Charge Related to Discontinued Operations A $30 million charge, net of a $20 million income tax benefit, was recorded in 2001 related to potential asbestos obligations regarding the Automotive Products segment which was sold in 1998 See Note 3 of the Notes to Consolidated Financial Statements

Diluted Earnings Per Share Diluted earnings per share from continuing operations, excluding after-tax nonrecurring charges of $44 5 million and a $50 million tax benefit due to the reversal of reserves as a result of recent favorable Appellate level third party court decisions related to certain tax return issues, was $2 69 in 2001 compared to $3 80 in 2000 Diluted earnings per share, excluding after-tax nonrecurring charges of $2 4 million, was $3 52 in 1999

Percentage of Revenues

	Year Ended December 31,		
	2001	2000	1999
Cost of Sales .	69 9%	67 7%	67 3%
Selling and Administrative	17 3%	16 4%	16 6%

2001 vs 2000 Percentage of Revenues Cost of sales, as a percentage of revenues, increased 2 2 points over 2000 The increase in the cost of sales percentage was due to lower manufacturing volumes and the resulting costs of production inefficiencies from adjusting manufacturing capacity Selling and administration expenses, as a percentage of revenues, increased nine tenths of a point This increase resulted primarily from lower than anticipated revenues partially offset by cost-reduction efforts throughout the year

2000 vs 1999 Percentage of Revenues Cost of sales, as a percentage of revenues, in 2000 increased four tenths of a point from 1999 This increase was primarily due to the impact of acquisitions Excluding the effect of acquisitions, cost of sales as a percentage of revenues improved three tenths of a point to 67 0%, compared to 67 3% for 1999 Selling and administrative expenses, as a percentage of revenues, decreased two tenths of a point from 1999 due to lower general corporate expense and the impact of acquisitions

Earnings Outlook

The following sets forth Cooper's general business outlook for 2002, based on current expectations Comments on changes in segment operating earnings are based on 2001 operating earnings adjusted to eliminate goodwill amortization to be comparable to 2002 See "Impact of New Accounting Standards" in Note 1 of the Notes to Consolidated Financial Statements

Cooper expects revenues and operating earnings for the Electrical Products segment to be relatively unchanged from 2001 and return on sales to be approximately 14 percent Revenues for the Tools & Hardware segment are expected to be near the prior year levels and operating earnings are projected to decrease approximately 20 percent Return on sales is expected to be approximately 8 5 percent

The above statements are forward looking, and actual results may differ materially The above statements are based on a number of assumptions, risks and uncertainties The primary economic assumptions include, without limitation (1) slow growth in the domestic economy during the first part of the year and modestly improving growth thereafter, (2) modest growth in European and Latin American markets, (3) a gradual improvement in worldwide energy-related project spending, (4) no significant change in raw material or energy costs, (5) realization of benefits of cost-reduction programs with no major disruptions from those programs currently underway, and (6) no significant adverse changes in the relationship of the U S dollar to the currencies of countries in which Cooper does business The estimates also assume, without limitation, no significant change in competitive conditions and such other risk factors as are discussed from time to time in Cooper's periodic filings with the Securities and Exchange Commission