

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 7, 2006

Emerson Electric Co.

(Exact Name of Registrant as Specified in Charter)

Missouri

(State or Other
Jurisdiction of
Incorporation)

1-278

(Commission
File Number)

43-0259330

(I.R.S. Employer
Identification Number)

8000 West Florissant Avenue
St. Louis, Missouri

(Address of Principal Executive Offices)

63136

(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))
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Item 2.02 Results of Operations and Financial Condition.

Quarterly Results Press Release

On February 7, 2006, a press release was issued regarding the first quarter results of Emerson Electric Co. (EMR). A copy of this press release is furnished with this Current Report on Form 8-K as Exhibit 99.1.

The press release contains non-GAAP financial measures as such term is defined in Regulation G under the rules of the Securities and Exchange Commission. While Emerson believes these non-GAAP financial measures are useful in evaluating the company, this information should be considered as supplemental in nature and not as a substitute for or superior to the related financial information prepared in accordance with GAAP. Further, these non-GAAP financial measures may differ from similarly titled measures presented by other companies. The reasons why management believes that these non-GAAP financial measures provide useful information are set forth in the Company's most recent Form 10-K filed with the Securities and Exchange Commission.

Item 7.01 Regulation FD Disclosure.

The following information is furnished pursuant to Regulation FD.

Emerson GAAP Underlying Orders – 3 Month Summary
(Percent change. Trailing 3-month average versus prior year.)

	<u>Oct '05</u>	<u>Nov '05</u>	<u>Dec '05</u>
Process Management	>20+	+10 to +15	+5
Industrial Automation	+10 to +15	+5 to +10	+5 to +10
Network Power	>20+	+15 to +20	>20+
Climate Technologies	>20+	>20+	+15 to +20
Appliance and Tools	+5 to +10	+5 to +10	+5
Total Emerson	+15 to +20	+10 to +15	+10 to +15

December 2005 Order Comments:

Orders grew at a double-digit pace for the quarter as end markets remained strong while unfavorable currency exchange rates reduced orders by approximately 4 percentage points.

Process Management orders showed continued growth and the outlook for this business remains strong. The order growth rate change from recent months reflected tougher comparisons, the negative impact from currency of 7% to 8%, and the timing of project bookings.

Orders for Industrial Automation were led by continued capital spending and industrial demand in North America. The growth for this segment was led by the power generating alternator business.

Network Power orders continued at high levels due primarily to strong growth from both the power systems business and the embedded power business. The North American uninterruptible power supply and cooling business was particularly strong with order growth in excess of 25 percent during the quarter.

Orders for Climate Technologies remained very strong with the compressor business leading the growth. Orders remained strong driven by the residential air-conditioning business, which continued to see 10 SEER orders ahead of the transition to 13 SEER.

Appliance and Tools segment orders remained solid with growth led by the professional tools business and modest growth in the motors business.

Upcoming Investor Events:

Emerson senior management will discuss the Company’s first quarter 2006 results during an investor conference call that will be held on Tuesday, February 7, 2006. The call will begin at 2:00 p.m. Eastern Standard Time (1:00 p.m. Central Standard Time).

All interested parties may listen to the live conference call via the Internet by going to the Investor Relations area of Emerson's Web site at www.gotoemerson.com/financial and completing a brief registration form. A replay of the conference call will be available for the next three months at the same location on the Web site.

February 10, 2006 – Emerson’s Annual Investment Community Update

Location: New York City
Time: 8:00 a.m. to 11:30 a.m. EST
Presentation and Web-cast: Access to the Web-cast and presentations will be available in the Investor Relations area of Emerson’s Web site at www.gotoemerson.com/financial at the time of the event.
A replay of the Web-cast will be available for approximately one week at the same location on the Web site.

February 14, 2006 – Lehman Brothers Industrial Select Conference

Location: Miami, Florida
Time: 1:15 p.m. to 2:00 p.m. EST
Presenter: David N. Farr, Chairman, Chief Executive Officer and President
Presentation and Web-cast: Access to the Web-cast and presentation will be available in the Investor Relations area of Emerson’s Web site at www.gotoemerson.com/financial at the time of the event.
A replay of the Web-cast will be available for approximately one week at the same location on the Web site.

Updates and further details on these and other upcoming events will be posted in the Calendar of Events area in the Investor Relations section of the corporate Web site as they occur.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
99.1	Emerson’s February 7, 2006 Press Release announcing its first quarter 2006 results.

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 7, 2006

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
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99.1	Emerson's February 7, 2006 Press Release announcing its first quarter 2006 results.
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news release

For immediate release

Contact: Mark Polzin
(314) 982-1758

or John Hastings
(314) 982-8622

EMERSON REPORTS RECORD FIRST-QUARTER 2006 RESULTS

- Sales increased 15 percent to \$4.5 billion
- Earnings per Share increased 37 percent to \$0.96
- Operating Cash Flow increased 22 percent to \$319 million

ST. LOUIS, February 7, 2006 – Emerson (NYSE: EMR) announced net sales for the first quarter ended December 31, 2005 were \$4.5 billion, an increase of 15 percent over the \$4.0 billion reported in the same period last year. Net earnings for the first quarter increased 35 percent to \$399 million, or \$0.96 per share. This represents a 37 percent increase in earnings per share from the \$0.70 earned in the same period last year.

The Company achieved underlying sales growth of 14 percent in the quarter, excluding the impact of unfavorable exchange rates (2 percent) and growth from acquisitions (3 percent). The sales growth was driven by increases from all five business segments and double-digit increases from four of the five segments, as shown below:

	<u>Quarter Ended December 31,</u>		<u>% Change</u>
	<u>2004</u>	<u>2005</u>	
Sales:			
Process Management	\$ 962	\$ 1,097	14%
Industrial Automation	796	860	8%
Network Power	773	939	21%
Climate Technologies	604	748	24%
Appliance and Tools	938	1,040	11%
	<u>4,073</u>	<u>4,684</u>	
Eliminations	(103)	(136)	
Net Sales	<u>\$ 3,970</u>	<u>\$ 4,548</u>	15%

“Emerson’s record first quarter demonstrates the tremendous momentum that exists in our businesses right now,” said David N. Farr, chairman, chief executive officer and president. “Global end-market dynamics are favorable across Emerson’s portfolio of businesses. Our market leading technologies and strong global presence leverage these market conditions to deliver exceptional growth for our shareholders.”

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Profitability in the quarter improved, driven by leverage on the increased sales volume, benefits from prior cost reduction efforts and lower restructuring costs. These items were partially offset by unfavorable product mix and increased pension costs. In total, price increases more than offset higher raw material costs during the quarter, but some businesses were still unable to recover material inflation through price increases. In total, the Company has now achieved the price-cost relationship that existed two years ago.

Segment Highlights

- Process Management had another strong quarter as market leading technologies and strong global energy markets continued to increase demand. Margins for the segment expanded due primarily to leverage on the sales growth and benefits from prior cost reduction activities.
- Industrial Automation delivered solid growth for the quarter as the power generating alternator business continued to perform well. This segment also saw strength from the electrical distribution business, which has exposure to the oil and gas markets. Margins expanded due to leverage on the sales volume and \$5 million of incremental funds received under the anti-dumping provisions of the Byrd Amendment.
- Network Power had an exceptional quarter as top-line growth generated increased profitability. The sales growth in the quarter was driven by strength in the key North American computing segment where Emerson saw its core uninterruptible power supply (UPS) and cooling business grow in excess of 30 percent.
- Climate Technologies experienced unusually strong sales growth in the quarter as customers ordered legacy 10-SEER product ahead of the transition to 13-SEER. Margins were down for the segment as the unusually high demand created shortages and unavailability of materials, which resulted in high production costs. The product mix for the segment was also unfavorable, creating downward margin pressure.
- Appliance and Tools had a solid sales performance in the quarter driven by moderate growth from the motors business and strength in the professional tools business. Margins were down in this segment as inflation on commodities, wages, and pension benefits were greater than price increases.

Balance Sheet / Cash Flow

Operating cash flow was \$319 million in the first quarter of 2006, an increase of 22 percent from the first quarter of 2005. The strong cash flow performance reflects strong earnings growth and continued successful management of working capital. This focus on working capital management drove improvement in average “days-in-the-cash-cycle” during the quarter to 71 days from 74 days in the prior year quarter.

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“Emerson’s ability to successfully manage working capital and cash flow demonstrates our commitment to creating value for shareholders over long periods of time,” Farr said. “Our balance sheet is very strong, evidenced by the ratio of operating cash flow to debt, which increased to 63 percent (trailing 12 months) in the first quarter. This gives Emerson the flexibility to invest in our core operations and expand through acquisitions, while at the same time returning significant portions of cash flow to shareholders in the form of dividends and share repurchases.”

2006 Outlook

“The first quarter provided a strong start to the year. Earnings performance was strong and order trends for the quarter demonstrate that momentum exists in our key businesses. Based on continued strength of end markets, Emerson expects full year earnings per share in the range of \$4.10 to \$4.30,” Farr said. Emerson senior management will review the dynamics of the first quarter and the relevant impacts to the full year outlook during the Company’s regular quarterly earnings conference call today at 2 p.m. EST.

On Friday, February 10, 2006, Emerson will host its annual investment community update. At that time the Company will provide more detail regarding assumptions for 2006 performance as well as updates of long-term initiatives being pursued to create value for shareholders.

Upcoming Investor Events

On February 7, 2006, at 2:00 p.m. EST (1:00 p.m. CST), Emerson senior management will discuss the quarterly results during an investor conference call. All interested parties may listen to the live conference call via the Internet by going to the Investor Relations area of Emerson's web site at www.gotoemerson.com/financial and completing a brief registration form. A replay of the conference call will be available for the next three months at the same location on the web site.

On February 10, 2006, Emerson senior management will host the company’s annual investment community update meeting in New York. The presentations will begin at 8 a.m. EST and conclude at approximately 11:30 a.m. EST. All interested parties may listen to the web-cast via the Internet by going to the Investor Relations area of Emerson's web site at www.gotoemerson.com/financial and completing a brief registration form. A replay of the web-cast will be available for approximately one week at the same location on the web site.

On February 14, 2006, David N. Farr, Emerson’s Chairman, Chief Executive Officer and President will present at the Lehman Brothers Industrial Select Conference in Miami, Florida. The presentation will begin at 1:15 p.m. EST and conclude at approximately 2:00 p.m. EST. All interested parties may listen to the live web-cast via the Internet by going to the Investor Relations area of Emerson's web site at www.gotoemerson.com/financial and completing a brief registration form. A replay of the web-cast will be available for approximately one week at the same location on the web site.

Details of upcoming events will be posted as they occur in the Investor Relations Calendar of Events on the corporate web site.

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Add Three

Forward-Looking and Cautionary Statements

Statements in this release that are not strictly historical may be “forward-looking” statements, which involve risks and uncertainties, and Emerson undertakes no obligation to update any such statement to reflect later developments. These include economic and currency conditions, market demand, pricing, and competitive and technological factors, among others, as set forth in the Company's most recent Form 10-K filed with the SEC.

(tables attached)

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TABLE 1

EMERSON AND SUBSIDIARIES
CONSOLIDATED OPERATING RESULTS
(DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS)

	Quarter Ended December 31,		Percent
	2004	2005	Change
Net sales	\$ 3,970	\$ 4,548	15%
Less: Costs and expenses			
Cost of sales	2,558	2,955	
SG&A expenses	872	950	
Other deductions, net	52	23	
Interest expense, net	54	50	
Earnings before income taxes	434	570	31%
Income taxes	137	171	
Net earnings	<u>\$ 297</u>	<u>\$ 399</u>	35%
Diluted avg. shares outstanding (millions)	421.9	413.6	
Diluted earnings per common share	<u>\$ 0.70</u>	<u>\$ 0.96</u>	37%

	Quarter Ended December 31,	
	2004	2005
Other deductions, net		
Rationalization of operations	\$ 29	\$ 12
Amortization of intangibles	6	9
Gains	(26)	(24)
Other	43	26
Total	<u>\$ 52</u>	<u>\$ 23</u>

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TABLE 2

EMERSON AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS)

	2004	December 31, 2005
Assets		
Cash and equivalents	\$ 1,485	\$ 624
Receivables, net	3,027	3,222
Inventories	1,861	1,942
Other current assets	468	501
Total current assets	6,841	6,289
Property, plant & equipment, net	2,955	2,969
Goodwill	5,379	5,477
Other	1,781	1,891
	<u>\$16,956</u>	<u>\$16,626</u>
Liabilities and Stockholders' Equity		
Short-term borrowings and current maturities of long-term debt	\$ 1,280	\$ 453
Accounts payable	1,520	1,738
Accrued expenses	1,748	1,648
Income taxes	201	260
Total current liabilities	4,749	4,099
Long-term debt	2,886	3,128
Other liabilities	1,666	1,782
Stockholders' equity	7,655	7,617
	<u>\$16,956</u>	<u>\$16,626</u>

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TABLE 3

EMERSON AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN MILLIONS)

	<u>2004</u>	<u>Quarter Ended December 31,</u>	<u>2005</u>
Operating Activities			
Net earnings	\$ 297		\$ 399
Depreciation and amortization	137		141
Changes in operating working capital	(203)		(263)
Other	30		42
Net cash provided by operating activities	<u>261</u>		<u>319</u>
Investing Activities			
Capital expenditures	(92)		(101)
Purchases of businesses, net of cash and equivalents acquired	(28)		(57)
Other	(3)		(5)
Net cash used in investing activities	<u>(123)</u>		<u>(163)</u>
Financing Activities			
Net increase (decrease) in short-term borrowings	139		(262)
Proceeds from long-term debt	2		-
Principal payments on long-term debt	(15)		(254)
Dividends paid	(175)		(183)
Purchases of treasury stock	(26)		(41)
Other	9		(17)
Net cash used in financing activities	<u>(66)</u>		<u>(757)</u>
Effect of exchange rate changes on cash and equivalents	67		(8)
Increase (decrease) in cash and equivalents	139		(609)
Beginning cash and equivalents	<u>1,346</u>		<u>1,233</u>
Ending cash and equivalents	<u><u>\$ 1,485</u></u>		<u><u>\$ 624</u></u>

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TABLE 4

EMERSON AND SUBSIDIARIES
SEGMENT SALES AND EARNINGS
(DOLLARS IN MILLIONS)

	<u>Quarter Ended December 31,</u>	
	2004	2005
Sales		
Process Management	\$ 962	\$ 1,097
Industrial Automation	796	860
Network Power	773	939
Climate Technologies	604	748
Appliance and Tools	938	1,040
	4,073	4,684
Eliminations	(103)	(136)
Net Sales	<u>\$ 3,970</u>	<u>\$ 4,548</u>
	<u>Quarter Ended December 31,</u>	
	2004	2005
Earnings		
Process Management	\$ 130	\$ 176
Industrial Automation	120	143
Network Power	67	108
Climate Technologies	86	102
Appliance and Tools	119	120
	522	649
Differences in accounting methods	33	40
Corporate and other	(67)	(69)
Interest expense, net	(54)	(50)
Earnings before income taxes	<u>\$ 434</u>	<u>\$ 570</u>
	<u>Quarter Ended December 31,</u>	
	2004	2005
Rationalization of operations		
Process Management	\$ 5	\$ 2
Industrial Automation	4	2
Network Power	12	3
Climate Technologies	2	1
Appliance and Tools	6	4
Total Emerson	<u>\$ 29</u>	<u>\$ 12</u>

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