COMMON STOCK BASED COMPENSATION Cooper follows the intrinsic value method of accounting for stock based compensation plans as prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees

IMPACT OF NEW ACCOUNTING STANDARDS In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No 141, Business Combinations ("SFAS No 141") and No 142, Goodwill and Other Intangible Assets ("SFAS No 142") SFAS 141 requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001. The adoption of this statement had no impact on Cooper's

consolidated results of operations and financial position SFAS No 142 is effective for fiscal years beginning after December 15, 2001 Cooper will adopt the statement effective January 1, 2002 Under SFAS No 142, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests Other intangible assets will continue to be amortized over their useful lives In 2002, Cooper will perform the first step of the required two-step impairment tests of goodwill and indefinite-lived intangible assets as of January 1, 2002 and has not yet determined what the effect of these tests will be on its consolidated results of operations and financial position

In October 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No 144, Accounting for the Impairment or Disposal of Long-Lived Assets The statement is effective for fiscal years beginning after December 15, 2001 Cooper will adopt this statement effective January 1, 2002 This statement establishes a single accounting model for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. Additionally, the statement expands the definition of a discontinued operation from a segment of business to a component of an entity that has been disposed of or is classified as held for sale and can be clearly distinguished, operationally and for reporting purposes, from the rest of the entity The results of operations of a component classified as held for sale shall be reported in discontinued operations in the period incurred Adoption of this statement will not have a significant effect on Cooper's consolidated results of operations and financial position

NOTE 2: NONRECURRING CHARGES

During the fourth quarter of 2001, Cooper committed to the consolidation or closure of certain Electrical Products segment facilities and recorded a provision for severance and other related costs of these announced actions of $7.1 million In addition, the Company concluded during 2001 that various Electrical Products segment assets comprising $8.5 million of net book value provided no future benefit to Cooper and were therefore fully impaired Also during the 2001 fourth quarter, Cooper recorded a charge of $8 4 million to provide for the costs of assimilation of certain separate product lines rendered partially duplicative as a result of previous Electrical Products segment business acquisition activities. The 2001 fourth quarter nonrecurring charge for the Electrical Products segment totals $24 0 million

During the fourth quarter of 2001, Cooper recorded a General Corporate nonrecurring charge of $50 1 million Cooper concluded that the net book values of certain software, hardware and other technology investments should be fully impaired, in consideration of ongoing refinement and development of Company information and technology systems capabilities. Also during the 2001 fourth quarter, Cooper

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