



Corporate Social Responsibility Report

Cooper Industries, Ltd.



Scope of Report

Based on an internal review, Cooper Industries determines this report to be a C level application of the Global Reporting Initiative (GRI) G3 Guidelines. The G3 content Index can be found on the Table of Contents page.

Some statements in this report are forward-looking, in that they relate to the manner in which we intend to conduct certain of our activities, based on management's current plans and expectations. Important factors that could impact whether any of our forward-looking statements materialize are discussed in our Annual Report.

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*This report was developed and written with reference to the Global Reporting Initiative (GRI) "G3" Sustainability Reporting Guidelines. Some indicators are fully reported, some partially.

Letter from the Chairman and CEO

To Our Customers, Employees and Stakeholders Around the World:



Cooper Industries recently celebrated its 175th anniversary. It is a time to reflect upon and celebrate our rich history, but more importantly, it is also a chance to look ahead to the next 175 years and understand how our decisions today impact future generations. From development of the first steam tractor in America, to a leading manufacturer of gas and diesel engines that helped power the growing oil and gas industry as well as rail and marine transportation, to Thomas Edison's inventions in electrical products, and to today's energy-efficient technologies that improve lives and also reduce the negative impact on the planet, Cooper Industries

has always played a pivotal role in pioneering new frontiers. Challenged by the mission to achieve continued growth while also respecting people, communities and the natural environment, Cooper Industries is embracing the next frontier—sustainability.

As part of this strategic commitment, it is my honor to introduce Cooper Industries' first extensive Corporate Social Responsibility (CSR) report. Developed in accordance with worldwide standards issued by the Global Reporting Initiative,¹ this report takes a balanced look at Cooper's activities, accomplishments and challenges with regard to product innovation, community relations, environmental programs, and ethics and governance policies and practices.

As a global manufacturer and seller of electrical products and tools, Cooper has the ability to effect large-scale change. Our innovative power solutions, like Envirotemp® FR3™, can help utilities improve their operating efficiency, while eliminating their dependence on petroleum-based coolants. Our lighting products deliver a similar beneficial impact, providing better light quality for our customers while also substantially reducing their energy use and carbon footprint. Whether its high-performance fluorescents, LED technology, occupancy sensors, lighting controls, power demand management products or innovative, dependable tools, Cooper Industries' products lead the way to a better tomorrow for our customers, our shareholders and our communities.

Those who know Cooper Industries are already familiar with the Company's longstanding commitments to customer satisfaction, employee safety, community involvement and ethical business practices. While we are very pleased with the external accolades we have received in these areas, such as being named to the *CRO Magazine* "100 Best Corporate Citizens" list for 2008 as well as *Institutional Investor's* 2008 ranking of "America's Most Shareholder-Friendly Companies," and being selected for inclusion by socially responsible stock indices such as FTSE4GOOD and KLD, we do these things because they are the right things to do and because it is a key part of the Cooper legacy and culture. Cooper recently performed a corporate-wide survey which included questions on the area of ethics and business conduct. We are very proud of the fact that our employees overwhelmingly rated Cooper's performance in this area very favorably.

Just as Cooper has grown and changed over the course of its 175 years in business, the awareness and understanding of the impacts of the Company's operations has also changed. Everything we do impacts our stakeholders—employees, shareholders, customers, suppliers, communities—in some way, every day. We realize and respect that the issues covered in this report are important to all of our stakeholders.

As a Company that is committed to continuous improvement, we measure our impacts, implement more changes and foster further innovation. We have for decades, through our Environmental Excellence program, reduced waste water, energy consumption, and hazardous materials. As an example, this year we went a step further and implemented a worldwide program to document our energy use so we can better understand our Company's carbon footprint. Working with leading universities and industry experts, we will continue to evaluate our energy usage from a variety of sources (water, natural gas, fuel) to identify ways to increase efficiencies and reduce our environmental impact around the globe. This is one example of many initiatives that will strengthen Cooper's environmental, social and economic performance. As we move forward, Cooper employees will continue to innovate, invent and redefine products and processes in our businesses to echo our commitment to sustainability.

We invite you to join us on this journey. Together, we can ensure that Cooper Industries builds upon the foundation described in this report—a socially responsible corporation committed to finding sustainable solutions while conducting business in a competitive global marketplace.



Kirk S. Hachigian
Chairman, President and CEO

History

1833

Brothers Charles and Elias Cooper open the C&E Cooper Company as a foundry in Mt. Vernon, Ohio. Initial products included plows, hog troughs, kettles and stoves.

1840s–1875

Cooper focuses on manufacturing steam engines and leverages growing rail transportation to broaden customer reach. Period culminates with development of the Cooper Traction Engine, an innovation that helped power the move from an agrarian to industrial society.

1880s–1929

As steam power declines, Cooper focuses on gas engine technology and is the national leader in pipeline compression-engines, products that enabled the development of the growing oil and gas industry. Period is highlighted by the historic merger with Bessemer Gas Engine Company.

1930–1940s

Cooper emerges from the Great Depression to play an integral role in the U.S. World War II effort, supplying engines that powered almost all the ships in the Navy's minesweeper fleet, as well as the famous Liberty Ships which carried 75% of the cargo used by Allied forces.



Cooper Industries has been in business for over 175 years, growing, adapting and thriving in a constantly changing environment. The Company has survived numerous challenges and obstacles throughout the years, including the Civil War, Industrial Revolution, Great Depression and two World Wars, in addition to embracing transformational technological advances including the advent of electricity and the information age. Cooper has continued to develop products, serve the needs of customers and employees, expand markets globally and generate profits. This is certainly proof that Cooper Industries is “sustainable” as a successful business.

Yet, just as Cooper today bears little resemblance to the foundry and steam engine business that Elias and Charles Cooper founded in 1833, the definition of what constitutes a “sustainable business” has changed as well. The most widely accepted definition of sustainability today is “meeting the needs of the present without comprising the ability of future generations to meet their own needs.”² The recently adopted G3 Guidelines issued by the Global Reporting Initiative (GRI) provide the analytical framework for this report. This report and the rigorous processes necessary to generate it, mark the beginning of another necessary adaptation in the growth and development of Cooper, one that will help it thrive for generations to come.

1950–1980s

Cooper begins an effort to diversify the product portfolio and deliver significant growth, expanding into electrical products, electrical power equipment, automotive products, tools and hardware. Cornerstone acquisitions during this period were Crouse-Hinds (1981) and McGraw-Edison (1985).

1990s–2000

The Company undergoes a period of portfolio rationalization, reducing exposure to more cyclical industries such as automotive and petroleum. Ultimately, Cooper emerges focused on the two business segments we have today—electrical products and tools.

2001–2007

Cooper embarks on an era of operational excellence, launching a core set of strategic initiatives, improving management practices, strengthening the balance sheet and focusing the product portfolio on key platforms to position the Company for growth in the years ahead.

2008+

Cooper assesses its corporate social responsibility (CSR) footprint and identifies ways to enhance performance. The Company introduces its first CSR report creating a baseline for measuring and monitoring its social and environmental performance worldwide.





Cooper Industries' worldwide operations are guided by these Principles:

- ✓ Passion for the Customer
- ✓ Innovation Is Our Lifeblood
- ✓ Leveraging Technologies
- ✓ Excel at Globalization
- ✓ Continuous Improvement in Everything We Do

In recent years, the Company has taken a more comprehensive, holistic approach to evaluating its business in an effort to better serve its customers, thereby laying the foundation for a responsible, sustainable and profitable enterprise that embodies the following Core Values:

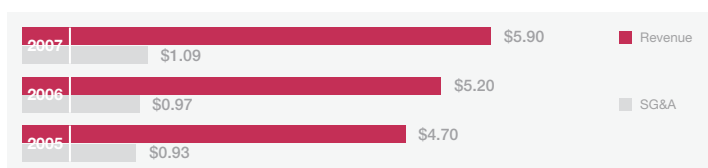
- ✓ Integrity
- ✓ People and Leadership
- ✓ Accountability
- ✓ Speed and Adaptability
- ✓ Execution

This initial Corporate Social Responsibility Report is another tangible example of Cooper's Principles and Core Values in action. It is the next step in the Company's journey towards becoming a "socially responsible, sustainable business" in the 21st century and beyond. After 175 years in business, Cooper has learned that exploring and understanding what questions to ask may be more telling and important than the answers proffered at any given time.

(\$ in millions, except per-share data)

	2007	2006	2005	2004	2003
Revenues	\$5,903.1	\$5,184.6	\$4,730.4	\$4,462.9	\$4,061.4
Continuing income before restructuring and unusual items	582.8	484.3	391.1	339.8	266.0
Net income	692.3	464.0	163.9	339.8	148.3
Diluted Income Per Common Share					
Continuing income before restructuring and unusual items	\$ 3.14	\$ 2.58	\$ 2.06	\$ 1.79	\$ 1.46
Net income	3.73	2.47	0.87	1.79	0.79
Shares used in computation of earnings per share (in millions)	185.5	187.6	190.0	189.6	187.6
Cash dividends declared per common share	\$ 0.84	\$ 0.74	\$ 0.74	\$ 0.70	\$ 0.70
Balance Sheet Data (at December 31)					
Total assets	\$6,133.5	\$5,374.8	\$5,215.1	\$5,407.8	\$4,965.3
Total indebtedness	1,266.1	1,008.5	1,021.9	1,461.6	1,343.3
Shareholders' equity	2,841.9	2,475.3	2,205.2	2,286.5	2,118.2

Economic Metrics (in billions of dollars)



Cooper Business Units

Cooper's business portfolio consists of eight operating divisions: seven in electrical products, one in tools.

The Business Units



COOPER B-Line is a leading provider of high-quality, cost-effective and labor-saving support systems (e.g., cable tray, bolted framing products and spring steel fasteners) and electrical enclosures for the mechanical, electrical and communications/data markets.



COOPER Bussmann is a manufacturer of both North American and European-styled fuses, circuit breakers, surge protectors, fusegear, power distribution products and inductors for the electrical, electronics and heavy-duty transportation industries.



COOPER Crouse-Hinds manufactures electrical products that enhance safety and productivity in demanding industrial, military and commercial environments worldwide. Product solutions include fittings, motor controls, lighting, plugs and receptacles, instrumentation devices, as well as engineered connectivity through the Cooper Interconnect brand.



COOPER Lighting is a leading manufacturer of innovative, high-quality lighting and control solutions that combine energy-efficient technologies, labor saving designs and architectural appeal for commercial, industrial, institutional, and residential customers worldwide.



COOPER Power Systems is a provider of quality solutions for medium- and high-voltage electrical environments and components and systems that deliver reliable electric power worldwide. CPS is also a leader in utility automation, providing solutions that enable customers to increase productivity, improve system reliability and reduce costs.



COOPER Safety specializes in products designed to save lives and protect property in commercial and industrial facilities. State-of-the-art fire detection solutions and mass notification systems combine with market-leading emergency lighting products to provide comprehensive safety solutions to customers around the globe.



COOPER Wiring Devices is a leading manufacturer of electrical connection and control products for residential, commercial and industrial construction and renovation including switches, receptacles, GFCIs, wall plates, sensors, plugs, and structured wiring systems.

The Business Units

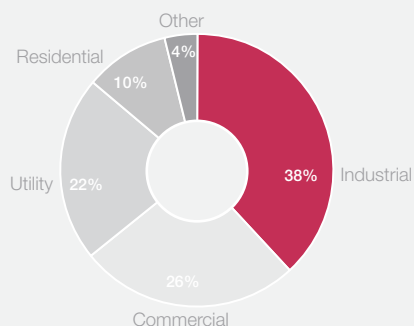


COOPER Tools offers a complete range of industrial power tools and accessories for aerospace, automobile and general industrial manufacturing, in addition to manufacturing a world-class collection of hand tools and soldering products for professionals and consumers.

Cooper Industries (NYSE symbol “CBE”) is a global manufacturer with more than 31,500 employees and manufacturing facilities in 23 countries as of December 2007. Incorporated in Bermuda, with its administrative headquarters in Houston, Texas, the Company is organized into two operating units—electrical products, which comprise approximately 87% of the Company’s revenues, and tools, which comprise 13% of revenues. In 2007, total revenues were \$5.9 billion, with net income of \$692 million, an increase of more than \$225 million from the prior year. The Company’s nearly 21,000 shareholders of record realized a 22% increase in diluted earnings per share from continued operations.³ These results illustrate that Cooper Industries is well positioned for continued growth and success.

Markets and Locations (as of December 2007)

Fifty-nine percent (59%) of Cooper Industries business is derived from three of its divisions—Cooper Lighting, Cooper Power Systems and Cooper Crouse-Hinds. The markets and customers served by the entire Company, with the amount of business they represent, are as follows:



The Company manufactures its products in 23 countries—Australia, Brazil, Canada, China, Colombia, Denmark, England, France, Germany, Greece, Hungary, India, Ireland, Italy, Malaysia, Mexico, The Netherlands, South Korea, Spain, Switzerland, Taiwan, Wales and the U.S.A. The largest plant, located in Syracuse, New York, U.S.A., is over one million square feet. Although the Company’s five largest manufacturing plants are located in the United States, it has manufacturing facilities that are larger than one hundred thousand square feet (>100,000 sq. ft.) around the world in Brazil, China, France, Germany, Mexico and the United Kingdom. Cooper Industries’ total revenue is generated from sales and business activities in nearly 100 countries.

COOPER

Environmental Stewardship

Cooper Industries is committed to being an environmentally responsible manufacturer, ensuring the highest safety for our employees, while minimizing our impact on the natural environment. Cooper Industries has adopted policies and practices which ensure that our facilities worldwide operate in full compliance with laws and regulations that are designed to protect natural resources.



Environmental Policy and Accountability

Cooper's Environmental Policy and Principles exist to remind employees around the world that environmental considerations have the highest priority in Cooper's operations.

Cooper Industries has had a formal, written environmental policy since 1990 that includes the following principles:

- To minimize and, wherever possible, to eliminate the generation of all wastes.
- To conduct operations in a manner that demonstrates respect for the environment.
- To encourage the development of environmentally sound procedures and to conduct business with the best-available technology.
- To observe all environmental laws and regulations.⁴

Making the Environmental Policy a living, active practice is an important part of every Cooper employee's job duties. Environmental considerations are an integral part of the Company's product innovation, continuous improvement, merger and acquisitions and employee safety and health initiatives. Every manufacturing facility maintains environmental protection and pollution prevention goals. Leadership and employees receive detailed environmental training and are held accountable to achieve the Company's environmental targets.

Cooper Industries' Environmental team is managed by the Vice President of Environment, Health and Safety, who reports to the Vice President of Operations and provides detailed reports to the Board of Directors. The Board of Directors receives annual environmental and safety reports and meets annually to review environmental performance. In addition to executive leadership, Cooper has seven (7) Regional Directors that manage each region and business unit's day-to-day environmental performance. These managers are supported by the plant management, environmental coordinators and engineers at each Cooper facility.

To ensure compliance with regional and international environmental health and safety regulations, Cooper has extensive procedures and record-keeping processes in place. To support monitoring and data-gathering requirements, Cooper Industries has a robust environmental management information system (EMIS) which was implemented in the 1990s. Currently this system is used by operating facilities globally. In addition to reporting, Cooper maintains systems at each plant to meet daily compliance requirements.

Environmental Stewardship

The system supports record-keeping of air emissions, water use, water discharge, and safety procedures, for all Cooper business units. To ensure new acquisitions meet Cooper's strong environmental standards, new business units are required to follow the Company's procedures and policies and integrate into the environmental management information system as part of its initial plan. To ensure facilities comply with environmental policies and procedures, the Company conducts environmental, health, and safety audits using both internal and external third-party auditors. Findings of these reports are shared with senior management and the Board of Directors.

Impact of Operations

Cooper Industries strives to minimize its impact on the natural environment through assessment of emissions, effluents, resource use and waste. The Company is committed to achieving full compliance with environmental regulations which govern the respective region of operation. Beyond compliance, Cooper continuously evaluates opportunities to replicate environmental, health and safety best practices throughout our manufacturing facilities. While eight Cooper manufacturing facilities have been certified by external registrars to ISO 14001 compliance, many other facilities operate to these standards. Cooper employees are challenged to achieve continuous improvement every day; however, Cooper Industries has not yet created worldwide baselines or set reduction targets for waste, air emissions, water use or energy use. This report is advancing the Company's efforts to understand global resource use, create baselines and set reduction targets.

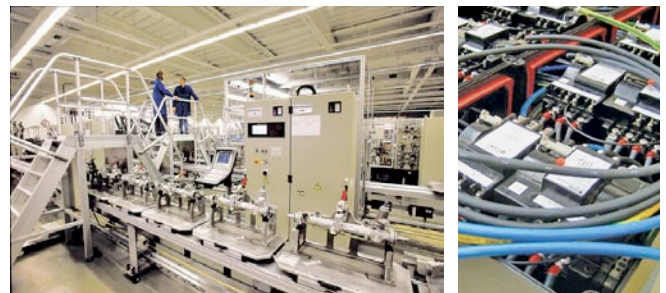
• Waste

Defined in the Company's environmental principles as the most important charter, it is Cooper Industries' goal to "minimize and where possible, eliminate the generation of all wastes." This charter is underscored by the Company's continuous improvement culture enabled by lean and Six Sigma best practices. Employees and facilities are recognized for their achievements through the annual Environmental Excellence recognition program.

• Energy

As a leading supplier of energy-efficient lighting and power technologies, Cooper Industries is dedicated to helping our customers reduce their energy use. As part of their overall commitment to maximize efficiency, Cooper strives to reduce energy use at its facilities. In 2007, the Company

Eight Cooper facilities, located in the U.S., China, Germany, the U.K., France, Mexico and Denmark, have been certified by external registrars to ISO 14001 operating standards.



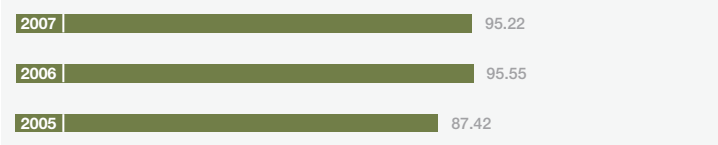
retrofitted its headquarters to include the Company's energy-efficient lighting products and occupancy monitoring sensors. In addition, already 25% of our manufacturing and distribution square footage has been re-lamped with more energy-efficient lighting products. To reinforce their commitment to energy efficiency, last year Cooper began investing in independent audits to assess energy use at key facilities worldwide. This analysis provided the Company with an energy use performance benchmark and a global understanding of Cooper Industries' carbon footprint. To better measure and improve Cooper Industries' own electrical, water and gas usage in our facilities, Cooper is working with leading universities and technology experts to pilot initiatives that could be implemented worldwide.

No Spills Reported From 2005–2007

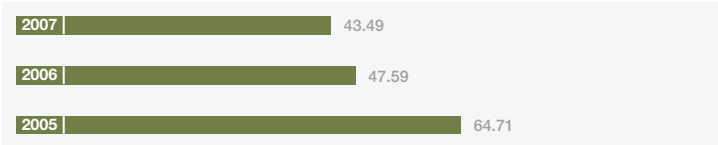
SOx emissions were reduced by 33% from 2005 to 2007, driven primarily from energy efficiency initiatives (two new compressors and boiler efficiency improvements) implemented at the Syracuse plant which drove down SOx at this site. Overall NOx emissions increased 9% from 2005 to 2007. However, NOx emissions were reduced on a per-manufacturing-hour basis.

Includes data for 100 Cooper facilities.

NOx Emissions (in tons)



SOx Emissions (in tons)



Environmental Stewardship

- *Air*

Cooper Industries recognizes the importance of preserving air quality. For years the Company has achieved compliance with local or national air emission tracking and regulatory requirements. In 2007, the Company started to initiate a program to track energy use and carbon dioxide (CO₂) emissions at operating facilities worldwide, enabling the Company to monitor its greenhouse gases.

- *Water*

Water is an essential resource for life and plays a vital role in the Earth's ecosystems. Cooper Industries uses water in some of its manufacturing processes. As part of its process efficiency goals, Cooper strives to minimize the use of water. In 2007, Cooper Industries started to track the volume of our water use for all 140 facilities worldwide. This initiative created a baseline for performance that will allow the Company to make better decisions to reduce water use.

Remediation

Just as Cooper has grown and changed over the course of its 175 years in business, the awareness and understanding of the impacts of the Company's operations has changed. Everything we do impacts our stakeholders—employees, shareholders, customers, suppliers, communities—in some way, every day. In addition to preventing negative impacts in the future, Cooper Industries is actively working to reduce outstanding issues and to find viable permanent solutions to the impacts of hazardous chemicals.

- *Asbestos*

Asbestos is the name given to a number of naturally occurring, fibrous silicate minerals mined for useful properties such as thermal insulation, chemical and thermal stability, and high tensile strength. Asbestos was commonly used as an acoustic insulator, thermal insulation, fire-proofing and in other building materials. Many products are in use today that contain asbestos.

In October 1998, Cooper Industries sold its Automotive Products businesses to Federal-Mogul Corporation ("FM"), a major supplier of auto parts to automobile manufacturers. Included in the discontinued businesses that were part of the sale to FM were companies/product lines that included products that were made with asbestos. Although Cooper received indemnifications for any asbestos-related liability claims arising from these transactions, all such indemnifications were placed in doubt when FM filed for Chapter 11 bankruptcy protection in 2001. FM's bankruptcy filing was triggered, in part, by overwhelming asbestos-related litigation, all of which arose from FM's acquisition of numerous companies and businesses during the 1990s.

In December 2007, the Federal District Court approved FM to emerge from bankruptcy protection. The plan attempts to balance the interests of the parties claiming asbestos-related injuries/damages and those of FM. It is a very complex case with many divergent interests involved and, as of this writing, the bankruptcy court has not ruled on Cooper's ability to obtain protection under a trust for asbestos-related injuries/damages.

- *Superfund*

Superfund is the U.S. government's program to clean up the nation's most significant hazardous waste sites. As part of the Company's acquisitions or divestments, Cooper Industries is associated in some way with 32 Superfund sites, 18 of which are considered active sites under remediation. Cooper Industries is considered a de minimis contributor at the majority of these sites and is one of many participating parties.



RECENT AWARD WINNERS

The York Hand Tools plant responded to changing conditions in the market and the challenge to improve systems as part of the company-wide lean manufacturing initiative. The Cooper Hand Tools plant in York, Pennsylvania eliminated the disposal of 175,000 gallons of spent acid and 100 tons of sludge in their chain manufacturing operations. How did they do it? By eliminating certain steps in the polishing process and finding another company to use the “nickel liquid and solids” as a raw material in its pigment-making process, the York facility made a big impact. The results included the elimination of hazardous waste hauling,⁵ reduction of more than 1,000,000 gallons of water annually and savings of \$215,000. As Roger Dick, the Director of Campbell Operations aptly said, “If you do the right things environmentally, your costs go down. We put a lot of effort into environmental and safety processes. We don’t want to be average...we want to be leaders.”

The York Hand Tools plant received the Gold Award (highest honor) as part of the Company’s 2007 Environmental Awards. In addition to recognition among their colleagues, the York plant received a \$7,500 grant to use in support of grass-roots environmental work in the community near the plant.

The Cooper Crouse-Hinds plant in Eberbach, Germany continuously works to reduce waste and improve environmental performance at their facility. In 2006, Eberbach completed many initiatives to lower costs and enhance process efficiency, including installation of a water recirculation system (shown in the picture in the lower left corner) for use in high-pressure testing, lowering the burner temperature of the heating system by 20 degrees centigrade, upgrading the steam heating system and engaging an outside firm to recycle excess plastic from the injection molding process. As a result, Eberbach has reduced carbon dioxide emissions by 377 tons, reduced fuel consumption by 130,000 liters, reduced water usage by 9,500 liters, and eliminated 6,000 lbs. of plastic from going into a landfill by recycling it instead.

As a result of these process improvements, the Crouse-Hinds Eberbach facility realized an annual cost savings of \$117,000. To recognize their achievements and environmental impact, the plant received a Cooper Silver Environmental Excellence award, with a \$5,000 grant for community work. Their grant was used to fund the “Forest Classroom” project—an environmental education program that teaches primary, middle school and high school students about natural systems, biodiversity and how to live and work in harmony with the natural environment.⁶ In addition to funding the program, Eberbach employees contribute time and expertise to the organization.

At Cooper the protection and preservation of the environment is of utmost priority, and it is the acknowledged responsibility of every employee. In our commitment to continuous improvement, Cooper has identified opportunities to more effectively measure its environmental impact, implement changes, and improve environmental performance. We are working toward a better future for all our stakeholders.



Cooper Industries Environmental Excellence Award

Cooper employees have proven that doing the right things environmentally can lower costs, improve performance and create direct financial benefits for both the customer and the Company. The Cooper Environmental Excellence Awards recognize these achievements. The Awards are presented each year to Cooper facilities that best demonstrate significant, lasting and measurable results in areas such as resource conservation, pollution prevention, and recycling/upcycling.



Product Innovation

Cooper Industries manufactures products that make our customers' lives better. All Cooper employees worldwide are guided by the Company's first principle—"Passion for the Customer." Cooper's customer base is quite diverse—large institutional and industrial users such as public utilities and power companies, manufacturers, builders and developers, specifiers and designers and individual end-use consumers. The range of customer needs and the products necessary to meet those needs is vast. As Cooper Industries looks to the future, the Company is leveraging its product portfolio to help its customers handle the challenges of higher energy costs, environmental preservation and global warming. With Cooper Industries' help, utilities, industrial and commercial enterprises, buildings and households around the world can more efficiently meet their lighting and power needs, while reducing their environmental impact. With a passion and commitment to innovation, feedback and collaboration with customers and internal research leadership from places such as Cooper's Thomas Edison Technical Center, Cooper Industries will improve the way we power and light our environments and make a lasting contribution to global sustainability.

Cooper provides customers with energy-efficient options in a variety of ways. For the purposes of this report, Cooper Industries includes energy savings from Cooper Power System's Capacitor and Cannon Demand Response Solutions and Cooper Lighting's Metalux F-Bay and Accord Series products.

Cooper Power System's Annual Energy Savings is calculated by the market adoption of Capacitors and Cannon Demand Response Solutions. Cannon Technologies was acquired by Cooper Power Systems in August 2006; as a result, the 2006 energy savings represents only 4 months of savings from Cannon products.

Cooper Lighting's Annual Energy Savings is calculated by the market adoption of Metalux F-Bay and Accord Series products. Accord Series was launched by Cooper Lighting in 2006.

Energy Efficiency Products

Cooper Industries is strategically committed to affecting massive change in the world by reducing our customers' energy use. Eighty-seven percent of the Company is focused on electrical products. Cooper Power Systems is working to improve the efficiency of the utility grid from transmission of electricity through production to end-usage, with the goal of driving 30% more usable energy out of the existing utility infrastructure. In addition to improving overall reliability and productivity to all utility customers, Cooper is providing emerging economies and markets with higher technology power solutions that significantly reduce the environmental impact. Cooper Lighting's family of name brand lighting products illuminate residential, office, retail, commercial, institutional, and industrial facilities worldwide. Since 2005, Cooper Lighting has leveraged technological advancements like LED and high-performance fluorescents to introduce one of the industry's broadest offerings of efficient luminaires. Cooper Lighting's LED offering features the award winning Circadian LED Night Lights and Halo LED downlight, as well as the acquisition of iO Lighting—manufacturers of innovative and award-winning architectural LED-based lighting fixtures. Cooper Lighting's popular Metalux industrial F-Bay luminaires and Accord Series offers the marketplace solutions to reduce their energy use by 3.0M Kwh: (F-Bay Accord I, II, LED). The Company provides educational tools and resources to help customers take

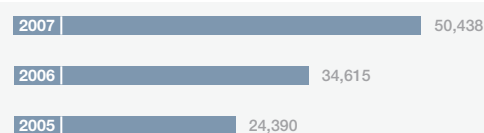
Total Energy Savings (in kilowatt hours)



Cooper Power Total Energy Savings (in kilowatt hours/year)



Cooper Lighting Total Energy Savings (in kilowatt hours/year)



advantage of government incentives and tax advantages provided by adopting more energy-efficient products. Cooper also provides explosion-proof technologies and circuit protection to prevent incidents that create environmental impact and disasters. Every Cooper employee is focused on innovation, meeting customer needs, exceeding expectations and delivering value for the long term.

Customer Satisfaction

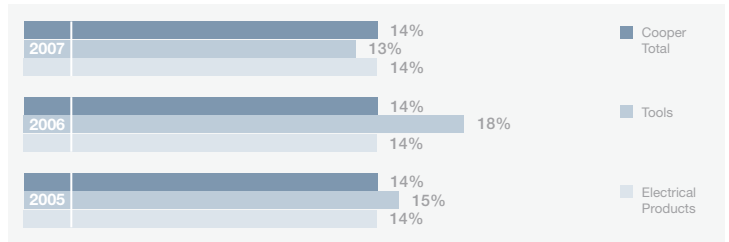
Customer satisfaction is essential to Cooper Industries' continued success. With eight distinct business units and thousands of products available in nearly every region of the world, ensuring customer satisfaction for the diverse range of Cooper customers is no small task. However, Cooper Industries has invested in the processes, people, information systems and metrics to closely monitor customer satisfaction. Cooper has a mechanism in place to measure service level performance via on-time delivery (OTD), the most critical customer loyalty driver. The Company is committed to an OTD performance of 95% or better, and continuously measures attainment of this objective. Given the importance of customer service to Cooper, these metrics are monitored where available today by the CEO, executive management and front-line personnel on a continuous basis and will be monitored for every business unit worldwide by 2010 (METRIC PR5).



Product Innovation



New Product Vitality Index (in percent of sales)



Cooper New Product Vitality Index is an internal company metric that tracks the percent of sales from products introduced within the previous 3 years compared to total sales. This metric does not include acquired products in new product sales figures, but does include them in total sales figures. This figure demonstrates Cooper's commitment to innovation and customer adoption of new products. (PR-5)

In addition to measuring customer satisfaction, every Cooper business unit offers customers real-time product support via the telephone and/or the web. In 2007, Cooper Industries re-dedicated itself to improving customer service and loyalty with the introduction of Cooper Customer Center ("C3"), an interactive web portal that offers real-time product availability, pricing, order status and tracking information in one easily navigated user interface. C3 made its beta debut with 1,000 North American customers in December 2007. The Company incorporated initial customer feedback into the system and conducted an official North American launch in early 2008. Further enhancements are planned and the Company will eventually roll-out C3 globally.

Customers help fuel Cooper's product development. Customer suggestions and feedback come to the Company in many ways—direct interaction on the phone or face to face, online, via tradeshows and from polling and questionnaires. The Company also maintains a customer council with representative customers from all business units around the world. The council meets annually to provide Cooper executive management, including all Cooper divisional presidents and senior executives, with feedback on how the Company's products can better help them achieve their business objectives. In alignment with its Six Sigma practices, Cooper Industries continuously looks for ways to improve customer satisfaction and service.

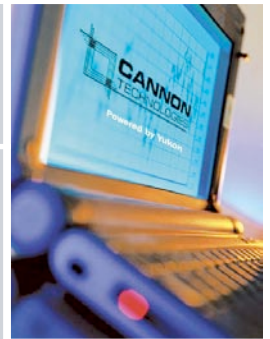
Developing and introducing new products to the marketplace is essential to Cooper Industries' continued success. Introduced in 2005, the "new product vitality index" which measures the percentage of revenue contributed by new products, allows the Company to track and measure the acceptance and performance of new products. The Company has introduced many new products in the last three years, representing fourteen percent (14%) of total revenues (METRIC PR5). Over time, Cooper aims to increase this to twenty percent (20%) of sales, recognizing the importance of constantly delivering innovative new solutions to our customers.

Innovative products, customers that are actively engaged and satisfied and the never-ending quest for better solutions to the challenges, opportunities and circumstances that face the Company, its customers, employees and the communities they live and work in, are the elements that focus Cooper Industries' efforts to provide goods and services that will lead the way to a better future for generations to come.

Cooper Power Systems: Cannon Demand Response Solution

Cooper's industry-leading Cannon Demand Response Solution provides peak demand reduction for electric utilities, which is necessary in periods when customer demand threatens to exceed utility grid capacity. The solution is comprised of the Yukon® operating software platform, control switches and smart communicating thermostats installed in either residential or small commercial locations across the utility's customer network. Utilizing a wireless communication network, the system will reduce electrical demand at thousands of customer locations during times of maximum demand, thereby enhancing grid reliability and reducing brownouts and rolling blackouts. When installed, a Cannon

Demand Response Solution can add the equivalent of an entire power plant's worth of clean energy capacity for utilities when they need it most—without the economic and environmental cost of building a new power plant. Cooper is the leading provider of demand response solutions globally and, through 2007, has installed the Cannon Demand Response Solution at Pacific Gas & Electric, Baltimore Gas & Electric, the six largest utilities in Ontario, Canada, and numerous other utilities.



Cooper Lighting: Cooper Step Up Program

According to the U.S. Department of Energy, lighting products offer one of the quickest returns for energy saving investments, with a payback period that averages less than two years—and in some cases, less than one year. In fact, lighting system upgrades can produce up to 40% energy savings for the end-user which, in turn, reduces environmental impact by burning less fossil fuel. Cooper Lighting developed the Step Up program to facilitate and implement an organization's lighting systems upgrade. The Step Up program offers a comprehensive platform of energy-efficient

luminaire (fluorescent lamp fixtures) and control systems, differentiated tools and expert energy sales support. With the help of the Step Up program, organizations can accurately estimate and measure the energy savings of installing an efficient and effective lighting system upgrade—better lighting for the workplace and better for the environment.



Case Study

Cooper Lighting: Metalux® Lights—Stepping Up to the Challenge

Cooper Lighting's Metalux F-Bay industrial fluorescent luminaires are a shining example of how advances in technology and product performance can provide the marketplace with an environmentally responsible and energy-efficient lighting solution. Metalux F-Bay industrial fluorescent luminaires feature a longer rated lamp life requiring less maintenance and energy savings up to 50% while providing the same light output as conventional industrial lighting systems.

A superior alternative to HID and older fluorescent systems, F-Bay industrial fluorescent luminaires feature an exclusive modular power supply option for code-compliant external power supply access for safe installation and maintenance. With fluorescent's instant-on and restrike capability, a modular motion sensor option offers individual fixture control to maximize energy savings. Metalux's F-Bay industrial fluorescent luminaire with the modular power supply option is the ideal energy-efficient retrofit for HID high and low bays.

Metalux's F-Bay industrial fluorescent luminaires offer lower operating costs minimizing the environmental impact of the lighting system. F-Bay luminaires are also supplied with lower mercury content lamps and packaged in corrugated paper that is recyclable and optimized to reduce waste at the jobsite. With the increasing availability of incentives to support efficiency initiatives and ever-growing market expectations, Metalux's F-Bay industrial fluorescent luminaires will continue to provide energy-efficient lighting systems.



Cooper Power Systems: Capacitors—Keeping the Grid in Top Condition

Capacitors, or as they are more accurately described, "power factor correction capacitors," are the unheralded heroes of the utility grids in our modern society. Everywhere there is a power grid providing electricity to users large and small, capacitors are at work, keeping the current flowing efficiently from the power plant to the socket on the wall. Truth be told, most of us don't know what a capacitor looks like or how they work. But without them, up to 50% of the electricity generated would be lost during power transmission and distribution. With modern switched capacitors in place, utilities can achieve a 95% power factor efficiency rate.⁷ In an era of rising utility costs, aging infrastructure, increasing demands for power and concerns about greenhouse gases and global warming, the role of Cooper's capacitors has never been more important... and the products have never been better.

Capacitors allow the system/grid to run efficiently. They help limit the loads placed on the grid infrastructure and allow for necessary adjustments during periods of peak demand. Due to their smaller, lighter and

more efficient design and operation, Cooper capacitors have achieved a market leadership position in North America and, increasingly, around the world. More importantly, when capacitors are used in conjunction with other Cooper products and technologies, such as our Energy Automation Solutions ("EAS") software and hardware products, Cooper's customers can do the best job possible of providing electricity to end-users in a manner that meets demands while conserving scarce resources.



Cooper Power Systems: Cooper Envirotemp® FR3™—Transforming Transformers with the “Magic” of Beans

Historically, electrical transformers have had a dubious reputation when it comes to their environmental impacts and performance. At one time, they were cooled with fluids containing PCBs—polychlorinated biphenyls, a highly toxic, man-made compound that was banned in the late 1970s because of its harmful health effects and its propensity to build up in the environment. The replacement for PCBs was mineral oil, a petroleum-based product.

Patrick McShane, the Global Director for Dielectric Fluids at Cooper Power Systems, thought there must be a better way to cool transformers. After substantial work and experimentation by the research staff at Cooper’s Thomas Edison Technical Center, McShane’s hunch became Envirotemp FR3, the first and only bio-based dielectric fluid made from edible seed oil (primarily from soy beans). Among its many attributes, FR3 is non-toxic and meets the EPA’s highest bio-degradability classification; it extends the usable life of transformer insulating paper by up to 8 times and is highly resistant to catching fire; and it can be used in both new and retrofit/retrofill applications. As a result, the use of FR3 creates a safer work environment and increases public safety (e.g., a spill becomes a non-toxic, highly biodegradable event), with lower overall costs in the long run.

Envirotemp FR3 is starting to make public policy impacts as well. In 2006, the Iowa state legislature unanimously passed a bill creating a tradable tax credit for electric utilities that use a soy-based transformer fluid. This legislation arose from the decision by Waverly Light and Power, the local utility in Waverly, Iowa, to switch to FR3 in all of their transformer applications. Today, a growing number of municipal and



REVOLUTIONARY. RELIABLE. RESPONSIBLE.

rural electric cooperatives and utility companies are switching to soy-based transformer fluids. In October 2007, Xcel Energy, Inc., a utility based in Minneapolis, Minnesota, announced that it was becoming the first large utility in the nation to switch to soy-based transformer fluids. Starting in 2008, all new single-phase pole and pad-mounted transformers, covering both residential and light commercial users, will use Cooper’s FR3 fluid. In making the announcement of Xcel’s collaboration with Cooper Power Systems, Xcel CEO Dick Kelly commented, “While the standard transformers function effectively and safely, we believe that our customers expect more. The new transformers are another strong indicator to them of our environmental leadership.”

While there are more than 100,000 transformers currently using FR3, there are literally millions more that can make the switch. Further proof of the future continued success of FR3 can be found in the fact that some of Cooper’s competitors are now becoming customers, due to the unique and powerful business and environmental benefits of Envirotemp FR3. The future is bright for FR3, a clean, high-performing bio-based product that demonstrates how a idea, strong R&D and a commitment to doing the right thing can change the world, one transformer at a time.

Cooper Lighting: Halo LED—Recessed Lighting for the 21st Century

To address the growing demand for energy-efficient solutions and as an alternative to traditional incandescent and fluorescent light sources, Cooper Lighting adds innovative LED recessed lighting to its Halo downlighting product line. Combining the energy efficiency of LED with Halo’s user-friendly installation features, the LED module (ML706830) is designed for use in a variety of Halo 6" housings for new construction applications or retrofits into existing Halo and All-Pro H7 housings.

The Halo dimmable LED module performs like traditional recessed lighting by delivering light output of over 600 lumens (comparable to light output of one 65 watt BR30 incandescent or one 18 watt compact

fluorescent delivered from fixture) while consuming less than 15 watts—75% less energy than an equivalent incandescent lamp. Changing ten fixtures to LED from incandescent would result in approximate savings of over 25,000 kilowatts over the 50,000 hour life of the fixture. The Halo LED downlight is also virtually maintenance-free for approximately 20 years when operated at 6 hours a day.



Our Employees

Cooper's commitment to its most valuable resource—its employees—is long held. With an employee population in excess of 33,000 people working at more than 100 manufacturing facilities and offices around the world, Cooper has policies and practices that ensure employee safety, continuous education and professional advancement. Multi-year employee education, development and training programs, with emphasis in operations, finance, human resources, leadership and sales and marketing are available to train future company leaders. Salaried employees, exempt and non-exempt, receive annual performance evaluations. Association rights are protected and labor relations are good.⁸ Cooper prohibits harassment and discrimination—policies which have been in place globally for decades. Child labor is also prohibited—no one under the age of 16 may be employed anywhere in the world. There is full compliance with all local laws and regulations concerning minimum age requirements for employment. By respecting the rights of its employees and maintaining safe workplaces, free from discrimination, Cooper creates an environment that is conducive to diversity and continued growth and success.



One Team, One Purpose, One Vision, One Strategy

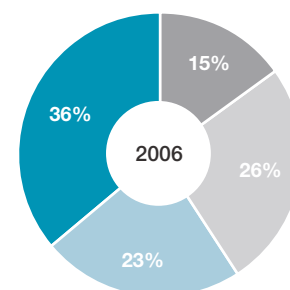
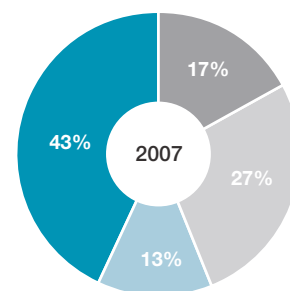
When a company is spread out around the world and the acquisition of complementary businesses is part of the growth strategy, creating a focused, cohesive group of employees is a challenge. Cooper Industries meets this challenge in a variety of ways. The Company distributes wallet-sized cards that contain the Culture and Values statements on one side and Strategy and Principles statements on the other. But a printed card doesn't imbue the Values and Principles; it merely acts as a tangible reminder. The Values, Culture and Strategy are learned and reinforced by dialogue between employees and managers. They are manifested by the existence of and widespread participation in employee committees and projects that actively engage in safety practices, environmental improvements and product and process innovations. They are spread by the sharing of ideas, accomplishments and even problems, between business divisions via intra-company newsletters, bulletin boards, the worldwide web, meetings, etc.

Cooper Industries provides a comprehensive benefits package to help attract and retain a competitive workforce. While our programs may vary from one country to the next, we strive to be competitive and always comply with government regulations in each region where we operate. Our benefit programs offer employees tools to help manage care needs, prepare for retirement and manage the financial challenges of higher education. Program plans and logistics vary from country to country, based on the availability of certain services and government regulations.

As part of Cooper's commitment to continuous improvement, the Company conducted an online employee survey in November 2007 of its North American salaried employee-base to assess the value Cooper delivers to them. In addition, it provides employees with an opportunity to provide feedback and leadership on corporate strategy. This survey will be rolled out throughout the Company globally in 2009 and 2010. Feedback from the survey will be used to assess how Cooper can better address employee needs and deliver value to this vital resource.

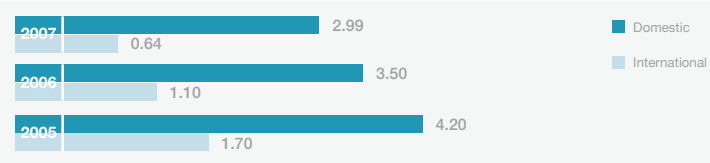
Global Workforce

■ U.S. Salaried ■ U.S. Hourly
■ International Salaried ■ International Hourly



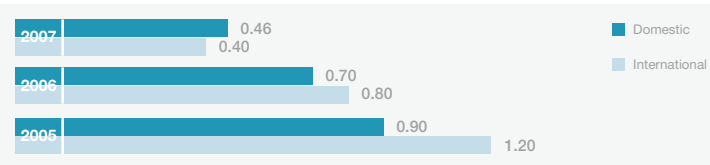
Our Employees

Total Recordable Incidence Rate



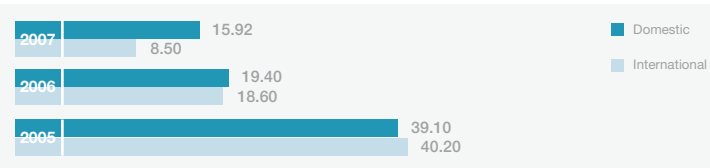
100% of salaried employees receive regular annual performance and career development reviews. The performance review and career development process for hourly employees varies by division and/or location.

Lost Time Incidence Rate



Zero Fatalities for 2005–2007

Lost Work Days Incidence Rate

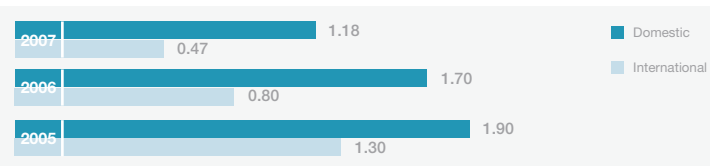


Percentage of employees covered by collective bargaining agreements.

40% of U.S. hourly production employees are covered by collective bargaining agreements.

32 international facilities have collective bargaining units covered by various unions.

Lost and Restricted Duty Cases Incidence



TRIR (recordable cases incident rate—based on the OSHA recording criteria)

LTIR (lost time cases are ones where the employee misses a complete day of work after the date of injury)

LWDIR (Lost work days)

LRDIR (cases where the employee misses a day of work or has to modify their job because of restrictions)

Rate Calculation: $(Y \times 200,000 / \text{hours worked})$

Zero Fatalities—Injury and Occupational Disease information is combined

Employees Taking Charge

Occupational safety and health is serious business at Cooper Industries. As a central part of the effort to create a culture that is actively aware of safety issues, Cooper Industries honors the accomplishments of workers and management through the “Take Charge Safety and Health Awards.” These awards recognize creative approaches to safety management and training and the results of those efforts—safe, healthy and injury-free facilities.

The Take Charge awards program is the most visible part of a comprehensive system to monitor and measure safety and health matters in the workplace. All Cooper facilities utilize an internally developed set of metrics known as OSHME (Occupational Safety Health Management Evaluation). This data forms a key part of the operational metrics—key performance indicators—that all plant managers report and discuss on a regular basis. Employees are actively involved in the process, from daily briefings and discussions, to weekly “toolbox meetings,” to participation in facility safety committees. Employees are actively engaged in the “safety kaizen” approach to operations which is focused on continuous improvement brought about by suggestions and observations. Cooper’s decades-long commitment to a safety aware culture in the workplace has led to its facilities being among the safest in the manufacturing sector.

The most recent Take Charge awards recognized 27 facilities, ranging from “Honorable Mention” to the coveted “Tri Star Award.” Four facilities received the Tri Star award, which acknowledges significant accomplishments sustained and built upon over time. Examples of Tri Star achievements included 1,000,000 hours of accident-free operations in



Mexicali, Mexico; the implementation of a “near miss” report card system in which employees are encouraged to document situations or conditions that could be improved, and post them on bulletin boards in the plant together with the corrective actions taken; and the creation of a “safety incentive program” at the Cooper Hand Tools plant in Monroe, North Carolina, where employee teams toured and inspected the plant, scored the results and posted the information on a “horse race themed” chart in the cafeteria—a friendly but very competitive and highly visible means of reinforcing the importance of safety and every person’s role in creating results.

Community

Community—Cooper's Work Extends Beyond Products and Customers

Corporate giving and community outreach have been a part of Cooper Industries' operating philosophy and business practices for decades. The Cooper Industries Foundation, a non-profit Section 501(c)(3) private foundation funded by company contributions, was founded in 1964. Additional corporate giving is done by each of the eight business divisions, globally, as a part of the annual budget and planning process.

To date, the community outreach and charitable giving programs that originate at the business division level, which comprise a significant portion of Cooper Industries' overall corporate giving programs, have only been reported on a dollars expended basis. The rationale has been to give the local Cooper business leaders broad discretion in determining what will best serve their particular communities. The Company believes this approach best serves all of the interests at stake, allowing good societal activities to be done at the local level, while allowing the managers and employees to focus most of their time and energies on creating and delivering great products to customers, which, in turn, creates the profits that allow Cooper's charitable programs to thrive.

The variety of programs and grant requests that are funded reflects the diversity of the people and places where Cooper operates. This section highlights some of these community investments.



Scholarship Program

- This program offers the children of Cooper employees in Mexico and the United States with an opportunity for educational advancement. Independently administered, the program provides scholarships for students pursuing a bachelor's degree from a 4-year university or who plan to study at a 2-year community college or vocational school. Selection criteria include academic merit, demonstration of financial need, evidence of outstanding character and extracurricular activities.

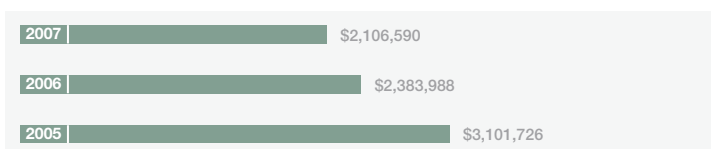
Matching Gift Program

- A variety of matching gift programs match contributions made by employees, officers, division presidents and Company directors to qualified charitable organizations.

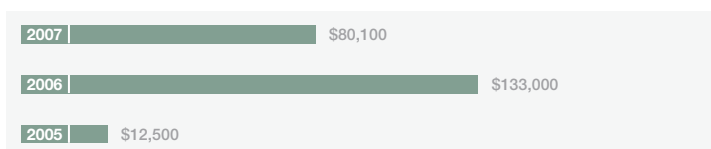
Neighborhood Centers Grant

- This is a \$100,000 grant, paid over three years, to support Neighborhood Centers ("NCI"). NCI is a 100-year-old organization that serves more than 200,000 children, youth, families and senior citizens each year in a 13-county region in Southeast Texas. More than 80% of the people served at NCI centers have yearly household incomes of less than \$25,000. The new community center in the Gulfton-Sharpstown neighborhood in Houston will provide programs and services that promote economic development, leadership, education, and health for the entire family—enabling people to help themselves. The Gulfton area is densely populated with residents that have emigrated from Guatemala, El Salvador, Honduras, Mexico and, more recently, refugees from Somalia, Bosnia, Pakistan and Afghanistan. The services provided by NCI assist these residents in their pursuit of the American Dream.

Community Investments (in dollars)



Total Political Contributions (in dollars)



Contributions are made to Republicans and Democrats.

Cooper China Charitable Festival

- The Family Day Festival at Cooper China in Shanghai in October 2007 featured the theme "Olympics & Charity." Activities included sports, games, picnic, a charity auction and other opportunities for on-the-spot donations. Funds raised will help at least two children with congenital heart defects to receive open-heart surgery through the Gift of Life program of the Shanghai Charity Foundation and Rotary Club of Shanghai. The success of the event inspired other Cooper employees in Xi'an and Dongguan to host their own events to help more needy children.

Houston Downtown Park Conservancy

- Cooper funded a five-year grant to support the Houston Downtown Park Conservancy. The Conservancy will be the first private, non-profit organization to oversee the design, development and on-going operations of a major public park in Houston. The park will consist of 12 acres of green space and water features, bordered by public parking, a convention center, sports facilities and other hospitality destinations.



Governance and Ethics

In 1833, Charles and Elias Cooper founded the company that would become Cooper Industries, Ltd. Today, Cooper is a publicly traded corporation, organized under the laws of Bermuda. The Company's administrative headquarters is located in Houston, Texas, where all of the members of the Company's senior management team are resident, as are all of the corporate officers. The rationale for organizing the Company under the laws of Bermuda while maintaining the principal executive offices in the United States is to give the Company an equal footing with its non-USA-based competitors, particularly with regard to issues of income and taxation for its operations around the world. Some may take issue with the Company's decision, claiming that it results in the Company "not paying its fair share of U.S. taxes," but this is both incorrect and overly simplistic. The current legal structure allows Cooper to maintain its large manufacturing and employment infrastructure in the United States and compete more effectively in global markets, while returning maximum value to its shareholders.



The Board of Directors

The Company is governed by an eleven member Board of Directors, ten of whom are independent. Kirk S. Hachigian is both the Chairman of the Board of Directors and the President and Chief Executive Officer of the Company. The Company's Corporate Governance Principles, which are published and available to the public via the Internet at www.cooperindustries.com, provide for a Presiding Non-Management Director, who is also Deputy Chairman of the Board of Directors.⁹ Cooper's Board of Directors maintains four standing committees: Audit Committee, Executive Committee, Management Development and Compensation Committee and the Committee on Nominations and Corporate Governance.

The criteria for membership on the Cooper Industries Board of Directors are determined by the Committee on Nominations and Corporate Governance ("CNCG"). The CNCG consists of no less than three Directors. The Board appoints the members of the CNCG and reviews committee membership annually. The CNCG has the authority and responsibility to develop and maintain criteria for the identification and selection of potential candidates for Board membership, including procedures, the use of independent search firms (including the ability to retain, terminate, set/review the fees, etc.), evaluation of incumbent directors and whether to nominate for re-election, as well as the overall effectiveness of the Board, its composition, organization and the conduct of Board business.

Among the specific criteria considered by the CNCG in evaluating candidates for nomination for Board membership are: the candidate's business and/or professional experience, the absence of conflicts of interest (utilizing the Company's written policies and procedures), the Board's need for a diversity of skills and backgrounds, and the ability of the candidate to commit the time necessary to serve effectively.

Based upon its analysis and deliberations, the CNCG recommends new candidates to the full Board and the director nominees for the

annual meeting of shareholders. On an annual basis, the CNCG also reviews and makes recommendations on the adequacy and frequency of Board meetings, Board member compensation issues, and the nature and timing of information provided to directors prior to and during Board meetings. They also review the membership and function of Board committees and general corporate governance matters.

Code of Ethics and Business Conduct

The Company's Board of Directors and senior management have taken numerous steps to ensure that the Company operates with high ethical standards and an absence of conflicts of interest. The Cooper Code of Ethics and Business Conduct was originally adopted and implemented in 1962 and has been updated and expanded numerous times since then, most recently in 2005. The written policy is thirteen (13) pages and is distributed to employees worldwide. The policy is translated into seven languages in hard copy format (English, Spanish, French, German, Portuguese, Korean and Mandarin Chinese) and is also available on the Company's website and intranet site. The Company provides training on the Code of Ethics and Business Conduct and requires a substantial number of employees to furnish a signed written compliance statement, affirming that they have read, understand and will comply with the Company's policy.¹⁰ Cooper has worked hard over the last 46 years to develop a corporate culture that makes ethical behavior and awareness of ethical issues part of day-to-day decision making.

Compliance and Risk Mitigation

In addition to its internally developed ethics programs, the Company provides training, written policies and guidance with regard to ethics and business practices legislation such as securities laws, antitrust and fair competition laws, anti-corruption laws and environmental, health and safety laws and regulations.¹¹ As required by applicable laws, the Company's Board of Directors is knowledgeable about

Governance and Ethics

the content and operation of the Company's compliance and ethics programs, including the administration and day-to-day operation of the program by the Company's Compliance Officers.¹² Operationally, the Company's Code of Ethics and Business Conduct includes a Compliance Procedure and Corporate Ethics Committee, currently comprised of the Chairman/CEO/President, the Sr. Vice President, General Counsel and Chief Compliance Officer and the Sr. Vice President, Human Resources. Additionally, other senior corporate officers act as compliance officers responsible for the oversight of training and policy implementation for various substantive areas of the Company's operations. The Company is satisfied with the results of its ethics and compliance policies and practices to date; however, it will continue to monitor these areas and make changes as necessary to remain vigilant and competitive in an ever-changing competitive global marketplace.

Risk management, or the so-called "precautionary approach" identified in the Rio principles, is an integral part of planning, operations and business strategy at Cooper. As a company that utilizes the acquisition of strategically valuable businesses as part of its growth plan, risk analysis and mitigation is central to the Company's due diligence process. A number of potential acquisition deals have been cancelled or avoided because of such risk analysis.

Stakeholder Involvement

Cooper employees have the ability to raise issues and questions (and are encouraged to do so) by directly speaking or writing to their supervisor or division manager. The Company maintains an 800 number, a toll-free "Ethics Hotline," to facilitate reporting ethical issues or possible violations of Company policies and practices. In this regard, the Company's Code of Ethics and Business Conduct procedures have provisions for maintaining employee confidentiality and protecting against retaliation for employees who make reports. The "contact us" section of the Cooper website provides an additional means for employees to anonymously raise issues or ask questions of senior management and the Board.

There are a number of means for stakeholders, particularly shareholders and employees, to provide input or raise questions to the Board of Directors. Cooper's Proxy Statement (which is posted on the Company's website and distributed to all shareholders) includes explicit instructions for communicating with the Company's non-management directors about any issue regarding Cooper and the conduct of its business. Interested persons can also contact the Company's Investor Relations office by telephone or email.

Performance

There are direct links between the performance of the Company and the compensation paid to the Company's senior managers and executives. Ethics and integrity in business practices are part of every Cooper employee's job performance criteria. Among the criteria that may be included in an individual's goals and performance are employee health and safety, diversity, sustainability, environmental practices, ethics and integrity and leadership on such issues. Senior personnel are also evaluated on how well they have inspired, facilitated and measured the efforts of those employees under their supervision. For executive management, individual performance and compensation issues are governed by the Management Development and Compensation Committee Charter of the Company's Board of Directors. The Board Committee is comprised of no less than three (3) non-management directors who are appointed annually. In an effort to increase transparency and independence in this regard, the Charter is posted on the Company's website and the independent directors who serve on the Management Development and Compensation Committee have the authority to retain external consultants to assist in the development, review and modification of executive compensation programs for the CEO and senior management.

The Cooper Board monitors the Company's environmental, social and economic performance in a variety of ways. Each division president reports on a monthly or quarterly basis, with significant accomplishments and/or issues being reported to the Board. Annually, the Board's Audit Committee receives an environmental audit report regarding the environmental impacts of the Company's operations around the globe. This report contains information concerning energy use, waste tracking, water, and, most recently, greenhouse gas emissions. At least every three years (or more frequently if circumstances warrant), the environmental audit and related issues are presented to the full Board. Through the Cooper Industries Foundation and direct corporate giving programs at the divisional level, the Company's social outreach programs are presented to the Board annually as well.

Reviewing the economic impacts of all of the Company's activities, as well as the Company's adherence to its internal policies, codes of conduct and all applicable laws and regulations, is, of course, the primary responsibility of the Board. At each meeting of the Board, and in Committee reports and other communications between Board meetings, the members of the Board of Directors focus on how Cooper Industries, Ltd. is responding to challenges and opportunities in the marketplace, the Company's economic performance and how that performance effects Cooper's shareholders, employees, customers, suppliers and the communities it operates in and serves.

For more information contact:
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Web Site

www.cooperindustries.com

Credits

Strategy and Report Development: The CSR Group, LLC
Designed by Curran & Connors, Inc. / www.curran-connors.com

Cooper Industries is proud to have been selected for inclusion by several highly respected socially responsible stock indices including: FTSE4GOOD and KLD. For more information, contact Investor Relations for Cooper at the address above or go to www.kld.com <http://www.kld.com/> and/or www.ftse.com/ftse4good <http://www.ftse.com/ftse4good/>



End Notes

- ¹This report follows the latest GRI Guidelines Version 3 (or "G3").
- ²United Nations 1987 "Report of the World Commission on Environment and Development."
- ³Earnings per share calculated before restructuring and unusual items.
- ⁴This is only a partial listing of the Principles of the Cooper Industries Environmental Policy. A complete statement of the policy and principles can be found at the Cooper Industries website <http://www.cooperindustries.com/common/aboutCooper/environmental.cfm>.
- ⁵By shipping the spent nickel liquor to the other manufacturer, it is a source material or co-product, not "hazardous waste." Cooper employees also made sure that any waste left over after the pigment manufacturing process at the other company was properly dealt with.
- ⁶For 2007, eight Cooper facilities (5 in the U.S., 1 in Germany, 1 in France and 1 in U.K.) received awards (1 gold; 3 silver; 4 bronze), which resulted in \$32,500 in grants for local environmental/community work.
- ⁷In actual practice, a 100% efficiency rate is rarely possible or even recommended. This is due to the wide variety of load demands that occur in any given day, and the effect of factors such as weather, time of year, etc.
- ⁸Approximately 39% of the Company's employees are unionized, with bargaining units and various unions in place at 19 U.S. facilities and 32 facilities around the world.
- ⁹The position is appointed annually by the Board of Directors. It is currently held by Gerald B. Smith.
- ¹⁰The employees required to furnish signed compliance statements include all employees in the corporate headquarters; all Division Presidents, their direct reports and their respective direct reports; all employees with responsibilities in the following areas—purchasing/procurement, marketing, sales, engineering, product development, information systems, safety, environmental, human resources, plant or operations management, finance/controller/credit, accounting, audit and any other employee deemed as appropriate by division management.
- ¹¹In the United States, these would include the Sarbanes-Oxley Act of 2002 ("SOX"), United States Securities and Exchange Commission ("SEC") regulations, the U.S. Federal Sentencing Guidelines, and the U.S. Foreign Corrupt Practices Act.
- ¹²The Audit Committee of the Board has been delegated the primary oversight responsibility; however, senior management provides a compliance report to the full Board every three (3) years or more frequently as necessary.





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For more information about the Global Reporting Initiative ("GRI") and the G3 Guidelines, go to <http://www.globalreporting.org>

To view this report online or to download a PDF, go to <http://www.cooperindustries.com>