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FORM 10-K

EMERSON ELECTRIC CO - EMR

Filed: November 22, 2011 (period: September 30, 2011)

Annual report with a comprehensive overview of the company

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended September 30, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-278

EMERSON ELECTRIC CO.

(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction of
incorporation or organization)

43-0259330
(I.R.S. Employer
Identification No.)

8000 W. Florissant Ave.
P.O. Box 4100
St. Louis, Missouri
(Address of principal executive offices)

63136
(Zip Code)

Registrant's telephone number, including area code: **(314) 553-2000**
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock of \$0.50 par value per share	New York Stock Exchange Chicago Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

Aggregate market value of the voting stock held by nonaffiliates of the registrant as of close of business on March 31, 2011: \$43.8 billion.

Common stock outstanding at October 31, 2011: 735,749,636 shares.

Documents Incorporated by Reference

1. Portions of Emerson Electric Co. 2011 Annual Report to Stockholders (Parts I and II).
2. Portions of Emerson Electric Co. Notice of 2012 Annual Meeting of Stockholders and Proxy Statement (Part III).

PART I

Item 1. Business

Emerson was incorporated in Missouri in 1890, and has grown from a regional manufacturer of electric motors and fans into a diversified global technology company. Having expanded its product lines through internal growth and acquisitions, Emerson today is designing and supplying products and technology, and delivering engineering services and solutions in a wide range of industrial, commercial and consumer markets around the world.

Emerson is organized into the business segments below, based on the nature of the products and services rendered (more complete descriptions follow):

- Process Management - providing measurement, control and diagnostic capabilities for automated industrial processes producing items such as foods, fuels, medicines and power.
- Industrial Automation - bringing integrated manufacturing solutions to diverse industries worldwide.
- Network Power - providing power conditioning and reliability and environmental control to help keep telecommunication systems, data networks and other critical business applications continuously operating.
- Climate Technologies - enhancing household and commercial comfort as well as food safety and energy efficiency through air conditioning and refrigeration technology.
- Tools and Storage - providing tools for professionals and homeowners, home and commercial storage systems, and appliance solutions.

Sales, earnings before interest and income taxes, and total assets attributable to each business segment for the three years ended September 30, 2011, are set forth in Note 16 of Notes to Consolidated Financial Statements of the 2011 Annual Report, which note is hereby incorporated by reference. Percentage sales by segment in 2011 were Process Management 28 percent, Industrial Automation 21 percent, Network Power 27 percent, Climate Technologies 16 percent, and Tools and Storage 8 percent. Sales by geographic destination in 2011 were United States and Canada 45 percent, Asia 23 percent, Europe 22 percent, Latin America 5 percent, and Middle East/Africa 5 percent. Information with respect to acquisition and divestiture activities and rationalization of operations by Emerson is set forth in Notes 3 and 5 of Notes to Consolidated Financial Statements of the 2011 Annual Report, which notes are hereby incorporated by reference.

PROCESS MANAGEMENT

The Process Management segment offers customers products and technology as well as engineering and project management services for precision measurement, control, monitoring and asset optimization of oil and gas reservoirs and power generating plants, or plants that process or treat such items as oil, natural gas and petrochemicals; food and beverages; pulp and paper; pharmaceuticals; and municipal water supplies. This array of products and services helps customers optimize their plant capabilities in the areas of plant safety and reliability, product quality and output. In 2011, sales by geographic destination for this segment were United States and Canada 38 percent, Asia 24 percent, Europe 22 percent, Latin America 7 percent, and Middle East/Africa 9 percent.

Process Management Systems and Software

Process Management systems and software control plant processes by collecting and analyzing information from measurement devices in the plant, and then use that information to adjust valves, pumps, motors, drives and other control hardware for maximum product quality and process efficiency. Software capabilities also include upstream oil and gas reservoir simulation and modeling for production optimization. Emerson's process control systems can be extended wirelessly to support a mobile workforce with handheld tools/communicators, provide site-wide location tracking of people and assets, and enable video monitoring and communication with wireless field devices, thereby increasing the information available to operators.

Measurement and Analytical Instrumentation

Measurement instrumentation measures the physical properties of liquids or gases in a process stream, such as pressure, temperature, level, or rate and amount of flow, and communicates this information to a control system. Measurement technologies provided by Emerson include Coriolis direct mass flow, magnetic flow, vortex flow, ultrasonic flow, differential pressure, ultralow-flow fluid measurement, temperature sensors and radar-based tank gauging. Emerson measurement products are also often used in custody transfer applications, such as the transfer of gasoline from a storage tank to a tanker truck, where precise metering of the amount of fluid transferred helps ensure accurate asset management. Complementary products include onshore and subsea multi-phase meters, wetgas meters, downhole gauges and corrosion/erosion instruments.

Analytical instrumentation analyzes the chemical composition of process fluids and emissions to enhance quality and efficiency, as well as environmental compliance. Emerson's analytical technologies include process gas chromatographs, in-situ oxygen analyzers, infrared gas and process fluid analyzers, combustion analyzers and systems, and analyzers that measure pH, conductivity and water quality.

The Company also provides these same technologies with wireless communication capability, allowing customers to monitor processes or equipment that were previously not measurable (remote, moving/rotating) or not economical to measure due to the cost and difficulty of running wires in industrial process plants.

Valves, Actuators and Regulators

Control valves respond to commands from a control system to continuously and precisely modulate the flow of process fluids to provide maximum process efficiency and product quality. Emerson provides sliding stem valves, rotary valves, butterfly valves and related valve actuators and controllers. Emerson also provides a line of industrial and residential regulators, whose function is to reduce the pressure of fluids such as liquid natural gas and liquid petroleum gas for transfer from high-pressure supply lines to lower pressure systems.

PlantWeb® Digital Plant Architecture

PlantWeb digital plant architecture combines the technologies described above with the advantages of "intelligent" plant devices (valves and measurement instruments that have advanced diagnostic capabilities), open communication standards (non-proprietary wired and wireless digital protocols allowing the plant devices and the control system to "talk" with one another) and integrated modular software, not only to better control the process but also to collect and analyze valuable information about plant assets and processes. This capability gives customers the ability to detect or predict changes in equipment and process performance and the associated impact on plant operations. PlantWeb architecture provides the insight to improve plant availability and safety, and also furnishes a platform to continually improve asset management and standards compliance, and to reduce startup, operations and maintenance costs.

Industry Services and Solutions

Process Management's array of process automation and asset optimization services can improve automation project implementation time and costs, increase process availability and productivity, and reduce total cost of ownership. Global industry centers offer engineering and project management services to help customers extract maximum performance and reliability from their process equipment and automation assets. These centers serve industries such as oil and gas, pulp and paper, chemical, power, food and beverage, and life sciences. They also assist customers in diagnosing equipment problems and plant inefficiencies.

Distribution

The principal worldwide distribution channel for the Process Management segment is a direct sales force, although a network of independent sales representatives, and to a lesser extent, independent distributors purchasing these products for resale are also utilized. Approximately half of sales in the United States are made through a direct sales force with the remainder primarily through independent sales representatives. In Europe and Asia, sales are primarily made through a direct sales force with the remainder split evenly between independent sales representatives and distributors.

Brands

Service/trademarks and trade names within the Process Management segment include Emerson Process Management, AMS Suite, Baumann, Bettis, Bristol, CSI, Damcos, Daniel, DeltaV, EIM, El-O-Matic, Enable, Epro, Fisher, Go Switch, Guardian, Micro Motion, Net Safety, Ovation, PlantWeb, RMS, ROC, Rosemount, Roxar, Smart Process, SureService, Tescom, TopWorx and Valvetop.

INDUSTRIAL AUTOMATION

The Industrial Automation segment provides integrated manufacturing solutions to our customers at the source of manufacturing their own products. Products include motors, power generating alternators, power transmission solutions, fluid controls and materials joining equipment. Through these offerings, the Company brings technology and enhanced quality to the customer's final product. In 2011, sales by geographic destination for this segment were United States and Canada 39 percent, Asia 16 percent, Europe 38 percent, Latin America 3 percent, and Middle East/Africa 4 percent.

Motors and Drives

Industrial Automation provides a broad line of drives and electric motors that are used in a wide variety of manufacturing operations and products, including production assembly lines, escalators in shopping malls and supermarket checkout stations. Products in this category include alternating current (AC) and direct current (DC) electrical variable speed drives, servo motors, pump motors, drive control systems, integral horsepower motors (1 HP and above), fractional horsepower motors (less than 1 HP), hermetic motors and gear drives.

Power Generation

Power generation includes low, medium and high voltage alternators for use in diesel and gas powered generator sets, as well as high frequency alternators, AC motor/generator sets, traction generators, wind power generators, wind turbine pitch control systems and solar photovoltaic converters.

Power Transmission

Power transmission products include belt and chain drives, helical and worm gearing, gear motors, motor sheaves, pulleys, mounted and unmounted bearings, couplings, chains and sprockets. They are used to transmit power mechanically in a wide range of manufacturing and material handling operations and products. Our design and application experience enable us to provide both standard and customized automation and power transmission solutions to our customers.

Fluid Power and Fluid Control

Products in this category control and power the flow of fluids (liquids and gases) in manufacturing operations such as automobile assembly, food processing, textile manufacturing and petrochemical processing. They include solenoid and pneumatic valves, valve position indicators, pneumatic cylinders, air preparation equipment, and pressure, vacuum and temperature switches.

Materials Joining and Precision Cleaning

The Company supplies both plastics joining technologies and equipment, and metal welding and joining processes to a diversified manufacturing customer base, including automotive, medical devices and toys. The Company also provides precision cleaning and liquid processing solutions to industrial and commercial manufacturers. Products include ultrasonic joining and cleaning equipment; linear and orbital vibration welding equipment; systems for hot plate welding, spin and laser welding equipment; and aqueous, semi-aqueous and vapor cleaning systems.

Electrical Distribution

Emerson's majority-owned EGS Electrical Group joint venture with SPX Corporation manufactures a broad line of components for current- and noncurrent-carrying electrical distribution devices. These products include conduit and cable fittings, plugs and receptacles, industrial lighting, and enclosures and controls. Products in this category are used in hazardous, industrial, commercial and construction environments, such as oil and gas drilling and production sites, pulp and paper mills and petrochemical plants.

Distribution

On a worldwide basis, the primary distribution channel for the Industrial Automation segment is through direct sales forces, including to original equipment manufacturers. Independent distributors constitute the next significant sales channel, mostly to reach end users. To a lesser extent, independent sales representatives are utilized, particularly for electrical distribution products in the United States.

Brands

Service/trademarks and trade names within the Industrial Automation segment include Emerson Industrial Automation, Appleton, ASCO, ASCO Joucomatic, ASCO Numatics, Branson Ultrasonics, Browning, Control Techniques, Emerson Power Transmission, Kato Engineering, Kop-Flex, Leroy Somer, McGill, Morse, O-Z/Gedney, SSB Wind Systems, System Plast and Trident.

NETWORK POWER

The Network Power segment designs, manufactures, installs and maintains products providing "grid to chip" electric power conditioning, power reliability and environmental control for telecommunications networks, data centers and other critical applications, and also provides comprehensive data center infrastructure management solutions. Products in this segment include uninterruptible power systems, embedded power supplies, embedded computing systems, precision cooling, inbound power systems, integrated data center monitoring, and control devices and software, plus 24-hour service. In 2011, sales by geographic destination for this segment were United States and Canada 39 percent, Asia 33 percent, Europe 19 percent, Latin America 6 percent, and Middle East/Africa 3 percent.

Power Systems

Emerson supplies uninterruptible AC and DC power systems, which provide reliable, conditioned power to telecommunication networks, data centers and other critical equipment in the event of a blackout or line surges and spikes. Power Systems' products range from stand-alone units to complete systems incorporating rectifiers, distribution units, surge protection, batteries and system supervision.

Embedded Computing and Power

Embedded computing designs and develops embedded computer systems for original equipment manufacturers and systems integrators serving telecommunications, defense, aerospace, medical and industrial automation end markets. Products range from communication platforms, blades and modules to enabling software and professional services.

Embedded power supplies are installed by original equipment manufacturers to convert or condition power for microprocessors and peripherals in a wide range of telecommunication, health care, computer and industrial applications using standard or custom AC/DC or DC/DC designs. They are also used in consumer products for chargers and power adaptors.

Precision Cooling

Precision cooling products provide temperature and humidity control for computers, telecommunications and other sensitive equipment. These products range from 14,000 to 4 million BTUs in capacity and are available in up-flow, down-flow and overhead configurations.

Inbound Power Systems

Inbound power technology provides reliable power systems which automatically transfer critical application loads from a utility to emergency backup generators in the event of a blackout or brownout. Products include automatic transfer switches, paralleling and synchronizing gear and related distribution equipment and control systems.

Data Center Infrastructure Management

The Company provides comprehensive data center management solutions through server access technologies that enable access, monitoring and control of the information technology infrastructure and provide linkage with data center operations.

Connectivity Solutions

Connectivity products serve the needs of the wireless communications, telephone and data network, CATV, defense, security systems and health care industries and other industrial customers globally with a broad range of radio frequency, microwave and fiber optic interconnect components and assemblies.

Service and Site Operations

Network Power staffs Energy Operation Centers in more than 30 countries, and deploys field service personnel worldwide to assist customers in managing their network support systems. Services include on-site operations management, energy consumption monitoring, preventive maintenance, electrical testing, remote monitoring and management, and 24-hour service capability.

Distribution

Network Power segment sales are primarily through worldwide direct sales forces, particularly in Europe and Asia. The remainder of sales is handled by independent sales representatives, particularly in the United States, and independent distributors.

Brands

Service/trademarks and trade names within the Network Power segment include Emerson Network Power, Aperture, Artesyn, ASCO Power Technologies, Astec, Avocent, Chloride, Knürr, Liebert, Liebert Services, NetXtend, Netsure, Semflex, Stratos and Trompeter.

CLIMATE TECHNOLOGIES

The Climate Technologies segment provides products and services for all areas of the climate control industry, including residential heating and cooling, commercial air conditioning, and commercial and industrial refrigeration. Our technology enables homeowners and businesses to better manage their heating, air conditioning and refrigeration systems for improved control and lower energy costs. This segment also provides services that digitally control and remotely monitor refrigeration units in grocery stores and other food distribution outlets to enhance freshness and food safety. In 2011, sales by geographic destination for this segment were United States and Canada 54 percent, Asia 23 percent, Europe 13 percent, Latin America 6 percent, and Middle East/Africa 4 percent.

Residential and Commercial Heating and Air Conditioning

The Company provides a full range of heating and air conditioning products that help reduce operational and energy costs and create comfortable environments in all types of buildings. These products include reciprocating and scroll air conditioning compressors, including ultra-efficient residential scroll compressors with two stages of cooling capacity as well as variable speed scroll compressors; standard and programmable thermostats; monitoring equipment and electronic controls for gas and electric heating systems; gas valves for furnaces and water heaters; ignition systems for furnaces; sensors and thermistors for home appliances; and temperature sensors and controls.

Commercial and Industrial Refrigeration

Our technology is incorporated into equipment to refrigerate food and beverages in supermarkets, convenience stores, food service operations and refrigerated trucks and transport containers. Climate Technologies refrigeration products are also used in a wide variety of industrial applications, including medical applications, food processing and cold storage. These products include reciprocating, scroll and screw compressors; precision flow controls; system diagnostics and controls that provide precise temperature management; and environmental control systems.

Services and Solutions

Services and solutions enable global customers to optimize the performance of facilities including large-scale retailers, supermarkets, convenience stores and food services facilities. By providing expertise in air conditioning, refrigeration and lighting control, Climate Technologies performs as a complete facility manager for its customers. The Company's expertise allows customers to reduce energy and maintenance costs, thereby improving overall facility uptime. In addition to industry-leading controls, products include facility design and project management, commissioning services, facility monitoring services, and energy modeling and consultancy.

Distribution

Climate Technologies segment sales, primarily to original equipment manufacturers and end users, are made predominately through worldwide direct sales force networks. The remaining sales are primarily through independent distributor networks throughout the world.

Brands

Service/trademarks and trade names within the Climate Technologies segment include Emerson Climate Technologies, Clive Samuels & Associates, Computer Process Controls, Copeland, Design Services Network, Dixell, Emerson Climate Technologies Distribution Services, Emerson Climate Technologies Educational Services, Emerson Retail Services, Fusite, Therm-O-Disc, Vilter and White-Rodgers.

TOOLS AND STORAGE

Emerson's Tools and Storage segment includes a broad range of tools, storage products and appliance solutions. In 2011, sales by geographic destination for this segment were United States and Canada 84 percent, Asia 4 percent, Europe 7 percent, Latin America 3 percent, and Middle East/Africa 2 percent.

Professional and Do-It-Yourself Tools

Our pipe-working tools are used by plumbing and mechanical professionals to install and repair piping systems. These tools include pipe wrenches, pipe cutters, pipe threading and roll grooving equipment; a time-saving system that joins tubing through mechanical crimping; drain cleaners; diagnostic systems including closed-circuit television pipe inspection and locating equipment; and tubing tools. Other professional tools include water jetters, wet-dry vacuums, commercial vacuums, rolling storage boxes, truck work boxes, bolt cutters, and van and truck ladder racks. Do-it-yourself tools, available at home improvement retail outlets, include drain cleaning equipment, pipe and tube working tools, and wet-dry vacuums.

Storage Solutions

Emerson provides a wide variety of freestanding, fixed and mobile storage products for residential, commercial, health care and food service applications. Our products for the home include wall-mounted and freestanding shelving systems, cabinet and closet organizers, home office storage, and drawer systems and containers, available in wire, stainless steel and laminate. Our storage solutions also help commercial customers utilize space in the most efficient manner. These solutions include storage and display shelving, stock-picking and kitting carts, cabinets, totes, bins, workstations, and merchandising and inventory storage racks. Products provided to the health care industry assist in medical response and treatment; they include emergency and operating room carts, medication carts, polymer and wire shelving systems, and sterile worktables. Our food service equipment helps meet the storage needs of the food service and hospitality industries, such as restaurants and hotels. This equipment includes polymer and wire storage systems, busing carts, pan and tray racks, transport carts and workstations.

Appliances and Components

Emerson provides a number of appliance solutions, including residential and commercial food waste disposers, ceiling fans, instant hot water dispensers and compact electric water heaters.

Distribution

The principal worldwide distribution channels for the Tools and Storage segment are distributors and direct sales forces. Professional tools are sold almost exclusively worldwide through distributors. Independent sales representatives are utilized to a lesser extent, particularly for storage solutions. Appliance solutions are sold through direct sales force networks and distributors.

Brands

Service/trademarks and trade names within the Tools and Storage segment include Emerson, Emerson Appliance Solutions, Emerson Professional Tools, Emerson Storage Solutions, ClosetMaid, Flo Healthcare, InSinkErator, Knaack, Lionville, MedDispense, METRO, ProTeam, RIDGID and Weather Guard.

PRODUCTION

Emerson utilizes various production operations and methods. The principal production operations are electronics assembly, metal stamping, forming, casting, machining, welding, plating, heat treating, painting and assembly. In addition, Emerson uses specialized production operations, including automatic and semiautomatic testing, automated material handling and storage, ferrous and nonferrous machining, and special furnaces for heat treating and foundry applications. Management believes the equipment, machinery and tooling used in these processes are of modern design and well maintained.

RAW MATERIALS

Emerson's major requirements for basic raw materials include steel, copper, cast iron, electronics, rare earth metals, aluminum, brass, and to a lesser extent, plastics and other petroleum-based chemicals. Emerson seeks to secure multiple sources of supply for each of its major requirements in order to avoid significant dependence on any one or a few suppliers. However, the supply of materials or other items could be disrupted by natural disasters or other events. Despite market price volatility for certain requirements and materials pricing pressures at some of our businesses, the raw materials and various purchased components needed for the Company's products have generally been available in sufficient quantities.

PATENTS, TRADEMARKS AND LICENSES

The Company maintains an intellectual property portfolio it has developed or acquired over a number of years, including patents, trademarks and licenses. The Company also continues to develop or acquire new intellectual property on an ongoing basis. New patent applications are continuously filed to protect the Company's ongoing research and development activities. The Company's trademark registrations may be renewed and their duration is dependent upon national laws and trademark use. While this proprietary intellectual property portfolio is important to the Company in the aggregate, management does not regard any of its segments as being dependent on any single patent, trademark registration or license.

BACKLOG

The Company's estimated consolidated order backlog was \$6,030 million and \$5,616 million at September 30, 2011 and 2010, respectively. The vast majority of the September 30, 2011 consolidated backlog amount is expected to be shipped within one year. The estimated backlog by business segment at September 30, 2011 and 2010 follows (dollars in millions):

	2010	2011
Process Management	\$ 2,868	3,313
Industrial Automation	619	629
Network Power	1,641	1,650
Climate Technologies	395	343
Tools and Storage	93	95
Total Backlog	<u>\$ 5,616</u>	<u>6,030</u>

COMPETITION

Emerson's businesses operate in markets that are highly competitive. The Company competes based on product performance, quality, service and/or price across the industries and markets served. A significant element of the Company's competitive strategy is to deliver solutions to our customers by manufacturing high quality products at the best relevant global cost. Although no single company competes directly with Emerson in all of the Company's product lines, various companies compete in one or more product lines and the number of competitors varies by product line. Some competitors have substantially greater sales,

assets and financial resources than Emerson and the Company also competes with many smaller companies. Management believes Emerson has a market leadership position in many of its product lines.

RESEARCH AND DEVELOPMENT

Costs associated with Company-sponsored research and development activities were \$555 million, \$473 million and \$460 million in 2011, 2010 and 2009, respectively.

ENVIRONMENT

The Company's manufacturing locations generate waste, the treatment, storage, transportation and disposal of which are subject to federal, state, foreign and/or local laws and regulations relating to protection of the environment. Compliance with laws regulating the discharge of materials into the environment or otherwise relating to protection of the environment has not had a material effect upon Emerson's capital expenditures, earnings or competitive position. The Company does not anticipate having material capital expenditures for environmental control facilities during the next fiscal year.

EMPLOYEES

Emerson and its subsidiaries had an average of approximately 133,200 employees during 2011. Management believes that the Company's employee relations are favorable. Some of the Company's employees are represented under collective bargaining agreements, but none of these agreements is considered significant. See Note 5 of Notes to Consolidated Financial Statements of the 2011 Annual Report, which note is hereby incorporated by reference, for further information.

DOMESTIC AND FOREIGN OPERATIONS

International sales were \$14,322 million in 2011, \$11,938 million in 2010 and \$11,416 million in 2009, including U.S. exports of \$1,520 million, \$1,317 million and \$1,211 million in 2011, 2010 and 2009, respectively. Although there are additional risks attendant to foreign operations, such as possible nationalization of facilities, currency fluctuations and restrictions on the movement of funds, Emerson's financial position has not been materially affected thereby to date. See Note 16 of Notes to Consolidated Financial Statements of the 2011 Annual Report, which note is hereby incorporated by reference, for further information with respect to foreign operations.

INTERNET ACCESS

Emerson's Forms 10-K, 10-Q, 8-K and all amendments to those reports are available without charge through the Company's website on the Internet as soon as reasonably practicable after they are electronically filed with, or furnished to, the U.S. Securities and Exchange Commission (SEC). They may be accessed as follows: www.Emerson.com, Investor Relations, SEC Filings. Information on Emerson's website does not constitute part of this Form 10-K.

The information set forth under, "Item 1A. Risk Factors" is hereby incorporated by reference.

Item 1A. Risk Factors

Investing in our securities involves risks. We may amend or supplement the risk factors described below from time to time by other reports we file with the SEC in the future.

We Operate in Businesses That Are Subject to Competitive Pressures That Could Affect Prices or Demand for Our Products

Our businesses operate in markets that are highly competitive, and we compete on the basis of product performance, quality, service and/or price across the industries and markets served. A significant element of our competitive strategy is to deliver solutions to our customers by manufacturing high quality products at the best relevant global cost. Various companies compete with us in one or more product lines and the number of competitors varies by product line. Some of our competitors have substantially greater sales, assets and financial resources than our Company and we also compete with many smaller companies. Competitive pressures could adversely affect prices or customer demand for our products, impacting our sales or profit margins, and/or resulting in a loss of market share.

Our Operating Results Depend in Part on Continued Successful Research, Development and Marketing of New and/or Improved Products and Services, and There Can Be No Assurance That We Will Continue to Successfully Introduce New Products and Services

The success of new and improved products and services depends on their initial and continued acceptance by our customers. Our businesses are affected by varying degrees of technological change and corresponding shifts in customer demand, which result in unpredictable product transitions, shortened life cycles and increased importance of being first to market with new products and services. We may experience difficulties or delays in the research, development, production and/or marketing of new products and services which may negatively impact our operating results and prevent us from recouping or realizing a return on the investments required to continue to bring new products and services to market.

We Engage in Acquisitions, and May Encounter Difficulties in Integrating These Businesses and Therefore We May Not Realize the Anticipated Benefits of the Acquisitions

We are a company that, from time to time, seeks to grow through strategic acquisitions. In 2011 and in past years, we have made various acquisitions and entered into joint venture arrangements intended to complement or expand our business, and may continue to do so in the future (see Note 3 of Notes to Consolidated Financial Statements of the 2011 Annual Report, which note is hereby incorporated by reference). The success of these transactions will depend on our ability to integrate assets and personnel acquired in these transactions and to cooperate with our strategic partners. We may encounter difficulties in integrating acquisitions with our operations, and in managing strategic investments. Furthermore, we may not realize the degree, or timing, of benefits we anticipate when we first enter into a transaction. Any of the foregoing could adversely affect our business and results of operations.

Access to Funding Through the Capital Markets Is Essential to the Execution of Our Business Plan and if We Are Unable to Maintain Such Access We Could Experience a Material Adverse Effect on Our Business and Financial Results

Our ability to invest in our businesses, make strategic acquisitions and refinance maturing debt obligations requires access to the capital markets and sufficient bank credit lines to support short-term borrowings. Volatility in the capital markets may increase costs associated with issuing commercial paper or other debt instruments, or affect the Company's ability to access those markets. If we are unable to continue to access the capital markets, we could experience a material adverse effect on our business and financial results. If our customers, suppliers and financial institutions are unable to access the capital markets to meet their commitments to the Company, our business could be adversely impacted.

We Use a Variety of Raw Materials and Components in Our Businesses, and Significant Shortages or Price Increases Could Increase Our Operating Costs and Adversely Impact the Competitive Positions of Our Products

Our major requirements for raw materials include steel, copper, cast iron, electronics, rare earth metals, aluminum, brass and, to a lesser extent, plastics and other petroleum-based chemicals. Emerson seeks multiple sources of supply for each of its major requirements in order to avoid significant dependence on any one or a few suppliers. However, the supply of materials or other items could be disrupted by natural disasters or other events. Significant shortages or price increases could impact the prices our affected businesses charge, their operating costs and the competitive position of their products and services, which could adversely affect our results of operations. While we monitor market prices of the commodities we require and attempt to reduce price exposure through hedging activities, this risk could adversely affect our operating results.

Our Operations Depend on Production Facilities Throughout the World, a Majority of Which Are Located Outside the United States and Subject to Increased Risks of Disrupted Production Causing Delays in Shipments and Loss of Customers and Revenue

We manage businesses with manufacturing facilities worldwide, a majority of which are located outside the United States, and also source certain materials internationally. Emerging market sales now represent over one-third of total sales and serving a global customer base requires that we place more materials sourcing and production in emerging markets to capitalize on market opportunities and maintain our best-cost position. Our and our suppliers' international production facilities and operations could be disrupted by a natural disaster, labor strife, war, political unrest, terrorist activity or public health concerns, particularly in emerging countries that are not well-equipped to handle such occurrences.

Our manufacturing facilities abroad also may be more susceptible to changes in laws and policies in host countries and economic and political upheaval than our domestic facilities. Any such disruption could cause delays in shipments of products and the loss of sales and customers, and insurance proceeds may not adequately compensate us.

Our Substantial Sales Abroad Subject Us to Economic Risk as Our Results of Operations May Be Adversely Affected by Foreign Currency Fluctuations and Changes in Local Government Regulations and Policies

We sell, manufacture, engineer and purchase products in overseas markets. A significant portion of our sales is outside the United States, and we expect sales from non-U.S. markets to continue to represent a significant portion of our total sales. International sales and operations are subject to changes in local government regulations and policies, including those related to tariffs and trade barriers, investments, taxation, exchange controls, and repatriation of earnings, which could adversely affect our results. Changes in the relative values of currencies occur from time to time and have affected our operating results and could do so in the future. While we monitor our exchange rate exposures and attempt to reduce this exposure through hedging activities, this risk could adversely affect our operating results.

Recessions, Adverse Market Conditions or Downturns in the End Markets We Serve May Negatively Impact Segment Revenues and Operating Results

Segment revenues, operating results and cash flows have varied in the past and may be exposed to significant volatility from quarter to quarter in the future due to changes in general economic conditions, recessions or adverse conditions in the end markets we serve. These changes could adversely impact overall sales, operating results and cash flows, which in turn could trigger impairment of goodwill or other long-lived assets due to the fair value of such assets falling below the Company's carrying value. Moreover, during economic downturns we may undertake more extensive rationalization actions and therefore incur higher rationalization expense during such periods. If our rationalization actions are not sufficiently effective or if we must incur rationalization costs beyond what we anticipate, we may not be able to achieve our anticipated operating results.

We Are Subject to Litigation and Environmental Regulations That Could Adversely Impact Our Operating Results

We are, and may in the future be, a party to a number of legal proceedings and claims, including those involving product liability and environmental matters, several of which claim, or may in the future claim, significant damages. Given the inherent uncertainty of litigation, we can offer no assurance that existing litigation or a future adverse development will not have a material adverse impact. We also are subject to various laws and regulations relating to environmental protection and the discharge of materials into the environment, and we could incur substantial costs as a result of the noncompliance with or liability for cleanup or other costs or damages under environmental laws.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

At September 30, 2011, Emerson had approximately 235 manufacturing locations worldwide, of which approximately 155 were located outside the United States, primarily in Europe and Asia, and to a lesser extent in Canada and Latin America. The approximate numbers of manufacturing locations by business segment are: Process Management, 60; Industrial Automation, 75; Network Power, 45; Climate Technologies, 35; and Tools and Storage, 20. The majority of the locations are owned, with the remainder occupied under lease. The Company considers its facilities suitable and adequate for the purposes for which they are used.

Item 3. Legal Proceedings

The information regarding legal proceedings set forth in Note 12 of Notes to Consolidated Financial Statements of the 2011 Annual Report is hereby incorporated by reference.

Item 4. [Removed and Reserved]

Executive Officers of the Registrant

The following sets forth certain information as of November 21, 2011 with respect to Emerson's executive officers. The Fiscal Year column indicates the first year the executive served as an officer of the Company. These officers have been elected or appointed to terms which expire February 7, 2012:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Fiscal Year</u>
D. N. Farr*	Chairman of the Board and Chief Executive Officer	56	1985
C. W. Ashmore	Executive Vice President - Planning and Development	49	2001
F. J. Dellaquila	Senior Vice President and Chief Financial Officer	54	1991
W. J. Galvin	Vice Chairman	65	1984
E. L. Monser	President and Chief Operating Officer	61	2002
C. A. Peters	Senior Executive Vice President	56	1990
R. J. Schlueter	Vice President, Controller and Chief Accounting Officer	57	1992
F. L. Steeves	Executive Vice President, Secretary and General Counsel	57	2007

*Also chairman of the Executive Committee of the Board of Directors.

There are no family relationships among any of the executive officers and directors.

David N. Farr has been Chief Executive Officer since October 2000, was appointed Chairman of the Board in September 2004, and also served as President from November 2005 to October 2010. Craig W. Ashmore was appointed Executive Vice President - Planning and Development in October 2009. Prior to his current position, Mr. Ashmore was Senior Vice President - Planning and Development from October 2004 to September 2009 and Group Vice President from 2003 to 2004. Frank J. Dellaquila was appointed Chief Financial Officer in February 2010. Prior to his current position, Mr. Dellaquila was Senior Vice President - Finance and Controller from August 2009 to February 2010 and Senior Vice President - Acquisitions and Development from 2004 to 2009. Walter J. Galvin was appointed Vice Chairman in October 2009. Prior to his current position, Mr. Galvin was Chief Financial Officer from 1993 to February 2010, Senior Executive Vice President from October 2004 to September 2009 and Executive Vice President from February 2000 to October 2004. Edward L. Monser was appointed President in October 2010 and has been Chief Operating Officer since November 2001. Charles A. Peters has been Senior Executive Vice President since October 2000. Richard J. Schlueter was appointed Controller in October 2011. He has been Vice President Accounting since 1999 and was also appointed Chief Accounting Officer in February 2003. Frank L. Steeves was appointed Executive Vice President in October 2011. He was appointed Senior Vice President, Secretary and General Counsel in March 2007, prior to which he was Vice Chairman of the Milwaukee-based law firm of von Briesen & Roper, S.C., which has provided legal services to the Company since 2001. Mr. Steeves joined von Briesen and Roper as a partner in 2001, and became Vice Chairman of the firm in 2004.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Information regarding the market for the Company's common stock, quarterly market price ranges and dividend payments is set forth in Note 18 of Notes to Consolidated Financial Statements of the 2011 Annual Report, which note is hereby incorporated by reference. There were approximately 23,765 stockholders of record at September 30, 2011.

Period	Total Number of Shares Purchased (000s)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (000s)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (000s)
July 2011	2,225	\$ 54.98	2,225	37,855
August 2011	3,625	\$ 45.21	3,625	34,230
September 2011	3,575	\$ 44.09	3,575	30,655
Total	<u>9,425</u>	<u>\$ 47.09</u>	<u>9,425</u>	<u>30,655</u>

The Company's Board of Directors authorized the repurchase of up to 80 million shares under the May 2008 program.

Item 6. Selected Financial Data

Years ended September 30
(dollars in millions, except per share amounts)

	2007	2008	2009	2010	2011
Net sales	\$ 21,013	23,751	20,102	21,039	24,222
Earnings from continuing operations – common stockholders	\$ 2,087	2,446	1,715	1,978	2,454
Basic earnings per common share from continuing operations	\$ 2.63	3.13	2.27	2.62	3.26
Diluted earnings per common share from continuing operations	\$ 2.60	3.10	2.26	2.60	3.24
Cash dividends per common share	\$ 1.05	1.20	1.32	1.34	1.38
Long-term debt	\$ 3,372	3,297	3,998	4,586	4,324
Total assets	\$ 19,680	21,040	19,763	22,843	23,861

The following businesses are classified as discontinued operations: heating elements for 2011 only, appliance motors and U.S. commercial and industrial motors for 2007 through 2010, LANDesk for 2010 only, European appliance motors and pumps for 2007 and 2008, and Brooks Instrument flow meters and flow controls for 2008 only. See Note 3 of Notes to Consolidated Financial Statements of the 2011 Annual Report, which note is hereby incorporated by reference, for information regarding the Company's acquisition and divestiture activities.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Information appearing under "Results of Operations," "Business Segments," "Financial Position, Capital Resources and Liquidity," "Critical Accounting Policies," and the "Safe Harbor Statement" in the 2011 Annual Report are hereby incorporated by reference.

Fiscal 2012 Outlook

The Company achieved strong sales and earnings results in 2011 and is well positioned moving into 2012, despite a weakening trend in business conditions. Underlying sales for fiscal year 2012 are expected to increase in the range of 5 percent to 7 percent, which excludes an estimated 1 percent unfavorable impact from foreign currency translation. Net sales for the year are forecast to be in the range of positive 4 percent to 6 percent compared with 2011 sales of \$24.2 billion. The Company also expects operating profit margin of approximately 18 percent (excluding approximately 2.5 percent for other deductions, net and interest) and pretax margin of approximately 15.5 percent. Earnings per share growth is expected in the range of 8 percent to 12 percent.

Process Management sources electrical and electronic components for some products from areas in Thailand that have suffered significant flood damage. The Company is implementing contingency plans and working with suppliers and customers to minimize the impact of supply disruptions. These disruptions will have a near-term impact, but do not affect the fiscal year 2012 guidance announced previously and repeated above.

Non-GAAP Financial Measures

To supplement Emerson's financial information presented in accordance with U.S. generally accepted accounting principles (U.S. GAAP), management uses certain "non-GAAP financial measures," as such term is defined in Regulation G under the rules of the SEC, to clarify and enhance understanding of past performance and prospects for the future. Generally, a non-GAAP financial measure is a numerical measure of a company's operating performance, financial position or cash flows that excludes or includes amounts that are included in or excluded from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. For example, non-GAAP measures may exclude the impact of certain items such as acquisitions, divestitures, gains and losses, or items outside of management's control, such as foreign currency exchange rate fluctuations. Management believes that the following non-GAAP financial measures provide investors and analysts useful insight into Emerson's financial position and operating performance. Any non-GAAP measure provided should be viewed in addition to, and not as an alternative to, the most directly comparable measure determined in accordance with U.S. GAAP, as identified in italics below. Further, the calculation of these non-GAAP financial measures may differ from the calculation of similarly titled financial measures presented by other companies and therefore may not be comparable among companies.

Underlying sales, which exclude the impact of acquisitions and divestitures during the periods presented and fluctuations in foreign currency exchange rates, are provided to facilitate relevant period-to-period comparisons of sales growth by excluding those items that impact overall comparability (U.S. GAAP measure: *net sales*).

Operating profit (defined as net sales less cost of sales and selling, general and administrative expenses) and operating profit margin (defined as operating profit divided by net sales) are indicative of short-term operational performance and ongoing profitability. Management closely monitors operating profit and operating profit margin of each business to evaluate past performance and actions required to improve profitability (U.S. GAAP measures: *pretax earnings or pretax profit margin*).

Earnings, earnings per share, return on common stockholders' equity and return on total capital excluding certain gains and losses provide additional insight into the underlying, ongoing operating performance of the Company and facilitate period-to-period comparisons by excluding the earnings impact of these items. Given the nature of these items, management believes that presenting earnings, earnings per share, return on equity and return on total capital excluding them is more representative of the Company's operational performance and may be more useful for investors (U.S. GAAP measures: *earnings, earnings per share, return on common stockholders' equity, return on total capital*).

Free cash flow (operating cash flow less capital expenditures) is an indicator of the Company's cash generating capabilities after considering investments in capital assets which are necessary to maintain and enhance existing operations. The determination of operating cash flow adds back non-cash depreciation expense to earnings and thereby does not reflect a charge for necessary capital expenditures. Management believes that free cash flow is useful to both management and investors as a measure of the Company's ability to generate cash (U.S. GAAP measure: *operating cash flow*).

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information appearing under "Financial Instruments" in the 2011 Annual Report is hereby incorporated by reference.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements and notes thereto of the Company and its subsidiaries and the report thereon of KPMG LLP in the 2011 Annual Report are hereby incorporated by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Emerson maintains a system of disclosure controls and procedures which is designed to ensure that information required to be disclosed by the Company in the reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to management, including the Company's certifying officers, as appropriate to allow timely decisions regarding required disclosure. Based on an evaluation performed, the Company's certifying officers have concluded that the disclosure controls and procedures were effective as of September 30, 2011 to provide reasonable assurance of achieving these objectives.

Notwithstanding the foregoing, there can be no assurance that the Company's disclosure controls and procedures will detect or uncover all failures of persons within the Company and its consolidated subsidiaries to report material information otherwise required to be set forth in the Company's reports. There was no change in the Company's internal control over financial reporting during the quarter ended September 30, 2011, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. Management's report on internal control over financial reporting, and the related report of the Company's auditor, KPMG LLP, an independent registered public accounting firm, appearing in the 2011 Annual Report are hereby incorporated by reference.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding nominees and directors appearing under "Nominees and Continuing Directors" in the Emerson Electric Co. Notice of Annual Meeting of Stockholders and Proxy Statement for the February 2012 annual stockholders' meeting (the "2012 Proxy Statement") is hereby incorporated by reference. Information regarding executive officers is set forth in Part I of this report. Information appearing under "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2012 Proxy Statement is hereby incorporated by reference. Information regarding the Audit Committee and Audit Committee Financial Expert appearing under "Board of Directors and Committees" in the 2012 Proxy Statement is hereby incorporated by reference.

Emerson has adopted a Code of Ethics that applies to the Company's chief executive officer, chief financial officer and chief accounting officer; has posted such Code of Ethics on its Internet website; and intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K by posting such information on its Internet website. Emerson has adopted Charters for its Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee and a Code of Business Ethics for directors, officers and employees, which are available on its Internet website and are available in print to any shareholder who requests them. Emerson has also adopted Corporate Governance Principles and Practices, which are available on its Internet website and are available in print to any shareholder who requests them. The Company's Internet website may be accessed as follows: www.Emerson.com, Investor Relations, Corporate Governance.

Item 11. Executive Compensation

Information appearing under "Board of Directors and Committees—Compensation Committee," "Board of Directors and Committees—Corporate Governance and Nominating Committee," "Director Compensation," "Executive Compensation" (including, but not limited to, the information set forth under "Compensation Discussion and Analysis," "Compensation Committee Report" and "Summary Compensation Table") and "Compensation Committee Interlocks and Insider Participation" in the 2012 Proxy Statement is hereby incorporated by reference.

The information contained in "Compensation Committee Report" shall not be deemed to be filed with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), except to the extent that Emerson specifically incorporates such information into future filings under the Securities Act of 1933 or the Exchange Act.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information regarding beneficial ownership of shares by nominees and continuing directors, named executive officers and by all directors and executive officers as a group appearing under "Stock Ownership of Directors, Executive Officers and 5% Beneficial Owners" in the 2012 Proxy Statement is hereby incorporated by reference.

The following table sets forth aggregate information regarding the Company's equity compensation plans as of September 30, 2011:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights(2)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders(1)	21,349,815	\$ 43.16	33,534,274
Equity compensation plans not approved by security holders	-	-	-
Total	21,349,815	\$ 43.16	33,534,274

- (1) Includes the Company's previously approved Stock Option and Incentive Shares Plans. Included in column (a) are 5,367,146 shares reserved for performance share awards (awarded primarily in 2010), which will be distributed primarily in shares of common stock and partially in cash contingent upon the Company achieving the financial performance objective through 2013 and continued service by the employee. Also included in column (a) are 21,305 shares which have been earned under prior performance share programs but for which participants elected to defer payment. As provided by the Company's Incentive Shares Plans, performance share awards represent a commitment to issue such shares without cash payment by the employee, contingent upon achievement of the objective and continued service by the employee. The price in column (b) represents the weighted-average exercise price for outstanding options. Included in column (c) are 9,974,500 shares remaining available for award under the previously approved 2006 Incentive Shares Plan and 318,552 shares remaining available under the previously approved Restricted Stock Plan for Non-Management Directors.
- (2) Does not include 115,956 shares to be issued upon vesting of Avocent restricted stock units which were assumed and converted to Emerson restricted stock units in connection with the acquisition of Avocent Corporation in early fiscal 2010. These restricted stock units will be converted to Emerson shares without cash payment, contingent upon continued service through the end of the applicable vesting period.

Information regarding stock option plans and incentive shares plans set forth in Note 14 of Notes to Consolidated Financial Statements of the 2011 Annual Report is hereby incorporated by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information appearing under "Director Independence" in the 2012 Proxy Statement is hereby incorporated by reference.

Item 14. Principal Accountant Fees and Services

Information appearing under "Fees Paid to KPMG LLP" in the 2012 Proxy Statement is hereby incorporated by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

A) Documents filed as a part of this report:

1. The consolidated financial statements and notes of the Company and its subsidiaries and the report thereon of KPMG LLP in the 2011 Annual Report.
2. Financial Statement Schedules

All schedules are omitted because they are not required, not applicable or the required information is provided in the financial statements or notes thereto contained in the 2011 Annual Report.

3. Exhibits (Listed by numbers corresponding to the Exhibit Table of Item 601 in Regulation S-K).
 - 3(a) Restated Articles of Incorporation of Emerson Electric Co., incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 2001, File No. 1-278, Exhibit 3(a); Termination of Designated Shares of Stock and Certificate of Designation, Preferences and Rights of Series B Junior Participating Preferred Stock, incorporated by reference to Emerson Electric Co. 1998 Form 10-K, File No. 1-278, Exhibit 3(a).
 - 3(b) Bylaws of Emerson Electric Co., as amended through November 1, 2011, incorporated by reference to Emerson Electric Co. Form 8-K dated November 2, 2011, Exhibit 3.1.
 - 4(a) Indenture dated as of April 17, 1991, between Emerson Electric Co. and The Boatmen's National Bank of St. Louis, Trustee, incorporated by reference to Emerson Electric Co. Registration Statement on Form S-3, File No. 33-62545, Exhibit 4.1.
 - 4(b) Indenture dated as of December 10, 1998, between Emerson Electric Co. and The Bank of New York, Trustee, incorporated by reference to Emerson Electric Co. 1998 Form 10-K, File No. 1-278, Exhibit 4(b).

No other long-term debt instruments are filed since the total amount of securities authorized under any such instrument does not exceed 10 percent of the total assets of Emerson Electric Co. and its subsidiaries on a consolidated basis. Emerson Electric Co. agrees to furnish a copy of such instruments to the SEC upon request.

- 10(a)* Third Amendment to the Emerson Electric Co. 1993 Incentive Shares Plan, as restated, incorporated by reference to Emerson Electric Co. 1996 Form 10-K, File No. 1-278, Exhibit 10(g), and Fourth Amendment thereto, incorporated by reference to Emerson Electric Co. 2001 Form 10-K, File No. 1-278, Exhibit 10(d).
- 10(b)* Amended and Restated Emerson Electric Co. Continuing Compensation Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(c).
- 10(c)* Amended and Restated Deferred Compensation Plan for Non-Employee Directors and Forms of Payment Election Form, Initial Notice of Election and Notice of Election Change, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(d).

- 10(d)* First Amendment to the Emerson Electric Co. Supplemental Executive Retirement Plan, incorporated by reference to Emerson Electric Co. 1999 Form 10-K, File No. 1-278, Exhibit 10(h), and Form of Change of Control Election, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.9 (applicable only with respect to benefits vested as of December 31, 2004).
- 10(e)* Amended and Restated Emerson Electric Co. Pension Restoration Plan and Forms of Participation Award Letter, Acceptance of Award and Benefit Election Forms (applicable only with respect to benefits after January 1, 2005), incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(f).
- 10(f)* Fifth Amendment to the Supplemental Executive Savings Investment Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 1999, File No. 1-278, Exhibit 10(j), and Form of Participation Agreement and Form of Annual Election, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.8 (applicable only with respect to benefits vested as of December 31, 2004).
- 10(g)* Amended and Restated Emerson Electric Co. Savings Investment Restoration Plan and Forms of Participation Agreement, Annual Election Form and Payment Election Form (applicable only with respect to benefits after January 1, 2005), incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(h), and First Amendment to Emerson Electric Co. Savings Investment Restoration Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 2008, File No. 1-278, Exhibit 10.1.
- 10(h)* Amended and Restated Emerson Electric Co. Annual Incentive Plan and Form of Acceptance of Award, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(i).
- 10(i)* 1997 Incentive Shares Plan, incorporated by reference to Emerson Electric Co. 1997 Proxy Statement dated December 6, 1996, File No. 1-278, Exhibit A, and First Amendment thereto, incorporated by reference to Emerson Electric Co. 2001 Form 10-K, File No. 1-278, Exhibit 10(j), Amendment for 409A Compliance, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(j), Form of Performance Share Award Certificate, Forms of Acceptance of Award and Change of Control Election, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.5, and Form of Restricted Shares Award Agreement, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.6.
- 10(j)* 1998 Stock Option Plan, incorporated by reference to Emerson Electric Co. 1998 Proxy Statement dated December 12, 1997, File No. 1-278, Appendix A, and Amendment No. 1 thereto, incorporated by reference to Emerson Electric Co. 2000 Form 10-K, File No. 1-278, Exhibit 10(l), Form of Notice of Grant of Stock Options and Option Agreement and Form of Incentive Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.1, and Form of Notice of Grant of Stock Options and Option Agreement and Form of Nonqualified Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.2.
- 10(k)* 2001 Stock Option Plan, incorporated by reference to Emerson Electric Co. 2002 Proxy Statement dated December 12, 2001, File No. 1-278, Appendix A, Form of Notice of Grant of Stock Options and Option Agreement and Form of Incentive Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.3, and Form of Notice of Grant of Stock Options and Option Agreement and Form of Nonqualified Stock Option Agreement, incorporated by reference to Emerson Electric Co. Form 8-K dated October 1, 2004, Exhibit 10.4.

- 10(l)* Emerson Electric Co. Description of Split Dollar Life Insurance Program Transition, incorporated by reference to Emerson Electric Co. Form 8-K dated August 31, 2005, Exhibit 10.1.
- 10(m)* Amended and Restated Restricted Stock Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2009, File No. 1-278, Exhibit 10.1, Form of Restricted Stock Award Letter under the Emerson Electric Co. Restricted Stock Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. Form 8-K dated February 1, 2005, Exhibit 10.2, and Form of Restricted Stock Unit Award Letter under the Emerson Electric Co. Restricted Stock Plan for Non-Management Directors, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2009, File No. 1-278, Exhibit 10.1.
- 10(n)* Description of Non-Management Director Compensation, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended March 31, 2007, File No. 1-278, Exhibit 10.1, and Summary of Changes to Compensation Arrangements for Non-Management Directors, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended June 30, 2008, File No. 1-278, Exhibit 10.2.
- 10(o)* Description of Named Executive Officer Compensation, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2004, Exhibit 10.1.
- 10(p)* Emerson Electric Co. 2006 Incentive Shares Plan, incorporated by reference to Emerson Electric Co. 2006 Proxy Statement dated December 16, 2005, Appendix C, Amendment for 409A Compliance, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(q), Forms of Performance Share Award Certificate, Acceptance of Award and Restricted Share Award Agreement, incorporated by reference to Emerson Electric Co. 2007 Form 10-K, File No. 1-278, Exhibit 10(q), Forms of Performance Share Award Certificate, Acceptance of Award and 2010 Performance Shares Program Award Summary, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended December 31, 2009, File No. 1-278, Exhibit 10.2, and Amendment to Emerson Electric Co. 2006 Incentive Shares Plan, incorporated by reference to Emerson Electric Co. Form 10-Q for the quarter ended June 30, 2008, File No. 1-278, Exhibit 10.1.
- 10(q) Long-Term Credit Agreement dated as of December 16, 2010, incorporated by reference to Emerson Electric Co. Form 8-K dated December 16, 2010, Exhibit 10.1.
- 10(r) 2011 Stock Option Plan incorporated by reference to Emerson Electric Co. 2011 Proxy Statement dated December 10, 2010, File No. 1-278, Appendix B.
- 12 Ratio of Earnings to Fixed Charges.
- 13 Portions of Emerson Electric Co. Annual Report to Stockholders for the year ended September 30, 2011, incorporated by reference herein.
- 21 Subsidiaries of Emerson Electric Co.
- 23 Consent of Independent Registered Public Accounting Firm.
- 24 Power of Attorney.
- 31 Certifications pursuant to Exchange Act Rule 13a-14(a).
- 32 Certifications pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350.

101 Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Earnings for the years ended September 30, 2009, 2010 and 2011, (ii) Consolidated Balance Sheets at September 30, 2010 and 2011, (iii) Consolidated Statements of Equity for the years ended September 30, 2009, 2010 and 2011, (iv) Consolidated Statements of Cash Flows for the years ended September 30, 2009, 2010 and 2011, and (v) Notes to Consolidated Financial Statements for the year ended September 30, 2011.

* Management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EMERSON ELECTRIC CO.

By /s/ F. J. Dellaquila

F. J. Dellaquila
Senior Vice President and
Chief Financial Officer

Date: November 21, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on November 21, 2011, by the following persons on behalf of the registrant and in the capacities indicated.

<u>Signature</u>	<u>Title</u>
<u>/s/ D. N. Farr</u> D. N. Farr	Chairman of the Board and Chief Executive Officer
<u>/s/ W. J. Galvin</u> W. J. Galvin	Vice Chairman and Director
<u>/s/ F. J. Dellaquila</u> F. J. Dellaquila	Senior Vice President and Chief Financial Officer
<u>/s/ R. J. Schlueter</u> R. J. Schlueter	Vice President, Controller and Chief Accounting Officer
<u>*</u>	Director
<u>C. A. H. Boersig</u>	
<u>*</u>	Director
<u>A. A. Busch III</u>	
<u>*</u>	Director
<u>C. Fernandez G.</u>	

*	Director
_____ A. F. Golden	
*	Director
_____ H. Green	
*	Director
_____ W. R. Johnson	
*	Director
_____ J. B. Menzer	
*	Director
_____ C. A. Peters	
*	Director
_____ J. W. Prueher	
*	Director
_____ R. L. Ridgway	
*	Director
_____ R. L. Stephenson	

* By F. J. Dellaquila
/s/ _____
F. J. Dellaquila
Attorney-in-Fact

INDEX TO EXHIBITS

Exhibits are listed by numbers corresponding to the Exhibit Table of Item 601 in Regulation S-K.

<u>Exhibit No.</u>	<u>Exhibit</u>
12	Ratio of Earnings to Fixed Charges
13	Portions of Emerson Electric Co. Annual Report to Stockholders for the year ended September 30, 2011, incorporated by reference herein
21	Subsidiaries of Emerson Electric Co.
23	Consent of Independent Registered Public Accounting Firm
24	Power of Attorney
31	Certifications pursuant to Exchange Act Rule 13a – 14(a)
32	Certifications pursuant to Exchange Act Rule 13a – 14(b) and 18 U.S.C. Section 1350
101	Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Earnings for the years ended September 30, 2009, 2010 and 2011, (ii) Consolidated Balance Sheets at September 30, 2010 and 2011, (iii) Consolidated Statements of Equity for the years ended September 30, 2009, 2010 and 2011, (iv) Consolidated Statements of Cash Flows for the years ended September 30, 2009, 2010 and 2011, and (v) Notes to Consolidated Financial Statements for the year ended September 30, 2011.

See Item 15(A) 3. for a list of exhibits incorporated by reference.

EMERSON ELECTRIC CO. AND SUBSIDIARIES
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in Millions)

	Year Ended September 30,				
	2007	2008	2009	2010	2011
Earnings:					
Earnings from continuing operations before income taxes	\$ 3,107	3,645	2,450	2,879	3,631
Fixed charges	356	351	362	398	370
Earnings, as defined	<u>\$ 3,463</u>	<u>3,996</u>	<u>2,812</u>	<u>3,277</u>	<u>4,001</u>
Fixed Charges:					
Interest expense	\$ 261	244	244	280	246
One-third of all rents	95	107	118	118	124
Total fixed charges	<u>\$ 356</u>	<u>351</u>	<u>362</u>	<u>398</u>	<u>370</u>
Ratio of Earnings to Fixed Charges	<u>9.7X</u>	<u>11.4X</u>	<u>7.8X</u>	<u>8.2X</u>	<u>10.8X</u>

FINANCIAL REVIEW

Report of Management

The Company's management is responsible for the integrity and accuracy of the financial statements. Management believes that the financial statements for the three years ended September 30, 2011 have been prepared in conformity with U.S. generally accepted accounting principles appropriate in the circumstances. In preparing the financial statements, management makes informed judgments and estimates where necessary to reflect the expected effects of events and transactions that have not been completed. The Company's disclosure controls and procedures ensure that material information required to be disclosed is recorded, processed, summarized and communicated to management and reported within the required time periods.

In meeting its responsibility for the reliability of the financial statements, management relies on a system of internal accounting control. This system is designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. The design of this system recognizes that errors or irregularities may occur and that estimates and judgments are required to assess the relative cost and expected benefits of the controls. Management believes that the Company's internal accounting controls provide reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, is responsible for overseeing the Company's financial reporting process. The Audit Committee meets with management and the Company's internal auditors periodically to review the work of each and to monitor the discharge by each of its responsibilities. The Audit Committee also meets periodically with the independent auditors, who have free access to the Audit Committee and the Board of Directors, to discuss the quality and acceptability of the Company's financial reporting, internal controls, as well as non-audit-related services.

The independent auditors are engaged to express an opinion on the Company's consolidated financial statements and on the Company's internal control over financial reporting. Their opinions are based on procedures that they believe to be sufficient to provide reasonable assurance that the financial statements contain no material errors and that the Company's internal controls are effective.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. With the participation of the Chief Executive Officer and the Chief Financial Officer, management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework and the criteria established in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded that internal control over financial reporting was effective as of September 30, 2011.

The Company's auditor, KPMG LLP, an independent registered public accounting firm, has issued an audit report on the effectiveness of the Company's internal control over financial reporting.

/s/ David N. Farr
David N. Farr
*Chairman of the Board
and Chief Executive Officer*

/s/ Frank J. Dellaquila
Frank J. Dellaquila
*Senior Vice President
and Chief Financial Officer*

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Results of Operations

Years ended September 30 | Dollars in millions, except per share amounts

	2009	2010	2011	CHANGE 2009 - 2010	CHANGE 2010 - 2011
Net sales	\$ 20,102	21,039	24,222	5%	15%
Gross profit	\$ 7,560	8,326	9,557	10%	15%
<i>Percent of sales</i>	37.6%	39.6%	39.5%		
SG&A	\$ 4,416	4,817	5,328		
<i>Percent of sales</i>	22.0%	22.9%	22.0%		
Other deductions, net	\$ 474	369	375		
Interest expense, net	\$ 220	261	223		
Earnings from continuing operations before income taxes	\$ 2,450	2,879	3,631	18%	26%
<i>Percent of sales</i>	12.2%	13.7%	15.0%		
Earnings from continuing operations common stockholders	\$ 1,715	1,978	2,454	15%	24%
Net earnings common stockholders	\$ 1,724	2,164	2,480	26%	15%
<i>Percent of sales</i>	8.6%	10.3%	10.2%		
Diluted EPS – Earnings from continuing operations	\$ 2.26	2.60	3.24	15%	25%
Diluted EPS – Net earnings	\$ 2.27	2.84	3.27	25%	15%
Return on common stockholders' equity	19.5%	23.6%	24.6%		
Return on total capital	16.2%	18.9%	19.6%		

OVERVIEW

The Company achieved strong sales growth and record earnings and earnings per share in 2011, led by innovative technology, improved economic conditions in industrial end markets, continued expansion in emerging markets and repositioning efforts in previous periods. Worldwide gross fixed investment continues to recover, however the economic environment remains uncertain amidst mixed macroeconomic indicators, including weakening trends in the U.S. and Europe. Consumer spending and residential construction remain weak. Fiscal year 2011 sales increased 15 percent and earnings per share from continuing operations of \$3.24 were up 25 percent. Net sales were up in all segments and major geographic regions for the year, aided by acquisitions and foreign currency translation. Earnings increased for Process Management and Industrial Automation on very strong sales growth, while Tools and Storage and Climate Technologies reported moderate sales and earnings growth. Earnings declined in the Network Power segment on weakness in Asia and the embedded computing and power business, and the impact of higher amortization and other costs related to the Chloride and Avocent acquisitions. Fourth quarter sales and earnings growth were strong for Process Management and Industrial Automation, modest for Tools and Storage, and down for Climate Technologies on lower volume. Fourth quarter Network Power segment sales growth was strong due to the Chloride acquisition and modest underlying growth, while earnings declined slightly as improvement in the network power systems business was offset by weakness in the embedded computing and power business. For 2011 the Company generated operating cash flow of \$3.2 billion and free cash flow (operating cash flow less capital expenditures) of \$2.6 billion. Emerson is well positioned for future sales and earnings growth given its strong financial position, global footprint that includes rapid expansion in emerging markets, and a focus on products and technology.

NET SALES

Net sales for 2011 were \$24.2 billion, an increase of \$3,183 million, or 15 percent from 2010. Sales grew in all segments, led by Industrial Automation, Network Power and Process Management, which were up \$1,005 million, \$983 million and \$978 million, respectively. Consolidated results reflect an 11 percent (\$2,216 million) increase in underlying sales (which exclude acquisitions and foreign currency translation), a 2 percent (\$623 million) contribution from acquisitions, and a 2 percent (\$344 million) favorable impact from foreign currency translation. Underlying sales reflect volume gains of

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10 percent and an estimated 1 percent from higher selling prices as sales increased 13 percent internationally, including Asia (11 percent), Europe (11 percent), Latin America (20 percent), Middle East/Africa (16 percent) and Canada (20 percent). Underlying sales increased 8 percent in the United States.

Net sales for 2010 were \$21.0 billion, an increase of \$937 million, or 5 percent from 2009. Sales growth was strong in Climate Technologies, aided by China stimulus programs, while Network Power, Tools and Storage, and Industrial Automation increased primarily due to acquisitions and favorable foreign currency translation. Process Management was down as end markets were strongly impacted by the economic slowdown. Consolidated results reflected a 1 percent (\$102 million) decline in underlying sales, a 4 percent (\$738 million) contribution from acquisitions and a 2 percent (\$301 million) favorable impact from foreign currency translation. Underlying sales reflected a decline in volume as sales decreased 2 percent internationally, including Europe (7 percent), Middle East/Africa (10 percent), Canada (9 percent) and Latin America (2 percent), partially offset by an increase in Asia (7 percent). Underlying sales increased 1 percent in the United States.

INTERNATIONAL SALES

Emerson is a global business for which international sales, including non-U.S. acquisitions, have grown over the years and now represent 59 percent of the Company's total sales. The Company expects this trend to continue due to faster economic growth in emerging markets in Asia, Latin America, Eastern Europe and Middle East/Africa.

International destination sales, including U.S. exports, increased approximately 20 percent, to \$14.3 billion in 2011, reflecting increases in Network Power, Industrial Automation and Process Management as well as benefits from acquisitions. U.S. exports of \$1,520 million were up 15 percent compared with 2010. Underlying destination sales increased 11 percent in Asia, including 12 percent growth in China, 11 percent in Europe, 20 percent in Latin America, 16 percent in Middle East/Africa and 20 percent in Canada. International subsidiary sales, including shipments to the United States, were \$12.8 billion in 2011, up 20 percent from 2010. Excluding an 8 percent net favorable impact from acquisitions and foreign currency translation, international subsidiary sales increased 12 percent compared with 2010.

International destination sales, including U.S. exports, increased approximately 5 percent, to \$11.9 billion in 2010, reflecting increases in Climate Technologies, Network Power and Industrial Automation as well as benefits from acquisitions and a weaker U.S. dollar. U.S. exports of \$1,317 million were up 9 percent compared with 2009. Underlying destination sales decreased 7 percent in Europe, 10 percent in Middle East/Africa and 2 percent in Latin America, partially offset by a 7 percent increase in Asia that includes 13 percent growth in China. International subsidiary sales, including shipments to the United States, were \$10.7 billion in 2010, up 4 percent from 2009. Excluding a 7 percent net favorable impact from acquisitions and foreign currency translation, international subsidiary sales decreased 3 percent compared with 2009.

ACQUISITIONS

The Company acquired several small businesses during 2011, mainly in the Process Management and Climate Technologies segments, all of which were complementary to the existing business portfolio. Total cash paid for all businesses in 2011 was approximately \$232 million. Annualized sales for businesses acquired in 2011 were approximately \$100 million. See Note 3 for additional information.

In 2010, the Company acquired Chloride Group PLC and Avocent Corporation. Chloride provides commercial and industrial uninterruptible power supply systems and services, which significantly strengthened the Company's network power systems business in Europe. Avocent is a leader in delivering solutions that enhance companies' integrated data center management capabilities and the acquisition strongly positioned the Company to benefit from the growing importance of infrastructure management in data centers worldwide. Chloride and Avocent, together with the Company's other existing offerings, create a global leader in providing integrated data center management solutions. The Company also acquired SSB

Group GmbH and several smaller businesses during 2010. SSB designs and manufactures electrical pitch systems and controls used in wind turbine generators for the alternative energy market. Total cash paid for all businesses in 2010 was approximately \$2,843 million. Additionally, the Company assumed debt of \$169 million. Annualized sales for businesses acquired in 2010 were approximately \$1,100 million. Also see Note 3.

COST OF SALES

Costs of sales for 2011 and 2010 were \$14.7 billion and \$12.7 billion, respectively. Gross profit of \$9.6 billion and \$8.3 billion, respectively, resulted in gross margins of 39.5 percent and 39.6 percent. The increase in gross profit primarily reflects higher volume and leverage, acquisitions, and savings from cost reduction actions in prior periods. Higher materials costs were only partially offset by price increases, diluting margins. Materials cost pressures persisted throughout the year. The Company continues working to balance cost increases with pricing actions.

Costs of sales for 2010 and 2009 were \$12.7 billion and \$12.5 billion, respectively. Gross profit of \$8.3 billion and \$7.6 billion, respectively, resulted in gross margins of 39.6 percent and 37.6 percent. The increase in gross profit primarily reflected acquisitions, savings from rationalization and other cost reduction actions and favorable foreign currency translation, partially offset by a decline in volume. The two percentage point gross margin increase primarily reflected savings from cost reduction actions and materials cost containment. The Company's provision for inventory obsolescence decreased \$29 million in 2010 due to improving economic conditions and a lower average inventory balance.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses for 2011 were \$5.3 billion, or 22.0 percent of net sales, compared with \$4.8 billion, or 22.9 percent of net sales for 2010. The \$511 million increase was primarily due to higher sales volume and the impact of acquisitions. The decrease as a percent of sales was due to volume leverage, cost reduction savings and a \$96 million decrease in incentive stock compensation expense reflecting changes in the Company's stock price and a reduced impact from incentive stock plans overlap compared to prior year (see Note 14), partially offset by acquisitions and higher wage and other costs.

SG&A expenses for 2010 were \$4.8 billion, or 22.9 percent of net sales, compared with \$4.4 billion, or 22.0 percent of net sales for 2009. The \$401 million increase was primarily due to acquisitions and higher incentive stock compensation expense of \$163 million related to an increase in the Company's stock price and the overlap of two stock plans in 2010, partially offset by cost reduction savings. The increase as a percent of sales was primarily the result of higher incentive stock compensation expense, partially offset by savings from cost reduction actions.

OTHER DEDUCTIONS, NET

Other deductions, net were \$375 million in 2011, a \$6 million increase from 2010 that primarily reflects higher amortization expense of \$85 million and a \$19 million impairment charge, partially offset by a decrease in rationalization expense of \$45 million, lower acquisition-related costs and a \$15 million gain related to the acquisition of full ownership of a Process Management joint venture in India. See Notes 4 and 5 for further details regarding other deductions, net and rationalization costs, respectively.

Other deductions, net were \$369 million in 2010, a \$105 million decrease from 2009 that primarily reflected decreased rationalization expense of \$158 million and lower foreign currency transaction losses compared to the prior year, partially offset by higher amortization expense of \$68 million and lower gains versus the prior year.

INTEREST EXPENSE, NET

Interest expense, net was \$223 million, \$261 million and \$220 million in 2011, 2010 and 2009, respectively. The decrease of \$38 million in 2011 was primarily due to lower average long-term borrowings. The \$41 million increase in 2010 was primarily due to higher average long-term borrowings, reflecting acquisitions.

INCOME TAXES

Income taxes were \$1,127 million, \$848 million and \$688 million for 2011, 2010 and 2009, respectively, resulting in effective tax rates of 31 percent, 29 percent and 28 percent. The higher 2011 effective tax rate primarily reflects a change in the mix of regional pretax income due to stronger earnings growth in the United States, where tax rates are generally higher than internationally, and lower benefits versus 2010 from non-U.S. tax holidays and a \$30 million capital loss tax benefit from restructuring at a foreign subsidiary. The higher effective tax rate in 2010 compared with 2009 primarily reflects changes in the mix of pretax income which increased in the United States and Europe, and the \$30 million capital loss benefit in 2010 compared to a \$44 million net operating loss carryforward benefit in 2009.

EARNINGS FROM CONTINUING OPERATIONS

Earnings and earnings per share from continuing operations common stockholders were \$2.5 billion and \$3.24, respectively, for 2011, increases of 24 percent and 25 percent, compared with \$2.0 billion and \$2.60 for 2010. Earnings increased primarily due to higher sales and resulting leverage, cost reduction savings, a decrease in incentive stock compensation expense and lower interest expense, slightly offset by higher materials and wage costs. Earnings improved \$309 million in Process Management, \$239 million in Industrial Automation, \$18 million in Tools and Storage, and \$18 million in Climate Technologies, slightly offset by a \$44 million decrease in Network Power. See the Business Segments discussion that follows and Note 16 for additional information.

Earnings and earnings per share from continuing operations common stockholders were \$2.0 billion and \$2.60, respectively, for 2010, both increases of 15 percent, compared with \$1.7 billion and \$2.26 for 2009. Earnings increased in all segments, reflecting decreased rationalization expense, savings from cost reduction actions and favorable foreign currency translation. Earnings improved \$280 million in Climate Technologies, \$221 million in Network Power, \$121 million in Industrial Automation, \$81 million in Tools and Storage and \$33 million in Process Management. Earnings per share were negatively impacted \$0.10 per share by the Avocent and Chloride acquisitions, including acquisition accounting charges, the expensing of deal costs and interest expense.

DISCONTINUED OPERATIONS

In the fourth quarter of 2011, the Company sold its heating elements unit for \$73 million, resulting in an after-tax gain of \$21 million (\$30 million of income taxes). Fourth quarter 2011 heating elements sales were \$12 million and net earnings were \$1 million. The after-tax gain on divestiture and fourth quarter operating results for heating elements, and the impact of finalizing the 2010 Motors and LANDesk divestitures, have been classified as discontinued operations for 2011. Prior fiscal 2011 quarters and prior year results of operations for heating elements were inconsequential and have not been reclassified.

LANDesk (acquired with Avocent in 2010) was sold in the fourth quarter of 2010 for proceeds of approximately \$230 million, resulting in an after-tax gain of \$12 million (\$10 million of income taxes). LANDesk was classified as discontinued operations throughout 2010. Also in the fourth quarter of 2010, the Company sold its appliance motors and U.S. commercial and industrial motors businesses (Motors) for proceeds of \$622 million, resulting in an after-tax gain of \$155 million (\$126 million of income taxes). Motors had total annual sales of \$827 million and \$813 million and net earnings, excluding the divestiture gain, of \$38 million and \$9 million in 2010 and 2009, respectively. Results of operations for Motors have been reclassified into discontinued operations for 2010 and prior.

As noted above, 2011 income from discontinued operations includes the fourth quarter operating results and gain on disposition for heating elements. Income from discontinued operations in 2010 reflects the Motors and LANDesk divestitures and includes both operating results for the year and the gains on disposition. The income from discontinued operations reported for 2009 relates only to the operations of the Motors businesses. See Acquisitions and Divestitures discussion in Note 3 for additional information regarding discontinued operations.

NET EARNINGS, RETURN ON EQUITY AND RETURN ON TOTAL CAPITAL

Net earnings common stockholders were \$2.5 billion and net earnings per share common stockholders were \$3.27 for 2011, both increases of 15 percent compared with 2010, due to the same factors discussed previously, plus \$26 million related to discontinued operations. Net earnings common stockholders as a percent of net sales were 10.2 percent and 10.3 percent in 2011 and 2010. Return on common stockholders' equity (net earnings common stockholders divided by average common stockholders' equity) was 24.6 percent in 2011 compared with 23.6 percent in 2010. Return on total capital was 19.6 percent in 2011 compared with 18.9 percent in 2010, and is computed as net earnings common stock holders

excluding after-tax net interest expense, divided by average common stockholders' equity plus short- and long-term debt less cash and short-term investments.

Net earnings common stockholders were \$2.2 billion and net earnings per share common stockholders were \$2.84 for 2010, increases of 26 percent and 25 percent compared with 2009, respectively, including both the Motors and LANDesk divestiture gains. Net earnings common stockholders as a percent of net sales were 10.3 percent and 8.6 percent in 2010 and 2009. Return on common stockholders' equity was 23.6 percent in 2010 compared with 19.5 percent in 2009. Return on total capital was 18.9 percent in 2010 compared with 16.2 percent in 2009. Net earnings common stockholders in all years included the aforementioned results from discontinued operations.

Business Segments

Following is an analysis of segment results for 2011 compared with 2010, and 2010 compared with 2009. The Company defines segment earnings as earnings before interest and income taxes.

PROCESS MANAGEMENT

(DOLLARS IN MILLIONS)	2009	2010	2011	CHANGE '09 - '10	CHANGE '10 - '11
Sales	\$ 6,135	6,022	7,000	(2)%	16%
Earnings	\$ 1,060	1,093	1,402	3%	28%
Margin	17.3%	18.1%	20.0%		

2011 vs. 2010 – Process Management sales were \$7.0 billion in 2011, an increase of \$978 million as all businesses reported higher sales, led by very strong results for the measurement and flow business, valves business and systems and solutions business as a result of growth in the oil and gas, chemical, power and refining end markets. Underlying sales increased 14 percent on higher volume, which includes some market penetration gains, and foreign currency translation had a 2 percent (\$120 million) favorable impact. Underlying sales increased in all major geographic regions, including the United States (14 percent), Asia (18 percent), Europe (8 percent), Canada (38 percent), Latin America (15 percent) and Middle East/Africa (7 percent). Earnings increased 28 percent, to \$1,402 million, and margin increased approximately 2 percentage points, primarily due to higher sales volume and resulting leverage, savings from prior period cost reductions, \$24 million lower restructuring expense, and an \$8 million favorable impact from foreign currency transactions compared to prior year, partially offset by increased business development investments, wages and other costs.

2010 vs. 2009 – Process Management sales were \$6.0 billion in 2010, a decrease of \$113 million, reflecting a 7 percent decline in underlying sales on lower volume, a 3 percent (\$178 million) favorable impact primarily from the Roxar acquisition and a 2 percent (\$121 million) favorable impact from foreign currency translation. The valves business reported lower sales primarily as a result of weakness in the chemical, refining and marine markets. Sales for the systems and solutions and measurement and flow businesses were down slightly, while sales for the regulators business were up slightly. Regionally, underlying sales declined in all geographic areas, including 1 percent in the United States, 9 percent each in Asia, Europe and Middle East/Africa, 11 percent in Canada and 10 percent in Latin America. Earnings increased \$33 million, to \$1,093 million, and margin increased, reflecting savings from significant cost reduction actions, materials cost containment, lower restructuring costs of \$20 million and a \$17 million favorable impact from foreign currency transactions, partially offset by deleverage on lower sales volume and higher wage costs.

INDUSTRIAL AUTOMATION

(DOLLARS IN MILLIONS)	2009	2010	2011	CHANGE '09 - '10	CHANGE '10 - '11
Sales	\$ 4,172	4,289	5,294	3%	23%
Earnings	\$ 470	591	830	26%	40%
Margin	11.3%	13.8%	15.7%		

2011 vs. 2010 – Industrial Automation sales increased \$1,005 million to \$5.3 billion in 2011, reflecting improvement in the capital goods end markets. Sales increased in all businesses led by very strong growth in the power generating alternators, fluid automation, electrical drives and power transmission businesses. Underlying sales increased 21 percent and foreign currency translation had a 2 percent (\$92 million) favorable impact. The underlying sales growth reflects approximately 18 percent higher volume and an estimated 3 percent benefit from higher selling prices. Underlying sales increased in all regions, including 19 percent in the United States, 21 percent in both Europe and Asia, 49 percent in Middle East/Africa and 36 percent in Latin America. Earnings increased \$239 million, to \$830 million, and margin increased approximately 2 percentage points, reflecting higher sales volume and resulting leverage, savings from prior period cost reductions, and lower restructuring costs of \$16 million, slightly offset by a \$9 million unfavorable impact from foreign currency transactions. Higher materials costs were substantially offset by higher selling prices.

2010 vs. 2009 – Industrial Automation sales increased \$117 million to \$4.3 billion in 2010. Sales results reflected a decline in the power generating alternators and motors business due to weakness in capital spending, while sales increased in all other businesses, including strong growth in the electrical drives and hermetic motors businesses and solid growth in the fluid automation business. An underlying sales decline of 1 percent from lower prices was offset by the System Plast, Trident Power and SSB acquisitions contributing 3 percent (\$101 million) and favorable foreign currency translation adding 1 percent (\$54 million). Underlying sales decreased 4 percent in Europe and 2 percent in the United States, partially offset by increases in Asia (9 percent) and Latin America (17 percent). Earnings increased \$121 million to \$591 million for 2010 and margin increased over 2 percentage points as savings from cost reduction efforts were partially offset by unfavorable product mix. Price decreases were offset by lower materials costs.

NETWORK POWER

(DOLLARS IN MILLIONS)	2009	2010	2011	CHANGE '09 - '10	CHANGE '10 - '11
Sales	\$ 5,456	5,828	6,811	7%	17%
Earnings	\$ 579	800	756	38%	(6)%
Margin	10.6%	13.7%	11.1%		

2011 vs. 2010 – Sales for Network Power increased \$983 million to \$6.8 billion, on underlying sales growth of 6 percent, a positive contribution from the Chloride and Avocent acquisitions of 10 percent (\$598 million) and favorable foreign currency translation of 1 percent (\$77 million). Led by strong results in the network power systems business worldwide, underlying sales grew 7 percent on higher volume, less an estimated 1 percent decline in pricing. Strong growth in the North American uninterruptible power supply and precision cooling business and the embedded power business was slightly offset by a decrease in the embedded computing business. Underlying sales increased 6 percent in Asia, 3 percent in the United States, 19 percent in Latin America, 5 percent in Europe and 40 percent in Middle East/Africa. Earnings decreased \$44 million to \$756 million, and margin decreased 2.6 percentage points. Amortization of intangibles increased \$67 million due to the Chloride and Avocent acquisitions, and other Chloride acquisition-related costs negatively impacted earnings \$24 million. The margin was also reduced by higher labor-related costs in China, unfavorable product mix, higher materials cost, aggressive competitive pricing in the China telecommunications sector, and investment spending on next-generation data center technologies. Earnings benefited from volume leverage and savings from prior period cost reductions.

2010 vs. 2009 – Sales for Network Power increased \$372 million to \$5.8 billion in 2010, primarily from the Avocent acquisition, a strong increase in the embedded power business and a moderate increase in the network power systems business in Asia, partially offset by decreases in the uninterruptible power supply and precision cooling, energy systems, embedded computing and inbound power systems businesses. Underlying sales declined 2 percent on lower prices, acquisitions had a 7 percent (\$370 million) favorable impact and foreign currency translation had a 2 percent (\$90 million) favorable impact. Geographically, underlying sales were flat in the United States, while sales decreased in Europe (13 percent), Latin America (5 percent), Canada (17 percent) and Middle East/Africa (34 percent). Sales increased in Asia (6 percent). Earnings increased \$221 million to \$800 million, and margin increased over 3 percentage points largely as a result of cost savings from aggressive restructuring actions taken in 2009, particularly in the embedded computing and energy systems businesses, as well as lower restructuring expense of \$93 million and a \$17 million favorable impact from foreign currency transactions. Lower selling prices were partially offset by materials cost containment.

CLIMATE TECHNOLOGIES

(DOLLARS IN MILLIONS)	2009	2010	2011	CHANGE '09 - '10	CHANGE '10 - '11
Sales	\$ 3,197	3,801	3,995	19%	5%
Earnings	\$ 411	691	709	68%	3%
Margin	12.9%	18.2%	17.8%		

2011 vs. 2010 – Climate Technologies reported sales of \$4.0 billion for 2011, a \$194 million increase that reflects a strong increase in the compressor business, partially offset by share loss in the temperature controls business and a decrease in the temperature sensors business. The North American refrigeration and air conditioning end markets experienced solid growth while results in Asia were strong despite prior year growth that benefited from stimulus programs in China. Sales growth reflects a 3 percent underlying increase, including an estimated 2 percent from higher selling prices and approximately 1 percent from higher volume, a 1 percent (\$42 million) favorable impact from foreign currency translation and a 1 percent (\$28 million) positive contribution from acquisitions. Underlying sales increased 7 percent internationally, including 7 percent in Asia, 26 percent in Latin America and 3 percent in Europe, while sales were flat in the United States due to the decline in the temperature controls business. Earnings increased 3 percent to \$709 million, due to savings from prior period cost reductions and higher sales volume in the compressor business. The margin was diluted by higher materials and other costs, which were partially offset by higher selling prices, and deleverage in the temperature controls business.

2010 vs. 2009 – Climate Technologies reported sales of \$3.8 billion for 2010, a \$604 million increase, reflecting increases across all businesses, including compressors, temperature sensors and heater controls. Sales growth was strong in Asia and North America, aided by stimulus programs in support of mandated higher efficiency standards in China, growth in U.S. air conditioning and refrigeration markets and a change in refrigerant requirements in the U.S. Underlying sales increased approximately 16 percent on higher volume, which included slight new product penetration gains, acquisitions added 2 percent (\$55 million) and foreign currency translation had a 1 percent (\$22 million) favorable impact. The underlying sales increase reflected a 12 percent increase in the United States and 22 percent internationally, including increases of 47 percent in Asia and 21 percent in Latin America, partially offset by a decline of 4 percent in Europe. Earnings increased \$280 million to \$691 million, primarily due to higher sales volume, savings from cost reduction actions, lower restructuring expense of \$35 million and a \$15 million commercial litigation charge included in 2009 costs. The margin increase in excess of 5 percentage points reflected leverage on higher sales volume, savings from cost reduction actions in prior periods and materials cost containment, partially offset by lower prices and unfavorable product mix.

TOOLS AND STORAGE

(DOLLARS IN MILLIONS)	2009	2010	2011	CHANGE '09 - '10	CHANGE '10 - '11
Sales	\$ 1,725	1,755	1,837	2%	5%
Earnings	\$ 276	357	375	29%	5%
Margin	16.0%	20.3%	20.4%		

2011 vs. 2010 – Sales for Tools and Storage were \$1.8 billion in 2011, an \$82 million increase. Sales growth reflects an underlying increase of 5 percent, including approximately 4 percent from higher volume and an estimated 1 percent from higher selling prices, and favorable foreign currency translation of 1 percent (\$13 million), partially offset by a negative 1 percent (\$21 million) impact from the heating elements unit divestiture. The sales increase was led by very strong growth in the professional tools and commercial storage businesses and modest growth in the food waste disposers business, partially offset by decreases in the consumer-related wet/dry vacuums and residential storage businesses due to continued weak U.S. residential construction markets. Underlying sales increased 5 percent in the United States and 11 percent

internationally. Earnings for 2011 were \$375 million, an increase of \$18 million, reflecting earnings growth in the professional tools business partially offset by lower earnings in the wet/dry vacuums, residential storage and food waste disposers businesses. The margin increased on higher sales volume and resulting leverage in the professional tools business as well as savings from prior period cost reductions, largely offset by higher freight costs and unfavorable product mix. Higher materials costs were substantially offset by price increases.

2010 vs. 2009 – Sales for Tools and Storage were \$1.8 billion in 2010, a \$30 million increase from 2009. Strong growth in the tools and food waste disposers businesses was partially offset by a decline in the residential storage business, due to weakness in the U.S. residential construction markets. The sales increase reflected a 1 percent decrease in underlying sales on lower volume, due to the Company outsourcing its freight operations, with favorable impacts from acquisitions of 2 percent (\$34 million) and foreign currency translation of 1 percent (\$14 million). Underlying sales in the United States decreased 1 percent while underlying international sales increased 4 percent. Earnings for 2010 were \$357 million, an increase of \$81 million, and margin increased over 4 percentage points, reflecting earnings growth in the tools, appliances and storage businesses, benefits of cost reduction and restructuring actions in 2009, product mix, lower restructuring expense of \$11 million and savings from materials cost containment.

Financial Position, Capital Resources and Liquidity

The Company continues to generate substantial cash from operations, is in a strong financial position with total assets of \$24 billion and common stockholders' equity of \$10 billion, and has the resources available to reinvest in existing businesses, pursue strategic acquisitions and manage its capital structure on a short-and long-term basis.

CASH FLOW

(DOLLARS IN MILLIONS)	2009	2010	2011
Operating Cash Flow	\$ 3,086	3,292	3,233
<i>Percent of sales</i>	14.8%	15.6%	13.3%
Capital Expenditures	\$ 531	524	647
<i>Percent of sales</i>	2.6%	2.5%	2.7%
Free Cash Flow (Operating Cash Flow less Capital Expenditures)	\$ 2,555	2,768	2,586
<i>Percent of sales</i>	12.2%	13.1%	10.6%
Operating Working Capital	\$ 1,714	1,402	1,705
<i>Percent of sales</i>	8.2%	6.7%	7.0%

Emerson generated operating cash flow of \$3.2 billion in 2011, a decrease of 2 percent compared to 2010, reflecting an increase in operating working capital partially offset by higher net earnings. With resumption of growth in the current year, additional investment in working capital has been necessary. Operating cash flow of \$3.3 billion in 2010 was a 7 percent increase from \$3.1 billion in 2009, reflecting higher earnings in 2010 and continued improvement in working capital management. At September 30, 2011, operating working capital as a percent of sales was 7.0 percent, compared with 6.7 percent and 8.2 percent in 2010 and 2009, respectively. Pension contributions were \$142 million, \$247 million and \$303 million in 2011, 2010 and 2009, respectively. Operating cash flow fully funded capital expenditures, dividends and share repurchases in all years presented and fully funded acquisitions in 2011.

Capital expenditures were \$647 million, \$524 million and \$531 million in 2011, 2010 and 2009, respectively. The increase in capital expenditures in 2011 was primarily due to capacity expansion in the Process Management and Industrial Automation segments. Free cash flow was \$2.6 billion in 2011, compared with \$2.8 billion in 2010, primarily reflecting higher capital expenditures in 2011. Free cash flow increased in 2010 from \$2.6 billion in 2009, reflecting higher net earnings in 2010. In 2012, the Company is targeting capital spending of approximately \$700 million, including \$100 million already authorized by the Board of Directors to build, expand or renovate

office and manufacturing facilities in the United States, China and Brazil. Net cash paid in connection with acquisitions was \$232 million, \$2,843 million and \$776 million in 2011, 2010 and 2009, respectively. Proceeds from divestitures in those years were \$103 million, \$846 million and \$4 million, respectively.

Dividends were \$1,039 million (\$1.38 per share) in 2011, compared with \$1,009 million (\$1.34 per share) in 2010 and \$998 million (\$1.32 per share) in 2009. In November 2011, the Board of Directors voted to increase the quarterly cash dividend 16 percent to an annualized rate of \$1.60 per share. In 2008, the Board of Directors approved a program for the repurchase of up to 80 million common shares, under which 18.7 million shares, 2.1 million shares and 21.0 million shares were repurchased in 2011, 2010 and 2009, respectively; 30.7 million shares remain available for repurchase under the 2008 authorization. Purchases of Emerson common stock totaled \$958 million, \$100 million and \$695 million in 2011, 2010 and 2009, respectively, at an average price paid per share of \$51.31, \$48.15 and \$33.09, respectively.

LEVERAGE/CAPITALIZATION

(DOLLARS IN MILLIONS)	2009	2010	2011
Total Assets	\$ 19,763	22,843	23,861
Long-term Debt	\$ 3,998	4,586	4,324
Common Stockholders' Equity	\$ 8,555	9,792	10,399
Total Debt-to-Capital Ratio	34.8%	34.1%	33.3%
Net Debt-to-Net Capital Ratio	25.7%	26.2%	23.2%
Operating Cash Flow-to-Debt Ratio	67.5%	65.0%	62.2%
Interest Coverage Ratio	11.0X	11.3X	15.8X

Total debt, which includes long-term debt, current maturities of long-term debt, commercial paper and other short-term borrowings, was \$5.2 billion, \$5.1 billion and \$4.6 billion for 2011, 2010 and 2009, respectively. Short-term borrowings increased \$398 million in 2010, primarily reflecting incremental commercial paper borrowings associated with the mix of funding for the Avocent and Chloride acquisitions, which also included issuance of long-term debt, proceeds from divestitures and operating cash flow. See Note 3 for additional information. During 2010, the Company issued \$300 million each of 4.25% notes due November 2020 and 5.25% notes due November 2039 and repaid \$500 million of 7.125% notes that matured in August 2010. During 2009, the Company issued \$250 million each of 4.125% notes due April 2015, 5.0% notes due April 2019 and 6.125% notes due April 2039 and \$500 million of 4.875% notes due October 2019, and repaid \$175 million of 5.0% notes and \$250 million of 5.85% notes that matured in October 2008 and March 2009, respectively.

The total debt-to-capital ratio was 33.3 percent at year end 2011, compared with 34.1 percent for 2010 and 34.8 percent for 2009. At September 30, 2011, net debt (total debt less cash and short-term investments) was 23.2 percent of net capital, compared with 26.2 percent in 2010 and 25.7 percent in 2009. Both ratios improved in 2011, reflecting higher equity. The operating cash flow-to-debt ratio was 62.2 percent, 65.0 percent and 67.5 percent in 2011, 2010 and 2009, respectively. The Company's interest coverage ratio (earnings before income taxes plus interest expense, divided by interest expense) was 15.8 times in 2011, compared with 11.3 times and 11.0 times in 2010 and 2009. The increase in interest coverage from 2010 to 2011 reflects higher earnings and lower average borrowings, while the increase from 2009 to 2010 was primarily due to higher earnings. See Notes 8 and 9 for additional information.

In December 2010 the Company entered into a \$2.75 billion four-year revolving backup credit facility to support short-term borrowings, which replaced a \$2.83 billion five-year revolving credit facility dated April 2006. The Company did not draw upon either facility in 2011, 2010 or 2009. The credit facility contains no financial covenants and is not subject to termination based on a change in credit ratings or material adverse changes. The Company also maintains a universal shelf registration statement on file with the U.S. Securities and Exchange Commission (SEC) under which it can issue debt securities, preferred stock, common stock, warrants, share purchase contracts and share purchase units without a predetermined limit. Securities can be sold in one or more separate offerings with the size, price and terms to be determined at the time of sale.

Emerson maintains a conservative financial structure which provides the strength and flexibility necessary to achieve its strategic objectives. The Company has been successful in efficiently deploying cash where needed worldwide to fund operations, complete acquisitions and sustain long-term growth. Substantially all of the Company's cash is held outside the U.S., in Europe and Asia, and is available for repatriation to the U.S. Under current tax law, repatriated cash may be subject to U.S. federal income taxes, net of available foreign tax credits. The Company routinely repatriates a portion of its non-U.S. cash from earnings each year, or otherwise when it can be accomplished tax efficiently, and provides for U.S. income taxes as appropriate. The Company has been able to readily meet all its funding requirements and currently believes that sufficient funds will be available to meet the Company's needs in the foreseeable future through operating cash flow, existing resources, short- and long-term debt capacity or backup credit lines.

CONTRACTUAL OBLIGATIONS

At September 30, 2011, the Company's contractual obligations, including estimated payments, are as follows:

(DOLLARS IN MILLIONS)	AMOUNTS DUE BY PERIOD				
	TOTAL	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS
Long-term Debt (including interest)	\$ 6,687	496	1,204	1,072	3,915
Operating Leases	806	245	297	132	132
Purchase Obligations	1,176	1,090	79	7	—
Total	\$ 8,669	1,831	1,580	1,211	4,047

Purchase obligations consist primarily of inventory purchases made in the normal course of business to meet operational requirements. The above table does not include \$2.5 billion of other noncurrent liabilities recorded in the balance sheet and summarized in Note 17, which consist essentially of pension and postretirement plan liabilities and deferred income taxes (including unrecognized tax benefits), because it is not certain when these amounts will become due. See Notes 10 and 11 for estimated future benefit payments and Note 13 for additional information on deferred income taxes.

FINANCIAL INSTRUMENTS

The Company is exposed to market risk related to changes in interest rates, commodity prices and foreign currency exchange rates, and selectively uses derivative financial instruments, including forwards, swaps and purchased options, to manage these risks. The Company does not hold derivatives for trading purposes. The value of market risk sensitive derivative and other financial instruments is subject to change as a result of movements in market rates and prices. Sensitivity analysis is one technique used to forecast the impact of these movements. Based on a hypothetical 10 percent increase in interest rates, a 10 percent decrease in commodity prices or a 10 percent weakening in the U.S. dollar across all currencies, the potential losses in future earnings, fair value and cash flows are immaterial. Sensitivity analysis has limitations; for example, a weaker U.S. dollar would benefit future earnings through favorable translation of non-U.S. operating results, and lower commodity prices would benefit future earnings through lower cost of sales. See Notes 1 and 7 through 9.

Critical Accounting Policies

Preparation of the Company's financial statements requires management to make judgments, assumptions and estimates regarding uncertainties that could affect reported revenue, expenses, assets, liabilities and equity. Note 1 describes the significant accounting policies used in preparation of the consolidated financial statements. The most significant areas where management judgments and estimates impact the primary financial statements are described below. Actual results in these areas could differ materially from management's estimates under different assumptions or conditions.

REVENUE RECOGNITION

The Company recognizes nearly all of its revenues through the sale of manufactured products and records the sale when products are shipped or delivered, and title passes to the customer with collection reasonably assured. In certain limited circumstances, revenue is recognized using the percentage-of-completion

method, as performance occurs, or in accordance with ASC 985-605 related to software. Sales arrangements sometimes involve delivering multiple elements, including services such as installation. In these instances, the revenue assigned to each element is based on its vendor-specific objective evidence, third-party evidence or management estimate of the relative selling price, with revenue recognized individually for delivered elements only if they have value to the customer on a stand-alone basis, the performance of the undelivered items is probable and substantially in the Company's control or the undelivered elements are inconsequential or perfunctory, and there are no unsatisfied contingencies related to payment. Management believes that all relevant criteria and conditions are considered when recognizing revenue.

INVENTORIES

Inventories are stated at the lower of cost or market. The majority of inventory values are based on standard costs, which approximate average costs, while the remainder are principally valued on a first-in, first-out basis. Cost standards are revised at the beginning of each year. The annual effect of resetting standards plus any operating variances incurred during each period are allocated between inventories and cost of sales. The Company's businesses review inventory for obsolescence, make appropriate provisions and dispose of obsolete inventory on a regular basis. Various factors are considered in these reviews, including sales history and recent trends, industry conditions and general economic conditions.

LONG-LIVED ASSETS

Long-lived assets, which include property, plant and equipment, goodwill and identifiable intangible assets are reviewed for impairment whenever events or changes in business circumstances indicate impairment may exist. If the Company determines that the carrying value of the long-lived asset may not be recoverable, a permanent impairment charge is recorded for the amount by which the carrying value of the long-lived asset exceeds its fair value. Reporting units are also reviewed for possible goodwill impairment at least annually, in the fourth quarter, by comparing the fair value of each unit to its carrying value. Fair value is generally measured based on a discounted future cash flow method using a discount rate judged by management to be commensurate with the applicable risk. Estimates of future sales, operating results, cash flows and discount rates are subject to changes in the economic environment, including such factors as the general level of market interest rates, expected equity market returns and volatility of markets served, particularly when recessionary economic circumstances continue for an extended period of time. Management believes the estimates of future cash flows and fair values are reasonable; however, changes in estimates due to variance from assumptions could materially affect the evaluations.

At the end of 2011, Emerson's total market value based on its exchange-traded stock price was approximately \$31 billion and common stockholders' equity was \$10 billion. The carrying value of the Industrial Automation wind turbine pitch control business was reduced by a \$19 million charge to earnings. The Company's fourth quarter goodwill impairment testing determined the carrying value exceeded the fair value, reflecting a slowdown in investment for alternative energy in the current economic environment. In the Process Management segment, there is a unit recently acquired in 2009 with \$216 million of goodwill for which the estimated fair value exceeds the carrying value by approximately 5 percent. The fair value of this unit assumes successful execution of plans to expand and integrate the business, and recovery in the demand for energy; in particular, the subsea extraction of oil and gas. There are two units in the Network Power segment with \$367 million of goodwill where estimated fair value exceeds the carrying value by approximately 10 percent. Assumptions used in determining fair value include continued successful execution of business plans and growth in served markets, primarily network communications and connectivity. There are two units in the Tools and Storage segment with \$250 million of goodwill, where estimated fair value exceeds carrying value by more than 25 percent and assumes execution of business plans and recovery in the residential and construction-related markets.

RETIREMENT PLANS

While the Company continues to focus on a prudent long-term investment strategy for its pension-related assets, the calculations of defined benefit plan expense and obligations are dependent on assumptions made regarding the expected annual return on plan assets, the discount rate and rate of annual compensation increases. In accordance with U.S. generally accepted accounting principles (U.S. GAAP), actual results that differ from the assumptions are accumulated as deferred actuarial losses and amortized in future periods. Management believes that the assumptions used are appropriate; however, differences versus actual experience or changes in assumptions may affect the Company's retirement plan obligations and future expense. As of September 30, 2011, combined U.S. and non-U.S. pension plans were underfunded by \$732 million. Funded status decreased for the U.S. plans, which were underfunded by \$462 million, and improved slightly for non-U.S. plans, which were underfunded by \$270 million. The Company contributed \$142 million to defined benefit plans in 2011 and expects to contribute approximately \$150 million in 2012. The discount rate for U.S. plans was reduced to 4.75 percent in 2011 compared with 5.0 percent in 2010. The Company

expects to reduce the assumed investment return on plan assets to 7.75 percent for 2012 compared with the current 8.0 percent. Deferred actuarial losses, which will be amortized into earnings in future years, were \$1,899 million (\$1,217 million after-tax) as of September 30, 2011. Defined benefit pension plan expense for 2012 is expected to be approximately \$170 million, up from \$145 million in 2011. See Notes 10 and 11.

INCOME TAXES

Income tax expense and tax assets and liabilities reflect management's assessment of taxes paid or expected to be paid (received) on items included in the financial statements. Uncertainty exists regarding tax positions taken in previously filed tax returns still under examination and positions expected to be taken in future returns. Deferred tax assets and liabilities arise because of temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards. Deferred income taxes are measured using enacted tax rates in effect for the year in which the temporary differences are expected to be recovered or settled. The impact on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. The Company also pays U.S. federal income taxes, net of available foreign tax credits, on cash repatriated from non-U.S. locations. No provision is made for U.S. income taxes on the undistributed earnings of non-U.S. subsidiaries where these earnings are considered permanently invested or otherwise indefinitely retained for continuing international operations. Determination of the amount of taxes that might be paid on these undistributed earnings if eventually remitted is not practicable. See Notes 1 and 13.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2011, the FASB issued updates to ASC 820, *Fair Value Measurement*, resulting in common fair value measurement and disclosure requirements for U.S. GAAP and International Financial Reporting Standards. These updates are effective January 1, 2012 for quarterly and annual reporting. Adoption of this update is not expected to have a material impact on the Company's financial statements.

In June 2011, the FASB issued updates to ASC 220, *Comprehensive Income*, eliminating the option to present other comprehensive income in the statement of equity. These updates require an entity to present comprehensive income as part of one continuous financial statement that includes net earnings and other comprehensive income or as a separate financial statement immediately following the statement of earnings. There is no change to the items to be reported in other comprehensive income or when those items should be reclassified into net earnings. These updates are effective for the first quarter of fiscal 2013. Adoption of this update will affect presentation only; there is no expected impact on the Company's financial results.

In September 2011, the FASB issued updates to ASC 350, *Intangibles – Goodwill and Other*, providing an option for companies to perform a qualitative analysis to determine if it is more likely than not the fair value of a reporting unit is less than its carrying amount. If the analysis determines the fair value exceeds the carrying amount, more extensive valuation and impairment testing need not be performed. These updates are effective for the first quarter of fiscal 2013; adoption of this update is not expected to have a material impact on the Company's financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions, except per share amounts

	2009	2010	2011
Net sales	\$ 20,102	21,039	24,222
Costs and expenses:			
Cost of sales	12,542	12,713	14,665
Selling, general and administrative expenses	4,416	4,817	5,328
Other deductions, net	474	369	375
Interest expense, net of interest income: 2009, \$24; 2010, \$19; 2011, \$23	220	261	223
Earnings from continuing operations before income taxes	2,450	2,879	3,631
Income taxes	688	848	1,127
Earnings from continuing operations	1,762	2,031	2,504
Discontinued operations, net of tax: 2009, \$5; 2010, \$153; 2011, \$30	9	186	26
Net earnings	1,771	2,217	2,530
Less: Noncontrolling interests in earnings of subsidiaries	47	53	50
Net earnings common stockholders	\$ 1,724	2,164	2,480
Earnings common stockholders:			
Earnings from continuing operations	\$ 1,715	1,978	2,454
Discontinued operations, net of tax	9	186	26
Net earnings common stockholders	\$ 1,724	2,164	2,480
Basic earnings per share common stockholders:			
Earnings from continuing operations	\$ 2.27	2.62	3.26
Discontinued operations	0.02	0.25	0.03
Basic earnings per common share	\$ 2.29	2.87	3.29
Diluted earnings per share common stockholders:			
Earnings from continuing operations	\$ 2.26	2.60	3.24
Discontinued operations	0.01	0.24	0.03
Diluted earnings per common share	\$ 2.27	2.84	3.27

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

EMERSON ELECTRIC CO. & SUBSIDIARIES

September 30 | Dollars in millions, except per share amounts

ASSETS	2010	2011
Current assets		
Cash and equivalents	\$ 1,592	2,052
Receivables, less allowances of \$98 in 2010 and \$104 in 2011	3,989	4,502
Inventories:		
Finished products	746	742
Raw materials and work in process	1,359	1,358
Total inventories	2,105	2,100
Other current assets	677	691
Total current assets	8,363	9,345
Property, plant and equipment		
Land	213	266
Buildings	1,902	2,010
Machinery and equipment	5,964	6,115
Construction in progress	228	340
	8,307	8,731
Less: Accumulated depreciation	5,020	5,294
Property, plant and equipment, net	3,287	3,437
Other assets		
Goodwill	8,656	8,771
Other intangible assets	2,150	1,969
Other	387	339
Total other assets	11,193	11,079
Total assets	\$ 22,843	23,861

See accompanying Notes to Consolidated Financial Statements.

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LIABILITIES AND EQUITY	2010	2011
Current liabilities		
Short-term borrowings and current maturities of long-term debt	\$ 480	877
Accounts payable	2,409	2,677
Accrued expenses	2,864	2,772
Income taxes	96	139
Total current liabilities	5,849	6,465
Long-term debt	4,586	4,324
Other liabilities	2,456	2,521
Equity		
Preferred stock, \$2.50 par value per share; Authorized, 5,400,000 shares; issued, none	-	-
Common stock, \$0.50 par value per share; Authorized, 1,200,000,000 shares; issued, 953,354,012 shares; outstanding, 752,690,806 shares in 2010 and 738,877,768 shares in 2011	477	477
Additional paid-in capital	192	317
Retained earnings	15,869	17,310
Accumulated other comprehensive income	(426)	(562)
	16,112	17,542
Less: Cost of common stock in treasury, 200,663,206 shares in 2010 and 214,476,244 shares in 2011	6,320	7,143
Common stockholders' equity	9,792	10,399
Noncontrolling interests in subsidiaries	160	152
Total equity	9,952	10,551
Total liabilities and equity	\$ 22,843	23,861

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CONSOLIDATED STATEMENTS OF EQUITY

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions, except per share amounts

	2009	2010	2011
Common stock	\$ 477	477	477
Additional paid-in capital			
Beginning balance	146	157	192
Stock plans and other	11	35	125
Ending balance	157	192	317
Retained earnings			
Beginning balance	14,002	14,714	15,869
Net earnings common stockholders	1,724	2,164	2,480
Cash dividends (per share: 2009, \$1.32; 2010, \$1.34; 2011, \$1.38)	(998)	(1,009)	(1,039)
Adoption of ASC 715 measurement date provision, net of tax: 2009, \$7	(14)	-	-
Ending balance	14,714	15,869	17,310
Accumulated other comprehensive income			
Beginning balance	141	(496)	(426)
Foreign currency translation	(104)	55	22
Pension and postretirement, net of tax: 2009, \$334; 2010, \$(6); 2011, \$47	(568)	(12)	(56)
Cash flow hedges and other, net of tax: 2009, \$(29); 2010, \$(16); 2011, \$60	35	27	(102)
Ending balance	(496)	(426)	(562)
Treasury stock			
Beginning balance	(5,653)	(6,297)	(6,320)
Purchases	(695)	(100)	(958)
Issued under stock plans and other	51	77	135
Ending balance	(6,297)	(6,320)	(7,143)
Common stockholders' equity	8,555	9,792	10,399
Noncontrolling interests in subsidiaries			
Beginning balance	188	151	160
Net earnings	47	53	50
Other comprehensive income	2	-	4
Cash dividends	(80)	(57)	(61)
Other	(6)	13	(1)
Ending balance	151	160	152
Total equity	\$ 8,706	9,952	10,551
Comprehensive income			
Net earnings	\$ 1,771	2,217	2,530
Foreign currency translation	(102)	55	26
Pension and postretirement	(568)	(12)	(56)
Cash flow hedges and other	35	27	(102)
	1,136	2,287	2,398
Less: Noncontrolling interests in subsidiaries	49	53	54
Comprehensive income common stockholders	\$ 1,087	2,234	2,344

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions

	2009	2010	2011
Operating activities			
Net earnings	\$ 1,771	2,217	2,530
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	727	816	867
Changes in operating working capital	620	309	(301)
Pension funding	(303)	(247)	(142)
Other	271	197	279
Net cash provided by operating activities	<u>3,086</u>	<u>3,292</u>	<u>3,233</u>
Investing activities			
Capital expenditures	(531)	(524)	(647)
Purchases of businesses, net of cash and equivalents acquired	(776)	(2,843)	(232)
Divestitures of businesses	4	846	103
Other	(6)	4	(72)
Net cash used in investing activities	<u>(1,309)</u>	<u>(2,517)</u>	<u>(848)</u>
Financing activities			
Net increase (decrease) in short-term borrowings	(684)	398	185
Proceeds from long-term debt	1,246	598	1
Principal payments on long-term debt	(678)	(680)	(57)
Dividends paid	(998)	(1,009)	(1,039)
Purchases of treasury stock	(718)	(100)	(935)
Other	(116)	67	(42)
Net cash used in financing activities	<u>(1,948)</u>	<u>(726)</u>	<u>(1,887)</u>
Effect of exchange rate changes on cash and equivalents	(46)	(17)	(38)
Increase (decrease) in cash and equivalents	<u>(217)</u>	<u>32</u>	<u>460</u>
Beginning cash and equivalents	1,777	1,560	1,592
Ending cash and equivalents	<u>\$ 1,560</u>	<u>1,592</u>	<u>2,052</u>
Changes in operating working capital			
Receivables	\$ 1,011	(341)	(475)
Inventories	580	(160)	12
Other current assets	42	(69)	41
Accounts payable	(709)	498	194
Accrued expenses	(94)	298	(54)
Income taxes	(210)	83	(19)
Total changes in operating working capital	<u>\$ 620</u>	<u>309</u>	<u>(301)</u>

See accompanying Notes to Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

EMERSON ELECTRIC CO. & SUBSIDIARIES

Years ended September 30 | Dollars in millions, except per share amounts or where noted

(1) Summary of Significant Accounting Policies

FINANCIAL STATEMENT PRESENTATION

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from these estimates. Certain operating results have been classified as discontinued operations. See Note 3.

Emerson adopted updates to ASC 810, *Consolidation*, in the first quarter of 2010. The updates require an entity to separately disclose noncontrolling interests in subsidiaries as a separate line item in the income statement and as a separate component of equity in the balance sheet. Adoption did not have a material impact on the Company's financial statements. As required, certain prior year amounts were reclassified as this change was retrospectively applied to prior periods.

Effective October 1, 2009, the Company adopted ASC 805, *Business Combinations*, which requires that assets acquired, liabilities assumed and contractual contingencies be measured at fair value as of the acquisition date and all acquisition costs be expensed as incurred. See Note 3 for a discussion of acquisition activity.

In the first quarter of 2010, the Company adopted updates to ASC 260, *Earnings per Share*, regarding the two-class method of computing earnings per share (EPS). This method requires earnings to be allocated to participating securities (for Emerson, certain employee stock awards) in the EPS computation based on each security's respective dividend rate. This change had an inconsequential impact on EPS.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its controlled affiliates. Intercompany transactions, profits and balances are eliminated in consolidation. Investments of 20 percent to 50 percent of the voting shares of other entities are accounted for by the equity method. Investments in publicly-traded companies of less than 20 percent are carried at fair value, with changes in fair value reflected in accumulated other comprehensive income. Investments in nonpublicly traded companies of less than 20 percent are carried at cost.

FOREIGN CURRENCY TRANSLATION

The functional currency for most of the Company's non-U.S. subsidiaries is the local currency. Adjustments resulting from translating local currency financial statements into U.S. dollars are reflected in accumulated other comprehensive income.

FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurement*, established a formal hierarchy and framework for measuring financial statement items at fair value and expanded disclosure about fair value measurements and the reliability of valuation inputs. Under ASC 820, measurement assumes the transaction to sell an asset or transfer a liability occurs in the principal or at least the most advantageous market for that asset or liability. Within the hierarchy, Level 1 instruments use observable market prices for the identical item in active markets and have the most reliable valuations. Level 2 instruments are valued through broker/dealer quotation or through market-observable inputs for similar items in active markets, including forward and spot prices, interest rates and volatilities. Level 3 instruments are valued using inputs not observable in an active market, such as company-developed future cash flow estimates, and are considered the least reliable. Valuations for all of Emerson's financial instruments fall within Level 2. The fair value of the Company's long-term debt is estimated using current interest rates and pricing from financial institutions and other market sources for debt with similar maturities and characteristics. In 2010, Emerson adopted the portions of ASC 820 related to nonfinancial assets and liabilities, including goodwill and certain other intangible and long-lived assets. Adoption did not have a material impact on the Company's financial statements.

CASH EQUIVALENTS

Cash equivalents consist of highly liquid investments with original maturities of three months or less.

INVENTORIES

Inventories are stated at the lower of cost or market. The majority of inventory is valued based on standard costs that approximate average costs, while the remainder is principally valued on a first-in, first-out basis. Cost standards are revised at the beginning of each fiscal year. The annual effect of resetting standards plus any operating variances incurred during each period are allocated between inventories and cost of sales.

PROPERTY, PLANT AND EQUIPMENT

The Company records investments in land, buildings, and machinery and equipment at cost. Depreciation is computed principally using the straight-line method over estimated service lives, which for principal assets are 30 to 40 years for buildings and 8 to 12 years for machinery and equipment. Long-lived tangible assets are reviewed for impairment whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. Impairment losses are recognized based on fair value if the sum of expected future undiscounted cash flows of the related assets is less than their carrying values.

GOODWILL AND OTHER INTANGIBLE ASSETS

Assets and liabilities acquired in business combinations are accounted for using the acquisition method and recorded at their respective fair values. Substantially all goodwill is assigned to the reporting unit that acquires a business. A reporting unit is an operating segment as defined in ASC 280, *Segment Reporting*, or a business one level below an operating segment if discrete financial information for that business unit is prepared and regularly reviewed by the segment manager. The Company conducts impairment tests of goodwill on an annual basis in the fourth quarter and between annual tests if events or circumstances indicate the fair value of a reporting unit may be less than its carrying value. If a reporting unit's carrying amount exceeds its estimated fair value, goodwill impairment is recognized to the extent that recorded goodwill exceeds the implied fair value of that goodwill. Fair values of reporting units are Level 3 measures and are developed under an income approach that discounts estimated future cash flows using risk-adjusted interest rates.

All of the Company's identifiable intangible assets are subject to amortization. Identifiable intangibles consist of intellectual property such as patents and trademarks, customer relationships and capitalized software, and are amortized on a straight-line basis over the estimated useful life. These intangibles are also subject to evaluation for potential impairment if events or circumstances indicate the carrying amount may not be recoverable. See Note 6.

WARRANTY

Warranties vary by product line and are competitive for the markets in which the Company operates. Warranties generally extend for a period of one to two years from the date of sale or installation. Provisions for warranty are determined primarily based on historical warranty cost as a percentage of sales or a fixed amount per unit sold based on failure rates, adjusted for specific problems that may arise. Product warranty expense is less than one percent of sales.

REVENUE RECOGNITION

The Company recognizes nearly all of its revenues through the sale of manufactured products and records the sale when products are shipped or delivered, and title passes to the customer with collection reasonably assured. In certain limited circumstances, revenue is recognized using the percentage-of-completion method, as performance occurs, or in accordance with ASC 985-605 related to software. Management believes that all relevant criteria and conditions are considered when recognizing revenue.

Sales arrangements sometimes involve delivering multiple elements, including services such as installation. In these instances, the revenue assigned to each element is based on vendor-specific objective evidence, third-party evidence or management estimate of the relative selling price, with revenue recognized individually for delivered elements only if they have value to the customer on a stand-alone basis, the performance of the undelivered items is probable and substantially in the Company's control or the undelivered elements are inconsequential or perfunctory, and there are no unsatisfied contingencies related to payment. Approximately ten percent of the Company's revenues arise from qualifying sales arrangements that include the delivery of multiple elements, principally in the Network Power and Process Management segments. The vast majority of these deliverables are tangible products, with a small portion attributable to installation, service and maintenance. Selling prices are primarily determined using vendor-specific objective evidence. Generally, contract duration is short-term and cancellation, termination or refund provisions apply only in the event of contract breach and have historically not been invoked.

As of October 1, 2010, certain updates became effective for ASC 605, *Revenue Recognition*, regarding the allocation of consideration in multiple deliverables arrangements. Under the updated ASC 605, the allocation of consideration is now based on vendor-specific objective evidence, third party evidence or management estimates of selling price. The impact of this change on any period presented was inconsequential.

DERIVATIVES AND HEDGING

In the normal course of business, the Company is exposed to changes in interest rates, foreign currency exchange rates and commodity prices due to its worldwide presence and diverse business profile. Emerson's foreign currency exposures primarily relate to transactions denominated in euros, Mexican pesos, Canadian dollars and Chinese renminbi. Primary commodity exposures are price fluctuations on forecasted purchases of copper and aluminum and related products. As part of the Company's risk management strategy, derivative instruments are selectively used in an effort to minimize the impact of these exposures. Foreign exchange forwards and options are utilized to hedge foreign currency exposures impacting sales or cost of sales transactions, firm commitments and the fair value of assets and liabilities, while swap and option contracts are used to minimize the effect of commodity price fluctuations on the cost of sales. All derivatives are associated with specific underlying exposures and the Company does not hold derivatives for trading or speculative purposes. The duration of hedge positions is generally two years or less and amounts currently hedged beyond 18 months are not significant.

All derivatives are accounted for under ASC 815, *Derivatives and Hedging*, and are recognized on the balance sheet at fair value. For derivatives hedging variability in future cash flows, the effective portion of any gain or loss is deferred in stockholders' equity and recognized in earnings when the underlying hedged transaction impacts earnings. The majority of the Company's derivatives that are designated as hedges and qualify for deferral accounting are cash flow hedges. For derivatives hedging the fair value of existing assets or liabilities, both the gain or loss on the derivative and the offsetting loss or gain on the hedged item are recognized in earnings each period. Currency fluctuations on non-U.S. dollar obligations that have been designated as hedges of non-U.S. dollar net asset exposures are reported in equity. To the extent that any hedge is not fully effective at offsetting cash flow or fair value changes in the underlying hedged item, there could be a net earnings impact. The Company also uses derivatives to hedge economic exposures that do not receive deferral accounting under ASC 815. The underlying exposures for these hedges relate primarily to purchases of commodity-based components used in the Company's manufacturing processes, and the revaluation of certain foreign-currency-denominated assets and liabilities. Gains or losses from the ineffective portion of any hedge, as well as any gains or losses on derivative instruments not designated as hedges, are recognized in the income statement immediately.

If credit ratings on the Company's debt fall below pre-established levels, derivatives counterparties can require immediate full collateralization on instruments in net liability positions. Similarly, Emerson can demand full collateralization should any of the Company's counterparties' credit rating fall below certain thresholds. Counterparties to derivative arrangements are companies with high credit ratings. Risk from credit loss when derivatives are in asset positions is considered immaterial. The Company has master netting arrangements in place with its counterparties that allow the offsetting of certain derivative-related amounts receivable and payable when settlement occurs in the same period. Accordingly, counterparty balances are netted in the consolidated balance sheet. Net values of commodity contracts and foreign currency contracts are reported in current assets or accrued expenses depending on the position as of the balance sheet date. See Note 7.

INCOME TAXES

The provision for income taxes is based on pretax income reported in the consolidated statements of earnings and currently enacted tax rates for each jurisdiction. Certain income and expense items are recognized in different time periods for financial reporting and income tax filing purposes, and deferred income taxes are provided for the effect of temporary differences. The Company also provides for U.S. federal income taxes, net of available foreign tax credits, on earnings intended to be repatriated from non-U.S. locations. No provision has been made for U.S. income taxes on approximately \$5.9 billion of undistributed earnings of non-U.S. subsidiaries as of September 30, 2011, as these earnings are considered permanently invested or otherwise indefinitely retained for continuing international operations. Recognition of U.S. taxes on undistributed earnings would be triggered by a management decision to repatriate those earnings, although there is no current intention to do so. Determination of the amount of taxes that might be paid on these undistributed earnings if eventually remitted is not practicable. See Note 13.

COMPREHENSIVE INCOME

Comprehensive income is primarily composed of net earnings plus changes in foreign currency translation, pension and postretirement adjustments, and the effective portion of changes in the fair value of cash flow hedges. Accumulated other comprehensive income, net of tax (a component of equity), consists of foreign currency translation credits of \$671 and of \$649, pension and postretirement charges of \$1,164 and \$1,108 and cash flow hedges and other charges of \$69 and credits of \$33, respectively, at September 30, 2011 and 2010. Accumulated other comprehensive income attributable to noncontrolling interests in subsidiaries consists primarily of earnings and foreign currency translation.

RETIREMENT PLANS

Effective September 30, 2010, the Company adopted updates to ASC 715, *Compensation - Retirement Benefits*. These updates expand disclosure about an entity's investment policies and strategies for assets held by defined benefit pension or postretirement plans, including information regarding major classes of plan assets, inputs and valuation techniques used to measure the fair value of assets, and concentrations of risk within the plans. See Note 10.

(2) Weighted Average Common Shares

Basic earnings per common share consider only the weighted average of common shares outstanding while diluted earnings per common share consider the dilutive effects of stock options and incentive shares. Options to purchase approximately 4.6 million, 3.9 million and 7.6 million shares of common stock were excluded from the computation of diluted earnings per share in 2011, 2010 and 2009, respectively, as the effect would have been antidilutive. Earnings allocated to participating securities were inconsequential for all years presented. Reconciliations of weighted average shares for basic and diluted earnings per common share follow:

(SHARES IN MILLIONS)	2009	2010	2011
Basic shares outstanding	753.7	750.7	748.5
Dilutive shares	5.0	6.3	5.0
Diluted shares outstanding	758.7	757.0	753.5

(3) Acquisitions and Divestitures

The Company acquired several small businesses during 2011, mainly in the Process Management and Climate Technologies segments. Total cash paid for all businesses was approximately \$232, net of cash acquired of \$2. Annualized sales for businesses acquired in 2011 were approximately \$100. Goodwill of \$125 (none of which is expected to be deductible for tax purposes) and identifiable intangible assets of \$75, primarily customer relationships and patents and technology with a weighted-average life of approximately 12 years, were recognized from these transactions. All of these acquisitions were complementary to the existing business portfolio and none was individually significant.

In the fourth quarter of 2011, the Company sold its heating elements unit, which was previously included in the Tools and Storage segment, for \$73, resulting in an after-tax gain of \$21 (\$30 of income taxes). Heating elements had 2011 fourth quarter sales of \$12 and net earnings of \$1. Only the gain on divestiture and fourth quarter operating results for heating elements, and the impact of finalizing the 2010 Motors and LANDesk divestitures, have been classified as discontinued operations for 2011; prior fiscal 2011 quarters and prior year results of operations for heating elements were inconsequential and have not been reclassified.

The Company acquired one-hundred percent of Chloride Group PLC during the fourth quarter of 2010 and Avocent Corporation during the first quarter of 2010. Chloride provides commercial and industrial uninterruptible power supply systems and services, which significantly strengthened the Company's Network Power business in Europe, and is included in the Network Power segment. Avocent products enhance companies' integrated data center management capabilities, which strongly positions Emerson for the growth of infrastructure management in data centers worldwide, and is included in the Network Power segment.

The purchase price of Avocent and Chloride was allocated to assets and liabilities as follows:

Accounts receivable	\$	197
Inventory		155
Property, plant & equipment and other assets		148
Intangibles		1,071
Goodwill		1,509
Assets held for sale, including deferred taxes		278
Total assets		3,358
Accounts payable and accrued expenses		183
Debt assumed		165
Deferred taxes and other liabilities		395
Cash paid, net of cash acquired	\$	2,615

Results of operations for 2010 included combined sales of \$373 and a combined net loss of \$73 from Avocent and Chloride, including intangible asset amortization, interest, first year acquisition accounting charges and deal costs. Pro forma sales and net earnings common stockholders of the Company including full year results of operations for Avocent and Chloride were approximately \$21.6 billion and \$2.1 billion in 2010, and \$21.0 billion and \$1.6 billion in 2009, respectively. These pro forma results include intangible asset amortization and interest cost in both periods, and first year acquisition accounting charges and deal costs in 2009.

In addition to Chloride and Avocent, the Company acquired SSB, a designer and manufacturer of electrical pitch systems and controls used in wind turbine generators which is reported in the Industrial Automation segment, and other smaller businesses during 2010 reported mainly in the Process Management and Industrial Automation segments. Total cash paid for all businesses was approximately \$2,843, net of cash acquired of \$150. Additionally, the Company assumed debt of \$169. Annualized sales for businesses acquired in 2010 were approximately \$1.1 billion. Identifiable intangible assets of \$1,166, primarily customer relationships and intellectual property with a weighted-average life of approximately 10 years, were recognized along with goodwill of \$1,633, of which only a small amount is tax deductible.

In the fourth quarter 2010, the Company sold the LANDesk business unit, which was acquired as part of Avocent and was not a strategic fit with Emerson, for \$230, resulting in an after-tax gain of \$12 (\$10 of income taxes). Additionally, LANDesk incurred operating losses of \$19. This business was classified as discontinued operations throughout 2010. Also in the fourth quarter of 2010, the Company sold its appliance motors and U.S. commercial and industrial motors businesses (Motors) which had slower growth profiles and were formerly reported in the Tools and Storage segment. Proceeds from the sale were \$622 resulting in an after-tax gain of \$155 (\$126 of income taxes). The Motors disposition included working capital of \$98, property, plant and equipment of \$152, goodwill of \$44, and other of \$47. The Motors businesses had total annual sales of \$827 and \$813 and net earnings (excluding the divestiture gain) of \$38 and \$9 in 2010 and 2009, respectively. Results of operations for Motors have been reclassified into discontinued operations for 2010 and earlier periods.

The Company acquired one-hundred percent of Roxar ASA during the third quarter of 2009, Trident Powercraft Private Limited during the second quarter of 2009 and System Plast S.p.A. during the first quarter of 2009. Roxar is a global supplier of measurement solutions and software for reservoir production optimization, enhanced oil and gas recovery and flow assurance and is included in the Process Management segment. Trident Power is a manufacturer and supplier of power generating alternators and other products and is included in the Industrial Automation segment. System Plast is a manufacturer of engineered modular belts and custom conveyer components for the food processing and packaging industries and is included in the Industrial Automation segment. In addition to Roxar, Trident Power and System Plast, the Company acquired other smaller businesses during 2009, mainly in the Climate Technologies, Tools and Storage and Process Management segments. Total cash paid for all businesses was approximately \$776, net of cash acquired of \$31. Additionally, the Company assumed debt of \$230. Annualized sales for businesses acquired in 2009 were approximately \$530. Goodwill of \$541 (\$34 of which is expected to be deductible for tax purposes) and identifiable intangible assets of \$365, primarily customer relationships and patents and technology with a weighted-average life of 12 years, were recognized from these transactions in 2009.

The results of operations of the businesses discussed above have been included in the Company's consolidated results of operations since the respective dates of acquisition.

(4) Other Deductions, Net

Other deductions, net are summarized as follows:

	2009	2010	2011
Amortization of intangibles (intellectual property and customer relationships)	\$ 108	176	261
Rationalization of operations	284	126	81
Other	121	71	57
Gains, net	(39)	(4)	(24)
Total	\$ 474	369	375

Other deductions, net increased for 2011 primarily due to higher amortization expense on acquired intangible assets, partially offset by lower rationalization expense and higher gains. Other is composed of several items that are individually immaterial, including foreign currency gains and losses, bad debt expense, equity investment income and losses, as well as one-time items such as litigation and disputed matters and insurance recoveries. Other decreased in 2011 primarily because of lower acquisition-related costs, partially offset by a \$19 impairment charge related to the Industrial Automation wind turbine pitch control business, reflecting a slowdown in investment for alternative energy in the current economic environment. Other decreased in 2010 primarily because of \$45 of lower foreign currency transaction losses compared with 2009. Gains, net for 2011 include \$15 related to the acquisition of full ownership of a Process Management joint venture in India. Gains, net for 2009 included \$25 (\$17 after-tax) related to the sale of an asset for which the Company received \$41.

(5) Rationalization of Operations

Rationalization of operations expense reflects costs associated with the Company's efforts to continually improve operational efficiency and deploy assets globally in order to remain competitive on a worldwide basis. Each year the Company incurs costs for actions to size its businesses to a level appropriate for current economic conditions and to improve its cost structure for future growth. Rationalization expenses result from numerous individual actions implemented across the Company's various operating divisions on an ongoing basis and include costs for moving facilities to best-cost locations, starting up plants after relocation or geographic expansion to serve local markets, exiting certain product lines, curtailing/downsizing operations because of changing economic conditions and other costs resulting from asset redeployment decisions. Shutdown costs include severance, benefits, stay bonuses, lease and contract terminations and asset write-downs. In addition to the costs of moving fixed assets, start-up and moving costs include employee training and relocation. Vacant facility costs include security, maintenance, utility and other costs.

The Company reported rationalization expenses of \$81, \$126 and \$284, respectively for 2011, 2010 and 2009, with the significantly higher expense in 2009 due to actions taken in response to the severe economic environment worldwide. The Company currently expects to incur rationalization expense in 2012 in the range of approximately \$100 to \$125, including the costs to complete actions initiated before the end of 2011 and actions anticipated to be approved and initiated during 2012.

The change in the liability for the rationalization of operations during the years ended September 30 follows:

	2010	EXPENSE	PAID / UTILIZED	2011
Severance and benefits	\$ 57	17	50	24
Lease and other contract terminations	8	3	8	3
Fixed asset write-downs	—	12	12	—
Vacant facility and other shutdown costs	4	11	13	2
Start-up and moving costs	—	38	37	1
Total	\$ 69	81	120	30

	2009	EXPENSE	PAID / UTILIZED	2010
Severance and benefits	\$ 112	73	128	57
Lease and other contract terminations	7	9	8	8
Fixed asset write-downs	—	9	9	—
Vacant facility and other shutdown costs	2	14	12	4
Start-up and moving costs	1	21	22	—
Total	\$ 122	126	179	69

Rationalization of operations expense by segment is summarized as follows:

	2009	2010	2011
Process Management	\$ 55	35	11
Industrial Automation	47	48	32
Network Power	118	25	20
Climate Technologies	48	13	11
Tools and Storage	16	5	7
Total	\$ 284	126	81

During 2011, the Company's business segments incurred start-up and moving costs related to relocating assets to best cost locations, geographic expansion to directly serve local markets, or shutdown costs for the consolidation of facilities within geographic locations to increase operational efficiency. Severance and benefits expense relates to exiting approximately 20 facilities, including those consolidated within regions, and eliminating approximately 2,800 positions. Start-up and moving costs were substantially incurred in Industrial Automation and Network Power, while Industrial Automation incurred most of the fixed-asset write-downs. Facilities consolidation largely occurred in North America and Europe. Vacant facilities and other shutdown costs were not material for any segment.

Costs incurred during 2010 included actions to exit approximately 25 production, distribution or office facilities and eliminate approximately 3,500 positions, as well as costs related to facilities exited in previous periods. All the Company's business segments incurred shutdown costs due to workforce reductions and/or the consolidation of facilities. Start-up and moving costs, vacant facilities and other costs were not material for any segment. In addition to force-count reductions, actions in 2010 included Process Management consolidating some North American and European production; Industrial Automation consolidating production and sales within Europe and North America; Network Power consolidating North American production and shifting some capabilities from North America and Europe to Asia; and Climate Technologies consolidating or downsizing production in North America and Europe.

Costs incurred during 2009 included exiting approximately 25 production, distribution or office facilities and eliminating approximately 20,000 positions, of which approximately one-half were from restructuring actions and the remainder through layoffs and attrition, as well as costs related to facilities exited in previous periods. All the Company's business segments incurred shutdown costs due to workforce reductions and/or the consolidation of facilities. Start-up and moving costs were primarily attributable to Network Power and Industrial Automation, while Network Power incurred most of the asset write-downs. Vacant facilities and other costs were immaterial for any segment. In addition to worldwide forcecount reductions, actions during 2009 included Industrial Automation consolidating production facilities; Network Power primarily incurring integration costs for the Embedded Computing acquisition, but also consolidating production in North America and Europe and shifting certain capabilities from Europe to Asia; Climate Technologies consolidating or downsizing production in North America, Europe and Asia; and Tools and Storage consolidating and downsizing production in North America.

(6) Goodwill and Other Intangibles

Purchases of businesses are accounted for under the acquisition method, with substantially all goodwill assigned to the reporting unit that acquires the business. Under an impairment test performed annually, if the carrying amount of a reporting unit's goodwill exceeds its estimated fair value, impairment is recognized to the extent that the carrying amount exceeds the implied fair value of the goodwill. Fair values of reporting units are estimated using discounted cash flows and are subject to change due to changes in underlying economic conditions. The change in the carry amount of goodwill by business segment follows. See Notes 3 and 4 for further discussion of changes in goodwill related to acquisitions, divestitures and impairment.

	PROCESS MANAGEMENT	INDUSTRIAL AUTOMATION	NETWORK POWER	CLIMATE TECHNOLOGIES	TOOLS AND STORAGE	TOTAL
Balance, September 30, 2009	\$ 2,279	1,304	2,417	473	605	7,078
Acquisitions	27	97	1,509			1,633
Divestitures			(2)		(44)	(46)
Foreign currency translation and other	(32)	(22)	73	(9)	(19)	(9)
Balance, September 30, 2010	\$ 2,274	1,379	3,997	464	542	8,656
Acquisitions	110			15		125
Divestitures		(1)	(8)		(6)	(15)
Impairment		(19)				(19)
Foreign currency translation and other	(16)	34	1	4	1	24
Balance, September 30, 2011	\$ 2,368	1,393	3,990	483	537	8,771

The gross carrying amount and accumulated amortization of identifiable intangible assets by major class follow:

	CUSTOMER RELATIONSHIPS		INTELLECTUAL PROPERTY		CAPITALIZED SOFTWARE		TOTAL	
	2010	2011	2010	2011	2010	2011	2010	2011
Gross carrying amount	\$ 1,414	1,499	1,127	1,110	918	971	3,459	3,580
Less: Accumulated amortization	181	330	420	518	708	763	1,309	1,611
Net carrying amount	\$ 1,233	1,169	707	592	210	208	2,150	1,969

Total intangible asset amortization expense for 2011, 2010 and 2009 was \$345, \$254 and \$184, respectively. Based on intangible asset balances as of September 30, 2011, amortization expense is expected to approximate \$312 in 2012, \$267 in 2013, \$231 in 2014, \$198 in 2015 and \$173 in 2016.

(7) Financial Instruments

HEDGING ACTIVITIES

The notional value of foreign currency hedge positions was approximately \$1.5 billion as of September 30, 2011. Commodity hedges outstanding as of September 30, 2011 included a total of approximately 107 million pounds of copper and aluminum. All derivatives receiving deferral accounting are cash flow hedges. The majority of hedging gains and losses deferred as of September 30, 2011 are expected to be recognized over the next 12 months as the underlying forecasted transactions occur. Amounts included in earnings and other comprehensive income follow:

		GAIN (LOSS) TO EARNINGS			GAIN (LOSS) TO OTHER COMPREHENSIVE INCOME		
		2009	2010	2011	2009	2010	2011
Deferred	Location						
Foreign currency	Sales	\$ (24)	(5)	11	(18)	11	2
Foreign currency	Cost of sales	(32)	6	22	(40)	30	(16)
Commodity	Cost of sales	(96)	42	52	(40)	44	(58)
Not Deferred							
Foreign currency	Other deductions, net	(67)	117	10			
Commodity	Cost of sales	(11)	—	(1)			
Total		\$ (230)	160	94	(98)	85	(72)

Regardless of whether or not derivatives receive deferral accounting, the Company expects hedging gains or losses to be essentially offset by losses or gains on the related underlying exposures. The amounts ultimately recognized will differ from those presented above for any open positions, which remain subject to ongoing market price fluctuations until settlement. Derivatives receiving deferral accounting are highly effective, no amounts were excluded from the assessment of hedge effectiveness, and hedge ineffectiveness was immaterial in 2011, 2010 and 2009, including gains or losses on derivatives that were discontinued because forecasted transactions were no longer expected to occur.

FAIR VALUE MEASUREMENTS

Fair values of derivative contracts outstanding as of September 30 follow:

	ASSETS		LIABILITIES	
	2010	2011	2010	2011
Exposure				
Foreign currency	\$ 67	17	(50)	(48)
Commodity	\$ 31	—	(3)	(83)

The Company posted \$53 of collateral as of September 30, 2011. The maximum collateral the Company could have been required to post as of September 30, 2011 was \$116. The fair value of long-term debt was \$5,276 and \$5,292, respectively, as of September 30, 2011 and 2010, which exceeded the carrying value by \$673 and \$635, respectively.

(8) Short-Term Borrowings and Lines of Credit

Short-term borrowings and current maturities of long-term debt are summarized as follows:

	2010	2011
Current maturities of long-term debt	\$ 71	279
Commercial paper	401	588
Payable to banks	8	10
Total	\$ 480	877
Weighted-average short-term borrowing interest rate at year end	0.3%	0.1%

The Company periodically issues commercial paper as a source of short-term financing. In December 2010 the Company entered into a \$2.75 billion four-year revolving backup credit facility to support short-term borrowings, which replaced a \$2.83 billion five-year revolving credit facility dated April 2006. The Company did not draw upon either facility in 2011, 2010 or 2009. The credit facility contains no financial covenants and is not subject to termination based on a change in credit ratings or material adverse changes.

(9) Long-Term Debt

Long-term debt is summarized as follows:

	2010	2011
5.75% notes due November 2011	\$ 250	250
4.625% notes due October 2012	250	250
4.5% notes due May 2013	250	250
5.625% notes due November 2013	250	250
5.0% notes due December 2014	250	250
4.125% notes due April 2015	250	250
4.75% notes due October 2015	250	250
5.125% notes due December 2016	250	250
5.375% notes due October 2017	250	250
5.25% notes due October 2018	400	400
5.0% notes due April 2019	250	250
4.875% notes due October 2019	500	500
4.25% notes due November 2020	300	300
6.0% notes due August 2032	250	250
6.125% notes due April 2039	250	250
5.25% notes due November 2039	300	300
Other	157	103
Long-term debt	4,657	4,603
Less: Current maturities	71	279
Total, net	\$ 4,586	4,324

Long-term debt maturing during each of the four years after 2012 is \$560, \$265, \$500 and \$250, respectively. Total interest paid related to short-term borrowings and long-term debt was approximately \$239, \$264 and \$230 in 2011, 2010 and 2009, respectively.

The Company maintains a universal shelf registration statement on file with the SEC under which it could issue debt securities, preferred stock, common stock, warrants, share purchase contracts and share purchase units without a predetermined limit. Securities can be sold in one or more separate offerings with the size, price and terms to be determined at the time of sale.

(10) Retirement Plans

Retirement plans expense includes the following components:

	U.S. PLANS			NON-U.S. PLANS		
	2009	2010	2011	2009	2010	2011
Defined benefit plans:						
Service cost (benefits earned during the period)	\$ 46	51	52	22	24	30
Interest cost	174	175	172	45	45	50
Expected return on plan assets	(243)	(263)	(279)	(37)	(42)	(49)
Net amortization	70	122	147	17	20	22
Net periodic pension expense	47	85	92	47	47	53
Defined contribution plans	80	81	98	37	36	50
Total retirement plans expense	\$ 127	166	190	84	83	103

Reconciliations of the actuarial present value of the projected benefit obligations and of the fair value of plan assets for defined benefit pension plans follow:

	U.S. PLANS		NON-U.S. PLANS	
	2010	2011	2010	2011
Projected benefit obligation, beginning	\$ 3,202	3,466	864	1,061
Service cost	51	52	24	30
Interest cost	175	172	45	50
Actuarial (gain) loss	207	114	112	(125)
Benefits paid	(157)	(167)	(45)	(53)
Acquisitions/divestitures, net	(15)	—	61	—
Foreign currency translation and other	3	7	—	(3)
Projected benefit obligation, ending	\$ 3,466	3,644	1,061	960
Fair value of plan assets, beginning	\$ 2,822	3,206	634	714
Actual return on plan assets	328	29	60	—
Employer contributions	212	112	35	30
Benefits paid	(157)	(167)	(45)	(53)
Acquisitions/divestitures, net	—	—	41	—
Foreign currency translation and other	1	2	(11)	(1)
Fair value of plan assets, ending	\$ 3,206	3,182	714	690
Net amount recognized in the balance sheet	\$ (260)	(462)	(347)	(270)
Amounts recognized in the balance sheet:				
Noncurrent asset	\$ —	—	5	4
Noncurrent liability	\$ (260)	(462)	(352)	(274)
Accumulated other comprehensive loss	\$ (1,439)	(1,659)	(338)	(240)

Approximately \$184 of the \$1,899 of losses deferred in accumulated other comprehensive income at September 30, 2011, will be amortized into earnings in 2012. As of September 30, 2011, retirement plans in total were underfunded by \$732.

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As of the plans' September 30, 2011 and 2010 measurement dates, the total accumulated benefit obligation was \$4,345 and \$4,246, respectively. Also, as of the plans' respective measurement dates, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for retirement plans with accumulated benefit obligations in excess of plan assets were \$4,093, \$3,907 and \$3,380, respectively, for 2011, and \$1,120, \$1,043 and \$618, respectively, for 2010.

Future benefit payments for U.S. plans are estimated to be \$174 in 2012, \$183 in 2013, \$192 in 2014, \$200 in 2015, \$208 in 2016 and \$1,157 in total over the five years 2017 through 2021. Based on foreign currency exchange rates as of September 30, 2011, future benefit payments for non-U.S. plans are estimated to be \$43 in 2012, \$47 in 2013, \$49 in 2014, \$55 in 2015, \$55 in 2016 and \$308 in total over the five years 2017 through 2021. In 2012, the Company expects to contribute approximately \$150 to its retirement plans.

The weighted-average assumptions used in the valuations of pension benefits were as follows:

	U.S. PLANS			NON-U.S. PLANS		
	2009	2010	2011	2009	2010	2011
Assumptions used to determine net pension expense:						
Discount rate	6.50%	5.50%	5.00%	5.9%	5.3%	4.6%
Expected return on plan assets	8.00%	8.00%	8.00%	6.0%	5.9%	5.9%
Rate of compensation increase	3.25%	3.00%	3.00%	3.5%	3.9%	3.5%
Assumptions used to determine benefit obligations:						
Discount rate	5.50%	5.00%	4.75%	5.3%	4.6%	5.2%
Rate of compensation increase	3.00%	3.00%	3.00%	3.9%	3.5%	3.5%

The discount rate for the U.S. retirement plans was 4.75 percent as of September 30, 2011. An actuarially determined, company-specific yield curve is used to determine the discount rate. The expected return on plan assets assumption is determined by reviewing the investment returns of the plans for the past 10 years plus longer-term historical returns of an asset mix approximating Emerson's asset allocation targets, and periodically comparing these returns to expectations of investment advisors and actuaries to determine whether long-term future returns are expected to differ significantly from the past. The Company expects to reduce the assumed investment return on plan assets to 7.75 percent for 2012. Defined benefit pension plan expense for 2012 is expected to be approximately \$170, versus \$145 in 2011.

The Company's asset allocations at September 30, 2011 and 2010, and weighted-average target allocations are as follows:

	U.S. PLANS			NON-U.S. PLANS		
	2010	2011	TARGET	2010	2011	TARGET
Equity securities	65%	62%	60-70%	51%	50%	50-60%
Debt securities	29%	30%	25-35%	31%	32%	25-35%
Other	6%	8%	3-10%	18%	18%	10-20%
Total	100%	100%	100%	100%	100%	100%

The primary objective for the investment of plan assets is to secure participant retirement benefits while earning a reasonable rate of return. Plan assets are invested consistent with the provisions of the prudence and diversification rules of ERISA and with a long-term investment horizon. The Company continuously monitors the value of assets by class and routinely rebalances to remain within target allocations. The strategy for equity assets is to minimize concentrations of risk by investing primarily in companies in a diversified mix of industries worldwide, while targeting neutrality in exposure to market capitalization levels, growth versus value profile, global versus regional markets, fund types and fund managers. The approach for bonds emphasizes investment-grade corporate and government debt with maturities matching a portion of the longer duration pension liabilities. The bonds strategy also includes a high yield element which is generally shorter in duration. A small portion of U.S. plan assets is allocated to private equity partnerships and real asset fund investments for diversification, providing opportunities for above market returns. Leveraging techniques are not used and the use of derivatives in any fund is limited to exchange-traded futures contracts and is inconsequential.

The fair values of defined benefit plan assets as of September 30, organized by asset class and by the fair value hierarchy of ASC 820 as outlined in Note 1, follow:

	Level 1	Level 2	Level 3	Total	%
2011					
U.S. equities	\$ 766	443	145	1,354	35%
International equities	476	291		767	20%
Emerging market equities	59	128		187	5%
Corporate bonds		522		522	14%
Government bonds		509		509	13%
High yield bonds		130		130	3%
Other	120	161	122	403	10%
Total	\$ 1,421	2,184	267	3,872	100%
2010					
U.S. equities	\$ 879	457	130	1,466	38%
International equities	533	256		789	20%
Emerging market equities	67	136		203	5%
Corporate bonds	23	449		472	12%
Government bonds	6	533		539	14%
High yield bonds	2	133		135	3%
Other	33	164	119	316	8%
Total	\$ 1,543	2,128	249	3,920	100%

ASSET CLASSES

U.S. Equities reflects companies domiciled in the U.S., including multinational companies. International Equities is comprised of companies domiciled in developed nations outside the U.S. Emerging Market Equities is comprised of companies domiciled in portions of Asia, Eastern Europe and Latin America. Corporate Bonds represent investment-grade debt of issuers primarily from the U.S. Government Bonds include investment-grade instruments issued by federal, state and local governments, primarily in the U.S. High Yield Bonds include non-investment-grade debt from a diverse group of developed market issuers. Other includes cash, interests in mixed asset funds investing in commodities, natural resources, agriculture and exchange-traded real estate funds, life insurance contracts (U.S.) and shares in certain general investment funds of financial institutions or insurance arrangements (non-U.S.) that typically ensure no market losses or provide for a small minimum return guarantee.

FAIR VALUE HIERARCHY CATEGORIES

Valuations of Level 1 assets for all classes are based on quoted closing market prices from the principal exchanges where the individual securities are traded. Cash is valued at cost, which approximates fair value. Equity securities categorized as Level 2 assets are primarily non-exchange-traded commingled or collective funds where the underlying securities have observable prices available from active markets. Valuation is based on the net asset value of fund units held as derived from the fair value of the underlying assets. Debt securities categorized as Level 2 assets are generally valued based on independent broker/dealer bids or by comparison to other debt securities having similar durations, yields and credit ratings. Other Level 2 assets are valued based on a net asset value of fund units held, which is derived from either broker/dealer quotation or market-observed pricing for the underlying assets. U.S. equity securities classified as Level 3 are fund investments in private companies. Valuation techniques and inputs for these assets include discounted cash flow analysis, earnings multiple approaches, recent transactions, transferability restrictions, prevailing discount rates, volatilities, credit ratings and other factors. In the Other class, interests in mixed assets funds are Level 2 and U.S. life insurance contracts and non-U.S. general fund investments and insurance arrangements are Level 3.

A reconciliation of the change in value for Level 3 assets follows:

	2010	2011
Beginning balance, October 1	\$ 221	249
Gains (Losses) on assets held	28	34
Gains (Losses) on assets sold	(9)	(9)
Purchases, sales and settlements, net	9	(7)
Ending balance, September 30	\$ 249	267

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(11) Postretirement Plans

The Company sponsors unfunded postretirement benefit plans (primarily health care) for U.S. retirees and their dependents. The components of net postretirement benefits expense for the years ended September 30 follow:

	2009	2010	2011
Service cost	\$ 4	5	3
Interest cost	30	24	17
Net amortization	15	1	(7)
Net postretirement expense	\$ 49	30	13

Reconciliations of the actuarial present value of accumulated postretirement benefit obligations follow:

	2010	2011
Benefit obligation, beginning	\$ 499	417
Service cost	5	3
Interest cost	24	17
Actuarial (gain) loss	(36)	(25)
Benefits paid	(32)	(20)
Plan amendments	(34)	—
Acquisitions/divestitures and other	(9)	—
Benefit obligation, ending (recognized in balance sheet)	\$ 417	392

As of September 30, 2011 there was \$84 of deferred actuarial gains in accumulated other comprehensive income, of which approximately \$10 will be amortized into earnings in 2012. The assumed discount rates used in measuring the benefit obligations as of September 30, 2011, 2010 and 2009, were 4.25 percent, 4.25 percent and 5.0 percent, respectively. The assumed health care cost trend rate for 2012 is 8.0 percent, declining to 5.0 percent in the year 2018, and for 2011 was 8.0 percent, declining to 5.0 percent in the year 2017. A one-percentage-point increase or decrease in the assumed health care cost trend rate for each year would increase or decrease 2011 postretirement expense and the benefit obligation as of September 30, 2011 less than 5 percent. The Company estimates that future health care benefit payments will be \$37 in 2012, \$37 in 2013, \$36 in 2014, \$36 in 2015, \$34 in 2016 and \$156 in total over the five years 2017 through 2021.

(12) Contingent Liabilities and Commitments

Emerson is a party to a number of pending legal proceedings and claims, including those involving general and product liability and other matters, several of which claim substantial amounts of damages. The Company accrues for such liabilities when it is probable that future costs (including legal fees and expenses) will be incurred and such costs can be reasonably estimated. Accruals are based on developments to date; management's estimates of the outcomes of these matters; the Company's experience in contesting, litigating and settling similar matters; and any related insurance coverage. Although it is not possible to predict the ultimate outcome of these matters, the Company historically has been successful in defending itself against claims and suits that have been brought against it, and will continue to defend itself vigorously in all such matters. While the Company believes a material adverse impact is unlikely, given the inherent uncertainty of litigation, a remote possibility exists that a future development could have a material adverse impact on the Company.

The Company enters into certain indemnification agreements in the ordinary course of business in which the indemnified party is held harmless and is reimbursed for losses incurred from claims by third parties, usually up to a prespecified limit. In connection with divestitures of certain assets or businesses, the Company often provides indemnities to the buyer with respect to certain matters including, as examples, environmental or unidentified tax liabilities related to periods prior to the disposition. Because of the uncertain nature of the indemnities, the maximum liability cannot be quantified. As such, liabilities are recorded when they are both probable and reasonably estimable. Historically, payments under indemnity arrangements have been inconsequential.

At September 30, 2011, there were no known contingent liabilities (including guarantees, pending litigation, taxes and other claims) that management believes will be material in relation to the Company's financial statements, nor were there any material commitments outside the normal course of business.

(13) Income Taxes

Pretax earnings from continuing operations consist of the following:

	2009	2010	2011
United States	\$ 1,169	1,303	1,891
Non-U.S.	1,281	1,576	1,740
Total pretax earnings from continuing operations	\$ 2,450	2,879	3,631

The principal components of income tax expense follow:

	2009	2010	2011
Current:			
Federal	\$ 230	496	503
State and local	25	33	37
Non-U.S.	313	413	477
Deferred:			
Federal	149	(55)	149
State and local	9	(1)	3
Non-U.S.	(38)	(38)	(42)
Income tax expense	\$ 688	848	1,127

Reconciliations of the U.S. federal statutory tax rate to the Company's effective tax rate follow:

	2009	2010	2011
Federal rate	35.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit	0.9	0.7	0.7
Non-U.S. rate differential	(4.6)	(4.5)	(3.5)
Non-U.S. tax holidays	(2.0)	(2.2)	(1.0)
U.S. manufacturing deduction	(0.8)	(0.6)	(1.1)
Other	(0.4)	1.0	0.9
Effective income tax rate	28.1%	29.4%	31.0%

Non-U.S. tax holidays reduce tax rates in certain foreign jurisdictions and are expected to expire over the next seven years.

Following are reconciliations of the beginning and ending balances of unrecognized tax benefits before recoverability of cross-jurisdictional tax credits (federal, state and non-U.S.) and temporary differences. The amount of unrecognized tax benefits is not expected to significantly increase or decrease within the next 12 months.

	2010	2011
Beginning balance, at October 1	\$ 159	170
Additions for current year tax positions	48	13
Additions for prior year tax positions	20	27
Reduction for prior year tax positions	(34)	(22)
Reduction for settlements with tax authorities	(10)	(7)
Reduction for expirations of statute of limitations	(13)	(19)
Ending balance, at September 30	\$ 170	162

If none of the unrecognized tax benefits shown is ultimately paid, the tax provision and the calculation of the effective tax rate would be favorably impacted by \$126. The Company accrues interest and penalties related to income taxes in income tax expense. Total interest and penalties recognized were \$(3), \$(1) and \$6 in 2011, 2010 and 2009, respectively. As of September 30, 2011 and 2010, total accrued interest and penalties were \$36 and \$37, respectively.

The United States is the major jurisdiction for which the Company files income tax returns. Examinations by the U.S. Internal Revenue Service are complete through fiscal 2007. The status of state and non-U.S. tax examinations varies by the numerous legal entities and jurisdictions in which the Company operates.

The principal items that gave rise to deferred income tax assets and liabilities follow:

	2010	2011
Deferred tax assets:		
Net operating losses and tax credits	\$ 281	242
Accrued liabilities	225	219
Postretirement and postemployment benefits	153	137
Employee compensation and benefits	225	176
Pensions	143	196
Other	137	176
Total	1,164	1,146
Valuation allowances		
	(105)	(107)
Deferred tax liabilities:		
Intangibles	(918)	(890)
Property, plant and equipment	(265)	(284)
Other	(136)	(133)
Total	(1,319)	(1,307)
Net deferred income tax asset (liability)	\$ (260)	(268)

At September 30, 2011 and 2010, respectively, net current deferred tax assets were \$400 and \$374, and net noncurrent deferred tax liabilities were \$668 and \$634. Total income taxes paid were approximately \$1,030, \$890 and \$780 in 2011, 2010 and 2009, respectively. Approximately half of the \$242 net operating losses and tax credits can be carried forward indefinitely, while the remainder expire over varying periods.

(14) Stock-Based Compensation

The Company's stock-based compensation plans include stock options, performance shares, restricted stock and restricted stock units. Although the Company has discretion, shares distributed under these plans are issued from treasury stock.

STOCK OPTIONS

The Company's stock option plans permit key officers and employees to purchase common stock at specified prices. Outstanding options were granted at 100 percent of the average of the high and low market prices of the Company's common stock on the date of grant, generally vest one-third each year and expire 10 years from the date of grant. Compensation expense is recognized ratably over the vesting period based on the number of options expected to vest. The Company registered a new stock option plan in May 2011 and as of September 30, 2011, 23.2 million options were available for grant under the plans.

Changes in shares subject to option during the year ended September 30, 2011 follow:

(SHARES IN THOUSANDS)	AVERAGE EXERCISE PRICE PER SHARE	SHARES	TOTAL INTRINSIC VALUE OF AWARDS	AVERAGE REMAINING LIFE (YEARS)
Beginning of year	\$ 38.04	13,669		
Options granted	\$ 53.75	4,696		
Options exercised	\$ 33.20	(2,117)		
Options canceled	\$ 45.90	(296)		
End of year	\$ 43.16	15,952	\$ 78	6.3
Exercisable at year end	\$ 39.67	9,815	\$ 64	4.9

The weighted-average grant date fair value per option granted was \$11.00, \$8.51 and \$4.45 for 2011, 2010 and 2009, respectively. Cash received for option exercises was \$65 in 2011, \$53 in 2010 and \$33 in 2009. The total intrinsic value of options exercised was \$49, \$59 and \$10 in 2011, 2010 and 2009, respectively, and the actual tax benefit realized from tax deductions related to option exercises was \$16, \$4 and \$7, respectively.

The grant date fair value of each option is estimated using the Black-Scholes option-pricing model. Weighted-average assumptions used in the Black-Scholes valuations for 2011, 2010 and 2009 are as follows: risk-free interest rate based on the U.S. Treasury yield of 1.9 percent, 3.0 percent and 2.4 percent; dividend yield of 2.6 percent, 3.2 percent and 4.2 percent; and expected volatility based on historical volatility of 25 percent, 25 percent and 22 percent. The expected life of an option is seven years based on historical experience and expected future exercise patterns.

PERFORMANCE SHARES, RESTRICTED STOCK AND RESTRICTED STOCK UNITS

The Company's incentive shares plans include performance share awards which distribute the value of common stock to key management personnel subject to certain operating performance conditions and other restrictions. Distribution is primarily in shares of common stock and partially in cash. Compensation expense is recognized over the service period based on the number of awards expected to be ultimately earned. Performance share awards are accounted for as liabilities in accordance with ASC 718, *Compensation – Stock Compensation*, with compensation expense adjusted at the end of each period to reflect the change in fair value of the awards.

As a result of the Company achieving the performance objective at the end of 2010 and employees providing an additional year of service, 4,777,248 rights to receive common shares vested and were distributed to participants in 2011 as follows: 2,841,534 issued in shares, 1,661,045 withheld for income taxes and 274,669 paid in cash. As of September 30, 2011, 5,367,146 rights to receive common shares (awarded primarily in 2010) were outstanding, contingent upon achieving the Company's performance objective through 2013 and the provision of service by the employees.

Incentive shares plans also include restricted stock awards, which involve distribution of common stock to key management personnel subject to cliff vesting at the end of service periods ranging from three to 10 years. The fair value of outstanding awards was determined based on the average of the high and low market prices of the Company's common stock on the date of grant, with compensation expense recognized ratably over the applicable service period. In 2011, 520,000 shares of restricted stock vested as a result of participants fulfilling the applicable service requirements and, accordingly, 299,990 shares were issued while 220,010 shares were withheld for income taxes in accordance with minimum withholding requirements. In 2010, the Company performed a one-time conversion of outstanding Avocent stock awards in conjunction with the acquisition and during 2010, 685,755 of these shares vested, with 467,452 Emerson shares issued and 218,303 shares withheld for taxes in accordance with minimum withholding requirements. As of September 30, 2011, there were 1,733,956 shares of unvested restricted stock outstanding, including 115,956 shares related to the one-time Avocent conversion.

Changes in awards outstanding but not yet earned under the incentive shares plans during the year ended September 30, 2011 follow:

(SHARES IN THOUSANDS)	SHARES	AVERAGE GRANT DATE FAIR VALUE PER SHARE
Beginning of year	12,283	\$ 39.76
Granted	393	\$ 54.84
Earned/vested	(5,436)	\$ 41.44
Canceled	(139)	\$ 38.76
End of year	7,101	\$ 39.38

The total fair value of shares vested under the incentive shares plans was \$276, \$42 and \$3, respectively, in 2011, 2010 and 2009, of which \$113, \$15 and \$1, respectively, was paid in cash, primarily for tax withholding. As of September 30, 2011, 10 million shares remained available for award under the incentive shares plans.

Total compensation expense for the stock option and incentive shares plans was \$121, \$217 and \$54, for 2011, 2010 and 2009, respectively. The decrease from 2010 to 2011 reflects changes in the Company's stock price and the vesting and payment of a portion of the 2007 awards early in 2011. The increase from 2009 to 2010 reflects overlap of two performance share programs during the year (2007 awards for performance through 2010 and 2010 awards for performance through 2013) and a higher stock price in 2010. Income tax benefits recognized in the income statement for these compensation arrangements during 2011, 2010 and 2009 were \$32, \$65 and \$13, respectively. As of September 30, 2011, there was \$170 of total unrecognized compensation cost related to unvested awards granted under these plans, which is expected to be recognized over a weighted-average period of 1.9 years.

In addition to the stock option and incentive shares plans, in 2011 the Company awarded 15,656 shares of restricted stock and 3,914 restricted stock units under the restricted stock plan for non-management directors. As of September 30, 2011, 318,552 shares remained available for issuance under this plan.

(15) Common Stock

At September 30, 2011, 55 million shares of common stock were reserved for issuance under the Company's stock-based compensation plans. During 2011, 18.7 million common shares were repurchased and 4.9 million treasury shares were reissued.

(16) Business Segments Information

The Company designs and supplies products and technology and delivers engineering services in a wide range of industrial, commercial and consumer markets around the world. The business segments of the Company are organized primarily by the nature of the products and services they sell. The Process Management segment provides systems and software, measurement and analytical instrumentation, valves, actuators and regulators, and services and solutions that provide precision control, monitoring and asset optimization for plants that produce power or process fluids such as petroleum, chemicals, food and beverages, pulp and paper, and pharmaceuticals. The Industrial Automation segment provides commercial and industrial motors and drives, power transmission and materials handling equipment, low, medium and high voltage alternators and other power generation equipment, materials joining and precision cleaning products, fluid power and control mechanisms, and electrical distribution equipment which are used in a wide variety of manufacturing operations to provide integrated manufacturing solutions to customers. The Network Power segment designs, manufactures, installs and maintains power systems, including power conditioning and uninterruptible AC and DC power supplies, embedded power supplies, precision cooling systems, electrical switching equipment, and integrated infrastructure monitoring and management systems for telecommunications networks, data centers and other critical applications. The Climate Technologies segment supplies compressors, temperature sensors and controls, thermostats, flow controls and remote monitoring services to all elements of the climate control industry. The Tools and Storage segment provides tools for professionals and homeowners, home and commercial storage systems, and appliance solutions. The principal distribution method for each segment is a direct sales force, although the Company also uses independent sales representatives and distributors. Due to its global presence, certain of the Company's international operations are subject to risks such as nationalization of operations, significant currency exchange rate fluctuations and restrictions on the movement of funds.

The primary income measure used for assessing segment performance and making operating decisions is earnings before interest and income taxes. Intersegment selling prices approximate market prices. Accounting method differences between segment reporting and the consolidated financial statements are primarily management fees allocated to segments based on a percentage of sales and the accounting for pension and other retirement plans. Corporate assets are comprised of primarily cash and equivalents, investments and certain fixed assets. Summarized below is information about the Company's operations by business segment and by geographic region (also see Notes 3 through 6).

BUSINESS SEGMENTS

	SALES			EARNINGS			TOTAL ASSETS		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Process Management	\$ 6,135	6,022	7,000	1,060	1,093	1,402	5,283	5,406	5,915
Industrial Automation	4,172	4,289	5,294	470	591	830	3,420	3,688	3,818
Network Power	5,456	5,828	6,811	579	800	756	4,973	8,072	7,945
Climate Technologies	3,197	3,801	3,995	411	691	709	2,131	2,172	2,229
Tools and Storage	1,725	1,755	1,837	276	357	375	1,804	1,314	1,271
	20,685	21,695	24,937	2,796	3,532	4,072	17,611	20,652	21,178
Differences in accounting methods				179	195	231			
Corporate and other (a)				(305)	(587)	(449)	2,152	2,191	2,683
Sales eliminations/Interest	(583)	(656)	(715)	(220)	(261)	(223)			
Total	\$ 20,102	21,039	24,222	2,450	2,879	3,631	19,763	22,843	23,861

- (a) Corporate and other primarily reflects changes in incentive stock compensation expense, which decreased \$96 in 2011 due to changes in the Company's stock price and a reduced impact from incentive stock plans overlap compared to prior year, and increased \$163 in 2010 related to an increase in stock price and the overlap of two plans in 2010 (see Note 14). Corporate and other in 2010 also reflects higher acquisition-related costs.

	INTERSEGMENT SALES			DEPRECIATION AND AMORTIZATION EXPENSE			CAPITAL EXPENDITURES		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Process Management	\$ 2	3	7	166	183	198	100	105	194
Industrial Automation	499	570	640	143	150	148	99	114	138
Network Power	16	31	24	155	205	286	100	103	99
Climate Technologies	43	46	42	138	148	138	83	104	120
Tools and Storage	23	6	2	96	95	57	64	57	35
Corporate and other				29	35	40	85	41	61
Total	\$ 583	656	715	727	816	867	531	524	647

GEOGRAPHIC

	SALES BY DESTINATION			PROPERTY, PLANT AND EQUIPMENT		
	2009	2010	2011	2009	2010	2011
United States and Canada	\$ 9,408	9,823	10,773	2,028	1,858	1,869
Asia	4,312	4,858	5,636	525	505	583
Europe	4,341	4,309	5,271	717	683	714
Latin America	1,004	1,065	1,319	227	229	262
Middle East/Africa	1,037	984	1,223	3	12	9
Total	\$ 20,102	21,039	24,222	3,500	3,287	3,437

Sales in the U.S. were \$9,900, \$9,101 and \$8,686 for 2011, 2010 and 2009, respectively, and Asia includes sales in China of \$3,079, \$2,692 and \$2,306, respectively. U.S.-located fixed assets were \$1,853, \$1,839 and \$2,010.

(17) Other Financial Data

Items reported in earnings during the years ended September 30 include the following:

	2009	2010	2011
Depreciation expense	\$ 543	562	522
Research and development expense	\$ 460	473	555
Rent expense	\$ 363	353	372

The Company leases facilities, transportation and office equipment and various other items under operating lease agreements. The minimum annual rentals under noncancellable long-term leases, exclusive of maintenance, taxes, insurance and other operating costs, will approximate \$245 in 2012, \$179 in 2013, \$118 in 2014, \$78 in 2015 and \$54 in 2016.

Items reported in accrued expenses include the following:

	2010	2011
Employee compensation	\$ 683	640
Customer advanced payments	\$ 385	385
Product warranty	\$ 224	211

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Other liabilities are summarized as follows:

	2010	2011
Deferred income taxes	\$ 762	764
Pension plans	612	736
Postretirement plans, excluding current portion	380	361
Other	702	660
Total	\$ 2,456	2,521

Other operating cash flow is comprised of the following:

	2009	2010	2011
Pension expense	\$ 94	132	145
Stock compensation expense	54	217	121
(Gain) Loss on sale of businesses, net of tax	—	(167)	(25)
Other	123	15	38
Total	\$ 271	197	279

(18) Quarterly Financial Information (Unaudited)

	FIRST QUARTER		SECOND QUARTER		THIRD QUARTER		FOURTH QUARTER		FULL YEAR	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Net sales	\$ 4,828	5,535	4,953	5,854	5,417	6,288	5,841	6,545	21,039	24,222
Gross profit	\$ 1,868	2,163	1,963	2,306	2,164	2,498	2,331	2,590	8,326	9,557
Earnings from continuing operations common stockholders	\$ 417	480	408	556	581	683	572	735	1,978	2,454
Net earnings common stockholders	\$ 425	480	405	556	585	683	749	761	2,164	2,480
Earnings per common share from continuing operations:										
Basic	\$ 0.55	0.63	0.54	0.74	0.77	0.91	0.76	0.98	2.62	3.26
Diluted	\$ 0.55	0.63	0.54	0.73	0.76	0.90	0.75	0.98	2.60	3.24
Net earnings per common share:										
Basic	\$ 0.56	0.63	0.54	0.74	0.78	0.91	0.99	1.02	2.87	3.29
Diluted	\$ 0.56	0.63	0.53	0.73	0.77	0.90	0.98	1.01	2.84	3.27
Dividends per common share	\$ 0.335	0.345	0.335	0.345	0.335	0.345	0.335	0.345	1.34	1.38
Common stock prices:										
High	\$ 43.71	58.74	51.10	62.24	53.73	61.29	53.82	58.47	53.82	62.24
Low	\$ 37.45	52.12	41.22	55.86	42.69	50.84	42.73	41.31	37.45	41.31

Earnings per share are computed independently each period; as a result, the quarterly amounts may not sum to the calculated annual figure. Results include discontinued operations, see Note 3.

Emerson Electric Co. common stock (symbol EMR) is listed on the New York Stock Exchange and the Chicago Stock Exchange.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Emerson Electric Co.:

We have audited the accompanying consolidated balance sheets of Emerson Electric Co. and subsidiaries as of September 30, 2011 and 2010, and the related consolidated statements of earnings, equity, and cash flows for each of the years in the three-year period ended September 30, 2011. We also have audited Emerson Electric Co.'s internal control over financial reporting as of September 30, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Emerson Electric Co.'s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Emerson Electric Co. and subsidiaries as of September 30, 2011 and 2010, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2011, in conformity with U.S. generally accepted accounting principles. Also in our opinion, Emerson Electric Co. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Also as discussed in Note 1 to the consolidated financial statements, effective October 1, 2009, the Company changed its method of accounting for business combinations (ASC 805), noncontrolling interests (ASC 810) and earnings per share (ASC 260).

/s/ KPMG LLP
St. Louis, Missouri
November 21, 2011

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Safe Harbor Statement

This Annual Report contains various forward-looking statements and includes assumptions concerning Emerson's operations, future results and prospects. These forward-looking statements are based on current expectations, are subject to risk and uncertainties, and Emerson undertakes no obligation to update any such statements to reflect later developments. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Emerson provides 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, but are not limited to, the following: (i) current and future business environment, including interest rates, currency exchange rates and capital and consumer spending; (ii) potential volatility of the end markets served; (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) U.S. and foreign government laws and regulations, including taxes and restrictions; (vii) outcome of pending and future litigation, including environmental compliance; (viii) stability of governments and business conditions in foreign countries, including emerging economies, which could result in nationalization of facilities or disruption of operations; (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.

SUBSIDIARIES AND AFFILIATES OF EMERSON ELECTRIC CO.
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LEGAL NAME	JURISDICTION OF INCORPORATION
Alco Controls, S.A. de C.V.	Mexico
Applied Concepts, Inc.	Pennsylvania
Artesyn Technologies, Inc.	Florida
Artesyn North America, Inc.	Delaware
AIH, Inc.	Delaware
AIHL, LLC	Delaware
Astec America Inc.	Delaware
Astec Electronics (Malaysia) Sdn Bhd	Malaysia
Astec International Holdings Limited	Delaware/UK
Emerson Network Power - Embedded Computing and Power (Hong Kong) Limited	Hong Kong
Astec International Limited	Hong Kong
Astec Advanced Power Systems (Malaysia) Sdn Bhd	Malaysia
Astec Advanced Power Systems (Penang) Sdn Bhd	Malaysia
Astec Agencies Limited	Hong Kong
Astec Custom Power (Hong Kong) Limited	Hong Kong
Astec Custom Power (Philippines) Inc.	Philippines
Astec Custom Power (Singapore) Pte. Ltd.	Singapore
Astec Electronics Company Limited	China
Astec Electronics (Luoding) Company Ltd.	China
Astec Nanjing Design Engineering Company Limited	China
Astec Power Supply (Shenzhen) Company Limited	China
Astec Power Inc.	BVI
Astec Power Philippines, Inc.	Philippines
Emerson Network Power - Embedded Power (Vietnam) Co., Ltd.	Vietnam
Artesyn Cayman Ltd.	Cayman Islands
Artesyn Cayman LP	Cayman Islands
Artesyn International Ltd.	Cayman Islands
Artesyn Ireland Ltd.	Cayman Islands
Artesyn Technologies Asia-Pacific Ltd.	Hong Kong
Artesyn Netherlands B.V.	Netherlands
Artesyn Holding GmbH	Austria
Artesyn Austria GmbH	Austria
Artesyn Austria GmbH & Co. KG	Austria
Artesyn do Brasil Comercio de Produtos de Conversao de Energia Ltda	Brazil
Artesyn Hungary Elektronikai Kft.	Hungary
Artesyn Germany GmbH	Germany
Artesyn Elektronische Gerate Beteiligungs-und Verwaltungs-GmbH	Germany
Artesyn GmbH & Co. KG	Germany
Emerson Network Power - Embedded Computing & Power Sarl	France
Emerson Network Power - Embedded Computing GmbH	Germany
EMR Holdings Limited	Japan
Stourbridge Holdings (U.K.) Limited	United Kingdom
Mirroware Manufacturing Limited	United Kingdom
Astec Europe Limited	United Kingdom
Emerson Network Power - Embedded Computing UK Ltd.	United Kingdom
Emerson Network Power - Embedded Computing, Inc.	Wisconsin
Artesyn Communication Products UK Ltd.	Scotland
Avocent Corporation	Delaware
Avocent Huntsville Corp.	Alabama
Aperture International Limited	United Kingdom
Avocent do Brasil Informatica Ltda	Brazil
Avocent Fremont Corp.	California
Avocent China Technology Limited	China
Avocent International Holdings Limited	Ireland
Avocent Belgium Limited BVBA/SPRL	Belgium
Avocent Asia Pacific Pte. Ltd.	Singapore
Avocent Australia Pty. Ltd.	Australia
Avocent (China) Limited	Hong Kong
Avocent Taiwan Co., Ltd.	Taiwan
Avocent International Limited	Ireland

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LEGAL NAME	JURISDICTION OF INCORPORATION
Avocent Deutschland GmbH	Germany
Avocent Italia Srl	Italy
Avocent Japan KK	Japan
Avocent Netherlands B.V.	Netherlands
Avocent Spain S.L.	Spain
Avocent Sweden AB	Sweden
Avocent Redmond Corp.	Washington
Avocent Texas Corp.	Texas
Branson Ultrasonic S.A.	Switzerland
Bristol, Inc.	Delaware
California Emerson LLC	Delaware
CHC Holding Corporation	Delaware
Chloride Power Electronics Incorporated	Delaware
UP Systems, Incorporated	Delaware
Oneac F.S.C., Inc.	Virgin Islands
ClosetMaid Corporation	Florida
Clairson, Inc.	Delaware
ClosetMaid de Mexico, S.A. de C.V.	Mexico
ClosetMaid North America, Inc.	Delaware
Computational Systems, Incorporated	Tennessee
CSI Technology, Inc.	Delaware
Control Products, Inc.	Minnesota
Emerson Climate Technologies - Solutions (Suzhou) Co., Ltd.	China
Control Techniques Iberia S.A.	Spain
Cooligy Inc.	Delaware
Daniel Industries, Inc.	Delaware
Emerson Process Management Valve Automation, Inc.	Delaware
Bettis Canada Ltd.	Canada
Bettis France Sarl	France
Bettis Holdings Limited	United Kingdom
Bettis UK Limited	United Kingdom
Prime Actuator Control Systems Limited	United Kingdom
Prime Actuator Control Systems UK Limited	United Kingdom
Emerson Process Management Valve Actuation LLC	Delaware
Hytork Controls, Inc.	Delaware
Daniel Automation Company	Delaware
Daniel Industrial, Inc.	Delaware
Daniel En-Fab Systems, Inc.	Delaware
Daniel International Limited	United Kingdom
Daniel Europe Limited	United Kingdom
Daniel Industries Limited	United Kingdom
Spectra-Tek Holdings Limited	United Kingdom
Spectra-Tek UK Limited	United Kingdom
Daniel Measurement Solutions Pvt. Ltd.	India
Spectra-Tek International Limited	United Kingdom
Greenfield (UK) Limited	United Kingdom
Daniel Measurement and Control, Inc.	Delaware
Daniel Industries Canada Inc.	Canada
Daniel Measurement Services, Inc.	Delaware
METCO Services Limited	United Kingdom
Metco Services Venezuela, C.A.	Venezuela
Danmasa S.A. de C.V.	Mexico
Hytork International Ltd.	United Kingdom
Hytork Controls, Inc.	Florida
Hytork Controls Limited	United Kingdom
Hytork LLC	Delaware
Hytork Services Limited	United Kingdom
EDAS (I) U.K. Limited	United Kingdom
EDAS (II) U.K. Limited	United Kingdom

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LEGAL NAME	JURISDICTION OF INCORPORATION
EECO, Inc.	Delaware
Apple JV Holding Corp.	Delaware
EGS Electrical Group LLC	Delaware
Appleton Electric LLC	Delaware
Appleton Electric, S.A. de C.V.	Mexico
Appleton Holding Corp.	Delaware
EGS Electrical Group Canada Ltd.	Canada
Easy Heat Ltd.	Canada
EGS Participacoes Ltda	Brazil
Nutsteel Indústria Metalúrgica Ltda	Brazil
Easy Heat, Inc.	Delaware
Easy Heat Holding B.V.	Netherlands
Easy Heat Europe B.V.	Netherlands
EGS Electrical Group Romania Srl	Romania
EGS Holding Sarl	France
ATX S.A.	France
Easy Heat Europe SAS	France
EGS Private Ltd.	Singapore
GSEG LLC	Delaware
O-Z Gedney Company LLC	Delaware
Electrical Reliability Services, Inc.	California
Emerson Climate Technologies, Inc.	Delaware
Computer Process Controls, Inc.	Georgia
Emerson Retail Services, Inc.	Delaware
Clive Samuels and Associates, Inc.	New Jersey
Emerson Climate Services LLC	Delaware
Copeland Access +, Inc.	Delaware
Copeland Corporation LLC	Delaware
Copeland de Mexico, S.A. de C.V.	Mexico
Emerson Climate Technologies (India) Limited	India
Copeland Redevelopment Corporation	Missouri
CR Compressors LLC	Delaware
Scroll Compressors LLC	Delaware
Scroll Mexico LLC	Delaware
Emerson Electric (U.S.) Holding Corporation	Delaware
Automatic Switch Company	Delaware
ASC Investments, Inc.	Delaware
Asco Controls AG	Switzerland
Asco Controls B.V.	Netherlands
Asco Mideast B.V.	Netherlands
Asco Magnesszelep Kft.	Hungary
ASCO/Joucomatic Sp. z.o.o.	Poland
Asco/Joucomatic s.r.o.	Czech Republic
Asco Joucomatic ZA B.V.	Netherlands
ASCO/NUMATICS GmbH	Switzerland
Ascomation Pty. Ltd.	Australia
Asco Numatics Pty. Ltd.	Australia
Asco Valve Pty. Ltd.	Australia
Ascomation (NZ) Ltd.	New Zealand
Asco Numatics (NZ) Limited	New Zealand
Numatics Pty. Ltd.	Australia
Sirai Pty. Ltd.	Australia
Asco AB	Sweden
ASCO Japan Co., Ltd.	Japan
Ascomatica S.A. de C.V.	Mexico
Asco Services, Inc.	New Jersey
ASCO Switch Enterprises LLC	Delaware
ASCO Numatics (India) Private Limited	India
ASCO Power Technologies, L.P.	Delaware

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LEGAL NAME	JURISDICTION OF INCORPORATION
ASCO Valve Enterprises LLC	Delaware
ASCO Valve, Inc.	Delaware
ASCO Controls, L.P.	Delaware
ASCO Valve Manufacturing, LLC	Delaware
Ascotech, S.A. de C.V.	Mexico
Ascoval Industria e Comercio Ltda	Brazil
Branson Ultrasonics Corporation	Delaware
Branson Korea Co., Ltd.	Korea
Branson Ultrasonidos S.A.E.	Spain
Branson Ultrasons SAS	France
El-O-Matic GmbH	Germany
Emerson Climate Technologies GmbH	Germany
Emerson Climate Technologies Limited	United Kingdom
Emerson Climate Technologies Refrigeration S.A.	Belgium
Emerson Climate Technologies S.A.	Spain
Emerson Climate Technologies Sarl	France
Emerson Climate Technologies Srl	Italy
Emerson Dietzenbach GmbH	Germany
Emerson Electric GmbH	Germany
Emerson Electric GmbH & Co. OHG	Germany
Emerson Electric Overseas Finance Corp.	Delaware
Emerson Process Management GmbH	Germany
Emerson Process Management GmbH & Co. OHG	Germany
epro GmbH	Germany
Emerson Process Management Ltda	Brazil
Emerson Retail Services Europe GmbH	Germany
Emerson Technologies Verwaltungs GmbH	Germany
Emerson Technologies GmbH & Co. OHG	Germany
Emersub LXXXIV, Inc.	Delaware
Emersub LXXXVI, Inc.	Delaware
EMR Holdings (France) SAS	France
Asco Joucomatic S.A.	France
Asco Numatics GmbH	Germany
Fluidicontrol S.A.	Spain
Joucomatic S.A.	Belgium
Avocent France SAS	France
Company Financiere de Chaussey, S.A.	France
Emerson Network Power Energy Systems, SA	France
Emerson Network Power S.A.	France
Francel S.A.	France
Leroy-Somer S.A.	France
Bertrand Polico SAS	France
Constructions Electriques de Beaucourt SAS	France
ESO SAS	France
ESO CENTRE EST Sarl	France
ESO CENTRE OUEST Sarl	France
ESO Ile de France Sarl	France
ESO OUEST Sarl	France
ESO NORD EST Sarl	France
ESO NORMANDIE Sarl	France
ESO SUD EST Sarl	France
ESO SUD OUEST Sarl	France
Etablissements Trepeau SAS	France
Girard Transmissions SAS	France
I.M.I. Kft	Hungary
La Francaise de Manutention SAS	France
Leroy-Somer Denmark A/S	Denmark
Leroy Somer Elektomekanik Sistemler Ticaret Ltd. STI	Turkey
Leroy-Somer Iberica S.A.	Spain

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LEGAL NAME	JURISDICTION OF INCORPORATION
Teilsa Servicios, S.L.	Spain
Leroy-Somer Ltd.	Greece
Leroy-Somer Limited	United Kingdom
Leroy Somer Marbaise GmbH	Germany
Leroy-Somer Motores E Sistemas Electro Mecanicas CDA	Portugal
Leroy-Somer B.V.	Netherlands
Leroy-Somer Norden AB	Sweden
Leroy-Somer Norge A/S	Norway
Leroy-Somer NV	Belgium
ESO Belgium S.A.	Belgium
Leroy-Somer Finland OY	Finland
Leroy Somer (Pty) Ltd. (South Africa)	South Africa
Leroy-Somer (Pty) Ltd.	Australia
Leroy-Somer S. E. A. Pte. Ltd.	Singapore
Leroy-Somer SA	Switzerland
Leroy-Somer SpA	Italy
E.M.S. Elettro Multi Service Srl	Italy
M.L.S. Holice, spol s.r.o.	Czech Republic
MLS Industries Inc.	Delaware
Yorba Linda International, Inc.	Delaware
Moteurs Leroy-Somer	France
Moteurs Patay SAS	France
Societe Anonyme de Mecanique et D'outillage du Vivarais SA	France
Ridgid France SAS	France
Marbaise Hanlo LS GmbH	Germany
Ridge Tool GmbH	Germany
Ridge Tool GmbH & Co. OHG	Germany
Ridgid Peddinghaus Werkzeug GmbH	Germany
Rosemount Inc.	Minnesota
Control Techniques - Americas, Inc.	Delaware
Control Techniques - Americas LLC	Delaware
Fincor Holding, LLC	Delaware
Dieterich Standard, Inc.	Delaware
Emerson Process Management AB	Sweden
Emerson Process Management A/S (Denmark)	Denmark
Emerson Process Management AS	Norway
Emerson Process Management Holding AG	Switzerland
Emerson Process Management AG	Switzerland
Emerson EAD	Bulgaria
Emerson LLC	Azerbaijan
Emerson LLC	Ukraine
Emerson LLP	Kazakhstan
Emerson Process Management Kft.	Hungary
Emerson Process Management Romania Srl	Romania
Emerson Process Management sp. z.o.o.	Poland
Emerson Process Management Ticaret Limited Sirketi	Turkey
Emerson Cpech Management s.r.o.	Czech Republic
Emerson Process Management s.r.o.	Slovakia
Emerson TOV	Ukraine
Emerson Process Management Power and Water Solutions Sp. z.o.o.	Poland
Emerson Process Management Asia Pacific Pte. Ltd.	Singapore
Emerson Process Management Manufacturing (M) Sdn Bhd	Malaysia
Emerson Process Management (Shanghai) International Trading Co., Ltd.	China
Emerson Process Management Valve Automation (M) Sdn Bhd	Malaysia
Emerson Process Management (India) Pvt. Ltd.	India
Emerson Process Management Korea Ltd.	Korea
Emerson Process Management Oy	Finland
Emerson Process Management, S.A. de C.V.	Mexico
Emerson Process Management, S.L.	Spain

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LEGAL NAME	JURISDICTION OF INCORPORATION
PI Components Corp.	Texas
Rosemount Analytical Inc.	Delaware
Rosemount China Inc.	Minnesota
Rosemount Nuclear Instruments, Inc.	Delaware
Xomox Uruguay S.A.	Uruguay
Emerson Power Transmission Corporation	Delaware
Emerson Chain, Inc.	Delaware
Emerson Power Transmission Manufacturing	Missouri
Emerson Power Transmission Ithaca, Inc.	Delaware
Rollway Bearing International Ltd.	Delaware
Rollway Bearing N.V.	Belgium
EPT Investments, Inc.	Delaware
McGill Manufacturing Company, Inc.	Indiana
Liebert Corporation	Ohio
Alber Corp.	Florida
Atlas Asia Limited	Hong Kong
Emerson Network Power Software (Shenzhen) Co., Ltd.	China
Emerson Network Power Australia Pty. Ltd.	Australia
Atlas Air Australia Pty. Ltd.	Australia
Emerson Network Power DHC B.V.	Netherlands
Emerson Network Power do Brasil Ltda	Brazil
Emerson Network Power (Hong Kong) Limited	Hong Kong
Wuhan Liebert Computer Power Support System Ltd.	China
Emerson Network Power (India) Private Limited	India
Fisher Sanmar Limited	India
Leroy Somer India Private Limited	India
Emerson Network Power, Liebert Services, Inc.	Delaware
Emerson Network Power (Singapore) Pte. Ltd.	Singapore
Emerson Network Power (Malaysia) Sdn Bhd	Malaysia
Knürr Pte. Ltd.	Singapore
Spectra Systems Sdn Bhd	Malaysia
Emerson Network Power Surge Protection, Inc.	New York
Emerson Network Power (Thailand) Co. Ltd.	Thailand
Liebert Field Services, Inc.	Delaware
Liebert North America, Inc.	Delaware
Liebert Property Holdings, L.L.C.	Delaware
Micro Motion, Inc.	Colorado
Ridge Tool Company	Ohio
Ridge Tool (Australia) Pty. Ltd.	Australia
Ridge Tool Manufacturing Company	Delaware
Ridge Tool Pattern Company	Delaware
RIDGID, Inc.	Delaware
Ridgid Italia Srl	Italy
Ridgid Online, Inc.	Ohio
Ridgid Werkzeuge AG	Switzerland
Therm-O-Disc, Incorporated	Ohio
Componentes Avanzados de Mexico S.A. de C.V.	Mexico
Controles de Temperatura S.A. de C.V.	Mexico
E.G.P. Corporation	Delaware
Emermex S.A. de C.V.	Mexico
Emerson Arabia, Inc.	Delaware
Emerson Process Management Arabia Limited	Saudi Arabia
Emersub 4 LLC	Delaware
Emerson Climate Technologies Mexico S.A. de C.V.	Mexico
Emerson Electric (Asia) Limited	Hong Kong
Branson Ultrasonics (Asia Pacific) Co. Ltd.	Hong Kong
Emerson Electric (South Asia) Pte. Ltd.	Singapore
Emerson (Philippines) Corporation	Philippines
Emerson Technology Service (Shenzhen) Co., Ltd.	China

SUBSIDIARIES AND AFFILIATES OF EMERSON ELECTRIC CO.
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LEGAL NAME	JURISDICTION OF INCORPORATION
Emerson Electric II, C.A.	Venezuela
Emerson Electric de Colombia Ltda	Colombia
Emerson Electric International, Inc.	Delaware
Emerson Electric Ireland Limited	Bermuda
Emersub Treasury Ireland	Ireland
Emerson Electric (Mauritius) Ltd.	Mauritius
Emerson Electric Co. (India) Private Ltd.	India
Westinghouse Electric Pvt. Limited	Mauritius
Emerson Process Management Power & Water Solutions India Private Limited	India
Emerson Electric Nederland B.V.	Netherlands
Aegir Norge Holding AS	Norway
Roxar AS	Norway
CorrOcean Mareco AS	Norway
CorrOcean Srl	Italy
RFM Holding AS	Norway
PolyOil Ltd.	United Kingdom
Roxar do Brasil Ltda	Brazil
Roxar Flow Measurement AS	Norway
Roxar Flow Measurement, Inc.	Delaware
Roxar Flow Measurement Ltd.	United Kingdom
Roxar Flow Measurement Sdn Bhd	Malaysia
Roxar International AS	Norway
Roxar Nigeria Ltd.	Nigeria
Roxar Pty. Ltd.	Australia
Roxar Saudi Company	Saudi Arabia
Roxar Holding AS	Norway
Energy Scitech Ltd.	United Kingdom
Roxar Xworks AS	Norway
RSS Software Holding AS	Norway
Roxar Canada Ltd.	Canada
Roxar de Mexico S.A. de C.V.	Mexico
Roxar de Venezuela C.A.	Venezuela
Roxar, Inc.	Delaware
Roxar Ltd.	United Kingdom
Roxar Maximum Reservoir Performance WLL	Bahrain
Roxar Services AS	Norway
Roxar Services OOO	Russia
Roxar Technologies AS	Norway
Roxar Software Solutions AS	Norway
Roxar Strategic Staffing S.A. de C.V.	Mexico
Roxar Vietnam Company Ltd.	Vietnam
ALCO CONTROLS, spol s.r.o.	Czech Republic
Branson Ultrasonics B.V.	Netherlands
Beckman Industrial B.V.	Netherlands
Damcos Holding A/S	Denmark
Damcos A/S	Denmark
Emerson Process Management Marine Solutions Korea Co., Ltd.	Korea
Emerson Process Management Marine Systems (Shanghai) Co., Ltd.	China
El-O-Matic B.V.	Netherlands
El-O-Matic Valve Actuators (F.E.) Pte. Ltd.	Singapore
Emerson Process Management (South Africa) (Proprietary) Ltd.	South Africa
Electrische Apparatenfabriek Capax B.V.	Netherlands
EMERSON A.S.	Slovakia
Emerson LLC	Russia
Emerson Srl	Romania
EMERSON CLIMATE TECHNOLOGIES, s.r.o.	Czech Republic
Emerson Electric spol s.r.o.	Czech Republic
Emerson Network Power Pakistan (Private) Limited	Pakistan
Emerson Network Power (Vietnam) Co., Ltd.	Vietnam

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LEGAL NAME	JURISDICTION OF INCORPORATION
Emerson Process Management B.V.	Netherlands
Emerson Process Management (Vietnam) Co., Ltd.	Vietnam
EMRSN HLDG B.V.	Netherlands
Emerson Network Power B.V.	Netherlands
Emerson Process Management Flow B.V.	Netherlands
Fisher-Rosemount Temperature B.V.	Netherlands
Fusite, B.V.	Netherlands
ORTRUD Verwaltungsgesellschaft mbH	Germany
Knürr-Holding GmbH	Germany
Knürr GmbH	Germany
Knürr AB	Sweden
Knürr AG	Switzerland
Knürr BV	Netherlands
Knürr Electronics GmbH	Germany
Knürr Electronics GmbH & Co. Grundbesitz OHG	Germany
Knürr-Ercotec GmbH & Grundstücksverwaltung KG	Germany
Knürr Electronics (Shanghai) Co. Ltd.	China
Knürr GmbH & Co. Grundbesitz OHG	Germany
Knürr Holding Ltda	Brazil
Knürr Ltda	Brazil
Knürr Innovation GmbH	Germany
Knürr Ltd.	United Kingdom
Knürr Lommatec Mechanik für die Elektronik Beteiligungs und Verwaltungs GmbH	Germany
Knürr Sarl	France
Knürr s.r.o.	Czech Republic
Knürr Technical Furniture GmbH	Germany
Knürr-Ercotec GmbH	Germany
Knürr International GmbH	Germany
Therm-O-Disc Europe B.V.	Netherlands
Therm-O-Disc (Vietnam) Co., Ltd.	Vietnam
Emerson Electric Puerto Rico, Inc.	Delaware
Emerson Puerto Rico, Inc.	Delaware
Emerson Electric (Taiwan) Company Limited	Taiwan
Emerson Finance LLC	Delaware
Emerson Middle East, Inc.	Delaware
Emerson Network Power, Energy Systems, North America, Inc.	Delaware
Emerson Network Power Exportel, S.A. de C.V.	Mexico
Emerson Network Power, Inc.	Texas
Emerson Sice Srl	Italy
Asco Numatics Sirai Srl	Italy
Branson Ultrasuoni Srl	Italy
CDZ.T Srl	Italy
Dixell Srl	Italy
Emerson Network Power Holding Srl	Italy
Emerson Network Power Srl	Italy
Emerson Network Power Enterprise Srl	Italy
Emerson Network Power Sp. z.o.o.	Poland
Liebert Hiross Holding GmbH	Germany
Emerson Network Power GmbH	Germany
Emerson Network Power Kft.	Hungary
Emerson Process Management Srl	Italy
System Plast Srl	Italy
System Plast GmbH	Germany
System Plast International B.V.	Netherlands
System Plast, LLC	North Carolina
SPPA LLC	Pennsylvania
Solus Industrial Innovations, LLC	Delaware
System Plast USA de Mexico, S. de R.L. de C.V.	Mexico
System Plast Ltd.	United Kingdom

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LEGAL NAME	JURISDICTION OF INCORPORATION
System Plast Ltda	Brazil
System Plast SAS	France
Emerson Telecommunication Products, LLC	Delaware
JTP Industries, Inc.	Delaware
Emerson Network Power Connectivity Solutions, Inc.	Delaware
Emerson Electronic Connector and Components do Brasil, Ltda	Brazil
Emerson Mexico Corporate Services S de R.L. de C.V.	Mexico
LoDan de Mexico, S.A. de C.V.	Mexico
Stratos International, Inc.	Delaware
Advanced Interconnection Technology LLC	Delaware
Paracer, Inc.	Delaware
Rapidwerks LLC	Delaware
Sterling Holding Company	Delaware
Quality Components, Inc.	Delaware
Semflex, Inc.	Delaware
Swiss Precision Products, Inc.	Delaware
TQ Management Corporation	Delaware
Trompeter Electronics, Inc.	Delaware
STRATOS Lightwave LLC	Delaware
Stratos Lightwave-Florida Incorporated	Delaware
Tsunami Optics, Inc.	California
Northern Technologies, Inc.	Idaho
Emerson Venezuela C.A.	Venezuela
Emerson Ventures Inc.	Delaware
Emerson WFC, Inc.	Delaware
Emersub 3 LLC	Delaware
Emersub 14 LLC	Delaware
Vilter Manufacturing LLC	Wisconsin
Emersub CII, Inc.	Delaware
Emersub XLVI, Inc.	Nevada
Copesub, Inc.	Delaware
Alliance Compressors LLC	Delaware
Emersub LII, Inc.	Delaware
Emersub XCI, Inc.	Delaware
Emersub Italia Srl	Italy
International Gas Distribution SA	Luxembourg
O.M.T. OFFICINA MECCANICA TARTARINI Srl	Italy
EMR Foundation, Inc.	Missouri
EMR Holdings, Inc.	Delaware
Branson de Mexico, S.A. de C.V.	Mexico
Copeland Compresores Hermeticos, S.A. de C.V.	Mexico
Copeland Korea Inc.	Korea
Emerson Appliance Solutions (Shenzhen) Co. Ltd.	China
Emerson Argentina S.A.	Argentina
Emerson Climate Technologies Australia Pty. Ltd.	Australia
Emerson del Peru S.A.C.	Peru
Emerson d.o.o.	Croatia
Emerson Electric Chile Ltda	Chile
Emerson Electric C.R. Srl	Costa Rica
Emerson Electric de Mexico S.A. de C.V.	Mexico
Emerson Electric do Brasil Ltda	Brazil
Emerson Comercio em Tecnologia de Climatizacao Ltda	Brazil
Emerson Electric Holdings (Switzerland) GmbH	Switzerland
Emerson Process Management Co., Ltd.	China
EMR Emerson Holdings (Switzerland) GmbH	Switzerland
EMR (Asia) Limited	Hong Kong
Emerson Electric (China) Holdings Co., Ltd.	China
ASCO Valve (Shanghai) Co., Ltd.	China
Beijing Rosemount Far East Instrument Co., Ltd.	China

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LEGAL NAME	JURISDICTION OF INCORPORATION
Branson Ultrasonics (Shanghai) Co., Ltd.	China
ClosetMaid (Jiangmen) Storage Limited	China
Emerson Beijing Instrument Co. Ltd.	China
Emerson Climate Technologies (Shanghai) Co., Ltd.	China
Emerson Climate Technologies (Shenyang) Refrigeration Co., Ltd.	China
Emerson Climate Technologies (Suzhou) Co., Ltd.	China
Emerson Climate Technologies (Suzhou) Research & Development Co., Ltd.	China
Emerson Electric (Shenzhen) Co. Ltd.	China
Emerson eResource (Xi'an) Co., Ltd.	China
Emerson Fusite Electric (Shenzhen) Co. Ltd.	China
Emerson Junkang Enterprise (Shanghai) Co., Ltd.	China
Emerson Machinery Equipment (Shenzhen) Co., Ltd.	China
Emerson Network Power (Mianyang) Co., Ltd.	China
Emerson Network Power (Xi'an) Co., Ltd.	China
Emerson Network Power Connectivity Solutions (Shanghai) Co., Ltd.	China
Emerson Network Power Co., Ltd.	China
Emerson Power Transmission (Zhangzhou) Co., Ltd.	China
Emerson Process Management Flow Technologies Co., Ltd.	China
Emerson Process Management Power & Water Solutions (Shanghai) Co., Ltd.	China
Emerson Process Management (Tianjin) Valves Co., Ltd.	China
Emerson Process Management Valve Automation (Tianjin) Co., Ltd.	China
Emerson Professional Tools (Shanghai) Co., Ltd.	China
Emerson Trading (Shanghai) Co., Ltd.	China
Fisher Jeon Gas Equipment (Chengdu) Co., Ltd.	China
Fisher Regulators (Shanghai) Co., Ltd.	China
Leroy Somer Electro-Technique (Fuzhou) Co., Ltd.	China
Emerson Network Power (Jiangmen) Co., Ltd.	China
Emerson Electric Korea Ltd.	Korea
Emerson Electric (M) Sdn Bhd	Malaysia
Emerson Electric Poland Sp. z.o.o.	Poland
FZN Marbaise LS Sp. z.o.o.	Poland
Emerson Energy Systems Sdn Bhd	Malaysia
Emerson Network Power Limited	Nigeria
Emerson Network Power (Philippines), Inc.	Philippines
Emerson Network Power (South Africa) (Pty) Ltd	South Africa
Emerson Network Power, S.A.	Spain
Jaure, S.A.	Spain
Emerson Panama S. de R.L.	Panama
Emerson Process Management Europe GmbH	Switzerland
Emerson Process Management Magyarorszag Kft.	Hungary
Emerson Process Management NV	Belgium
Emerson Puerto Rico, Inc.	Puerto Rico
Emerson (Thailand) Limited	Thailand
Emersub 5 LLC	Delaware
Emersub Mexico, Inc.	Nevada
ClosetMaid Reynosa S. de R.L. de C.V.	Mexico
Copeland Scroll Compresores de Mexico S.A. de C.V.	Mexico
Daniel Measurement and Control, S. de R.L. de C.V.	Mexico
Emerpowsys, S. de R.L. de C.V.	Mexico
Emerson Electronic Connector and Components, S.A. de C.V.	Mexico
Emerson Network Power Embedded Computing, S. de R.L. de C.V.	Mexico
Emerson Tool and Appliance Company, S. de R.L. de C.V.	Mexico
Emerson Tool Company de Mexico, S. de R.L. de C.V.	Mexico
Emersub 1 LLC	Delaware
Intermetro de Acuna S. de R.L. de C.V.	Mexico
InterMetro de Mexico, S. de R.L. de C.V.	Mexico
Emersub XXXVI, Inc.	Delaware
Digital Appliance Controls (UK) Limited	United Kingdom
Control Techniques Limited	United Kingdom

SUBSIDIARIES AND AFFILIATES OF EMERSON ELECTRIC CO.
September 30, 2011

LEGAL NAME	JURISDICTION OF INCORPORATION
Control Techniques GmbH	Germany
Reta Anlagenbau GmbH	Germany
SSB Group GmbH	Germany
SSB Management GmbH	Germany
SSB Wind Systems GmbH & Co. KG	Germany
SSB Wind Energy Technology (Qingdao) Co., Ltd.	China
SSB-Antriebstechnik-Verwaltungs-und Beteiligungsgesellschaft mbH	Germany
Control Techniques Asia-Pacific Pte. Ltd.	Singapore
Control Techniques Drives (Malaysia) Sdn Bhd	Malaysia
Control Techniques Singapore Pte Limited	Singapore
Control Techniques Australia Pty. Ltd.	Australia
Control Techniques Bermuda Limited	Bermuda
Control Techniques Drives Limited	United Kingdom
Control Techniques Dynamics Limited	United Kingdom
Evershed Powerotor Limited	United Kingdom
Moore Reed & Company Limited	United Kingdom
Control Techniques Southern Africa (Pty) Ltd.	South Africa
Control Techniques SpA	Italy
Control Techniques Worldwide BV	Netherlands
Control Techniques AG	Switzerland
Control Techniques BV	Netherlands
Control Techniques Brno s.r.o.	Czech Republic
Control Techniques China Pte. Ltd.	Hong Kong
Control Techniques Endustriyel Kontrol Sistemerli Sanayi ve Ticaret AS	Turkey
Control Techniques India Private Limited	India
Control Techniques Elpro Automation Limited	India
DrivesShop Limited	United Kingdom
Foray 600 Limited	United Kingdom
Foray 606 Limited	United Kingdom
Emerson Holding Company Limited	United Kingdom
Asco Joucomatic Ltd.	United Kingdom
Asco Power Technologies Limited	United Kingdom
Bristol Babcock Limited	United Kingdom
Computational Systems Limited	United Kingdom
Copeland Limited	United Kingdom
CSA Consulting Engineers Ltd.	United Kingdom
El-O-Matic Limited	United Kingdom
Emerson Electric U.K. Limited	United Kingdom
Bray Lectroheat Limited	United Kingdom
Buehler Europe Limited	United Kingdom
Bannerscientific Limited	United Kingdom
Buehler UK Limited	United Kingdom
Metaserv Limited	United Kingdom
Metallurgical Services Laboratories Limited	United Kingdom
Emerson FZE	UAE
Emerson Climate Technologies FZE	UAE
Emerson Network Power Limited	United Kingdom
Liebert Swindon Limited	United Kingdom
Emerson Energy Systems (UK) Limited	United Kingdom
Emerson Network Power Connectivity Solutions Limited	United Kingdom
Midwest Microwave Limited	United Kingdom
Emerson Process Management Limited	United Kingdom
Emerson Process Management Distribution Limited	United Kingdom
Fisher-Rosemount Properties Limited	United Kingdom
Emerson Process Management Shared Services Limited	United Kingdom
F-R Properties (UK) Limited	United Kingdom
EMR Barnstaple Limited	United Kingdom
TopWorx UK Limited	United Kingdom
Emerson Process Management Services Limited	United Kingdom

SUBSIDIARIES AND AFFILIATES OF EMERSON ELECTRIC CO.
September 30, 2011

LEGAL NAME	JURISDICTION OF INCORPORATION
Emerson UK Trustees Limited	United Kingdom
Fisher Controls Limited	United Kingdom
Farris Engineering Limited	United Kingdom
Fisher Governor Company Limited	United Kingdom
MDC Technology Limited	United Kingdom
MDC Technology Trustees Limited	United Kingdom
Mobrey Group Limited	United Kingdom
Mobrey Overseas Sales Limited	United Kingdom
Mobrey Limited	United Kingdom
Oaksmere Refrigeration Design & Consultancy Limited	United Kingdom
Pactrol Controls Limited	United Kingdom
EMR Manufacturing (M) Sdn Bhd	Malaysia
EMR Worldwide B.V.	Netherlands
EMERSON DHC B.V.	Netherlands
Emerson Electric (Thailand) Limited	Thailand
Emersub 7 LLC	Delaware
Emersub 8 LLC	Delaware
Emersub 9 LLC	Delaware
Emersub 10 LLC	Delaware
Emersub 11 LLC	Delaware
Emersub 12 LLC	Delaware
EMR (Mauritius) Ltd.	Mauritius
Trident Powercraft Private Limited	India
Emerson Electric Canada Limited	Canada
Emerson Holding Sweden AB	Sweden
Emerson Sweden AB	Sweden
Emerson Network Power Energy Systems AB	Sweden
Rosemount Tank Radar AB	Sweden
Emerson Process Management Marine Solutions Singapore Pte. Ltd.	Singapore
Rosemount Tank Gauging India Pvt. Ltd.	India
Rosemount Tank Gauging Middle East SPC	Bahrain
Emerson USD Finance Company Limited	United Kingdom
Net Safety Monitoring Inc.	Canada
Net Safety Monitoring Singapore Pte. Ltd.	Singapore
Net Safety Monitoring USA Inc.	Nevada
Rutherford Acquisitions Limited	United Kingdom
Chloride Group Limited	United Kingdom
Advanced Design Electronics Limited	United Kingdom
Chloride Batteries Limited	United Kingdom
Chloride Electronics Limited	United Kingdom
Emergency Power Systems Limited	United Kingdom
Oneac Limited	United Kingdom
Chloride Espana, S.A.U.	Spain
Chloride France S.A.	France
AST Electronique Services S.A.S.	France
Automatismes Energie Electronique Systems SAS	France
France Onduleurs Ondyne Sarl	France
Chloride Holdings UK Limited	United Kingdom
Chloride Limited	United Kingdom
Fleetness 174 Limited	United Kingdom
Exide Electronics Limited	United Kingdom
Masterguard GmbH	Germany
Chloride Nominees Limited	United Kingdom
Chloride Pension Trust Limited	United Kingdom
Chloride Power Protection Limited	Thailand
Chloride Power Protection Pty. Ltd.	Australia
Chloride Supplies Limited	United Kingdom
Chloride do Brasil Limitada	Brazil
Chloride Holdings Limited	United Kingdom

SUBSIDIARIES AND AFFILIATES OF EMERSON ELECTRIC CO.
September 30, 2011

LEGAL NAME	JURISDICTION OF INCORPORATION
Chloride Srl	Italy
Chloride Koexa S.A.	Argentina
Chloride Power Protection China Ltd.	China
Chloride Power Protection Polska Sp. z.o.o.	Poland
Chloride Secure Power Protection Philippines Inc.	Philippines
Chloride Singapore Pte. Limited	Singapore
CPE Chloride Power Electronics S.A.	Spain
Chloride Portugal - Artigos Electronicos, Limitada	Portugal
Chloride UPS Svenska AB	Sweden
DB Power Electronics Private Limited	India
Masterguard do Brasil Limitada	Brazil
Masterguard Guc Kaynaklari Limited Sirketi	Turkey
Power & Electronic Services Limited	Ireland
Chloride U.K. Limited	United Kingdom
Continuous Power International Limited	United Kingdom
Continuous Power Limited	United Kingdom
Exide Limited	United Kingdom
Fleetness 173 Limited	United Kingdom
Masterpower Electronics Limited	Scotland
Ondyne (UK) Limited	United Kingdom
Stocksave Limited	United Kingdom
Vertu Security Limited	United Kingdom
Viper Security Limited	United Kingdom
Bardic Emergency Systems Limited	United Kingdom
Chloride Investments Limited	Guernsey
Chloride Financing Limited	United Kingdom
Chloride Financing UK Limited	United Kingdom
Fisher-Rosemount Peru S.A.C.	Peru
F-R Tecnologias de Flujo, S.A. de C.V.	Mexico
Motoreductores U.S., S.A. de C.V.	Mexico
NetworkPower Ecuador S.A.	Ecuador
PT. Emerson Indonesia	Indonesia
RAC Technologies (Israel) Ltd.	Israel
Rey-Lam, S. de R.L. de C.V.	Mexico
Termotec de Chihuahua, S.A. de C.V.	Mexico
Tranmet Holdings Limited	United Kingdom
Tranmet Holdings B.V.	Netherlands
Industrial Group Metran CJSC	Russia
Metran-Export CJSC	Russia
Firma Metran LLC	Russia
EPMCO Holdings, Inc.	Delaware
Emerson Process Management Regulator Technologies, Inc.	Delaware
Fromex, S.A. de C.V.	Mexico
Fisher Controls International LLC	Delaware
Emerson Process Management Australia Pty Limited	Australia
Emerson Electric Australia Co. Pty. Ltd.	Australia
Emerson Process Management New Zealand Limited	New Zealand
Emerson Process Management China Ltd.	Hong Kong
Fisher Controles de Mexico, S.A. de C.V.	Mexico
Instrument & Valve Services Company	Delaware
Nippon Fisher Co., Ltd.	Japan
Fisher-Rosemount Systems, Inc.	Delaware
Emerson Process Management LLLP	Delaware
Emerson Process Management Dominicana, S.A.	Dominican Republic
Emerson Process Management Power & Water Solutions, Inc.	Delaware
Turbine Control Service Associates, Inc.	Pennsylvania
Emerson Process Management SAS	France
Emerson Process Management, Lda	Portugal

SUBSIDIARIES AND AFFILIATES OF EMERSON ELECTRIC CO.
September 30, 2011

LEGAL NAME	JURISDICTION OF INCORPORATION
Fiberconn Assemblies Morocco Sarl	Morocco
Fusite Corporation	Ohio
Emerson Japan Ltd.	Japan
Fusite Land Company	Delaware
General Equipment and Manufacturing Company, Inc.	Kentucky
TopWorx PTE Ltd.	Singapore
TopWorx RSA (Proprietary) Limited	South Africa
High Voltage Maintenance Corporation	Ohio
Hiross India Private Limited	India
Humboldt Hermetic Motor Corp.	Delaware
Woodstock Land Company LLC	Missouri
Innovative Control Systems, Inc.	New York
Kato Engineering Inc.	Delaware
Knaack LLC	Delaware
Kop-Flex, Inc.	Delaware
Kop-Flex Canada Limited	Canada
Metaloy, Inc.	Massachusetts
Metropolitan International, Inc.	Nevada
InterMetro Industries Corporation	Nevada
InterMetro Industries Corporation	Delaware
InterMetro Industries B.V.	Netherlands
Metro Industries, Inc.	Nevada
Metropolitan Wire (Canada) Ltd.	Canada
Metropolitan Wire Corporation	Pennsylvania
Motores Hermeticos del Sur, S.A. de C.V.	Mexico
Numatics, Incorporated	Michigan
Asco Numatics (Taiwan) Co., Ltd.	Taiwan
Numatics de Mexico, S.A. de C.V.	Mexico
Numatics GmbH	Germany
ProTeam, Inc.	Idaho
ProTeam (China) Limited	Hong Kong
Ridge Tool Europe NV	Belgium
Ridgid Scandinavia A/S	Denmark
Von Arx AG	Switzerland
Von Arx GmbH	Germany
Rosemount Tank Gauging North America Inc.	Texas
TAG, Inc.	Delaware
Emersub 6 LLC	Delaware
The Automation Group, L.P.	Texas
Termocontroles de Juarez, S.A. de C.V.	Mexico
Tescom Corporation	Minnesota
Tescom Europe Management GmbH	Germany
Tescom Europe GmbH & Co. KG	Germany
Thunderline Z, Inc.	Delaware
Transmisiones de Potencia Emerson, S.A. de C.V.	Mexico

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors
Emerson Electric Co.:

We consent to the incorporation by reference in Registration Statement Nos. 333-173933, 333-163718, 333-154362, 333-154361, 333-152917, 333-152916, 333-118589, 333-90240 and 333-46919 on Form S-8 and Registration Statement Nos. 333-155674, 333-110546, 333-52658, 333-84673 and 333-66865 on Form S-3 of Emerson Electric Co. of our report dated November 21, 2011, with respect to the consolidated balance sheets of Emerson Electric Co. as of September 30, 2011 and 2010, and the related consolidated statements of earnings, equity, and cash flows for each of the years in the three-year period ended September 30, 2011, and the effectiveness of internal control over financial reporting as of September 30, 2011, which report is incorporated by reference in the September 30, 2011 annual report on Form 10-K of Emerson Electric Co.

Our report refers to changes in the method of accounting for business combinations, noncontrolling interests and earnings per share in 2010.

/s/ KPMG LLP

St. Louis, Missouri
November 21, 2011

POWER OF ATTORNEY

The undersigned members of the Board of Directors and Executive Officers of Emerson Electric Co., a Missouri corporation with principal offices at 8000 West Florissant Avenue, St. Louis, Missouri 63136, hereby appoint F. J. Dellaquila as their Attorney-in-Fact for the purpose of signing Emerson Electric Co.'s Securities and Exchange Commission Form 10-K (and any and all Amendments thereto) for the fiscal year ended September 30, 2011.

Dated: October 4, 2011

Signature	Title
<u>/s/ D. N. Farr</u> D. N. Farr	Chairman of the Board and Chief Executive Officer
<u>/s/ W. J. Galvin</u> W. J. Galvin	Vice Chairman and Director
<u>/s/ R. J. Schlueter</u> R. J. Schlueter	Vice President, Controller and Chief Accounting Officer
<u>/s/ C. A. H. Boersig</u> C. A. H. Boersig	Director
<u>/s/ A. A. Busch, III</u> A. A. Busch, III	Director
<u>/s/ C. Fernandez G.</u> C. Fernandez G.	Director
<u>/s/ A. F. Golden</u> A. F. Golden	Director
<u>/s/ H. Green</u> H. Green	Director
<u>/s/ W. R. Johnson</u> W. R. Johnson	Director

<u>/s/ J. B. Menzer</u> J. B. Menzer	Director
<u>/s/ C. A. Peters</u> C. A. Peters	Director
<u>/s/ J. W. Prueher</u> J. W. Prueher	Director
<u>/s/ R. L. Ridgway</u> R. L. Ridgway	Director
<u>/s/ R. L. Stephenson</u> R. L. Stephenson	Director

Certification

I, D. N. Farr, certify that:

1. I have reviewed this annual report on Form 10-K of Emerson Electric Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 21, 2011

/s/ D. N. Farr

D. N. Farr
Chairman of the Board and
Chief Executive Officer
Emerson Electric Co.

Certification

I, F. J. Dellaquila, certify that:

1. I have reviewed this annual report on Form 10-K of Emerson Electric Co.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 21, 2011

/s/ F. J. Dellaquila

F. J. Dellaquila
Senior Vice President and
Chief Financial Officer
Emerson Electric Co.

CERTIFICATION PURSUANT TO
EXCHANGE ACT RULE 13a-14(b) AND
18 U.S.C. SECTION 1350

In connection with the Annual Report of Emerson Electric Co. (the "Company") on Form 10-K for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, D. N. Farr, certify, to the best of my knowledge, pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ D. N. Farr

D. N. Farr
Chairman of the Board and
Chief Executive Officer
Emerson Electric Co.
November 21, 2011

CERTIFICATION PURSUANT TO
EXCHANGE ACT RULE 13a-14(b) AND
18 U.S.C. SECTION 1350

In connection with the Annual Report of Emerson Electric Co. (the "Company") on Form 10-K for the period ended September 30, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, F. J. Dellaquila, certify, to the best of my knowledge, pursuant to Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ F. J. Dellaquila

F. J. Dellaquila
Senior Vice President and
Chief Financial Officer
Emerson Electric Co.
November 21, 2011
