Table of Contents

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

The table below summarizes the U S dollar equivalent contractual amounts of Cooper's forward exchange contracts at December 31, 2004 and 2003

| | December 31, 2004 | December 31, 2003 |
|---|---|---|
| | (in millions) | |
| Canadian Dollar | $ 92 2 | $ — |
| U S Dollar | 17 4 | 39 5 |
| Euro | 15 2 | 4 4 |
| British Pound Sterling | 2 9 | — |
| Mexican Peso | — | 9 6 |
| Swiss Franc | — | 1 1 |
| Other | — | 1 5 |
| | $ 127 7 | $ 56 1 |

***Other Instruments***

In the normal course of business, Cooper executes stand-by letters of credit, performance bonds and other guarantees that ensure Cooper's performance or payment to third parties that are not reflected in the consolidated balance sheets The aggregate notional value of these instruments was $106 6 million and $99 9 million at December 31, 2004 and 2003, respectively In the past, no significant claims have been made against these financial instruments Management believes the likelihood of demand for payment under these instruments is minimal and expects no material losses to occur in connection with these instruments

The following transactions were implemented to partially align Cooper's interest rate exposure profile with its short term interest rate expectations in an economically efficient manner that is consistent with its tax position

During 2002, Cooper sold at a premium U S Treasury securities due August 15, 2003 with a face amount of $750 million Cooper obtained these securities pursuant to a repurchase agreement containing provisions that limit Cooper's interest rate exposure under this agreement to a maximum amount of $7 2 million During the fourth quarter of 2002, Cooper settled the interest rate exposure with a cash payment of $7 0 million During 2001, Cooper sold at a premium U S Treasury securities due November 2002 with a face amount of $1 0 billion Cooper obtained these securities pursuant to a repurchase agreement containing provisions that limit Cooper's interest rate exposure under this agreement to a maximum amount of $7 0 million During the second quarter of 2002, Cooper settled the interest rate exposure with a cash payment of $6 0 million The repurchase agreements were settled immediately prior to the maturity of the securities Settlement of these transactions did not require any financing by Cooper and the transactions did not create an asset or liability, other than as described above

Also during 2001, Cooper purchased at a discount Federal Home Loan Mortgage Corporation Notes due February 2003 and immediately transferred these notes pursuant to a securities loan agreement Subsequently, Cooper eliminated any interest rate exposure under the securities loan agreement and received a cash payment of approximately $1 9 million upon maturity of the notes The securities loan agreement was settled immediately prior to the maturity of the notes Settlement of this transaction did not require any financing by Cooper and this transaction did not create a liability The face amount of the notes was $480 million