarial calculations were, respectively, 8.0 percent, 5.0 percent and 10.5 percent for U.S. plans; and an average of 7.6 percent, 4.4 percent and 9.1 percent for non-U.S. plans. For 1993, the assumed discount rate, rate of increase in compensation levels and expected long-term rate of return on plan assets were, respectively, 8.0 percent, 5.0 percent and 10.0 percent for U.S. plans; and an average of 8.0 percent, 4.7 percent and 8.9 percent for non-U.S. plans.

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(7) POSTRETIREMENT PLANS

The Company sponsors unfunded postretirement benefit plans (primarily health care) for U.S. retirees and their dependents. Effective October 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (OPEB), which requires that these costs be accrued over the service lives of employees. The Company recognized the transition obligation arising from service prior to adoption in the first quarter as a cumulative effect of change in accounting principle of \$115.9 million (net of \$74.1 million in related income tax benefits). In addition, prior to adoption the Company had recorded OPEB liabilities of approximately \$100 million in accordance with Accounting Principles Board Opinion No. 16. The statement will not have a material impact on the Company's ongoing results of operations.

Total postretirement plan expense for the year ended September 30, 1994 was \$27.3 million, consisting of \$5.6 million service cost and \$21.7 million interest. Prior to the adoption of SFAS No. 106, postretirement plan expense was approximately \$16 million and \$11 million for 1993 and 1992, respectively.

The actuarial present value of accumulated postretirement benefit obligations as of September 30, 1994 and October 1, 1993 follows (dollars in millions):

<TABLE>

<CAPTION>

	1994	1993
	-----	-----
<S>	<C>	<C>
Retirees.....	\$186.5	177.4
Fully eligible active plan participants.....	17.6	26.9
Other active plan participants.....	74.0	91.7
	-----	-----
Accumulated postretirement benefit obligation.....	278.1	296.0
Unrecognized net gain.....	27.7	--
	-----	-----
Postretirement benefit liability.....	\$305.8	296.0
	=====	=====

</TABLE>

The assumed discount rate used in measuring the obligation as of September 30, 1994 was 7.75 percent; the initial assumed health care cost trend rate was 11.0 percent, declining to 5.0 percent in the year 2001. The assumed discount rate used in measuring the obligation as of October 1, 1993 was 7.25 percent; the initial assumed health care cost trend rate was 12.0 percent, declining to 5.0 percent in the year 2008. A one-percentage-point increase in the assumed health care cost trend rate for each year would increase the obligation as of September 30, 1994 by approximately 6 percent and increase the 1994 postretirement plan expense by approximately 8 percent.

(8) COMMON STOCK

The Company has various stock option plans which permit certain officers and employees to purchase common stock at specified prices. At September 30, 1994, 2,716,074 options were available for grant under these plans. Changes in the number of shares subject to option during 1994 follow:

<TABLE>

<CAPTION>

	AVERAGE PRICE	SHARES SUBJECT TO OPTION

<S>	<C>	<C>
Beginning of year.....	\$34.51	1,595,449
Options granted.....	56.63	805,884
Options exercised (419,730 shares in 1993 and 325,316 shares in 1992).....	30.79	(337,780)
Options canceled.....	53.16	(33,056)

End of year.....	43.61	2,030,497
=====		
Exercisable at year end (1,261,532 shares in 1993).....		1,019,440
=====		

</TABLE>

The 1993 Incentive Shares Plan authorizes the distribution of a maximum of 3 million shares of common stock to key management personnel. At September 30, 1994, 212,000 incentive shares had been issued and 952,485 rights to receive common shares had been awarded, contingent upon accomplishing certain objectives by 1997.

At September 30, 1994, 9,291,714 shares of common stock were reserved, including 7,602,726 shares for issuance under the Company's stock plans and 1,688,988 shares for conversion of the outstanding 8% convertible subordinated debentures at a price of \$26.97 per share. The estimated fair value of the debentures was \$101 million and \$103 million at September 30, 1994 and 1993, respectively. During 1994, 1,976,906 treasury shares were acquired and 799,520 treasury shares were issued.

all holders of Rights, except an acquiring entity, would be entitled (i) to purchase, at an exercise price of \$120, 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, 1998, unless earlier redeemed (at one cent per Right), exercised or exchanged under the terms of the plan.

(9) INCOME TAXES

In the fourth quarter of 1993, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," effective October 1, 1992. The adoption of this standard changed the Company's method of accounting for income taxes from the deferred method to the liability method. The effect of the change was not material to the financial statements.

The principal components of income tax expense follow (dollars in millions):

	1994	1993	1992
	-----	-----	-----
Federal:			
<S>	<C>	<C>	<C>
Current.....	\$ 383.1	258.5	255.7
Deferred.....	8.9	35.5	14.3
State and local.....	57.5	41.0	37.8
Non-U.S.....	73.9	68.9	73.2
	-----	-----	-----
Income tax expense.....	\$ 523.4	403.9	381.0
	=====	=====	=====

</TABLE>

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

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Federal corporate statutory rate.....	35.0%	34.8%	34.0%
State and local taxes, less federal tax benefit.....	2.4	2.4	2.4
Other.....	(.7)	(.9)	.1
	-----	-----	-----
Effective income tax rate.....	36.7%	36.3%	36.5%
	=====	=====	=====

</TABLE>

The principal components of deferred tax assets (liabilities) follow (dollars in millions):

	1994	1993
	-----	-----
<S>	<C>	<C>
Property, plant and equipment and intangibles.....	\$(205.7)	(177.2)
Leveraged leases.....	(189.8)	(183.1)
Pension.....	(42.0)	(37.1)
Accrued liabilities.....	193.8	172.8
Postretirement benefits.....	119.2	41.1
Employee compensation and benefits.....	78.7	83.3
Other.....	57.0	25.4
	-----	-----
Total deferred tax assets (liabilities).....	\$ 11.2	(74.8)
	=====	=====

</TABLE>

At September 30, 1994 and 1993, respectively, net current deferred tax assets were \$244.0 million and \$219.4 million, and net noncurrent deferred tax liabilities were \$232.8 million and \$294.2 million. Total income taxes paid were approximately \$535 million, \$365 million and \$315 million in 1994, 1993 and 1992, respectively.

(10) OTHER FINANCIAL DATA

Items charged to earnings during the years ended September 30, 1994, 1993 and 1992, included the following (dollars in millions):

<TABLE>

<CAPTION>

	1994	1993	1992
	-----	-----	-----
<S>	<C>	<C>	<C>
Research, new product development and product improvement costs.....	\$298.2	272.4	244.8
Maintenance and repairs.....	155.1	138.9	126.8
Rent expense.....	113.1	109.2	103.4

</TABLE>

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 \$54 million in 1995 and decline substantially thereafter.

Other assets at September 30, 1994 and 1993, included the following (dollars in millions):

<TABLE>

<CAPTION>

	1994	1993
	-----	-----
<S>	<C>	<C>
Equity investments.....	\$410.0	375.6
Investment in leveraged leases.....	201.1	203.4

</TABLE>

The market value of the Company's equity investments in publicly traded companies exceeded the related carrying value by approximately \$108 million and \$78 million at September 30, 1994 and 1993, respectively.

Selected accrued expenses at September 30, 1994 and 1993, follow (dollars in millions):

<TABLE>

<CAPTION>

	1994	1993
	-----	-----
<S>	<C>	<C>
Employee compensation.....	\$218.2	221.4
Insurance, including self-insurance.....	109.0	115.5
Taxes, excluding income taxes.....	93.2	87.1
Warranty.....	84.4	68.7
Pension and profit-sharing plans.....	47.9	49.5
Interest.....	25.6	25.9

</TABLE>

(11) CONTINGENT LIABILITIES AND COMMITMENTS

At September 30, 1994, the Company had guaranteed \$373 million of indebtedness of a 50-percent-owned joint venture, Vermont American Corporation. If required to perform under the guarantee, the Company will be indemnified for up to \$146 million by its joint venture partner, Robert Bosch GmbH.

In the normal course of business prior to the distribution to stockholders of ESCO Electronics Corporation in 1990, the Company had guaranteed certain of ESCO's contracts with agencies of the U.S. Government or as a subcontractor. ESCO will pay the Company an annual fee of \$7.4 million through 1995 in connection with the guaranteed contracts. The remaining backlog of work expected to be performed under contracts guaranteed by the Company totaled approximately \$82 million at September 30, 1994. In certain circumstances, if ESCO fails to secure its obligation to indemnify the Company with respect to one or more of the guaranteed contracts, the Company will have the right to direct the removal and election of ESCO's Board of Directors until such time as conditions giving rise to this right are rectified. Management believes it is highly unlikely that the Company will incur a loss as a result of the guaranteed contracts, or that circumstances will arise under which the Company would exercise this right.

At September 30, 1994, there were no other known contingent liabilities (including guarantees, pending litigation, taxes and other claims) that, in the opinion of management, are expected to be material in relation to the Company's financial position, nor were there any material commitments outside the normal course of business.

Emerson is in the process of acquiring several companies with combined annual sales of approximately \$450 million. If completed, the total cost of these transactions would approximate \$550 million. These companies include F.G. Wilson (Engineering) Ltd., a manufacturer of diesel generator sets located in the United Kingdom, and Control Techniques, plc, an industry leader in the design and production of electronic drives for electric motors. Prior to the proposed transaction, Emerson owned nearly 30 percent of Control Techniques.

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<PAGE

(12) INDUSTRY SEGMENT INFORMATION

The Company is engaged principally in the design, manufacture and sale of a broad range of electrical, electromechanical and electronic products and systems. The products manufactured by the Company are classified into the following industry segments: Commercial and Industrial Components and Systems; and Appliance and Construction-Related Components. The Commercial and Industrial segment includes process control instrumentation, valves and systems; industrial motors and drives; industrial machinery, equipment and components; and electronics. The Appliance and Construction-Related segment consists of fractional horsepower motors; appliance components; heating, ventilating and air conditioning components; and tools. Summarized information about the Company's operations in each industry segment and geographic area follows (dollars in millions):

<TABLE>
<CAPTION>

INDUSTRY SEGMENTS
(See note 2)

Net Sales to

Income Before Income

	Unaffiliated Customers			Taxes and Accounting Change			Total Assets		
	1994	1993	1992	1994	1993	1992	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial and Industrial....	\$4,947	4,891	4,079	675	656	534	5,009	4,816	3,603
Appliance and Construction-Related.....	3,660	3,283	3,627	602	558	552	2,711	2,512	2,510
Corporate and other items*...	--	--	--	240	17	49	495	486	514
Interest expense.....	--	--	--	(89)	(119)	(91)	--	--	--
Total.....	\$8,607	8,174	7,706	1,428	1,112	1,044	8,215	7,814	6,627

</TABLE>

<TABLE>
<CAPTION>

	Depreciation and Amortization Expense			Capital Expenditures		
	1994	1993	1992	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial and Industrial.....	\$215	202	148	161	137	121
Appliance and Construction-Related.....	145	135	143	156	148	210
Corporate and other items.....	5	4	4	15	21	15
Total.....	\$365	341	295	332	306	346

</TABLE>

GEOGRAPHIC AREAS

<TABLE>
<CAPTION>

	Net Sales to Unaffiliated Customers			Income Before Income Taxes and Accounting Change			Total Assets		
	1994	1993	1992	1994	1993	1992	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
United States.....	\$5,953	5,568	5,128	956	862	773	4,910	4,828	3,683
Europe.....	1,933	1,948	2,075	147	162	160	2,140	1,893	2,091
Other Areas.....	721	658	503	85	71	62	840	759	453
Corporate and other items*...	--	--	--	240	17	49	495	486	514
Eliminations.....	--	--	--	--	--	--	(170)	(152)	(114)
Total.....	\$8,607	8,174	7,706	1,428	1,112	1,044	8,215	7,814	6,627

</TABLE>

*Income includes \$242 million Aero gain in 1994.

(13) QUARTERLY FINANCIAL INFORMATION (Unaudited)
(Dollars in millions except per share amounts)

<TABLE>
<CAPTION>

FINANCIAL RESULTS

	Net Sales		Gross Profit		Net Earnings	
	1994	1993	1994	1993	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
First Quarter*.....	\$2,009.5	1,983.8	706.1	687.6	178.0	163.2
Second Quarter.....	2,116.5	2,056.7	745.7	714.4	194.3	177.7
Third Quarter.....	2,243.7	2,092.1	784.0	735.7	208.0	187.2
Fourth Quarter.....	2,237.5	2,041.2	818.4	746.3	208.2	180.0
Fiscal Year.....	\$8,607.2	8,173.8	3,054.2	2,884.0	788.5	708.1
	=====	=====	=====	=====	=====	=====

</TABLE>

<TABLE>
<CAPTION>

	Earnings Per Common Share		Dividends Per Common Share	
	1994	1993	1994	1993
<S>	<C>	<C>	<C>	<C>
First Quarter*.....	\$.79	.73	.39	.36
Second Quarter.....	.87	.79	.39	.36
Third Quarter.....	.93	.83	.39	.36
Fourth Quarter.....	.93	.80	.39	.36
Fiscal Year.....	\$3.52	3.15	1.56	1.44
	=====	=====	=====	=====

</TABLE>

* Income before cumulative effect of change in accounting principle was \$293.9 million, or \$1.31 per common share, in the first quarter of 1994, reflecting the gain on sale of Aero and other non-recurring items (see notes 2 and 7).

<TABLE>
<CAPTION>

Stock Prices

	Price Range Per Common Share			
	1994		1993	
	High	Low	High	Low
<S>	<C>	<C>	<C>	<C>
First Quarter.....	\$61	55 3/8	55 3/4	50 1/4
Second Quarter.....	65 7/8	57 7/8	60	52 3/4

Third Quarter.....	61 1/8	56 1/8	62 3/8	56 7/8
Fourth Quarter.....	64	57	61 1/4	57 5/8

Fiscal Year.....	\$65 7/8	55 3/8	62 3/8	50 1/4
------------------	----------	--------	--------	--------

</TABLE>

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

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INDEPENDENT AUDITORS' REPORT

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, 1994 and 1993, 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, 1994. 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 generally accepted auditing standards. 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, 1994 and 1993, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 1994, in conformity with generally accepted accounting principles.

As discussed in note 7 to the consolidated financial statements, effective October 1, 1993, the Company changed its method of accounting for postretirement benefits other than pensions.

KPMG Peat Marwick LLP

St. Louis, Missouri
November 1, 1994

SUBSIDIARIES AND AFFILIATES OF EMERSON ELECTRIC CO.

SEPTEMBER 30, 1994

Legal Name -----	Jurisdiction of Incorporation -----
Alco Controls S.A. de C.V.	Mexico
Branson Ultrasonic S.A.	Switzerland
Commercial Cam Co., Inc.	Delaware
Compania de Motores Domesticos S.A.de C.V.	Mexico
Computer Power Systems (Europe) Ltd.	U.K.
Controles Electromecanicos De Mexico	Mexico
Con-Tek Valves, Inc.	Georgia
Copeland Electric Corporation	Delaware
Digital Appliance Controls, Inc.	Delaware
Digital Appliance Controls Korea, Inc.	Delaware
Digital Appliance Controls Manufacturing (Singapore) Pte Ltd.	Delaware
EECO, Inc.	Singapore
Appleton Electric Company	Delaware
Copeland Corporation	Delaware

CDP International, Inc.	Delaware
Copeland Access +, Inc.	Delaware
Copeland International, Inc.	Ohio
Copeland Redevelopment Corporation	Missouri
Sillcox Overseas Investment, Inc.	Delaware
Pameco-Aire Asia Private Limited	Singapore
Emerson Electric (U.S.) Holding Corporation	Delaware
Asco GmbH	Germany
Asco GmbH & Co.	Germany
Automatic Switch Company	Delaware
Asco Investment Corp.	New Jersey
Angar Scientific Company, Inc.	New Jersey
Asco Controls A.G.	Switzerland
Asco Controls B.V.	Netherlands
Asco Mideast B.V.	Netherlands
Asco GmbH	Hungary
Ascomation Pty. Ltd.	Australia
Ascomation (NZ) Limited	New Zealand
Asco Sweden AB	Sweden
Asco (Japan) Company Ltd.	Japan
Asco Services, Inc.	New Jersey
Ascomatica S.A. de C.V.	Mexico
Ascoval Industria E Comercio Ltda.	Brazil
Hanover Advertising Services, Inc.	New Jersey
Joucomatic Controls, Inc.	N. Carolina
Branson Ultrasonics Corporation	Delaware
Branson Korea Co., Inc.	Korea

Branson Plastics Joining, Inc.	New York
Branson Precision Cleaning Company	California
Branson Ultrasonidos S.A.E.	Spain
Branson Ultrasons S.A.	France
Krautkramer France S.A.	France
Chromalox GmbH	Germany
Copeland GmbH	Germany
Compresreurs Mechaniques	
Frigorifiques S.A.	France
Copeland France S.A.	France
Copeland Benelux BV	Netherland
Copeland Deutschland Verwaltung	
GmbH	Germany
Copeland Corporation Limited	U.K.
Prestcold GmbH	Germany
Copeland Italia S.a.R.l.	Italy
Copeland Deutschland GmbH & Co.	Germany
Copeland Iberica CIB S.A.	Spain
Copeland Norden AB	Sweden
Copeland Refrigeration Europe S.A.	Belgium
Emerson Electric GmbH	Germany
Alco Controls France S.A.	France
Emerson Electric GmbH & Co.	Germany
Emerson Electric Overseas Finance Corp.	Delaware
U.S.E.M. de Mexico S.A. de C.V.	Mexico
Motores U.S. de Mexico, S.A.	Mexico
Emerson Technologies GmbH	Germany
Emerson Technologies GmbH & Co.	Germany
Fisher Controls G.m.B.H.	Germany
Krautkramer GmbH	Germany
Krautkramer GmbH & Co.	Germany
Liebert GmbH	Germany
Liebert A.G.	Switzerland
Ridge Tool GmbH	Germany
Ridge Tool GmbH & Co.	Germany
Rosemount GmbH	Germany
Rosemount GmbH & Co.	Germany
Rosemount Inc.	Minnesota
Fisher Rosemount Middle East	Delaware
Kay-Ray/Sensall, Inc.	Delaware
Ohkura-Rosemount Co., Ltd.	Japan
Rosemount AB	Sweden
Rosemount Analytical Inc.	Delaware
Rosemount AS (Norway)	Norway
Rosemount China Inc.	Minnesota
Rosemount Espana, S.A.	Spain
Fisher Controls, S.A.	Spain
Fisher-Rosemount Holding AG	Switzerland
Fisher Controls Ges. M.B.H.	Austria
Fisher-Rosemount AG	Switzerland
Fisher-Rosemount A/S	Denmark
Fisher-Rosemount Poland Ltd.	Poland
Rosemount Instruments Pty. Ltd.	Australia

	Rosemount Instruments Ltd.	New Zealand
	Rosemount Instruments Taiwan, Ltd.	Taiwan
	Rosemount Korea, Ltd.	Korea
	Rosemount Mexicana S.A. de C.V.	Mexico
	Rosemount Nuclear Instruments	Delaware
	Rosemount Office Systems, Inc.	Minnesota
	Rosemount S.A.R.L.	France
	Rosemount Portugal S.A.	Portugal
	Rosemount Shanghai Co. Limited	China
	Fisher-Rosemount Singapore	
	Pte. Ltd.	Singapore
	Tekmar Company	Ohio
	Valmet-Rosemount Inc. (50% owned)	Finland
PEPT	Investment Corporation	Delaware
	S-B Power Tool Company	
	(partnership - 50% owned)	Delaware
	Inversions 421-10, C.A.	Venezuela
	Skil Venezolana S.R.L.	Venezuela
	Skil Canada Inc.	Canada
	Skil de Mexico S.A. de C.V.	Mexico
	Skil International	
	Holding B.V.	Netherlands
	Skil Europe B.V.	Netherlands
	Skil Benelux B.V.	Netherlands
	Skil Trading B.V.	Netherlands
	Skil Germany GMBH	Germany
	Skil Germany	
	GMBH Co.	Germany
	Skil France S.A.	France
	Skil Sweden A.B.	Sweden
	Skil(Western Hemisphere) Corp.	Illinois
	Skil Europe Corporation	Delaware
	Skil GmbH	Austria
	Skil AB	Sweden
Xomox	Corporation	Ohio
	Flow Technology, Inc.	Ohio
	Flow Technology S.A. de C.V.	Mexico
	Naegelen S.A.	France
	Industria e Comercio Ltda.	Brazil
	Xomox A G	Switzerland
	Xomox S.A. de C.V.	Mexico
	Xomox Korea Ltd.	Korea
Xomox	International GmbH	Germany
	Gulde Regelarmaturen B.V.	Netherlands
	Gulde Regelarmaturen	
	Verwaltungs GmbH	Germany
	Gulde Regelarmaturen	
	Verwaltungs GmbH & Co.	Germany
	Xomox International GmbH & Co.	Germany
Emerson	Power Transmission Corporation	Delaware
	Emerson Chain, Inc.	Delaware
	Regina-Emerson Company	
	(partnership - 50% owned)	Wisconsin
	UCC Corp.	Wisconsin
	Emerson Electronic Motion Controls, Inc.	Minnesota
Liebert	Corporation	Ohio
	Control Concepts Corporation	Delaware
	Emersub XXV, Inc.	Delaware
	Computersite-Preparations, Inc.	Ohio
	Liebert Corporation Australia Pty, Ltd.	Australia
	Liebert Far East Limited	Hong Kong
	Liebert Far East Pte. Ltd.	Singapore
	Liebert (Malaysia) Sdn.Bhd.	Malaysia
	Liebert Hong Kong Ltd.	Hong Kong
	Liebert International B.V.	Netherlands
	Liebert Limited	U.K.
Micro	Motion, Inc.	Colorado
Ridge	Tool Company	Ohio
	Ridge Tool (Australia) Pty., Ltd.	Australia
	Ridge Tool Manufacturing Company	Delaware
	Ridgid Vaerktojs A/S	Denmark
	Ridgid Italia S.R.L.	Italy

Ridgid Werkzeuge AG	Switzerland
Therm-O-Disc, Incorporated	Ohio
Componentes Avanzados de Mexico, S.A. de C.V.	Mexico
Controles de Temperatura S.A. de C.V.	Mexico
E.G.P. Corporation	Delaware
Emerson Electric (Asia) Limited	Hong Kong
Branson Ultrasonics (Asia Pacific) Co. Ltd.	Hong Kong
Emerson Electric (South Asia/Pacific) Pte. Ltd.	Singapore
Emerson Electric (Shenzhen) Co. Ltd.	China
Emerson Machinery Equipment (Shenzhen) Co. Ltd.	China
Emerson Electric II, C.A.	Venezuela
Emerson Electric, C.A.	Venezuela
Emerson Electric Foreign Sales Corporation	Virgin Islands
Emerson Electric Ireland Ltd.	Bermuda
Emerson Electric Nederland B.V.	Netherlands
Branson Ultrasonics B.V.	Netherlands
Brooks Instrument B.V.	Netherlands
Emerson Computer Power B.V.	Netherlands
Capax Electrische Apparatenfabriek B.V.	Netherlands
Fisher Controls B.V.	Netherlands
Fusite, B.V.	Netherlands
Rosemount Benelux B.V.	Netherlands
Skil AG	Switzerland
Emerson Electric Puerto Rico, Inc.	Delaware
Emerson Puerto Rico, Inc.	Delaware
Emerson Electric (Taiwan) Company Limited	Taiwan
Emerson Finance Co.	Delaware
Emersub XIX, Inc.	Delaware
Emerson Capital Funding, Inc.	Delaware
Emerson Sice S.p.A.	Italy

C.E. Set S.R.L.	Italy
Branson Ultrasuoni S.P.A.	Italy
Fisher Controls, S.P.A.	Italy
Fisher Italia	Italy
Rosemount Italia S.R.L.	Italy
Xomox Italia S.R.L.	Italy
Emerson Pacific Pte. Ltd.	Singapore
EMR Holdings, Inc.	Delaware
Emerson Electric Canada Ltd.	Canada
Appleton Electric Limited	Canada
Ascoelectric Limited	Canada
Fisher Controls Company of Canada Ltd.	Canada
Rosemount Instruments Ltd.	Canada
Sweco Canada, Inc.	Canada
Therm-O-Disc (Canada) Limited	Canada
Xomox Canada Ltd.	Canada
Emerson Electric Hungary Ltd.	Hungary
Emerson Electric Iberica S.A.	Spain
Emerson Electric (M) SDN BHD	Malaysia
Emerson Electric Slovakia	Slovakia
Emerson Electric (Thailand) Limited	Thailand
Emerson Holding Company Limited	U.K.
Emerson Electric (U.K.) Limited	U.K.
Hocking Holdings Ltd.(50% owned)	U.K.
Hocking NDT Limited	U.K.
Nippon Hocking	U.K.
Fisher Controls Ltd.	U.K.
Rosemount Limited	U.K.
Xomox U.K. Limited	U.K.
Switched Reluctance Drives Ltd. (SRDL)	U.K.
Reluctance Motors Ltd.	U.K.
Emerson Europe S.A.	France
Crouzet Electromenager S.A.	France
Crouzet SpA Italy	Italy
Fisher Controls, S.A.	France
Francel S.A.	France
Joucomatic S.A.	France
Fluidicontrol S.A.	Spain
Joucomatic Controls Ltd.	U.K.
Joucomatic GmbH Steuergeraete	Germany
Joucomatic S.p.A.	Italy
S.A. Joucomatic N.V.	Belgium
Sotrac S.r.l.	Italy
Omet S.A.	France
Ridge Tool France S.A.	France

Leroy-Somer S.A.	France
Bertrand-Polico S.A.	France
Constructions Electriques de Beaucourt S.A.	France
Electronique du Sud-Ouest S.A.	France
Atelier de Bobinage de Moteurs Electriques S.a.r.L	France
Belzon & Richardot S.A.	France

Construction Electriques du Nord S.A.	France
Lorraine Services Electrique Electronique Electromecanique S.A.R.L.	France
M.I.S. Poitouaine S.A.R.L.	France
M.I.S. Kerebel Provence S.A.R.L.	France
Marcel Oury S.a.r.L.	France
Mezierres S.A.	France
Etablissements J. Michel S.A.	France
Maintenance Industrie Service S.a.r.L.	France
Maintenance Industrie Services Le Havre S.a.r.L.	France
Maintenance Industrie Services Rennes S.a.r.L.	France
Maintenance Industrie Services Rhone-Alpes S.A.R.L.	France
Maintenance Industrie Services Toulouse S.a.r.L.	France
Navarre Services S.A.R.L.	France
Ouest Electro Service S.A.R.L.	France
Societe Nouvelle Paillet Services S.A.R.L.	France
Radiel Bobinage S.A.R.L.	France
Societe Nouvelle Silvain S.A.R.L.	France
M.I.S. Societe Peaucelle D'Installations et Reparations Electriques S.A.R.L.	France
Viet Services S.A.R.L.	France
Leroy-Somer Chilena Servicios Electromecanicos Ltd.	Chile
Poteau Moderne du Sud-Ouest S.A.	France
Etablissements Sevenier S.A.	France
Etablissements Trepeau S.A.	France
Girard Transmissions S.A.	France
La Francaise de Manutention S.A.	France
Leroy-Somer AB	Sweden
Leroy-Somer Belgium S.A.	Belgium
Leroy-Somer do Brasil Industria E. Comercio Ltd.	Brazil
Leroy-Somer Canada Ltd.	Canada
Leroy-Somer Danmark A/S	Denmark

Leroy-Somer Elektroantriebe GmbH	Austria
Leroy-Somer Elektromotoren GmbH	Germany
Leroy-Somer Finland OY	Finland
Leroy-Somer Iberica S.A.	Spain
Leroy-Somer International N.V.	Netherlands
Leroy-Somer Italiana S.p.A.	Italy
Leroy-Somer Ltd.	U.K.
Leroy-Somer Maroc S.A. (50% owned)	Morocco
Leroy-Somer Motores E Sistemas Electromecanicos Ltda.	Portugal

Leroy-Somer Nederland BV	Netherlands
Leroy-Somer Norge A/S	Norway
Leroy-Somer (Pty) Ltd.	Australia
Leroy-Somer (SEA) Pte. Ltd.	Singapore
Leroy-Somer Suisse S.A.	Switzerland
MLS Industries Inc.	Delaware
Yorba Linda International Inc.	Delaware
Maintenance Industrielle de Vierzon S.A.	France
MOTADOUR S.A.	France
Moteurs Leroy-Somer S.A.	France
Moteurs Leroy-Somer Canada Ltd.	Canada
Moteurs Patay S.A.	France
Societe Anonyme de Mecanique et D'outillage du Vivarais S.A.	France
Societe Civile Immobiliere des Jacquieres	France
Societe Con Folentaise de Metalurgie S.A.	France
Societe de Mecanique et D'Electromthermie des Pays de L'Adour S.A.	France
Societe Commerciale des Ateliers de Constructions Electriques D'Orleans S.A.	France
Fisher Controls, S.A.N.V.	Belgium
Shanghai Branson Co. Limited	China
Etirex S.A.	France
Fisher Controls International, Inc.	Delaware
Exac Corporation	California
Fisher Controles Do Brasil Ltda.	Brazil
Fisher Controls Asia Pacific Ltd.	Delaware
Fisher Controls De Mexico, S.A. De C.V.	Mexico
Fisher Controls Hong Kong Limited	Hong Kong
Tianjin Fisher Valve Co. Ltd.	China
Fisher Controls PTY. Limited	Australia
Fisher Service Company	Delaware
Fisher Systems & Installation Company	Delaware
Industrious Fisher Controls de Venezuela S.A.	Venezuela
Nippon Fisher Company Ltd.	Japan
Fisco Ltd.(Fisco Kabushiki Kaisha)	Japan
Fisher-Rosemount Hungary Ltd.	Hungary
Fusite Holding Corporation	Ohio
Emerson Japan, Ltd.	Japan
Brooks Instruments K.K.	Japan
Innoven III Corporation	Delaware
Krautkramer Branson Incorporated	Connecticut
Stresstel Corporation	California
Leatherneck Acquisition II Corporation	Delaware
Buehler International, Inc.	Delaware
Buehler Ltd.	Illinois
Buehler Holdings	Delaware
Buehler Europe Ltd.	U.K.
Buehler UK Ltd.	U.K.
Wirtz-Buehler GmbH	Germany
Buehler-Met AG	Switzerland
Buehler-Met Handela	Austria
Buehler-Met Handelgesell-schaff M.B.H.	Australia
Tech-Met Canada Ltd.	Canada
Louisville Ladder Corp.	Missouri
McGill Manufacturing Company	Indiana
McGill International Inc.	Taiwan
Metaloy, Inc.	Mass
Motores Hermeticos del Sur, S.A. de C.V.	Mexico
Ridge Tool Europe, S.A.	Belgium
Ridgid Ferramentas E. Maquinas, Ltda.	Brazil
Rosemount S.A. (Belgium)	Belgium
SWECO, Inc.	California
SWECO Europe, S.A.	Belgium
Termo-Controles de Juarez S.A. de C.V.	Mexico
Transmisiones de Potencia Emerson S.A. de C.V.	Mexico
U.S. Electrical Motors D.C. Motor Plant, Inc.	Delaware
Vermont American Corporation (50% owned)	Delaware
Carbide Blast Joints, Inc.	Texas
Clairson International Corp.	Florida
Credo Tool Company	Delaware
DML, Inc.	N. Carolina

Gilmour Manufacturing Company
Gilmour Hose Company
VA Export, Ltd.

VAC Data Management, Inc.
Vermont American (Australia) Ltd.
Vermont American Canada Inc.
Vermont American Corporation,

Fountain Inn
Vermont Westa Werkzeugbau GmbH
VA Holding Company

Western Forge Corporation
Wiegand S.A. de C.V.

Pennsylvania
Delaware
Virgin
Islands
Delaware
Nevada
Canada

Delaware
Germany
Delaware
Delaware
Mexico

Exhibit 23

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Emerson Electric Co.:

We consent to incorporation by reference in Registration Statement Nos. 33-32576, 33-24034, 33-38805, 33-34948, 33-34633, 33-11521, 33-2739, 2-76653, 2-63717, 2-52671, and 2-44288 on Form S-8 and Registration Statement No. 33-39109 on Form S-3 of Emerson Electric Co. of our reports dated November 1, 1994, relating to the consolidated balance sheets of Emerson Electric Co. and subsidiaries as of September 30, 1994 and 1993, 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, 1994, and all related schedules, which reports appear or are incorporated by reference in the September 30, 1994 annual report on Form 10-K of Emerson Electric Co. Our report refers to a change in accounting for postretirement benefits other than pensions.

St. Louis, Missouri
December 21, 1994

KPMG PEAT MARWICK LLP

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, 1994.

Dated: December 21, 1994.

Signature

Title

/s/C. F. Knight

C. F. Knight

Chairman of the Board and Chief
Executive Officer and Director

/s/W. J. Galvin ----- W. J. Galvin	Senior Vice President - Finance and Chief Financial Officer (and Principal Accounting Officer)
/s/J. J. Adorjan ----- J. J. Adorjan	Director
/s/L. L. Browning, Jr. ----- L. L. Browning, Jr.	Director
/s/A. A. Busch, III ----- A. A. Busch, III	Director
/s/D. C. Farrell ----- D. C. Farrell	Director
/s/J. A. Frates ----- J. A. Frates	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/R. B. Loynd ----- R. B. Loynd	Director
/s/B. A. Schriever ----- B. A. Schriever	Director
/s/R. W. Staley ----- R. W. Staley	Director
/s/A. E. Suter ----- A. E. Suter	Director
/s/W. M. Van Cleve ----- W. M. Van Cleve	Director
/s/E. E. Whitacre, Jr. ----- E. E. Whitacre, Jr.	Director
/s/E. F. Williams, Jr. ----- E. F. Williams, Jr.	Director

<TABLE> <S> <C>

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE 1994
EMERSON ELECTRIC CO. CONSOLIDATED STATEMENT OF EARNINGS AND CONSOLIDATED
BALANCE SHEET FILED WITH THE COMPANY'S 1994 FORM 10-K AND IS QUALIFIED IN ITS
ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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<MULTIPLIER> 1,000

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<CURRENT-LIABILITIES>	2,617,300
<BONDS>	279,900
<COMMON>	238,300

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<CHANGES>	(115,900)	<F2>
<NET-INCOME>	788,500	
<EPS-PRIMARY>	3.52	
<EPS-DILUTED>	0	
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<F1> Income-pretax (before accounting change) includes \$242 million Aero gain and other non-recurring charges of \$50 million. The net earnings impact of these non-recurring items was substantially offset by the accounting change.		
<F2> Cumulative effect of change in accounting for postretirement benefits. Income before accounting change was \$904.4 million.		
</FN>		

</TABLE>