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Emerson Electric

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SUMMARY DESCRIPTION OF
EMERSON'S CAPITAL STOCK

The following is a brief summary of certain provisions of the Restated Articles of Incorporation of Emerson, as amended. The summary does not purport to be complete and is qualified by reference to the Articles and amendments, which are filed with the Securities and Exchange Commission.

Emerson's authorized capital stock consists of 5,400,000 shares of Preferred Stock, par value of \$2.50 per share, issuable in series, and 80,000,000 shares of Common Stock, par value of \$1.00 per share.

There is no presently designated series of Preferred Stock outstanding. The Board of Directors may issue shares of Preferred Stock in one or more series with such preferences, rights, privileges and restrictions as the Board may determine, subject to the limitations contained in the terms of the Restated Articles of Incorporation of Emerson.

Subject to the prior rights of the Preferred Stock, dividends may be paid upon the Common Stock as and when declared by the Board of Directors out of funds legally available therefor. No dividend or distribution may be made on the Common Stock unless all dividends accrued on Preferred Stock have been declared and paid or set apart for payment. Certain loan agreements contain restrictions on the purchase, redemption, or retirement of Emerson's Common Stock and payment of dividends (except stock dividends). At December 31, 1976, approximately \$475,000,000 of retained earnings was free from restriction under the most restrictive provisions of these agreements.

Holder of the Common Stock and of the Preferred Stock, voting together as a single class, are each entitled to one vote per share on all matters submitted to a vote of stockholders, and are entitled to cumulate their votes in the election of directors. In addition, whenever six quarterly dividends on the Preferred Stock are in arrears, the holders of the Preferred Stock will also be entitled to elect that number of directors equal to the whole number obtained by dividing seven into the total number of directors, but not less than two directors, with the remaining members of the Board to be elected by the holders of the Common Stock and the Preferred Stock voting together as a single class.

Upon liquidation of Emerson, after all payments due to the Preferred Stock have been made, the holders of the Common Stock are entitled to receive, pro rata, all remaining assets available for distribution to stockholders.

The holders of the Common Stock have no preemptive right to subscribe for or purchase any securities issued by Emerson.

Shares of Preferred Stock may be given a conversion right into other securities of Emerson by the resolution of the directors establishing the series.

The Common Stock is not subject to redemption. Shares of Preferred Stock of any series may be made subject to redemption at such prices, and may be entitled to such sinking fund provisions, as determined by the Board of Directors when creating the series.

The outstanding shares of Common Stock are, and the shares of Common Stock offered hereby when issued will be, fully paid and nonassessable.

Transfer Agents for the Common Stock are St. Louis Union Trust Company in St. Louis and Marine Midland Bank in New York. Registrars are First National Bank in St. Louis and Citibank, N.A. in New York.