

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

NOTE 6: PROPERTY, PLANT AND EQUIPMENT AND GOODWILL

	December 31,	
	2001	2000
	(in millions)	
Property, plant and equipment		
Land and land improvements	\$ 53 0	\$ 51 5
Buildings	428 1	408 9
Machinery and equipment	812 7	816 0
Tooling, dies and patterns	213 6	191 1
All other	289 2	290 2
Construction in progress	99 2	124 6
	1,895 8	1,882 3
Accumulated depreciation	(1,069 0)	(1,011 9)
	<u>\$ 826 8</u>	<u>\$ 870 4</u>
Goodwill	\$ 2,477 7	\$ 2,473 7
Accumulated amortization	(519 0)	(460 2)
	<u>\$ 1,958 7</u>	<u>\$ 2,013 5</u>

NOTE 7: ACCRUED LIABILITIES

	December 31,	
	2001	2000
	(in millions)	
Salaries, wages and employee benefit plans	\$ 199 7	\$ 207 9
Commissions and customer incentives	68 6	39 1
Product and environmental liability accruals	35 7	40 9
Facility integration of acquired businesses	39 3	37 5
Other (individual items less than 5% of total current liabilities)	167 6	160 9
	<u>\$ 510 9</u>	<u>\$ 486 3</u>

At December 31, 2001, Cooper had accruals of \$13 0 million with respect to potential product liability claims and \$46 3 million with respect to potential environmental liabilities, including \$23 6 million classified as a long-term liability, based on Cooper's current estimate of the most likely amount of losses that it believes will be incurred.

The product liability accrual consists of \$3 2 million of known claims with respect to ongoing operations, \$4 9 million of known claims for previously divested operations and \$4 9 million which represents an estimate of claims that have been incurred but not yet reported. While Cooper is generally self-insured with respect to product liability claims, Cooper has insurance coverage for individual 2001 claims above \$3 0 million.

Environmental remediation costs are accrued based on estimates of known environmental remediation exposures. Such accruals are adjusted as information develops or circumstances change. The environmental liability accrual includes \$7 1 million related to sites owned by Cooper and \$39 2 million for retained environmental liabilities.