

Approximately 54% of the United States hourly production work force of Cooper is employed in 49 manufacturing facilities, distribution centers and warehouses not covered by labor agreements. Numerous agreements covering approximately 46% of all hourly production employees exist with 24 bargaining units at 24 operations in the United States and with various unions at 30 international operations. During 2001, new agreements were concluded covering hourly production employees at 7 operations in the United States. Cooper considers its employee relations to be excellent.

Sales backlog at December 31, 2001 was approximately \$308 million, all of which is for delivery during 2002, compared with backlog of approximately \$456 million at December 31, 2000.

Cooper's financial condition and performance are subject to various risks and uncertainties including, but not limited to: (1) the condition of the domestic economy and European and Latin American markets, (2) spending on commercial and residential construction and by utilities, (3) worldwide energy-related project spending, (4) demand for products in the electronics and telecommunications markets, (5) raw material and energy costs, (6) mix of products sold, (7) realization of benefits of cost reduction programs, (8) competitive conditions, (9) the relationship of the U.S. dollar to the currencies of countries in which Cooper does business, and (10) mergers and acquisitions and their integration into Cooper.

The following describes the business conducted by each of Cooper's business segments. Additional information regarding the products, markets and distribution methods for each segment is set forth on the table at the end of this Item. Information concerning market conditions, as well as information concerning revenues and operating earnings for each segment, is included under "Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations."

Electrical Products

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, including distribution switchgear, transformers, transformer terminations and accessories, capacitors, voltage regulators, surge arresters, pole line hardware and other related power systems components.

The principal raw material requirements include copper, tin, lead, plastics, insulating materials, pig iron, aluminum ingots, steel, aluminum and brass. These raw materials are available from and supplied by numerous sources located in the United States and abroad.

Demand for Electrical Products follows general economic conditions and is generally sensitive to activity in the construction market, industrial production levels, electronic component production and spending by utilities for replacements, expansions and efficiency improvements. The segment's product lines are marketed directly to original equipment manufacturers and utilities and to a variety of end users through major distributor chains, retail home centers and thousands of independent distributors.

Tools & Hardware

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.