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

	No of Employees	Accrued Severance	Facility Consolidation and Closure	Financial Advisors and Others
		($ in millions)		
Balance at December 31, 2001	273	$ 3 0	$ 2 1	$ 30 0
Employees terminated	(273)	—	—	—
Cash expenditures	—	(3 0)	(2 1)	(15 7)
Balance at December 31, 2002	—	—	—	14 3
Reversal of accrual	—	—	—	(14 3)
Balance at December 31, 2003	—	$ —	$ —	$ —

See "Restructuring" in Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information related to the restructuring

NOTE 3: ACQUISITIONS

In March 2004, Cooper acquired a manufacturer of specification and commercial grade lighting fixtures for $10 1 million In November 2004, Cooper acquired a U K based manufacturer of visual and audible alarms and public address speakers for $38 5 million The results of operations of the acquisitions are included in the consolidated income statement since the respective acquisition dates Pro-forma net income and earnings per share for 2004, assuming that the acquisitions had been made at the beginning of the year, would not be materially different from reported net income and earnings per share

During 2002, Cooper paid $1 1 million related to previously acquired businesses The terms of a previous acquisition agreement provided for additional consideration to be paid if earnings of the acquired businesses exceeded certain targeted levels

NOTE 4: INVENTORIES

	December 31, 2004	December 31, 2003
	(in millions)	
Raw materials	$ 185 2	$ 182 8
Work-in-process	118 6	113 9
Finished goods	320 2	346 3
Perishable tooling and supplies	13 2	20 6
	637 2	663 6
Allowance for excess and obsolete inventory	(58 9)	(47 6)
Excess of current standard costs over LIFO costs	(55 3)	(64 0)
Net inventories	$ 523 0	$ 552 0