

Coopers Payen Limited

Company Number 164204

Directors' Report for the Year Ended 31st December 1997

Activities

The principal activity of the Company is the manufacture of automotive gaskets as agent for T&N Limited (formerly T&N plc) and will continue to be so for the foreseeable future.

Directors

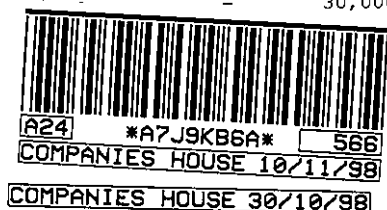
The following served as Directors during (and, unless otherwise indicated, throughout) the year:-

A P Hardman, appointed 20/3/97, resigned 18/4/97
J-P Laffaille
P Lynn, appointed 1/9/97
D J Ludlow, appointed 20/3/97, resigned 18/4/97
P Moreton, appointed 1/9/97
D C Nash, resigned 1/9/97
P Sullivan, appointed 1/9/97
K P Thomas, resigned 1/4/97
J H Turner, resigned 1/9/97
D H Vine
I D Watson, resigned 1/9/97
B G J Williams, resigned 1/9/97

Directors' Interests

The interests, all beneficial, of the Directors in the share capital of T&N plc comprise:-

		Ordinary Shares						
		31.12.97	31.12.96					
J-P Laffaille		-	-					
P Lynn		-	-					
P Moreton		-	-					
P Sullivan		-	-					
D H Vine		-	-					
		-	-					
				Number of options	Exercise	Market	Date of	Date
		1.1.97	31.12.97	Granted during year	Exercised during year	price on date exercised	Grant	from which exercisable
								Expiry Date
J-P Laffaille	16,739	-	16,739	-	-	182.8	26.4.89	25.4.1999
	21,521	-	21,521	-	-	171.9	11.4.91	10.4.2001
	20,913	-	20,913	-	-	111.4	19.3.92	18.3.2002
	7,842	-	7,842	-	-	172.1	15.4.93	14.4.2003
	20,333	-	20,333	-	-	226.2	12.4.94	11.4.2004
	25,416	-	25,416	-	-	207.5	6.10.94	5.10.2004
	20,000	-	20,000	-	-	159.0	10.5.95	9.5.2005
	20,000	75,000	20,000	-	-	134.5	2.10.96	1.10.2006
	-	-	75,000	-	-	157.5	2.9.97	1.9.2007
	152,764	75,000	227,764	-	-	-	-	-
P	-	30,000	30,000	-	-	157.5	2.9.97	1.9.2007



Coopers Payen Limited

Directors' Report for the Year Ended 31st December 1997 (continued)

D H Vine	15,685	-	15,695	-	111.4	249p	19.3.92	19.3.95	18.3.2002
(1)	11,061	-	11,061	-	101.7	249p	6.5.92	1.6.97	1.12.1997
	7,842	-	7,842	-	172.1	249p	15.4.93	15.4.96	14.4.2003
(1)	2,954	-	-	2,954	158.4	-	11.5.93	1.7.2000	31.12.2000
	10,166	-	10,166	-	226.2	249p	12.4.94	12.4.97	11.4.2004
(1)	5,077	-	-	5,077	135.9	-	1.7.95	1.7.2000	31.12.2000
	52,785	-	44,754	8,031					

(1) These options have been granted under the Savings-Related Scheme. All other options have been granted under the Executive Scheme.

None of the directors have any other registered interests in the shares of the Company or any other company in the T&N Group.

Mr P Moreton resigned on 5 March 1998. Mr J-P Laffaille resigned on 7 May 1998. Mr K Humphris was appointed on 16 March 1998. Mr P Sullivan resigned on 31 July 1998.

Employees

Information about employee involvement and the Company's policy relating to employment of disabled persons is given in the report of the directors of the ultimate UK parent company, T&N Limited, on whose behalf they are employed.

Auditors

The company has satisfied section 250 of the Companies Act 1985 (as amended by section 14 of the Companies Act 1989) and a special resolution not to appoint auditors will be proposed at the forthcoming annual general meeting.

By Order of the Board

H Johnson

Mrs P J Robinson
Secretary

H JOHNSON
JT SECRETARY
27/10/98

COOPERS PAYEN LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

COOPERS PAYEN LIMITED
BALANCE SHEET
AS AT 31ST DECEMBER 1997

	Notes	1997 £000	1996 £000
<u>Fixed Assets</u>			
Investments	5	890	890
Net assets		<u>890</u>	<u>890</u>
<u>Capital and Reserves</u>			
Called up share capital	6	25	25
Profit & loss account		865	865
Shareholder's funds - equity	7	<u>890</u>	<u>890</u>

The company was dormant throughout the financial period.
The financial statements on pages 4 to 6 were approved by the Board on 27 October 1998 and were signed on its behalf by:-



P J Lynn - Director

COOPERS PAYEN LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with applicable Accounting Standards and under the historical cost convention.

(b) Cash Flow Statement

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

2. PROFIT AND LOSS ACCOUNT

The Company has traded during this year and the comparative year only as agent for T&N Limited. It has not traded in its own account, has received no income and incurred no expenditure and consequently has made neither a profit nor a loss. The Company had no recognised gains or losses for the year.

3. DIRECTORS

The directors have not received any remuneration for services to the Company during the year (1996: £nil).

4. EMPLOYEES

The average number of persons employed by the company during the year was 333 (1996: 346). All costs relating to these employees are paid directly by the ultimate UK parent company, T&N Limited, on whose behalf they are employed.

5. INVESTMENTS

Loan to parent undertaking	£000
At 31st December 1996 and 1997	890
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COOPERS PAYEN LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)

	1997 £000	1996 £000
6. <u>CALLED UP SHARE CAPITAL</u>		
Authorised, issued and fully paid 25,000 shares of £1 each	25	25

7. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

There has been no movement in shareholder's funds in this year or in the comparative year

8. ULTIMATE PARENT COMPANY

The Company's immediate parent company is Fleetside Investments Limited and the ultimate UK parent company is T&N Limited. Both are registered in England and Wales. The ultimate parent company is Federal-Mogul Corporation which is registered in the United States of America. Copies of the Federal-Mogul Corporation Annual Report and Accounts can be obtained from Federal-Mogul Investor Relations, 26555 Northwestern Highway, Southfield, MI 48034, USA.

9. COMPOSITE CROSS-GUARANTEE

The Company, its ultimate parent company, and certain of its fellow subsidiaries in the UK have entered into a composite cross-guarantee in relation to the facilities provided by its principal UK banker.