

EMERSON ELECTRIC CO
Form DEF 14A
December 14, 2018
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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):

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- (1) Amount Previously Paid:

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

- (3) Filing Party:

- (4) Date Filed:

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8000 W. Florissant Avenue

St. Louis, MO 63136

Dear Fellow Shareholder:

I am pleased to invite you to join us at the 2019 Annual Meeting of Shareholders of Emerson Electric Co. to be held on Tuesday, February 5, 2019 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 three directors and the ratification of the selection of KPMG LLP as Emerson's independent registered public accounting firm. We will also hold a non-binding advisory vote on the compensation of Emerson's named executive officers. We will also report on our business and provide an opportunity for shareholders to ask questions.

Three years ago, we introduced a bold, new vision for the future of Emerson: two complementary platforms to focus our expertise around our core strengths—Automation Solutions and Commercial & Residential Solutions. We are seeing this vision come to life and celebrating the strategic wins our repositioning has made possible. Over the past year, Emerson experienced strong growth in sales, earnings and cash flow that reinforced our market leadership position. Our growth was led by U.S. markets, and we continue to experience strong performance in Asia, particularly in China. We are also seeing growth in Europe, where we've made acquisitions that will give us a stronger presence in key markets like Germany.

In 2018, we continued to invest for growth, enhance critical capabilities for our customers and increase shareholder value. We deployed \$2.2 billion for bolt-on mergers and acquisitions to drive sales and EPS growth, and we repurchased \$1 billion in shares. At the same time, we increased our M&A and share repurchase targets through 2021 and enabled the business to continue to deliver on dividend growth, as we have done for 62 years. This strategic, balanced approach to capital deployment is shaping a bright future and positioning the next generation of leadership for continued success. For more information on our 2018 results, please see our 2018 Annual Report to Shareholders that is being made available 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. On behalf of the Board of Directors and all of us at Emerson, we thank our shareholders for your continued trust and support.

December 14, 2018

Sincerely,

DAVID N. FARR

Chairman and

Chief Executive Officer

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Notice of Annual Meeting of Shareholders

for Emerson Electric Co.

DATE AND TIME: Tuesday, February 5, 2019, 10 a.m. CST

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

- ITEMS OF BUSINESS:**
1. To elect as Directors the three 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 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 27, 2018

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.

**2018 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, 2018. A copy of our Annual Report to Shareholders for the fiscal year ended September 30, 2018 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 14, 2018.

By order of the Board of Directors,

December 14, 2018
St. Louis, Missouri

SARA YANG BOSCO
Secretary

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS
FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON FEBRUARY 5, 2019**

Emerson's Notice of Annual Meeting, Proxy Statement, Form of Proxy, and Annual Report to Shareholders for the fiscal year ended September 30, 2018 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 14, 2018. 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.

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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**2019 ANNUAL MEETING INFORMATION**

For additional information about our Annual Meeting, see Questions and Answers on page 55.

Meeting Date:	Meeting Place:	Meeting Time:	Record Date:
Tuesday	Emerson Headquarters	10:00 a.m.	November 27, 2018
February 5, 2019	8000 W. Florissant Ave.	Central Time	
	St. Louis, MO 63136		

Voting Matters and Board Recommendations

Voting Matters	Recommendation	Vote Standard*	Page
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Management Proposals

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*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

Whether or not you plan to attend the meeting, please provide your proxy by internet, phone, or by filling in, signing, dating and promptly mailing your proxy card or voting instruction form.

By Internet:	By Phone:	By Mail:
www.proxyvote.com	1-800-690-6903	Vote Processing
	(toll free within U.S.	c/o Broadridge
	and Canada)	51 Mercedes Way
		Edgewood, NY 11717

Attending the Meeting

You may also vote at 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 27, 2018. Failure to provide such identification may result in your exclusion from the meeting.

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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 three Director nominees indicated below for the specified terms. The six 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.

AC Audit Committee

CC Compensation Committee

EC Executive Committee

FC Finance Committee

NC Corporate Governance and Nominating Committee

Nominees For Terms Ending In 2022

Clemens A. H. Boersig

Retired Chairman of the
Supervisory Board,
Deutsche Bank AG

Age: 70

Director Since 2009

Joshua B. Bolten

President and
Chief Executive Officer,
Business Roundtable

Age: 64

Director Since 2012

Lori M. Lee

Chief Executive Officer

AT&T Latin America and Global

Marketing Officer for AT&T, Inc.

Age: 53

Committees: CC, EC, FC

Committees: AC, EC, NC

Director Since 2018

Committees: AC, FC

To Continue In Office Until 2020

David N. Farr

Gloria A. Flach

Matthew S. Levatich

Chairman and
Chief Executive Officer,
Emerson

Retired Corporate Vice President
and
Chief Operating Officer,
Northrop Grumman Corporation

President and
Chief Executive Officer,
Harley-Davidson, Inc.

Age: 63

Age: 59

Age: 53

Director Since 2000

Director Since 2017

Director Since 2012

Committee: EC

Committees: CC, FC

Committees: AC, CC

To Continue In Office Until 2021

Arthur F. Golden

Candace Kendle

James S. Turley

Partner, Davis Polk
and Wardwell

Retired Chairman and
Chief Executive Officer,
Kendle International, Inc.

Retired Chairman and
Chief Executive Officer,
Ernst & Young LLP

Age: 72

Age: 71

Age: 63

Director Since 2000

Director Since 2014

Director Since 2013

Committees: EC, FC

Committees: AC, NC

Committees: AC, EC, NC

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PROXY STATEMENT SUMMARY

Independent and Engaged Board

100% of our Director nominees are independent

overall attendance by Directors at committee meetings in fiscal 2018

99%

overall attendance by Directors at 10 Board meetings in fiscal 2018

100%

100%

director attendance at the 2018 Annual Meeting

Proactive Governance in 2018

Removal of forum selection Bylaw

Board refreshment

Recruitment of diverse Board

Accelerated Corporate Social Responsibility reporting

8 of 9 Directors are independent

Increased communication from Lead Independent Director

Increased availability of Lead Independent Director for Shareholder engagement

Refreshed and Diverse Board

22%

tenure: 0-3 years

44%

tenure: 4-8 years

33%

tenure: > 8 years

63 average age

Board Oversight

Lead Independent Director position was created as part of the annual leadership structure review

Balanced Director tenure

Implementation of key corporate governance policies

- Stock ownership guidelines
- Blackout and stock-trading policies
- Clawback policies
- Pledging and anti-hedging policies

Board Diversity

THE BOARD SEEKS OUT HIGHLY-QUALIFIED DIVERSE CANDIDATES TO ADD TO THE RANGE OF SKILLS AND EXPERIENCE REPRESENTED ON OUR BOARD.

[Board Diversity Background](#)

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PROXY STATEMENT SUMMARY

Executive Compensation Highlights

Our pay for performance philosophy and key principles of our executive compensation program directed our performance objectives that drove strong fiscal 2018 results. We continued to focus on objectives that maximize shareholder value, make Emerson a good global citizen, enhance critical capabilities and encourage career-long commitments to the Company.

NEO Compensation. Fiscal 2018 NEO total compensation, including increased annual cash bonuses, reflects our strong fiscal 2018 results and individual performance and accomplishments of our NEOs, including continued success in reshaping the Company into two global franchises; the Company's significant growth and strategic merger and acquisition activity; the actions taken to maintain strong profitability during a changing business environment and leveraging the opportunities for savings and maximized returns resulting from the new Tax Cuts and Jobs Act.

Alignment with Shareholders. We continued our practice of providing long-term stock-based incentives as a significant portion of total compensation. Our NEOs generally hold the stock they earn, substantially exceeding our stock ownership guidelines.

Long-Term Performance. Performance shares awards were again the primary long-term incentives for fiscal 2018. These awards are subject to the Company's achievement of established financial objectives over the Fiscal 2018 2020 performance period.

Competitive Compensation. We continued to target NEO total compensation in the median market range.

Retention and Succession Planning. We focused on critical retention and succession planning needs for our key executives, including in connection with the retirement of our former President on October 1, 2018.

Focus on Values. We continued our global efforts to solidify and communicate our commitment to our Emerson core values.

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PROXY STATEMENT SUMMARY

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 throughout the year. In addition, we routinely schedule additional engagement meetings with investors and analysts in various locations around the world, which in 2018 included meetings in New York, Boston, London and Frankfurt, among other locations. In 2018, we also hosted analysts and investors at key operational headquarters in Pittsburgh, Austin, Dayton, St. Louis and Marshalltown, Iowa. 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, Shareholder Information.

Corporate Governance Highlights**Topic****Highlight****Director Independence**

8 of 9 Directors are independent

Strong Lead Independent Director with significant governance duties

All Board Committees are independent pursuant to requirements of the NYSE and our governance documents

Regular executive sessions attended by non-management Directors only

Proxy Access Bylaw

Proactive adoption in 2017 of proxy access for Director nominees

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

**Board Refreshment
and Diversity**

Recently added Lori Lee, CEO AT&T Latin America and Global Marketing Officer for AT&T, Inc.

Balance of new and continuing Directors, with average tenure of 7 years and 6 new Directors in last 6 years

Average Director age of 63

Director retirement and resignation guidelines

33% of Directors are women

**Shareholder
Responsiveness**

In response to shareholder requests and recent trends in corporate governance, in prior years we submitted for shareholder approval proposals to:

amend our Restated Articles to allow shareholders the right to amend our Bylaws, and

declassify our Board.

However, the proposals did not achieve the required 85% approval vote.

Last year, we removed our forum selection Bylaw after it was not ratified by our shareholders.

**Other Governance
Practices**

Directors elected by majority voting

Over 99% Board and Committee attendance in 2018

All Directors then in office attended the 2018 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

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From Lead Independent Director

CLEMENS A.H. BOERSIG

Dear Fellow Shareholder:

When I took on the role of lead independent director for Emerson in April 2018, it was with excitement and a sense of opportunity. I've known Emerson for 30 years and have a great deal of respect for both the Company and David Farr as chairman and CEO. The Company's principled management style and rigorous focus on governance are a testament to its sustained success and to shareholders' continued faith in this 128-year-old Company.

The role of lead independent director is an output of a disciplined Board focus. Independence among Board members is a critical tenet of strong governance that ensures the voice and interests of shareholders drive important decisions around strategy, capital allocation, compensation and succession planning. The lead independent director role acts as the Board's liaison with the chairman, consulting regularly on company issues and meeting with shareholders, as needed.

As a Company with a strong culture of performance, having David serve as both chairman and CEO of Emerson drives long-term value creation for shareholders. At the same time, it ensures management and the Board are aligned in our view of opportunities and risks, while driving consistent focus on strategy and execution that support Emerson's role as a technology leader and industry steward.

Through my role, I partner closely with David serving as a check and balance and building critical controls into the governance process. The CEO as chair is best equipped to drive focus on the most impactful areas of the Company and promote responsible decision-making by the Board, due to his day-to-day knowledge of the business. My role and the role of the Board is to provide guidance on how daily decisions align with the Company's strategy and direction.

Emerson's Board culture is one of high engagement. We are both well-informed about the Company and interested in the industry, seeking to understand the latest trends. We employ a thorough annual planning cycle to set strategic priorities and evaluate risks. This process includes a multi-day strategy workshop and rigorous process, overseen by the audit committee, to identify and prioritize the most important financial and operational threats facing the Company.

Board diversity and experience are critical to our effectiveness. Our Board with women making up one-third of our directors has a wealth of experience that brings a balanced approach to strategy evaluation and important investment decisions. As a highly engaged Board, we provide insights that inform the Company's strategy and its corporate social responsibility. In fact, this year we accelerated annual Corporate Social Responsibility (CSR) reporting by six months providing shareholders and partners with additional line of sight into the Company's latest focus areas. I invite you to read more in our full CSR Report on Emerson.com.

On behalf of the Board, thank you for your continued engagement and support.

Sincerely,

Clemens A.H. Boersig

Lead Independent Director, Emerson

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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 that are specifically applicable to our Directors and executive officers, and an additional code of ethics applicable to our Chief Executive Officer, 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

Our Corporate Governance and Nominating Committee regularly considers a broad range of corporate governance issues and is committed to adopting governance practices that are the most beneficial to the Company and its shareholders. As part of its review process, the Board recently made changes to Emerson's corporate governance policies:

Proxy Access Bylaw. Recently, we 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 pages 13-14.

Lead Independent Director. Recently, we amended our Corporate Governance Principles to provide for a Lead Independent Director, as discussed below in [Board Leadership Structure](#) on page 9.

Removal of Forum Selection Bylaw. Last year, we submitted a proposal to shareholders to ratify our forum selection Bylaw, which provided that the sole and exclusive forum for specified legal actions would be courts located in Missouri. The proposal was not approved. As a result, the Board has subsequently reconsidered the provision and removed it from the Bylaws.

Our Proposals to Allow Shareholders' Right to Amend Bylaws and to Declassify Board. We recognize that the right of shareholders to amend bylaws and a declassified Board of Directors are increasingly considered important aspects of good corporate governance. In response to these trends and shareholder requests, we have acted. Last year, we approved and submitted for shareholder approval amendments to our Restated Articles of Incorporation providing shareholders the right to amend our Bylaws. However, under our Restated Articles of Incorporation, the amendment required the vote of 85% of outstanding shares in favor for approval, which was not attained. Similarly, our Board recently proposed an amendment to our Restated Articles to declassify our Board. That amendment also required such 85% vote and did not attain the required approval level.

Corporate Social Responsibility Reporting. In 2015, at the Board's direction, we published our 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. In 2017, the Company published its third Corporate Social Responsibility Report and accelerated its publication by approximately six months.

We believe these actions are marks of good governance and enhance our accountability to shareholders.

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BOARD AND COMMITTEE OPERATIONS

Board Meetings and Attendance

There were ten meetings of the Board during fiscal 2018. 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 2018 Annual Meeting.

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. Boersig'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 Lead Independent Director is available for consultation with shareholders. 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.

Each year the Board, through its Corporate Governance and Nominating Committee, reviews its leadership structure including the combined Chair and CEO, to ensure that it remains appropriate for 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 nine 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.

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BOARD AND COMMITTEE OPERATIONS

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. The diversity and tenure composition of our Board is as follows:

Diversity

Tenure

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.

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 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. As part of this process, the Board recently added to the Board Lori Lee, CEO AT&T Latin America and Global Marketing Officer for AT&T, Inc. Among other attributes, Ms. Lee brings business insight and breadth of experience in international relations from her extensive experience in strategy, operations and marketing across several countries.

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 with equity compensation using multi-year performance and vesting periods; align executive and shareholder interests and reward for superior performance rather than creating a sense of entitlement. See Executive Compensation Compensation Discussion and Analysis on page 19.

Stock ownership guidelines that require NEOs to hold stock equal to at least a specified multiple of their base salaries.

Blackout and stock trading policies that require permission to trade in Emerson stock.

Clawback policies that allow us to reduce, cancel or recover incentive compensation tied to intentional misconduct that led to a material restatement of our financial statements. See Policies Supporting Our Fundamental Principles on page 30.

Pledging and anti-hedging policies that prohibit certain speculative transactions that are not in alignment with our shareholders. See Policies Supporting Our Fundamental Principles on page 30.

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BOARD AND COMMITTEE OPERATIONS

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.

Certain Business Relationships and Related Party Transactions

Based on the review described above, there were no transactions from October 1, 2017 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. R. L. Stephenson and J. W. Prueher resigned from the Board during fiscal 2018, but were determined to be independent while they 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, Stephenson and Lee, 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 2018 were less than 0.027% 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 2018 was less than 1.10% 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, 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 2018, the amount of such contributions were: Boersig: \$10,000 to the New York Philharmonic; Levatich: \$4,000 to Northwestern University; Prueher: \$1,600 to the University of Virginia; and Turley: \$139,500 to the Boy Scouts of America-Greater St. Louis Area Council, \$992,000 to the St. Louis Municipal Opera Theatre and \$655,000 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.

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BOARD AND COMMITTEE OPERATIONS

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	<p>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, compliance with legal and regulatory requirements and the independent audit of the annual financial statements. The 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.</p> <p>The members of the Audit Committee are J. S. Turley (Chair), J. B. Bolten, C. Kendle, L. M. Lee 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, as amended (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 four times in fiscal 2018.</p>

Compensation The Compensation Committee discharges the Board's oversight of the Company's executive compensation program 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 C. A. H. Boersig (Chair), G. A. Flach and M. S. Levatich. 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. R. L. Stephenson and J. W. Prueher resigned from the Board in fiscal 2018, but were determined to be independent members of the Committee during their terms. The Committee met eight times in fiscal 2018.

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 and J. S. Turley. The Board has determined that all members are independent under NYSE listing standards. R. L. Stephenson resigned from the Board in fiscal 2018, but was determined to be an independent member of the Committee during his term. The Committee met five times in fiscal 2018.

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, and J. S. Turley. The Committee did not meet in fiscal 2018.

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BOARD AND COMMITTEE OPERATIONS

COMMITTEE PRIMARY RESPONSIBILITIES AND MEMBERSHIP

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 A. F. Golden (Chair), C. A. H. Boersig, G. A. Flach and L. M. Lee. The Committee met four times in fiscal 2018. J. W. Prueher resigned from the Board in fiscal 2018 but was determined to be an independent member of the Committee during his term.

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 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. Lee, who is standing for election for the first time, was recommended by Messrs. Farr and Stephenson.

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 other 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 58 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 58.

[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

Table of Contents**BOARD AND COMMITTEE OPERATIONS**

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 58 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 regarding Director compensation for the Committee's consideration. Frederic W. Cook & Co. prepared this analysis for fiscal 2018. Changes were recommended by management and the Committee and 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 2018, the Director compensation program provided for the following payments:

Type	Amount
Annual Cash Retainer	\$100,000
Restricted Stock or RSU Retainer	\$140,000
	\$25,000

Lead Independent Director
Retainer

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
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Effective December 1, 2018, the cash portion of the annual retainer was increased to \$115,000 and the restricted stock/RSUs portion of the annual retainer was increased to \$150,000, payable February 5, 2019. Other retainers were increased to the following levels: Lead Independent Director \$30,000, Chairs of Audit and Compensation Committees \$25,000 and Chairs of Finance and Corporate Governance and Nominating Committees \$20,000. Board and Committee meeting fees were not increased.

Emerson's Director Stock Ownership Policy generally requires non-management Directors to hold stock equal to five times annual cash compensation, subject to a phase-in policy for new Directors. Our non-management Directors are required to hold all restricted stock and RSUs until retirement from our Board. 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 2018, the applicable prime rate ranged from 4.25% to 5.0%, while 120% of the applicable federal long-term rate ranged from 2.96% to 3.57%. A. F. Golden and R. L. Stephenson participated in this deferral program during fiscal 2018 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.

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The table below sets forth non-management Director compensation for fiscal 2018.

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	163,833	139,960		10,000	313,793
J. B. Bolten	143,500	139,960		10,000	293,460
G. A. Flach	133,000	139,960		10,000	282,960
A. F. Golden	131,000	139,960	33,239	10,000	314,199
C. Kendle	128,500	139,960			268,460
M. S. Levatich	133,000	139,960		10,000	282,960

J. W. Prueher(6)	51,334		205,500	256,834
R. L. Stephenson(7)	48,250	7,345		55,595
J. S. Turley	148,500	139,960	2,500	290,960

- (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. Ms. Lee was elected to the Board effective October 2, 2018 and, as a result, did not receive any compensation during fiscal 2018. Upon her election, she did receive an award of 600 shares of restricted stock, representing a \$46,667 pro rata award of the \$140,000 restricted stock portion of the annual retainer previously paid to all non-management Directors.
- (2) On February 6, 2018, the Directors then in office were awarded 2,038 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 2018 restricted stock award. Each amount constitutes the aggregate grant date fair value of restricted stock and RSUs for fiscal 2018 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, 2018 is: Dr. Boersig-3,450; Mr. Bolten-16,281; Ms. Flach-3,848; Mr. Golden-39,787; Dr. Kendle-11,673; Mr. Levatich-15,112; and Mr. Turley-12,945; and Dr. Boersig-20,799 RSUs. Mr. Stephenson's restricted stock vested in connection with his resignation, other than a pro rata portion of his February 2018 award for the period after his resignation which was cancelled.
- (4) Includes above-market earnings for fiscal 2018 on cash fees or dividend equivalents that a Director elected to defer as follows: Mr. Golden-\$30,239; and Mr. Stephenson-\$7,345. Also includes the aggregate increase of \$3,000 for Mr. Golden in the actuarial present value of his accumulated pension benefit for fiscal 2018 pursuant to the Company's Continuing Compensation Plan for Non-Management Directors. 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 effect on that date. If service terminates because of death, the benefit will be paid to the surviving spouse for five years.
- (5) Includes Company matching contributions under the Company's charitable matching gifts program which matches charitable gifts of up to \$10,000 for all employees and Directors of the Company.

(6) Mr. Prueher retired from the Board at the 2018 Annual Meeting after more than 17 years of service to the Company. After retirement, as a participant in the Company's Continuing Compensation Plan for Non-Management Directors, Mr. Prueher began receiving his earned payments under the plan, as described above. In recognition of his long and distinguished service on the Board and numerous contributions to the Company's success, the Board of Directors, in its discretion, determined to make charitable contributions in an aggregate amount of \$1 million to a number of charities in the names of Emerson and Mr. Prueher. Of that amount, \$200,000 was contributed in fiscal 2018 and is included in the All Other Compensation amount for 2018. The remaining contributions are expected to be made over the next four years.

(7) Mr. Stephenson resigned from the Emerson Board on December 15, 2017.

Audit Committee

Report of the Audit Committee

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

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BOARD AND COMMITTEE OPERATIONS

The Audit Committee reviews with management the Company's major financial risk exposures and the steps management has taken to monitor, mitigate and control such exposures. Management has the responsibility for the implementation of these activities. In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2018, including a discussion of the quality and the acceptability of the Company's financial reporting and controls. The Committee also reviews the Company's quarterly earnings press releases and reports on Form 10-Q prior to distribution and filing.

The Company's independent registered public accounting firm is responsible for expressing an opinion on the conformity of those audited financial statements with U.S. generally accepted accounting principles and on the effectiveness of the Company's internal control over financial reporting. The Committee reviewed with the independent registered public accounting firm the firm's judgments as to the quality and the acceptability of the Company's financial reporting and such other matters as are required to be discussed with the Committee under auditing standards of the Public Company Accounting Oversight Board (PCAOB), including the matters required to be discussed by PCAOB Interim Auditing Standard AU Section 380, Communication with Audit Committees. In addition, the Committee has discussed with the independent registered public accounting firm the firm's independence from management and the Company, including the impact of non-audit related services provided to the Company and the matters in the independent registered public accounting firm's written disclosures required by Rule 3526 of the PCAOB, as may be modified or supplemented.

The Committee also discussed with the Company's internal auditors and the independent registered public accounting firm in advance the overall scope and plans for their respective audits, including timing, risk assessments, locations and coverage, and any reliance by the external auditors on work performed by the internal auditors. The Committee meets at least quarterly with the internal auditor and the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's accounting and financial reporting.

The 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 and approval. The Committee has evaluated whether retaining KPMG as the Company's independent auditor for the year is in the best interest of Emerson and its shareholders. The Committee considers whether KPMG's known legal risks include involvement in proceedings that could impair their ability to perform the annual audit, and reviews historical and proposed KPMG fees charged to the Company.

In performing its review, the Committee also considers the quality, candor and effectiveness of KPMG's communications with the Committee and management; how effectively KPMG maintained its independence as demonstrated by exercising judgment, objectivity and professional skepticism; reports of the PCAOB and other available data regarding the quality of work performed by KPMG; KPMG's long tenure and experience as the Company's auditor, and the geographic reach and expertise of KPMG to address the demands placed on an auditor by the global breadth and complexity of Emerson's business in terms of quantity, quality and location of staff.

The Committee also considers whether, to assure continuing auditor independence, there should be rotation of the independent registered public accounting firm.

The Committee is responsible for the selection of the lead engagement partner, and as required by law, assures rotation of the lead partner every five years. When appropriate, KPMG provides a list of candidates for the role of lead engagement partner, who are then interviewed by members of senior management. The Committee considers their recommendations and those of KPMG leadership, evaluates the candidate's qualifications, strengths and weaknesses and selects the lead engagement partner.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2018 for filing with the Securities and Exchange Commission. In accordance with its Charter, the Committee has reappointed KPMG LLP as the Company's independent registered public accounting firm to audit the Company's consolidated financial statements for fiscal 2019, based on their overall qualifications, objectivity, significant experience and understanding of the Company's operations, and their ability to deploy resources to match Emerson's global operations.

Audit Committee

J. S. Turley, Chair J. B. Bolten C. Kendle L. M. Lee M. S. Levatich

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BOARD AND COMMITTEE OPERATIONS

Fees Paid to KPMG LLP

Fees paid to KPMG LLP, the Company's independent registered public accounting firm:

\$ in millions	2017	2018
Audit Fees	\$ 20.9	\$ 22.0
Audit-Related Fees	4.7	2.4
Tax Fees	0.5	0.6
All Other Fees		
Total KPMG LLP Fees	\$ 26.1	\$ 25.0

Audit Fees primarily represent the cost for the audit of the Company's annual financial statements, reviews of quarterly SEC filings and statutory audits at non-U.S. locations.

Audit-Related Fees for 2018 and 2017 include \$0 and \$2.8 million, respectively, for audit procedures related to actual and potential divestitures. The remaining Audit-Related Fees are primarily attributable to other acquisition and divestiture due diligence, audits of employee benefit plans and statutory filings.

Tax Fees are related to tax compliance services.

The Audit Committee approved in advance all services provided by KPMG LLP. The Audit Committee's pre-approval policies and procedures are included within the Audit Committee Charter, which can be found on the Company's website at www.Emerson.com, Investors, Corporate Governance.

Compensation Committee

The Compensation Committee operates under a written charter that details the Committee's authority, composition and procedures. The Committee may delegate authority with respect to specific matters to one or more members, provided that all decisions of any such members are presented to the full Committee at its next meeting. For a discussion of delegations of authority to the CEO, see "Equity Compensation Grant Practices" at page 32 below.

For fiscal 2018, the Compensation Committee reviewed management's process for assessing risk in the Company's compensation programs, policies and practices for its employees, including the Company's executive compensation program and practices. The Committee accepted the result of these reviews that our compensation programs, policies and practices do not create risks that are reasonably likely to have a material adverse effect on our business. Please see "Our Compensation Best Practices" on page 22 and "Policies Supporting our Fundamental Principles" on page 30 for additional information.

Role of Executive Officers and the Compensation Consultant

Executive Officers

As described in "Compensation Discussion and Analysis - Setting Total Compensation" on page 24, our CEO makes recommendations to the Compensation Committee based on management input regarding total compensation of the other executive officers. Management also develops and presents to the Committee design recommendations for compensation programs.

The Compensation Committee has unrestricted access to management and may request the participation of management or the Committee's independent consultant at any meeting or executive session. Committee meetings are regularly attended by the CEO, except for executive sessions and discussions of his own compensation, by the Vice President-Executive Compensation, who leads some of the discussions regarding the Company's compensation programs, and the Committee's independent consultant. The Committee regularly reports to the Board on compensation matters and annually reviews the CEO's compensation with the Board in executive sessions of non-management Directors only.

Compensation Consultant

The Compensation Committee has sole discretion, at Company expense, to retain and terminate compensation consultants, independent legal counsel or other advisors, including sole authority to approve their fees and retention terms. Any Committee member may request the participation of independent advisors at any meeting. Management engages Frederic W. Cook & Co., Inc. from time to time to assist with executive compensation program design and competitive pay analysis. The Committee reviews this information in

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BOARD AND COMMITTEE OPERATIONS

determining compensation for the NEOs. The Committee has engaged Exequity LLP as its independent consultant. Exequity reports directly to the Committee and performs services as directed by the Committee. In 2018, Exequity reviewed our comparator group companies, the compensation of our CEO and the other NEOs and a pay for performance analysis. Neither Exequity nor Frederic W. Cook & Co. provides any other services to the Company. See also [Competitive Market Information](#) on page 23.

Report of the Compensation Committee

The Compensation Committee of the Board of Directors acts on behalf of the Board to establish and oversee the Company's executive compensation program in the interests of the Company and its shareholders. For a discussion of the Compensation Committee's policies and procedures, see [Compensation](#) on page 12, [Compensation Committee](#) on page 17 and [Role of Our Compensation Committee](#) on page 21.

Management of the Company has prepared the Compensation Discussion and Analysis describing the Company's compensation program for senior executives, including the NEOs. See [Compensation Discussion and Analysis](#) beginning on page 19. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis for fiscal 2018 with the Company's management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's proxy statement for its 2019 Annual Meeting of Shareholders.

Compensation Committee

C. A. H. Boersig, Chair

G. A. Flach

M. S. Levatich

Compensation Committee Interlocks and Insider Participation

The functions and members of the Compensation Committee are set forth above under [Compensation](#) on page 12. All Committee members are independent and none of the Committee members has served as an officer or employee of the Company or a subsidiary of the Company. During fiscal 2018, no member of the Committee and no other Director was an executive officer of another company on whose compensation committee or board any of our executive officers served.

Table of Contents**Executive Compensation****Compensation Discussion and Analysis**

This Compensation Discussion and Analysis describes the compensation programs and practices regarding our Named Executive Officers (NEOs) for the 2018 fiscal year. Our NEOs for fiscal 2018 included our Chief Executive Officer, Chief Financial Officer and the next three most highly compensated officers, as well as our former President who retired on October 1, 2018, listed below:

NEO NAME	NEO TITLE
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David N. Farr Chairman and Chief Executive Officer

Edward L. Monser Retired President

Frank J. Dellaquila Senior Executive Vice President and Chief Financial Officer

Michael H. Train President

Steven J. Pelch Chief Operating Officer and Executive Vice
President Organizational Development

Robert T. Sharp

Executive President Commercial & Residential Solutions

Executive Summary

At Emerson, our goal is to attract and retain talented executives who deliver value to our shareholders through the achievement of the Company's specific business objectives, such as consistent, sustained growth in earnings per share and cash flow. Our executive compensation program and overall pay for performance philosophy align with that goal and our results.

Fiscal 2018 Performance Highlights

Strong growth in sales, earnings and cash flow reinforcing our market leadership position

Sales grew to \$17.4 billion, a 14% increase year-over-year

Operating cash flow of \$2.9 billion, an 8% increase year-over-year (16.6% of net sales), and free cash flow of \$2.3 billion, after deducting capital expenditures of \$0.6 billion

62 years of increased dividends to shareholders

Continued execution of strategic repositioning to reshape the Company into two global franchises for Automation Solutions and Commercial & Residential Solutions

Deployment of \$2.2 billion for bolt-on mergers and acquisitions to drive future sales and earnings per share growth

Successful first year integration ahead of schedule of the Valves & Controls acquisition, the largest acquisition in Emerson history

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EXECUTIVE COMPENSATION

Focus on Values

As a unified company, we worked with thousands of employees worldwide to articulate our global values that have grounded Emerson for more than 128 years. These values guide how we interact with our employees, shareholders, customers and suppliers. We believe that this is an expectation not only of Emerson, but of our customers and the geographies where we do business.

Pay for Performance Fundamental Principles

Our executive compensation program is based on a consistent set of key principles that directs compensation decisions and communicates to participants the Company's core values, critical business strategies and performance objectives. These principles guide the performance objectives that drive strong results to maximize shareholder value, make Emerson a good global citizen, enhance critical capabilities and encourage career-long commitments to the Company.

These fundamental compensation principles include:

maximizing shareholder value by allocating a significant percentage of compensation to performance-based pay that is dependent on achievement of the Company's performance goals, without encouraging excessive or unnecessary risk taking;

rewarding for superior performance rather than creating a sense of entitlement;

aligning executive and shareholder interests by providing long-term stock-based incentives as a significant portion of total compensation and expecting executives to hold the stock they earn;

attracting and retaining talented executives by providing competitive compensation and career-growth opportunities; and

rewarding overall corporate results while recognizing individual contributions.

Emerson's shareholders again expressed *strong support* for our executive compensation program at our 2018 Annual Meeting. For each of the last eight Annual Meetings of Shareholders, over 90% of shares voted were in support of our executive compensation program.

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EXECUTIVE COMPENSATION

Role of Our Compensation Committee

Our Compensation Committee acts on behalf of our Board to establish our compensation philosophy and oversee our executive compensation program. The current members of our Compensation Committee are Clemens A. H. Boersig (Chairman), Gloria A. Flach and Matthew S. Levatich. Pursuant to its Charter, which can be found on our website at www.emerson.com, our Committee is responsible for:

Compensation Responsibilities	Organizational/Talent Responsibilities
-------------------------------	--

Reviewing and approving compensation of our CEO, NEOs and other executive officers

Evaluating CEO's performance

Reviewing and approving all compensation plans and aggregated payouts

Reviewing and discussing performance and leadership potential of NEOs and other executive officers with the CEO

Reviewing CEO compensation with Board

Working with the CEO on succession planning for executive management

Designating comparator group companies to determine competitive market pay ranges

Establishing performance objectives for performance-based incentive programs

Monitoring NEO stock ownership

Approving all executive benefit plans

Compensation Mix

In determining the total compensation of each of our NEOs, the Compensation Committee balances the compensation mix considering the executive's level of responsibilities, career potential, individual performance and service with the Company, with the objective of achieving a high and sustainable level of Company and individual performance. At-risk compensation generally increases as responsibilities increase. Total compensation is targeted to the median market range.

Annual Cash Compensation

Base Salary Rewards individual performance and may vary with Company performance

Annual Bonus Rewards achievement of the Company's annual financial targets and considers individual performance

Long-Term Stock-Based Incentive Compensation

Performance Shares Supports achievement of long-term goals of sustained growth in earnings per share (EPS) and free cash flow (operating cash flow less capital expenditures)

The primary long-term compensation element

Three-year performance period

Restricted Stock

Supports succession planning, critical retention and key leadership development efforts

Awards are highly selective and based on individual performance and potential

No set frequency of awards

Cliff vests no sooner than 3 years and generally 5-10 years

Stock Options

Rewards for stock price appreciation

Exercise price equal to fair market value at grant

Three-year ratable vesting with 10-year term

Although an available form of long-term incentive, no awards to NEOs since 2015

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EXECUTIVE COMPENSATION

Key Compensation Decisions in Fiscal 2018

Awarded increased annual cash bonuses to all NEOs, reflecting the strong fiscal 2018 accomplishments described above, with Mr. Farr’s bonus increasing from \$2.5 million in 2017 to \$2.7 million in 2018

Awarded performance shares to all NEOs, subject to the achievement of financial targets for the three-year performance period ending September 30, 2020, with maximum payouts ranging from 125% to 155%

Awarded restricted stock to Messrs. Dellaquila, Train, Pelch and Sharp to ensure the critical retention of our key executives

Expanded clawback rights for all incentive compensation awards and payments beginning in fiscal 2019 to provide for potential forfeiture or clawback in connection with violations of the Company’s ethics and compliance programs and policies, including its Code of Conduct and Code of Ethics to the extent allowed by law

Our Compensation Best Practices

What We Do	What We Don’t Do
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At-Risk Pay: At-risk compensation increases as responsibilities increase

No Golden Parachutes: No executive employment or individual change of control agreements or golden parachutes

Talent Management: Robust compensation and performance review and planning process

No Stock Hedging or Pledging: No hedging or pledging of Company securities

Risk Analysis: Committee annual assessment of compensation risks

No Executive Loans: No loans to executives or purchases of Company securities on margin

Focus On Retention: Utilize highly-selective restricted stock awards for critical retention and succession planning purposes

No Repricing of Options: No repricing or buyout of underwater stock options

Executive Officer Severance Policy: No severance in excess of 2.99 times current NEO cash compensation without shareholder approval

No Guaranteed Bonuses: Cash bonuses are not guaranteed for NEOs

Non-competes and Non-solicits: All awards subject to non-competition and non-solicitation obligations

No Tax Gross-Ups: No tax gross-ups for NEOs

Clawbacks: Maintain clawback rights on cash bonus and equity awards

No Single-Trigger COC: Incentive plans require double trigger change of control

Stock Ownership: NEOs' actual ownership greatly exceeds stock ownership guidelines

No Excessive Perks: All executive perquisites have a specific business purpose

Stock Trading Policy: Executives must obtain written permission from CEO and CFO or General Counsel before trading in Emerson stock

Committee Consultant: Committee retains independent compensation consultant

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EXECUTIVE COMPENSATION

Competitive Market Information**How We Determine Our Comparator Group**

The Compensation Committee annually reviews the comparator group that it uses to conduct market analysis and determine competitive pay ranges for our NEOs. As in prior years, the Committee reviewed a special study and screening prepared by Frederic W. Cook & Co. and selected comparator companies based upon one or more of the following criteria:

2018 Comparator Group Companies

For fiscal 2018, there were no changes made to the 23-company comparator group listed below:


Fiscal 2018 Comparator Group

Caterpillar	Eaton	Illinois Tool Works	Parker Hannifin	Textron
Cummins	Fluor	Ingersoll Rand	PPG	United Technologies
Danaher	General Dynamics	International Paper	Raytheon	3M
Deere	Goodyear Tire	Lockheed Martin	Schlumberger	

DowDuPont

Honeywell

Northrop Grumman

TE Connectivity

Emerson vs. Comparator Group

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EXECUTIVE COMPENSATION

Elements of Compensation

Setting Total Compensation

The Compensation Committee targets total compensation for our NEOs in the median market range of our comparator group. To determine the median range, the Committee uses a competitive pay (cash and long-term stock compensation) analysis for the proxy reported officer positions at the comparator group companies prepared by Frederic W. Cook & Co. The Committee also reviews and confirms the competitive market pay analysis with Exequity, its independent compensation consultant. The competitive pay analysis is not used to establish performance goals in the Company's compensation programs.

The Committee does not set specific financial targets related to annual cash compensation and pay determinations are not based on any formula. Actual pay is dependent on Company and individual performance and based on the Committee's informed judgment. The Committee does monitor the relative internal compensation relationships between the CEO and the other NEOs, however, no specific pay ratio is targeted.

The Committee meets in executive session to review and set the CEO's compensation. The Committee considers a number of factors in making its decision, including: market data; compensation elements; Company performance; tenure and experience; retention; and the CEO's individual performance, contributions to the Company and impact on results. The Committee also discusses the CEO's compensation annually with the non-management Directors in executive session.

For the NEOs and other key executives, our CEO reviews with the Committee the individual performance and leadership potential of these key executives, along with the Company's financial results, and makes individual pay recommendations to the Committee. The CEO's recommendations are informed by our robust annual organizational review, compensation planning and performance rating processes.

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EXECUTIVE COMPENSATION

Fiscal 2018 CEO and NEO Performance

CEO Performance. In determining the appropriate level of total compensation for the CEO, the Committee evaluated the Company's strong financial performance in fiscal 2018 (summarized on page 19); his continued success in reshaping the Company into two global franchises; the Company's significant growth and strategic merger and acquisition activity; his critical succession planning leadership; his tenure as CEO; his individual performance and contributions; and the retention of Mr. Farr. Considering these factors, the Committee determined that Mr. Farr's increased 2018 total compensation positioned him appropriately in the median market range, following below median compensation in fiscal 2016 and flat total compensation in fiscal 2017, and reviewed alternatives for continued delivery of the appropriate level of total compensation for Mr. Farr. The Committee noted that Mr. Farr successfully led the Company through the 2018 fiscal year and highlighted the following significant accomplishments.

**Fiscal 2018 CEO Accomplishments**

Continued execution on the strategic repositioning of Emerson

Deployment of \$2.2 billion for bolt-on mergers and acquisitions to drive future sales and EPS growth, including:

Aventics, a global leader in smart pneumatics technologies which complements Emerson's leadership in fluid automation technologies, significantly expands the Company's reach in the growing \$13 billion industry and helps solidify Emerson's automation technology presence in Europe

The Tools & Test business of Textron, a leading manufacturer of electrical and utility tools, diagnostics and test and measurement instruments, which enhanced Emerson's Ridge Tool Company to create a global \$1 billion professional tools business with the broadest offering for mechanical, electrical and plumbing contractors

Paradigm, a global supplier of software and services that increase production and safety, which provides customers with innovative control and operator performance capabilities to make control room operators far more effective

Cooper-Atkins, which complements Emerson's global cold chain business through its leadership in temperature management and environmental measurement devices and wireless monitoring solutions

Enhanced Emerson's technology, software and services capabilities to leverage the company's industry expertise to deliver practical digital transformation solutions that help customers achieve their business goals

Navigated a changing business environment, leveraging opportunities for savings and maximized returns resulting from the new Tax Cuts and Jobs Act

Continued to drive Emerson's succession planning process to ensure the early identification and development of future leaders

Managed changes in leadership, including the appointment of Michael Train as president of Emerson following Edward Monser's retirement and the promotion of Lal Karsanbhai as executive president of Emerson Automation Solutions, while maintaining significant growth across the organization

Continued to fulfill Emerson's commitment to creating shareholder value through the Company's long-standing dividend payment

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EXECUTIVE COMPENSATION

Other Named Executive Officer Performance. In setting compensation for the other NEOs, the Committee considered the Company's strong fiscal 2018 financial performance, the continued successful execution of global repositioning and integration efforts and the actions taken to maintain strong profitability during a changing business environment, as well as Mr. Farr's evaluation of each NEO's individual performance and accomplishments. The Committee also evaluated the NEOs based on their interactions with and presentations to the Board.

NEO Fiscal 2018 Accomplishments

E. L. Monser

Completed the first full year of critical integration of the Valves & Controls acquisition ahead of schedule and under budget

Captured required synergies in combining Valves & Controls into the Final Control business to create shareholder value

Successfully transitioned his duties to his successor prior to his planned retirement date

Continued to be a champion of Emerson's core value of Integrity in all of our global efforts

F. J. Dellaquila

Managed the financial due diligence process and complex financial integration issues during the Company's portfolio reposition activities

Directed implementation of the Company's capital allocation strategy to maintain financial liquidity

Oversaw financial strategy to effectively position the Company to leverage opportunities resulting from the Tax Cuts and Jobs Act

Continued to streamline internal functions to meet the needs of the repositioned Company and demonstrate our commitment to the Emerson core values of Continuous Improvement and Collaboration

M. H. Train

Delivered strong underlying growth for the Automation Solutions platform, including solid sales, profit margin and working capital improvement

Led strong integration performance in the first full year of the Valves & Controls acquisition

Expanded customer offerings through identification and completion of bolt-on acquisitions

Continued focus on delivery of new technologies to differentiate Emerson from its competitors and demonstrate Emerson's commitment to our core values of Innovation and Customer Focus

S. J. Pelch

Managed efforts to improve operational performance to contribute to strong sales and EPS growth in fiscal 2018 during significant portfolio repositioning activities and a changing business environment

Maintained a strong focus on safety for our employees and customers

Led Emerson's efforts to advance our diversity and inclusion initiatives across the Company demonstrating our commitment to our core value of Supporting Our People

Implemented the integration of Emerson's human resource organization across Emerson's two global platforms to help foster the Emerson business culture

R. T. Sharp

Delivered a strong year of sales growth and maintained strong profitability for the Commercial & Residential Solutions platform

Completed the strategic acquisitions of the Tools & Test and Coopers Atkins businesses expanding our current customer offerings

Captured early acquisition integration synergies to deliver strong incremental value to Emerson

Achieved record levels of safety performance, demonstrating commitment to our core value of Safety and Quality

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EXECUTIVE COMPENSATION

Fiscal 2018 Compensation Mix

We believe that our practice of setting a majority of our NEOs pay as at-risk pay underscores our commitment to our fundamental pay-for-performance principles. By tying a significant percentage of NEO compensation (cash and equity) to performance-based pay that is dependent on achievement of the Company's performance goals as well as the consistent attainment of strong individual performance, we maximize the value we can deliver to shareholders. In fiscal 2018, 91% of our CEO's pay and an average of 70.5% of the other NEOs' pay was comprised of at-risk compensation (amounts do not include other forms of compensation shown in the Summary Compensation Table).

Annual Cash Compensation

The Committee targets total annual cash compensation in the median market range of total cash compensation, while placing more emphasis on performance-based annual cash bonus than on base salary. Base salary generally represents 10-20% of total NEO compensation and bonus generally represents 15-25%.

Base Salary. Fiscal 2018 base salary increases were based on the Committee's review of the Company's performance, individual performance and potential and competitive market compensation. The Committee also considered market survey data that indicated that the predicted merit increase, without promotions, for comparable executive positions averaged approximately 3%.

NEO Name	2017-2018		
	FY 2017	FY 2018	Increase (%)
D. N. Farr	\$ 1,300,000	\$ 1,350,000	3.8%
E. L. Monser	\$ 750,000	\$ 775,000	3.3%

F. J. Dellaquila	\$ 690,000	\$ 715,000	3.6%
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M. H. Train	(1)	\$ 570,000	
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