

- Wiss(R) scissors,
- Xcelite(R) screwdrivers, and
- Buckeye(R), DGD(TM), Dotco(R) and Master Power(R) power tools

RECENT DEVELOPMENTS

On May 22, 2002, we completed a reorganization by which Cooper Industries, Inc the Ohio corporation that was the parent company for all historical operations and is referred to in this prospectus as "Cooper," became a wholly-owned, indirect subsidiary of Cooper Industries, Ltd , a Bermuda company that is referred to in this prospectus as the "Guarantor " In the transaction each outstanding share of Cooper stock was automatically converted into a Class A common share of the Guarantor, such that the Guarantor replaced Cooper as the publicly-traded parent company The Class A common shares of the Guarantor are traded on the New York Stock Exchange under the symbol "CBE " As a general matter, the merger did not affect the conduct of operations of the historical business

The consolidated financial statements included and incorporated by reference in this prospectus for all reporting periods through the first quarter of 2002 are the financial statements of Cooper and its consolidated subsidiaries Commencing with the second quarter of 2002, such consolidated financial statements are the financial statements of the Guarantor and its consolidated subsidiaries, including Cooper The reorganization was accounted for as a reorganization of entities under common control, which did not result in changes in the historical consolidated carrying amount of assets, liabilities and shareholders' equity

We believe that reorganizing as a Bermuda corporation will allow us to implement our business strategy more effectively A significant portion of our business is currently, and we believe in the future a greater portion will be, generated from non-U S markets We believe the reorganization will allow us to take advantage of financial and other business opportunities that were not available under our former corporate structure, including

- Improving our worldwide effective tax rate,
- Maximizing our potential business growth and cash flow;

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- Using the greater cash flow to invest for further earnings growth, including by developing higher-growth product lines and acquiring complementary higher-growth electrical and electronic businesses;
 - Strengthening our position vis-a-vis competitors in the global marketplace, and
 - Expanding our investor base as our shares may become more attractive to non-U.S investors

We believe that the reorganization should improve our global tax position and should maximize potential growth and cash flow We anticipate that the reorganization may result in significant tax savings These savings are expected to result in a reduction in our annual effective tax rate from approximately 32% to within a range from 20% to 25% over the next several years due to the reorganization However, our tax rate will depend on, among other things, the level and geographic mix of our earnings and changes and interpretations with respect to tax laws, treaties and policies in the

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