

information provided by representatives of Federal-Mogul and recent claims experience, from August 28, 1998 through December 31, 2002, a total of 103,133 Abex Claims were filed, of which 31,991 claims have been resolved leaving 71,142 Abex Claims pending at December 31, 2002, that are the responsibility of Federal-Mogul. During the year ended December 31, 2002, 21,791 claims were filed and 14,901 claims were resolved. In addition, during the third quarter of 2002, the Company completed the transition of case administration to a new national counsel and record keeping system, as well as an audit of information received from Federal-Mogul. As a result of the audit, the number of claims received was adjusted by 6,190 and the number of claims resolved was adjusted by 116 to reflect claims and settlements that should have been included in Federal-Mogul's pre-October 2001 records. Since August 28, 1998, the average indemnity payment for resolved Abex Claims was \$1,137 before insurance. A total of \$38.4 million was spent on defense costs for the period August 28, 1998 through December 31, 2002. Historically, existing insurance coverage has provided 50% to 80% of the total defense and indemnity payments for Abex Claims.

With the assistance of independent advisors, Bates White & Ballentine, LLC, Cooper completed a thorough analysis of its potential exposure for asbestos liabilities in

the event Federal-Mogul rejects the 1998 Agreement. The analysis included a review of the twenty-year history of Abex Claims; the average indemnity payments for resolved claims; the jurisdictions in which claims had been filed; Bates White & Ballentine, LLC data on the incidence of asbestos exposure and diseases in various industries; existing insurance coverage including the insurance recovered by Pneumo and Federal-Mogul for pre-bankruptcy claims and the contractual indemnities. Assumptions were made regarding future claim filings and indemnity payments, and, based on the advisor's data, the expected population of persons exposed to asbestos in particular industries. All of this data was used to determine a reasonable expectation of future claims, indemnity payments and insurance coverage. At this time, the manner in which this issue ultimately will be resolved is not known. Cooper is preserving its rights as a creditor for breach of Federal-Mogul's indemnification to Cooper and its rights against all Federal-Mogul subsidiaries. Cooper intends to take all actions to seek a resolution of the indemnification issues and future handling of the Abex-related claims within the Federal-Mogul bankruptcy proceedings. At December 31, 2002, the accrual for potential liabilities related to the Automotive Products sale and the Federal-Mogul bankruptcy was \$84.3 million.

Asbestos Discussion from SEC filings:

From the Company's Form 10-Q for the quarter ended March 31, 2002 at

<http://www.sec.gov/Archives/edgar/data/24454/000095012902002447/h96638e10-q.txt>

Filed On: May 13, 2002

In October 1998, Cooper sold its Automotive Products business to Federal-Mogul Corporation ("Federal-Mogul"). These discontinued businesses (including the Abex product line obtained from Pneumo-

Abex Corporation ("Pneumo") in 1994) were operated through subsidiary companies, and the stock of those subsidiaries was sold to Federal-Mogul pursuant to a Purchase