

DOW JONES REPRINTS

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit: www.djreprints.com.

• [See a sample reprint in PDF format](#) • [Order a reprint of this article now.](#)



Monday, November 10, 2008

SPEAKING OF DIVIDENDS**Lights On! As Emerson Boosts Its Dividend**

By SHIRLEY A. LAZO

Emerson Electric and other "Dividend Aristocrats."

DESPITE A GLOOMY ECONOMIC ASSESSMENT BY ITS CHIEF EXECUTIVE, [Emerson Electric](#) posted record fiscal 2008 results Tuesday, and boosted its dividend 10%.

The new quarterly will be 33 cents a share, up from 30 cents, giving the stock (ticker: EMR) a 4.21% yield. Disbursement is scheduled for Dec. 10 to holders of record Nov. 14, and the ex-dividend date is Nov. 12. This is the 118-year-old St. Louis industrial conglomerate's 52nd consecutive year of enhanced payouts. Dividends have been ongoing since 1947.

In fiscal 2008, ended Sept. 30, Emerson returned 63% of its operating cash flow to investors via \$940 million in dividends and \$1.1 billion in stock buybacks.

Emerson's fiscal 2008 earnings per share from continuing operations grew 17% from the 2007 level, to \$3.11, while net advanced 15%, to \$3.06. Sales climbed 12%, to \$24.8 billion. Operating cash flow rose 9%, to \$3.3 billion, and Emerson achieved a 21.8% return on total capital. The company's record performance in 2008 "demonstrates again just how well-positioned we are...to deliver high levels of profit margin and returns over the long term," said CEO David N. Farr.

In a post-earnings conference call with analysts, Farr said that Emerson is leaving fiscal 2008 "very strong" and "going into 2009 ready for a very uncertain and challenging year." He added that the U.S. is already "at or near a recession," while Europe and Japan are "right there coming behind us." However, Farr thinks emerging economies, although slowing like everywhere else, will hold up relatively well.

For fiscal 2009, Farr expects Emerson's underlying sales to rise or fall by up to 4%. In 2008, they climbed 8%. Underlying sales exclude the impact of currency fluctuations and acquisitions. He forecast earnings from continuing operations of \$2.80 to \$3.20 a share, on sales of \$23.5 billion to \$25.5 billion.

Traded on the Big Board, Emerson's shares recently were quoted at 31 and change. Their 52-week range is 59.05-29.44. Standard & Poor's rates Emerson a Buy. Merrill Lynch, however, last week downgraded it to Neutral from Buy. New Constructs gives Emerson a risk/reward rating of Very Attractive "because the stock offers much more upside potential than downside risk, in our opinion."

EMERSON IS ONE OF S&P's Dividend Aristocrats. These are concerns (including predecessors) that have hiked their payouts for at least 25 consecutive years and are in the S&P 500. There are currently 59 Dividend Aristocrats (the list is available at www.dividendaristocrats.standardandpoors.com).

Week's Dividend Payments: [NYSE](#) | [Nasdaq](#) | [AMEX](#)

Week's Ex-Dividend Payments: [NYSE](#) | [Nasdaq](#) | [AMEX](#)

The stock-market and economic turmoil, however, has forced some companies that previously belonged to the Dividend Aristocrats to pare their payouts. So Howard Silverblatt, S&P's senior index analyst, decided to screen for those in the group that have a STARS (Stock Appreciation Ranking System) ranking of four or five, meaning that S&P expects them to achieve superior returns over the next 12 months and rates

them Strong Buy or Buy.

Besides Emerson, there are 28 more: [Abbott Labs](#) (ABT), [Aflac](#) (AFL), [Air Products & Chemicals](#) (APD), [Archer Daniels Midland](#) (ADM), [Automatic Data Processing](#) (ADP), [C.R. Bard](#) (BCR), [BB&T](#) (BBT), [Becton Dickinson](#) (BDX), [Century Telephone](#) (CTL), [Chubb](#) (CB), [Coca-Cola](#) (KO), [ExxonMobi I](#) (XOM) and [Family Dollar](#) (FDO).

Also, [W.W. Grainger](#) (GWW), [Johnson & Johnson](#) (JNJ), [Johnson Controls](#) (JCI), [Kimberly-Clark](#) (KMB), [McDonald's](#) (MDC), [Nucor](#) (NUE), [PepsiCo](#) (PEP), [PPG](#) (PPG), [Procter & Gamble](#) (PG), [Questar](#) (STR), [Sigma-Aldrich](#) (SIAL), [Stanley Works](#) (SWK), [3M](#) (MMM), [VF](#) (VFC) and [Wal-Mart](#) (WMT).

As for the broader S&P 500, Silverblatt observes that the average yield for its dividend-paying members is 4.01%. "I don't recall exactly when it's been that high, but it's been decades," he declares. At this time last year, only 19 S&P issues yielded at least 5%. But with so many stocks depressed, 97 of them -- 32 financial and 65 nonfinancial -- now yield more than 5%.

E-mail comments to mail@barrons.com

URL for this article:

<http://online.barrons.com/article/SB122610206300710077.html>

Sponsored Links

[Hartford Auto Insurance](#)

New Low Rates, Save An Avg \$484* w/ The Hartford. Free Online Quotes.
TheHartfordAuto.com

[Solar, Wind, Cogen - AESO](#)

Hot Stock. Develops Energy Efficiency Projects. Invest Now.
www.AtlanticEnergy.net

[AARP Auto Insurance.](#)

Save \$388 on Fast, Lifetime Renewable Auto Ins w/ The Hartford.
AARP.TheHartford.com

[What's Your Credit Score?](#)

728 is an Excellent Score - Find Yours at Creditreport.com™ for \$0.
CreditReport.com

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com.