

EMERSON ELECTRIC CO
Form 424B5
May 17, 2007
Filed Pursuant to Rule 424(b)(5)
Registration No. 333-110546

Prospectus Supplement

(To Prospectus dated August 17, 2005)

Emerson Electric Co.

\$250,000,000

5.375% Notes due 2017

Interest payable on April 15 and October 15

The 5.375% Notes due 2017 (the Notes) will mature on October 15, 2017. Prior to maturity, we may redeem any of the Notes at the redemption prices described in this prospectus supplement. Interest will accrue from May 18, 2007.

The Underwriter proposes to offer the Notes from time to time for sale in negotiated transactions, or otherwise, at varying prices to be determined at the time of each sale. The Underwriter has agreed to purchase the notes from us at 98.837% of their principal amount (\$247,092,500 of proceeds to us before deducting estimated expenses from the sale of the Notes), subject to the terms and conditions in the Pricing Agreement between the Underwriter and us.

We do not intend to apply for listing of the Notes on any national securities exchange. Currently, there is no public market for the Notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Underwriter expects to deliver the Notes through the book-entry delivery system of The Depository Trust Company to the purchasers on May 18, 2007.

JPMorgan

May 15, 2007

You should rely only on the information contained or incorporated by reference in this prospectus supplement and prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus supplement and prospectus. We are offering to sell Notes and seeking offers to buy Notes only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and prospectus is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement and prospectus or any sale of the Notes.

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USE OF PROCEEDS

We expect to use the net proceeds from the sale of the Notes (estimated at \$247 million, before deducting estimated expenses of this offering) for general corporate purposes and to repay a portion of our commercial paper borrowings, which commercial paper borrowings were issued within the last year for general corporate purposes. As of May 11, 2007, such commercial paper had a weighted average interest rate (on a bond-equivalent yield basis) of approximately 5.3% per annum with a weighted average maturity of approximately 18 days.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings to fixed charges for the periods indicated. For purposes of computation of the ratio of earnings to fixed charges, earnings consist of earnings from continuing operations before income taxes and cumulative effects of changes in accounting principles and minority interests in the income of consolidated subsidiaries with fixed charges plus the amount of fixed charges. Fixed charges consist of interest expense and that portion of rental expense deemed to represent interest.

	Year Ended September 30,					Six Months Ended March 31, 2007
	2002	2003	2004	2005	2006	
Ratio of Earnings to Fixed Charges	6.1x	5.5x	7.1x	7.8x	9.8x	9.1x

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DESCRIPTION OF THE NOTES

We will issue the Notes under an Indenture dated as of December 10, 1998 between us and The Bank of New York Trust Company, N.A., as Trustee (successor to The Bank of New York). Information about the Indenture and the general terms and provisions of the Notes is in the accompanying Prospectus under **Description of the Debt Securities**.

We will issue the Notes in book-entry form, as one or more global notes registered in the name of the nominee of The Depository Trust Company, which will act as Depository. Beneficial interests in book-entry Notes will be shown on, and transfers of the Notes will be made only through, records maintained by the Depository and its participants. The provisions set forth under **Book-Entry Debt Securities** in the accompanying Prospectus will apply to the Notes.

Certain Terms of the Notes

The Notes will be initially limited to \$250,000,000 aggregate principal amount. The Notes will mature on October 15, 2017. The interest rate on the Notes will be 5.375% per annum.

Payment of Principal and Interest

We will pay interest on April 15 and October 15 of each year, beginning October 15, 2007. Interest will accrue from May 18, 2007 or from the most recent interest payment date from which we have paid or provided for the payment of interest to but excluding the next interest payment date or the scheduled maturity date, as the case may be. We will pay interest computed on the basis of a 360-day year of twelve 30-day months.

We will pay interest on the Notes in U.S. dollars in immediately available funds to the persons in whose names the Notes are registered at the close of business on the April 1 or October 1 preceding the respective interest payment date. At maturity we will pay the principal, together with final interest on the Notes, in U.S. dollars in immediately available funds.

If an interest payment date or the maturity date is not a **Business Day**, we will pay interest or principal, as the case may be, on the next succeeding **Business Day**. The term **Business Day** means any day other than a Saturday or Sunday or a day on which applicable law authorizes or requires banking institutions in The City of New York, New York to close.

Additional Notes

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The Notes are initially being offered in the aggregate principal amount of \$250,000,000. We may, without the consent of the holders of the Notes, create and issue additional notes ranking equally with the Notes in all respects, including having the same CUSIP number, so that such additional notes shall be consolidated and form a single series with the Notes and shall have the same terms as to status, redemption or otherwise as the Notes. No additional notes may be issued if an Event of Default has occurred and is continuing with respect to the Notes.

Same-Day Settlement and Payment

The Notes will trade in the Depository's same-day funds settlement system until maturity or until we issue the Notes in definitive form. The Depository will therefore require secondary market trading activity in the Notes to settle in immediately available funds. We can give no assurance as to the effect, if any, of settlement in immediately available funds on trading activity in the Notes.

Ranking

The Notes will be our senior unsecured obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt.

Redemption

The Notes will be redeemable, in whole or from time to time in part, at our option on any date (a Redemption Date), at a redemption price equal to the greater of (1) 100 percent of the principal amount of the Notes to be

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redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to that Redemption Date) discounted to that Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points, plus, in either case, accrued and unpaid interest on the principal amount being redeemed to that Redemption Date, provided that installments of interest on the Notes which are due and payable on an interest payment date falling on or prior to the relevant Redemption Date shall be payable to the holders of those Notes registered as such at the close of business on the relevant record date according to their terms and the provisions of the Indenture.

Treasury Rate means, with respect to any Redemption Date for the Notes, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month) or (2) if that release (or any successor release) is not published during the week preceding the calculation date or does not contain those yields, the rate per annum equal to the semi-annual equivalent yield to maturity for the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date. The Treasury Rate shall be calculated on the third Business Day preceding the Redemption Date.

Comparable Treasury Issue means the United States Treasury security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

Independent Investment Banker means J.P. Morgan Securities Inc. or, if that firm is unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by the Trustee after consultation with us.

Comparable Treasury Price means with respect to any Redemption Date for the Notes (1) the average of five Reference Treasury Dealer Quotations for that Redemption Date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the Trustee obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

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Reference Treasury Dealer means (1) J.P. Morgan Securities Inc. and its successors, provided, however, that if the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a *Primary Treasury Dealer*), we shall substitute therefor another Primary Treasury Dealer, and (2) any other Primary Treasury Dealers selected by us.

Reference Treasury Dealer Quotation means with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding that Redemption Date.

Notice of any redemption by us will be mailed at least 30 days but not more than 60 days before any Redemption Date to each holder of the Notes to be redeemed. If less than all the Notes are to be redeemed at our option, the Trustee shall select, in such manner as it shall deem fair and appropriate, the Notes to be redeemed in whole or in part.

Except as described above, we will not have the right to redeem the Notes before their scheduled maturity, and you will not have the right to require us to redeem the Notes before their scheduled maturity. We will not make any sinking fund payments in connection with the Notes.

Governing Law

The Notes will be governed by and construed in accordance with the laws of the State of New York.

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About the Trustee

The Trustee is The Bank of New York Trust Company, N.A., successor to The Bank of New York. The Trustee will also be the paying agent and registrar of the Notes. The Trustee is also our trustee, as successor to The Bank of New York, of our other debt securities issued under the Indenture. The Bank of New York, an affiliate of the Trustee, is a lender to us under our revolving credit agreement and is also an investment manager for one of our pension funds. From time to time, we may enter into other banking relationships with the Trustee or its affiliates.

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UNDERWRITING

We are selling the entire principal amount of the Notes to J.P. Morgan Securities Inc. (the *Underwriter*) pursuant to a Pricing Agreement dated May 15, 2007.

Under the terms and conditions of the Pricing Agreement, if the Underwriter takes any of the Notes, then it is obligated to take and pay for all of the Notes.

The Notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the Notes on any national securities exchange. The Underwriter has advised us that it intends to make a market in the Notes, but it has no obligation to do so. The Underwriter may discontinue market making at any time without providing any notice. We cannot give any assurance as to the liquidity of any trading market in the Notes.

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The Underwriter proposes to offer the Notes from time to time for sale in negotiated transactions, or otherwise, at varying prices to be determined at the time of each sale. In connection with the sale of the Notes, the Underwriter may be deemed to have received compensation from us in the form of underwriting discounts.

We have agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments which the Underwriter may be required to make in respect of such liabilities.

In connection with the offering of the Notes, the Underwriter may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Underwriter may overallocate in connection with the offering of the Notes, creating a short position in the Notes for its own account. In addition, the Underwriter may bid for, and purchase, Notes in the open market to cover short positions or to stabilize the price of the Notes. Finally, the Underwriter may reclaim selling concessions allowed for distributing the Notes in the offering, if the Underwriter repurchases previously distributed Notes in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the Notes above independent market levels. The Underwriter is not required to engage in any of these activities and may end any of these activities at any time.

We estimate that we will spend approximately \$100,000 for printing, ratings agency, trustee and legal fees, and other expenses related to this offering.

In the ordinary course of their respective businesses, the Underwriter and its affiliates engage in, and may in the future engage in, commercial banking and/or investment banking transactions and/or advisory services with us and our affiliates.

VALIDITY OF THE NOTES

Timothy G. Westman, Esq., our Vice President, Associate General Counsel and Assistant Secretary, will pass upon the legality of the Notes for us. Davis Polk & Wardwell, 450 Lexington Avenue, New York, New York 10017, will pass upon the legality of the Notes for the Underwriter. You may also receive a copy of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus from us, free of charge, by contacting Mr. Westman at Emerson Electric Co., 8000 West Florissant Avenue, P.O. Box 4100, St. Louis, Missouri 63136, telephone 314-553-3822, e-mail tim.westman@emrnsn.com. Mr. Westman is a participant in various employee benefit plans and incentive plans offered by us and owns and has options to purchase shares of our Common Stock. Davis Polk & Wardwell will rely on the opinion of Mr. Westman with respect to all matters of Missouri law. Arthur F. Golden, one of our directors, is a partner of Davis Polk & Wardwell. Davis Polk & Wardwell acts as counsel to us from time to time with respect to various matters but not with respect to the Notes.

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\$2,500,000,000

EMERSON ELECTRIC CO.

CONVERTIBLE DEBT SECURITIES

NON-CONVERTIBLE DEBT SECURITIES

MEDIUM TERM NOTES

PREFERRED STOCK (\$2.50 PAR VALUE)

COMMON STOCK (\$0.50 PAR VALUE)

WARRANTS

SHARE PURCHASE CONTRACTS

SHARE PURCHASE UNITS

We may offer and issue debt securities, preferred stock, common stock, warrants, share purchase contracts and share purchase units from time to time. The shares of preferred stock or debt securities may be convertible into or exchangeable for shares of our common stock, preferred stock or debt securities. This Prospectus describes the general terms of these securities and the general manner in which we will offer them. We will provide the specific terms of these securities in supplements to this prospectus. The prospectus supplements will also describe the specific manner in which we will offer these securities. You should read this prospectus and any prospectus supplement carefully before you invest.

Our common stock is listed on the New York Stock Exchange and the Chicago Stock Exchange under the symbol EMR. On August 17, 2005, the closing price of our common stock was \$67.00 per share.

Investing in our securities involves risk. See **Risk Factors** beginning on Page 2 of this Prospectus.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, OR DETERMINED THAT THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

We may offer these securities in amounts, at prices and on terms determined at the time of offering.

We may sell securities at fixed prices, which may change, or at negotiated prices, or, in the case of our common stock or securities convertible into our common stock, at market prices prevailing at the time of the sales or prices related to such prevailing market prices.

We may sell the securities directly to you, through agents we select, or through underwriters and dealers we select. More information about the way we will distribute the securities is under the heading **Plan of Distribution**. Information about the underwriters or agents who will participate in any particular sale of securities will be in the prospectus supplement relating to that series of securities. Unless we state otherwise in a prospectus supplement, we will not list any of the debt securities on any securities exchange.

THE DATE OF THIS PROSPECTUS IS AUGUST 17, 2005.

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INFORMATION ABOUT EMERSON

Emerson Electric Co. was incorporated in Missouri in 1890. We were originally engaged in the manufacture and sale of electric motors and fans. We subsequently expanded our product lines through internal growth and acquisitions. We now engage principally in the design, manufacture and sale of a broad range of electrical, electromechanical and electronic products and systems throughout the world. Our principal executive offices are at 8000 West Florissant Avenue, P. O. Box 4100, St. Louis, Missouri 63136. Our telephone number is (314) 553-2000.

RISK FACTORS

Investing in our securities involves risks. Before you invest in our securities, you should carefully consider the risks regarding our business which are set forth in the Risk Factors of Part I, Item 1 to our Annual Report on Form 10-K for the year ended September 30, 2004, which are hereby incorporated by reference, the risks described below and any risks in the accompanying prospectus supplement, as well as the other information included or incorporated by reference in this prospectus and the prospectus supplement. We may amend or supplement these risk factors from time to time by other reports we file with the SEC in the future.

Risks Related to Our Securities

There may be no established trading market for some of our securities offered that could make selling such securities difficult and also impact the price of such securities.

There may be no established trading market for some of our securities offered by this prospectus. For example, some of our securities may not be listed on any securities exchange or included in any automated quotation system. We cannot assure you that an active trading market for such securities will develop or, if such market develops, that you will be able to sell such securities. If a trading market does not develop or is not maintained, holders of the securities may experience difficulty in reselling, or an inability to sell, such securities. As a result, the liquidity of such securities may be limited and, under certain circumstances, nonexistent. If a market does develop, any such market may be discontinued at any time.

The liquidity of, pricing of, and trading market for, our securities may be adversely affected by, among other things, changes in the overall markets for debt and equity securities, changes in our financial performance and prospects, the prospects in general for companies in our industry, the number of holders of the various securities, the interest of securities dealers in making a market in our securities, adverse credit rating actions and prevailing interest rates.

Net proceeds from the sale of our securities may not result in an increase in investment value.

Our management will have considerable discretion in the application of the net proceeds from offerings pursuant to this prospectus. For example, the net proceeds from an offering of our securities may be used for general corporate purposes. Under such circumstances, you may not have the opportunity, as part of your investment decision, to evaluate the economic, financial, or other information on which we base our decisions on how to use the proceeds, or to assess how the proceeds will be used.

If you purchase certain debt securities that we may offer, you may be required to accrue original issue discount on the notes for United States Federal Income Tax purposes and you may be required to pay taxes on distributions that you have not received.

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Because of the manner in which the interest rate on certain debt securities is calculated, those notes may be classified as contingent payment debt instruments. If the notes are so treated, you will be required to accrue original issue discount on the notes in your gross income, such that you may have to pay taxes with respect to distributions that you have not received. For additional information, see [Description of Securities](#) Original Issue Discount Securities.

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, which we refer to as the SEC, utilizing a shelf registration process. Under this shelf process, we may, from time to time, sell any combination of the securities described in this prospectus in one or more offerings up to a total amount of \$2,500,000,000, or the equivalent of this amount in foreign currencies or foreign currency units.

In this prospectus, we, us, our, the Company and Emerson refer to Emerson Electric Co.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. We will file each prospectus supplement with the SEC. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus

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supplement together with additional information described under the heading [Where You Can Find More Information](#) below.

You should rely only on the information provided in this prospectus and in any prospectus supplement, including the information incorporated by reference. We have not authorized anyone to provide you with different information. You should not assume that the information in this prospectus, or any supplement to this prospectus, is accurate at any date other than the date indicated on the cover page of these documents. This prospectus is not an offer to sell or a solicitation of an offer to buy any securities other than the securities referred to in the prospectus supplement. This prospectus is not an offer to sell or a solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. You should not interpret the delivery of this prospectus, or any sale of securities, as an indication that there has been no change in our affairs since the date of this prospectus. You should also be aware that information in this prospectus may change after this date.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934. As a result, we file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any of these documents at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC's web site at <http://www.sec.gov>. Because our common stock trades on the New York Stock Exchange and the Chicago Stock Exchange under the symbol EMR, those materials can also be inspected and copied at the offices of those organizations.

We have filed with the SEC a registration statement under the Securities Act that registers the distribution of these securities. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us and the securities. The rules and regulations of the SEC allow us to omit certain information included in the registration statement from this prospectus. You can get a copy of the registration statement from the sources referred to above.

INFORMATION WE INCORPORATE BY REFERENCE

The SEC allows us to incorporate by reference the information we file with it in this prospectus, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, except for any information that is superseded by other information that is included in or incorporated by reference into this document.

We incorporate by reference into this prospectus the documents listed below that we have previously filed with the SEC. These documents contain important information about us.

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Our Annual Report on Form 10-K for the year ended September 30, 2004.

Our Quarterly Report on Form 10-Q for the quarter ended December 31, 2004.

Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.

Our Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.

Our Current Reports on Form 8-K dated October 1, 2004, October 5, 2004, November 12, 2004, February 1, 2005 and March 17, 2005.

The description of our common stock contained in our Registration Statement on Form 10 as amended by our Form 8 filed on January 19, 1981.

The description of our preferred stock purchase rights contained in our Registration Statement on Form 8-A filed October 6, 1998.

We incorporate by reference into this prospectus any additional documents that we may file with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 between the date of this prospectus and the termination of the offering of the securities. These documents may include periodic reports, like Annual Reports

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on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as Proxy Statements. Any material that we subsequently file with the SEC will automatically update and replace the information previously filed with the SEC.

You may receive a copy of any of the documents incorporated by reference in this prospectus from the SEC on its web site (<http://www.sec.gov>), or you may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1850, Washington, D.C. 20549. You may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. You can also obtain these documents from us, without charge, by contacting H. M. Smith, our Assistant Secretary and Assistant General Counsel, at Emerson Electric Co., Station 2431, 8000 West Florissant Avenue, P.O. Box 4100, St. Louis, Missouri 63136, telephone 314-553-2431, e-mail harley.smith@emrns.com. Information on our web site is not part of this prospectus or the registration statement of which this prospectus is part.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Statements in this registration statement contain various forward-looking statements and include assumptions concerning our operations, future results and prospects. These forward-looking statements are based on current expectations and are subject to risk and uncertainties. We undertake no obligation to update any such statement to reflect later developments. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we provide the following cautionary statement identifying important economic, political and technological factors, among others, changes in which could cause the actual results or events to differ materially from those set forth in or implied by the forward-looking statements and related assumptions.

Such factors include the following: (i) current and future business environment, including interest rates and capital and consumer spending; (ii) volatility of the end markets served, as demonstrated by the recent decline in the electronics and telecommunications market; (iii) competitive factors and competitor responses to Emerson initiatives; (iv) development and market introduction of anticipated new products; (v) availability of raw materials and purchased components; (vi) government laws and regulations, including taxes; (vii) outcome of pending and future litigation, including environmental compliance; (viii) stable governments and business conditions in emerging economies; (ix) penetration of emerging economies; (x) favorable environment for acquisitions, domestic and foreign, including regulatory requirements and market values of candidates; (xi) integration of acquisitions; (xii) favorable access to capital markets; and (xiii) execution of cost-reduction efforts.

USE OF PROCEEDS

We expect to use the proceeds from the sale of the securities for general corporate purposes, which may include, but are not limited to, working capital, capital expenditures, financing acquisitions and the repayment of short or long term borrowings. Before we use the proceeds for these purposes, we may invest them in short term investments. If we anticipate that proceeds will be earmarked for a specific purpose, such as to repay debt or make an acquisition, we will disclose the principal purpose for the net proceeds from each sale of our securities, and the amounts intended for each such purpose, in the relevant prospectus supplement. If the prospectus supplement does not disclose the principal purposes for the net proceeds of the offering and the approximate amounts to be used for each such purpose, we will include a discussion of our reasons for

conducting that offering in the prospectus supplement.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratios of earnings to fixed charges for the periods indicated. For purposes of computation of the ratio of earnings to fixed charges, earnings consist of earnings from continuing operations before income taxes and cumulative effects of changes in accounting principles and minority interests in the income of consolidated subsidiaries with fixed charges plus the amount of fixed charges. Fixed charges consist of interest expense and that portion of rental expense deemed to represent interest.

	Year Ended September 30,					Nine Months Ended June 30,
	2000	2001	2002	2003	2004	2005
Ratio of Earnings to Fixed Charges	7.1x	5.4x	6.1x	5.5x	7.1x	7.5x

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DESCRIPTION OF THE DEBT SECURITIES

This section describes some of the general terms of the debt securities that we may issue, either separately, or upon exercise of a warrant, or as part of a share purchase unit. Each prospectus supplement describes the particular terms of the debt securities we are offering under that supplement. The prospectus supplement also indicates the extent, if any, to which such general provisions may not apply to the particular debt securities we are offering under that supplement. When we refer to a prospectus supplement we are also referring to any applicable pricing supplement.

We will issue the debt securities under an Indenture between us and The Bank of New York, which is serving as Trustee. We are summarizing certain important provisions of the Indenture and all material known provisions of the debt securities. We do not restate the Indenture or the debt securities in their entirety. We urge you to read the Indenture and the debt securities because they, and not this description, define your rights as holders of the debt securities. We filed the Indenture with the SEC in the past, and it is incorporated by reference as an exhibit to the registration statement that includes this prospectus. When we use capitalized terms that we don't define here, those terms have the meanings given in the Indenture. When we use references to Sections, we mean Sections in the Indenture.

General

The debt securities will be our unsecured obligations. The debt securities may be referred to as debentures, notes (including notes commonly referred to as medium term notes) or other unsecured evidence of indebtedness.

The Indenture does not limit the amount of debt securities that we may issue under the Indenture, nor does it limit other debt that we may issue. We may issue the debt securities at various times in different series, each of which may have different terms. (Section 2.3)

The prospectus supplement relating to the particular series of debt securities we are offering will include the following information concerning those debt securities:

The title of the debt securities.

Any limit on the amount of such debt securities that we may offer.

The price at which we are offering the debt securities. We will usually express the price as a percentage of the principal amount.

The amortization schedule, maturity date or retirement of the debt securities.

The interest rate per annum on the debt securities. We may specify a fixed rate or a variable rate, or we may offer debt securities that do not bear interest but are sold at a substantial discount from the amount payable at maturity.

The date from which interest on the debt securities will accrue.

The dates on which we will pay interest and the regular record dates for determining which holders are entitled to receive the interest.

If applicable, the dates on which or after which, and the prices at which, we are required to redeem the debt securities or have the option to redeem the debt securities.

If applicable, any provisions with respect to amortization, sinking funds or retirement.

If applicable, any limitations on our right to defease our obligations under the debt securities by depositing cash or securities.

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The amount that we would be required to pay if the maturity of the debt securities is accelerated, if that amount is other than the principal amount.

Any additional restrictive covenants or other material terms relating to the debt securities.

The terms, if any, upon which the debt securities may be converted into or exchanged for common stock, preferred stock or debt securities.

Any additional events of default that will apply to the debt securities.

If we will make payments on the debt securities in any currency other than United States dollars, the currency or composite currency in which we will make those payments. If the currency will be determined under an index, the details concerning such index.

Any other material terms of the debt securities.

Payments on Debt Securities

We will make payments on the debt securities at the office or agency we will maintain for that purpose (which will be the Corporate Trust Office of the Trustee in New York, New York unless we indicate otherwise in the prospectus supplement) or at such other places and at the respective times and in the manner as we designate in the prospectus supplement. (Sections 3.1 and 3.2) As explained under Book-Entry Debt Securities below, all debt securities will be book-entry and The Depository Trust Company or its nominee will be the initial registered Holder unless the prospectus supplement provides otherwise.

Form, Denominations and Transfers

Unless otherwise indicated in the prospectus supplement:

The debt securities will be in fully registered form, without coupons, in denominations of \$1,000 or any multiple thereof.

We will not charge any fee to register any transfer or exchange of the debt securities, except for taxes or other governmental charges (if any). (Section 2.8)

Original Issue Discount Securities

If debt securities are Original Issue Discount Securities, we will offer and sell them at a substantial discount below their stated principal amount.

Original Issue Discount Security means any security which provides that less than the full principal amount will be due if the maturity is accelerated or if the security is redeemed before its maturity. (Section 1.1)

If we issue Original Issue Discount Securities:

For Federal income tax purposes, you will need to include in your income the total amount of the original issue discount, or OID, as ordinary income over the life of the Original Issue Discount Security. The amount that the Original Issue Discount Security increases in value each tax year must be included in your taxable income as interest on your tax return. You must report OID as it accrues, whether or not you receive any taxable interest payments. This means that you must recognize income gradually over the life of the Original Issue Discount Security, even though you may not receive actual payments. This rule applies whether you are on the cash or accrual basis of accounting.

The OID accrues on a constant yield basis. The general result of this method of allocating annual interest is that interest accrual will be smaller in the earlier years after issuance of the Original Issue Discount Security and larger in the later years.

Your basis in the Original Issue Discount Security will increase as you recognize the OID as income. Your basis will decrease by the amount of any payments you receive on the Original Issue Discount Security (other than certain stated interest that is not taken into account in the calculation of OID).

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We will describe specific Federal income tax consequences and other special considerations applicable to any such Original Issue Discount Securities in the prospectus supplement, and we will file an opinion of counsel with respect to any such material tax consequences.

Indexed Debt Securities

We may issue debt securities under which the principal amount payable at maturity or the amount of interest payable will be determined by reference to currency exchange rates, commodity prices, equity indices or other factors. In that case, the amount we will pay to the Holders will depend on the value of the applicable currency, commodity, equity index or other factor at the time our payment obligation is calculated. All payments of principal and interest with respect to any indexed debt securities will be paid in cash. We will include information in the prospectus supplement for such debt securities about how we will calculate the principal and/or interest payable, and will specify the currencies, commodities, equity indices or other factors to which the principal amount payable at maturity or interest is linked. We will also provide information about certain additional tax considerations which would apply to the Holders of those debt securities in the applicable prospectus supplement, and file any required opinion of counsel with respect to any related material tax consequences.

Certain Restrictions

Unless we otherwise specify in the prospectus supplement, there will not be any covenants in the Indenture or the debt securities that would protect you against a highly leveraged or other transaction involving Emerson that may adversely affect you as a holder of debt securities. If there are provisions that offer such protection, they will be described in the particular prospectus supplement.

Limitations on Liens. Under the Indenture, we and our Restricted Subsidiaries (defined below) may not issue any debt for money borrowed, or assume or guarantee any such debt, which is secured by a mortgage on a Principal Property (defined below) or shares of stock or indebtedness of any Restricted Subsidiary, unless such mortgage similarly secures your debt securities. A Principal Property is any manufacturing plant or manufacturing facility that we or any Restricted Subsidiary owns, is located within the continental United States and, in the opinion of our board of directors, is of material importance to our total business that we and our Restricted Subsidiaries conduct, taken as a whole. The above restriction will not apply to debt that is secured by:

mortgages on property, shares of stock or indebtedness of any corporation that exists when it becomes a Restricted Subsidiary;

mortgages on property that exist when we acquire the property and mortgages that secure payment of the purchase price of and improvements to the mortgaged property;

mortgages that secure debt which a Restricted Subsidiary owes to us or to another Restricted Subsidiary;

mortgages that existed at the date of the Indenture;

mortgages on property of a company that exist when we acquire the company;

mortgages in favor of a government to secure debt that we incur to finance the purchase price or cost of construction of the property that we mortgage; or

extensions, renewals or replacement of any of the mortgages described above.

A Restricted Subsidiary is a direct or indirect subsidiary of Emerson if substantially all of its property is located in the continental United States and if it owns any Principal Property (except a subsidiary principally engaged in leasing or in financing installment receivables or overseas operations).

The Indenture also excepts from this limitation on liens secured debt in an amount up to 10% of our consolidated net tangible assets. (Section 3.6)

Limitation on Sale and Leaseback Transactions. We and our Restricted Subsidiaries may not enter into sale and leaseback transactions involving any Principal Property (except for leases of up to three years, and except for leases between us and a Restricted Subsidiary or between Restricted Subsidiaries) unless

we could issue debt secured by the property involved (under the limitations on liens described above) in an amount equal to the Attributable Debt which would be calculated under the Indenture based on the rental payments to be received, or we pay other debt within 90 days in an amount not less than such Attributable Debt amount. (Section 3.7)

Restrictions on Consolidation, Merger or Sale. We may not consolidate or merge or sell or convey all or substantially all of our assets unless (1) we are the surviving corporation or (2)(a) the surviving corporation (if it is not Emerson) is a domestic (U.S.) corporation and assumes our obligations on your debt securities and under the Indenture and (2)(b) immediately after such transactions, there is no default. (Section 9.1)

Defeasance

The Indenture includes provisions allowing defeasance that we may choose to apply to debt securities of any series. If we do so, we would deposit with the Trustee or another trustee money or U.S. Government Obligations sufficient to make all payments on the defeased debt securities. If we make such a deposit with respect to your debt securities, we may elect either:

to be discharged from all our obligations on your debt securities, except for our obligations to register transfers and exchanges, to replace temporary or mutilated, destroyed, lost or stolen debt securities, to maintain an office or agency in respect of the debt securities and to hold moneys for payment in trust; or
to be released from our restri