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Dear Fellow Shareholders:

Over the past three years, we have been working to create an environment in which all of our 26,900 employees worldwide seamlessly work together as one large Company with one strong presence in the marketplace. We call this our "Get Connected" initiative. The results of this effort have changed the culture of our Company. Today, we all say that we work for Cooper Industries.

The people profiled throughout this report are but a few examples of how our folks in all regions of the world are reaching out to work together to bring good ideas; good programs; and great brands, services and solutions to our customers. Our employees are enthusiastically answering our call that they reach beyond traditional boundaries to bring even greater value to all of our stakeholders.

Two thousand and four was an outstanding year for our Company, and to say that we're proud of this performance is an understatement We achieved strong revenue growth and year-over-year margin improvement despite facing significant pressures related to challenging market conditions and the high cost of the critical materials used to make our products It seems clear to me that our continuing efforts to accelerate growth, to improve productivity and to otherwise control costs generated this performance Additionally, we made steady progress implementing a common worldwide Enterprise Business System, which will lead to further growth and streamlining of our businesses in the years ahead The programs we have in place, coupled with a developing recovery in our key commercial and industrial markets, give us good momentum as we move ahead into a new calendar year

Revenues in 2004 increased 10 percent to $4 5 billion, compared with 2003 revenues of $4 1 billion Income from continuing operations rose 24 percent to $339 8 million, compared with $274 3 million in 2003 Earnings per share