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

The Electrical Products segment manufactures, markets and sells electrical and circuit protection products, including fittings, support systems, enclosures, wiring devices, plugs, receptacles, lighting fixtures, fuses, emergency lighting, fire detection systems and security products for use in residential, commercial and industrial construction, maintenance and repair applications. The segment also manufactures, markets and sells products for use by utilities and in industry for electrical power transmission and distribution.

The Tools & Hardware segment manufactures, markets and sells hand tools for industrial, construction and consumer markets, automated assembly systems for industrial markets and electric and pneumatic industrial power tools for general industry, primarily automotive and aerospace manufacturers.

The performance of businesses is evaluated at the segment level and resources are allocated among the segments. The Cooper executive responsible for the segments further allocates resources among the various division operating units that compose the segments and, in international markets, determines the integration of product lines and operations across division operating units. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 1. Cooper manages cash, debt and income taxes centrally. Accordingly, Cooper evaluates performance of its segments and operating units based on operating earnings exclusive of financing activities and income taxes. Restructuring charges are excluded from the evaluations. The segments are managed separately because they manufacture and distribute distinct products. Intersegment sales and related receivables for each of the years presented were insignificant.

Financial information by industry segment was as follows:

|                                                                    | Revenues                |                  |                  | Operating Earnings      |                |                | Total Assets            |                  |                  |
|--------------------------------------------------------------------|-------------------------|------------------|------------------|-------------------------|----------------|----------------|-------------------------|------------------|------------------|
|                                                                    | Year Ended December 31, |                  |                  | Year Ended December 31, |                |                | Year Ended December 31, |                  |                  |
|                                                                    | 2004                    | 2003             | 2002             | 2004                    | 2003           | 2002           | 2004                    | 2003             | 2002             |
|                                                                    |                         |                  |                  | (in millions)           |                |                |                         |                  |                  |
| Electrical Products                                                | \$3,722.2               | \$3,358.4        | \$3,324.9        | \$511.2                 | \$435.1        | \$400.6        | \$3,591.8               | \$3,433.2        | \$3,394.0        |
| Tools & Hardware                                                   | 740.7                   | 703.0            | 635.6            | 62.7                    | 39.0           | 27.3           | 737.0                   | 734.6            | 724.2            |
| Total management reporting                                         | <u>\$4,462.9</u>        | <u>\$4,061.4</u> | <u>\$3,960.5</u> | 573.9                   | 474.1          | 427.9          | 4,328.8                 | 4,167.8          | 4,118.2          |
| Segment restructuring                                              |                         |                  |                  | —                       | (16.0)         | (36.7)         |                         |                  |                  |
| Net segment operating earnings                                     |                         |                  |                  | 573.9                   | 458.1          | 391.2          |                         |                  |                  |
| General Corporate                                                  |                         |                  |                  |                         |                |                |                         |                  |                  |
| Restructuring                                                      |                         |                  |                  | —                       | 13.4           | (2.4)          |                         |                  |                  |
| Expense                                                            |                         |                  |                  | (77.3)                  | (79.5)         | (34.1)         |                         |                  |                  |
| Operating earnings                                                 |                         |                  |                  | 496.6                   | 392.0          | 354.7          |                         |                  |                  |
| Interest expense, net                                              |                         |                  |                  | (68.1)                  | (74.1)         | (74.5)         |                         |                  |                  |
| Interest income on tax refund                                      |                         |                  |                  | —                       | 28.6           | —              |                         |                  |                  |
| Consolidated income from continuing operations before income taxes |                         |                  |                  | <u>\$428.5</u>          | <u>\$346.5</u> | <u>\$280.2</u> |                         |                  |                  |
| Corporate assets                                                   |                         |                  |                  |                         |                |                | 1,012.0                 | 797.5            | 569.7            |
| Consolidated assets                                                |                         |                  |                  |                         |                |                | <u>\$5,340.8</u>        | <u>\$4,965.3</u> | <u>\$4,687.9</u> |