

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

	December 31,	
	2001	2000
	(in millions)	
Components of deferred tax assets and liabilities		
Deferred tax assets		
Postretirement and other employee welfare benefits	\$ 66.4	\$ 80.1
Accrued liabilities	153.1	134.0
Minimum pension liability	2.2	1.8
Capital loss carryforward ⁽¹⁾	54.9	59.1
Other	58.5	55.1
Total deferred tax assets	335.1	330.1
Valuation allowance ⁽¹⁾	(47.0)	(47.0)
Deferred tax liabilities		
Property, plant and equipment and intangibles	(126.9)	(107.0)
Inventories	(24.9)	(18.9)
Employee stock ownership plan	(24.3)	(21.8)
Pension plans	(32.4)	(34.2)
Other	(0.1)	(22.3)
Total deferred tax liabilities	(208.6)	(204.2)
Net deferred tax asset	\$ 79.5	\$ 78.9

⁽¹⁾ Cooper incurred a capital loss on the sale of the Automotive Products segment. Cooper limited the amount of tax benefits recognized based on an evaluation of the amount of capital loss carryforward that is expected to be realized. The capital loss carryforward is available to offset capital gains through 2003.

The U.S. Federal portion of the above provision includes U.S. tax expected to be payable on the foreign portion of Cooper's income before income taxes when such earnings are remitted. Cooper's liabilities at December 31, 2001 and 2000 include the additional U.S. tax estimated to be payable on substantially all unremitted earnings of foreign subsidiaries.

NOTE 13: PENSION AND OTHER POSTRETIREMENT BENEFITS

Cooper and its subsidiaries have numerous defined benefit pension plans and other postretirement benefit plans. The benefits provided under Cooper's various postretirement benefit plans other than pensions, all of which are unfunded, include retiree medical care, dental care, prescriptions and life insurance, with medical care accounting for approximately 90% of the total. Current employees, unless grandfathered under plans assumed in acquisitions, are not provided postretirement benefits other than pensions. The vast majority of the annual other postretirement benefit expense is related to employees who are already retired.