and Sale Agreement dated August 17, 1998 ("1998 Agreement"). In conjunction with the sale, Federal-Mogul indemnified Cooper for certain liabilities of these subsidiary companies, including liabilities related to the Abex product line and any potential liability that Cooper may have to Pneumo pursuant to a 1994 Mutual Guaranty Agreement between Cooper and Pneumo. On October 1, 2001, Federal-Mogul and several of its affiliates filed a Chapter 11 bankruptcy petition and indicated that Federal-Mogul may not honor the indemnification obligations to Cooper. As of the date of this filing, Federal-Mogul had not yet made a decision whether to reject the 1998 Agreement, which includes the indemnification to Cooper. If Federal-Mogul rejects the 1998 Agreement, Cooper will be relieved of its future obligations under the 1998 Agreement, including specific indemnities relating to payment of taxes and certain obligations regarding insurance for its former Automotive Products businesses. To the extent Cooper is obligated to Pneumo for any asbestos-related claims arising from the Abex product line ("Abex Claims"), Cooper has rights, confirmed by Pneumo, to significant insurance for such claims. Based on information provided by representatives of Federal-Mogul and recent claims experience, from August 28, 1998 through March 31, 2002, a total of 79,329 Abex Claims were filed, of which 17,239 claims have been resolved leaving 62,090 Abex Claims pending at March 31, 2002, that are the responsibility of Federal-Mogul. During the three months ended March 31, 2002, 4,177 claims were filed and 265 claims were resolved. Since August 28, 1998, the average indemnity payment for resolved Abex Claims was $965 before insurance. A total of $27.5 million was spent on defense costs for the period August 28, 1998 through March 31, 2002. Historically, existing insurance coverage has provided 50% to 80% of the total defense and indemnity payments for Abex Claims. 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 Abex Claims history, existing insurance coverage, the contractual indemnities and other facts determined to date. 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 March 31, 2002, Cooper had a 100 million accrual for potential liabilities related to the Federal-Mogul bankruptcy.

Asbestos Discussion from SEC filings:
From the Company's Form 10-Q for the quarter ended September 30, 2001 at
http://www.sec.gov/Archives/edgar/data/24454/000095012901504062/h92289e10-q.txt
Filed On: November 14, 2001

In October 1998, Cooper sold its Automotive Products businesses 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