

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549



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FORM 11-K

PROCESSED
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FINANCIAL

☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2003

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 33-57985

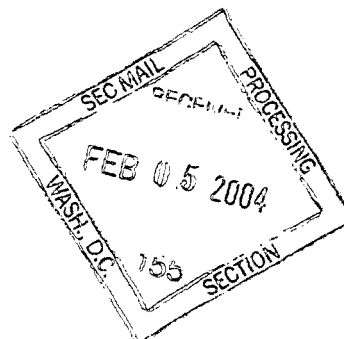
A. Full title of the plan and the address of the plan, if different from
that of the issuer named below:

ISE PROFIT SHARING RETIREMENT PLAN
4700 Twenty-First Street
Racine, WI 53406-5031

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:

EMERSON ELECTRIC CO.
8000 W. Florissant Ave.
P. O. Box 4100
St. Louis, MO 63136

Exhibit - Attached



www

ISE PROFIT SHARING RETIREMENT PLAN

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KPMG LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202

Independent Auditors' Report

Plan Administrator
ISE Profit Sharing Retirement Plan:

We have audited the accompanying statements of net assets available for plan benefits of ISE Profit Sharing Retirement Plan (Plan) as of September 30, 2003 and 2002, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of September 30, 2003 and 2002, and the changes in net assets available for plan benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

December 5, 2003



KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative.

ISE PROFIT SHARING RETIREMENT PLAN

Statements of Net Assets Available for Plan Benefits

September 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Cash	\$ 6,003	—
Investments, at fair value (note 3)	127,589,443	115,141,101
Receivables:		
Employer contributions	6,589,417	6,358,186
Participant contributions	15,912	15,709
Investment income	325,085	336,809
Due from brokers for securities sold	<u>403,402</u>	<u>460,988</u>
Total receivables	7,333,816	7,171,692
Due to brokers for securities purchased	<u>(173,936)</u>	<u>(230,457)</u>
Net assets available for plan benefits	<u>\$ 134,755,326</u>	<u>122,082,336</u>

See accompanying notes to financial statements.

ISE PROFIT SHARING RETIREMENT PLAN

Statements of Changes in Net Assets Available for Plan Benefits

Years ended September 30, 2003 and 2002

	2003	2002
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments (note 3)	\$ 8,000,237	—
Interest	4,016,181	3,996,733
Dividends	155,308	159,271
Total investment income	12,171,726	4,156,004
Employer contributions, net of forfeitures of \$37,812 and \$48,128 in 2003 and 2002, respectively	6,594,718	6,358,186
Participant contributions	605,032	603,175
Transfers from other plans	101,022	4,921
Total additions	19,472,498	11,122,286
Deductions from net assets attributed to:		
Net depreciation in fair value of investments	—	6,095,876
Distributions to participants or beneficiaries	6,799,508	8,091,688
Total deductions	6,799,508	14,187,564
Net increase (decrease) in net assets	12,672,990	(3,065,278)
Net assets available for plan benefits:		
Beginning of year	122,082,336	125,147,614
End of year	\$ 134,755,326	122,082,336

See accompanying notes to financial statements.

ISE PROFIT SHARING RETIREMENT PLAN

Notes to Financial Statements

September 30, 2003 and 2002

(1) Description of Plan

The following description of the ISE Profit Sharing Retirement Plan (Plan) provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined contribution profit sharing plan sponsored by Emerson Electric Co. (Company) covering virtually all employees of the In-Sink-Erator Division (Employer) with at least one year of service as described in the Plan. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) as amended.

(b) Contributions

The Employer has voluntarily agreed to make contributions to the Plan each year in which the Employer's net profits exceed 6% of net sales. The contribution made is equal to a specified percentage (up to 15%) of the compensation for all participants during the fiscal year. In addition to its basic contribution each fiscal year, the Employer may make supplementary contributions to the Plan as determined by the Company's board of directors. No supplementary contributions were made in 2003 or 2002. All contributions made are conditioned upon their deductibility for Federal income tax purposes.

Participants may elect to contribute to the Plan from 1% to 10% of their contributory compensation as defined by the Plan.

Although the Company and Employer have not expressed any intention to do so, the Employer may discontinue its contributions and the Company may terminate the Plan at any time, subject to the provisions of ERISA. In the event of termination, the participants' accounts become fully vested and are not subject to forfeiture.

(c) Vesting

Participant contributions, rollover contributions, and investment earnings thereon are 100% vested at all times. Employer contributions and investment earnings thereon are 25% vested after two years of service and vest at the rate of 25% per year of service thereafter.

(d) Participants' Accounts

Each participant's account is credited with the participant's contributions, any rollover contributions and net investment earnings thereon, and an allocation of the Employer's contributions and net investment earnings thereon. Employer contributions are allocated to each participant's account based upon individual investment fund elections and the participant's compensation as defined by the Plan. Plan earnings of the individual investment funds are allocated to each participant's account based upon the average investment fund account balance during the period as a percentage of the average total investment fund balance during the period as defined by the Plan.

ISE PROFIT SHARING RETIREMENT PLAN

Notes to Financial Statements

September 30, 2003 and 2002

(e) *Participant Investment Fund Options*

The Plan's 10 investment fund options are as follows: ISE Stable Principal Fund, Vanguard Bond Index Fund, Fidelity Advisor Equity Growth Fund, Northern Daily Equity Index Fund, Marshall Mid-Cap Growth Fund, Managers Special Equity Fund, Marshall International Stock Fund, M&I Growth Balanced Fund, M&I Diversified Stock Fund, and Emerson Electric Co. Stock Fund. Participants may self-direct their account balances and contributions, including employer contributions, to the above investment fund options. Participants may change the allocation of contributions and transfer balances among investment fund options daily.

The ISE Stable Principal Fund is a bank common trust fund primarily invested in traditional and synthetic investment contracts, money market securities, and registered first-tier money market mutual funds. The Vanguard Bond Index Fund invests primarily in government and corporate bonds and mortgage-backed securities. The M&I Growth Balanced Fund invests primarily in money market funds, investment-grade domestic bond funds, and common stock. The Fidelity Advisor Equity Growth Fund, Northern Daily Equity Index Fund, Marshall Mid-Cap Growth Fund, Managers Special Equity Fund, Marshall International Stock Fund, and M&I Diversified Stock Fund invest primarily in common stocks. The Emerson Electric Co. Stock Fund invests primarily in Emerson Electric Co. common stock, which is traded on the New York Stock Exchange.

(f) *Payment of Benefits*

Upon a participant's normal retirement date of age 65, early retirement date, disability retirement date, or death, the participant's account shall become fully vested and the value of such account shall be distributed to the participant or his or her designated beneficiaries. Participants terminating employment prior to these dates are entitled to receive only that portion of their account which is vested. Participants may elect to have their account balance distributed in a lump sum or in periodic installments. If a participant's account balance is less than \$5,000, distribution is required in the form of a lump-sum payment.

(g) *Forfeitures*

Upon the termination of a participant, the nonvested portion of Employer contributions is forfeited and used to reduce the amount of future Employer contributions in accordance with the Plan. The nonvested forfeited balance is held in a suspense account until six consecutive breaks in service (six periods of 12 consecutive months commencing on the participant's termination date in which the employee fails to perform an hour of employment) have occurred. If the participant is re-employed by the Employer prior to six consecutive breaks in service, the participant's account balance will be fully restored without adjustment for any subsequent investment gains or losses. Forfeitures remaining in the suspense account as of September 30, 2003 and 2002 available to be allocated to future Employer contributions are \$339,027 and \$291,103, respectively.

ISE PROFIT SHARING RETIREMENT PLAN

Notes to Financial Statements

September 30, 2003 and 2002

(2) Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis and present the net assets available for plan benefits and changes in those net assets in accordance with accounting principles generally accepted in the United States of America.

(b) *Use of Estimates*

The plan administrator has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of changes in net assets available for plan benefits during the reporting period to prepare these financial statements. Actual results could differ from those estimates.

(c) *Investments*

All investments are held by the plan trustee, M&I Trust Company.

The Plan's investments are stated at fair value. The investments in shares of bank common trust funds are valued at the amount at which shares in the fund can be withdrawn, which approximates fair value. Investments in shares of Emerson Electric Co. common stock are valued at quoted market prices, and investments in shares of mutual funds and money market funds are valued at quoted net asset values.

Security transactions are recognized on the trade date. Realized and unrealized gains and losses on investments are calculated using fair values as determined at the end of the prior plan year, or historical cost if the investment was acquired since the beginning of the plan year, as required by the Department of Labor.

The Plan's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the statement of net assets available for plan benefits.

(d) *Payment of Benefits*

Payment of benefits to participants or beneficiaries is recorded when paid.

(e) *Administrative Expenses and Investment Management Fees*

All administrative expenses of the Plan and investment management fees for the ISE Stable Principal Fund are paid by the Plan Sponsor. Investment management fees for all other investment funds are deducted from the respective funds' earnings.

ISE PROFIT SHARING RETIREMENT PLAN

Notes to Financial Statements

September 30, 2003 and 2002

(3) Investments

Investments as of September 30, 2003 and 2002 include the following securities which represent 5% or more of the Plan's net assets available for plan benefits:

Description	<u>2003</u>	<u>2002</u>
ISE Stable Principal Fund *	\$ 78,379,631	73,567,449
Northern Daily Equity Index Fund	9,365,588	6,596,111
Fidelity Advisor Equity Growth Fund	9,540,842	7,503,933
M&I Growth Balanced Fund *	10,172,600	9,028,231
Emerson Electric Co. Stock Fund *	9,150,930	9,567,060

*Represents a party-in-interest.

At September 30, 2003 and 2002, respectively, 165,133 and 211,609 shares of Emerson Electric Co. stock are held in the Emerson Electric Co. Stock Fund, which represents less than 1% of the total outstanding stock.

During 2003 and 2002, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

Description	<u>2003</u>	<u>2002</u>
Bank common trust funds	\$ 1,204,881	(706,519)
Mutual funds	4,685,416	(5,312,905)
Emerson Electric Co. common stock	2,109,940	(76,452)
	<u>\$ 8,000,237</u>	<u>(6,095,876)</u>

The Plan provides for investment in Emerson Electric Co. common stock, mutual funds, and bank common trust funds. Investment securities are exposed to various risks, including but not limited to, interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

(4) Reconciliation of Financial Statements to Department of Labor Form 5500

The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500 as of September 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Net assets available for plan benefits per financial statements	\$ 134,755,326	122,082,336
Amounts allocated to withdrawing participants or beneficiaries	<u>(240,121)</u>	<u>(246,239)</u>
Net assets available for plan benefits per the Form 5500	<u>\$ 134,515,205</u>	<u>121,836,097</u>

ISE PROFIT SHARING RETIREMENT PLAN

Notes to Financial Statements

September 30, 2003 and 2002

The following is a reconciliation of withdrawals by participants or beneficiaries per the financial statements to the Form 5500 for the years ended September 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Distributions to participants or beneficiaries per financial statements	\$ 6,799,508	8,091,688
Add amounts allocated to withdrawing participants or beneficiaries at end of year	240,121	246,239
Less amounts allocated to withdrawing participants or beneficiaries at beginning of year	<u>(246,239)</u>	<u>(263,774)</u>
Distributions to participants or beneficiaries per the Form 5500	<u>\$ 6,793,390</u>	<u>8,074,153</u>

The above differences are due to the Form 5500 including amounts allocated to withdrawing participants or beneficiaries as a liability of the Plan and a current year deduction, as opposed to a component of net assets available for plan benefits for financial statement purposes.

(5) Federal Income Taxes

The Internal Revenue Service issued a determination letter dated October 18, 2001, which stated that the Plan and its underlying trust qualify under the applicable provisions of the Internal Revenue Code (the Code) and therefore are exempt from Federal income taxes. The plan administrator believes the Plan is designed and is currently operated in compliance with the applicable requirements of the Code.

(6) Party-in-interest Transactions

All transactions between the Plan, the Company, the Employer, the participants, and the plan trustee are considered party-in-interest transactions.

ISE PROFIT SHARING RETIREMENT PLAN

Schedule H, Line 4i – Schedule of Assets (Held at End of Year)

September 30, 2003

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
	Bank common trust funds:			
*	Marshall & Ilsley Trust Company	ISE Stable Principal Fund	\$	78,379,631
	Northern Trust Company	Northern Daily Equity Index Fund		9,365,588
	Registered investment companies:			
	Fidelity Investments, Inc.	Fidelity Advisor Equity Growth Fund		9,540,842
*	Marshall Funds, Inc.	Marshall Mid-Cap Growth Fund		5,104,675
		Marshall International Stock Fund		202,725
		M&I Growth Balanced Fund		10,172,600
		M&I Diversified Stock Fund		703,698
		Managers Special Equity Fund		1,564,936
	The Vanguard Group, Inc.	Vanguard Bond Index Fund		3,403,818
	Employer-related investments:			
*	Emerson Electric Co.	Emerson Electric Co. Stock Fund		9,150,930
	Total assets held for investment purposes		\$	<u>127,589,443</u>

* Represents a party-in-interest to the Plan.

Note: Cost information is omitted for reporting transactions of an individual account plan that a participant or beneficiary directed with respect to assets allocated to his or her account.

See accompanying independent auditors' report.

ISE PROFIT SHARING RETIREMENT PLAN

Schedule H, Line 4j – Schedule of Reportable Transactions

Year ended September 30, 2003

(a) Identity of party involved	(b) Description of asset (include interest rate and maturity in case of a loan)	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain (loss)
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None

Note: The above data represent a series of transactions which individually or in the aggregate amount exceed 5% of the current value of the plan assets as of the beginning of the plan year for non-participant directed transactions only.

Cost refers to historical cost.

See accompanying independent auditors' report.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Administration Committee has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

ISE PROFIT SHARING RETIREMENT PLAN

By: K. Rolls

K. Rolls, Plan Administrator

Date: February 2, 2004

Consent of KPMG LLP

The Board of Directors
Emerson Electric Co.:

We consent to the incorporation by reference in the registration statement on Form S-8 (No. 33-57985) of Emerson Electric Co. of our report dated December 5, 2003, with respect to the statements of net assets available for plan benefits of the ISE Profit Sharing Retirement Plan as of September 30, 2003 and 2002, the related statements of changes in net assets available for plan benefits for the years ended September 30, 2003 and 2002, and related schedules, which report appears in the September 30, 2003 Annual Report on Form 11-K of the ISE Profit Sharing Retirement Plan.

KPMG LLP

February 2, 2004
Milwaukee, Wisconsin