

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, 1996
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, 1996: \$19,790 million.

Common stock outstanding at October 31, 1996: 223,663,349 shares.

Documents Incorporated by Reference

1. Portions of Emerson Electric Co. 1996 Annual Report to Stockholders
(Parts I and II).
2. Portions of Emerson Electric Co. Notice of 1997 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, Emerson's product lines were subsequently expanded through internal growth and acquisitions. Emerson is now engaged principally in the worldwide 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 changes and total assets attributable to each industry segment for the three years ended September 30, 1996 are set forth in Note 13 of Notes to Consolidated Financial Statements on page 39 of the 1996 Annual Report, which note is hereby incorporated by reference. Information with respect to acquisition and divestiture activities by Emerson is set forth in Note 2 of Notes to Consolidated Financial Statements on page 33 of the 1996 Annual Report, which note is 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 instruments to measure water quality. Other products include solid state telemetering equipment, various types of pressure and vacuum relief valves and personal computer-based software used for industrial automation applications. 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 oxygen analyzers, infrared gas and process fluid 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, electronic variable speed drives and diesel generator sets. Emerson also produces and services 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 motors and 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 electric waste disposers, hot water dispensers, ventilating equipment and exhaust fans.

Emerson is a producer of selected professional and hardware tools and accessories, 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 produces ladders, 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.

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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 \$1,810 million and \$1,815 million at September 30, 1996 and 1995, respectively. Nearly all of the September 30, 1996 consolidated backlog amount is expected to be shipped within one year. The estimated backlog by industry segment at September 30, 1996 and 1995 follows (dollars in millions):

	1996	1995
	-----	-----
Commercial and Industrial	\$ 1,191	1,215
Appliance and Construction-Related	619	600
	-----	-----
Consolidated Order Backlog	\$ 1,810	1,815
	=====	=====

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 \$398.7 million in 1996, \$354.2 million in 1995 and \$298.2 million in 1994.

ENVIRONMENT

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

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EMPLOYEES

Emerson and its subsidiaries had an average of approximately 86,400 employees during 1996.

DOMESTIC AND FOREIGN OPERATIONS

International sales were \$4,867 million in 1996, \$4,386 million in 1995 and \$3,243 million in 1994, including U.S. exports of \$885 million, \$768 million and \$589 million in 1996, 1995 and 1994, 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 13 of Notes to Consolidated Financial Statements on page 39 of the 1996 Annual Report for further information with respect to foreign operations.

Item 2. Properties

At September 30, 1996, Emerson had approximately 325 manufacturing locations worldwide, of which approximately 170 were located outside the United States, primarily in Europe and to a lesser extent in Asia-Pacific, Canada and Latin America. Approximately 200 locations are occupied by the Commercial and Industrial segment, and approximately 125 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 management believes will 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, 1996.

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Executive Officers of the Registrant

The following sets forth certain information as of December 1996 with respect to Emerson's executive officers. These officers have been elected or appointed to terms which will expire February 4, 1997:

Name	Position	Age	First Served as Officer
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C. F. Knight*	Chairman of the Board, President and Chief Executive Officer	60	1972
A. E. Suter*	Senior Vice Chairman and Chief Operating Officer	61	1979
R. W. Staley*	Vice Chairman Asia-Pacific	61	1975
W. J. Galvin	Senior Vice President - Finance and Chief Financial Officer	50	1984
W. W. Withers	Senior Vice President, Secretary and General Counsel	56	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.

7 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 14 of Notes to Consolidated Financial Statements on page 40 of the 1996 Annual Report is hereby incorporated by reference. There were approximately 29,800 stockholders at September 30, 1996. On October 5, 1995, the Company issued 148,772 shares of common stock for all of the stock of an electrical power systems and equipment services company. The shares were not registered based on the exemption provided by Section 3(a)(10) of the 1993 Securities Act. The terms and conditions of the transaction were approved by the California Department of Corporations after a hearing upon the fairness of such terms and conditions. On June 28, 1996, the Company issued 29,572 shares of common stock (plus cash) for all of the stock of a turn-key systems integration company. The shares were not registered based on the exemption provided by Regulation D of the 1993 Securities Act. Both shareholders of the acquired company were accredited investors.

Item 6. Selected Financial Data

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

	1996	1995	1994	1993	1992
	-----	-----	-----	-----	-----
Net sales	\$ 11,149.9	10,012.9	8,607.2	8,173.8	7,706.0
Net earnings	\$ 1,018.5	907.7	788.5	708.1	662.9

Earnings per common share \$	4.55	4.06	3.52	3.15	2.96
Cash dividends per common share \$	1.96	1.78	1.56	1.44	1.38
Long-term debt \$	772.6	208.6	279.9	438.0	448.0
Total assets \$	10,481.0	9,399.0	8,215.0	7,814.5	6,627.0

Income before cumulative effect of change in accounting for postemployment benefits (\$21.3 million; \$.10 per share) was \$929.0 million in 1995. Net earnings in 1995 includes non-recurring items which were substantially offset by the accounting change.

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 and 7 of Notes to Consolidated Financial Statements on pages 33, 35 and 36 of the 1996 Annual Report for information regarding these items and the Company's acquisition and divestiture activities.

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

----- and Results of Operations -----

Narrative discussion appearing under "Results of Operations" and "Financial Position, Capital Resources and Liquidity" on pages 22 through 26, and the "Safe Harbor Statement" on the inside back cover in the 1996 Annual Report are hereby incorporated by reference.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements of the Company and its subsidiaries on pages 27 through 40 and the report thereon of KPMG Peat Marwick LLP appearing on page 41 of the 1996 Annual Report are hereby incorporated by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting

----- and Financial Disclosure -----

None.

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 1997 annual stockholders' meeting (the "1997 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 "Director Compensation" and "Executive Compensation" in the 1997 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 1997 Proxy Statement is hereby incorporated by reference.

Item 13. Certain Relationships and Related Transactions

Information appearing under "Certain Business Relationships" in the 1997 Proxy Statement is hereby incorporated by reference.

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 27 through 40 and the report thereon of KPMG Peat Marwick LLP appearing on page 41 of the 1996 Annual Report.

2. Financial Statement Schedules

All schedules are omitted because they are not required, not applicable or the information is given in the financial statements or notes thereto contained in the 1996 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, incorporated by reference to Emerson Electric Co. 1994 Form 10-K, Exhibit 3(b).

- 4(a) Indenture dated as of April 17, 1991, between Emerson Electric Co. and The Boatmen's National Bank of St. Louis, Trustee, incorporated by reference to Emerson Electric Co. Registration Statement on Form S-3, File No. 33-62545, Exhibit 4.1.

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

- 4(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.

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- 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)* 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(e)* 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(f)* 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(g)* Third Amendment to the Emerson Electric Co. 1993 Incentive Shares Plan filed herewith.
- 10(h)* 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(i)* Emerson Electric Co. Directors' Continuing Compensation Plan, incorporated by reference to Emerson Electric Co. 1987 Form 10-K, Exhibit 10(g), and Amendment filed herewith.
- 10(j)* Deferred Compensation Plan for Non-Employee Directors, as amended, incorporated by reference to Emerson Electric Co. 1994 Form 10-K, Exhibit 10(k).
- 10(k)* Emerson Electric Co. Supplemental Executive Retirement Plan, incorporated by reference to Emerson Electric Co. 1989 Form 10-K, Exhibit 10(i).

- 10(l)* Third Amendment to the Supplemental Executive Savings Investment Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended June 30, 1996, Exhibit 10(1).
- 10(m)* 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, 1996 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, 1996.

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 19, 1996

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on December 19, 1996, by the following persons on behalf of the registrant and in the capacities

indicated.

Signature -----	Title -----
* ----- C. F. Knight	Chairman of the Board, President 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)
* ----- L. L. Browning, Jr.	Director
* ----- A. A. Busch III	Director
* ----- D. C. Farrell	Director
* ----- J. A. Frates	Director

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* ----- R. B. Horton	Director
* ----- G. A. Lodge	Director
* ----- V. R. Loucks, Jr.	Director
* ----- R. B. Loynd	Director
* ----- R. L. Ridgway	Director
* ----- R. W. Staley	Director
* ----- A. E. Suter	Director
* ----- W. M. Van Cleve	Director
* ----- E. E. Whitacre, Jr.	Director
* ----- E. F. Williams, Jr.	Director

* By /s/ W. J. Galvin

W. J. Galvin
Attorney-in-fact

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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 -----
10(g)	Third Amendment to the Emerson Electric Co. 1993 Incentive Shares Plan
10(i)	Amendment to the Emerson Electric Co. Directors' Continuing Compensation Plan
13	Portions of Annual Report to Stockholders for the year ended September 30, 1996, 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.

AMENDMENT TO THE EMERSON ELECTRIC CO.
CONTINUING COMPENSATION PLAN FOR
NONMANAGEMENT DIRECTORS

WHEREAS, Emerson Electric Co. ("Company") adopted the Emerson Electric Co. Continuing Compensation Plan for nonmanagement Directors ("Plan"); and

WHEREAS, the Company desires to amend the Plan effective as of February 6, 1996;

The first clause of Section III.2 is deleted and replaced with the following:

"The Benefit Rate will be paid for the life of the director commencing with the first day of the month coincident with or next following the later of his or her termination of service as a director, or his or her attainment of age 72;"

IN WITNESS WHEREOF, the foregoing amendment was adopted by the Board of Directors on February 6, 1996.

RESULTS OF OPERATIONS

NET SALES

Sales for 1996 were a record \$11.1 billion, an increase of \$1.1 billion or 11.4 percent from 1995. More than half the sales increase was attributable to strong international demand and moderate domestic growth with the remainder due to acquisitions. International sales increased approximately \$480 million due to solid growth in Europe, continued rapid growth in Asia-Pacific and acquisitions, partially offset by unfavorable foreign currency translation. Domestic sales increased approximately \$655 million, benefiting from solid gains in the heating, ventilating and air conditioning business, very strong gains in the electronics business, acquisitions and slight price increases. New product sales, from products introduced in the past five years, increased approximately \$815 million or 32 percent to a record \$3.4 billion, representing 30 percent of sales. See note 2 for additional discussion of the Company's acquisitions.

In 1995, sales were \$10.0 billion, up \$1.4 billion or 16.3 percent from 1994. This sales comparison reflected strong demand, impact of acquisitions and favorable exchange rates. Excluding the impact of acquisitions and currency, international sales increased nearly \$500 million in 1995, or 15 percent, reflecting strong sales volume in all international regions. Domestic sales increased approximately \$265 million, primarily due to moderate volume growth and slight price increases. New product sales increased 21.7 percent in 1995 to \$2.6 billion, representing nearly 26 percent of sales.

INTERNATIONAL SALES

International sales, including U.S. exports, increased 11 percent to a record \$4.9 billion in 1996, representing approximately 44 percent of the Company's total sales. Sales by non-U.S. subsidiaries were \$4.0 billion in 1996, up \$364 million or 10 percent from 1995. International sales increased more than 7 percent excluding acquisitions and the unfavorable impact of currency. All major geographic regions except Canada reported solid sales growth, highlighted by very strong performance in Asia-Pacific and Latin America. U.S. exports increased \$117 million, or 15 percent to a record \$885 million, led by continued strong sales gains in the process and heating, ventilating and air conditioning businesses.

In 1995, international sales, including U.S. exports, increased 35 percent to \$4.4 billion. All major international regions achieved double-digit sales growth, highlighted by strong demand in Europe and rapid growth in Asia-Pacific. International sales benefited from strong worldwide markets, favorable currency translation and acquisitions. Sales by non-U.S. subsidiaries were \$3.6 billion in 1995, up \$964 million or 36 percent from 1994. Excluding the impacts of acquisition and divestiture activity and currency, non-U.S. subsidiary sales increased 11 percent due to strong growth in all regions. U.S. exports increased \$179 million, or 30 percent, to \$768 million in 1995, reflecting strong export sales in the heating, ventilating and air conditioning and process businesses.

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INDUSTRY SEGMENT SALES

Sales in the Commercial and Industrial segment were \$6.6 billion, up \$623 million or 10.4 percent from 1995, reflecting strong international demand, modest domestic growth and acquisitions. The process business reported very strong sales gains due to excellent international demand and product line acquisitions. The electronics business experienced excellent sales growth, reflecting very strong domestic markets, the success of new products, and recent acquisitions that enhanced service offerings. The industrial motors and drives business achieved very strong sales growth benefiting from strong performances by F.G. Wilson and Control Techniques. The industrial components and equipment business reported modest sales gains reflecting solid international demand.

Sales in the Appliance and Construction-Related segment were \$4.5 billion, up \$514 million or 12.8 percent from 1995 due to solid international growth, moderate domestic demand and Vermont American which the Company began consolidating into its financial statements in 1996. The heating, ventilating and air conditioning business reported strong sales gains driven by worldwide demand and acceptance of new Copeland Compliant Scroll products. Sales of the underlying tools business increased moderately, reflecting higher Sears demand and the continued acceptance of new products. The fractional motors and appliance components business increased modestly due to a strong domestic household appliance industry during the second half of the fiscal year.

In 1995, sales in the Commercial and Industrial segment increased \$1.1 billion, or 21.5 percent from 1994. Underlying sales (excluding acquisitions and divestitures) increased approximately 13 percent, reflecting robust international demand, solid domestic growth, new products and favorable exchange rates. The underlying industrial motors and drives business achieved robust growth due to strong domestic and international capital goods demand, while total industrial motors and drives sales were further aided by the acquisitions of F.G. Wilson and Control Techniques. The industrial components and equipment business realized a very strong sales increase due to worldwide strength in the capital goods market. The process business also reported very strong sales growth due to strengthening international demand for measurement, distributed control system and control valve products. Strong sales growth in the electronics business resulted from new product acceptance and strong domestic market demand.

In 1995, sales in the Appliance and Construction-Related segment increased \$341 million or 9.3 percent from 1994, primarily reflecting strong underlying international growth. Very strong sales growth by the heating, ventilating and air conditioning business reflected strong international demand, further acceptance of new products and market penetration gains. The tools business reported strong sales growth due to domestic demand for hand tools, global demand for professional plumbing tools and an acquisition. The appliance components business reported strong sales growth due to international appliance market strength and an acquisition. Sales growth in the fractional motors business benefited from strength in the domestic market during the first half of the fiscal year.

TOTAL COSTS AND EXPENSES

Cost of sales for 1996 was \$7.2 billion, an increase of 10.6 percent, due primarily to increased sales volume. In 1995, cost of sales was \$6.5 billion, compared to \$5.6 billion in 1994, an increase of 16.7 percent. Cost of sales as a percent of net sales was 64.3 percent in 1996 com-

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pared to 64.7 percent and 64.5 percent in 1995 and 1994, respectively. Gross profit margins have remained at high levels as a result of the Company's ongoing commitment to cost reduction efforts and productivity improvement programs.

Selling, general and administrative (SG&A) expenses were \$2.2 billion, \$1.9 billion and \$1.7 billion in 1996, 1995 and 1994, respectively. As a percent of net sales, SG&A expenses were 19.6 percent in 1996 compared to 19.3 percent and 19.5 percent in 1995 and 1994, respectively. The increase in SG&A expenses as a percent of net sales in 1996 reflects increased investment in new product development and other revenue growth programs and acquisitions, partially offset by ongoing cost reduction efforts. The decrease in SG&A expenses as a percent of net sales in 1995 was due primarily to higher volume and ongoing cost reduction efforts, partially offset by investment in new product development and other revenue growth programs. The Company continued its commitment to new product development by increasing engineering and development expense 13 percent to a record \$399 million in 1996, compared to \$354 million and \$298 million in 1995 and 1994, respectively.

Interest expense increased to \$127 million in 1996 from \$111 million in 1995 due to acquisitions. In 1995, interest expense increased from \$89 million primarily due to the additional debt issued to finance the F.G. Wilson and Control Techniques acquisitions.

The fourth quarter of 1996 included a \$78 million gain from the disposition of Emerson's interest in the S-B Power Tool joint venture ("S-B"). The impact of this gain was substantially offset by costs arising from divestiture of operations, write-off of discontinued product line assets and relocation of several production facilities. The first quarter of 1995 included a \$41 million preferential distribution from S-B and other non-recurring items. The first quarter of 1994 included a gain on sale of the Aerospace unit of Rosemount Inc. of \$242 million and other non-recurring items of \$50 million. See note 2 for additional information. Other deductions, net, was \$57 million in 1996, compared to \$63 million and \$50 million in 1995 and 1994, respectively.

INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECTS OF ACCOUNTING CHANGES

Income before income taxes and cumulative effects of accounting changes increased \$149 million, or 10.2 percent, to \$1,609 million in 1996. Excluding non-recurring items, income before income taxes increased approximately 13 percent in 1996, reflecting worldwide sales volume, improved margins and acquisitions, partially offset by higher interest expense.

Income before interest expense, income taxes and accounting changes in the Commercial and Industrial segment increased \$90 million, or 10.8 percent, to \$926 million in 1996. This improvement is primarily a result of underlying strength in international markets, modest domestic growth and acquisitions. Income of the segment was 14.0 percent and 13.9 percent of net sales in 1996 and 1995.

Income in the Appliance and Construction-Related segment increased \$91 million, or 13.3 percent, to \$775 million in 1996. As a percent of net sales, income of the segment was 17.2 percent in 1996 and 17.1 percent in 1995. These results reflect solid underlying growth, acquisitions and ongoing cost reduction efforts.

Excluding non-recurring items, income before income taxes and cumulative effects of accounting changes increased approximately 15 percent in 1995, reflecting increased worldwide sales volume, acquisitions and improved international margins, partially offset by higher interest expense. Income before interest expense, income taxes and accounting changes in the Commercial and Industrial segment increased \$161 million, or 23.9 percent, to \$836 million in 1995. This improvement was primarily a result of underlying strength in

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international markets, solid domestic growth and the F.G. Wilson and Control Techniques acquisitions. Income of the segment was 13.9 percent and 13.6 percent of net sales in 1995 and 1994, respectively, reflecting the increase in volume and ongoing cost reduction efforts. Income in the Appliance and Construction-Related segment increased \$82 million, or 13.6 percent, to \$684 million in 1995. As a percent of net sales, income of the segment was 17.1 percent in 1995 and 16.4 percent in 1994. These results reflect the increase in international sales volume and effect of prior year non-recurring items. See note 13 for additional information by industry segment and geographic area.

INCOME TAXES

Income taxes before accounting changes were \$590 million, \$531 million and \$523 million in 1996, 1995 and 1994, respectively. The effective income tax rate was 36.7 percent in 1996, compared to 36.4 percent in 1995 and 36.7 percent in 1994, reflecting acquisition and divestiture activity. The higher 1994 rate was

primarily due to \$95 million of income taxes on the divestiture of the Aerospace unit of Rosemount, Inc.

CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Effective October 1, 1994, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 112, "Employers' Accounting for Postemployment Benefits," which establishes accounting standards for workers' compensation, disability and severance benefits. The Company recognized the obligation in the first quarter of 1995 as a cumulative effect of change in accounting principle which decreased 1995 net earnings and earnings per common share by \$21.3 million and \$.10, respectively. The adoption of the statement does not have a material impact on the Company's ongoing results of operations.

Effective October 1, 1993, the Company adopted 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 of 1994 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. The impact of the accounting changes was substantially offset by other non-recurring items in 1995 and 1994.

NET EARNINGS AND RETURN ON EQUITY

Net earnings for 1996 were a record \$1.0 billion, up 12.2 percent from \$908 million in 1995. Net earnings as a percent of sales was 9.1 percent in 1996 and 1995. Earnings per common share were a record \$4.55 in 1996, up 12.1 percent from \$4.06 in 1995. In 1996 and 1995, acquisitions made a small contribution to earnings per share. Emerson achieved a return on average stockholders' equity of 19.9 percent compared to 19.7 percent and 19.1 percent in 1995 and 1994, respectively. Net earnings for 1995 were up 15.1 percent from \$789 million in 1994. Earnings per common share were up 15.3 percent from \$3.52 in 1994.

FINANCIAL POSITION, CAPITAL RESOURCES AND LIQUIDITY

The Company continues to generate substantial cash from operations and remains in a strong financial position with resources available for reinvestment in existing businesses, strategic acquisitions and managing the capital structure on a short and long-term basis. The Company selectively uses derivative financial instruments to manage interest costs and minimize currency exchange risk. See notes 1, 3, 4 and 5 for additional information.

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CASH FLOW

Emerson generated record operating cash flow of \$1,317 million in 1996, compared to \$1,142 million and \$1,097 million in 1995 and 1994, respectively. Operating working capital was approximately 18 percent of sales in 1996, 1995 and 1994. Accounts receivable increased from September 30, 1995 due to stronger operations and acquisitions.

Capital expenditures were \$514 million in 1996, up approximately 22 percent from \$421 million in 1995. Significant investments were made for the construction of new facilities in Europe and Asia and expansion in the U.S. to support doubling of the Company's worldwide production capacity of Copeland Compliant Scroll compressors. Capital expenditures increased approximately 27 percent in 1995 from \$332 million in 1994. 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.

Dividends were a record \$439 million (\$1.96 per share) in 1996, compared with \$398 million (\$1.78 per share) in 1995 and \$350 million (\$1.56 per share) in 1994. In November 1996, the Board of Directors voted to increase the quarterly cash dividend 10.2 percent to an annualized rate of \$2.16 per share.

Cash paid in connection with Emerson's purchase acquisitions was \$300 million, \$236 million and \$58 million in 1996, 1995 and 1994, respectively. See note 2 for additional information.

LEVERAGE/CAPITALIZATION

Total debt increased to \$1.7 billion from \$1.6 billion in 1995, reflecting the impact of acquisitions. In 1995, total debt increased to \$1.6 billion from \$1.2 billion reflecting the acquisitions of F.G. Wilson and Control Techniques. The Company issued \$250 million of 6.3%, 10-year notes in 1996 which were used to reduce outstanding U.S. commercial paper. See notes 2, 3 and 4 for additional information.

The total debt to capital ratio was 24.5 percent at year-end 1996, compared to 24.7 percent in 1995 and 21.7 percent in 1994. At September 30, 1996, net debt (total debt less cash and equivalents and short-term investments) was 22.9 percent of net capital, compared to 23.3 percent in 1995 and 20.0 percent in 1994. The Company's interest coverage ratio (income before income taxes, non-recurring items and interest expense divided by interest expense) was 13.7 times in 1996 compared to 13.9 times in 1995 and 15.0 times in 1994.

At year-end 1996, the Company and its subsidiaries maintained lines of credit amounting to \$1.3 billion to support commercial paper and had available non-U.S. bank credit facilities of \$505 million to support non-U.S. operations. Lines of credit totaling \$660 million are effective until 2001 with the remainder through various dates in 1997. These lines of credit and bank credit facilities assure the availability of funds at prevailing interest rates. In addition, as of September 30, 1996, the Company could issue up to \$750 million of additional debt securities under its shelf registration with the Securities and Exchange Commission.

In November 1996, the Board of Directors of the Company approved a share repurchase program. The Board also declared a two-for-one split of the Company's common stock, subject to shareholder approval to increase authorized common stock and decrease the par value. See note 12 for additional information.

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Consolidated Statements of Earnings

EMERSON ELECTRIC CO. AND SUBSIDIARIES

Years ended September 30

(Dollars in millions except per share amounts)

<TABLE>

<CAPTION>

	1996	1995	
1994	-----	-----	-----
--			
<S>	<C>	<C>	<C>
Net sales	\$11,149.9	10,012.9	
8,607.2	-----	-----	-----
--			
Costs and expenses:			
Cost of sales	7,165.0	6,480.4	
5,553.0			
Selling, general and administrative expenses	2,192.0	1,933.2	
1,679.6			
Interest expense	126.9	110.6	
88.5			
Gain on sale of business and other non-recurring items	-	(34.3)	
(192.0)			
Other deductions, net	57.0	63.1	
50.3	-----	-----	-----
--			
Total costs and expenses	9,540.9	8,553.0	
7,179.4	-----	-----	-----
--			
Income before income taxes and cumulative effects of changes in accounting principles	1,609.0	1,459.9	
1,427.8			
Income taxes	590.5	530.9	
523.4	-----	-----	-----
--			
Income before cumulative effects of changes in accounting principles	1,018.5	929.0	
904.4			
Cumulative effects of changes in accounting principles; \$.10 and \$.52 per common share, respectively	-	(21.3)	
(115.9)	-----	-----	-----
--			
Net earnings	\$ 1,018.5	907.7	
788.5	=====	=====	
=====			
Earnings per common share	\$ 4.55	4.06	
3.52	=====	=====	
=====			

See accompanying notes to consolidated financial statements.

NOTE: Including the pretax impact of the cumulative effects of accounting changes, income before income taxes would have been:

\$ 1,609.0 1,424.9

1,237.8

=====

</TABLE>

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Consolidated Balance Sheets

EMERSON ELECTRIC CO. AND SUBSIDIARIES

September 30
(Dollars in millions except per share amounts)

<TABLE>
<CAPTION>
ASSETS

	1996	1995
	-----	-----
<S>	<C>	<C>
Current assets		
Cash and equivalents	\$ 149.0	117.3
Receivables, less allowances of \$50.3 in 1996 and \$45.2 in 1995	1,979.8	1,757.6
Inventories:		
Finished products	720.7	587.2
Raw materials and work in process	1,023.2	1,015.4
	-----	-----
Total inventories	1,743.9	1,602.6
Other current assets	314.5	306.6
	-----	-----
Total current assets	4,187.2	3,784.1
	-----	-----
Property, plant and equipment		
Land	166.2	153.4
Buildings	1,043.2	945.8
Machinery and equipment	3,391.1	2,950.5
Construction in progress	265.1	180.8
	-----	-----
	4,865.6	4,230.5
Less accumulated depreciation	2,414.8	2,095.6
	-----	-----
Property, plant and equipment, net	2,450.8	2,134.9
	-----	-----
Other assets		
Excess of cost over net assets of purchased businesses, less accumulated amortization of \$443.7 in 1996 and \$304.4 in 1995	2,779.2	2,384.9
Other	1,063.8	1,095.1
	-----	-----
Total other assets	3,843.0	3,480.0
	-----	-----
	\$10,481.0	9,399.0
	=====	=====

</TABLE>

See accompanying notes to consolidated financial statements.

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<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY

	1996	1995
	-----	-----
<S>	<C>	<C>
Current liabilities		
Short-term borrowings and current		

maturities of long-term debt	\$ 967.0	1,387.1
Accounts payable	791.3	740.2
Accrued expenses	1,063.3	979.8
Income taxes	199.5	173.6
	-----	-----
Total current liabilities	3,021.1	3,280.7
	-----	-----
Long-term debt	772.6	208.6
	-----	-----
Other liabilities	1,333.9	1,038.9
	-----	-----
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		
1996 and 1995	238.3	238.3
Additional paid-in capital	12.3	15.0
Retained earnings	5,707.7	5,128.3
Cumulative translation adjustments	(29.2)	17.0
	-----	-----
	5,929.1	5,398.6
Less cost of common stock in treasury, 14,618,576		
shares in 1996 and 14,439,861 shares in 1995	575.7	527.8
	-----	-----
Total stockholders' equity	5,353.4	4,870.8
	-----	-----
	\$10,481.0	9,399.0
	=====	=====

</TABLE>

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Consolidated Statements of Stockholders' Equity

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

<TABLE>
<CAPTION>

	1996	1995	1994
	-----	-----	-----
<S>	<C>	<C>	<C>
Common stock	\$ 238.3	238.3	238.3
	-----	-----	-----
Additional paid-in capital			
Beginning balance	15.0	-	4.1
Stock plans	.1	(4.7)	(3.5)
Treasury stock issued for acquisitions and other	(2.8)	19.7	(.6)
	-----	-----	-----
Ending balance	12.3	15.0	-
	-----	-----	-----
Retained earnings			
Beginning balance	5,128.3	4,619.1	4,182.5
Net earnings	1,018.5	907.7	788.5
Cash dividends (per share: 1996, \$1.96;			
1995, \$1.78; 1994, \$1.56)	(439.1)	(398.5)	(349.9)
Stock plans	-	-	(2.0)
	-----	-----	-----
Ending balance	5,707.7	5,128.3	4,619.1
	-----	-----	-----
Cumulative translation adjustments			
Beginning balance	17.0	8.7	(69.1)
Translation adjustments	(46.2)	8.3	77.8

Ending balance	(29.2)	17.0	8.7
Treasury stock			
Beginning balance	(527.8)	(524.3)	(440.7)
Acquired	(99.5)	(81.1)	(116.5)
Issued under stock plans	14.2	17.5	26.5
Issued for acquisitions and other	37.4	60.1	6.4
Ending balance	(575.7)	(527.8)	(524.3)
Total stockholders' equity	\$5,353.4	4,870.8	4,341.8

</TABLE>

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Cash Flows
EMERSON ELECTRIC CO. AND SUBSIDIARIES
Years ended September 30
(Dollars in millions)

<TABLE>
<CAPTION>

	1996	1995	1994
	-----	-----	-----
<S>	<C>	<C>	<C>
Operating activities			
Net earnings	\$1,018.5	907.7	788.5
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	464.6	408.9	364.5
Changes in operating working capital	(131.6)	(190.9)	(82.4)
Other	(34.2)	16.7	26.2
Net cash provided by operating activities	1,317.3	1,142.4	1,096.8
Investing activities			
Capital expenditures	(513.5)	(420.7)	(332.3)
Purchases of businesses, net of cash and equivalents acquired	(299.8)	(235.5)	(58.1)
Divestiture of business interests and other, net	272.3	28.9	204.7
Net cash used in investing activities	(541.0)	(627.3)	(185.7)
Financing activities			
Net increase (decrease) in short-term borrowings with maturities of 90 days or less	(358.0)	177.7	(239.7)
Proceeds from short-term borrowings	3.5	0.1	227.6
Principal payments on short-term borrowings	(9.3)	(28.8)	(266.8)
Proceeds from long-term debt	249.9	2.4	4.6
Principal payments on long-term debt	(77.0)	(217.2)	(175.0)
Net purchases of treasury stock	(120.3)	(51.3)	(110.8)
Dividends paid	(439.1)	(398.5)	(349.9)
Net cash used in financing activities	(750.3)	(515.6)	(910.0)
Effect of exchange rate changes on cash and equivalents	5.7	4.5	10.3
Increase in cash and equivalents	31.7	4.0	11.4
Beginning cash and equivalents	117.3	113.3	101.9
Ending cash and equivalents	\$ 149.0	117.3	113.3
Changes in operating working capital			
Receivables	\$ (124.3)	(85.2)	(93.2)
Inventories	(18.0)	(100.2)	(88.5)
Other current assets	7.8	(32.1)	26.2
Accounts payable	43.7	47.2	96.0
Accrued expenses	(16.5)	(47.3)	(23.7)
Income taxes	(24.3)	26.7	.8
	\$ (131.6)	(190.9)	(82.4)

</TABLE>

See accompanying notes to consolidated financial statements.

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(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its controlled affiliates. All significant intercompany transactions, profits and balances are eliminated in consolidation. Other investments of 20 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. Depreciation is computed principally using the straight-line method over estimated service lives. Service lives for principal assets are 30 to 40 years for buildings and 8 to 12 years for machinery and equipment.

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 to other deductions over the periods estimated to be benefited, not exceeding 40 years.

Revenue Recognition

The Company recognizes nearly all of its revenues through the sale of manufactured products as shipped.

Financial Instruments

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. Gains and losses on currency option and forward exchange contracts are generally recognized in income with the underlying hedged transactions. Currency fluctuations on non-U.S. dollar obligations that have been designated as hedges of non-U.S. net asset exposures are included in cumulative translation adjustments.

Income Taxes

No provision is made for U.S. income taxes on the undistributed earnings of non-U.S. subsidiaries (approximately \$645 million at September 30, 1996), 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 224,047,485 shares, 223,753,018 shares, and 224,232,225 shares in 1996, 1995 and 1994, respectively.

Financial Statement Presentation

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

(2) ACQUISITIONS AND DIVESTITURES

Cash paid in connection with the Company's purchase acquisitions, which include several smaller businesses, follows (dollars in millions):

<TABLE>
<CAPTION>

	1996	1995	1994
	-----	-----	----
<S>	<C>	<C>	<C>
Fair value of assets acquired.....	\$402.1	855.7	96.7
Less liabilities assumed.....	79.3	227.0	38.6
Less notes and common stock issued to sellers.....	23.0	393.2	-
	-----	-----	----
Cash paid (net of cash and equivalents acquired).....	\$299.8	235.5	58.1
	=====	=====	=====

</TABLE>

Emerson began consolidating Vermont American Corporation ("V.A."), the Company's joint venture with Robert Bosch GmbH ("Bosch"), in the second quarter of 1996 as a result of an agreement in which Emerson acquired control over the venture. At September 30, 1996, Emerson had guaranteed V.A.'s indebtedness of approximately \$340 million. If required to perform under the guarantee, the Company will be indemnified for up to approximately \$130 million by Bosch. In addition, the Company purchased Kop-Flex, Inc., a manufacturer of flexible couplings, and Dieterich Standard, a manufacturer of flow measurement sensors, along with several smaller businesses in 1996.

The Company purchased United Kingdom-based manufacturer F.G. Wilson (Engineering) Ltd. in the first quarter of 1995 for approximately \$274 million. During 1996, Caterpillar Inc. took an equity position in F.G. Wilson which will enhance its ability to serve the growing demand for temporary and standby power. Emerson completed the acquisition of the remaining shares of Control Techniques, plc, a United Kingdom-based manufacturer of variable speed drives used for motor applications, in the second quarter of 1995 for approximately \$227 million.

In the fourth quarter of 1996, Emerson received \$200 million from the disposition of its fifty-percent interest in the S-B Power Tool Company joint venture ("S-B"). The transaction resulted in a pretax gain of \$78 million which was substantially offset by costs arising from divestiture of operations, write-off of discontinued product line assets and relocation of several production facilities. Earnings in the first quarter of fiscal 1995 included a \$41.3 million preferential distribution from S-B.

On December 14, 1993, the Company sold the Aerospace unit of its Rosemount Inc. subsidiary for \$301 million (\$206 million net of income taxes). The transaction resulted in a pretax gain of \$242 million.

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 divestiture. The 1996 increases in total assets, long-term debt and other liabilities reflect acquisitions.

(3) SHORT-TERM BORROWINGS AND LINES OF CREDIT

Short-term borrowings consist of commercial paper, notes issued to sellers in connection with business combinations and non-U.S. bank borrowings as follows (dollars in millions):

<TABLE>
<CAPTION>

	United States		Non-U.S.	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
Borrowings at year end.....	\$479.0	860.6	475.5	458.0
Weighted average interest rate at year end..	5.6%	6.0%	4.1%	5.0%

The 1995 F.G. Wilson and Control Techniques acquisitions were partially financed by issuing notes to the sellers totaling 203 million British pounds. The Company had swapped 141 million British pounds with a weighted average interest rate of 6.0 and 6.9 percent to \$221 million and \$223 million at U.S. commercial paper rates at September 30, 1996 and 1995, respectively. The remaining British pound obligations have been designated as a partial hedge of the Company's U.K. net asset exposure.

The Company and its subsidiaries maintained lines of credit amounting to \$1,320 million with various banks at September 30, 1996, to support commercial paper and to assure availability of funds at prevailing market interest rates. Lines of credit totaling \$660 million are effective until 2001 with the remainder through various dates in 1997. 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 \$655 million (\$505 million unused) at September 30, 1996. In some instances, borrowings against these credit facilities have been guaranteed by the Company to assure availability of funds at favorable interest rates. In addition, as of September 30, 1996, the Company could issue up to \$750 million of additional debt securities under its shelf registration with the Securities and Exchange Commission.

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(4) LONG-TERM DEBT

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

<TABLE>
<CAPTION>

	1996	1995
<S>	<C>	<C>
Commercial paper with a weighted average interest rate of 5.4 percent at September 30, 1996.....	\$336.3	-
6.3% notes due 2006.....	250.0	-
7-7/8% Eurodollar notes due 1998.....	100.0	100.0
Medium-term notes swapped to a weighted average effective interest rate of 5.3 percent.....		53.5
8% convertible subordinated debentures due 1997 through 2011.....	26.8	38.5
Lease obligations payable in installments through 2009 with a weighted average interest rate of 6.4 percent at September 30, 1996.....	29.5	25.1
Other, principally notes payable in installments through 2006 with a weighted		

average interest rate of 5.4 percent at September 30, 1996.....	42.5	60.0
	-----	-----
	785.1	277.1
Less current maturities.....	12.5	68.5
	-----	-----
Total.....	\$772.6	208.6
	=====	=====

</TABLE>

The Company has the ability to refinance commercial paper on a long-term basis through its credit lines and the obligation is included in long-term debt. Commercial paper totaling \$250 million has been swapped to a weighted average fixed interest rate of 5.2 percent through 1997.

The 7-7/8% Eurodollar notes and \$55 million of U.S. commercial paper have effectively been exchanged for non-U.S. dollar obligations due in 1998. The non-U.S. dollar obligations have an effective weighted average interest rate of 4.3 percent and 5.0 percent at September 30, 1996 and 1995, 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.

Long-term debt maturing during each of the four years after 1997 is \$130.0 million, \$7.5 million, \$2.8 million and \$342.6 million, respectively. Total interest paid related to short-term borrowings and long-term debt was approximately \$120 million, \$121 million and \$90 million in 1996, 1995 and 1994, respectively.

(5) FINANCIAL INSTRUMENTS

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

As part of its currency hedging strategy, the Company utilizes option and forward exchange contracts to minimize the impact of currency fluctuations on transactions, cash flows and firm commitments. The Company and its subsidiaries had approximately \$280 million and \$390 million of contracts outstanding at September 30, 1996 and 1995, respectively. These contracts for the sale or purchase of European and other currencies generally mature within one year, and deferred gains and losses are not material.

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. At September 30, 1996 and 1995, respectively, the market value of the Company's convertible debentures was \$89 million and \$102 million, compared to the related carrying value of \$26.8 million and \$38.5 million. Common stock has been reserved for the conversion of these debentures (see note 8). The fair values of derivative financial instruments were not material at September 30, 1996, and the estimated fair value of each of the Company's other classes of financial instruments approximated the related carrying value at September 30, 1996 and 1995.

(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, 1996, 1995 and 1994, follows (dollars in millions):

<TABLE>
<CAPTION>

	U.S. Plans			Non-U.S. Plans		
	1996	1995	1994	1996	1995	1994
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Defined benefit plans:						
Service cost (benefits earned during the period)..	\$ 30.1	28.0	27.9	8.3	7.7	7.2
Interest cost.....	88.1	80.8	75.6	15.9	15.2	13.3
Actual return on plan assets.....	(185.0)	(221.6)	(26.3)	(25.4)	(18.4)	(8.9)
Net amortization and deferral.....	60.1	113.5	(76.8)	9.2	5.1	(3.3)
	-----	-----	-----	-----	-----	-----
Net periodic pension expense (income).....	(6.7)	.7	.4	8.0	9.6	8.3
Defined contribution and multiemployer plans.....	43.4	39.4	39.5	7.4	7.5	6.5
	-----	-----	-----	-----	-----	-----
Total retirement plan expense.....	\$ 36.7	40.1	39.9	15.4	17.1	14.8
	=====	=====	=====	=====	=====	=====

</TABLE>

The actuarial present value of benefit obligations and the funded status of the Company's defined benefit pension plans as of September 30, 1996 and 1995, follow (dollars in millions):

<TABLE>
<CAPTION>

	U.S. Plans		Non-U.S. Plans	
	1996	1995	1996	1995
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Accumulated benefit obligation.....	\$ 991.9	903.9	196.5	187.3

Vested benefits included in accumulated benefit obligation.....	\$ 931.0	847.5	165.9	157.0
Projected benefit obligation.....	\$1,173.4	1,068.2	229.0	216.8
Plan assets at fair value (primarily corporate equity and fixed income securities).....	1,410.5	1,238.0	183.3	158.6
Plan assets in excess of (less than) projected benefit obligation..	237.1	169.8	(45.7)	(58.2)
Unamortized transition amount.....	(43.6)	(50.9)	(2.2)	(1.5)
Unrecognized net loss (gain).....	(96.5)	(42.8)	(17.4)	(9.0)
Unrecognized prior service costs.....	20.6	20.9	1.2	1.3
Pension asset (liability) recognized in the balance sheet.....	\$ 117.6	97.0	(64.1)	(67.4)

</TABLE>

For 1996, 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 7.5 percent, 4.1 percent and 8.8 percent for non-U.S. plans. For 1995, 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 10.5 percent for U.S. plans; and an average of 7.6 percent, 4.2 percent and 8.8 percent for non-U.S. plans.

(7) POSTRETIREMENT PLANS AND POSTEMPLOYMENT BENEFITS

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 of 1994 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 adoption of the statement does not have a material impact on the Company's ongoing results of operations.

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Net postretirement plan expense for the years ended September 30, 1996, 1995 and 1994 follows (dollars in millions):

<TABLE>

<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>
Service cost.....	\$ 4.0	4.1	5.6
Interest cost.....	18.4	19.6	21.7
Net amortization and deferral.....	(4.4)	(3.5)	-
	\$18.0	20.2	27.3

</TABLE>

The actuarial present value of accumulated postretirement benefit obligations as of September 30, 1996 and 1995 follows (dollars in millions):

<TABLE>

<CAPTION>

	1996	1995
<S>	<C>	<C>
Retirees.....	\$152.1	168.2
Fully eligible active plan participants.....	17.2	15.9
Other active plan participants.....	68.4	64.4
Accumulated postretirement benefit obligation.....	237.7	248.5
Unrecognized net gain.....	61.1	48.1
Unrecognized prior service benefit.....	11.0	12.4
Postretirement benefit liability recognized in the balance sheet.....	\$309.8	309.0

</TABLE>

The assumed discount rate used in measuring the obligation as of September 30, 1996 was 7.75 percent; the initial assumed health care cost trend rate was 8.5 percent, declining to 5.0 percent in the year 2004. The assumed discount rate used in measuring the obligation as of September 30, 1995 was 7.75 percent; the initial assumed health care cost trend rate was 9.0 percent, declining to 5.0 percent in the year 2004. A one-percentage-point increase in the assumed health care cost trend rate for each year would increase the obligation as of September 30, 1996 by approximately 5 percent and increase the 1996 postretirement plan expense by approximately 6 percent.

Effective October 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits," which establishes accounting standards for workers' compensation, disability and severance benefits. The Company recognized the obligation in the first quarter of 1995 as a cumulative effect of change in accounting principle of \$21.3 million (net of \$13.7 million in related income tax benefits). The adoption of the statement does not have a material impact on the Company's ongoing results of operations.

(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, 1996, 2,003,854 options were available for grant under these plans. Changes in the number of shares subject to option during 1996, 1995 and 1994 follow (shares in thousands):

<TABLE>
<CAPTION>

	1996		1995		1994	
	Average Price	Shares	Average Price	Shares	Average Price	Shares
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Beginning of year.....	\$44.78	2,241	\$43.61	2,030	\$34.51	1,595
Options granted.....	77.08	396	58.23	408	56.63	806
Assumed options of acquired company..	-	-	16.31	208	-	-
Options exercised.....	39.20	(331)	35.29	(356)	30.79	(338)
Options canceled.....	60.40	(45)	55.79	(49)	53.16	(33)
End of year.....	50.94	2,261	44.78	2,241	43.61	2,030
Exercisable at year end.....		1,307		1,185		1,019
		=====		=====		=====

</TABLE>

1996, 322,000 incentive shares had been issued, and 1,450,870 rights to receive common shares had been awarded, contingent upon accomplishing certain objectives by 1997.

At September 30, 1996, 8,004,499 shares of common stock were reserved, including 7,011,494 shares for issuance under the Company's stock plans and 993,005 shares for conversion of the outstanding 8% convertible subordinated debentures at a price of \$26.97 per share. During 1996, 1,208,924 treasury shares were acquired and 1,030,209 treasury shares were issued.

Approximately 2.5 million preferred shares are reserved for issuance under a Preferred Share Purchase Rights Plan. Under certain conditions involving acquisition of or an offer for 20 percent or more of the Company's common stock, all holders of Rights, except an acquiring entity, would be entitled (i) to purchase, at an exercise price of \$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

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

<TABLE>
<CAPTION>

	1996	1995	1994
	-----	-----	-----
<S>	<C>	<C>	<C>
Federal:			
Current.....	\$393.0	301.5	383.1
Deferred.....	7.4	46.3	8.9
State and local.....	53.0	49.8	57.5
Non-U.S.....	137.1	133.3	73.9
	-----	-----	-----
Income tax expense.....	\$590.5	530.9	523.4
	=====	=====	=====

</TABLE>

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

<TABLE>
<CAPTION>

	1996	1995	1994
	-----	-----	-----
<S>	<C>	<C>	<C>
Federal corporate statutory rate.....	35.0%	35.0%	35.0%
State and local taxes, less federal tax benefit.....	2.1	2.2	2.4
Other.....	(.4)	(.8)	(.7)
	-----	-----	-----
Effective income tax rate.....	36.7%	36.4%	36.7%
	=====	=====	=====

</TABLE>

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

<TABLE>
<CAPTION>

	1996	1995
	-----	-----
<S>	<C>	<C>
Property, plant and equipment and intangibles.....	\$(281.7)	(242.5)
Leveraged leases.....	(194.9)	(196.4)
Pension.....	(53.5)	(42.7)
Accrued liabilities.....	226.0	207.3
Postretirement and postemployment benefits.....	130.4	132.7
Employee compensation and benefits.....	101.8	86.9
Other.....	75.0	61.3
	-----	-----
Total deferred tax assets (liabilities).....	\$ 3.1	6.6
	=====	=====

</TABLE>

At September 30, 1996 and 1995, respectively, net current deferred tax assets were \$230.0 million and \$232.8 million, and net noncurrent deferred tax liabilities were \$226.9 million and \$226.2 million. Total income taxes paid were approximately \$575 million, \$485 million and \$535 million in 1996, 1995 and 1994, respectively.

(10) OTHER FINANCIAL DATA

Items charged to earnings during the years ended September 30, 1996, 1995 and 1994, included the following (dollars in millions):

<TABLE>
<CAPTION>

	1996	1995	1994
	-----	-----	-----
<S>	<C>	<C>	<C>
Research, new product development and product improvement costs.....	\$398.7	354.2	298.2
Rent expense.....	144.8	129.2	113.1
Amortization of intangibles.....	104.1	86.5	72.2

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 \$74 million in 1997 and decline substantially thereafter.

Other assets at September 30, 1996 and 1995, included the following (dollars in millions):

<TABLE>
<CAPTION>

	1996	1995
	-----	-----
<S>	<C>	<C>
Equity investments.....	\$276.2	415.8
Investment in leveraged leases.....	194.0	198.4

The market value of the Company's equity investments in publicly traded companies exceeded the related carrying value by approximately \$215 million and \$149 million at September 30, 1996 and 1995, respectively.

Selected accrued expenses at September 30, 1996 and 1995, follow (dollars in millions):

<TABLE>
<CAPTION>

	1996	1995
	-----	-----
<S>	<C>	<C>
Employee compensation.....	\$259.9	236.0
Insurance, including self-insurance.....	118.5	110.8
Taxes, excluding income taxes.....	104.1	98.2
Warranty.....	81.5	86.1
Pension and profit-sharing plans.....	57.3	51.7
Interest.....	26.6	26.6

(11) CONTINGENT LIABILITIES AND COMMITMENTS

At September 30, 1996, there were no known contingent liabilities (including guarantees, pending litigation, taxes and other claims) that management believes will be material in relation to the Company's financial position, nor were there any material commitments outside the normal course of business.

(12) SUBSEQUENT EVENTS

On November 12, 1996, Emerson's Board of Directors approved a share repurchase program authorizing the repurchase of up to 20 million shares, approximately 9 percent of the Company's outstanding common stock. The Company plans to implement the program through consistent open market purchases of shares over the next four to five years. In the event of a significant investment opportunity, the Company may slow the pace of repurchase activity. The Board also declared a two-for-one split of the Company's common stock, payable to stockholders of record on February 21, 1997. The split is subject to stockholder approval to increase authorized common stock from 400 million to 1.2 billion shares and decrease the par value from \$1 to \$.50 per share.

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(13) INDUSTRY SEGMENT INFORMATION

The Company is engaged principally in the worldwide 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. Products of this segment are sold to commercial and industrial distributors and end-users for manufacturing and commercial applications. The Appliance and Construction-Related segment consists of fractional motors and 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. Summarized information about the Company's operations in each industry

segment and geographic area follows (dollars in millions):

Industry Segments
(See note 2)

Assets	Net Sales to Unaffiliated Customers			Income Before Income Taxes and Accounting Changes			Total	
	1996	1995	1994	1996	1995	1994	1996	1995
1994								
Commercial and Industrial..... 5,009	\$ 6,635	6,012	4,947	926	836	675	6,422	6,076
Appliance and Construction- Related..... 2,711	4,515	4,001	3,660	775	684	602	3,495	2,794
Corporate and other items*..... 495	-	-	-	35	51	240	564	529
Interest expense..... -	-	-	-	(127)	(111)	(89)	-	-
Total..... 8,215	\$11,150	10,013	8,607	1,609	1,460	1,428	10,481	9,399

</TABLE>

<TABLE>
<CAPTION>

	Depreciation and Amortization Expense			Capital Expenditures		
	1996	1995	1994	1996	1995	1994
Commercial and Industrial.....	\$280	254	215	236	214	161
Appliance and Construction-Related.....	179	149	145	246	195	156
Corporate and other items.....	6	6	5	32	12	15
Total.....	\$465	409	365	514	421	332

</TABLE>

Geographic Areas
(By origin)

Assets	Net Sales to Unaffiliated Customers			Income Before Income Taxes and Accounting Changes			Total	
	1996	1995	1994	1996	1995	1994	1996	1995
1994								
United States..... 4,910	\$ 7,168	6,395	5,953	1,238	1,107	1,014	6,102	5,119
Europe..... 2,140	2,919	2,668	1,933	316	275	173	3,029	2,983
Other Areas..... 840	1,063	950	721	147	138	90	1,001	953
Corporate and other items*..... 495	-	-	-	35	51	240	564	529
Interest expense..... -	-	-	-	(127)	(111)	(89)	-	-
Eliminations..... (170)	-	-	-	-	-	-	(215)	(185)
Total.....	\$11,150	10,013	8,607	1,609	1,460	1,428	10,481	9,399

8,215

</TABLE>

* Income includes \$242 million gain on sale of the Aerospace unit of Rosemount Inc. in 1994.

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

<TABLE>
<CAPTION>

Financial Results

	Net Sales		Gross Profit		Net Earnings	
	1996	1995	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>
First Quarter.....	\$ 2,565.8	2,284.6	915.4	792.0	230.5	203.4
Second Quarter.....	2,819.8	2,514.1	998.7	878.9	254.9	227.1
Third Quarter.....	2,896.8	2,629.7	1,037.0	922.7	266.9	239.5
Fourth Quarter.....	2,867.5	2,584.5	1,033.8	938.9	266.2	237.7
Fiscal Year...	\$11,149.9	10,012.9	3,984.9	3,532.5	1,018.5	907.7

</TABLE>

<TABLE>
<CAPTION>

	Earnings Per Common Share		Dividends Per Common Share	
	1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>
First Quarter.....	\$1.03	.91	.49	.43
Second Quarter.....	1.14	1.02	.49	.43
Third Quarter.....	1.19	1.07	.49	.43
Fourth Quarter.....	1.19	1.06	.49	.49
Fiscal Year...	\$4.55	4.06	1.96	1.78

</TABLE>

Income before cumulative effects of changes in accounting principles was \$224.7 million (\$1.01 per common share) in the first quarter of 1995 reflecting non-recurring items. See notes 2 and 7 for information regarding non-recurring items and the Company's acquisition and divestiture activities.

<TABLE>
<CAPTION>

Stock Prices

	Price Range Per Common Share			
	1996		1995	
	High	Low	High	Low
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
First Quarter.....	\$ 81 3/4	68 5/8	64 1/4	57 1/4
Second Quarter.....	86 3/4	77 3/4	67 1/8	61 1/2
Third Quarter.....	90 3/8	77 1/2	72	64 1/8
Fourth Quarter.....	91 5/8	78 3/4	75 3/8	69 3/4
Fiscal Year.....	\$ 91 5/8	68 5/8	75 3/8	57 1/4

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

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, 1996 and 1995, 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, 1996. 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, 1996 and 1995, and the results of their operations and their cash flows for each of the years in the three-year period ended September 30, 1996, 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 and effective October 1, 1994, the Company changed its method of accounting for postemployment benefits.

/s/ KPMG PEAT MARWICK LLP

St. Louis, Missouri
November 12, 1996

Safe Harbor Statement

This Annual Report contains various forward-looking statements and includes assumptions concerning Emerson's operations, future results and prospects. These forward-looking statements are based on current expectations and are subject to risk and uncertainties. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Emerson provides the following cautionary statement identifying important economic, political and technology factors which, among others, could cause the actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions.

Such factors include the following: (i) changes in the current and future business environment, including interest rates and capital and consumer spending; (ii) competitive factors and competitor responses to Emerson's initiatives; (iii) successful development and market introductions of anticipated new products; (iv) changes in government laws and regulations, including taxes; (v) unstable governments and business conditions in emerging economies; (vi) successful penetration of emerging economies; (vii) continuation of the favorable environment to make acquisitions, domestic and foreign, including regulatory requirements and market values of candidates.

SUBSIDIARIES OF EMERSON ELECTRIC CO.

SEPTEMBER 30, 1996

Legal Name -----	Jurisdiction of Incorporation -----
ADI Control Techniques Drives, Inc.	California
Alco Controls S.A. de C.V.	Mexico
Applied Concepts, Inc.	Pennsylvania
Branson Ultrasonic S.A.	Switzerland
Buehler Ltd.	Illinois
Buehler Holdings	Delaware
Buehler-Met AG	Switzerland
Buehler-Met Handelgesellschaft M.B.H.	Austria
Wirtz-Buehler Corporation	Delaware
Commercial Cam Co., Inc.	Delaware
Compania de Motores Domesticos S.A.de C.V.	Mexico
Control Techniques Iberia S.A.	Spain
Controles Electromecanicos De Mexico	Mexico
Con-Tek Valves, Inc.	Georgia
Copeland Electric Corporation	Delaware
Digital Appliance Controls, Inc.	Delaware
Digital Appliance Controls Manufacturing (Singapore) Pte Ltd.	Singapore
DACM SDN BHD	Malaysia
Digital Appliance Controls (UK) Limited	U.K.
EECO, Inc.	Delaware
Appleton Electric Company	Delaware
Conameter Corporation	USA
Copeland Corporation	Delaware
CDP International, Inc.	Delaware
Computer Process Controls, Inc.	Georgia
Copeland Access +, Inc.	Delaware
Copeland de Mexico S.A. de C.V.	Mexico
Copeland International, Inc.	Ohio
Copeland Redevelopment Corporation	Missouri
El-O-Matic USA, Inc.	USA
Electro-Test, Inc.	USA
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.	Netherland
Asco Mideast B.V.	Netherlands
Asco GmbH	Hungary
Asco/Joucomatic SP. Z.0.0.	Poland
Asco Electrical Products Co., Inc.	New Jersey
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 Ultrasonics S.A.	Sweden
Branson Ultrasonidos S.A.E.	Spain
Branson Ultrasons S.A.	France
Krautkramer France S.A.	France
Chromalox GmbH	Germany
Copeland GmbH	Germany
Copeland France S.A.	France
Copeland Corporation Limited	U.K.
Copeland Italia S.a.R.l.	Italy
Copeland Iberica CIB S.A.	Spain
Copeland Refrigeration Europe S.A.	Belgium
Copeland S.A.	Belgium
El-O-Matic GmbH	Germany
Emerson Electric GmbH	Germany

Emerson Electric GmbH & Co.	Germany
Emerson Electric Overseas Finance Corp.	Delaware
Emerson Electric de Colombia, LTDA	Colombia
Motores U.S. de Mexico, S.A.	Mexico
U.S.E.M. de Mexico S.A.de C.V.	Mexico
Emerson Technologies Verwaltungs-GmbH	Germany
Emerson Technologies GmbH & Co.	Germany
Fisher-Rosemount GmbH	Germany
Fisher-Rosemount GmbH & Co.	Germany
Fisher-Rosemount Hungary Ltd.	Hungary
Francel S.A.	France
Krautkramer GmbH	Germany
Krautkramer GmbH & Co.	Germany
Liebert GmbH	Germany
Liebert A.G.	Switzerland
Reglerwerk Dresden GmbH	Germany
Ridge Tool GmbH	Germany
Ridge Tool GmbH & Co.	Germany
Rosemount Inc.	Minnesota
Dieterich Standard, Inc.	Delaware
Dieterich Technology Holding Corp.	Delaware
Fisher-Rosemount AS (Norway)	Norway
Fisher-Rosemount Espana, S.A.	Spain
Fisher-Rosemount Holding AG	Switzerland
Fisher-Rosemount AG	Switzerland
Rosemount Spo	Czech
Fisher-Rosemount A/S	Denmark
Fisher-Rosemount Ges. M.B.H.	Austria
Rosemount Poland Ltd.	Poland
Fisher-Rosemount Instruments Pty. Ltd.	Australia
Emerson Electric Co. Pty Ltd.	Australia

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Fisher-Rosemount Instruments Ltd.	New Zealand
Fisher-Rosemount Instruments Taiwan, Ltd.	Taiwan, Ltd.
Fisher-Rosemount Japan Co. Ltd.	Japan
Fisher-Rosemount Middle East, Inc.	Delaware
Kay-Ray/Sensall, Inc.	Delaware
P I Components Corp.	Texas
Rosemount AB	Sweden
Rosemount Analytical Inc.	Delaware
Rosemount China Inc.	Minnesota
Rosemount Korea, Ltd.	Korea
Rosemount Mexicana S.A. de C.V.	Mexico
Rosemount Nuclear Instruments	Delaware
Rosemount S.A.R.L.	France
Rosemount Portugal Instrumentos Lta.	Portugal
Tekmar Company	Ohio
PEPT Investment Corporation	Delaware
Skil Europe Corporation	Delaware
Tauandromeda Beteiligungs GmbH	Germany
Wirtz-Buehler GmbH	Germany
Xomox Corporation	Ohio
Fisher-Rosemount do Brasil	Brazil
Industria e Comercio Ltda.	Mexico
Fisher-Rosemount S.A. de C.V.	Ohio
Flow Technology, Inc. (Taiwan)	Mexico
Flow Technology S.A. de C.V.	Venezuela
Inversiones Xomox	France
Naegelen S.A.	Switzerland
Xomox A.G.	Mexico
Xomox Chihuahua S.A. de C.V.	Venezuela
Xomox Corporation de Venezuela,C.A.	Korea
Xomox Korea Ltd.	Uruguay
Xomox South America S.A.	Uruguay
Xomox Uruguay S.A.	Germany
Xomox International GmbH	Germany
Fisher-Gulde GmbH	Germany
Fisher-Gulde GmbH & Co.	Germany
Xomox International GmbH & Co.	Delaware
Emerson Power Transmission Corporation	Delaware
Emerson Chain, Inc.	Minnesota
Emerson Electronic Motion Controls, Inc.	Ohio
Liebert Corporation	Delaware
Control Concepts Corporation	Thailand
Emerson Computer Power (Thailand) Company Limited	Netherlands
Emerson Computer Power B.V.	Delaware
Emersub XXV, Inc.	Ohio
Computersite-Preparations, Inc.	Hong Kong
Liebert Asia Ltd.	Australia
Liebert Corporation Australia Pty, Ltd.	Singapore
Liebert Far East Pte. Ltd.	Singapore
Atlas Air (S.E.A.) Pte. Ltd.	

Liebert (Malaysia) Sdn.Bhd.
 Liebert Hong Kong Ltd.
 Liebert International B.V.
 Liebert Tecnologia Ltda.
 Micro Motion, Inc.

Malaysia
 Hong Kong
 Netherlands
 Brazil
 Colorado

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Ridge Tool Company
 Emerson Electric SRL
 Ridge Tool (Australia) Pty., Ltd.
 Ridge Tool Manufacturing Company
 Ridgid Werkzeuge AG
 Therm-O-Disc, Incorporated
 Componentes Avanzados de Mexico, S.A. de C.V.
 Controles de Temperatura S.A. de C.V.
 E.G.P. Corporation
 Electronic Control Systems, Inc.
 Fairmount Building and Investment Corp.
 Emerson Electric (Asia) Limited
 Branson Ultrasonics (Asia Pacific) Co. Ltd.
 Emerson Electric (South Asia/Pacific) Pte. Ltd.
 Emerson Electric II, C.A.
 Emerson Electric, C.A.
 Emerson Electric de Mexico S.A. de C.V.
 Ascotech, S.A. de C.V.
 Motores Reynosa, S.A. de C.V.
 Emerson Electric Foreign Sales Corporation
 Emerson Electric International, Inc.
 Emerson Electric Ireland Ltd.
 Emerson Electric (Mauritius) Ltd.
 Emerson Electric Company India Private. Ltd.
 Emerson Electric Nederland B.V.
 Branson Ultrasonics B.V.
 Brooks Instrument B.V.
 Capax Electrische Apparatenfabriek B.V.
 Crouzet Appliance Controls D.O.O.
 Emerson Electric Slovakia Limited
 Vuma a.s.
 Emerson Electric, SpoL, s.r.o.
 Fusite, B.V.
 Fisher-Rosemount B.V.
 New-Tech Cuijk B.V.
 Skil AG
 Emerson Electric Puerto Rico, Inc.
 Emerson Puerto Rico, Inc.
 Emerson Electric (Taiwan) Company Limited
 Emerson Finance Co.
 Emersub XIX, Inc.
 Emerson Capital Funding, Inc.
 Emerson Middle East, Inc.
 Emerson Sice S.p.A.
 C.E. Set S.r.l.
 Branson Ultrasuoni S.P.A.
 Fisher-Rosemount Italia S.R.L.
 Xomox Italia S.R.L.
 Emerson Pacific Pte. Ltd.
 Emersub XXXVI
 Control Techniques plc
 Control Techniques (Holding) GmbH
 Control Techniques GmbH
 INAG GmbH
 Reta Anlagenbau GmbH
 Reta Elektronik GmbH

Ohio
 Italy
 Australia
 Delaware
 Switzerland
 Ohio
 Mexico
 Mexico
 Delaware
 W. Virginia
 USA
 Hong Kong
 Hong Kong
 Singapore
 Venezuela
 Venezuela
 Mexico
 Mexico
 Mexico
 Virgin Islands
 Delaware
 Bermuda
 India
 India
 Netherlands
 Netherlands
 Netherlands
 Netherlands
 Slovenia
 Slovakia
 Czech Republic
 Czech Republic
 Netherlands
 Netherlands
 Netherlands
 Switzerland
 Delaware
 Delaware
 Taiwan
 Delaware
 Delaware
 Delaware
 Delaware
 Italy
 Italy
 Italy
 Italy
 Italy
 Singapore
 Delaware
 U.K.
 Germany
 Germany
 Germany
 Germany
 Germany

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Control Techniques (USA) Inc.
 Control Techniques Drives, Inc.
 Control Techniques Drives Limited
 Control Techniques Asia-Pacific Pte Limited
 Control Techniques Drives (Malaysia) Sdn Bhd
 Control Techniques Singapore Pte Limited
 Control Techniques (Thailand) Limited
 PT Kontroltek Indoprata
 Control Techniques Australia Pty Ltd.
 Control Techniques Bermuda Limited
 Control Techniques Drives Limited
 Technodrives Limited
 Control Techniques Dynamics Limited
 Evershed Powerotor Limited
 Moore Reed & Company Limited
 Control Techniques Italia srl

U.S.A
 U.S.A.
 Canada
 Singapore
 Malaysia
 Singapore
 Thailand
 Indonesia
 Australia
 Bermuda
 U.K.
 U.K.
 U.K.
 U.K.
 U.K.
 Italy

Control Techniques Precision Systems Limited	U.K.
Control Techniques SpA	Italy
Electric Drives Limited	Ireland
K.T.K. (Newtown) Limited	U.K.
Control Techniques Worldwide BV	Netherlands
ASI Control Techniques A/B	Norway
Control Technika Kft	Hungary
Control Techniques Automation BV	Netherlands
Control Techniques BV	Netherlands
Control Techniques BV/SA	Belgium
Control Techniques Denmark A/S	Denmark
Control Techniques Endustriyel	
Kontrol Sistemerli Sanayi ve Ticaret A.S.	Turkey
Control Techniques GesmbH	Austria
Control Techniques India Limited	India
Control Techniques Elpro Automation Ltd.	India
Control Techniques Vietnam Limited	Vietnam
Control Techniques VUES s.r.o.(Czech Repub.)	Czech Republic
CTS Control Techniques Antrebsregelungen GmbH	Switzerland
Siliconics (Pty) Ltd.	S. Africa
Siliconics (Natal) (Pty) Ltd.	S. Africa
Emersub XXXVIII, Inc. (Vacant)	Delaware
Emersub XL, Inc.	Delaware
Emersub XLI, Inc. (Vacant)	Delaware
Emersub XLIII, Inc.	Ohio
Emersub XLV, Inc.	Delaware
Valycontrol, S.A. de C.V.	Mexico
Filcore, Inc.	Texas
Emersub XLVI, Inc.	Delaware
Emersub XLVIII, Inc.	Delaware
Emersub L, Inc.	Delaware
Emersub LI, Inc.	Delaware
Emersub LII, Inc.	Delaware
Emersub LIII, Inc.	Delaware
Emersub LIV, Inc. (Vacant)	Delaware
EMR Holdings, Inc.	Delaware
Branson de Mexico, S.A. de C.V.	Mexico
Emerson Electric (China) Holdings Ltd.	China
Beijing Rosemount Far East Instrument Co., Ltd.	China
Emerson Electric (Tianjin) Co., Ltd.	China
Emerson Engineering System (Shanghai) Co., Limited	China
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Emerson Fusite Electric (Shenzhen) Co. Ltd.	China
Emerson Machinery Equipment (Shenzhen)Co. Ltd.	China
Emerson White-Rodgers Electric (Xiamen) Co. Ltd.	China
Emerson Trading Co. (Shanghai) Co. Ltd.	China
Hangzhou LiShi Ridge Co. Ltd.	China
Rosemount Shanghai Co. Ltd.	China
Shanghai Branson Ultrasonics Co. Ltd.	China
Shenyang Copeland Refrigeration Co., Ltd.	China
Tianjin Fisher Controls Valve Co., Ltd.	China
Zhejiang-Emerson Motor Company, Ltd.	China
Emerson Electric Canada Ltd.	Canada
Appleton Electric Limited	Canada
Ascoelectric Limited	Canada
Fisher Controls Inc. (Controles Fisher Inc.)	Canada
Rosemount Instruments Ltd.	Canada
Sweco Canada, Inc.	Canada
Therm-O-Disc (Canada) Limited	Canada
Xomox Canada Ltd.	Canada
Emerson Electric do Brasil Ltda.	Brazil
Emerson Electric Hungary Ltd.	Hungary
Emerson Electric Iberica S.A.	Spain
Emerson Electric Korea Ltd.	Korea
Emerson Electric (M) SDN BHD	Malaysia
Emerson Electric Mauritius	Mauritius
Emerson Electric Company (India) Private Limited	India
Emerson Electric (Thailand) Limited	Thailand
Emerson Europe S.A.	France
Crouzet Appliance Controls S.A.	France
Crouzet Appliance Controls SpA	Italy
Ferco S.A.	France
Fisher Controls S.A.	France
Joucomatic S.A.	France
Fluidcontrol S.A.	Spain
Joucomatic Controls Ltd.	New Zealand
Joucomatic Controls Pty. Limited	Australia
Joucomatic Controls Ltd.	U.K.
Joucomatic GmbH Steuergeraete	Germany
Joucomatic S.p.A.	Italy
Joucomatic N.V.	Belgium
Sotrac S.r.l.	Italy
Ridgid 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
Andre Cocard S.A.R.L.	France
Atelier de Bobinage de Moteurs Electriques S.A.R.L	France
Ets. Belzon & Richardot S.A.R.L.	France
Construction Electriques du Nord S.A.	France
Lorraine Services Electrique Electronique Electromecanique S.A.R.L. (LS 3E)	France
M.I.S. Kerebel Provence S.A.R.L.	France
M.I.S. Poitouaine S.A.R.L.	France

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M.I.S. Societe Peaucelle D'installations et Reparations Electriques 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 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
M.L.S. Holice Spol. S.r.o.	Czech Republic
Navarre Services S.A.R.L.	France
Ouest Electro Service S.A.R.L.	France
Poteau Moderne du Sud-Ouest S.A.	France
Radiel Bobinage S.A.R.L.	France
Societe Nouvelle Paillet Services S.A.R.L.	France
Societe Nouvelle Silvain S.A.R.L.	France
Societe DeReparation Electro- Mecanique S.A.R.L.	France
Viet Services S.A.R.L.	France
Etablissements Sevenier S.A.	France
Etablissements Trepeau S.A.	France
Girard Transmissions S.A.	France
IMI Kft	Hungary
La Francaise de Manutention S.A.	France
Leroy-Somer AB	Sweden
Leroy-Somer N.V.	Belgium
Leroy-Somer Denmark 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 Italiana S.p.A.	Italy
Leroy-Somer Ltd.	U.K.
Leroy-Somer Motores E Sistemas Electromecanicos Ltda.	Portugal
Leroy-Somer Nederland BV	Netherlands
Leroy-Somer Norge A/S	Norway
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 Patay S.A.	France
Societe Anonyme de Mecanique et D'outillage du Vivarais S.A.	France
Societe Confolentaise de Metalurgie S.A.	France
Societe de Mecanique et D'Electrom- thermie des Pays de L'Adour S.A.	France
Societe Commerciale des Ateliers de Constructions Electriques D'Orleans S.A.	France

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Societe de Reparation de Moteurs (SOREM)	France
Emerson Holding Company Limited	U.K.
Copeland Ltd.	N. Ireland
El-O-Matic Limited	U.K.
Emerson Electric (U.K.) Limited	U.K.
Fisher-Rosemount Limited	U.K.
Xomox U.K. Limited	U.K.
Switched Reluctance Drives Ltd. (SRDL)	U.K.
Reluctance Motors Ltd.	U.K.
F.G. Wilson L.L.C.	U.S.A.

F.G. Wilson (Engineering) Limited	U.K.
Everton Engineering (N.I.) Limited	U.K.
F.G. Wilson Australia PTY Limited	Australia
F.G. Wilson Engineering (Dublin) Limited	U.K.
F.G. Wilson (Engineering) HK Limited	Hong Kong
F.G. Wilson Engineering Vertriebs-GmbH	Germany
F.G. Wilson Inc.	Delaware
F.G. Wilson (Proprietary) Limited	S. Africa
F.G. Wilson S.A.	France
F.G. Wilson Singapore Pte Limited	Singapore
Genrent Limited	U.K.
F-R Tecnologias de Flujo, S.A. de C.V.	Mexico
Fisher-Rosemount N.V./S.A.	Belgium
Senpro N.V.	Belgium
Fisher-Rosemount Hungary Ltd.	Hungary
Fisher-Rosemount Manufacture Ltd.	Hungary
Motoreductores U.S., S.A. de C.V.	Mexico
Rotores S.A. de C.V.	Mexico
Etirex S.A.	France
Fisher Controls International, Inc.	Delaware
Exac Corporation	California
Fisher Controles Industria E Comercio Ltda.	Brazil
Fisher-Rosemount Do Brasil Ltda.	Brazil
Fisher-Rosemount Asia Pacific Ltd.	Delaware
Fisher Controls De Mexico, S.A. de C.V.	Mexico
Fisher-Rosemount China Limited	Hong Kong
Fisher-Rosemount PTE. Ltd.	Singapore
Fisher Controls PTY. Limited	Australia
Fisher Service Company	Delaware
Fisher-Rosemount Systems, Inc.	Delaware
Fisher-Rosemount de Venezuela S.A.	Venezuela
H.D. Baumann Inc.	Delaware
Nippon Fisher Company Ltd.	Japan
Fisco Ltd.(Fisco Kabushiki Kaisha)	Japan
Fusite Corporation	Ohio
Emerson Japan, Ltd.	Japan
Taiyo Emerson Ltd. Japan	Japan
High Voltage Maintenance Corporation	Ohio
Innoven III Corporation	Delaware
Intellution, Inc.	Massachusetts
Intellution GmbH	Germany
Intellution International (I), Inc.	Massachusetts
Intellution K.K. (Japan) Incorporated	Japan
Intellution SARL	France
Intellution U.K. Corporation	Massachusetts
Intellution Limited	U.K.

Kop-Flex, Inc.	Delaware
Kop-Flex Canada Limited	Canada
Kop-Flex International, Inc.	Virgin Islands
Krautkramer Branson Incorporated	Connecticut
Stresstel Corporation	California
Lipe Rollway Corporation	Delaware
Lipe Rollway International Ltd.	Delaware
Lipe-Rollway de Mexico, S.A.	Mexico
Lipe-Rollway Deutschland GmbH	Germany
Lipe-Rollway N.V.	Belgium
Lipe-Rollway Technology, Inc.	New York
Rollway Bearing Ltd.	Delaware
Lipe-Rollway Australia Pty. Ltd.	Australia
Louisville Ladder Corp.	Missouri
McGill Manufacturing Company	Indiana
McGill International Inc.	Taiwan
Metaloy, Inc.	Massachusetts
Motores Hermeticos del Sur, S.A. de C.V.	Mexico
Ridge Tool Europe NV	Belgium
Ridgid Scandinavia A/S	Denmark
Ridge Tool Europe S.A.	Belgium
Ridgid Vaerktojs A/S	Denmark
Ridgid Ferramentas E. Maquinas, Ltda.	Brazil
Samsung-Emerson Electric Co. Ltd. (SEECO)	Korea
SWECO Europe, S.A.	Belgium
Termocontroles de Juarez S.A. de C.V.	Mexico
Transmisiones de Potencia Emerson S.A. de C.V.	Mexico
Vermont American Corporation	Delaware
Clairson Enterprises, Inc.	Delaware
Clairson International Corp.	Florida
Clairson, Inc.	Delaware
Clairson de Mexico	Mexico
Credo Tool Company	Delaware
Carbide Blast Joints, Inc.	Texas
DML Industrial Products, Inc.	N. Carolina
Vermont American Corporation, Fountain Inn	Delaware

Primark DML, Inc.
VAC Data Management, Inc.
VAC Services LP
Gilmour Enterprises, Inc.
Gilmour Manufacturing Company
Gilmour, Inc.
Vermont American (Australia) Ltd.
Vermont American Canada Inc.
VA Export, Ltd.
VA Holding
Vermont Westa Werkzeugbau GmbH
Western Forge Corporation
Wiegand S.A. de C.V.

N. Carolina
Delaware
Kentucky
Delaware
Pennsylvania
Delaware
Nevada
Canada
Virgin Islands
Delaware
Germany
Delaware
Mexico

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Emerson Electric Co.:

We consent to incorporation by reference in Registration Statement Nos. 33-60055, 33-57161, 33-38805, 33-34948, 33-34633, 33-57985, 33-60399, 33-11521, 33-2739, 2-76653, 2-63717, 2-52671, on Form S-8 and Registration Statement Nos. 33-62545 and 33-39109 on Form S-3 of Emerson Electric Co. of our report dated November 12, 1996, relating to the consolidated balance sheets of Emerson Electric Co. and subsidiaries as of September 30, 1996 and 1995, 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, 1996, which report is incorporated by reference in the September 30, 1996 annual report on Form 10-K of Emerson Electric Co. Our report refers to changes in accounting for postemployment benefits and postretirement benefits other than pensions.

St. Louis, Missouri
December 19, 1996

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, 1996.

Dated: December 19, 1996.

Signature -----	Title -----
/s/C. F. Knight ----- C. F. Knight	Chairman of the Board, President 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/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/R. L. Ridgway -----	Director

R. L. Ridgway

/s/R. W. Staley	Director

R. W. Staley	

/s/A. E. Suter	Director

A. E. Suter	

/s/W. M. Van Cleve	Director

W. M. Van Cleve	

/s/E. E. Whitacre, Jr.	Director

E. E. Whitacre, Jr.	

/s/E. F. Williams, Jr.	Director

E. F. Williams, Jr.	

<TABLE> <S> <C>

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE 1996 EMERSON ELECTRIC CO. CONSOLIDATED STATEMENT OF EARNINGS AND CONSOLIDATED BALANCE SHEET FILED WITH THE COMPANY'S 1996 FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<INTEREST-EXPENSE>	126,900
<INCOME-PRETAX>	1,609,000
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<CHANGES>	0
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<EPS-DILUTED>	0

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AMENDMENT TO THE EMERSON ELECTRIC CO.
CONTINUING COMPENSATION PLAN FOR
NONMANAGEMENT DIRECTORS

WHEREAS, Emerson Electric Co. ("Company") adopted the Emerson Electric Co. Continuing Compensation Plan for nonmanagement Directors ("Plan"); and

WHEREAS, the Company desires to amend the Plan effective as of February 6, 1996;

The first clause of Section III.2 is deleted and replaced with the following:

"The Benefit Rate will be paid for the life of the director commencing with the first day of the month coincident with or next following the later of his or her termination of service as a director, or his or her attainment of age 72;"

IN WITNESS WHEREOF, the foregoing amendment was adopted by the Board of Directors on February 6, 1996.