

COOPER INDUSTRIES LTD

Form DEF 14A

March 14, 2007

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OMB APPROVAL

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Cooper Industries, Ltd.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

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3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

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March 14, 2007

Dear Shareholder:

On behalf of the Board of Directors, I cordially invite you to attend the Annual Meeting of Cooper Industries shareholders. The meeting will be held on Tuesday, April 24, 2007, at 11:00 a.m. in the 64th floor conference room, Chase Tower, 600 Travis Street, Houston, Texas.

The notice of meeting and proxy statement following this letter describe the business to be conducted at the meeting, including the election of five directors.

Your vote is important. Please take a moment now to vote your proxy over the Internet, by telephone or by signing and returning your proxy card in the envelope provided, even if you plan to attend the meeting. Your proxy card and the Notice of Annual Meeting on the inside cover of this proxy statement include instructions on how to vote your shares over the Internet, by telephone or by written proxy. If you elected to receive your proxy statement electronically, you will not receive a proxy card and must vote via the Internet or by telephone. If you have Internet access, we encourage you to vote over the Internet. It is convenient for you and saves your company significant postage and processing costs.

The Board of Directors appreciates and encourages shareholder participation. Thank you for your continued support.

Sincerely,

Kirk S. Hachigian

Chairman, President and

Chief Executive Officer

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
COOPER INDUSTRIES, LTD.**

**P.O. Box 4446
Houston, Texas 77210**

TIME	11:00 a.m. on Tuesday, April 24, 2007.
PLACE	Chase Tower, 64 th floor, 600 Travis Street, Houston, Texas. Free parking is available at the J.P. Morgan Chase Center, which is located at 601 Travis Street.
ITEMS OF BUSINESS	<ol style="list-style-type: none">1. Elect four directors for the term expiring at the 2010 Annual Meeting of Shareholders and one director for the term expiring at the 2009 Annual Meeting of Shareholders.2. Appoint Ernst & Young LLP as our independent auditors for the year ending December 31, 2007 and authorize the Audit Committee of the Board of Directors to determine their remuneration.3. To consider and act upon a proposal to amend Section 1 of Cooper's By-laws, as amended and restated, to increase the authorized Class A common shares, par value \$.01 per share, from 250,000,000 shares to 500,000,000 shares and to increase the authorized Class B common shares, par value \$.01 per share, from 150,000,000 shares to 250,000,000 shares.4. If presented at the meeting, consider and vote upon a shareholder proposal requesting Cooper to implement a code of conduct based on international labor organization human rights standards.5. Consider any other matters to come properly before the meeting or any adjournment thereof.
RECORD DATE	Holders of Class A common shares of record at the close of business on February 28, 2007, may vote at the meeting.
FINANCIAL STATEMENTS	Our audited financial statements for the year ended December 31, 2006, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations are included in our Form 10-K, which is contained in the Annual Report that you received in this mailing.
VOTING YOUR PROXY	<p>In order to avoid additional soliciting expense to Cooper, please vote your proxy as soon as possible, even if you plan to attend the meeting. Shareholders of record can vote by one of the following methods:</p> <ol style="list-style-type: none">1. CALL 1-800-652-8683 from the U.S., Canada and Puerto Rico (this call is free) or from all other countries dial the international access code plus 1-781-575-2300 to vote by telephone anytime up to 12:00 midnight

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Eastern Standard time on April 23, 2007; OR

2. GO TO THE WEBSITE: www.investorvote.com to vote over the Internet anytime up to 12:00 midnight Eastern Standard time on April 23, 2007; OR
3. MARK, SIGN, DATE AND RETURN your proxy card in the enclosed postage-paid envelope. If you are voting by telephone or the Internet, please do not mail your proxy card.

By order of the Board of Directors:

Terrance V. Helz

Associate General Counsel and Secretary

Houston, Texas

March 14, 2007

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PROXY STATEMENT

We have sent you this booklet and proxy card because the Board of Directors of Cooper Industries, Ltd. (Cooper) is soliciting your proxy to vote at our 2007 Annual Meeting of Shareholders on April 24, 2007. This booklet contains information about the items being voted on at the Annual Meeting and information about Cooper.

QUESTIONS AND ANSWERS

What may I vote on?

The election of five nominees to serve on our Board of Directors;

The appointment of Ernst & Young LLP as our independent auditors for the year ending December 31, 2007 and authorization of the Audit Committee of the Board of Directors to determine their remuneration;

The amendment of Cooper s Bye-laws to increase Cooper s authorized common shares; and

If presented, a shareholder proposal requesting Cooper to implement a code of conduct based on international labor organization human rights standards.

How does the Board recommend I vote on the proposals?

The Board recommends voting:

FOR each of the nominees for the Board of Directors;

FOR the appointment of Ernst & Young LLP as our independent auditors;

FOR the amendment of Cooper s Bye-laws to increase Cooper s authorized common shares; and

AGAINST the shareholder proposal requesting Cooper to implement a code of conduct based on international labor organization human rights standards.

Who is entitled to vote?

Holders of Class A common shares as of the close of business on February 28, 2007 may vote at the Annual Meeting.

How do I vote?

We request that you vote your shares as promptly as possible. You may vote your shares by means of a proxy using one of the following three methods of voting if you have shares registered in your own name:

electronically using the Internet,

by telephone, or

by signing and dating the enclosed proxy card and returning it in the prepaid envelope.

The instructions for these three methods are contained on the Notice of Annual Meeting which immediately follows the cover page of this proxy statement and also on the enclosed proxy card. If you return your signed proxy card but do not mark the boxes showing how you wish to vote, your shares will be voted as recommended by the Board of Directors. The giving of such proxy does not affect your right to vote in person if you attend the meeting.

If you hold Cooper shares through a broker or bank, you may also be eligible to vote using the Internet or by telephone if your broker or bank participates in the proxy voting program provided by ADP Investor Communication Services.

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Can I revoke my proxy card?

Whichever voting method you use, you have the right to revoke your proxy at any time before the meeting by: filing with Cooper's Corporate Secretary an instrument revoking your proxy;

attending the meeting and giving notice of revocation; or

submitting a later-dated proxy by any of the three voting methods described above.

Is my vote confidential?

Proxy cards, proxies delivered by Internet or telephone, ballots and voting tabulations that identify individual shareholders are mailed or returned directly to an independent inspector of election and handled in a manner that protects your voting privacy. The independent inspector of election will count the votes. We have adopted a confidential voting policy which provides that your vote will not be disclosed *except*: (1) to respond to written comments on the proxy card; (2) as required by law; or (3) in other limited circumstances, such as a proxy contest in opposition to the Board.

What shares are included on my proxy card?

The shares listed on your proxy card represent ALL of your record shares, including the following, as applicable: shares held in the Cooper Dividend Reinvestment and Stock Purchase Plan;

shares held in custody for your account by Investors Bank and Trust Company, as Trustee of the Cooper Industries Retirement Savings and Stock Ownership Plan (CO-SAV); and

shares held in a book-entry account at Computershare Trust Company, N.A., Cooper's transfer agent (formerly known as EquiServe Trust Company, N.A.) including shares acquired through Cooper's Employee Stock Purchase Plan.

If you do not properly submit your proxy by one of the three methods described above, your shares (except for CO-SAV) will not be voted. See the question below for an explanation of the voting procedure for CO-SAV shares. If you hold shares in a broker account, you will receive a separate proxy card and instructions from your broker.

How is Cooper Stock in CO-SAV voted?

If you hold Cooper Class A common shares through CO-SAV, you must instruct the CO-SAV Trustee, Investors Bank and Trust Company, how to vote your shares. If you do not properly submit your proxy by one of the three methods described above (or if you submit your proxy with an unclear voting designation, or with no voting designation at all), then the Trustee will vote the shares in your CO-SAV account in proportion to the way the other CO-SAV participants voted their shares. The Trustee will also vote Class A common shares not yet allocated to participants' accounts in proportion to the way that CO-SAV participants voted their shares. CO-SAV votes receive the same confidentiality as all other shares voted.

How many shares can vote?

As of the February 28, 2007 record date, 104,719,134 Class A common shares were issued and outstanding. These are the only securities entitled to vote. Each holder of Class A common shares is entitled to one vote for each share held. Certain wholly-owned subsidiaries of Cooper held 13,147,901 Class A common shares on February 28, 2007. A voting agreement requires that the Class A common shares held by the Cooper subsidiaries will be voted (or abstained from voting) in the same proportion as the Class A common shares held by other shareholders. As a result, the voting of shares held by Cooper subsidiaries does not dilute the voting power of other shareholders. Cooper's Class B common shares, which are held by a Cooper subsidiary, have no vote on the matters presented at this meeting.

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What vote is required for approval?

Provided a quorum is present, the election of a director requires a plurality of the votes cast by shareholders represented in person or by proxy and entitled to vote at the meeting. The appointment of the independent auditors, the amendment of Cooper's By-laws to increase the authorized common shares, and the shareholder proposal require the affirmative vote of a majority of the shares represented in person or by proxy at the meeting and entitled to vote on such matters. Abstentions have the same effect as a vote against the proposal. Broker nonvotes are not counted for purposes of voting, but are counted for purposes of a quorum.

What is a quorum ?

A quorum is a majority of the issued and outstanding Class A common shares. Shareholders may represent their shares by attending the meeting or their shares may be represented at the meeting by proxy. There must be a quorum for the meeting to be held. If you submit a valid proxy by any of the described methods, even if you abstain from voting, then you will be considered part of the quorum.

Who can attend the Annual Meeting?

If you own Cooper shares on February 28, 2007, you may attend the Annual Meeting. Please indicate on your proxy if you plan to attend. If your shares are held through a broker and you would like to attend, please write to Terrance V. Helz, Associate General Counsel and Secretary, Cooper Industries, Ltd., 600 Travis Street, Suite 5800, Houston, Texas 77002, or bring proof of ownership to the meeting.

How will voting on any other business be conducted?

Although we do not know of any other business to be considered at the 2007 Annual Meeting, if any other business is presented at the Annual Meeting, your proxy will be voted as determined by the persons voting the proxies.

When are the shareholder proposals for the 2008 Annual Meeting due?

All shareholder proposals must be submitted *in writing* to Terrance V. Helz, Associate General Counsel and Secretary, Cooper Industries, Ltd., 600 Travis Street, Suite 5800, Houston, Texas 77002. Any shareholder who intends to present a proposal at the 2008 Annual Meeting of Shareholders must deliver the proposal to us so that it is received no later than November 14, 2007, to have the proposal included in our proxy materials for that meeting. Shareholder proposals must also meet other requirements of the Securities and Exchange Act of 1934 to be eligible for inclusion. If a shareholder proposal is received after January 28, 2008, the persons voting the proxies may vote in their discretion on such proposal as to all the shares for which they have received proxies for the 2008 Annual Meeting of Shareholders.

What are the costs of this proxy solicitation?

We have retained Georgeson Shareholder Communications, Inc. to assist in the distribution of proxy materials and solicitation of votes for a fee of \$16,000, plus out-of-pocket expenses. We also reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses of forwarding proxy and solicitation materials to shareholders. Our directors, officers and employees may also solicit proxies without additional compensation by letter, telephone or otherwise. We will bear all expenses of solicitation.

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As of February 28, 2007, there were 21,581 registered holders of Class A common shares. We know of no person who was the beneficial owner of more than five percent of the outstanding shares of any class of voting securities as of that date, other than the following which have filed statements of ownership on Schedule 13G with the Securities and Exchange Commission.

Title and Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class⁽⁴⁾
Class A common shares	FMR Corp. 82 Devonshire Street Boston, MA 02109	9,226,767 ⁽¹⁾	10.12%
Class A common shares	Barrow, Hanley, Mewhinney & Strauss, Inc. 2200 Ross Avenue, 31 st Floor Dallas, TX 75201-2761	6,116,300 ⁽²⁾	6.71%
Class A common shares	Vanguard Windsor Funds Vanguard Windsor II Fund 100 Vanguard Boulevard Malvern, PA 19355	6,030,500 ⁽³⁾	6.62%

(1) Based on Schedule 13G filed January 10, 2007 jointly on behalf of Edward C. Johnson 3rd, FMR Corp., and its subsidiaries and affiliates, Fidelity Management & Research Company (Fidelity), Fidelity Management Trust Company, Fidelity International Limited, Pyramis Global Advisors Trust Company and Strategic Advisors, Inc. The shares are

beneficially
owned as
follows: Fidelity
8,951,707
shares
(including
5,506,761 held
by Fidelity
Contrafund);
Fidelity
Management
Trust Company
5,000 shares;
Fidelity
International
Limited -
72,142 shares;
Pyramis Global
Advisors Trust
Company
197,431 shares;
and Strategic
Advisors, Inc.
487 shares. The
Fidelity Funds
Board of
Trustees has
sole voting
power over the
shares that are
beneficially
owned by
Fidelity, and
Edward C.
Johnson 3rd and
FMR Corp.,
through control
of Fidelity, each
has sole
dispositive
power over the
8,951,707
shares owned by
the Fidelity
Funds. Edward
C. Johnson 3rd
and FMR Corp.,
through control
of FMR Corp.
subsidiaries,
each has sole

voting power and sole dispositive power over the shares beneficially owned by Fidelity Management Trust Company, Pyramis Global Advisors Trust Company and Strategic Advisors, Inc. Fidelity International Limited has sole dispositive power over 72,142 shares and sole voting power over 63,842 shares. The address of Fidelity, Fidelity Management Trust Company and Strategic Advisors, Inc. is 82 Devonshire Street, Boston, MA 02109. The address of Fidelity International Limited is Pembroke Hall, 42 Crow Lane, Hamilton, Bermuda and the address of Pyramis Global Advisors Trust Company is 53 State Street, Boston, MA 02109.

(2)

Based on
Schedule 13G
filed February 9,
2007 by
Barrow, Hanley,
Mewhinney &
Strauss, Inc.,
which has
shared voting
power and sole
dispositive
power over
6,116,300
shares.

(3) Based on
Schedule 13G
filed
February 13,
2007 by
Vanguard
Windsor Funds
Vanguard
Windsor II
Fund, which has
sole voting
power over
6,030,500
shares.

(4) Calculated on
the basis of
91,141,021
Class A
common shares
that are publicly
held as of
December 31,
2006 and
excludes the
Class A
common shares
held by Cooper
subsidiaries.

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**PROPOSAL 1
ELECTION OF DIRECTORS**

The Board of Directors is divided into three classes. Each class is elected for a term of three years, so that the term of one class of directors expires at every meeting.

The Board of Directors has nominated four persons for election as directors in the class whose term will expire in April 2010 and has nominated one person for election as a director whose term will expire in April 2009, or when their successors are elected and qualified. The nominees are: Stephen G. Butler, Dan F. Smith, Gerald B. Smith, Mark S. Thompson and Lawrence D. Kingsley. Messrs. Butler, Dan Smith and Gerald Smith are current members of the class whose term expires at the meeting. Dr. Thompson and Mr. Kingsley are new nominees to the Board of Directors.

If any nominee becomes unable to serve as a director, an event not now anticipated, it is intended that the shares represented by proxies will be voted for the election of a substitute nominated by the Board of Directors. Following is certain information with respect to the persons nominated as directors and the current directors who will continue as directors after the Annual Meeting.

NOMINEES FOR TERMS EXPIRING IN 2010

STEPHEN G. BUTLER

Chairman Audit
Committee
Member Committee on
Nominations and
Corporate
Governance
Director since 2002
Age 59

Mr. Butler served as Chairman and Chief Executive of KPMG LLP (accounting firm) from 1996 until June 2002, when he retired. He is also a director of ConAgra Foods, Inc. and Ford Motor Company.

DAN F. SMITH

Chairman Management
Development and
Compensation
Committee
Member Executive
Committee
Director since 1998
Age 60

Mr. Smith has served as President and Chief Executive Officer of Lyondell Chemical Company (petrochemicals and refining operations) since 1996. Since 1997, he has also served as Chief Executive Officer and a member of the Partnership Governance Committee of Equistar Chemicals, LP. He also has served as the Chief Executive Officer of Millennium Chemicals Inc. since December 1, 2004. Equistar Chemicals, LP and Millennium Chemicals Inc. are wholly owned subsidiaries of Lyondell. He is also a director of Lyondell Chemical Company.

GERALD B. SMITH

Member Audit Committee
and
Committee on
Nominations
and Corporate
Governance
Director since 2000
Age 56

Mr. Smith is Chairman and Chief Executive Officer of Smith Graham & Company, an investment management firm that he founded in 1990. He is also a director of The Charles Schwab Family of Funds and Chairman of the Audit Committee of ONEOK Partners, L.P.

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MARK S. THOMPSON

Director Nominee

Age 50

Dr. Thompson has served as President and Chief Executive Officer of Fairchild Semiconductor International, Inc. (semiconductor solutions) since April 2005. He previously served as Executive Vice President, Manufacturing and Technology Group, since December 2004. Prior to joining Fairchild Semiconductor, he was President and Chief Executive Officer of Big Bear Networks, Inc. (optoelectronic network solutions) since August 2001. Previously, he was Vice President and General Manager of Tyco Electronics Power Components Division. He is also a director of American Science and Engineering, Inc. and Fairchild Semiconductor International, Inc.

NOMINEE FOR TERM EXPIRING IN 2009

**LAWRENCE D.
KINGSLEY**

Director Nominee

Age 44

Mr. Kingsley is Chairman, President and Chief Executive Officer of IDEX Corporation (engineered industrial products). He was named Chairman in April 2006, President and Chief Executive Officer in March 2005 and Chief Operating Officer in August 2004. He previously held various executive positions with Danaher Corporation (industrial and consumer products) serving as Corporate Vice President and Group Executive for the Sensors and Controls business from March 2004 to August 2004; President, Industrial Controls Group from April 2002 to July 2004; and President, Motion Group, Special Purpose Systems from January 2001 to March 2002. He is also a director of IDEX Corporation.

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PRESENT DIRECTORS WHOSE TERMS EXPIRE IN 2008

ROBERT M. DEVLIN

Member Executive
Committee,
Committee on
Nominations and
Corporate Governance
and
Management
Development and
Compensation
Committee
Director since 1997
Age 66

Mr. Devlin is Chairman of Curragh Capital Partners (a private equity firm). He is a principal owner and director of Forethought Financial Group, Inc., a life insurance and financial services company. He is also a director of LKQ Corporation.

LINDA A. HILL

Member Committee on
Nominations and
Corporate
Governance and
Management
Development and
Compensation
Committee
Director since 1994
Age 50

Ms. Hill is a Professor at the Harvard Business School. She joined the faculty of Harvard Business School in 1984 as an Assistant Professor in organizational behavior and human resource management. She was named Associate Professor in 1991, Professor in 1995 and the Wallace Brett Donham Professor of Business Administration in 1997. She is also a director of State Street Corporation.

JAMES J. POSTL

Member Audit Committee
and
Committee on
Nominations and
Corporate Governance
Director since 2003
Age 61

Mr. Postl served as President and Chief Executive Officer of Pennzoil Quaker State Company (petroleum products) from May 2000 until October 2002 when he retired. He joined Pennzoil in October 1998 as President and Chief Operating Officer. He is also a director of Centex Corporation.

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PRESENT DIRECTORS WHOSE TERMS EXPIRE IN 2009

IVOR J. EVANS

Chairman Committee on
Nominations and
Corporate
Governance
Member Management
Development and
Compensation
Committee
Director since 2003
Age 64

Mr. Evans is a partner at Thayer Capital Partners, a private equity firm. He previously served as Vice Chairman of Union Pacific Corporation and its principal operating company, Union Pacific Railroad Company (rail carrier and transportation) until February 2005. He was named Vice Chairman in January 2004 and previously served as President and Chief Operating Officer of Union Pacific Railroad Company since 1998. He is also a director of ArvinMeritor, Inc., Spirit Aerosystems Holdings, Inc., Suntron Corporation and Textron Inc.

KIRK S. HACHIGIAN

Chairman Executive
Committee
Director since 2004
Age 47

Mr. Hachigian is Chairman, President and Chief Executive Officer of Cooper Industries, Ltd. He was named Chairman in February 2006, President and Chief Executive Officer in May 2005, President and Chief Operating Officer in August 2004, Chief Operating Officer in December 2003, Executive Vice President and Chief Operating Officer, Electrical Products in December 2002, and Executive Vice President, Operations in April 2001. He is also a director of American Standard Companies, Inc.

JAMES R. WILSON

Deputy Chairman and
Presiding
Non-Management
Director
Member Executive
Committee,
Audit Committee and
Committee on
Nominations
and Corporate
Governance
Director since 1997
Age 66

Mr. Wilson served as Chairman, President and Chief Executive Officer of Cordant Technologies Inc. from 1995 until 2000, when he retired. He is also a director of Goodrich Corporation.

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The table below contains certain information as of February 28, 2007 with respect to Cooper's present executive officers. All executive officers are elected to terms that expire at the organizational meeting of the Board of Directors, which follows the Annual Meeting of Shareholders.

Name	Position	Age	Years of Service	Officer Since
Kirk S. Hachigian	Chairman, President and Chief Executive Officer	47	6	2001
Terry A. Klebe	Senior Vice President and Chief Financial Officer	52	12	1995
Kevin M. McDonald	Senior Vice President and General Counsel	40	1	2006
C. Thomas O Grady	Senior Vice President, Business Development	55	2	2005
James P. Williams	Senior Vice President, Human Resources	44	1	2006
Grant L. Gawronski	Vice President, International Operations	44	4	2003
Jeffrey B. Levos	Vice President, Finance	46	7	2000
Gary A. Masse	Group President, Cooper Tools	44	1	2006
David L. Pawl	Vice President, Operations	58	1	2006
James T. Pendley	Chief Marketing Officer	35	1	2006
Michael A. Stoessl	Group President, Cooper Power Systems	43	4	2006

All of the executive officers have been employed by Cooper in management positions for five years or more, except Kevin M. McDonald, C. Thomas O Grady, James P. Williams, Grant L. Gawronski, Gary A. Masse, David L. Pawl, James T. Pendley and Michael A. Stoessl.

Kevin M. McDonald joined Cooper from Anadarko Petroleum Corporation where he served as Associate General Counsel. Previously, he was Managing Counsel – Litigation and Senior Litigation Counsel at Valero Energy Corporation since 2002 and was with Fulbright & Jaworski LLP for nine years.

C. Thomas O Grady joined Cooper from Roper Industries where he served as Vice President, Mergers and Acquisitions since 2001. Previously, Mr. O Grady worked for FMC Corporation as Corporate Director of Acquisitions.

James P. Williams joined Cooper from Danaher Corporation, where he was most recently Corporate Vice President – Human Resources. Prior to Danaher, Mr. Williams spent 10 years with Honeywell (Allied Signal), where he was responsible for organizational and leadership development, change management, and learning and staffing across all functions of the company.

Grant L. Gawronski joined Cooper after serving as General Manager, Global Six Sigma Quality, of GE Lighting since 2001 and as General Manager of the Asia Pacific Operations unit at GE Lighting from 1997 to 2001.

Gary A. Masse joined Cooper after nine years with Danaher Corporation where he most recently served as Vice President and Group Executive of Gilbarco-Veeder Root after holding executive positions in several other units of Danaher. Earlier in his career, Mr. Masse spent 12 years in operating and management positions with General Electric.

David L. Pawl joined Cooper from General Electric where he most recently served as President of GE Quartz. Prior experience includes leadership of GE Lighting, Distribution and Logistics, as well as its worldwide sourcing operation.

James T. Pendley joined Cooper following a twelve-year tenure with Black & Decker Corporation where he most recently served as Vice President and General Manager of Black & Decker's Kwikset Locks Division. He also spent several years in Europe with Black & Decker's Power Tools and Accessories Group.

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Michael A. Stoessl joined Cooper in August 2002 as Division President of Cooper Bussmann and was named Group President, Cooper Power Systems in 2005. Prior to joining Cooper, Mr. Stoessl held various management positions with Emerson Electric Company, most recently as General Manager of a unit of Emerson's Liebert Power business.

Securities Ownership of Officers and Directors

As of February 28, 2007, each director, nominee and executive officer named in the Summary Compensation Table beneficially owned the number of Cooper Class A common shares listed in the following table. Each of the named individuals owned less than 1%, and all directors and executive officers as a group beneficially owned 1.4% of Cooper's outstanding Class A common shares as of that date.

Name of Beneficial Owner	Number of Shares Beneficially Owned⁽¹⁾
Stephen G. Butler	16,697 ⁽²⁾
Robert M. Devlin	34,393 ^{(2) (4)}
Ivor J. Evans	13,868 ⁽²⁾
Kirk S. Hachigian	496,711
Linda A. Hill	15,438 ⁽²⁾
Lawrence D. Kingsley	0 ⁽⁵⁾
James J. Postl	11,963 ⁽²⁾
Dan F. Smith	22,396 ⁽²⁾
Gerald B. Smith	13,256 ⁽²⁾
Mark S. Thompson	0 ⁽⁵⁾
James R. Wilson	23,557 ⁽²⁾
Grant L. Gawronski	39,905
Terry A. Klebe	261,220 ⁽³⁾
C. Thomas O'Grady	18,624
Michael A. Stoessl	56,333
Diane K. Schumacher	245,384 ⁽³⁾
All Directors and Executive Officers as a Group	1,328,888 ^{(2) (4)}

(1) Includes shares held by executive officers in Cooper's Retirement Savings and Stock Ownership Plan. Also includes shares issuable upon the exercise of options granted under either the Stock Incentive Plan or the Directors' Stock Plan that are

exercisable (or vest) within a period of 60 days from February 28, 2007, as follows:
Mr. Butler 4,000 shares;
Mr. Devlin 9,000 shares;
Mr. Evans 4,000 shares;
Mr. Hachigian 438,332 shares;
Ms. Hill 7,000 shares; Mr. Postl 2,000; Mr. D. Smith 2,000 shares; Mr. G. Smith 6,000 shares; Mr. Wilson 5,000 shares;
Mr. Gawronski 27,833 shares;
Mr. Klebe 198,433 shares;
Mr. O Grady 15,499 shares;
Mr. Stoessl 33,717 shares;
Ms. Schumacher 197,666 shares;
and all directors and executive officers as a group 980,979 shares. None of the shares beneficially owned by the directors and executive officers have been pledged as security.

- (2) Includes shares the receipt of which has been deferred by the

directors under
the Directors
Stock Plan and
the Directors
Retainer Fee
Stock Plan, as
follows:

Mr. Butler 7,190
shares;
Mr. Devlin
4,693 shares;
Mr. Evans 9,868
shares; Ms. Hill
5,738 shares;
Mr. Postl 9,963
shares; Mr. D.
Smith 19,596
shares; Mr. G.
Smith 4,187
shares; and
Mr. Wilson
17,444 shares.

- (3) Includes shares
the receipt of
which has been
deferred pursuant
to the Stock
Incentive Plan
and the
Management
Annual Incentive
Plan, as follows:
Mr. Klebe
21,966 and
Ms. Schumacher
2,607.
- (4) Includes 10,500
shares held by
the Devlin
Foundation for
which
Mr. Devlin
serves as trustee.
- (5) Mr. Kingsley and
Dr. Thompson
are new
nominees to the
Board of

Directors.

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CORPORATE GOVERNANCE

Meetings of the Cooper Board and its Committees

Our Board of Directors held five meetings during 2006. All of the directors attended 75% or more of the meetings of the Board and the Committees of the Board on which they served. Also, Cooper's policy is to encourage all Board members to attend the Annual Meeting of Shareholders. Except for one director who was unable to attend, all of the directors attended the 2006 Annual Meeting of Shareholders. Mr. James R. Wilson, as Deputy Chairman and presiding non-management director, presides over the Board in the absence of the Chairman and in Board sessions held without management directors. The responsibilities of the presiding non-management director also include serving as a non-exclusive channel of communication between the Chairman/Chief Executive Officer and the non-management directors and, with input from other directors, collaborating with the Chairman/Chief Executive Officer on the preparation of Board agendas. Cooper's Corporate Governance Principles and the charters of the Audit Committee, Management Development and Compensation Committee and Committee on Nominations and Corporate Governance are available on Cooper's website at www.cooperindustries.com/common/governance or are available in print to any shareholder who requests it. Executive sessions of the non-management directors are held at every regularly scheduled meeting of the Board and at the regular meetings of the key Board Committees.

Director Independence

The Board has determined that all directors, nominees and committee members, except for Kirk S. Hachigian, have no direct or indirect material relationship with Cooper and are independent under the applicable listing standards of the New York Stock Exchange and the categorical standards that have been adopted by the Board to assist it in making determinations of independence. Specifically, the Board determined that Messrs. Devlin, Kingsley, Dan Smith and Thompson and Ms. Hill have no relationship with Cooper other than being a director, nominee and/or shareholder. Messrs. Butler, Evans, Postl, Gerald Smith and Wilson have immaterial relationships with Cooper. Messrs. Postl and Gerald Smith serve as an executive officer, director or trustee of charitable organizations to which Cooper made contributions in 2006. In the aggregate, the discretionary contributions made to the organizations on which Mr. Postl serves total approximately \$99,000 including approximately \$68,000 to the United Way. The discretionary contributions made to the organizations on which Mr. Gerald Smith serves total approximately \$57,500. Mr. Butler serves as a director of Ford Motor Company to which Cooper sold approximately \$343,000 of products in 2006. Also, Mr. Evans is a director of Textron Inc. and ArvinMeritor, Inc. and within the last three years Cooper has sold products to or purchased products from these companies. In the aggregate, the amount of purchases and sales involving these companies were approximately \$430,000 over the three-year period. Finally, Mr. Wilson is a director of Goodrich Corporation to which Cooper sold approximately \$59,000 of products in 2006. The Board determined that none of these relationships are material because they fall within the permissible amounts set forth in the categorical standards, which are available on Cooper's website at www.cooperindustries.com/common/governance/board.cfm. Mr. Hachigian is not an independent director due to his service as an executive officer of Cooper and not due to any other transactions or relationships.

Audit Committee

The Audit Committee, which consists of all independent directors, held eight meetings during 2006. The Board has determined that Mr. Stephen G. Butler qualifies as an audit committee financial expert under the federal securities laws. The Committee's principal responsibilities are to:

Confer with management and the independent auditors regarding financial reporting issues and practices.

Review SEC filings, including the annual financial statements and the annual report on Form 10-K.

Appoint, subject to shareholder approval, the independent auditors and review the auditors' independence, scope of annual audit and audit results.

Review the internal audit program and the corporate compliance program including compliance with Cooper's Code of Ethics and Business Conduct.

Review the accounting principles and policies of Cooper.

Executive Committee

The Executive Committee, which is authorized to act on behalf of the full Board between regular meetings of the Board, held no meetings in 2006.

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Management Development and Compensation Committee

The Management Development and Compensation Committee, which consists of all independent directors, held four meetings during 2006. The Committee's principal responsibilities are to:

Establish corporate compensation policies, including determining base salary and annual and long-term incentive awards for executive officers and other key employees.

Establish specific performance goals and objectives to be used to evaluate performance over a given period.

Evaluate the performance of executive officers and other key employees to determine whether performance goals and objectives have been attained and awards have been earned.

Determine stock option and long-term performance share grants to employees.

Review compliance with stock ownership guidelines for executive officers and other key employees.

Review succession planning and executive development.

Review pension plan asset management.

Committee on Nominations and Corporate Governance

The Committee on Nominations and Corporate Governance, which consists of all independent directors, held four meetings in 2006. The Committee's principal responsibilities are to:

Recommend nominees for election to the Board and Committee assignments.

Review and recommend action on shareholder proposals.

Review corporate governance principles and oversee the operation, governance and compensation of the Board.

Oversee the annual evaluation of the Board and its Committees.

Consider shareholder recommendations for nominees for election to the Board.

Shareholder Recommendations for Potential Director Nominees

Shareholders who submit recommendations for potential nominees for election to the Board must submit such recommendations in writing to Terrance V. Helz, Associate General Counsel and Secretary, Cooper Industries, Ltd., 600 Travis Street, Suite 5800, Houston, Texas 77002. The Committee on Nominations and Corporate Governance will evaluate any recommendations received from shareholders in the same manner that potential nominees suggested by Board members, management or other parties are evaluated.

Qualifications of and Selection Process for New Directors

The Board's current criteria for selecting new directors do not include specific minimum qualifications, but include criteria relating to a candidate's business experience and accomplishments, lack of conflicts of interest, ability to commit the time to serve effectively, personal characteristics, the Board's needs for a diversity of backgrounds and skills, and other pertinent considerations. The Committee on Nominations and Corporate Governance periodically reviews the appropriate skills, experience, perspectives and characteristics required of Board members or candidates in the context of the perceived needs of the Board at the time. The Committee generally uses a third-party search firm to assist in identifying potential Board candidates and/or in assessing and evaluating candidates. The Committee then identifies and recommends to the Board qualified candidates for nomination and the full Board makes a final determination. A third party search firm identified and assisted in evaluating Mr. Kingsley and Dr. Thompson who are new nominees to the Board of Directors for election at the 2007 Annual Meeting of Shareholders.

Methods for Communicating with Non-Management Directors

Anyone who has a concern about Cooper's conduct, including any concerns about Cooper's accounting, financial reporting, internal controls or auditing matters, and who wishes to make such concerns known to the non-management directors as a group may submit such concerns in writing at the following address: Board of Directors, c/o Senior Vice President and General Counsel, Cooper Industries, Ltd., 600 Travis, Suite 5800, Houston, Texas 77002-1001. All such concerns shall be promptly forwarded to the presiding non-management director and any concerns about accounting, financial reporting, internal controls and auditing matters also shall be promptly forwarded to the Chairman of the Audit Committee. Such concerns shall be simultaneously reviewed and addressed by the Senior Vice President and General Counsel, or his designee, in the same way that similar concerns are addressed by Cooper.

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Code of Ethics and Business Conduct

Cooper has adopted a Code of Ethics and Business Conduct that applies to its Chief Executive Officer, Chief Financial Officer, and Vice President Finance and Chief Accounting Officer. Cooper's Code of Ethics and Business Conduct also applies to its directors, officers and employees and is available on the Company's website at www.cooperindustries.com/common/governance or is available in print to any shareholder who requests it. Cooper intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K by posting on Cooper's website at the Internet address noted in the previous sentence any amendments to, or waivers from, a provision of its Code of Ethics and Business Conduct that applies to its directors or executive officers.

TRANSACTIONS WITH RELATED PERSONS

We recognize that related party transactions may present potential for actual conflicts of interests and may create the appearance that Company decisions are based on considerations other than the best interests of Cooper and its stockholders. The Board of Directors has adopted a written policy which provides that the Audit Committee shall review related party transactions involving executive officers, and the Committee on Nominations and Corporate Governance will review related party transactions involving directors or director nominees. The policy provides that any related party transaction may be entered into or continued only if the Board of Directors, acting through its Audit Committee or its Committee on Nominations and Corporate Governance, determines that the related party transaction in question is in, or is not inconsistent with, the best interests of Cooper and its stockholders. For purposes of this policy, a related party transaction is a transaction or an arrangement in which Cooper or one of its subsidiaries participates and the amount involved exceeds \$10,000, and in which any related party has a direct or indirect material interest. Related parties include executive officers, directors, director nominees, beneficial owners of more than 5% of Cooper's voting securities, immediate family members of any of the foregoing persons, and any firm, corporation or other entity in which any of the foregoing persons is employed and in which such person has 5% or greater beneficial ownership interest.

Item 404(a) of Securities and Exchange Commission Regulation S-K requires disclosure of various transactions with related persons since the beginning of the last fiscal year, or that are currently proposed, and in which the Company was or is to be a participant and any related person had or will have a direct or indirect material interest in the transaction. No transactions occurred in the last fiscal year or are currently proposed that require disclosure under this regulation.

**EXECUTIVE MANAGEMENT COMPENSATION
COMPENSATION COMMITTEE REPORT**

The Management Development and Compensation Committee is composed of four independent directors and acts under a written charter adopted by the Board of Directors. A primary purpose of the Management Development and Compensation Committee is to discharge the responsibilities of the Board of Directors relating to the compensation of the Company's executive management. The Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth below. Based on its review, the related discussions and such other matters deemed relevant and appropriate by the Committee, the Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Cooper's Proxy Statement relating to Cooper's 2007 Annual Meeting of Shareholders.

Dan F. Smith, Chairman
Robert M. Devlin

Ivor J. Evans
Linda A. Hill

Table of Contents**COMPENSATION DISCUSSION AND ANALYSIS****Oversight of Executive Compensation Program**

The Management Development and Compensation Committee (the Committee), composed entirely of independent directors, administers Cooper's executive compensation program. The role of the Committee includes establishing and overseeing compensation and benefit programs for our executive officers including the Chief Executive Officer (CEO), the other executive officers listed in the Summary Compensation Table (the Named Executives) and other key executives. The Committee also evaluates the performance of the CEO and reviews the performance of our other executive officers and key executives every year. Based upon these performance evaluations, the Committee establishes compensation for the CEO, other executive officers and key executives. The Committee reviews management performance, succession planning and executive development on a regular and ongoing basis with formal reviews conducted at least annually. Elements of our executive compensation program include: base salary; annual incentive bonus; long-term equity-based incentive awards; and employee benefits and executive perquisites.

In establishing and overseeing the program, the Committee's goal is to ensure that we can attract and retain superior management talent critical to our long-term success. To ensure that executive compensation is aligned with the performance of Cooper and the interests of its shareholders, a significant portion of compensation available to executives is linked directly with financial results and other factors that influence shareholder value.

Compensation Consultants

Our Human Resources Department supports the Committee in its work. In performing its duties relating to the development and administration of our executive compensation program, Human Resources management and the Committee also receive advice and counsel from Frederick W. Cook & Co., an executive compensation consulting firm. This advice and counsel relates to the competitive position, value and design of our short-term and long-term incentive compensation plans, performance goals and rewards available at various levels of performance. Frederick W. Cook & Co. provides such services to management and the Committee periodically throughout the year.

Under its charter, the Committee also may retain an executive compensation consultant to provide independent advice and counsel directly to the Committee. In early 2005, the Committee retained the services of Pearl Meyer & Partners for this purpose. In August 2005, Pearl Meyer conducted an independent evaluation of Cooper's executive compensation program and concluded that the program was reasonable and provided competitive compensation with appropriate performance-based incentives to achieve the Company's strategic objectives. In late 2005 and early 2006, Pearl Meyer also provided the Committee with advice on compensation issues related to the retirement of our former Chairman and CEO and the appointment of our current Chairman and CEO.

Compensation Philosophy and Objectives

The Committee's policy is to compensate and reward executive officers and other key executives based on the combination of some or all of the following factors, depending on the executive's responsibilities: corporate performance, business unit performance and individual performance. The Committee evaluates corporate performance and business unit performance by reviewing the extent to which Cooper has accomplished strategic business objectives, such as earnings and cash flow. The Committee evaluates individual performance by comparing actual accomplishments to the objectives established for the individual under Cooper's Management Development and Planning Program. The Committee determines increases in base salary and annual cash incentive awards based on actual accomplishments during the performance period and determines long-term incentive awards based on our sustained earnings per share performance compared to performance goals over a multi-year performance cycle.

The Committee believes that compensation to executive officers should be aligned closely with Cooper's performance on both a short-term and long-term basis. As a result, a major portion of compensation to each executive officer is at risk and tied directly to the attainment of financial performance goals. The executive compensation program is also designed to incentivize continuous improvements in financial performance by providing enhanced compensation as results improve and exceed budgeted levels. While a major portion of compensation to Cooper's executive officers is performance-based, the Committee also believes it prudent to provide competitive base salaries and benefits in order to attract and retain the management talent necessary to achieve our strategic long-term objectives.

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Based on these philosophies and objectives, the Committee believes that Cooper's executive compensation program should consist of the following elements:

Base salary,

Annual cash incentive opportunity,

Long-term equity-based incentive awards, and

Benefits and executive perquisites

Additional details on each element of Cooper's compensation program are outlined below.

Base Salaries

The base salary range and salary midpoint for each executive officer, including the CEO and other Named Executives, is established annually using the Hay Group Job Evaluation System. This salary range takes into account individual duties, responsibilities, scope of control and accountability for each position. The Committee also considers the competitiveness of the base salary and salary midpoint because the Committee believes salary is critical to Cooper's success to attract and retain top management talent. Under a policy adopted by the Committee, actual salaries for executive officers at Cooper are intended to approximate the average of the Hay Group Total Compensation Survey (the Hay Survey). In 2006, the Hay Survey included 350 industrial companies with revenues in excess of \$1 billion. The Committee believes that using this broad group of industrial companies to establish base salary levels is more appropriate than using a small group, such as the peer group used in the share performance graph in the Company's Annual Report, because it reduces the effect any one company may have on the average. The Committee verifies the data in the Hay Survey through use of a separate compensation survey compiled by Hewitt Associates. This survey, called the Total Compensation Measurement, includes 425 companies with median revenues of approximately \$5 billion. During 2006, the salary ranges and actual salaries for Cooper's executive officers approximated the Hay Survey average.

The Committee approves all increases in base salary for Cooper's executive officers in advance. The Committee reviews salaries of executive officers regularly and awards increases, as appropriate, generally at 12-15 month intervals. In determining the amount and timing of salary increases, the Committee considers individual performance, position in the salary range and competitive position. In February 2006, the Committee approved increasing Mr. Hachigian's base salary from \$800,000 to \$1,000,000 in recognition of his promotion to Chairman and CEO. Base salaries for all Named Executives for 2006 are shown in column (c) of the Summary Compensation Table.

Annual Incentive Compensation

Annual incentive compensation bonus awards are available to executive officers, including the CEO and other Named Executives, under the terms of the Management Annual Incentive Plan (the Bonus Plan). The Bonus Plan links incentive compensation opportunity to achievement of our short-term business objectives and shareholders' interests as a whole. The Bonus Plan was initially approved by shareholders in 1996. Most recently, in 2006, shareholders approved amendments to extend the term of the Plan until March 1, 2011 and to increase the maximum annual award that may be granted from \$2.5 million to \$3.0 million.

Under the Bonus Plan, the Committee must establish performance measures and goals within 90 days of the beginning of each year. Generally, annual performance goals are set at the Committee's February meeting. For the last several years, including fiscal year 2006, the Committee has adopted two separate performance measures for the purpose of determining bonuses. These measures are earnings per share and free cash flow. Earnings per share was selected because it is a generally accepted measure of a company's performance that can be compared to results in prior periods and at peer companies. Free cash flow is an indication of earnings quality as it measures the degree to which Cooper's net income translates to cash flow. For fiscal year 2006, 75% of the bonus opportunity for executive officers is based on earnings per share and the balance is based on free cash flow. For executives at operating divisions, a portion of their bonus opportunity is based on financial performance of the relevant business unit and the balance on the financial performance of Cooper on a Company-wide basis. The Committee believes that both earnings per share and free cash flow are highly regarded measures by financial analysts who monitor Cooper's performance so

linking bonus pay directly to these financial results aligns management interests with those of our stockholders.

When it selects performance measures, the Committee also establishes a threshold performance goal that must be achieved to earn any bonus under the Bonus Plan and establishes a goal which, if achieved, will earn a maximum bonus opportunity. At Cooper, maximum bonus opportunity for executive officers is a multiple of the executives salary midpoint. For fiscal year 2006, maximum bonus opportunities for the CEO and other Named Executives range from

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100% to 200% depending on their position. The Committee generally sets maximum bonus opportunity each November for the upcoming year based upon the salary midpoint, the competitive compensation review and the advice of our executive compensation consultants. To earn maximum bonus opportunity, financial results must exceed our operating plan by a significant amount.

In establishing the maximum performance goals under the Bonus Plan, the Committee's objective is to provide our executive officers with a strong financial incentive to achieve results well in excess of the annual operating budget and expectations. Because such results cannot be achieved each year, the Committee also establishes performance goals for results above threshold but below the maximum to provide increased compensation to executives at all levels of performance in order to incentivize the executives to achieve better than expected results.

The Committee has established four performance goals used for the determination of bonus opportunity under the Bonus Plan: threshold, good, target and maximum. No bonus is available if financial results do not achieve the threshold performance goal. For achieving threshold performance, executive officers can earn 25% of their maximum bonus opportunity. As performance improves, additional bonus opportunity is earned with 50% of the maximum bonus opportunity available for good performance and 75% of maximum bonus opportunity is earned at the target performance level. At Cooper, target performance generally requires earnings per share growth of 12-14% compared to the prior year and free cash flow equal to Cooper's income from continuing operations. For fiscal year 2006, the Committee approved performance goals for maximum bonus opportunity of earnings per share of \$4.88 and free cash flow of \$470 million. These performance goals represent an increase of 18% in earnings compared to reported earnings per share of \$4.12 for fiscal 2005 and free cash flow in excess of income from continuing operations. The Committee believes that achievement of such stretch performance goals on an annual basis will translate into significant shareholder value. Accordingly, under the Bonus Plan, the Committee has provided Cooper's executive officers with a significant financial incentive to achieve such results.

In order to ensure that bonuses available to executive officers at Cooper are reasonable, competitive and provide appropriate financial incentives at all performance levels, the Committee has established benchmarks allowing a comparison with compensation provided by other companies as reported in the Hay Survey. This data compares total cash compensation at Cooper (base salary plus annual incentive bonus) at various performance levels with compensation provided at competitive industrial companies. In November 2006, an analysis of Hay Survey data indicated that bonus opportunity provided under Cooper's Bonus Plan at various performance levels approximated the competitive benchmarks established by the Committee.

In February of each year, the Committee meets to review the Company's financial results for the previous year and determines the degree to which performance goals have been achieved prior to the payment of any bonus awards. Under the Bonus Plan, the Committee has discretion to adjust the method of calculating the attainment of performance goals in recognition of extraordinary or non-recurring items, changes in tax laws or accounting policies, charges related to restructured or discontinued operations, and other unusual or non-recurring items separately identified in financial statements.

Under the Bonus Plan, when the Committee determines the degree to which performance goals have been achieved, earned bonus opportunity for each executive officer can be calculated. The Committee then reviews the individual performance of each executive officer as compared to pre-established objectives for the year. Based upon this evaluation, the Committee then approves a bonus award to each executive officer. In determining actual awards to the CEO and other Named Executives under the Bonus Plan, the Committee has discretion to reduce the bonus, but may not increase the award above the individual's earned bonus opportunity based on the pre-established performance goals and Cooper's financial results. The Committee may pay awards earned in cash or Cooper Class A common shares or a combination of cash and shares. Subject to the Committee's approval, a participant in the Bonus Plan may request to have all or a portion of the bonus award paid in the form of Cooper common shares.

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In February 2007, the Committee reviewed results under the Bonus Plan for 2006 and determined earned bonus opportunity to be at the maximum performance level under the Bonus Plan. The Committee then awarded bonuses to the Named Executives under the Bonus Plan at an average of 85% of individual bonus opportunity. This determination was based on excellent earnings per share growth and strong cash flow performance. Earnings per share from continuing operations rose 25% to \$5.16 per share in 2006, compared with \$4.12 per share for 2005. Free cash flow of \$535 million exceeded income from continuing operations by more than 10%. The Committee credited management with achieving strong earnings growth through a combination of strategic growth initiatives including growth in international markets and strategic acquisitions, strong productivity and pricing execution that contributed to increased margins, and stringent cost controls despite challenges presented by highly competitive market conditions and increases in energy, commodity and raw material costs. The Committee also recognized the Company's strong cash flow performance accomplished through operating efficiencies and effective management of working capital.

The Committee also approved supplemental bonus awards outside the Bonus Plan for Messrs. Hachigian, Klebe and Stoessl for fiscal year 2006 to recognize their leadership roles in achieving record earnings and strong cash flow that significantly exceeded maximum performance levels under the Bonus Plan and to recognize their personal contributions to the achievement of other strategic initiatives. The bonus amounts earned by each of the Named Executives for fiscal year 2006 are shown in columns (d) and (g) of the Summary Compensation Table.

Long-Term Equity-Based Incentive Compensation

The Committee provides stock incentives to executive officers that are tied to Cooper's long-term performance in order to link the executive's interests to those of our shareholders and to encourage stock ownership by executives.

The Amended and Restated Stock Incentive Plan (Stock Plan), which was approved by our shareholders in April 2004, provides for the granting of stock options, performance-based share awards and restricted stock units to the Named Executives and other key managers. The Committee believes that the stock options, performance-based share awards and restricted stock units granted under the Stock Plan provide a significant link between the compensation of the Named Executives and other key executives on the one hand and Cooper's long-term goals and shareholders' interests on the other.

Since 2003, annual grants of equity-based incentive awards to our executive officers have principally consisted of stock options and performance share awards. Such awards are generally made by the Committee at its February meeting. Generally, our executive officers, including the CEO and other Named Executives, receive annual grants of equity awards with a competitive value consisting of approximately half stock options and half performance share awards. Details on these equity awards are outlined below. The annual value of such awards is determined by Frederick W. Cook & Co., Cooper's executive compensation consultant. Frederick W. Cook makes this determination after evaluation of competitive equity award values at similar industrial companies. While Frederick W. Cook advises Cooper on the value of competitive equity awards, actual awards to executives may be adjusted to reflect individual performance, prior equity awards and total compensation to the individual. Such adjustments may result in an increase or decrease in equity awards granted to an individual.

The independent compensation consultant retained by the Committee also reviews proposed equity awards from time to time. In August 2005, Pearl Meyer conducted an independent evaluation of Cooper's executive compensation program including the long-term equity-based incentive program. Pearl Meyer concluded that Cooper's long-term equity program was progressive, well-designed and fully aligned with Cooper's strategy and shareholders' interests. Pearl Meyer recommended that Cooper continue its practice of using a combination of stock options and performance shares in its equity program which rewards improved financial performance and appreciation in the price of Cooper stock.

Stock Options

As part of the executive compensation program, the Committee annually grants stock options to executive officers and other key management employees. Stock options are priced on the day of the Committee meeting at the fair market value of the stock as required by the Stock Plan. Prior to 2007, the Stock Plan defined "fair market value" as the average of the high and low sales price of a share of Cooper common stock on the grant date. In 2007, the Committee approved an amendment to the Stock Plan to determine the exercise price of stock options based on the closing price on the New York Stock Exchange on the date of the grant. This change, which will apply to stock option grants in

2007 and future years, was made solely for the purpose of conforming Cooper's practice under the Stock Plan with reporting requirements recently issued by the Securities and Exchange Commission.

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Cooper's practice for many years has been to grant stock options at the February Committee meeting, which is after the prior fiscal year's financial results are final and audited and have been released to the public. The Committee approves all stock option grants and the grants are made on the day the Committee meets (which is traditionally the second Tuesday of February). The Board and the Committee meeting dates are set at least two years in advance. At times when Cooper planned to release non-public material information, the Committee has deferred granting stock options until after its February meeting pending the public release of such information. Stock options are granted at other times during the year only in conjunction with the hiring or promotion of employees and then only as approved by the Committee and pursuant to the terms of the Stock Plan.

Stock options granted under the Stock Plan vest ratably on the first, second and third anniversaries of the grant date so the options are fully exercisable after three years. Stock options granted in 2006 are available for exercise for seven years from the grant date. Since stock options are issued at fair market value, they will only have value if the market price of Cooper common stock increases after the grant date. Outstanding options are forfeited when active service ends except in the event of death, disability or retirement.

The number of shares of stock underlying options granted to each of the Named Executives in 2006 is shown in column (j) of the Grant of Plan-Based Awards Table. The number of shares, option exercise prices, and expiration dates relating to all outstanding stock options that are held by each of the Named Executives as of December 31, 2006, are shown in columns (b) through (f) of the Outstanding Equity Awards at Fiscal Year-End Table. Information relating to options exercised during the year for each Named Executive is shown in columns (b) and (c) of the Option Exercises and Stock Vested Table.

Performance-based Share Awards

Annually since 2003, the Committee has granted performance-based share awards to Cooper's executive officers and other key executives. Through these awards, executives can earn shares of Cooper common stock based on achievement of performance goals set by the Committee. In establishing performance goals and awarding performance shares the Committee's objective is to provide executive officers with a financial incentive to improve financial results on a long-term, continuous basis and to align management interests with those of shareholders. Performance goals are based upon average annual earnings per share growth over a three-year performance period beginning in the year of the grant and concluding three years later. The Committee has determined that average annual earnings per share growth over the three-year performance period of at least 4% is required before any award is earned and at least 16% is required for a payout at the maximum level. These performance goals apply to the performance period beginning on January 1, 2004 and ending on December 31, 2006 and to the performance periods for fiscal years 2005-2007 and 2006-2008.

Under the Stock Plan, the Committee cannot award performance-based shares unless the performance goals are achieved. The Committee does have discretion to make adjustments in calculating attainment of performance goals in recognition of extraordinary or non-recurring items, including charges related to restructured or discontinued operations, changes in accounting policies or tax laws, and other unusual or other non-recurring items separately identified in Cooper's financial statements. Discretionary adjustments by the Committee must be consistent with Section 162(m) of the Internal Revenue Code such that all stock awards are considered performance-based compensation.

In February 2007, the Committee determined that Cooper had achieved annual earnings per share growth over the three-year period beginning on January 1, 2004 and ending on December 31, 2006 of 22% thereby fulfilling the performance goals established by the Committee in February 2004 for an award at the maximum level. Based on the satisfaction of the performance goals, the Named Executives earned the following performance shares for the 2004-2006 performance period: K.S. Hachigian 30,800 shares; T.A. Klebe 18,700 shares; M.A. Stoessl 8,800 shares; G.L. Gawronski 4,620 shares and D.K. Schumacher 15,400 shares. In addition to the performance shares, participants in the 2004-2006 performance period received a payment of \$4.36 for each performance share earned, which represents dividend equivalents on the earned shares over the three-year performance period.

Table of Contents*Restricted Stock Units*

Although stock options and performance-based share awards are currently the principal means of providing long-term equity-based compensation to our executives and key management employees, from time to time, the Committee also grants restricted stock units to executive officers and other key management employees. Vesting of restricted stock units is time-based. The vesting period varies depending on the award, but generally ranges from three to five years in order to fully vest in restricted stock unit awards. Generally, we grant restricted stock units to ensure we retain certain key management employees and for the purpose of attracting new executives, including replacing equity compensation forfeited by new executives upon resignation from their prior employer. Depending on the specific award, dividend equivalents are payable on restricted stock units either on the dividend payment date or upon the date when the restrictions lapse. Dividend equivalents are calculated based on the same dividend rate that applies to our outstanding common shares.

Benefits and Executive Perquisites

The Committee believes that attracting and retaining superior management talent requires an executive compensation program that is competitive in all respects with the programs provided at similar companies. In addition to salaries, incentive bonus and stock awards, competitive executive compensation programs include retirement and welfare benefits and reasonable executive perquisites. At Cooper, executive officers participate in the same retirement and welfare benefit plans as all salaried employees. We also provide certain perquisites to executive officers, subject to an annual allowance approved by the Committee. The Committee reviews actual spending on executive perquisites annually. Cooper's executive compensation consultant, Frederick W. Cook & Co., has reviewed our benefit and executive perquisite program and determined it to be reasonable and competitive overall.

Retirement Benefits

Prior to January 1, 2007, executive officers residing in the United States participated in several retirement plans sponsored by Cooper including: the Cooper Salaried Employees Retirement Plan (Cooper Pension Plan); the Cooper Industries Supplemental Excess Defined Benefit Plan (Supplemental Pension Plan); the Cooper Retirement Savings and Stock Ownership Plan (Cooper Savings Plan) and the Cooper Industries Supplemental Excess Defined Contribution Plan (Supplemental Savings Plan). Executive officers participate in these retirement plans on the same basis and under the same terms and conditions as other salaried employees who reside in the United States and are assigned to Cooper's United States business units.

Under the Cooper Pension Plan, Cooper credits the individual's plan account with four percent of each year's total compensation up to the Social Security wage base for the year, plus eight percent of each year's total compensation that exceeds the Social Security wage base. For this purpose, total compensation is cash remuneration paid by Cooper to or for the benefit of a participant of the Cooper Pension Plan for services rendered while an employee. For the Named Executives, the total compensation is shown in columns (c) and (g) of the Summary Compensation Table. However, neither performance-based share awards nor deferred compensation is included in total compensation for purposes of the Cooper Pension Plan. The participant receives interest credits on all amounts credited to their account until the participant begins to receive benefit payments. The Cooper Pension Plan interest credit rate was 4.5% for 2006 and is 5.25% for 2007. Benefits under the Cooper Pension Plan are one-third vested after three years, two-thirds vested after four years and fully vested after five years of service. The participant may elect to receive benefits at retirement at age 55 or thereafter in the form of an escalating annuity, a level annuity with or without survivorship benefits or a lump-sum payment.

The Supplemental Pension Plan is an unfunded, nonqualified plan that provides to certain employees, including the Named Executives, Cooper Pension Plan benefits that cannot be paid from a qualified, defined benefit plan because of Internal Revenue Code restrictions. The Supplemental Pension Plan also provides benefits equal to what would have been paid under the Cooper Pension Plan on amounts of deferred compensation had those amounts not been deferred. The amounts credited to a participant's account in the Supplemental Pension Plan receive interest credits at the same rate as under the Cooper Pension Plan. Vesting of plan benefits, eligibility for retirement and other benefit payment options with the Supplemental Pension Plan are the same as under the Cooper Pension Plan.

Under the Cooper Savings Plan, which is a qualified 401(k) Savings Plan, participants may elect to contribute up to 100% of each year's compensation on a pre-tax basis to a plan account and direct those funds to be invested in up to

seven funds. On employee contributions of up to 6% of each year's total compensation, Cooper makes a matching contribution of 100% of the first 3% of the employee contribution and 50% of the next 3% the employee contributes. Company matching contributions are made in common shares of Cooper stock. Contributions to the Cooper Savings Plan are subject to annual limits established under the Internal Revenue Code. In 2006, an individual employee's

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contributions to the Cooper Savings Plan were limited to \$15,000 (or \$20,000 if the participant was at least 50 years old). Employee and Company matching contributions are fully vested immediately. Participants may receive distribution of their Cooper Savings Plan accounts any time after they cease service with the Company.

The Supplemental Savings Plan is an unfunded, non-qualified plan that provides certain employees, including the Named Executives, Cooper Savings Plan benefits that cannot be provided through a qualified 401(k) Savings Plan because of Internal Revenue Code restrictions and limitations. Participants in the Supplemental Savings Plan must make contributions to the Cooper Savings Plan until reaching annual contribution limits established under the Internal Revenue Code. Subsequent contributions by the participant and the related company matching contribution in the calendar year are then credited to the individual's account in the Supplemental Savings Plan. Employee and company matching contributions to the Supplemental Savings Plan are fully vested immediately. Participants receive interest credits on all amounts credited to their account based on the average prime rate. Amounts credited to their account are distributed either as a lump sum payment or in installments based on deferral elections made by the executive under Section 409A of the Internal Revenue Code.

In July 2006, the Company announced significant changes to its retirement benefits program effective January 1, 2007. These changes impacted all members of Cooper's salaried workforce in the United States including the Named Executives. The retirement modifications involve cessation of accruals or a freeze of benefits under three of Cooper's four retirement plans, i.e. the Cooper Pension Plan, the Supplemental Pension Plan and the Supplemental Savings Plan. To offset this benefit reduction, Cooper increased its matching contribution to the Cooper Savings Plan to 100% of the first 6% contributed by an employee and added a basic 3% company contribution to all participant accounts. The basic 3% company contribution is 25% vested after two years, 50% vested after three years, 75% vested after four years and fully vested after five years. For individuals with annual compensation below a certain level, modifications to the Cooper Savings Plan caused their net retirement benefits to increase. For other employees, who would realize a decrease in their net retirement benefits as a result of the modifications to the retirement plans, Cooper provided a special salary increase or buy-out to offset the decrease in Cooper's contribution to the retirement program caused by the freeze in the three plans effective December 31, 2006.

The decision to freeze the Cooper Pension Plan, the Supplemental Pension Plan and the Supplemental Savings Plan also adversely impacted Cooper's executive officers including the Named Executives. A portion of this adverse impact was offset by improvements in company matching contributions to the Cooper Savings Plan as described above. To offset the remainder of the benefit reduction, rather than provide a special salary increase, the Committee created a new Supplemental Executive Retirement Plan (SERP) under which the individual's account is credited with a designated contribution percentage of their total compensation for the prior year. The Committee approves the SERP contribution percentage for all executive officers annually. For 2007, the contribution percentage is determined based on the amount that retirement benefits to these executives was reduced as a result of the freeze of prior benefit plans.

Benefits under the SERP are subject to a five-year vesting requirement. Participants may elect to commence benefit payment at retirement at age 55 or thereafter, with those benefits paid in accordance with an election made by the participant in accordance with Section 409A of the Internal Revenue Code.

Due to the cessation of accruals under the Cooper Pension Plan, the Supplemental Pension Plan and the Supplemental Savings Plan, participants will not receive any additional benefit credits under these plans effective January 1, 2007. Individual plan accounts will continue to receive interest credits in accordance with prior practice until the participant elects to commence benefits in accordance with plan terms and conditions.

Effective January 1, 2007, the Company introduced a new Salary Deferral Plan. Executive officers, including the Named Executives, are eligible to participate in the Salary Deferral Plan, which permits the participant to defer up to 50% of their base salary. Cooper does not match employee deferrals and the employee's total annual compensation is reduced by the amount of other contributions to the Salary Deferral Plan for the purpose of determining compensation under the Cooper Savings Plan. Salary deferrals under the Plan are credited with interest at the average prime rate.

Welfare Benefits

All executive officers, including the Named Executives, are eligible for welfare benefits from Cooper including: medical, dental, life insurance, short-term disability, and long-term disability. Executives participate in these plans on the same basis and subject to the same costs, terms and conditions as other salaried employees at their assigned

location.

Table of Contents*Perquisites*

Cooper provides a taxable allowance for senior management for financial counseling services, which may include tax preparation and estate planning services. The amount of the taxable allowance is up to \$25,000 for the Chairman and CEO and up to \$10,000 for other senior management including the other Named Executives. Executives also receive gross-up payments equal to the taxes payable on the services covered by the allowance. For certain executives, including the Named Executives, Cooper pays the initiation fee for a club membership as a perquisite. In addition, the Chairman and CEO (and other senior executives upon approval of the Chairman and CEO) may use the Company plane for personal purposes.

Stock Ownership Guidelines and Retention Requirements

All executive officers are subject to Stock Ownership Guidelines and Retention Requirements under which they must acquire Cooper common stock valued at a multiple of their base salary as follows:

Position	Salary Multiple
CEO	5.0x
Senior or Executive Vice	
Presidents	3.5x
Other Officers and Division	
Presidents	2.0x

Executives subject to the Stock Ownership Guidelines have five years from appointment to their executive position to comply and are expected to make regular progress towards that goal. To ensure this occurs, executive officers are also subject to Stock Retention Requirements and must retain a portion of stock acquired as a result of an equity grant from Cooper for a prescribed length of time. Executives not yet in full compliance with Stock Ownership Guidelines must retain 75% of net shares (shares remaining after acquisition costs and payment of taxes) until they own sufficient shares to meet the Ownership Guidelines. Other executives are required to retain 25% of net shares for at least one year after acquisition. The Committee believes that these Stock Ownership Guidelines and Retention Requirements are an important component of the equity-based incentive compensation program since it ensures that executive officers have a significant and ongoing financial stake in Cooper's long-term performance. Cooper's insider trading policies provide that all executives who are subject to the Stock Ownership Guidelines and Retention Requirements are prohibited from engaging in a short sale of Cooper stock to hedge the economic risk of owning Cooper stock and are directed to refrain from dealing in puts, calls, and similar derivatives on Cooper stock because of the appearance of speculating in Cooper's stock. At its February 2007 meeting, the Committee reviewed the status of covered executives relative to compliance with the Stock Ownership Guidelines and Retention Requirements and determined that all the Named Executives are currently in compliance or are making satisfactory progress within the five-year period to achieve compliance.

Tax Implications of Executive Compensation

Section 162(m) of the Internal Revenue Code imposes a limit, with certain exceptions, on the amount that a publicly held corporation may deduct in any year for the compensation paid to its five most highly compensated officers. The Committee believes that the annual incentive bonuses paid pursuant to the Bonus Plan and the awards and options granted pursuant to the Stock Plan will qualify as performance-based compensation and will meet the requirements of the current tax law and Internal Revenue Service regulations so as to preserve the tax deductibility of the executive compensation paid pursuant to such plans. However, we may from time to time pay compensation to our senior executives that may not be deductible, including discretionary bonuses or other types of compensation outside our plans.

Although the Committee generally attempts to structure executive compensation to preserve tax deductibility, the Committee also believes that there are circumstances where, in the judgment of the Committee and consistent with the overall compensation objectives and philosophy discussed above, the interests of Cooper and its shareholders are best served by maintaining flexibility in the way compensation is provided even though the compensation may not be fully deductible.

Table of Contents**SUMMARY COMPENSATION**

The following table presents information relating to the compensation earned by the CEO and other Named Executives for services rendered to Cooper for the fiscal year ended December 31, 2006.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus⁽²⁾ (\$)	Stock Awards⁽¹⁾ (\$)	Option Awards⁽¹⁾ (\$)	Non-Equity Incentive Plan Compensation⁽²⁾ (\$)	Change in Pension Value and Non-qualified Deferred Compensation⁽³⁾ (\$)	All Other Compensation⁽¹⁰⁾ (\$)	Total⁽¹¹⁾ (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(i)
Hachigian, K.S. Chairman, President and Chief Executive Officer	2006	\$975,000	\$315,800	\$4,518,222	\$1,465,631	\$2,184,200	\$156,099	\$393,785 ⁽⁴⁾	\$10,008,737
Klebe, T.A. Senior Vice President and Chief Financial Officer	2006	491,500	204,000	1,246,480	478,801	596,000	69,699	126,178 ⁽⁵⁾	3,212,658
Stoessl, M.A. Group President, Cooper Power Systems	2006	368,333	30,000	742,836	233,452	370,000	29,995	106,481 ⁽⁶⁾	1,881,097
O Grady, C.T. Senior Vice President, Business Development	2006	307,500		820,388	240,188	320,000	35,309	59,633 ⁽⁷⁾	1,783,018
Gawronski, G.L. Vice President, International Operations	2006	306,667		481,494	151,233	320,000	24,573	90,706 ⁽⁸⁾	1,374,673
Schumacher, D.K.	2006	430,000		673,396	272,465		29,788	111,524 ⁽⁹⁾	1,517,173

Special Counsel
and Chief
Compliance
Officer

- (1) The amounts shown in columns (e) and (f) above is the compensation expense related to the stock and option awards included in Cooper's financial statements for fiscal year 2006 per FAS 123(R), adjusted to reflect actual rather than estimated forfeitures for awards with service-based vesting conditions. See Cooper's Annual Report for the year ended December 31, 2006 for a description of the FAS 123(R) valuations. The awards consist of stock options, performance shares and restricted stock units granted to the Named Executives under the Amended and Restated Stock Incentive Plan. In 2006, Ms. Schumacher forfeited 4,533

performance share awards based on achievement of the maximum performance level for the performance period beginning January 1, 2005 and ending December 31, 2007. The compensation expense for the stock and option awards differs from the 2006 grant date fair values for these awards as shown in the Grant of Plan-Based Awards table because the compensation expense for the stock and option awards is recognized over the requisite service or vesting periods and includes the values for awards granted in fiscal 2006 and prior fiscal years.

- (2) The amounts shown in column (g) represent annual incentive bonuses earned by the Named Executives under the Management Annual Incentive Plan or Bonus Plan for fiscal year 2006. The

amounts shown
in column
(d) represent
supplemental
bonuses paid
outside the
Bonus Plan. See
Compensation
Discussion and
Analysis Annual
Incentive
Compensation
for further
details.

- (3) The amounts
shown in column
(h) represent the
aggregate change
during 2006 in
the actuarial
present value of
the Named
Executive s
accumulated
benefit under the
Salaried
Employees
Retirement Plan
and
Supplemental
Excess Defined
Benefit Plan, as
follows: K.S.
Hachigian
\$9,154 and
\$146,945; T.A.
Klebe \$11,803
and \$57,896;
M.A. Stoessl
\$8,119 and
\$21,876; C.T.
O Grady \$13,889
and \$21,420;
G.L. Gawronski
\$8,702 and
\$15,871; and
D.K.
Schumacher
\$16,660 and
\$13,128.

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- (4) Amount shown for Mr. Hachigian includes (i) \$144,828 for dividend equivalents paid on restricted stock units and earned performance shares; (ii) Company contributions of \$9,750 to the Cooper Industries Retirement Savings and Stock Ownership Plan (Cooper Savings Plan) and \$129,375 to the Cooper Industries Supplemental Excess Defined Contribution Plan (Supplemental Savings Plan); (iii) \$100,259 for personal use of Cooper s aircraft; and (iv) \$6,084 for financial counseling and tax preparation services and \$3,489 for tax gross-up payments.
- (5) Amount shown for Mr. Klebe includes (i) \$68,300 for dividend equivalents paid

on restricted stock units and earned performance shares; and (ii) Company contributions of \$6,882 to the Cooper Savings Plan and \$50,996 to the Supplemental Savings Plan.

(6) Amount shown for Mr. Stoessl includes (i) \$63,150 for dividend equivalents paid on restricted stock units and earned performance shares; (ii) Company contributions of \$7,906 to the Cooper Savings Plan and \$30,319 to the Supplemental Savings Plan; and (iii) \$2,900 for financial counseling and tax preparation services and \$2,206 for tax gross-up payments.

(7) Amount shown for Mr. O Grady includes (i) \$15,540 for dividend equivalents paid on restricted stock units; (ii) Company

contributions of \$8,438 to the Cooper Savings Plan and \$23,400 to the Supplemental Savings Plan, (iii) \$4,719 for personal use of Cooper's aircraft; and (iv) \$4,740 for financial counseling and tax preparation services, \$731 for relocation payments and \$2,065 for tax gross-up payments.

- (8) Amount shown for Mr. Gawronski includes (i) \$29,355 for dividend equivalents paid on restricted stock units and earned performance shares; (ii) Company contributions of \$8,719 to the Cooper Savings Plan and \$24,713 to the Supplemental Savings Plan; (iii) \$6,001 for spouse travel; (iv) \$7,600 expatriate allowance for overseas assignment; and (v) \$8,000 for financial counseling and

tax preparation services and \$6,318 for tax gross-up payments.

- (9) Amount shown for Ms. Schumacher includes (i) \$90,128 for dividend equivalents paid on restricted stock units and earned performance shares; (ii) Company contributions of \$4,531 to the Cooper Savings Plan and \$14,513 to the Supplemental Savings Plan; and (iii) \$1,495 for financial counseling and tax preparation services and \$857 for tax gross-up payments.
- (10) Perquisites and other personal benefits included in column (i) are valued on the basis of the aggregate incremental cost to Cooper. For financial counseling, tax preparation services and other items covered by the annual perquisite

allowance provided to Named Executives, the value represents the actual cost of such services or items charged by a third party. For personal use of Cooper's aircraft, the value takes into account incremental operating costs including fuel, landing fees, crew travel expenses and catering.

- (11) The amount of salary and bonus in proportion to total compensation is designed to maintain an executive compensation program that is competitive with other industrial companies and to align the compensation of executive officers with Cooper's performance on both a short-term and long-term basis and with the interests of our shareholders. See Compensation Discussion and Analysis for further details.

Table of Contents**GRANT OF PLAN-BASED AWARDS**

The following table includes information regarding stock option grants made to the Named Executives in the last fiscal year including the number of shares subject to the stock options, the exercise price and the grant date fair value of the stock options. The table also includes information regarding potential future payouts under Cooper's non-equity and equity incentive plans.

GRANT OF PLAN-BASED AWARDS TABLE

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards ⁽²⁾			All Other Stock Awards	All Other Option Awards	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards ⁽⁵⁾
		Thresh- old (\$)	Target ⁽³⁾ (\$)	Maxi- mum (\$)	Thresh- old (#)	Target ⁽³⁾ (#)	Maximum (#)	Units of Stock or Securities Underlying Option	Number of	(\$/Sh) ⁽⁴⁾	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Hachigian, K.S.	2/13/06	\$ 546,100	\$ 1,638,200	\$ 2,184,200							N/A
	2/13/06				17,000	57,000	76,000				\$ 6,260,500
	2/13/06							0	140,000	\$ 82.38	\$ 2,225,748
Klebe, T.A.	2/13/06	\$ 149,000	\$ 447,000	\$ 596,000							N/A
	2/13/06				4,350	13,040	17,380				\$ 1,431,678
	2/13/06							0	30,400	\$ 82.38	\$ 483,305
Stoessl, M.A.	2/13/06	\$ 92,500	\$ 277,500	\$ 370,000							N/A
	2/13/06				1,900	5,700	8,000				\$ 659,000
	2/13/06							0	14,000	\$ 82.38	\$ 222,575
O Grady, C.T.	2/13/06	\$ 87,700	\$ 263,000	\$ 350,700							N/A
	2/13/06				3,000	8,000	10,000				\$ 823,750
	2/13/06							0	19,000	\$ 82.38	\$ 302,066