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COOPER INDUSTRIES, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

brokerage commissions or service charges At December 31, 2004, Cooper had 16,007,568 shares reserved for the Dividend Reinvestment Plan, grants and exercises of stock options, performance-based stock awards, restricted stock awards and subscriptions under the Employee Stock Purchase Plan and other plans

On February 9, 2005, Cooper's Board of Directors announced an increase in the annual dividend rate of Cooper's common stock by eight cents per share to $1 48, or 37 cents per quarter

During May 2002, Cooper adopted a Shareholder Rights Plan to replace the rights attached to the common stock of Cooper Ohio The Board of Directors authorized the issuance of one right for each common share outstanding on May 22, 2002 Each Right entitles the holder to buy one one-hundredth of a share of Series A Participating Preferred Stock at a purchase price of $225 per one one-hundredth of a share or, in certain circumstances common shares having a value of twice the purchase price Each Right becomes exercisable only in certain circumstances constituting a potential change of control on a basis considered inadequate by the Board of Directors The Rights expire August 5, 2007 and, at Cooper's option, may be redeemed prior to expiration for $ 01 per Right

NOTE 10: STOCK OPTIONS AND EMPLOYEE STOCK PURCHASE PLAN

Under Cooper stock option plans, officers, directors and key employees may be granted options to purchase Cooper's common stock at no less than 100% of the market price on the date the option is granted Options generally become exercisable ratably over a three-year period commencing one year from the grant date and have a maximum term of ten years The plans also provide for the granting of performance-based stock awards and restricted stock awards to certain key executives that generally vest over periods ranging from three to five years

A summary of the status of Cooper's fixed stock option plans for officers and employees as of December 31, 2004 and activity during the three years ended December 31, 2004 is presented below

	2004		2003		2002	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	7,325,526	$ 40 32	7,318,903	$ 40 74	4,740,658	$ 44 07
Granted	1,062,750	$ 55 65	1,421,100	$ 37 36	2,806,425	$ 35 21
Exercised	(1,993,088)	$ 40 93	(1,184,395)	$ 39 40	(41,096)	$ 38 52
Canceled	(139,456)	$ 42 04	(230,082)	$ 40 12	(187,084))	$ 42 78
Outstanding at end of year	6,255,732	$ 42 69	7,325,526	$ 40 32	7,318,903	$ 40 74
Options exercisable at end of year	3,488,466		3,642,301		3,033,777	
Options available for grant at end of year	5,013,148		1,351,330		2,359,814	