



EMERSON

October 17, 2005

Mr. Jonathan G. Katz, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

Re: File No. S7-08-05-16

Dear Mr. Katz,

We appreciate the opportunity to comment on the Proposed Rule regarding revisions to the definition of accelerated filer and accelerated deadlines for filing periodic reports.

Quarterly Report on Form 10-Q

We applaud the Commission's proposal to retain the 40-day filing deadline for the Form 10-Q. Companies would have difficulty making the shorter 35-day filing deadline for similar reasons as discussed below for Form 10-K. In some quarterly periods, the 35-day deadline would have required Emerson to file the 10-Q prior to regularly scheduled audit committee and board of directors meetings. We believe this decision addresses the concerns of financial statement preparers and helps to ensure that the quality and accuracy of reported financial statements is not compromised, a key goal stated in the Proposed Rule.

Annual Report on Form 10-K

In an environment where the FASB and SEC have been very active in issuing new pronouncements, along with today's heightened awareness and emphasis on reliable financial reporting, we believe creating a third category of filer and shortening their 10-K deadline to 60 days would not be in the public's best interest. This environment has resulted in increased workloads and has imposed changes in internal control processes to implement the new rules. The 75-day deadline should apply to all filers.

We believe the 60-day deadline may not allow for thorough analysis and review of the 10-K by management, the board of directors and the audit committee, as well as internal and external auditors. Also, a substantial amount of work is involved in testing controls worldwide for both internal and external auditors, who must perform significant work each year to support management's assessment of internal controls and the auditor's report on internal controls, respectively. We question whether external auditors will be able to complete their audit of internal controls, required by Sarbanes-Oxley, in time to meet this deadline each year.

The proposal contends that large accelerated filers are more likely than smaller companies to have a well-developed infrastructure capable of meeting this deadline. While companies of this size may have more resources, their organizations are more complex and typically multinational, which proportionately, can translate to resources that are already stretched to capacity. Due to the increased complexity, diversity, and geographic presence of these larger companies, any perceived resource advantage over smaller companies is eliminated.

The Commission justifies longer deadlines for companies not meeting large accelerated filer status by stating, "The longer deadlines would also allow additional time for companies' management, external auditors, boards of directors, and audit committees to review the disclosure included in the periodic reports. Thus, as an indirect benefit for the markets and investors, the proposed amendments may lead to



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higher quality and more accurate reports.” This statement would appear to acknowledge that the importance of proper review of financial statements and high quality and accurate reports exceeds the benefits of accelerated filing. We agree with this statement but believe it applies equally to the companies that are the most complex of all, large accelerated filers. The Proposed Rule mentions that an extended time period allows companies to avoid the consequences of the late filing of reports. We believe this is an extremely important issue for the large accelerated filer in particular, who are more likely to be impacted from late filing disqualifications. We foresee the potential for either late or lower quality filings along with an increased burden on companies as a result of having to employ increased resources.

The Proposed Rule makes reference to a study showing “that smaller companies experience a larger price impact on the filing date than larger companies, indicating that filings contain more valuable information for smaller companies than larger companies. The delay of filing deadlines for smaller companies may be costly to the market, perhaps even more costly to the market than the delay of filing deadlines for larger companies.” If delaying the filing of a small company’s 10-K has more of an impact than that of a large company, we do not understand why a larger company should be required to file on a timelier basis than a smaller company.

We believe analysts following larger companies have more information than analysts of smaller companies through increased coverage in the business media and regular conference calls to discuss results, as well as interim reporting in the 10-Qs. We know from coverage of our own company, that analysts use this information to value large companies even before the 10-K is filed. Compressing the time deadline for the 10-K would not improve the ability of analysts to value the company as they already have sufficient information to do so. Companies typically release fourth quarter earnings far in advance of the filing of the 10-K. In our experience, the information included in the 10-K tends to be perceived as background information, supplementing earnings and press releases, and does not have the same market impact. Given that there is no improvement in the quality or usefulness of the 10-K information by compressing deadlines, we believe companies should be allowed 75 days to ensure compliance with SEC, FASB, and PCAOB rules.

The 60 day deadline is challenging. While many large companies can and do file their 10-K in advance of the current 75 day deadline, this flexibility should be retained as events or transactions for these global companies can and do occur which could necessitate filing after 60 days. If the Commission decides to require the 60-day 10-K reporting deadline for large accelerated filers in the Final Rules, we believe a “Safe Harbor” should be established that would not impose penalties as long as the 10-K is filed within the 60 to 75 day timeframe. This would allow companies to ensure the integrity of their financial information is not compromised, while avoiding the disqualification of no longer being considered a well-known seasoned issuer and the negative impacts and perception associated with it.

We appreciate the Commission’s efforts and trust that our comments will be seriously considered in future Commission deliberations on this important issue.

Sincerely,



Richard J. Schlueter
Vice President & Chief Accounting Officer

cc: Walter G. Galvin
Senior Executive Vice President &
Chief Financial Officer