A $50 million U S Federal tax benefit was recorded in 2001 as a result of recent favorable Appellate level third party court decisions related to certain income tax return issues These court decisions have validated Cooper's tax return treatment of similar transactions executed in 1997 and prior years that are being contested by the Internal Revenue Service In light of the Fifth Circuit Court decision, issued in December 2001, Cooper concluded that the tax reserve related to these transactions is no longer required

	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

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