

EMERSON ELECTRIC CO
Form 10-Q
August 02, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2006

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**

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
 No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common stock of \$0.50 par value per share outstanding at June 30, 2006: 407,696,546 shares.

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements.**

EMERSON ELECTRIC CO. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
THREE MONTHS AND NINE MONTHS ENDED JUNE 30, 2005 AND 2006
(Dollars in millions except per share amounts; unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2005	2006	2005	2006
Net Sales	\$ 4,465	5,217	12,662	14,617
Costs and expenses:				
Cost of sales	2,865	3,361	8,148	9,434
Selling, general and administrative expenses	907	1,037	2,672	2,992
Other deductions, net	43	54	154	131
Interest expense (net of interest income of \$10, \$5, \$27 and \$14, respectively)	52	51	158	151
Earnings before income taxes	598	714	1,530	1,909
Income taxes (Three and nine months 2005 include a \$58 expense for repatriation under the American Jobs Creation Act)	240	228	527	590
Net earnings	\$ 358	486	1,003	1,319
Basic earnings per common share	\$ 0.86	1.19	2.41	3.22
Diluted earnings per common share	\$ 0.86	1.18	2.39	3.19
Cash dividends per common share	\$ 0.415	0.445	1.245	1.335

See accompanying Notes to Consolidated Financial Statements.

EMERSON ELECTRIC CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in millions except per share amounts; unaudited)

	September 30, 2005	June 30, 2006
ASSETS		
Current assets		
Cash and equivalents	\$ 1,233	695
Receivables, less allowances of \$76 and \$76, respectively	3,256	3,668
Inventories	1,813	2,212
Other current assets	535	592
Total current assets	6,837	7,167
Property, plant and equipment, net	3,003	3,076
Other assets		
Goodwill	5,479	6,005
Other	1,908	2,136
Total other assets	7,387	8,141
	\$ 17,227	18,384
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings and current maturities of long-term debt	\$ 970	984
Accounts payable	1,841	2,031
Accrued expenses	1,839	1,892
Income taxes	281	303
Total current liabilities	4,931	5,210
Long-term debt	3,128	3,132
Other liabilities	1,768	1,946
Stockholders' equity		
Preferred stock of \$2.50 par value per share		
Authorized 5,400,000 shares; issued - none	-	-
Common stock of \$0.50 par value per share		
Authorized 1,200,000,000 shares; issued 476,677,006 shares; outstanding 410,651,564 shares and 407,696,546 shares, respectively	238	238
Additional paid in capital	120	155
Retained earnings	10,199	10,968
Accumulated other comprehensive income	(65)	158
Cost of common stock in treasury, 66,025,442 shares and 68,980,460 shares, respectively	(3,092)	