

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): February 1, 2005

Emerson Electric Co.

(Exact Name of Registrant as Specified in Its Charter)

Missouri	1-278	43-0259330
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS 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 1.01. Entry into a Material Definitive Agreement.

On February 1, 2005 the shareholders of Emerson Electric Co. (the "Company") approved the Emerson Electric Co. Restricted Stock Plan for Non-Management Directors (the "Plan"). The principal provisions of the Restricted Stock Plan for Non-Management Directors are as follows:

The Plan enables the Company to pay non-management Directors a portion of their annual retainer in the form of restricted stock. Any member of the Board of Directors who is not an employee or officer of the Company or any subsidiary of the Company is eligible to participate in the Plan.

Non-management Directors who are elected or re-elected by the stockholders of the Company at, or who continue in office after, each annual meeting of the Company (on or after February 1, 2005) will receive on the date of each annual meeting shares of Company common stock with a fair market value equal to the percentage, from 0% to 100% as determined by the Corporate Governance/Nominating and Public Policy Committee, of the total annual retainer to be paid to non-management Directors.

Shares granted under the Plan are restricted and participants may not sell or otherwise transfer shares granted under the Plan. Participants will receive all dividends on, and will have all voting rights with respect to, such shares. The restrictions will lapse at the end of a non-management Director's tenure on the Board if the Director's tenure ends as a result of death, disability, normal retirement or a change of control of the Company. If a Director's tenure on the Board ends for any other reason, the restrictions will lapse unless the Corporate Governance/Nominating and Public Policy Committee determines that the participant has acted in a manner detrimental to the Company or has failed to fulfill his or her

responsibilities in a satisfactory manner. If the restrictions on the shares do not lapse, such shares will be forfeited to, and acquired at no cost by, the Company.

The maximum number of shares of the Company’s common stock that can be granted under the Plan is 250,000 shares, subject to appropriate adjustment in the event of any stock dividends, stock splits, recapitalizations, mergers, consolidations, spin-offs, split-offs, split-ups, combinations or exchanges of shares of the Company.

The foregoing description of the Plan is qualified in its entirety by reference to the provisions of the Plan, which is incorporated herein by reference to the Company’s 2005 Proxy Statement dated December 8, 2004, Appendix B, and filed as Exhibit 10.1 hereto. The form of restricted stock award letter under the Plan is filed as Exhibit 10.2 to this Current Report on Form 8-K.

Also on February 1, 2005, the Corporate Governance/Nominating and Public Policy Committee of the Company’s Board of Directors (the “Committee”) determined to pay \$75,000 of each non-management Director’s annual retainer for fiscal year 2005 in the form of restricted stock under the Plan. A summary of the Company’s general compensation arrangements for non-management Directors is filed as Exhibit 10.3 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
10.1	Emerson Electric Co. Restricted Stock Plan for Non-Management Directors (incorporated by reference to Emerson Electric Co. 2005 Proxy Statement dated December 8, 2004, Appendix B).
10.2	<u>Form of Award Letter under the Emerson Electric Co. Restricted Stock Plan for Non-Management Directors.</u>
10.3	<u>Description of Non-Management Director Compensation.</u>

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: February 1, 2005

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

EXHIBIT INDEX

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10.3	<u>Description of Non-Management Director Compensation.</u>

February __, ____

Director Name
Director Address

Dear _____:

I am pleased to advise you that the shareholders approved Emerson's Directors Restricted Stock Plan. A summary of the Plan and a copy of the complete Plan are attached hereto as Exhibit A for your reference.

Your restricted stock award under the Plan for this year will be valued at \$75,000. Accordingly, your ____ restricted stock grant is _____ shares of Emerson common stock, based upon a fair market value on February __, ____ of _____ per share.

Your award of restricted stock under the Plan will need to be reported to the Securities and Exchange Commission on a Form 4 within two business days after the award. The procedures for reporting your award are described in Exhibit B hereto.

You **will not be taxed** on the **value** of the shares until the restrictions lapse UNLESS you elect otherwise by making a Section 83(b) election. However, the **dividends** you receive on the shares **are taxable** when received. Instructions on tax reporting that are relevant to this grant and a Section 83(b) election form are attached hereto as Exhibit C.

Dividends received on your restricted shares may be automatically reinvested in additional shares of Emerson stock through Emerson's Dividend Reinvestment Plan; however such reinvestment will not impact the taxability of your dividends. You may choose to reinvest all or only a portion of the dividends paid on your Emerson stock. No fees or commissions are charged on the automatic reinvestment of dividends. Additional information on the Dividend Reinvestment Plan can be found on the Company website (www.gotoemerson.com) under the Investor Relations tab. You may contact _____, Director Investor Relations, at _____ for an enrollment form.

If you have any questions, don't hesitate to call me at _____.

Personal regards,

Exhibit A

The principal provisions of the Restricted Stock Plan for Non-Management Directors are as follows:

- only non-management Directors are eligible to participate;
- the Corporate Governance/Nominating and Public Policy Committee will determine the portion of the annual retainer to be paid each year in restricted stock;
- the number of restricted shares will be based upon the average of the high and low trading prices for Emerson stock reported by the NYSE on the date of award;
- the restricted shares may not be transferred during your tenure on the Board and will be held by our transfer agent, Mellon Investor Services, until the restrictions lapse;
- during the restricted period, you will be entitled to receive all dividends and exercise all voting rights with respect to the restricted shares; and
- the restrictions will lapse, and the shares will vest, upon your death, disability or retirement from the Board, or upon a change in control of Emerson, or when your tenure on the Board ends for any other reason unless a majority of the members of the Corporate Governance/Nominating and Public Policy Committee determine that you have acted in a manner that is detrimental to Emerson's interests or reputation, or have failed to fulfill your responsibilities in a satisfactory manner.

[Emerson Electric Co.]
[Restricted Stock Plan for Non-Management Directors]
[incorporated by reference to Exhibit 10.1 hereto]

Exhibit B

A. SEC Reporting

Under SEC rules the grant to you of _____ shares of Emerson common stock on February __, _____ was an exempt transaction under Section 16(b) but is reportable under Section 16(a) on Form 4. Your Form 4 is due by close-of-business on February __, _____. We will file a Form 4 on your behalf pursuant to the power of attorney granted by you to _____. You will receive a draft of your Form 4 by e-mail or fax by the end of the day on February __, _____. You will need to review the information on the draft Form 4 immediately, paying particular attention to the column indicating your total holdings of Emerson Electric Co. common stock, and notify _____ at _____ or by return e-mail by 10:00 a.m. CST on February __, _____ that you agree with the information on the Form or indicating any changes you believe may be required. Upon receipt of your consent to file the Form 4, we will file the Form electronically as required by the Securities and Exchange Commission, and with the New York Stock Exchange.

B. SEC Trading Constraints

Under SEC rules this grant is an exempt transaction under SEC Rule 16(b) and will not be matchable against other transactions.

Exhibit C

RESTRICTED STOCK GRANT

TAX ELECTION INSTRUCTIONS FOR _____

The restrictions on your _____ shares of restricted stock granted February __, _____, will lapse and the shares will vest at the time you retire as a director of Emerson, or in the event of your death or disability or a change in control of Emerson while you are an Emerson director. If your tenure as a director ends for any other reason, the restrictions will lapse and the shares will vest unless a majority of the members of the Corporate Governance/Nominating and Public Policy Committee determine that you have not fulfilled your responsibilities to the Company or have acted in a manner detrimental to the Company. Because of the restrictions, the grant is generally not taxable until the shares vest, at which time they will be fully taxable to you as compensation based upon the per share value as of such date. You may, however, make a "Section 83(b)" election, in which event the shares will be fully taxable to you as current compensation based upon the per share value as of the date of grant. A sample Section 83 (b) election form and instructions for making the election are attached. Please note that the election must be filed with the Internal Revenue Service office where you file your return within 30 days after the date the shares are granted. (Since the shares were granted to you on February __, _____, you must file the election no later than March __, _____.)

Any dividends paid to you on such shares are taxable as ordinary income in the year of payment and will be subject to self-employment tax unless you have made a Section 83(b) election.

We recommend that you consult with your tax advisor regarding the availability of making a Section 83(b) election.

Instructions for Filing Section 83(b) Election

1. File one copy with _____ of Emerson Electric Co. and one copy with the Internal Revenue Service office where you file your return within 30 days after the property is transferred (the date of the Restricted Stock Grant).
2. File one copy with your federal income tax for the taxable year with respect to which the election is being made.

**Election to Include Value of Restricted Stock Grant
In Gross Income Under 83(b) of the Internal Revenue Code**

The undersigned hereby elects pursuant to 83(b) of the Internal Revenue Code of 1986, as amended, to include the value of the property described below in gross income and supplies the following information in accordance with the regulations promulgated thereunder:

1. The name, address and taxpayer identification number of the undersigned are: _____
2. Description of property with respect to which the election is being made: _____ (____) shares of Common Stock, par value \$0.50 per share, of Emerson Electric Co.
3. The date on which property was transferred is _____ and the taxable year for which the election is made is _____.
4. The nature of the restriction(s) to which the property is subject is: _____

If the service of the undersigned as a director of Emerson Electric Co. is terminated for any reason other than your retirement, death or disability or a change of control of Emerson Electric Co., and the Corporate Governance/Nominating and Public Policy Committee of Emerson Electric Co. determines that the undersigned has acted in a manner detrimental to Emerson Electric Co. or has failed to fulfill his responsibilities to Emerson Electric Co., then the undersigned shall forfeit the property back to Emerson Electric Co.

5. Fair Market Value:

The fair market value at the time of transfer (determined without regard to any restrictions other than restrictions which, by their terms, will never lapse) is \$_____ per share.

6. Amount paid for property:

The amount paid for said property is \$0.

7. Furnishing statement to employee:

A copy of this statement has been furnished to Emerson Electric Co.

Dated: _____

**Summary of
Compensation Arrangements
with Non-Management Directors**

Directors who are employees of the Company do not receive any compensation for service as Directors. Each non-management Director is paid an annual retainer of \$120,000 and fees of \$1,500 plus expenses for attendance at each Board meeting. A portion of the annual retainer is paid to the non-management Directors each year in the form of restricted stock. The percentage of the annual retainer to be paid in restricted stock each year is determined by the Corporate Governance/Nominating and Public Policy Committee of the Company's Board of Directors (the "Committee"). For the 2005 fiscal year, the Committee has determined to pay \$75,000 of the annual retainer in restricted stock.

Each committee chairman is currently paid an annual retainer of \$5,000, except the chair of the Audit Committee who is paid an annual retainer of \$10,000, and each committee member is paid \$1,250 plus expenses for attendance at each committee meeting.

Directors may elect to defer all or a part of such cash compensation; such deferred amounts are credited with interest quarterly at the prime rate charged by Bank of America, N.A. In the alternative, Directors may elect to have deferred fees converted into units equivalent to shares of Company common stock and their accounts credited with additional units representing dividend equivalents. All deferred fees are payable only in cash.

The Company has eliminated its Continuing Compensation Plan for Non-Management Directors who assumed office on or after June 4, 2002. A non-management Director who assumed office prior to June 4, 2002, and who serves as a Director for at least five years will, after the later of termination of service as a Director or age 72, receive for life a percentage of the annual \$30,000 cash retainer for Directors in effect on June 4, 2002. Such percentage is 50% for five years' service and increases by 10% for each additional year of service to 100% for ten years' or more service. In the event that service as a covered Director terminates because of death, the benefit will be paid to the surviving spouse for five years.