

Table of Contents

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

	Pension Benefits			Other Postretirement Benefits		
	2004	2003	2002	2004	2003	2002
	(in millions)					
Components of net periodic benefit cost						
Service cost	\$ 16.2	\$ 16.8	\$ 16.0	\$ 0.2	\$ 0.2	\$ 0.2
Interest cost	41.8	42.0	42.9	8.2	9.2	9.7
Expected return on plan assets	(47.1)	(40.1)	(46.3)	—	—	—
Amortization of unrecognized transition obligation	—	0.3	0.2	—	—	—
Amortization of prior service cost	0.6	0.6	0.6	(0.1)	(0.1)	(0.8)
Recognized actuarial (gain) loss	7.4	8.9	3.3	(2.8)	(3.5)	(3.9)
Curtailment	—	0.2	—	—	—	—
Net periodic benefit cost	<u>\$ 18.9</u>	<u>\$ 28.7</u>	<u>\$ 16.7</u>	<u>\$ 5.5</u>	<u>\$ 5.8</u>	<u>\$ 5.2</u>

	Pension Benefits		Other Postretirement Benefits	
	2004	2003	2004	2003
Weighted average assumptions used to determine benefit obligations as of December 31				
Discount rate	5.00% - 5.75%	5.50% - 6.25%	5.75%	6.25%
Rate of compensation increase	2.25% - 4.00%	2.75% - 4.00%	—	—

	Pension Benefits		Other Postretirement Benefits	
	2004	2003	2004	2003
Weighted average assumptions used to determine net costs for the years ended December 31				
Discount rate	5.50% - 6.25%	6.00% - 7.00%	6.25%	7.00%
Expected return on plan assets	6.25% - 8.50%	6.50% - 8.50%	—	—
Rate of compensation increase	2.75% - 4.00%	2.75% - 4.25%	—	—

	2004	2003
Assumed healthcare cost trend rates		
Healthcare cost trend rate assumed for next year	9.00%	9.00%
Rate to which trend rate is assumed to decline (ultimate trend rate)	5.00%	5.00%
Year that rate reaches ultimate trend rate	2009	2008

	1-Percentage-Point Increase	1-Percentage-Point Decrease
	(in millions)	
A one-percentage-point change in the assumed health care cost trend rate would have the following effects		
Effect on total of service and interest cost components	\$ 0.6	\$ (0.5)
Effect on the postretirement benefit obligation	\$ 8.9	\$ (7.9)