

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event  
reported): October 1, 2004

Emerson Electric Co.

(Exact Name of Registrant as Specified in Charter)

Missouri	1-278	43-0259330
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

8000 West Florissant Avenue St. Louis, Missouri	63136
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code:

(314) 553-2000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 8.01 Other Events.**

We are voluntarily filing copies of the form of award documents under certain of the Company's compensation plans, all previously approved by shareholders, and employee benefit plans, as exhibits hereto. All of the plans to which these exhibits relate have been filed as exhibits to our Annual Report on Form 10-K.

**Item 9.01 Financial Statements and Exhibits.**

**(c) Exhibits**

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
10.1	Form of Notice of Grant of Stock Options and Option Agreement and Form of Incentive Stock Option Agreement under the Emerson Electric Co. 1998 Stock Option Plan (plan approved by shareholders on February 3, 1998)

10.2	Form of Notice of Grant of Stock Options and Option Agreement and Form of Nonqualified Stock Option Agreement under the Emerson Electric Co. 1998 Stock Option Plan (plan approved by shareholders on February 3, 1998)
10.3	Form of Notice of Grant of Stock Options and Option Agreement and Form of Incentive Stock Option Agreement under the Emerson Electric Co. 2001 Stock Option Plan (plan approved by shareholders on February 5, 2002)
10.4	Form of Notice of Grant of Stock Options and Option Agreement and Form of Nonqualified Stock Option Agreement under the Emerson Electric Co. 2001 Stock Option Plan (plan approved by shareholders on February 5, 2002)
10.5	Form of Performance Share Award Certificate and Form of Acceptance of Award and Change of Control Election under the Emerson Electric Co. 1997 Incentive Shares Plan (plan approved by shareholders on February 4, 1997)
10.6	Form of Restricted Shares Award Agreement under the Emerson Electric Co. 1997 Incentive Shares Plan (plan approved by shareholders on February 4, 1997)
10.7	Form of Deferral and Change of Control Election under the Emerson Electric Co. Annual Incentive Plan (plan approved by shareholders on February 1, 2000)
10.8	Form of Participation Agreement and Form of Annual Election under the Emerson Electric Co. Supplemental Executive Savings Investment Plan
10.9	Form of Change of Control Election under the Emerson Electric Co. Supplemental Executive Retirement Plan

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#### SIGNATURE

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

EMERSON ELECTRIC CO.  
(Registrant)

Date: October 1, 2004

By: /s/ H.M. Smith  
H. M. Smith  
Assistant General Counsel and  
Assistant Secretary

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#### EXHIBIT INDEX

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- 10.9 Form of Change of Control Election under the Emerson Electric Co. Supplemental Executive Retirement Plan

**Notice of Grant of Stock Options  
and Option Agreement**

**Emerson Electric Co.**  
ID: xx-xxxxxxx  
8000 W. Florissant Avenue  
P. O. Box 4100  
St. Louis, MO 63136-8506

**NAME**  
**ADDRESS**  
**ADDRESS**

**Option Number:** xxxxxx  
**Plan:** 1998  
**ID:** xxx-xx-xxxx

Effective xx/xx/xxxx, you have been granted a(n) Incentive Stock Option to buy \_\_\_\_ shares of Emerson Electric Co. (the Company) stock at \$\_\_\_\_\_. per share.

The total option price of the shares granted is \$\_\_\_\_\_.

Shares in each period will become fully vested on the date shown.

Shares	Vest Type	Full Vest	Expiration
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx

By your signature and the Company's signature below, you and the Company agree that these options are granted under and governed by the terms and conditions of the Company's Stock Option Plan as amended and the Option Agreement, all of which are attached and made a part of this document.

Emerson Electric Co.

Date

Name

Date

Date: x/xx/xxxx  
Time:

INCENTIVE STOCK OPTION AGREEMENT  
UNDER  
EMERSON ELECTRIC CO.  
1998 STOCK OPTION PLAN

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of Directors") has adopted the Emerson Electric Co. 1998 Stock Option Plan (the "Plan") pursuant to which options covering an aggregate of 8,000,000 shares of the Common Stock of the Company may be granted to key employees of the Company and its subsidiaries; and

WHEREAS, the person to whom this option is granted ("Optionee") is a key employee of the Company or a subsidiary; and

WHEREAS, the Company desires to grant to Optionee the option to purchase certain shares of its stock under the terms of the Plan, which option is intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (hereinafter referred to as an "Incentive Stock Option"); and

WHEREAS, Optionee agrees and acknowledges that the grant of said option is valuable consideration; and

WHEREAS, Optionee has executed the attached Notice of Grant of Stock Options and Option Agreement (the "Notice Agreement") verifying Optionee's agreement to and acceptance of all of the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises, and of the mutual agreements hereinafter set forth, it is covenanted and agreed as follows:

1. Grant Subject to Plan. This option is granted under and is expressly subject to, all the terms and provisions of the Plan, which terms are incorporated herein by reference. The Compensation and Human Resources Committee ("Committee") of the Board of Directors has been appointed by the Board of Directors, and designated by it, as the Committee to make grants of options.

2. Grant and Terms of Option. Pursuant to action of the Committee, the Company hereby grants to Optionee the option to purchase all or any part of the number of shares of the Common Stock of the Company, par value of \$.50 per share ("Common Stock") set forth in the Notice Agreement for a period of ten (10) years from the date hereof, at the purchase price designated in the Notice Agreement; provided, however, the right to exercise such option shall be, and is hereby, restricted so that the shares to which this option relates may not be purchased prior to the Vesting Date assigned to each of the shares as set forth in the Notice Agreement. The foregoing right to exercise is subject to the provisions of Section 6 hereof. Notwithstanding the

foregoing, in the event of a Change of Control (as hereinafter defined) Optionee may purchase 100% of the total number of shares to which this option relates. In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the date hereof. The purchase price of the shares subject to the option may be paid for (a) in cash, (b) in the discretion of the Committee, by tender, either actually or by attestation, to the Company of shares of Common Stock already owned by Optionee and registered in his name or held for his benefit by a registered holder, having a fair market value equal to the cash exercise price of the option being exercised, or (c) in the discretion of the Committee, by a combination of methods of payment specified in clauses (a) and (b), all in accordance with Paragraph 7 of the Plan. No shares of Common Stock may be tendered in exercise of this option if such shares were acquired by Optionee through the exercise of an Incentive Stock Option or an employee stock purchase plan described in Section 423 of the Internal Revenue Code of 1986, as amended, unless (a) such shares have been held by Optionee for at least one (1) year, and (b) at least two (2) years have elapsed since such Incentive Stock Option was granted. For the purposes of this Agreement, a Change of Control means:

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

(ii) Individuals who, as of the date hereof, constitute the Board of Directors of the Company (the "Board" and, as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

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

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3. Anti-Dilution Provisions. In the event that, during the term of this Agreement, there is any change in the number of shares of outstanding Common Stock by reason of stock dividends, recapitalizations, mergers, consolidations, split-offs, split-ups, combinations or exchanges of shares and the like, the number of shares covered by this option agreement and the price thereof shall be adjusted, to the same proportionate number of shares and price as in this original agreement.

4. Investment Purpose. If the shares subject to the Plan are not registered under the Securities Act of 1933, Optionee acknowledges that a restrictive legend, in substantially the following form, will be printed on the certificates representing the shares acquired by Optionee on exercise of all or any part of this option:

"The shares represented by this certificate have not been registered under the Securities Act of 1933, but have been issued or transferred to the registered owner pursuant to the exemption afforded by Section 4(2) of said Act. No transfer or assignment of these shares by the registered owner shall be valid or effective, and the issuer of these shares shall not be required to give any effect to any transfer or attempted transfer of these shares, including without limitation, a transfer by operation of law, unless (a) the issuer shall have received an opinion of its counsel that the shares may be transferred without requirement of registration under said Act, or (b) there shall have been delivered to the issuer a 'no-action' letter from the staff of the Securities and Exchange Commission, or (c) the shares are registered under said Act."

5. Non-Transferability. Neither the option hereby granted nor any rights thereunder or under this Agreement may be assigned, transferred or in any manner encumbered except by will or the laws of descent and distribution, and any attempted assignment, transfer, mortgage,

pledge or encumbrance except as herein authorized, shall be void and of no effect. The option may be exercised during Optionee's lifetime only by Optionee.

6. Termination of Employment. In the event that notice of employment termination is provided by Optionee, which notice shall be deemed termination of employment of Optionee, or in the event of the termination of employment of Optionee for any reason, other than by death which is subject to Section 7 herein, the Plan shall govern whether and the extent to which the option granted may be exercised; provided, that if Optionee exercises this option while employed by a joint venture of the Company or of a subsidiary and after more than three (3) months after transfer of employment from the Company or a subsidiary to such joint venture, this option shall not be an Incentive Stock Option under Section 422 of the Internal Revenue Code of 1986, as amended. For purposes of this Section, a divestiture by the Company of 100% of its interest in Optionee's employer shall constitute a termination of employment of Optionee.

7. Death of Optionee. In the event of the death of Optionee while Optionee is employed by the Company (or a subsidiary, affiliate or joint venture) or after termination of employment to the extent an option is still exercisable under Section 6 of this Agreement, the

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option theretofore granted may be exercised, to the extent exercisable at the date of death, by a legatee or legatees under the option holder's last will, or by personal representatives or distributees, at any time within a period of one (1) year after death, but not after ten (10) years from the date of granting thereof.

8. Shares Issued on Exercise of Option. It is the intention of the Company that on any exercise of this option it will transfer to Optionee shares of its authorized but unissued stock or transfer Treasury shares, or utilize any combination of Treasury shares and authorized but unissued shares, to satisfy its obligations to deliver shares on any exercise hereof.

9. Committee Administration. This option has been granted pursuant to a determination made by the Committee, and such Committee or any successor or substitute committee authorized by the Board of Directors or the Board of Directors itself, subject to the express terms of this option, shall have plenary authority to interpret any provision of this option and to make any determinations necessary or advisable for the administration of this option and the exercise of the rights herein granted, and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to Optionee by the express terms hereof.

10. Option An Incentive Stock Option. The option granted hereunder is intended to be, and will be treated as, an Incentive Stock Option.

11. No Contract of Employment. Nothing contained in this Agreement shall be considered or construed as creating a contract of employment for any specified period of time. The employment relationship shall continue to be at the will of both parties, either of which may terminate the employment relationship at any time for any reason.

12. Restrictions.

(a) During Optionee's employment with the Company and thereafter, Optionee shall keep confidential, and not use or disclose to any third-parties, except as required for Optionee to perform Optionee's employment responsibilities, any confidential, proprietary and/or trade secret information of or relating to the Company ("Confidential Information"). All Company records, documents and information obtained by or provided to Optionee, or to which Optionee has or had access, or otherwise made, produced or compiled by Optionee during Optionee's employment with the Company, which contain any Confidential Information, regardless of the medium in which it is preserved, are the sole and exclusive property of the Company and shall be given to the Company at the Company's request or upon Optionee's departure from the Company.

(b) All ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, developments, trade secrets, other intellectual property and the like, which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Optionee, whether individually or otherwise, during Optionee's employment with the Company, whether or not during working hours, that relate to

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(i) the business and/or activities of the Company or which may be of interest to the Company in its business, (ii) the Company's anticipated research or development, or (iii) any work performed by Optionee for the Company, shall be the sole and exclusive property of the Company, and the Company shall own any and all right, title and interest to such. Optionee assigns and agrees to assign any and all of the foregoing to the Company, whenever requested to do so by the Company, at the Company's expense, and Option agrees to execute any and all applications, assignments or other instruments which the Company deems desirable or necessary to protect such interests. Optionee shall prepare, keep and maintain detailed and current dated and witnessed records of all of Optionee's inventions, and shall disclose the details of such inventions to the Company.

(c) During the term of this option, and for a period ending twelve (12) months after exercise of this option: (i) if Optionee breaches Optionee's obligations under Section 12(a) or (b), or (ii) if Optionee, as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, carries on any business, or becomes involved in any business activity, competitive with the business of the Company or any of its divisions, subsidiaries or affiliates in which Optionee was employed, or hires or solicits to hire any employee of the Company or any of its divisions, subsidiaries or affiliates, then the option hereby granted shall be void and of no force or effect, and if the option hereby granted or any part thereof has been exercised within the preceding twelve (12) months, Optionee shall owe the Company the excess of the fair market value of the shares subject to the option (or part thereof which has been

exercised) as of the date of such exercise, over the option price, and Optionee shall pay such amount to the Company at the time Optionee commits any of the aforementioned acts.

(d) Optionee agrees that the restrictions in this Section 12 are reasonable and should be fully enforceable in light of (among other things) Optionee's duties and responsibilities with the Company.

13. Severability. Any word, phrase, clause, sentence or other provision hereof which violates or is prohibited by any applicable law, court decree or public policy shall be modified as necessary to avoid the violation or prohibition and so as to make this Agreement enforceable as fully as possible under applicable law, and if such cannot be so modified the same shall be ineffective to the extent of such violation or prohibition without invalidating or affecting the remaining provisions hereof.

14. Governing Law. This agreement is made in and shall be construed and administered in accordance with the laws of the State of Missouri, without regard to conflicts of law principles which might otherwise be applied. Any litigation arising out of, in connection with or concerning any aspect of this agreement shall be conducted exclusively in the State or Federal Courts in the State of Missouri, and Optionee hereby consents to the jurisdiction of said courts.

**Notice of Grant of Stock Options  
and Option Agreement**

**Emerson Electric Co.**  
ID: xx-xxxxxxx  
8000 W. Florissant Avenue  
P. O. Box 4100  
St. Louis, MO 63136-8506

**NAME**  
**ADDRESS**  
**ADDRESS**

**Option Number:** xxxxxx  
**Plan:** 1998  
**ID:** xxx-xx-xxxx

Effective xx/xx/xxxx, you have been granted a(n) Non-Qualified Stock Option to buy \_\_\_\_ shares of Emerson Electric Co. (the Company) stock at \$\_\_\_\_\_. per share.

The total option price of the shares granted is \$\_\_\_\_\_.

Shares in each period will become fully vested on the date shown.

Shares	Vest Type	Full Vest	Expiration
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx

By your signature and the Company's signature below, you and the Company agree that these options are granted under and governed by the terms and conditions of the Company's Stock Option Plan as amended and the Option Agreement, all of which are attached and made a part of this document.

Emerson Electric Co.

Date

Name

Date

Date: x/xx/xxxx  
Time:

NONQUALIFIED STOCK OPTION AGREEMENT  
UNDER  
EMERSON ELECTRIC CO.  
1998 STOCK OPTION PLAN

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of Directors") has adopted the Emerson Electric Co. 1998 Stock Option Plan (the "Plan") pursuant to which options covering an aggregate of 8,000,000 shares of the Common Stock of the Company may be granted to key employees of the Company and its subsidiaries; and

WHEREAS, the person to whom this option is granted ("Optionee") is a key employee of the Company or a subsidiary; and

WHEREAS, the Company desires to grant to Optionee the option to purchase certain shares of its stock under the terms of the Plan, which option is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (hereinafter referred to as an "Incentive Stock Option"); and

WHEREAS, Optionee agrees and acknowledges that the grant of said option is valuable consideration; and



WHEREAS, Optionee has executed the attached Notice of Grant of Stock Options and Option Agreement (the "Notice Agreement") verifying Optionee's agreement to and acceptance of all of the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises, and of the mutual agreements hereinafter set forth, it is covenanted and agreed as follows:

1. Grant Subject to Plan. This option is granted under and is expressly subject to, all the terms and provisions of the Plan, which terms are incorporated herein by reference. The Compensation and Human Resources Committee ("Committee") of the Board of Directors has been appointed by the Board of Directors, and designated by it, as the Committee to make grants of options.

2. Grant and Terms of Option. Pursuant to action of the Committee, the Company hereby grants to Optionee the option to purchase all or any part of the number of shares of the Common Stock of the Company, par value of \$.50 per share ("Common Stock") set forth in the Notice Agreement for a period of ten (10) years from the date hereof, at the purchase price designated in the Notice Agreement; provided, however, the right to exercise such option shall be, and is hereby, restricted so that the shares to which this option relates may not be purchased prior to the Vesting Date assigned to each of the shares as set forth in the Notice Agreement. The foregoing right to exercise is subject to the provisions of Section 6 hereof. Notwithstanding the

foregoing, in the event of a Change of Control (as hereinafter defined) Optionee may purchase 100% of the total number of shares to which this option relates. In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the date hereof. The purchase price of the shares subject to the option may be paid for (a) in cash, (b) in the discretion of the Committee, by tender, either actually or by attestation, to the Company of shares of Common Stock already owned by Optionee and registered in his name or held for his benefit by a registered holder, having a fair market value equal to the cash exercise price of the option being exercised, or (c) in the discretion of the Committee, by a combination of methods of payment specified in clauses (a) and (b), all in accordance with Paragraph 7 of the Plan. No shares of Common Stock may be tendered in exercise of this option if such shares were acquired by Optionee through the exercise of an Incentive Stock Option or an employee stock purchase plan described in Section 423 of the Internal Revenue Code of 1986, as amended, unless (a) such shares have been held by Optionee for at least one (1) year, and (b) at least two (2) years have elapsed since such Incentive Stock Option was granted. For the purposes of this Agreement, a Change of Control means:

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

(ii) Individuals who, as of the date hereof, constitute the Board of Directors of the Company (the "Board" and, as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

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

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3. Anti-Dilution Provisions. In the event that, during the term of this Agreement, there is any change in the number of shares of outstanding Common Stock by reason of stock dividends, recapitalizations, mergers, consolidations, split-offs, split-ups, combinations or exchanges of shares and the like, the number of shares covered by this option agreement and the price thereof shall be adjusted, to the same proportionate number of shares and price as in this original agreement.

4. Investment Purpose. If the shares subject to the Plan are not registered under the Securities Act of 1933, Optionee acknowledges that a restrictive legend, in substantially the following form, will be printed on the certificates representing the shares acquired by Optionee on exercise of all or any part of this option:

"The shares represented by this certificate have not been registered under the Securities Act of 1933, but have been issued or transferred to the registered owner pursuant to the exemption afforded by Section 4(2) of said Act. No transfer or assignment of these shares by the registered owner shall be valid or effective, and the issuer of these shares shall not be required to give any effect to any transfer or attempted transfer of these shares, including without limitation, a transfer by operation of law, unless (a) the issuer shall have received an opinion of its counsel that the shares may be transferred without requirement of registration under said Act, or (b) there shall have been delivered to the issuer a 'no-action' letter from the staff of the Securities and Exchange Commission, or (c) the shares are registered under said Act."

5. Non-Transferability. Neither the option hereby granted nor any rights thereunder or under this Agreement may be assigned, transferred or in any manner encumbered except by will or the laws of descent and distribution, and any attempted assignment, transfer, mortgage, pledge or encumbrance except as herein authorized, shall be void and of no effect. The option may be exercised during Optionee's lifetime only by Optionee.

6. Termination of Employment. In the event that notice of employment termination is provided by Optionee, which notice shall be deemed termination of employment of Optionee, or in the event of the termination of employment of Optionee for any reason, other than by death which is subject to Section 7 herein, the Plan shall govern whether and the extent to which the option granted may be exercised. For purposes of this Section, a divestiture by the Company of 100% of its interest in Optionee's employer shall constitute a termination of employment of Optionee.

7. Death of Optionee. In the event of the death of Optionee while Optionee is employed by the Company (or a subsidiary, affiliate or joint venture) or after termination of employment to the extent an option is still exercisable under Section 6 of this Agreement, the option theretofore granted may be exercised, to the extent exercisable at the date of death, by a legatee or legatees under the option holder's last will, or by personal representatives or distributees, at any time within a period of one (1) year after death, but not after ten (10) years from the date of granting thereof.

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8. Shares Issued on Exercise of Option. It is the intention of the Company that on any exercise of this option it will transfer to Optionee shares of its authorized but unissued stock or transfer Treasury shares, or utilize any combination of Treasury shares and authorized but unissued shares, to satisfy its obligations to deliver shares on any exercise hereof.

9. Committee Administration. This option has been granted pursuant to a determination made by the Committee, and such Committee or any successor or substitute committee authorized by the Board of Directors or the Board of Directors itself, subject to the express terms of this option, shall have plenary authority to interpret any provision of this option and to make any determinations necessary or advisable for the administration of this option and the exercise of the rights herein granted, and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to Optionee by the express terms hereof.

10. Option Not An Incentive Stock Option. The option granted hereunder is not intended to be, and will not be treated as, an Incentive Stock Option.

11. No Contract of Employment. Nothing contained in this Agreement shall be considered or construed as creating a contract of employment for any specified period of time. The employment relationship shall continue to be at the will of both parties, either of which may terminate the employment relationship at any time for any reason.

12. Restrictions.

(a) During Optionee's employment with the Company and thereafter, Optionee shall keep confidential, and not use or disclose to any third-parties, except as required for Optionee to perform Optionee's employment responsibilities, any confidential, proprietary and/or trade secret information of or relating to the Company ("Confidential Information"). All Company records, documents and information obtained by or provided to Optionee, or to which Optionee has or had access, or otherwise made, produced or compiled by Optionee during Optionee's employment with the Company, which contain any Confidential Information, regardless of the medium in which it is preserved, are the sole and exclusive property of the Company and shall be given to the Company at the Company's request or upon Optionee's departure from the Company.

(b) All ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, developments, trade secrets, other intellectual property and the like, which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Optionee, whether individually or otherwise, during Optionee's employment with the Company, whether or not during working hours, that relate to (i) the business and/or activities of the Company or which may be of interest to the Company in its business, (ii) the Company's anticipated research or development, or (iii) any work performed by

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Optionee for the Company, shall be the sole and exclusive property of the Company, and the Company shall own any and all right, title and interest to such. Optionee assigns and agrees to assign any and all of the foregoing to the Company, whenever requested to do so by the Company, at the Company's expense, and Option agrees to execute any and all applications, assignments or other instruments which the Company deems desirable or necessary to protect such interests. Optionee shall prepare, keep and maintain detailed and current dated and witnessed records of all of Optionee's inventions, and shall disclose the details of such inventions to the Company.

(c) During the term of this option, and for a period ending twelve (12) months after exercise of this option: (i) if Optionee breaches Optionee's obligations under Section 12(a) or (b), or (ii) if Optionee, as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, carries on any business, or becomes involved in any business activity, competitive with the business of the Company or any of its divisions, subsidiaries or affiliates in which Optionee was employed, or hires or solicits to hire any employee of the Company or any of its divisions, subsidiaries or affiliates, then the option hereby granted shall be void and of no force or effect, and if the option hereby granted or any part thereof has been exercised within the preceding twelve (12)

months, Optionee shall owe the Company the excess of the fair market value of the shares subject to the option (or part thereof which has been exercised) as of the date of such exercise, over the option price, and Optionee shall pay such amount to the Company at the time Optionee commits any of the aforementioned acts.

(d) Optionee agrees that the restrictions in this Section 12 are reasonable and should be fully enforceable in light of (among other things) Optionee's duties and responsibilities with the Company.

13. Severability. Any word, phrase, clause, sentence or other provision hereof which violates or is prohibited by any applicable law, court decree or public policy shall be modified as necessary to avoid the violation or prohibition and so as to make this Agreement enforceable as fully as possible under applicable law, and if such cannot be so modified the same shall be ineffective to the extent of such violation or prohibition without invalidating or affecting the remaining provisions hereof.

14. Governing Law. This agreement is made in and shall be construed and administered in accordance with the laws of the State of Missouri, without regard to conflicts of law principles which might otherwise be applied. Any litigation arising out of, in connection with or concerning any aspect of this agreement shall be conducted exclusively in the State or Federal Courts in the State of Missouri, and Optionee hereby consents to the jurisdiction of said courts.

**Notice of Grant of Stock Options  
and Option Agreement**
**Emerson Electric Co.**  
 ID: xx-xxxxxxx  
 8000 W. Florissant Avenue  
 P. O. Box 4100  
 St. Louis, MO 63136-8506

**NAME**  
**ADDRESS**  
**ADDRESS**
**Option Number: xxxxxx**  
**Plan: 2001**  
**ID: xxx-xx-xxxx**

Effective xx/xx/xxxx, you have been granted a(n) Incentive Stock Option to buy \_\_\_\_ shares of Emerson Electric Co. (the Company) stock at \$\_\_\_\_\_. per share.

The total option price of the shares granted is \$\_\_\_\_\_.

Shares in each period will become fully vested on the date shown.

Shares	Vest Type	Full Vest	Expiration
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx

By your signature and the Company's signature below, you and the Company agree that these options are granted under and governed by the terms and conditions of the Company's Stock Option Plan as amended and the Option Agreement, all of which are attached and made a part of this document.

Emerson Electric Co.

Date

Name

Date

 Date: x/xx/xxxx  
 Time:

INCENTIVE STOCK OPTION AGREEMENT  
 UNDER  
 EMERSON ELECTRIC CO.  
 2001 STOCK OPTION PLAN

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of Directors") has adopted the Emerson Electric Co. 2001 Stock Option Plan (the "Plan") pursuant to which options covering an aggregate of ten million (10,000,000) shares of the Common Stock of the Company may be granted to key employees of the Company and its subsidiaries; and

WHEREAS, the person to whom this option is granted ("Optionee") is a key employee of the Company or a subsidiary; and

WHEREAS, the Company desires to grant to Optionee the option to purchase certain shares of its stock under the terms of the Plan, which option is intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (hereinafter referred to as an "Incentive Stock Option"); and

WHEREAS, Optionee agrees and acknowledges that the grant of said option is valuable consideration; and

WHEREAS, Optionee has executed the attached Notice of Grant of Stock Options and Option Agreement (the "Notice Agreement") verifying Optionee's agreement to and acceptance of all of the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises, and of the mutual agreements hereinafter set forth, it is covenanted and agreed as follows:

1. Grant Subject to Plan. This option is granted under and is expressly subject to, all the terms and provisions of the Plan, which terms are incorporated herein by reference. The Compensation and Human Resources Committee ("Committee") of the Board of Directors has been appointed by the Board of Directors, and designated by it, as the Committee to make grants of options.

2. Grant and Terms of Option. Pursuant to action of the Committee, the Company hereby grants to Optionee the option to purchase all or any part of the number of shares of the Common Stock of the Company, par value of \$.50 per share ("Common Stock") set forth in the Notice Agreement for a period of ten (10) years from the date hereof, at the purchase price designated in the Notice Agreement; provided, however, the right to exercise such option shall be, and is hereby, restricted so that the shares to which this option relates may not be purchased prior to the Vesting Date assigned to each of the shares as set forth in the Notice Agreement. The foregoing right to exercise is subject to the provisions of Section 6 hereof. Notwithstanding the

foregoing, in the event of a Change of Control (as hereinafter defined) Optionee may purchase 100% of the total number of shares to which this option relates. In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the date hereof. The purchase price of the shares subject to the option may be paid for (a) in cash, (b) in the discretion of the Committee, by tender, either actually or by attestation, to the Company of shares of Common Stock already owned by Optionee and registered in his name or held for his benefit by a registered holder, having a fair market value equal to the cash exercise price of the option being exercised, or (c) in the discretion of the Committee, by a combination of methods of payment specified in clauses (a) and (b), all in accordance with Paragraph 7 of the Plan. No shares of Common Stock may be tendered in exercise of this option if such shares were acquired by Optionee through the exercise of an Incentive Stock Option or an employee stock purchase plan described in Section 423 of the Internal Revenue Code of 1986, as amended, unless (a) such shares have been held by Optionee for at least one (1) year, and (b) at least two (2) years have elapsed since such Incentive Stock Option was granted. For the purposes of this Agreement, a Change of Control means:

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

(ii) Individuals who, as of the date hereof, constitute the Board of Directors of the Company (the "Board" and, as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

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

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3. Anti-Dilution Provisions. In the event that, during the term of this Agreement, there is any change in the number of shares of outstanding Common Stock by reason of stock dividends, recapitalizations, mergers, consolidations, split-offs, split-ups, combinations or exchanges of shares and the like, the number of shares covered by this option agreement and the price thereof shall be adjusted, to the same proportionate number of shares and price as in this original agreement.

4. Investment Purpose. If the shares subject to the Plan are not registered under the Securities Act of 1933, Optionee acknowledges that a restrictive legend, in substantially the following form, will be printed on the certificates representing the shares acquired by Optionee on exercise of all or any part of this option:

"The shares represented by this certificate have not been registered under the Securities Act of 1933, but have been issued or transferred to the registered owner pursuant to the exemption afforded by Section 4(2) of said Act. No transfer or assignment of these shares by the registered owner shall be valid or effective, and the issuer of these shares shall not be required to give any effect to any transfer or attempted transfer of these shares, including without limitation, a transfer by operation of law, unless (a) the issuer shall have received an opinion of its counsel that the shares may be transferred without requirement of registration under said Act, or (b) there shall have been delivered to the issuer a 'no-action' letter from the staff of the Securities and Exchange Commission, or (c) the shares are registered under said Act."

5. Non-Transferability. Neither the option hereby granted nor any rights thereunder or under this Agreement may be assigned, transferred or in any manner encumbered except by will or the laws of descent and distribution, and any attempted assignment, transfer, mortgage,

pledge or encumbrance except as herein authorized, shall be void and of no effect. The option may be exercised during Optionee's lifetime only by Optionee.

6. Termination of Employment. In the event that notice of employment termination is provided by Optionee, which notice shall be deemed termination of employment of Optionee, or in the event of the termination of employment of Optionee for any reason, other than by death which is subject to Section 7 herein, the Plan shall govern whether and the extent to which the option granted may be exercised; provided, that if Optionee exercises this option while employed by a joint venture of the Company or of a subsidiary and after more than three (3) months after transfer of employment from the Company or a subsidiary to such joint venture, this option shall not be an Incentive Stock Option under Section 422 of the Internal Revenue Code of 1986, as amended. For purposes of this Section, a divestiture by the Company of 100% of its interest in Optionee's employer shall constitute a termination of employment of Optionee.

7. Death of Optionee. In the event of the death of Optionee while Optionee is employed by the Company (or a subsidiary, affiliate or joint venture) or after termination of employment to the extent an option is still exercisable under Section 6 of this Agreement, the

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option theretofore granted may be exercised, to the extent exercisable at the date of death, by a legatee or legatees under the option holder's last will, or by personal representatives or distributees, at any time within a period of one (1) year after death, but not after ten (10) years from the date of granting thereof.

8. Shares Issued on Exercise of Option. It is the intention of the Company that on any exercise of this option it will transfer to Optionee shares of its authorized but unissued stock or transfer Treasury shares, or utilize any combination of Treasury shares and authorized but unissued shares, to satisfy its obligations to deliver shares on any exercise hereof.

9. Committee Administration. This option has been granted pursuant to a determination made by the Committee, and such Committee or any successor or substitute committee authorized by the Board of Directors or the Board of Directors itself, subject to the express terms of this option, shall have plenary authority to interpret any provision of this option and to make any determinations necessary or advisable for the administration of this option and the exercise of the rights herein granted, and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to Optionee by the express terms hereof.

10. Option An Incentive Stock Option. The option granted hereunder is intended to be, and will be treated as, an Incentive Stock Option.

11. No Contract of Employment. Nothing contained in this Agreement shall be considered or construed as creating a contract of employment for any specified period of time. The employment relationship shall continue to be at the will of both parties, either of which may terminate the employment relationship at any time for any reason.

12. Restrictions.

(a) During Optionee's employment with the Company and thereafter, Optionee shall keep confidential, and not use or disclose to any third-parties, except as required for Optionee to perform Optionee's employment responsibilities, any confidential, proprietary and/or trade secret information of or relating to the Company ("Confidential Information"). All Company records, documents and information obtained by or provided to Optionee, or to which Optionee has or had access, or otherwise made, produced or compiled by Optionee during Optionee's employment with the Company, which contain any Confidential Information, regardless of the medium in which it is preserved, are the sole and exclusive property of the Company and shall be given to the Company at the Company's request or upon Optionee's departure from the Company.

(b) All ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, developments, trade secrets, other intellectual property and the like, which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Optionee, whether individually or otherwise, during Optionee's employment with the Company, whether or not during working hours, that relate to

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(i) the business and/or activities of the Company or which may be of interest to the Company in its business, (ii) the Company's anticipated research or development, or (iii) any work performed by Optionee for the Company, shall be the sole and exclusive property of the Company, and the Company shall own any and all right, title and interest to such. Optionee assigns and agrees to assign any and all of the foregoing to the Company, whenever requested to do so by the Company, at the Company's expense, and Option agrees to execute any and all applications, assignments or other instruments which the Company deems desirable or necessary to protect such interests. Optionee shall prepare, keep and maintain detailed and current dated and witnessed records of all of Optionee's inventions, and shall disclose the details of such inventions to the Company.

(c) During the term of this option, and for a period ending twelve (12) months after exercise of this option: (i) if Optionee breaches Optionee's obligations under Section 12 (a) or (b), or (ii) if Optionee, as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, carries on any business, or becomes involved in any business activity, competitive with the business of the Company or any of its divisions, subsidiaries or affiliates in which Optionee was employed, or hires or solicits to hire any employee of the Company or any of its divisions, subsidiaries or affiliates, then the option hereby granted shall be void and of no force or effect, and if the option hereby granted or any part thereof has been exercised within the preceding twelve (12) months, Optionee shall owe the Company the excess of the fair market value of the shares subject to the option (or part thereof which has

been exercised) as of the date of such exercise, over the option price, and Optionee shall pay such amount to the Company at the time Optionee commits any of the aforementioned acts.

(d) Optionee agrees that the restrictions in this Section 12 are reasonable and should be fully enforceable in light of (among other things) Optionee's duties and responsibilities with the Company.

13. Severability. Any word, phrase, clause, sentence or other provision hereof which violates or is prohibited by any applicable law, court decree or public policy shall be modified as necessary to avoid the violation or prohibition and so as to make this Agreement enforceable as fully as possible under applicable law, and if such cannot be so modified the same shall be ineffective to the extent of such violation or prohibition without invalidating or affecting the remaining provisions hereof.

14. Governing Law. This agreement is made in and shall be construed and administered in accordance with the laws of the State of Missouri, without regard to conflicts of law principles which might otherwise be applied. Any litigation arising out of, in connection with or concerning any aspect of this agreement shall be conducted exclusively in the State or Federal Courts in the State of Missouri, and Optionee hereby consents to the jurisdiction of said courts.

**Notice of Grant of Stock Options  
and Option Agreement**

**Emerson Electric Co.**  
ID: xx-xxxxxxx  
8000 W. Florissant Avenue  
P. O. Box 4100  
St. Louis, MO 63136-8506

**NAME**  
**ADDRESS**  
**ADDRESS**

**Option Number:** xxxxxx  
**Plan:** 2001  
**ID:** xxx-xx-xxxx

Effective xx/xx/xxxx, you have been granted a(n) Non-Qualified Stock Option to buy \_\_\_\_ shares of Emerson Electric Co. (the Company) stock at \$\_\_\_\_\_. per share.

The total option price of the shares granted is \$\_\_\_\_\_.

Shares in each period will become fully vested on the date shown.

Shares	Vest Type	Full Vest	Expiration
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx
xxx	On Vest Date	xx/xx/xxxx	xx/xx/xxxx

By your signature and the Company's signature below, you and the Company agree that these options are granted under and governed by the terms and conditions of the Company's Stock Option Plan as amended and the Option Agreement, all of which are attached and made a part of this document.

Emerson Electric Co.

Date

Name

Date

Date: x/xx/xxxx  
Time:

NONQUALIFIED STOCK OPTION AGREEMENT  
UNDER  
EMERSON ELECTRIC CO.  
2001 STOCK OPTION PLAN

WITNESSETH THAT:

WHEREAS, the Board of Directors of the Company ("Board of Directors") has adopted the Emerson Electric Co. 2001 Stock Option Plan (the "Plan") pursuant to which options covering an aggregate of ten million (10,000,000) shares of the Common Stock of the Company may be granted to key employees of the Company and its subsidiaries; and

WHEREAS, the person to whom this option is granted ("Optionee") is a key employee of the Company or a subsidiary; and

WHEREAS, the Company desires to grant to Optionee the option to purchase certain shares of its stock under the terms of the Plan, which option is not intended to qualify as an incentive stock option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (hereinafter referred to as an "Incentive Stock Option"); and

WHEREAS, Optionee agrees and acknowledges that the grant of said option is valuable consideration; and



WHEREAS, Optionee has executed the attached Notice of Grant of Stock Options and Option Agreement (the "Notice Agreement") verifying Optionee's agreement to and acceptance of all of the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises, and of the mutual agreements hereinafter set forth, it is covenanted and agreed as follows:

1. Grant Subject to Plan. This option is granted under and is expressly subject to, all the terms and provisions of the Plan, which terms are incorporated herein by reference. The Compensation and Human Resources Committee ("Committee") of the Board of Directors has been appointed by the Board of Directors, and designated by it, as the Committee to make grants of options.

2. Grant and Terms of Option. Pursuant to action of the Committee, the Company hereby grants to Optionee the option to purchase all or any part of the number of shares of the Common Stock of the Company, par value of \$.50 per share ("Common Stock") set forth in the Notice Agreement for a period of ten (10) years from the date hereof, at the purchase price designated in the Notice Agreement; provided, however, the right to exercise such option shall be, and is hereby, restricted so that the shares to which this option relates may not be purchased prior to the Vesting Date assigned to each of the shares as set forth in the Notice Agreement. The foregoing right to exercise is subject to the provisions of Section 6 hereof. Notwithstanding the

foregoing, in the event of a Change of Control (as hereinafter defined) Optionee may purchase 100% of the total number of shares to which this option relates. In no event may this option or any part thereof be exercised after the expiration of ten (10) years from the date hereof. The purchase price of the shares subject to the option may be paid for (a) in cash, (b) in the discretion of the Committee, by tender, either actually or by attestation, to the Company of shares of Common Stock already owned by Optionee and registered in his name or held for his benefit by a registered holder, having a fair market value equal to the cash exercise price of the option being exercised, or (c) in the discretion of the Committee, by a combination of methods of payment specified in clauses (a) and (b), all in accordance with Paragraph 7 of the Plan. No shares of Common Stock may be tendered in exercise of this option if such shares were acquired by Optionee through the exercise of an Incentive Stock Option or an employee stock purchase plan described in Section 423 of the Internal Revenue Code of 1986, as amended, unless (a) such shares have been held by Optionee for at least one (1) year, and (b) at least two (2) years have elapsed since such Incentive Stock Option was granted. For the purposes of this Agreement, a Change of Control means:

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

(ii) Individuals who, as of the date hereof, constitute the Board of Directors of the Company (the "Board" and, as of the date hereof, the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person who becomes a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the 1934 Act) shall be, for purposes of this section, considered as though such person were a member of the Incumbent Board; or

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

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3. Anti-Dilution Provisions. In the event that, during the term of this Agreement, there is any change in the number of shares of outstanding Common Stock by reason of stock dividends, recapitalizations, mergers, consolidations, split-offs, split-ups, combinations or exchanges of shares and the like, the number of shares covered by this option agreement and the price thereof shall be adjusted, to the same proportionate number of shares and price as in this original agreement.

4. Investment Purpose. If the shares subject to the Plan are not registered under the Securities Act of 1933, Optionee acknowledges that a restrictive legend, in substantially the following form, will be printed on the certificates representing the shares acquired by Optionee on exercise of all or any part of this option:

"The shares represented by this certificate have not been registered under the Securities Act of 1933, but have been issued or transferred to the registered owner pursuant to the exemption afforded by Section 4(2) of said Act. No transfer or assignment of these shares by the registered owner shall be valid or effective, and the issuer of these shares shall not be required to give any effect to any transfer or attempted transfer of these shares, including without limitation, a transfer by operation of law, unless (a) the issuer shall have received an opinion of its counsel that the shares may be transferred without requirement of registration under said Act, or (b) there shall have been delivered to the issuer a 'no-action' letter from the staff of the Securities and Exchange Commission, or (c) the shares are registered under said Act."

5. Non-Transferability. Neither the option hereby granted nor any rights thereunder or under this Agreement may be assigned, transferred or in any manner encumbered except by will or the laws of descent and distribution, and any attempted assignment, transfer, mortgage,

pledge or encumbrance except as herein authorized, shall be void and of no effect. The option may be exercised during Optionee's lifetime only by Optionee.

6. Termination of Employment. In the event that notice of employment termination is provided by Optionee, which notice shall be deemed termination of employment of Optionee, or in the event of the termination of employment of Optionee for any reason, other than by death which is subject to Section 7 herein, the Plan shall govern whether and the extent to which the option granted may be exercised. For purposes of this Section, a divestiture by the Company of 100% of its interest in Optionee's employer shall constitute a termination of employment of Optionee.

7. Death of Optionee. In the event of the death of Optionee while Optionee is employed by the Company (or a subsidiary, affiliate or joint venture) or after termination of employment to the extent an option is still exercisable under Section 6 of this Agreement, the option theretofore granted may be exercised, to the extent exercisable at the date of death, by a legatee or legatees under the option holder's last will, or by personal representatives or distributees, at any time within a period of one (1) year after death, but not after ten (10) years from the date of granting thereof.

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8. Shares Issued on Exercise of Option. It is the intention of the Company that on any exercise of this option it will transfer to Optionee shares of its authorized but unissued stock or transfer Treasury shares, or utilize any combination of Treasury shares and authorized but unissued shares, to satisfy its obligations to deliver shares on any exercise hereof.

9. Committee Administration. This option has been granted pursuant to a determination made by the Committee, and such Committee or any successor or substitute committee authorized by the Board of Directors or the Board of Directors itself, subject to the express terms of this option, shall have plenary authority to interpret any provision of this option and to make any determinations necessary or advisable for the administration of this option and the exercise of the rights herein granted, and may waive or amend any provisions hereof in any manner not adversely affecting the rights granted to Optionee by the express terms hereof.

10. Option Not An Incentive Stock Option. The option granted hereunder is not intended to be, and will not be treated as, an Incentive Stock Option.

11. No Contract of Employment. Nothing contained in this Agreement shall be considered or construed as creating a contract of employment for any specified period of time. The employment relationship shall continue to be at the will of both parties, either of which may terminate the employment relationship at any time for any reason.

12. Restrictions.

(a) During Optionee's employment with the Company and thereafter, Optionee shall keep confidential, and not use or disclose to any third-parties, except as required for Optionee to perform Optionee's employment responsibilities, any confidential, proprietary and/or trade secret information of or relating to the Company ("Confidential Information"). All Company records, documents and information obtained by or provided to Optionee, or to which Optionee has or had access, or otherwise made, produced or compiled by Optionee during Optionee's employment with the Company, which contain any Confidential Information, regardless of the medium in which it is preserved, are the sole and exclusive property of the Company and shall be given to the Company at the Company's request or upon Optionee's departure from the Company.

(b) All ideas, inventions, discoveries, patents, patent applications, continuation-in-part patent applications, divisional patent applications, technology, copyrights, derivative works, trademarks, service marks, improvements, developments, trade secrets, other intellectual property and the like, which are developed, conceived, created, discovered, learned, produced and/or otherwise generated by Optionee, whether individually or otherwise, during Optionee's employment with the Company, whether or not during working hours, that relate to (i) the business and/or activities of the Company or which may be of interest to the Company in its business, (ii) the Company's anticipated research or development, or (iii) any work performed

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by Optionee for the Company, shall be the sole and exclusive property of the Company, and the Company shall own any and all right, title and interest to such. Optionee assigns and agrees to assign any and all of the foregoing to the Company, whenever requested to do so by the Company, at the Company's expense, and Option agrees to execute any and all applications, assignments or other instruments which the Company deems desirable or necessary to protect such interests. Optionee shall prepare, keep and maintain detailed and current dated and witnessed records of all of Optionee's inventions, and shall disclose the details of such inventions to the Company.

(c) During the term of this option, and for a period ending twelve (12) months after exercise of this option: (i) if Optionee breaches Optionee's obligations under Section 12(a) or (b), or (ii) if Optionee, as an individual or as a partner, employee, agent, advisor, consultant or in any other capacity of or to any person, firm, corporation or other entity, directly or indirectly, carries on any business, or becomes involved in any business activity, competitive with the business of the Company or any of its divisions, subsidiaries or affiliates in which Optionee was employed, or hires or solicits to hire any employee of the Company or any of its divisions, subsidiaries or affiliates, then the option hereby granted shall be void and of no force or effect, and if the option hereby granted or any part thereof has been exercised within the preceding twelve (12) months, Optionee shall owe the Company the excess of the fair market value of the shares subject to the option (or part thereof which has been exercised) as of the date of such exercise, over the option price, and Optionee shall pay such amount to the Company at the time Optionee commits any of the aforementioned acts.

(d) Optionee agrees that the restrictions in this Section 12 are reasonable and should be fully enforceable in light of (among other things) Optionee's duties and responsibilities with the Company.

13. Severability. Any word, phrase, clause, sentence or other provision hereof which violates or is prohibited by any applicable law, court decree or public policy shall be modified as necessary to avoid the violation or prohibition and so as to make this Agreement enforceable as fully as possible under applicable law, and if such cannot be so modified the same shall be ineffective to the extent of such violation or prohibition without invalidating or affecting the remaining provisions hereof.

14. Governing Law. This agreement is made in and shall be construed and administered in accordance with the laws of the State of Missouri, without regard to conflicts of law principles which might otherwise be applied. Any litigation arising out of, in connection with or concerning any aspect of this agreement shall be conducted exclusively in the State or Federal Courts in the State of Missouri, and Optionee hereby consents to the jurisdiction of said courts.

C E R T I F I C A T EEMERSON ELECTRIC CO.  
[YEAR] PERFORMANCE SHARES PROGRAM

THIS CERTIFIES that [NAME] is entitled to be a participant in Emerson Electric Co.'s [YEAR] Performance Shares Program under the 1997 Incentive Shares Plan approved and adopted by the Board of Directors on October 1, 1996, and has been awarded [NUMBER OF] Units, all in accordance with the terms and provisions of said Plan.

Dated this \_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
For the Compensation and Human  
Resources Committee

**EMERSON INTRA-COMPANY CORRESPONDENCE**

TO: \_\_\_\_\_  
FROM: \_\_\_\_\_  
DATE: \_\_\_\_\_  
FILE: 20-- PERFORMANCE SHARES PROGRAM AWARD  
SUBJECT: Acceptance of Award and Change of Control Election

This is to advise that in consideration of the Compensation and Human Resources Committee's award of Performance Units in the 20 — Performance Shares Program under the 1997 Incentive Shares Plan, (1) I accept such participation upon the terms contained in the Award Certificate and the attached Plan document, and (2) I agree that during my employment by Emerson or any of its divisions, subsidiaries or affiliates (collectively, "Emerson"), and for a period of two (2) years after termination of such employment for any reason, I will not directly or indirectly engage in competition with, or enter the employ of or assist any person, firm, corporation or other entity engaged in a business competitive with, any business of Emerson in which I was employed, or solicit or hire any Emerson employees, even though no payment has been made to me under the terms of the Plan. I also agree Missouri law governs this agreement and consent to resolve any disputes in the courts in the state of Missouri.

I, \_\_\_\_\_

☐ do not elect a deferred payment option as provided under the Plan.

☐ hereby, irrevocably elect the deferred payment option as permitted in the Plan. Payments are to be paid annually on March 15th beginning \_\_\_\_\_ (year) (not earlier than 20 — ) and to be paid over \_\_\_\_\_ years.

In the event of a *Change of Control* as defined in the 1997 Incentive Shares Plan, I hereby elect to receive any benefit due under Section 12 of the Plan (choose one):

☐ upon the Change of Control in a lump sum distribution;  
or

☐ upon termination of employment occurring after a *Change of Control*, in the form of:

[a] \_\_\_\_\_ a lump sum distribution; or

[b] \_\_\_\_\_ in installments as indicated above.

**I acknowledge I have read and understand the above, the Plan and Program Highlights and agree to the terms of the award as set forth therein.**

\_\_\_\_\_  
Date

\_\_\_\_\_  
Please print or type full name

\_\_\_\_\_  
Signature

## EMERSON ELECTRIC CO.

TO:

FROM: Compensation and Human Resources Committee (the "Committee")

DATE:

FILE: 1997 Incentive Shares Plan (the "Plan")

RE: Award of Restricted Shares

The Committee has awarded to you \_\_\_\_\_ (\_\_\_\_\_) Restricted Shares under the terms of the Plan. This award is subject to all the terms of the Plan, a copy of which has been delivered to you. The Restriction Period applicable to these Shares is \_\_\_\_\_ years from the date hereof.

The following are additional terms, conditions and provisions applicable to this award:

1. Your rights in regard to these Shares are not vested, and you understand and agree, by your signature to this agreement, that your entire interest in these Shares may be forfeited if you fail to remain in the employ of the Company (or one of its subsidiaries) for the full term of the Restriction Period or in the event of any failure of any of the terms or conditions attached to this award and set out in the Plan or in this Agreement.

2. Specifically, the Shares shall not vest in you until the expiration of the Restriction Period and shall be wholly forfeited in the event of your resignation or discharge prior to such time; provided, however, in the event of any termination on account of death or any disability which in the determination of the Committee prevents

your continued employment by the Company (or a subsidiary), the award of shares will be prorated for your period of service during the Restriction Period and, provided you are not otherwise in default hereunder, you or your estate will receive such prorated number of Shares free of any restriction; provided further, however, in the event of a termination of your employment prior to the expiration of the Restriction Period, other than on account of your death or disability, the Committee, in its absolute discretion, may make such pro rata or other payment (or no payment) as it may determine.

3. During the Restriction Period the Restricted Shares will be evidenced by a certificate issued in your name but such certificate will not be delivered to you and shall be held by the Company until the expiration of the Restriction Period or until earlier forfeiture. During the Restriction Period (and prior to any forfeiture) your rights in respect of the Shares shall be as follows.

(i) You will be entitled to receive cash dividends when paid on the Shares and you will be entitled to vote the Shares.

(ii) During the Restriction Period you shall not be entitled to delivery of any stock certificate evidencing the Shares.

(iii) The certificates for the Share may have imprinted thereon such restrictive legends, and such stop-transfer orders, dividend payment orders and such other orders as may be given in respect thereof by the Committee as it may determine in its sole discretion.

(iv) During the Restriction Period you may not sell, transfer, pledge, exchange, hypothecate or otherwise dispose of any of the Shares.

(v) Stock dividends paid on the Restricted Shares shall not be paid to you but shall be held by the Company on the same terms as the Restricted Shares on which they were paid; provided, however, the Committee in its discretion may direct the payment of any such stock dividends directly to you, free of the restriction imposed by this Agreement.

4. You understand that this award is confidential and that the dissemination of any information concerning the fact of this award or of any information relating to this award to any person or persons within or without the Company (including its officers and any of your superiors or subordinates) would be, or might be, injurious to the interests of the Company. Accordingly, you agree that you will maintain in confidence and will reveal to no one the fact that you have received this award nor any information concerning this award, except as you may be required by law to make any such disclosure. You further agree that any breach of this agreement of confidentiality (before or after the Restriction Period) will constitute good cause for the termination of your employment

by the Company (or a subsidiary, as the case may be). You further understand that if such breach occurs during the Restriction Period applicable to your Restricted Shares your right to such Shares may be forfeited by the Company forthwith.

5. By your acceptance of this award you agree that should your employment by Emerson Electric Co. or a subsidiary thereof terminate for any reason (either before or after the Restriction Period) you will not engage in any business activity competitive to any business activity of Emerson or its subsidiaries in which you were engaged while you were employed by Emerson or a subsidiary thereof, or solicit or hire

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any Emerson employees. This restriction is applicable only in those geographic areas in which Emerson is then engaged in such business activity, and shall continue for a period of two (2) years after termination of your employment.

6. At the end of the Restriction Period, the Restricted Shares which have not been forfeited, together with any cash held on account of dividends on such Restricted Shares, shall be delivered to you, except that the Company shall withhold sufficient Shares and cash to enable it to satisfy its federal, state and local tax withholding obligations on account of such delinquency.

7. This Agreement shall be executed and delivered by you in the City or County of St. Louis, Missouri and shall be governed by Missouri law.

Counsel for the Company has advised that in the opinion of such counsel,

(i) The receipt of this award does not constitute taxable income to you. Any cash dividends which are paid to you on the Restricted Shares will constitute taxable income to you when received. At such time as the restrictions on the Shares are released or satisfied and your right to the Shares becomes non-forfeitable you will have taxable income in an amount equal to the then fair market value of the Shares.

(ii) If you are a director or officer of the Company subject to the requirement of filing reports under Section 16(a) of the Securities Exchange Act of 1934 upon changes in your beneficial ownership of shares of the Company's Common Stock, you may report the award of Restricted Shares on Form 5, Annual Statement of Changes in Beneficial Ownership, after the end of the Company's fiscal year or on Form 4, Statement of Changes in Beneficial Ownership, for the month in which the award was received.

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This award agreement is dated \_\_\_\_\_, has been executed and delivered by the parties hereto in St. Louis City or County, State of Missouri.

\_\_\_\_\_  
For the Committee

Acknowledgment

The undersigned, \_\_\_\_\_, grantee of the award of Restricted Shares pursuant to this Agreement hereby accepts said award on the terms, conditions and provisions contained in the Plan and in this Agreement. The undersigned acknowledges receipt of a copy of the Plan and understands that his rights in respect of the Restricted Shares may be forfeited as provided in the Plan and in this Agreement

Dated \_\_\_\_\_, -----

\_\_\_\_\_  
Awardee

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EMERSON ELECTRIC CO.  
EXTRA SALARY PROGRAM  
[Annual Incentive Plan]  
Fiscal Year 20--

I. Deferral Election: (Only U.S. paid participants are eligible to defer)

I hereby elect my Extra Salary Award under the Emerson Electric Co. Extra Salary Program be paid to me as follows:

% Payment

- A. \_\_\_\_\_ In the month of November 20--;
- B. \_\_\_\_\_ In the month of January 20-- (complete Section II);
- C. \_\_\_\_\_ Specific future year (indicate year payment is to be made) \_\_\_\_\_ (complete Section II), or;
- D. \_\_\_\_\_ Upon my retirement or termination of employment,

Note: (you must be at Emerson or a subsidiary on the normal payment date or if you choose "B" above, on January 15 following the fiscal year); whichever occurs first (complete Section II).

II. Change of Control (All participants may elect)

In the event of a Change of Control as defined in the Plan, I hereby elect to receive any payment due under the Plan as follows: (check either A or B)

- A. \_\_\_\_\_ Upon the Change of Control in a single lump sum; or
- B. \_\_\_\_\_ Upon termination of Employment occurring after a Change of Control, in the form of: (check either 1 or 2)
- (1) \_\_\_\_\_ a lump sum distribution; or
- (2) \_\_\_\_\_ in substantially equal installments not exceeding ten years.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print or Type Name

\_\_\_\_\_  
Corporate

Return Form to: \_\_\_\_\_  
Emerson Electric Co.  
8000 W. Florissant Ave.  
St. Louis, MO 63136



EMERSON ELECTRIC CO.  
SUPPLEMENTAL EXECUTIVE SAVINGS INVESTMENT PLAN  
(SESIP)  
PARTICIPATION AGREEMENT

I hereby acknowledge receipt of a copy of the Supplemental Executive Savings Investment Plan (SESIP). By completion of this Agreement and the accompanying Annual Election Form, I agree to comply with the terms of the Plan in all respects. I understand that all provisions of the Plan are hereby made a part of this Agreement. I understand that any amounts deferred on a pre-tax basis under the Plan will not be included as compensation under the Emerson Electric Co. Retirement Plan but will be made up by supplemental payments at retirement.

I am a participant in the Emerson Electric Co. Employee Savings Investment Plan (ESIP), and I further elect to defer receipt of the percentage of my monthly gross compensation for calendar year \_\_\_\_\_, indicated on the accompanying Annual Election Form. In addition, beginning with calendar year \_\_\_\_\_ and for each subsequent year thereafter, I understand that I shall have the right, in my sole discretion, to make a similar Annual Election to defer receipt of a portion of my gross compensation for that year. I am, however, in no way obligated to make such an election in any year, and the failure to elect for any year will not affect my right to do so in any subsequent year.

I understand that my Annual Election under the Plan in any calendar year must be received in the office of \_\_\_\_\_ no later than December 1 of the preceding year to be effective, and that any Annual Election received after said date shall be of no effect for purposes of the Plan. Further, an election made for any calendar year shall be irrevocable after December 31 of the preceding calendar year.

**BENEFICIARY DESIGNATION**

I hereby designate my (state relationship) \_\_\_\_\_, \_\_\_\_\_ (state full name), whose address is \_\_\_\_\_ as my Beneficiary or Beneficiaries under the Plan. However, I reserve the right to change my Beneficiary or Beneficiaries as provided in the Plan.

**CHANGE OF CONTROL ELECTION**

In the event of a Change of Control (as defined in SESIP), I hereby elect to receive any lump sum benefit due under SESIP: (check one box)

- ☐ Upon Change of Control
- ☐ Upon a Termination of Employment occurring after a Change of Control.

\_\_\_\_\_  
DATE

\_\_\_\_\_  
PARTICIPANT'S SIGNATURE

EMERSON ELECTRIC CO.  
SUPPLEMENTAL EXECUTIVE SAVINGS INVESTMENT PLAN (SESIP)

**ANNUAL ELECTION**  
(IRREVOCABLE)  
For Calendar Year \_\_\_\_\_

**A. EMPLOYEE INFORMATION:**

Full Name \_\_\_\_\_

Home Address \_\_\_\_\_

SSN \_\_\_\_\_ Badge # \_\_\_\_\_ Date of Birth \_\_\_\_\_ Hire Date \_\_\_\_\_

**B. CONTRIBUTION ELECTION:**

- MATCHED CONTRIBUTIONS:** I elect to defer receipt of a percentage of my gross compensation as matched contributions when contributions to the Emerson Electric Co. Employee Savings Investment Plan exceed any Internal Revenue Code limitations on contributions to the Plan.

Percentage of gross compensation to be deferred each remaining payroll period of the calendar year (check one box):

0%    1%    2%    3%    4%    5%

[ ] [ ] [ ] [ ] [ ] [ ]

I designate these deferrals to be made (check one box): [ ] Before Taxes [ ] After Taxes

**NOTE: Matched contributions do not begin until you have reached an IRS limit.**

2. **SUPPLEMENTAL CONTRIBUTIONS:** I elect to defer receipt of an additional percentage of my gross compensation as unmatched Supplemental Contributions (check one box):

Percentage of gross compensation to be deferred as unmatched contributions each applicable payroll period of the calendar year (check one box):

0%	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	11%	12%	13%	14%	15%
[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

I designate these deferrals to be made (check one box): [ ] Before Taxes [ ] After Taxes

3. **TOTAL CONTRIBUTIONS:** I designate that my total contribution (ESIP & SESIP) should equal \_\_\_\_\_% at all times

**NOTE: Supplemental contributions begin January 1, and your total employee contributions cannot exceed 20%.**

Date: \_\_\_\_\_ Employee Signature:

**EMERSON SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP)**

In the event of a Change of Control (as defined in the SERP), I hereby elect to receive any benefit due under Section VI of the SERP:

- I.     ☐     Upon the Change of Control in a lump sum distribution; or
- II.    ☐     Upon a termination of employment occurring after a Change of Control, in the form of:
- (a)       ☐     a lump sum distribution; or
- (b)       ☐     a benefit in the form provided under Section IV of the SERP.\*

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Date

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Signature of Participant

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\*       Section IV of the SERP provides for a lifetime benefit with sixty monthly payments guaranteed, or such other form determined by the Committee.