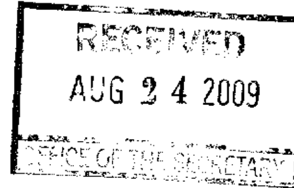

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August 17, 2009

Ms. Elizabeth M. Murphy
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Dear Ms. Murphy:

I write to express my strong opposition to proposals in the SEC, the House of Representatives and Senate that seek significant change in public company governance in the United States. These proposals are an outgrowth of justified anger over past actions of some in the financial services sectors but, if mandated for all public companies, these proposals will:

- Facilitate rather than prevent the conduct that brought about the current crisis, and previous crises,
- Weaken the ability of companies to plan and execute effective business strategies,
- Render companies susceptible to the short-term private agendas of small groups of investors,
- Drive high quality companies and individuals away from the public sector — (Why be a publicly traded company with more and more regulations and government costs?),
- Further weaken ability of public U.S. companies to remain competitive,
- Require additional significant expenditures on consultants, accountants and lawyers,
- Introduce a new body of law based upon the false premise that the proposed changes would have prevented the current economic crisis. Study after study finds no relationship between financial performance and the adoption of some pending proposals, [1] and,
- Intrude upon and conflict with existing state law in areas of corporate governance.

I support efforts to hold responsible those individuals and companies whose actions contributed to the current crisis; however, why paint all companies with the same brush!? The vast number of public companies, however, have acted responsibly to build shareholder value and played no part in creating the economic downturn in which they are also victims. The new laws and regulations (Sarbanes Oxley) that came out of the Enron, WorldCom and Tyco debacles did not help create better corporate governance or better board leadership — in fact, too many resources have been wasted and redirected because of a couple of "bad apples". Global U.S. companies have been the losers, as we are less competitive today and will continue to lose to foreign competitors.

Several of the current proposals will fail to meet their stated objectives, but among the most dangerous is the SEC's proposal to mandate inclusion in large cap company proxy materials of nominees for Director of any individual or group holding 1% of the outstanding shares of that company for a period of one year or more.

[1] Please see the enclosed studies by the Stanford Schools of Law and Business and Wachtell Lipton law firm showing no relationship between financial performance and the adoption of proposed governance practices.

Aside from the fact that this proposal could deny shareholders and the States in which they are incorporated in, the right to determine whether and how proxy access will be implemented. The proposed rules — with a low ownership threshold and short holding period — will encourage hedge funds and other short-term speculators to seek to exercise influence over corporate policy in favor of short-term profits rather than long-term shareholder value. This is exactly the wrong direction to take corporate policy and is contrary to one of the stated goals of the SEC — to encourage Boards to manage for the long-term well being of the company. If legislation of this type is to pass, at a minimum proxy access should be available *only to those* with 10% or more ownership in the company.

I also believe that these rules will politicize Board elections and be a diversion of company and Board resources away from urgent day-to-day matters. This is the last thing that the related causes of increased American employment and competitiveness need at this moment, when all resources should be used to develop the new and efficient technologies which will allow America's public companies to compete effectively with large private and foreign companies — companies who continue to develop unhindered by the political and legislative reaction generated by the current crisis.

The issues America's public companies face from the proposed rules are real. A significant amount of retirement accounts and pension funds are invested, not with private and foreign companies, but with our public companies. These companies already suffer from disparate tax treatments, confusing and onerous accounting rules and public blame for economic circumstances they had nothing or little to do with. The effect from further weakening public company management is to place these companies at a competitive disadvantage, harm the interests of public company stakeholders, erode our tax base and, ultimately, further weaken the United States.

Thank you for considering this position. I trust you and your colleagues will act responsibly and with a long-term view toward keeping America's public companies focused, strong and able to compete with private and foreign public sectors. But, I want to leave you one more crucial thought — Why be a public company in the USA anymore?!?

My personal regards,

David N. Farr
Chairman, CEO and President
Emerson

DNF:jar

Encl.

cc: Senator Christopher Bond
Senator Claire McCaskill

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