

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

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**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 2, 2010

Emerson Electric Co.

-----  
(Exact Name of Registrant as Specified in Its 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  
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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 2, 2010, a press release was issued regarding the first quarter 2010 results of Emerson Electric Co. (the “Company”). 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 the Company 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 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>October ‘09</u>	<u>November ‘09</u>	<u>December ‘09</u>
Process Management	-10 to -5	-5 to 0	-15 to -10
Industrial Automation	-30 to -25	-20	-15 to -10
Network Power	-15 to -10	-5 to 0	0 to +5
Climate Technologies	+5	+5 to +10	+15 to +20
Appliance and Tools	-20	-10	-5 to 0
Total Emerson	-15 to -10	-10 to -5	-5 to 0

### **December 2009 Order Comments:**

Emerson’s trailing three-month order rate was flat to down 5 percent, with currency positively impacting orders by approximately 6 percentage points. The trailing three-month order trends excluding currency have shown improvement in all five business segments. Total underlying orders excluding currency turned slightly positive for the month of December.

The Process Management order rate was down 10 to 15 percent in the trailing three-month period. Currency exchange rates positively impacted the order rate by approximately 7 percentage points, a much smaller impact than in the October and November trailing three-month periods. The trailing three-month underlying order trends excluding currency have shown modest improvement since October.

Order trends for Industrial Automation continued to show sequential improvement each month in the trailing three-month period. Positive order growth was realized in the electronic drives business, while the power generating alternator business remained weak. Currency exchange rates positively impacted orders by approximately 7 percentage points.

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Network Power trailing three-month order trends continued to show improvement, impacted positively by growth in the network power business in Asia and the embedded power and computing businesses.

Climate Technologies orders continued to trend positive, driven by strength in Asia and improvement in air-conditioning and refrigeration end-markets.

Appliance and Tools order trends showed continued improvement, led by growth in some of the consumer-related businesses.

#### Upcoming Investor Events:

Emerson senior management will discuss the Company's first quarter 2010 results during an investor conference call that will be held on Tuesday, February 2, 2010. 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 website at [www.Emerson.com/financial](http://www.Emerson.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 website.

February 5, 2010 – Emerson's Annual Investment Community Update

Location: New York City

Time: 8:30 a.m. to 11:45 a.m. Eastern Standard Time

Presentation and Webcast: Access to a webcast of the conference presentations, as well as the presentation slides, will be available in the Investor Relations area of Emerson's website at [www.Emerson.com/financial](http://www.Emerson.com/financial) at the time of the event. A replay of the webcast and the presentation slides will be available for approximately one week at the same location on the website.

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 website as they occur.

#### Forward-Looking and Cautionary Statements:

Statements in this Current Report on Form 8-K that are not strictly historical may be "forward-looking" statements, which involve risks and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. These risks and uncertainties 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.

#### **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
99.1	Emerson's February 2, 2010 Press Release announcing its first quarter 2010 results.

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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: February 2, 2010

By: /s/ Timothy G. Westman  
Timothy G. Westman  
Vice President, Associate General Counsel  
and Assistant Secretary

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## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description of Exhibits</u>
99.1	Emerson's February 2, 2010 Press Release announcing its first quarter 2010 results.



## news release

For immediate release

Contact: Mark Polzin (314) 982-1758  
or William Walkowiak (314) 982-8622

### **EMERSON REPORTS FIRST QUARTER 2010 RESULTS**

- Sales of \$5.0 billion, down 7 percent
- Earnings per share of \$0.56, down 7 percent
- Solid operating cash flow of \$687 million, up 115 percent
- Expect full year earnings per share of \$2.20 to \$2.40, based on improving business conditions

ST. LOUIS, February 2, 2010– Emerson (NYSE: EMR) announced that net sales for the first quarter ended December 31, 2009 were \$5.0 billion, a decline of 7 percent from \$5.4 billion reported in the prior year quarter. Underlying sales in the quarter declined 13 percent, which excludes a 3 percent favorable impact each from currency exchange rates and acquisitions. Underlying sales in emerging markets declined only 4 percent in the quarter, helped by growth in Asia of 4 percent, compared to a decline of 18 percent in mature markets.

Diluted earnings per share for the first quarter were down 7 percent to \$0.56 per share. Despite the decline in sales, gross profit margin expanded 110 basis points to 38.0 percent and operating profit margin was even with the prior year at 14.8 percent, impacted positively by cost reduction initiatives and restructuring benefits. The pretax earnings margin for the first quarter was 11.7 percent compared to 12.6 percent in the prior year period primarily due to increased acquisition amortization and interest expense.

“Considering the continuing economic pressures, this was a solid quarter and an encouraging start for 2010,” said Chairman, CEO and President David N. Farr. “Our margin improvement demonstrates that we are doing the right things to drive global best cost and increase shareholder value. To successfully manage through the uncertain

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economic conditions that remain in most of our markets, we are focused on accelerating new product programs, investing in emerging markets, and making strategic acquisitions in our core and adjacent markets. This is positioning us for sustainable sales and profit improvements as global economic conditions improve.”

### **Business Segment Highlights**

**Process Management** sales declined 9 percent in the quarter, versus their highest first quarter sales on record in fiscal 2009. Underlying sales decreased 17 percent against tough comparisons to the prior year period, and exclude a positive 5 percent impact from acquisitions and a favorable currency impact of 3 percent. The EIM acquisition in October provides significant entry into the electric valve actuation market segment, with products targeted for energy-related and water and waste industries. Segment margin declined to 15.6 percent, versus the prior year margin of 19.6 percent, impacted by volume deleverage (approximately 3 margin points) and negative mix (approximately 1 margin point).

**Industrial Automation** sales decreased 21 percent in the quarter against a tough comparison to the prior year quarter in which underlying sales were still growing. Underlying sales decreased 28 percent, currency added 4 percent and acquisitions added 3 percent. In October, Emerson completed the acquisition of SSB Wind Systems, a leading global supplier of electrical pitch control systems for the wind turbine market. This acquisition further strengthens Emerson’s presence in this fast-growing market, which includes alternators, converters and couplings. The margin for this segment was 9.8 percent versus 14.9 percent in the prior year period, impacted by volume deleverage (approximately 4 margin points) and a \$15 million increase in restructuring. Margin expanded sequentially from the fourth quarter, reflecting benefits from cost reduction and restructuring efforts.

Sales in the **Network Power** segment declined 5 percent in the first quarter, including an underlying sales decline of 10 percent, a 3 percent favorable impact from currency and a 2 percent favorable impact from the Avocent acquisition. Strength

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continued in Asia, which was up 7 percent in the quarter, and positive growth resumed in the embedded power business. Segment margin improved 4.5 points with positive impacts realized from the aggressive cost reductions and restructuring efforts as well as reduced restructuring expense. The acquisition of Avocent Corporation was completed on December 11, 2009 and it is being integrated into the Network Power business. Emerson decided that the LANDesk business unit of Avocent is not a strategic fit for Emerson and it is expected to be sold within six months. Therefore, the results of LANDesk are being reported as discontinued operations. Avocent had revenues of \$390 million in 2009, excluding \$150 million from LANDesk.

**Climate Technologies** sales growth turned positive, increasing 13 percent in the quarter. Underlying sales were up 7 percent, acquisitions added 3 percent and currency added 3 percent. Asia and the U.S. led with growth of 52 and 7 percent respectively. Margin for this segment expanded to 14.5 percent versus 7.9 percent in the prior year period reflecting positive impacts from cost reduction and restructuring efforts, effective price/cost management and decreased restructuring costs versus the prior year period.

**Appliance and Tools** sales decreased 5 percent in the quarter, which included an underlying sales decrease of 7 percent and a 1 percent favorable impact each from currency translation and acquisitions. Sales growth resumed in some of the consumer related businesses. Segment margin improved to 15.2 percent, up 5.0 points from 10.2 percent in the prior year quarter, driven by cost reductions and effective price/cost management.

#### **Balance Sheet / Cash Flow**

Strong operating cash flow of \$687 million in the first quarter represented a 115 percent increase from the same quarter last year, driven primarily by improved asset management and stable margins. Free cash flow (operating cash flow less capital expenditures) was \$598 million, up 219 percent compared to the prior year quarter, and was 141 percent of net earnings.

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“Our strong cash flow generation is allowing us to take advantage of growth and investment opportunities to position ourselves for long-term global trends,” Farr said. “We completed \$1.3 billion in acquisitions in our first quarter, including Avocent, which significantly enhances Emerson’s datacenter solutions capability and positions us strongly for the growing importance of energy management in datacenters worldwide. We continue to reposition our business portfolio to expand Emerson’s served markets as well as shift our sales to higher growth emerging markets. A strong balance sheet makes this possible.”

### **2010 Outlook**

Based on the improving business conditions in the first quarter, improving recent order patterns, and strong profit improvement from the last 18 months of global restructuring efforts, Emerson expects full year earnings per share in the range of \$2.20 to \$2.40, which includes the impact of the Avocent acquisition. This estimate is based on an anticipated underlying sales decline in the range of negative 3 percent to negative 6 percent. Emerson is estimating a 2 percent favorable impact from currency translation and a 4 percent favorable impact from acquisitions resulting in reported sales which are flat to up 3 percent, or \$20.9 to \$21.5 billion. Operating profit margin and pretax margin are expected to be in the range of 15.1 to 15.6 percent and 11.7 to 12.3 percent respectively. The operating cash flow target is \$2.7 to \$3 billion. Detailed assumptions on the 2010 outlook will be provided in the company’s investor conference in New York City on Friday, February 5.

### **Upcoming Investor Events**

Today at 2:00 p.m. EST (1:00 p.m. CST), Emerson senior management will discuss the first quarter 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 website at [www.Emerson.com/financial](http://www.Emerson.com/financial) and completing a brief

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registration form. A replay of the conference call will be available for the next three months at the same location on the website.

On February 5, Emerson senior management will host the company's annual investor conference in New York. The presentations will begin at 8:30 a.m. EST and conclude at approximately 11:45 a.m. EST. All interested parties may listen to a webcast of the conference presentations via the Internet by going to the Investor Relations area of Emerson's website at [www.Emerson.com/financial](http://www.Emerson.com/financial) and completing a brief registration form. The presentation slides will be posted on the company website at the beginning of the conference. A replay of the webcast and the presentation slides will be available for approximately one week at the same location on the website.

**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 statements to reflect later developments. These risks and uncertainties 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  
(AMOUNTS IN MILLIONS EXCEPT PER SHARE, UNAUDITED)

	Quarter Ended December 31,		Percent
	2008	2009	Change
<b>Net sales</b>	\$ 5,415	\$ 5,011	-7%
Less: Costs and expenses			
Cost of sales	3,419	3,108	
SG&A expenses	1,193	1,161	
Other deductions, net	79	93	
Interest expense, net	43	65	
Earnings from continuing operations before income taxes	681	584	-14%
Income taxes	210	150	
<b>Earnings from continuing operations</b>	\$ 471	\$ 434	-8%
Discontinued operations, net of tax	-	3	
<b>Net Earnings</b>	\$ 471	\$ 437	-7%
Less: Noncontrolling interests in earnings of subsidiaries	13	12	
<b>Net earnings attributable to common stockholders</b>	\$ 458	\$ 425	-7%
Diluted avg. shares outstanding	767.9	755.5	
Diluted earnings per share attributable to common stockholders:			
Earnings from continuing operations	\$ 0.60	\$ 0.56	-7%
Discontinued operations	-	-	
<b>Diluted earnings per common share</b>	\$ 0.60	\$ 0.56	-7%
<b>Other deductions, net</b>			
Rationalization of operations	\$ 43	\$ 38	
Amortization of intangibles	23	35	
Other	17	24	
Gains	(4)	(4)	
<b>Total</b>	\$ 79	\$ 93	

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**TABLE 2**

EMERSON AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(DOLLARS IN MILLIONS, UNAUDITED)

	December 31,	
	2008	2009
<b>Assets</b>		
Cash and equivalents	\$ 1,668	\$ 1,840
Receivables, net	4,007	3,650
Inventories	2,470	1,956
Other current assets	728	617
<b>Total current assets</b>	<b>8,873</b>	<b>8,063</b>
Property, plant & equipment, net	3,459	3,475
Goodwill	6,556	7,647
Other	1,634	2,304
	<u>\$ 20,522</u>	<u>\$ 21,489</u>
<b>Liabilities and Stockholders' Equity</b>		
Short-term borrowings and current maturities of long-term debt	\$ 2,042	\$ 1,240
Accounts payable	2,171	1,991
Accrued expenses	2,412	2,474
Income taxes	203	100
<b>Total current liabilities</b>	<b>6,828</b>	<b>5,805</b>
Long-term debt	3,234	4,558
Other liabilities	1,900	2,188
Total equity	8,560	8,938
	<u>\$ 20,522</u>	<u>\$ 21,489</u>

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**TABLE 3**

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

	Quarter Ended December 31,	
	2008	2009
<b>Operating Activities</b>		
Net earnings	\$ 471	\$ 437
Depreciation and amortization	176	196
Changes in operating working capital	(316)	15
Other	(12)	39
Net cash provided by operating activities	<u>319</u>	<u>687</u>
<b>Investing Activities</b>		
Capital expenditures	(132)	(89)
Purchases of businesses, net of cash and equivalents acquired	(271)	(1,301)
Other	(12)	38
Net cash used in investing activities	<u>(415)</u>	<u>(1,352)</u>
<b>Financing Activities</b>		
Net increase in short-term borrowings	968	662
Proceeds from long-term debt	2	596
Principal payments on long-term debt	(186)	(36)
Dividends paid	(252)	(251)
Purchases of treasury stock	(433)	-
Other	(35)	(15)
Net cash provided by financing activities	<u>64</u>	<u>956</u>
Effect of exchange rate changes on cash and equivalents	(77)	(11)
<b>Increase (decrease) in cash and equivalents</b>	<u>(109)</u>	<u>280</u>
Beginning cash and equivalents	<u>1,777</u>	<u>1,560</u>
<b>Ending cash and equivalents</b>	<u>\$ 1,668</u>	<u>\$ 1,840</u>

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**TABLE 4**

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

		Quarter Ended December 31,	
		2008	2009
<b>Sales</b>			
Process Management	\$	1,526	\$ 1,382
Industrial Automation		1,103	876
Network Power		1,461	1,381
Climate Technologies		692	784
Appliance and Tools		771	731
		5,553	5,154
Eliminations		(138)	(143)
Net Sales	\$	5,415	\$ 5,011
		Quarter Ended December 31,	
		2008	2009
<b>Earnings</b>			
Process Management	\$	299	\$ 216
Industrial Automation		164	85
Network Power		152	206
Climate Technologies		54	113
Appliance and Tools		79	111
		748	731
Differences in accounting methods		50	46
Corporate and other		(74)	(128)
Interest expense, net		(43)	(65)
Earnings before income taxes	\$	681	\$ 584
		Quarter Ended December 31,	
		2008	2009
<b>Rationalization of operations</b>			
Process Management	\$	2	\$ 7
Industrial Automation		3	18
Network Power		20	7
Climate Technologies		14	3
Appliance and Tools		4	3
Total Emerson	\$	43	\$ 38

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**TABLE 5****Reconciliations of Non-GAAP Financial Measures**

The following reconciles Non-GAAP measures with the most directly comparable GAAP measure (dollars in millions):

		Forecast		
		Fiscal 2010		
Net Sales				
Underlying Sales (Non-GAAP)		-6% to -3%		
Currency Translation		+2 pts		
Completed Acquisitions		+4 pts		
Net Sales		0% to +3%		
		Forecast		
Forecast Fiscal Year 2010 Operating Profit		Fiscal 2010		
Operating Profit (Non-GAAP)		~\$3,160 – 3,350		
Operating Profit Margin % (Non-GAAP)		15.1% - 15.6%		
Interest Expense and Other Deduction, Net		~ (\$705)		
Pretax Earnings		~ \$2,455 - 2,645		
Pretax Earnings Margin %		11.7% - 12.3%		
First Quarter Operating Profit		Q1 2009	Q1 2010	Change
Net Sales		\$ 5,415	\$ 5,011	-7%
Cost of Sales		3,419	3,108	
SG&A Expenses		1,193	1,161	
Operating Profit (Non-GAAP)		803	742	-8%
Operating Profit Margin % (Non-GAAP)		14.8%	14.8%	
Other Deductions, Net		79	93	
Interest Expense, Net		43	65	
Pretax Earnings		\$ 681	\$ 584	-14%
Pretax Earnings Margin %		12.6%	11.7%	
First Quarter Cash Flow		Q1 2009	Q1 2010	Change
Operating Cash Flow		\$ 319	\$ 687	
Capital Expenditures		132	89	
Free Cash Flow (Non-GAAP)		\$ 187	\$ 598	219%
Net Earnings		\$ 425		
% of Net Earnings:				
Operating Cash Flow		162%		
Capital Expenditures		(21)%		
Free Cash Flow (Non-GAAP)		141%		
All amounts above are GAAP financial measures, except as noted				

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