

EMERSON ELECTRIC CO
Form DEF 14A
December 15, 2017
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Materials Pursuant to § 240.14a-12

EMERSON ELECTRIC CO.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box)

No Fee required.

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Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

- (2) Form, Schedule or Registration Statement No.:

- (3) Filing Party:

- (4) Date Filed:

Table of Contents

NOTICE OF
ANNUAL MEETING
OF SHAREHOLDERS
AND
PROXY STATEMENT

Table of Contents

8000 W. Florissant Avenue

St. Louis, MO 63136

Dear Fellow Shareholder:

I am pleased to invite you to join us at the 2018 Annual Meeting of Shareholders of Emerson Electric Co. to be held on Tuesday, February 6, 2018 at 10:00 a.m., Central Time, at the Emerson headquarters located at 8000 W. Florissant Avenue, St. Louis, Missouri 63136.

At this year's meeting, we will vote on the election of four directors, the ratification of the selection of KPMG LLP as Emerson's independent registered public accounting firm, and an amendment to our Articles of Incorporation to provide shareholders the right to amend our Bylaws. We will also hold non-binding advisory votes on the compensation of Emerson's named executive officers and on a proposal to ratify the Company's forum selection Bylaw, as well as four shareholder proposals.

We will also report on our business, and provide an opportunity for shareholders to ask questions. Our global team began fiscal 2017 with a unified vision for the future. We aimed to strengthen our core businesses, serve our customers in new and innovative ways, increase revenue and expand our margins. Thanks to the hard work of our employees around the world, Emerson is a new company, one working on critical world needs. By concentrating on the most complex and important challenges facing the world

in the process, industrial, commercial and residential markets, we have the opportunity to make both the company, and more importantly, the world, a better place. However, as we dedicated ourselves to the task of strengthening our businesses, it was clear we had the opportunity to do more, which is why we introduced a renewed emphasis on values inside the Company in 2017 to position Emerson for continued success while recognizing those core traits and behaviors that have made us who we are—integrity, safety and quality, supporting our people, customer focus, continuous improvement, collaboration and innovation. These intrinsic values affect not only the way we work, but our strategic framework for investment, which has evolved to meet our changing environment. For more information on our 2017 results and our renewed emphasis on our core values, please read our 2017 Annual Report to Shareholders which is being made available along with this proxy statement.

Your vote is very important. I encourage you to complete, sign and return your proxy card, or use telephone or internet voting prior to the meeting, so that your shares will be represented and voted at the meeting even if you cannot attend.

December 15, 2017

Sincerely,

DAVID N. FARR

Chairman and

Chief Executive Officer

PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

Notice of Annual Meeting of Shareholders

for Emerson Electric Co.

DATE AND TIME: Tuesday, February 6, 2018, 10 a.m. CST

PLACE: Emerson Headquarters, 8000 W. Florissant Avenue, St. Louis, MO 63136

**ITEMS OF
BUSINESS:**

1. To elect as Directors the four nominees named in the accompanying proxy statement.
2. To ratify the appointment of KPMG LLP as our independent registered public accounting firm.
3. To approve, on an advisory basis, the compensation of Emerson's named executive officers.
4. To approve an amendment to the Company's Restated Articles of Incorporation to provide shareholders the right to amend the Company's Bylaws.
5. To ratify, on an advisory basis, the Company's forum selection Bylaw.
6. To vote upon the four shareholder proposals described in the accompanying proxy statement, if properly presented at the meeting.
7. To transact other business, if any, properly brought before the meeting.

WHO CAN VOTE: Record holders of Emerson common stock at the close of business on November 28, 2017

HOW TO VOTE: Your vote is important and we urge you to cast your vote in advance of the meeting by telephone, internet or mailing your completed and signed proxy card or voting instruction form, or in person at the meeting. If you attend the meeting you may revoke your previously

cast vote and vote in person. Each share is entitled to one vote on each matter to be voted upon at the Annual Meeting.

**MEETING
ADMISSION:**

An admission ticket for record holders (or a satisfactory account statement for street name holders) is required to attend the meeting. Please see Proxy Statement Summary for information on attending the meeting. If you have questions regarding the required information, or to request an admission ticket, please contact the Emerson Investor Relations Department at 314-553-2197 in advance.

**2017 ANNUAL
REPORT AND DATE
OF DISTRIBUTION:**

For more complete information regarding Emerson, please review the Annual Report to Shareholders and the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2017. A copy of our Annual Report to Shareholders for the fiscal year ended September 30, 2017 accompanies this Notice of Annual Meeting of Shareholders and Proxy Statement. This Notice of Annual Meeting of Shareholders and Proxy Statement and the Annual Report to Shareholders are first being made available or mailed to shareholders on or about December 15, 2017.

December 15, 2017
St. Louis, Missouri

By order of the Board of Directors,

SARA YANG BOSCO
Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS

FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON FEBRUARY 6, 2018

Emerson's Notice of Annual Meeting, Proxy Statement, Form of Proxy, and Annual Report to Shareholders for the fiscal year ended September 30, 2017 are available, free of charge, at www.proxyvote.com. You will need to input the Control Number located on the proxy card or notice of internet availability of proxy materials when accessing these documents. A separate notice of internet availability of such proxy materials is first being sent to our shareholders on or around December 15, 2017. Shareholders may access these materials and vote over the internet or request delivery of a full set of materials by mail or email. If you receive the separate notice of internet availability of proxy materials, you will not receive a paper or email copy of the proxy materials unless you request one in the manner set forth in the notice.

ii PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

Table of Contents

	Page
<u>Letter to Shareholders</u>	i
<u>Notice of Annual Meeting of Shareholders</u>	ii
<u>Proxy Statement Summary</u>	1
<u>Board and Committee Operations</u>	
<u>Board and Corporate Governance</u>	5
<u>Corporate Governance and Nominating Committee</u>	10
<u>Audit Committee</u>	12
<u>Compensation Committee</u>	14
<u>Executive Compensation</u>	
<u>Compensation Discussion and Analysis</u>	16
<u>Compensation Tables</u>	
<u>Summary Compensation Table</u>	25
<u>Grants of Plan-Based Awards</u>	26
<u>Outstanding Equity Awards at Fiscal Year-End</u>	27
<u>Option Exercises and Stock Vested</u>	29
<u>Pension Benefits</u>	29
<u>Nonqualified Deferred Compensation</u>	31
<u>Potential Payments Upon Termination or Change of Control</u>	32
<u>Management Proposals</u>	
<u>Proxy Item No. 1: Election of Directors</u>	37
<u>Proxy Item No. 2: Ratification of Independent Registered Public Accounting Firm</u>	41
<u>Proxy Item No. 3: Advisory Vote on Executive Compensation</u>	41
<u>Proxy Item No. 4: Amendment of the Restated Articles of Incorporation to Allow Shareholders to Amend Bylaws</u>	43
<u>Proxy Item No. 5: Ratification of Forum Selection Bylaw</u>	44
<u>Shareholder Proposals</u>	
<u>Proxy Item No. 6: Shareholder Proposal on Independent Board Chair</u>	46
<u>Proxy Item No. 7: Shareholder Proposal on Political Contributions Reporting</u>	50
<u>Proxy Item No. 8: Shareholder Proposal on Lobbying Reporting</u>	53
<u>Proxy Item No. 9: Shareholder Proposal on Greenhouse Gas Emissions</u>	55

<u>Ownership of Emerson Equity Securities</u>	
<u>Ownership of Directors and Executive Officers</u>	57
<u>Ownership of Greater than 5% Shareholders</u>	58
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	59
<u>Questions and Answers About the 2018 Annual Meeting</u>	59
<u>Other Matters</u>	62
<u>Appendix A Emerson Director Independence Standards</u>	A-1
<u>Appendix B Proposed Amendment to Restated Articles of Incorporation</u>	B-1
<u>Appendix C Forum Selection Bylaw</u>	C-1

iii PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

Proxy Statement Summary

This summary highlights information contained elsewhere in this Proxy Statement and does not contain all of the information you should consider. You should read the entire Proxy Statement before voting.

Annual Meeting

Time and Date: 10:00 a.m., Central Time, Tuesday, February 6, 2018

Place: Emerson Headquarters, 8000 W. Florissant Avenue, St. Louis, MO 63136

Record Date: November 28, 2017

Voting Matters and Board Recommendations

	Recommendation	Vote Standard*	Page
Voting Matter			
Management Proposals			
Item 1 Election of Directors	FOR each nominee	Majority present & entitled to vote	37
Item 2 Ratification of appointment of KPMG LLP as Independent Registered Public Accounting Firm	FOR	Majority present & entitled to vote	41
			41
Item 3	FOR	Majority present & entitled to vote	
Table of Contents			11

Approval of named executive officer
compensation

Item 4	Approval of an amendment to Restated Articles of Incorporation to provide shareholders the right to amend Bylaws	FOR	85% of total voting power outstanding	43
Item 5	Ratification of the Company's forum selection Bylaw	FOR	Majority present & entitled to vote	44

Shareholder Proposals

Item 6	Approval of proposal to adopt an independent Board Chair policy	AGAINST	Majority present & entitled to vote	46
Item 7	Approval of proposal requesting a political contributions report	AGAINST	Majority present & entitled to vote	50
Item 8	Approval of proposal requesting report on lobbying expenditures	AGAINST	Majority present & entitled to vote	53
				55
Item 9	Approval of proposal on greenhouse gas emissions	AGAINST	Majority present & entitled to vote	

* For the election of Directors, you have the choice of voting FOR all or individual nominees or to Withhold Authority to vote for all or individual nominees. For the other proposals, you have the choice to vote FOR , AGAINST or ABSTAIN .

Casting Your Vote

Voting Method	Shareholders of Record and Employee Benefit Plan Participants	Street Name Holders
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Internet	Visit the applicable voting website:	www.proxyvote.com	www.proxyvote.com
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Telephone	Within the United States, U.S. Territories and Canada, call toll-free:	1-800-690-6903	1-800-690-6903
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Mail	Complete, sign and mail your proxy card or voting instruction form in the self-addressed, postage paid envelope provided, or return it to: Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.		
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In-Person

For instructions on attending the 2018 Annual Meeting in person, see [Attending the Meeting](#) below.

Attending the Meeting

All attendees must present government-issued photo identification, such as a driver's license or passport. If you are a shareholder of record, please check the box on your proxy card and bring the tear-off admission ticket with you. If your shares are held by someone else (such as a broker) please bring a letter or account statement from that firm showing you were a beneficial holder on November 28, 2017. Failure to provide such identification may result in your exclusion from the meeting.

1 PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

PROXY STATEMENT SUMMARY

Our Board of Directors**Nominees and Continuing Directors**

The Emerson Board is divided into three classes. You are being asked to vote on the four Director nominees indicated below for the specified terms. The five continuing Directors were previously elected to three-year terms ending at the Annual Meeting specified. All Directors are independent, except Mr. Farr. Please see Proxy Item No. 1 Election of Directors for more information.

Nominees For Terms Ending In Year Specified

Arthur F. Golden (2021)	Partner, Davis Polk and Wardwell Age: 71 Director Since 2000 Committees*: EC, FC	Candace Kendle (2021)	Retired Chairman and Chief Executive Officer, Kendle International, Inc. Age: 70 Director Since 2014 Committees: AC, NC
James S. Turley	Retired Chairman and Chief Executive Officer, Ernst & Young LLP	Gloria A. Flach	Corporate Vice President and Chief Operating Officer, Northrop Grumman Corporation

(2021)	Age: 62 Director Since 2013 Committees: AC, EC, NC	(2020 To Balance Board Classes)	Age: 58 Director Since 2017 Committees: CC, FC
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To Continue In Office Until 2020

David N. Farr	Chairman and Chief Executive Officer, Emerson Age: 62 Director Since 2000 Committee: EC	Matthew S. Levatich	President and Chief Executive Officer, Harley Davidson, Inc. Age: 52 Director Since 2012 Committees: AC, CC
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To Continue In Office Until 2019

Clemens A. H. Boersig Randall L.	Retired Chairman of the Supervisory Board, Deutsche Bank AG Age: 69 Director Since 2009 Committees: CC, EC, FC	Joshua B. Bolten	President and Chief Executive Officer, Business Roundtable Age: 63 Director Since 2012 Committees: AC, EC, NC
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*AC Audit Committee

Stephenson

Officer and President,
AT&T Inc.

CC Compensation Committee

EC Executive Committee

FC Finance Committee

Age: 57

NC Corporate Governance and Nominating Committee

Director Since 2006

Committees: CC, EC, NC

Admiral Joseph W. Prueher, currently an independent Director and a member of the Compensation Committee and Finance Committee, will be retiring from the Board as of the Annual Meeting.

2 PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

PROXY STATEMENT SUMMARY

2017 Business Highlights

Completed the strategic repositioning announced in 2015, with closing of the sales of the Network Power and Leroy Somer and Controls Techniques businesses, and the sale of the ClosetMaid business.

Pivoted to growth with completion of the strategic valves & controls acquisition in the Automation Solutions business.

Reshaped our businesses into two global franchises, Automation Solutions and Commercial & Residential Solutions and restructured our corporate and other services consistent with our new structure.

Returned to growth in 2017 on improving global economics and conditions in our served markets, and payoff from restructuring investments made during the industrial recession over the prior two years:

Reported sales grew 5 percent, with underlying growth of 1 percent excluding the 4 percent impact of the valves & controls acquisition.

Earnings per share from continuing operations grew 4 percent to \$2.54 per share, up 8 percent to \$2.64 per share excluding first year charges of \$0.10 related to the valves & controls acquisition.

Operating cash flow from continuing operations grew 8 percent to \$2.7 billion, with free cash flow from continuing operations of \$2.2 billion excluding capital expenditures of \$476 million.

Executive Compensation Highlights

Key Elements of the Fiscal 2017 Executive Compensation Program

Pay for Performance. Named executive officer (NEO) compensation is tied to Company performance. Mr. Farr 's successful leadership of the Company through this transformational year, the completion of the strategic repositioning, the acquisition and integration of valves & controls and the Company 's financial performance, led the Committee to increase NEO bonuses after generally flat or reduced bonuses in recent years.

We Target Competitive and Market Based Pay with Actual Pay Dependent on Performance.

Long-Term Performance. Our primary incentive compensation performance shares is based on the Company 's achievement of established financial objectives over a minimum three-year performance period.

Maximize Shareholder Value While Mitigating Risk. Our performance shares program is based on above-market growth targets, and rewards growth over the long term, discouraging short-term risk taking.

Alignment with Shareholders. We have substantial stock ownership requirements and blackout, clawback, pledging and anti-hedging policies.

No Tax Gross-Ups. We do not provide tax gross-ups to our NEOs.

No Employment, Severance or Golden Parachute Agreements with any of our NEOs.

Non-compete, Non-solicitation and Confidentiality Agreements. We require executives to enter into non-competition, non-solicitation and confidentiality agreements as a condition of all equity awards.

Double Trigger Change of Control. We utilize double trigger provisions on change of control in our 2011 Stock Option Plan and in our 2015 Incentive Shares Plan.

Shareholder Engagement

We value our shareholders ' perspective on our businesses and each year interact with shareholders and investment analysts through a variety of engagement activities. These include our annual investor conference in February and participation in industry conferences in May and September. In addition, we routinely schedule additional engagement meetings with investors and analysts in various locations around the world, which in 2017 included meetings in New York, Boston, Chicago London and Frankfurt, among other locations. Investors and analysts may schedule meetings with our Director of Investor Relations to request additional information regarding the Company. We reach out to our largest shareholders each year in connection with our Annual Meeting to discuss the matters that will be voted on at the meeting and respond to questions or concerns. Our Investor Relations department can be reached at 314-553-2197, investor.relations@emerson.com, or at www.emerson.com, Investors, Investor Resources, Stockholder Information.

3 PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

PROXY STATEMENT SUMMARY

Named Executive Officer and Director Share Ownership

The following summarizes beneficial ownership of Emerson common stock by our NEOs and Directors as of September 30, 2017. You should refer to the more detailed information under Ownership of Emerson Equity Securities on page 57 for additional information about how these amounts are calculated under SEC rules and the ownership of our other executive officers and other information about these shares.

Name	Total Shares
<i>Named Executive Officers:</i>	
D. N. Farr, Chairman and Chief Executive Officer	2,928,140
E. L. Monser, President	473,393
F. J. Dellaquila, Senior Executive Vice President and Chief Financial Officer	531,110
E. M. Purvis, Jr., Executive Vice President and Chief Operating Officer	296,501
S. J. Pelch, Executive Vice President, Organization Planning and Development	105,162
<i>Directors:</i>	
C. A. H. Boersig	22,211
J. B. Bolten	14,243
G. A. Flach	1,824
A. F. Golden	66,705
C. Kendle	13,240
M. S. Levatich	13,074
J. W. Prueher	39,033
R. L. Stephenson	41,243
J. S. Turley	10,907

Corporate Governance Highlights

Topic	Highlight
Director Independence	<p>9 of 10 Directors are independent</p> <p>Strong Lead Independent Director with significant governance duties</p> <p>All Board Committees are independent pursuant to requirements of the NYSE and our governance documents</p> <p>Regular executive sessions attended by non-management Directors only</p>
Proxy Access Bylaw	<p>Proactive adoption in 2017 of proxy access for Director nominees</p> <p>A shareholder, or group of up to 20, holding 3% of Company stock for 3 years may place a limited number of Director nominees in the Company's proxy statement for election</p>
Board Refreshment and Diversity	<p>Balance of new and continuing Directors, with average tenure of 8 years and 5 new Directors in last 5 years</p> <p>Average Director age of 63</p> <p>Director retirement and resignation guidelines</p>

Other Governance Practices

22% women Directors as of February 6, 2018

Directors elected by majority voting

Over 96% Board and Committee attendance in 2017

All Directors then in office attended the 2017 Annual Meeting

Comprehensive new Director orientation

No shareholder rights plan or poison pill

Blackout, clawback, pledging and anti-hedging policies

Director and executive officer stock ownership policies

Annual Corporate Social Responsibility and Political Spending Reports

4 PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

BOARD AND COMMITTEE OPERATIONS

Board and Committee Operations

Board and Corporate Governance

Board Responsibility

The primary responsibility of our Board is to foster our long-term success. In fulfilling this role, each Director must exercise good faith business judgment in the best interests of Emerson and our shareholders. Our Board has responsibility for establishing broad corporate policies, setting strategic direction and overseeing management. Management has responsibility for our day-to-day operations, implementing these policies and strategic direction, subject to Board oversight.

Governance Principles and Ethics Program

Our Board has adopted Corporate Governance Principles and Practices that govern the structure and operations of our Board, Board oversight of management and relations between the Board and our shareholders. In addition, our Board has adopted an ethics program that applies to all Emerson employees and our Directors, and includes an employee code of conduct, supplements specifically applicable to our Directors and executive officers, and an additional code of ethics applicable to our Chief Executive Officer (CEO), Chief Financial Officer, Chief Accounting Officer and Controller.

The Company's Corporate Governance Principles and each component of its ethics program are available on the Company's website at www.Emerson.com, Investors, Corporate Governance, Business Ethics. Printed copies of these documents are available to shareholders upon written request to Emerson Electric Co., 8000 West Florissant Avenue, St. Louis, Missouri 63136, Attn: Secretary. The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K by posting required information at the same location on its website.

The Board of Directors annually reviews its governance policies and practices, taking into account changes in applicable law, trends in corporate governance and input from shareholders.

Recent Corporate Governance Changes

As part of its review process, the Board recently made changes to Emerson's corporate governance polices:

Proxy Access Bylaw. Amended our Bylaws to adopt proxy access, which provides eligible shareholders a process for including their director nominees in the Company's proxy materials. Proxy access is discussed below at Corporate Governance and Nominating Committee Proxy Access on page 10.

Lead Independent Director. Amended our Corporate Governance Principles to provide for a Lead Independent Director, as discussed below in Board Leadership Structure on page 6.

Shareholders' Right to Amend Bylaws. Approved, subject to shareholder approval, amendments to our Restated Articles of Incorporation providing shareholders the right to amend our Bylaws. Please see Proxy Item No. 4.

Ratification of Forum Selection Bylaw. Amended our Bylaws to adopt a forum selection Bylaw and is submitting that Bylaw for ratification by shareholders. Please see Proxy Item No. 5.

Corporate Social Responsibility Reporting. Last year, at the Board's direction, the Company published its first Corporate Social Responsibility Report highlighting the Company's environmental stewardship, integrity and ethics, corporate governance, political spending and lobbying, human resources and diversity, supply chain practices and community involvement. We recently published an updated and expanded report. We believe these actions are marks of good governance and enhance our accountability to shareholders.

Board Meetings and Attendance

There were eight meetings of the Board during fiscal 2017. All Directors attended at least 75% of the meetings of the Board and committees on which they served. Directors are strongly encouraged to attend the Annual Meeting, although the Company has no policy requiring attendance. All of the Directors then in office attended the 2017 Annual Meeting.

5 PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

BOARD AND COMMITTEE OPERATIONS

Board Leadership Structure

The Board believes that it should have the flexibility to determine whether the same person should serve as both Chair and CEO based on what it believes will provide appropriate Company leadership. The Board believes that its current structure, with Mr. Farr serving as both Chair and CEO is appropriate given Mr. Farr's past success and extensive experience in these roles, the efficiencies of having the CEO serve as Chair, the Company's strong corporate governance structure, including Mr. Stephenson's strong leadership role as Lead Independent Director, and the Company's financial performance under Mr. Farr's leadership.

As part of its leadership structure review, in October 2016 the Board established the Lead Independent Director position to strengthen the independent leadership of the Board. The Lead Independent Director is elected from the independent Directors for a three-year term. Among other things, the Lead Independent Director chairs regularly scheduled meetings of non-management Directors, reviews Board agendas and information, calls meetings of the independent Directors, acts as the Board's key liaison with the Chairman and serves on the Board's executive committee. The Chair and CEO consults periodically with the Lead Independent Director and the committee Chairs, all of whom are independent, on Board matters and on issues facing the Company.

Board Role in Risk Oversight

The Board has responsibility for oversight of the Company's risk management process. This process is designed to provide to the Board timely visibility into the identification, assessment and management of critical risks. The Audit Committee assists the Board by annually reviewing and discussing with management this process and its functionality. The areas of critical risk include strategic, operational, compliance, environmental, financial and reputational. The full Board, or the appropriate committee, receives this information through updates from management to enable it to understand and monitor the Company's risk management process.

Board Composition

Our Board consists of 10 Directors divided into three classes, with the terms of office of each class ending in successive years. The Directors in one class are elected at each Annual Meeting to serve for a three-year term and until their successors are duly elected and qualified, subject to their earlier death, resignation or removal. Periodically, a Director is elected to a shorter term, or moved into a different class between meetings, to rebalance the classes as a result of the early departure of a Director.

Pursuant to the Company's Bylaws, a Director may not stand for election after age 72. If our Board determines that continued service beyond this period is in the best interests of Emerson and our shareholders, our Board may amend the Bylaws to waive this requirement and allow election to additional one-year terms. Adm. Prueher is retiring from the Board pursuant to this requirement as of the 2018 Annual Meeting, after which our Board will have nine Directors.

We are committed to reviewing our Board's composition to ensure that we continue to have the right mix of skills, diversity, background and tenure. After Adm. Prueher's retirement, the diversity and tenure composition of our Board will be as follows:

Our Board's membership represents a balanced approach to Director tenure, allowing our Board to benefit from the experience of longer-serving Directors as well as the fresh perspectives of newer Directors. The Board is continuously seeking out highly-qualified, diverse candidates to add to the range of skills and experiences represented on our Board.

6 PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

BOARD AND COMMITTEE OPERATIONS

Our Directors have a wide range of skills and experience in a variety of professions and industries, including:

DIRECTOR SKILLS AND EXPERIENCE

Global business experience

Chief executive officer experience

Financial expertise, including chief financial officer experience

Expertise in technology and innovation

Corporate governance expertise

Operational leadership, including as chief operating officer

Experience doing business in emerging markets and China

Business development expertise, including investment banking, mergers and acquisitions and financial markets

The specific background, skills and experience of each of our Directors is detailed under Proposal 1 Election of Directors.

The Corporate Governance and Nominating Committee has the primary responsibility for developing a Director succession plan. The Committee periodically reviews our Board composition and, as further discussed above, identifies the appropriate mix of experiences, skills, attributes and tenure for our Board in light of our Company's current and future business environment and strategic direction, all with the objective of recommending a group of Directors that can best continue our success and represent our shareholders' interests. The Committee and our Board are committed to developing a diverse pool of potential candidates for future Board service.

Other Key Governance Policies

We have adopted corporate governance policies which encourage significant long-term stock ownership and align the interests of our executives with our shareholders. These policies include:

Executive compensation practices that incentivize long-term performance and equity compensation using multi-year performance and vesting periods. See [Executive Compensation Compensation Discussion and Analysis](#) on page 16.

Stock ownership guidelines, which require NEOs to hold stock equal to a specified multiple of their base salaries.

Blackout and stock trading policies which require permission to trade Emerson stock.

Clawback policies, which, in some cases, allow us to reduce, cancel or recover executive compensation tied to intentional misconduct that led to a material restatement of our financial statements.

Pledging and anti-hedging policies, which prohibit certain speculative transactions that are not in alignment with our shareholders. See [Alignment with Shareholder Interests](#) on page 22.

[Review, Approval or Ratification of Transactions with Related Persons](#)

We have developed and implemented processes to obtain and review all transactions and relationships in which the Company and any of our Directors, Director nominees or executive officers, or any of their immediate family members, are participants, and to determine whether any of these individuals have a direct or indirect material interest in any such transaction. Transactions that are determined to be material to a related person are disclosed as required. Pursuant to these processes, all Directors and executive officers annually complete a Director and Executive Officer Questionnaire and a Conflict of Interest Questionnaire that are designed to identify related person transactions and both actual and potential conflicts of interest. We also review the nature and extent of business between the Company and other companies affiliated with our Directors or executive officers. Under the Company's ethics program, an executive officer is required to immediately disclose all the relevant facts and circumstances of any actual or potential conflict of interest to the Company's Ethics Committee. If the Ethics Committee determines that there is a conflict, it will refer the matter to the Board of Directors. A Director is required to immediately disclose all the relevant facts and circumstances of any actual or potential conflict of interest to the Board. In each case, the Board will review the matter to make a final determination as to whether a conflict exists, and, if so, the appropriate resolution.

The Company has a written ethics program applicable to all Directors and executive officers of the Company that prohibits Directors and executive officers from entering into transactions, or having any relationships, that would result in a conflict of interest with the Company. Waivers of the ethics program requirements for Directors and executive officers may only be granted by the Board of Directors. The Company's ethics program documents can be found on the Company's website at www.Emerson.com, Investors, Corporate Governance, Business Ethics.

7 PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

BOARD AND COMMITTEE OPERATIONS

Certain Business Relationships and Related Party Transactions

Based on the review described above, there were no transactions from October 1, 2016 through the date of this proxy statement, and there are no currently proposed transactions, in which the Company was or is to be a participant, in which the amount involved exceeded \$120,000 and in which any of the Company's Directors or executive officers or any of their immediate family members, or any beneficial holder of more than 5% of our common stock, either had or will have a direct or indirect material interest.

Director Independence

The Board has determined that all current Directors, other than Mr. Farr, are independent, as defined under the general independence standards of the NYSE. W. R. Johnson resigned from the Board in May 16, 2017, but was determined to be independent while he served. All Directors identified as independent meet the Board adopted independence standards. These standards are included in Appendix A and are available on the Company's website at www.Emerson.com, Investors, Corporate Governance, Principles & Practices.

In the course of the Board's independence determinations, it considered any transactions, relationships and arrangements as required by the Company's independence standards. In particular, with respect to each of the three most recently completed fiscal years, the Board considered for:

Flach, Levatich and Stephenson, the annual amount of sales to Emerson by the company which the Director serves or served as an executive officer, and purchases by that company from Emerson, and determined that in each case the amounts of such sales and purchases in fiscal 2017 were less than 0.013% of such other company's annual revenue and in each year were immaterial and well below the threshold set in the Emerson independence standards.

Stephenson, an immediate family member employed by KPMG, and determined that such person was not a partner of such firm and did not participate in the audit of Emerson or provide any other services to Emerson.

Golden, the annual amount paid by Emerson to the law firm of which he is a partner, and determined that the amount of such payments in fiscal 2017 was less than 1.37% of such firm's annual revenues and was in each year immaterial and well below the threshold set in the Emerson independence standards.

Levatich, Prueher, and Turley, the annual amount of contributions by Emerson to charitable organizations for which the Director serves as a director, officer or trustee and determined that such contributions were immaterial, well below the threshold set in the Emerson independence standards, were made through the Company's normal corporate charitable donation approval process and were not made on behalf of any Director. For 2017, the amount of such contributions were: Levatich: \$3,000 to Northwestern University; Prueher: \$2,500 to the University of Virginia; and Turley: \$133,500 (1.33% of total revenue) to the Boy Scouts of America-Greater St. Louis Area Council, \$61,000 (0.36% of total revenue) to the St. Louis Municipal Opera Theatre, and \$625,000 (3.12% of total revenue) to Forest Park Forever. These last three organizations are prominent St. Louis civic organizations to which Emerson, as a St. Louis headquartered company, has provided substantial support for over 30 years, long before Mr. Turley joined the Emerson Board or the boards of these organizations.

Committees of Our Board of Directors

Our Board of Directors has delegated certain of its responsibilities to committees to provide for more efficient Board operations and allow Directors to engage in deeper analysis and oversight in specific areas of importance. The members and Committee Chairs are designated by the Board based on recommendations from the Corporate Governance and Nominating Committee. The Chair of each Committee helps develop the agenda for that Committee, and provides a report to our Board on Committee activities. Each Committee annually reviews the adequacy of its Charter and conducts an evaluation of its performance.

Our Board has adopted written Committee charters which are available on our website, www.emerson.com, Investors, Corporate Governance, Committee Charters. The primary responsibilities and membership of each Committee are below:

COMMITTEE PRIMARY RESPONSIBILITIES AND MEMBERSHIP

Audit	The Audit Committee assists the Board in providing oversight of the systems and procedures relating to the integrity of the Company's financial statements, financial reporting process, systems of internal accounting and financial controls, internal audit process, risk management, and compliance with legal and regulatory requirements, and the independent audit of the annual financial statements. The
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Table of Contents

BOARD AND COMMITTEE OPERATIONS

COMMITTEE PRIMARY RESPONSIBILITIES AND MEMBERSHIP

Committee is directly responsible for the appointment, oversight, qualification, independence, performance, compensation and retention of the Company's independent registered public accounting firm, including audit fee negotiations. The Committee reviews with management major financial risk exposures and the steps management has taken to monitor, mitigate and control such exposures.

The members of the Audit Committee are J. S. Turley (Chair), J. B. Bolten, C. Kendle and M. S. Levatich. The Board has determined that each member is independent under the enhanced audit committee independence standards in the Securities Exchange Act of 1934 (the Exchange Act) and New York Stock Exchange (NYSE) listing standards. The Board has also determined that J. S. Turley is an Audit Committee Financial Expert under SEC rules. The Committee met five times in fiscal 2017.

Compensation The Compensation Committee discharges the Board's oversight of the Company's executive compensation and produces the Committee's proxy statement report on executive compensation. Among other things, the Committee approves goals and objectives, evaluates performance and sets compensation for the CEO; approves elements of compensation for and oversees the evaluation of certain other officers, including the NEOs; oversees the Company's equity incentive plans; and monitors the Senior Management Succession Plan.

The current Compensation Committee members are R. L. Stephenson (Chair), C. A. H. Boersig, G. A. Flach, M. S. Levatich and J. W. Prueher. The Board has determined that each member meets the enhanced NYSE independence standards, and qualifies as an outside director under Section 162(m) of the Internal Revenue Code, as amended (IRC) and as a non-employee director under Rule 16b-3 of the Exchange Act. W. R. Johnson resigned from the Board in May, 2017, but was determined to be an independent member of the Committee during his term. The Committee met six times in fiscal 2017.

**Corporate
Governance
and**

Nominating

The Corporate Governance and Nominating Committee oversees the Company's corporate governance; reviews its governance principles and independence standards; oversees the annual Board and Committee self-evaluations; discharges the Board's responsibilities related to Director compensation; identifies, evaluates and recommends individuals for Board and Committee membership; makes recommendations as to the size and composition of the Board and its Committees; and reviews the Company's conflict of interest policies, codes of ethics, political activities and compliance with related laws and regulations, and oversees management's implementation thereof.

The members of the Committee are J. B. Bolten (Chair), C. Kendle, R. L. Stephenson, and J. S. Turley. The Board has determined that all members are independent under NYSE listing standards. The Committee met three times in fiscal 2017.

Executive

The Executive Committee exercises Board authority between Board meetings on matters in which specific direction has not been given by the Board, to the extent permitted by law and except for certain specified matters.

The members of the Committee are D. N. Farr (Chair), C. A. H. Boersig, J. B. Bolten, A. F. Golden, R. L. Stephenson, and J. S. Turley. The Committee did not meet in fiscal 2017.

Finance

The Finance Committee advises the Board with respect to the Board's oversight of the Company's financial affairs, including long-range financing requirements and strategy, capital structure, dividend and share repurchase policies, short-term investment policy and hedging strategies, and retirement plans, as well as Company charitable contributions and the Emerson Charitable Trust.

The members of the Committee are C. A. H. Boersig (Chair), G. A. Flach, A. F. Golden and J. W. Prueher. The Committee met four times in fiscal 2017.

Board and Committee Self-Evaluations

Our Board assesses annually its effectiveness and that of its Committees. All Directors complete a self-evaluation form for the Board and for each Committee on which they serve. These forms include numerical ratings for certain key metrics, as well as the opportunity for written comments. The comments provide key insights into the areas Directors believe the Board can

9 PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

BOARD AND COMMITTEE OPERATIONS

improve or in which its performance is strong. The self-evaluation results are reported to the full Board, and each Committee is provided with its Committee evaluation results. The Corporate Governance and Nominating Committee oversees the process. Self-evaluation topics include number and length of meetings, topics covered and materials provided, Committee structure and activities, Board composition and expertise, succession planning, Director participation and interaction with management and promotion of ethical behavior. Our Board discusses the results of each annual self-evaluation and, as appropriate, implements enhancements and other modifications identified during the self-evaluation.

Corporate Governance and Nominating Committee

Nomination Process

The Corporate Governance and Nominating Committee regularly reviews the appropriate size and composition of the Board and anticipates vacancies and required expertise. The Committee reviews potential nominees from several sources, including Directors, management, shareholders or others. The Company may retain an independent search firm to assist in identifying and evaluating potential nominees. Ms. Flach, who is standing for election for the first time, was recommended by the search firm and by an independent Director.

In evaluating potential nominees, the Committee considers the knowledge, experience, integrity and judgment of the candidates, their contribution to the diversity of backgrounds, experience and skills on the Board, and their ability to devote sufficient time and effort to their duties as Directors. The Board considers the following experience particularly relevant: manufacturing, global business, in particular in emerging markets and China, business development, technology and innovation, legal, investment banking, acquisitions and finance, government, corporate governance and information technology, as well as experience on the boards of major organizations. The Company's Corporate Governance Principles set forth the minimum qualifications for nominees. The best candidates are then recommended by the Committee to the Board.

The Board's policy is to seek the most qualified candidates without regard to race, gender, national origin, religion, disability, age or sexual orientation. However, in evaluating candidates the Committee will consider these diversity criteria. The Board seeks to maintain a balance of perspectives, qualities and skills on the Board to obtain a diversity of viewpoints to better understand the technical, economic, political and social environments in which the Company operates. Existing Board members and outside agencies recommend candidates to further these policy objectives. The Board's success on these objectives is measured by the range of viewpoints represented on the Board.

The Committee will consider candidates recommended by shareholders if required biographical information is properly submitted as described in Other Matters Future Shareholder Proposals and Nominations at page 62 below. Properly submitted shareholder recommendations are sent to the Committee and will receive the same consideration as others identified to the Committee.

The Company's Bylaws permit shareholders to nominate Directors at an annual meeting of shareholders or at a special meeting at which Directors are to be elected. The procedures for making such nominations are discussed in [Other Matters Future Shareholder Proposals and Nominations](#) beginning on page 62.

[Proxy Access](#)

In 2017, the Board amended the Company's Bylaws to permit up to 20 shareholders owning in the aggregate at least 3% of the Company's outstanding common stock continuously for at least three years to nominate and include in the Company's proxy materials director nominees constituting up to the greater of two individuals or 20% of the Board, provided that the nominating holders and the nominees satisfy the requirements specified in the Bylaws, including providing the Company with advance notice of the nomination. For more information on how to submit a nominee for inclusion in Company proxy materials pursuant to these provisions, see [Other Matters Future Shareholder Proposals and Nominations](#) on page 62 below.

[Director Compensation](#)

Processes and Procedures for Determination of Director Compensation

The Corporate Governance and Nominating Committee annually reviews compensation practices for the Company's Directors and makes recommendations to the Board regarding the form and amount of compensation, for determination by the Board. To assist the Committee in performing these duties, management engages an outside consultant to prepare a director compensation analysis, and to make recommendations. Based on this analysis, management makes recommendations

10 PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents**BOARD AND COMMITTEE OPERATIONS**

regarding Director compensation for the Committee's consideration. Frederic W. Cook & Co. prepared this analysis for fiscal 2017. No changes were recommended by management or the Committee or made by the Board.

Director Compensation Program

Each non-management Director is paid an annual retainer in cash and/or restricted stock or restricted stock units (RSUs), as well as meeting fees and reimbursement of expenses. The Lead Independent Director and each Committee Chair receive an additional cash retainer. Mr. Farr does not receive any additional compensation for service on the Board. In fiscal 2017, the Director compensation program provided for the following payments:

Type	Amount
Annual Cash Retainer	\$100,000
Restricted Stock or RSU Retainer	\$140,000
Lead Independent Director Retainer	\$25,000
Committee Chair Retainers	Audit and Compensation - \$20,000 each Finance and Corporate Governance & Nominating - \$15,000 each
Meeting Fees	\$1,500 for each Board or Committee meeting

Emerson's Director Stock Ownership Policy requires non-management Directors to hold stock equal to five times annual cash compensation. Our non-management Directors are required to hold all restricted stock and RSUs until retirement. The awards generally do not vest until the last day of a Director's term after the age of 72, or earlier death, disability or a change of control of the Company. If a Director's tenure on the Board ends for any other reason, the vesting of the award is at the discretion of the Committee. If the restrictions on the awards do not lapse, the awards are forfeited to the Company. Restricted stock includes both dividend and voting rights. Dividend equivalents are paid on RSUs, which do not have voting rights.

Directors may defer all or a part of their cash compensation under the Company's Deferred Compensation Plan for Non-Employee Directors. Directors may also defer payment of the dividend equivalents on RSUs. Deferred amounts

are credited with interest quarterly at the Bank of America prime rate. Under SEC rules, interest on deferred amounts is considered above-market if the rate of interest exceeds 120% of the applicable federal long-term rate. During fiscal 2017, the applicable prime rate ranged from 3.5% to 4.25%, while 120% of the applicable federal long-term rate ranged from 2.32% to 3.34%. A. F. Golden and R. L. Stephenson participated in this deferral program during fiscal 2017 and above-market earnings on their deferred amounts are set forth in the Director Compensation Table. All deferred amounts are payable in cash.

As part of the Company's charitable contributions practice, the Company may, in the Board's discretion, make a charitable contribution in the names of Emerson and a Director (including management Directors) upon retirement from the Board (as determined by the Board), taking into account the Director's Board tenure, accomplishments, and other relevant factors.

The table below sets forth non-management Director compensation for fiscal 2017.

Director Compensation

Name(1)	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(2)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(4)	All Other Compensation (\$)(5)	Total (\$)
C. A. H. Boersig	142,000	139,960		10,000	291,960
J. B. Bolten	139,000	139,960		5,000	283,960
G. A. Flach	49,166	104,953			154,119
A. F. Golden	118,000	139,960	22,511	10,000	290,471
W. R. Johnson(6)	83,168	139,960			223,128
C. Kendle	119,500	139,960			259,460
M. S. Levatich	128,500	139,960		10,000	278,460
J. W. Prueher(7)	127,000	139,960		10,000	276,960

R. L. Stephenson	160,667	139,960	12,962	313,589
J. S. Turley	144,000	139,960	5,000	288,960

11 PROXY STATEMENT FOR EMERSON 2018 ANNUAL MEETING OF SHAREHOLDERS

Table of Contents

BOARD AND COMMITTEE OPERATIONS

- (1) Mr. Farr is the only management Director and his compensation is set forth in the Summary Compensation Table and related tables. He did not receive any additional compensation for his service as a Director.

- (2) On February 7, 2017 the Directors then in office were awarded 2,248 shares of restricted stock, or RSUs in the case of Dr. Boersig, with a total value of \$139,960 (\$140,000 divided by the grant date value of Emerson stock, rounded down to the nearest whole share) representing their fiscal 2017 restricted stock award. On May 2, 2017, Ms. Flach was awarded 1,810 shares of restricted stock as her pro rata amount of the fiscal 2017 award. Each amount constitutes the aggregate grant date fair value of restricted stock and RSUs for fiscal 2017 calculated in accordance with FASB ASC Topic 718.

- (3) The total number of shares of restricted stock held by each of the non-management Directors at September 30, 2017 is: Dr. Boersig-3,450; Mr. Bolten-14,243; Ms. Flach-1,810; Mr. Golden-37,749; Dr. Kendle-9,635; Mr. Levatich-13,074; Adm. Prueher-2,248; Mr. Stephenson-27,859; and Mr. Turley-10,907; and Dr. Boersig-18,761 RSUs. Mr. Johnson's restricted stock vested in connection with his resignation, other than a pro rata portion of his February 2017 award for the period after his resignation which was cancelled.

- (4) Includes above-market earnings for fiscal 2017 on cash fees or dividend equivalents that a Director elected to defer as follows: Mr. Golden-\$18,511; and Mr. Stephenson-\$12,962. Also includes the aggregate increase of \$4,000 for Mr. Golden in the actuarial present value of his accumulated pension benefit for fiscal 2017 pursuant to the Company's Continuing Compensation Plan for Non-Management Directors. Pursuant to applicable regulations, does not include the aggregate decline in actuarial present value of \$16,000 for Adm. Prueher. The Continuing Compensation Plan for Non-Management Directors was terminated on June 4, 2002. Messrs. Golden and Prueher remain eligible for such plan because they were Directors prior to termination of the plan. These Directors will, after the later of termination of service or age 72, receive \$30,000 annually for life, which was the annual cash retainer in ef