2001
Annual Report

COOPER TIRE & RUBBER COMPANY

Contents

Who We Are...

OUR BUSINESS

Cooper Tire & Rubber Company specializes in developing, manufacturing and marketing products for the transportation industry.

OUR PRODUCTS

AUTOMOTIVE GROUP:

Fluid systems
NVH control systems
Sealing systems

TIRE GROUP:

Automobile, truck, motorcycle and racing tires
Inner tubes
Tread rubber and retreading equipment

OUR CUSTOMERS

AUTOMOTIVE GROUP:

Vehicle manufacturers
Aviation industry
Independent distributors
Retailers

TIRE GROUP:

Independent tire dealers
Mass merchandisers
Retail chains
Retreaders
Wholesale distributors

Highlights

(Dollar amounts in thousands except per-share amounts)

	1999	2000	2001

Operating Results – adjusted for non-operating items (see footnotes)

	1999	2000	2001
Net sales	$2,196,343	$3,472,372	**$3,154,702**
Operating profit	243,435[(a)]	310,181[(b)]	**187,076[(c)]**
Income before income taxes	219,852[(a)]	217,856[(b)]	**101,737[(d)]**
Net income	138,211[(a)]	133,108[(b)]	**63,382[(d)]**
Basic and diluted earnings per share	1.82[(a)]	1.81[(b)]	**.87[(d)]**
Dividends per share	.42	.42	**.42**

Financial Position

	1999	2000	2001
Working capital	$ 549,563	$ 419,446	**$ 304,192**
Long-term debt	1,046,463	1,036,960	**882,134**
Stockholders' equity	975,634	952,556	**910,240**
Stockholders' equity per share	12.87	13.13	**12.54**

Other Operating Data – adjusted for non-operating items (see footnotes)

	1999	2000	2001
Capital expenditures	$ 149,817	$ 201,366	**$ 136,287**
Depreciation	120,977	167,787	**169,479**
Return on sales	6.3%[(a)]	3.8%[(b)]	**2.0%[(d)]**
Return on beginning invested capital	22.8%[(a)]	15.5%[(b)]	**9.6%[(d)]**
Return on beginning equity	15.9%[(a)]	13.6%[(b)]	**6.7%[(d)]**
Debt to capitalization ratio	52.4%	55.9%	**55.1%**
Current ratio	2.4	1.7	**1.5**
Number of shares outstanding (thousands)	75,810	72,544	**72,600**
Number of employees	21,586	24,704	**23,268**

(a) Prior to losses at closed and sold facilities of $4,355 ($2,737 after tax, $.03 per share).

(b) Prior to restructuring charges of $38,699 ($24,274 after tax, $.33 per share) and losses at closed and sold facilities of $19,001 ($12,100 after tax, $.17 per share).

(c) Prior to class action costs of $72,194 ($44,977 after tax, $.62 per share) and restructuring charges of $8,648 ($5,387 after tax, $.07 per share).

(d) Prior to class action costs of $72,194 ($44,977 after tax, $.62 per share), restructuring charges of $8,648 ($5,387 after tax, $.07 per share) and gains on sales of non-manufacturing assets of $8,263 ($5,148 after tax, $.07 per share).

CTB Listed NYSE

To Our Shareholders

2001 was a year full of significant challenges and dramatic changes. People and businesses the world over faced economic uncertainty beginning in January as the recession hit our businesses very hard. As the recession deepened, uncertainty turned to turbulence and then turmoil in the wake of the terrorist attacks in September. The economies and businesses of the world struggled to overcome the effects of rapidly declining consumer confidence that lasted through the year's end. The result was some of the most difficult business conditions our industries and our company have ever seen.

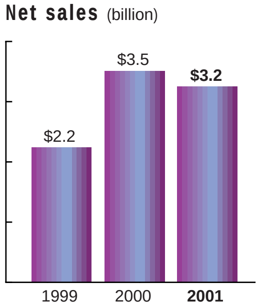
However, throughout the year, the team at Cooper Tire & Rubber Company remained focused on our plans, our strategies and our execution of those strategies within our core areas of business. This focus enabled us to stay on track and make progress toward our goals in spite of the turbulence around us.

Of critical importance to us in 2001 was the implementation of our global restructuring plan. This plan was developed to reduce our cost structure and rationalize our asset base and facilities around the world. We have very nearly completed the implementation of the plan, just as we said we would. We have closed or downsized 19 facilities and have eliminated almost 1,000 positions. The resulting savings are in line with our expectations and will add to our bottom line in the months and years ahead.

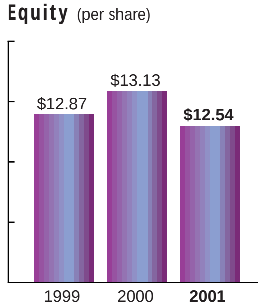
The improved cost structure and streamlined asset base that result from our restructuring will be especially important as the high volume of new automotive business we have recently won starts production in late 2002, 2003 and beyond. It will allow us to maximize capacity utilization, increase operating efficiencies and meet customer expectations, while increasing operating margins.

The difficult economic environment also made cost cutting, lean manufacturing initiatives and tight control of working capital more critical than ever. We continued our relentless pursuit of lean manufacturing initiatives throughout the year with a great deal of success. Through these initiatives we were able to save more than $80 million through scrap reduction and improved production processes and techniques. In terms of working capital, we were able to negotiate extended payment terms with our suppliers on over $500 million dollars of purchases, and since May we were able to reduce our tire inventory. In total, we reduced working capital by $115 million, down to just 9.6 percent of sales. With this additional cash we were able to pay down debt by nearly $86 million and return $30 million to you, our shareholders, in the form of quarterly dividends.

Net sales (billion)



Stockholders' Equity (per share)



As we move into 2002, we are optimistic about our opportunities to grow our business and make further progress towards our goals and objectives. Increased focus on customer relationships in 2001 has given us a very strong foundation to build on. Our automotive customers continue to show their confidence in our products and services by awarding us significant new contracts for future business. In total during 2001, we were awarded $180 million in net new automotive business to be phased in over the next 3 to 5 years.

Our tire customers also continued to show their satisfaction as indicated by the results of the annual *Tire Review* survey. Once again, Cooper received the highest composite score for dealer satisfaction of all major replacement tire brands. Consumers also ranked Cooper tires favorably in the annual J.D. Power survey on replacement light truck tires, voting us in a solid third place for overall consumer satisfaction compared to our peers and competitors. Finally, two of our largest tire customers gave us a tremendous vote of confidence by signing extended agreements for continued and strengthened working relationships. TBC signed an agreement that extends our already successful relationship for 10 years. Pep Boys also signed an agreement to extend our relationship and make Cooper the sole supplier of Pep Boys private brand replacement tires, adding up to 1.5 million units of incremental tire sales in 2002.

As I said before, 2001 was a year of challenge and change. As a company, Cooper has recognized the importance of adapting to change in order to keep up with the needs and wishes of our customers and to keep pace with changes in the market place. One such change in the market place has been the consolidation of the small independent retail tire dealers and the subsequent reduction in the number of and need for traditional wholesale tire distributors. This change has led to significant growth within the local and regional retailer distribution channel. Historically Cooper has not sold many tires to these retail channels. However, a few years back, we adapted some of our marketing strategies in order to better meet the needs of these important market segments and this year the results have been very exciting. In a period when all

replacement tire sales were down nearly 10 percent, our sales to regional and local retail customers increased by 30 percent compared to 2000.

In our automotive components business, we have adapted our marketing strategies and our product offering in order to better meet the changing demands of the automotive manufacturers. We have improved our technology and expanded our products to include highly technical components and systems that our customers now require. The positive results of these changes are demonstrated in the new business awards that I already mentioned. It is also evidenced by the increase in the average Cooper product content per vehicle produced. As we increase the content of product we supply on each vehicle, we can be more assured of growing our sales even when the number of vehicles produced may be falling.

In a world of change, three things will always remain the same at Cooper. The first is our unwavering focus on customer satisfaction. We have a long tradition of industry leading customer service and satisfaction. It is a hallmark of our company as well as a competitive advantage – the customer is king! The second is our commitment to increasing the value of our shareholders' investment. Of course, these two go hand in hand and we cannot provide value to our shareholders without providing value and satisfaction to our customers.

The third is that we have solid plans and the people in place to execute them. In 2001, we added a leader to our tire team. We named Dick Stephens as President of our Tire Group to replace the retired John Fahl. Dick has a great background with our company and will lead us through a future that will no doubt be exciting and full of change in the tire business. At Cooper-Standard Automotive we continued to add to our stable of talented people by bringing Ed Hasler back to Cooper Tire & Rubber Company as President of our International Division. In the near future we will be adding two new directors to our board to fill the vacancies created by the death of Ron Roudebush and the departure of Deborah Fretz who is leaving us to concentrate on other business responsibilities.

As far as planning goes, we continue to work our plans very hard. We are now in the "realize" portion of the approach that we outlined in our year 2000 report. We believe all the pieces are in place and that we will be able to serve our purpose, increasing the value of your investment. That value did increase by 54 percent in 2001 and outpaced most of the financial indices. Our goal is to do so again!

Thank you for your support.

Thomas A. Dattilo
Chairman, President and CEO

Cooper has always been a "stick to the basics" kind of company. We employ simple but effective philosophies and strategies and we stick to them. One of these philosophies is the timeless tradition of:

the customer is king

"Cooper Tire provides a quality product at a competitive price. Plus, they make sure the supply is there so that we at Les Schwab Tire can meet our customers' needs. The management at Cooper is looking to the future, developing sizes and strategies to help keep Les Schwab Tire at the top of the replacement market in our areas. Our companies have the same goals and are able to plan and forecast our needs together. Our relationship is more of a partnership than a supplier/dealer relationship, which allows us to work together for the good of both companies."

Phil Wick
President, Les Schwab Tire

Prineville, Oregon
338 locations in Alaska, Washington, Oregon, California, Nevada, Utah, Idaho and Montana

Because of our quality relationships and partnerships with our customers, we have had a history in the tire business of consistent growth and industry-leading profit margins. We have developed a strong market position that we feel is sustainable and can be improved in the long term. And, year after year, we have been the industry leader in customer service.

Historically, our focus has been on the largest distribution channel in North America – the independent tire dealer. This channel has been profitable for us because of that customer service along with our dedication and commitment to the dealers' independence. It is definitely an area of sustainable competitive advantage for us.

However, the tire marketplace is changing. The small independent tire dealer channel is contracting while the regional and local retail chains are growing. Because of these trends, we have recognized the need to improve our penetration of the retail channel in order to achieve our growth goals.

We also continue to grow our business with our existing customers such as Les Schwab – a leading retailer based in the northwest. We have added some key new customers such as Discount Tire, the industry's largest retailer, and Dobbs Tire & Auto Centers with 37 locations in the St. Louis area.

In December 2001, we enhanced our relationship with two nationally-known marketers – TBC Corporation and Pep Boys. We signed a 10-year supply agreement that extends our current relationship of manufacturing many of TBC's Multi-Mile, Cordovan and Sigma private label tires. And we earned "sole tire supplier" status from Pep Boys when they agreed to purchase essentially all of their tires from Cooper.

Of course, as we continue to grow our business and shape and refine our marketing strategies, one thing will always remain constant – our intense focus on customer satisfaction. We take great pride in the fact that we continue to have a great relationship with our customers and consumers.

We are delighted when our customers regularly inform us of their satisfaction with our products and service. But it was especially gratifying to receive favorable comments directly from consumers in the J.D. Power and Associates 2001 Replacement Tire and Retail Customer Satisfaction Study which rated us among the top three quality manufacturers in the rapidly-growing light truck replacement tire market.

We have a similar relationship with our customers in our automotive business. Our customers continue to validate our global expansion strategy of the past couple of years by awarding us new business, honoring our quality and customer service with supplier awards and just telling us how much they like to do business with Cooper.

During the past two years, we were awarded nearly $500 million in net new automotive business that will come on line during the next few years. This is one indicator of just how much our customers value our technical capabilities and our customer service.

Both by acquisition and internal research and development, we have expanded and improved our technology and our product offering. Because of this, we have been able to shift away from simple, commodity-type products toward the more complex systems and modules that our customers require. This allows us to grow the top line by helping us to win additional sales.

"In the NVH control systems division we understand the importance of being flexible for our customers. Last year alone we were challenged by two customers to completely redesign several new components in a very short time frame. Strong communications between our engineering and production teams allowed us to meet the deadlines. And, we are able to use this new process in our other areas."

Paul Gilbert
President, NVH Control Systems Division
Cooper-Standard Automotive

"Business at its most basic level is people dealing with people. If you don't have a good relationship with people, you'll never have their business. We have had an excellent relationship with Cooper for the past 10 years. They are loyal to us, supportive of us and have helped us grow our business during the years.

They provide us with superior products at competitive prices and an extremely good team to work with. All in all, Cooper is an easy company to do business with. Who can ask for more than that?"

Craig, Bob & Todd Sumerel
Bob Sumerel Tire Co.
Erlanger, Kentucky
31 locations in Ohio, Kentucky and Indiana

We also have been successful at increasing the content of Cooper-made products on many automotive models and platforms. Across the four automotive divisions, we have shared expertise and an in-depth knowledge of complex designs. We leverage our design and testing capabilities from all four divisions to promote the benefits of having all of our systems on customers' platforms. In 2002, nine of our top 10 platforms will have content from all three of our product lines.

Our customer relations and satisfaction drives commensurate demand for our products and services. We have been extremely successful at providing value-added services to our customers by remaining close to them, understanding their needs, and utilizing our engineering expertise to provide solutions to their problems. Once again, the basic principle of customer service becomes a strong competitive advantage and a growth driver. We clearly understand that only satisfied customers will grow our business.

"Everyone at Cooper Tire & Rubber Company has a strong commitment to customer service. Our customers define their needs through quality, price and service and we strive to exceed their expectations every day. Throughout all levels of our organization we actively exchange talent and resources to share best practices. It is this cross-functional teamwork that enables us to assist and empower our people to continuously improve our quality and processes. Regardless of whether we are making automotive systems or tires, all employees know the importance of true customer satisfaction–that commitment is key for us to rise above our competition."

Bill Woeste
plant manager

Griffin, Georgia
sealing systems facility

Our business in North America, with the fast-growing Asian transplant manufacturers, is increasing. This will be an important segment of our business in the future as the Japanese companies grow their market share in some of the important product areas for North America such as SUVs, mini-vans and full-size trucks.

Including our strategic relationship with Nishikawa Rubber Company, our sales to the Asian transplant manufacturers are about 10 percent of our total North American sales. While we have very good relationships with companies such as Nissan, Toyota and Honda, our partnership with Nishikawa also enables us to better serve these customers without having to establish a physical presence in Japan.

At the same time we pursue growth opportunities in our respective markets, we do not, and cannot, separate the focus we have on our customers from concentrating on the basics of manufacturing excellence. These are all critical elements in our plan for success.

We realize the production processes, methodologies and technologies that are leading edge today will become ordinary or obsolete tomorrow without continuous refining and adaptation based on competitive influences, market preferences and customer demands. Without this continuous improvement, a company's competitive advantage today can quickly become the Achilles' heel of tomorrow.

Top 10 platforms – 2002

- GM Silverado/Sierra
- Ford Taurus/Sable
- Jeep Liberty
- Ford Explorer/Mountaineer
- DaimlerChrysler PT Cruiser
- DaimlerChrysler Town & Country/Caravan
- Ford Crown Victoria/Grand Marquis
- DaimlerChrysler Dodge Pickup
- Ford Windstar
- Dodge Neon

Continuous improvement is a complex issue and requires more than just the best efforts of the people on the plant floor. It must be part of the company philosophy and be second nature to every employee. We have this philosophy at Cooper. In every one of our plants, our people are focused to find more ways to improve processes, procedures and efficiency. Usually the all-important element of customer involvement and satisfaction is incorporated into the improvement process. This enables us to continue our relentless pursuit of lean manufacturing and operating efficiencies without compromising quality or customer satisfaction.

During 2001, we had many hundreds of continuous improvement programs in place across the organization. We employed such lean tools as Six Sigma, Kaizen, 5S and Value Stream Mapping and realized more than $80 million in savings. The best part about these types of programs is they breed more opportunities for improved operating efficiencies. By using a structured team approach, our initiatives improve the way we do things from beginning to end – and then we start the process all over again. With all of the effort that we are putting into process improvements, production efficiency and manufacturing excellence, there is an effective measure of our efforts – the organic growth and new business contracts that we are winning every day. To continue to have new opportunities to serve our customers is to continue to have opportunities to provide value to our shareholders.

"Cooper-Standard Automotive represents the best of the best and it has set an example during the past year for other companies to follow. It is a role model and it is an honor to work with a company so committed to supporting our priorities for quality, launch and a balance between current and future business."

Statement made during the announcement that Cooper-Standard Automotive had been named General Motors' Supplier of the Year *for 2000. The awards are presented for superior performance in quality, service, technology and price.*

John Warne
plant manager

Georgetown, Ontario
sealing systems facility

"Most people don't realize there are thousands of sizes and specs of tires. After all, they pretty much all look the same – round and black. For a consumer, as long as the dealer has the right size when a replacement tire is needed, that's all that matters. But from a manufacturing perspective, having several sizes in several brands can be costly. Just changing the molds that shape the tread and sidewall into the tire is very time consuming. But last year Cooper Tire implemented a lean manufacturing project that has significantly shortened the time it takes to change a mold. Cooper can now accommodate 36 percent more changes in one day for the same cost. "

Mike McKinney and Carlos Garcia
Curing Department

Findlay, Ohio
tire facility

2001 Accolades

Cooper-Standard Automotive Europe received ***Supplier of the Year*** honors for fluid systems by General Motors. Selection criteria included best quality; just-in-time deliveries; excellent product and production technology and best prices.

General Motors named the Georgetown, Ontario, sealing systems facility as a ***2000 Supplier of the Year***. The award was given in recognition for its superior performance in quality, service, technology and price.

Cooper Tire & Rubber Company was named to ***CMP Media's InformationWeek 500***, a prestigious listing of the largest and most innovative users of information technology. Companies who are named to this list demonstrate a pattern of technological, procedural and organization innovation.

"I purchased (and had installed) Cooper Weather-Master XGR tires three days ago on my 1990 Mustang LX 5.0L. Tonight we received a good dump of snow that made the roads very slippery. I was so impressed with these tires that I simply had to pass on my appreciation to your company for such a fine product. The grip of these tires on the wet snow and ice was excellent. In fact, I could only snicker (a few times) as I was passing all of the new SUVs slipping and sliding all over the road. I will most certainly recommend these tires to everyone I know. Thank you for the excellent product. Bring on the snow!"

Tony Ciarla
Consumer
November 24, 2001
Calgary, AB Canada

Cooper Tire & Rubber Company's fleet operations was awarded the ***Gold & Silver Seal*** award by the ***National Private Truck Council*** (NPTC) for their recognition of the importance of safety performance.

Cooper Tire & Rubber Company's 2000 annual report to shareholders received the ***Best in Industry Award*** for the tire and rubber category from the NAIC Nicholson Awards Competition.

Thirteen Cooper plants received ***2001 Safety & Health Improvement Awards*** from the Rubber Manufacturers Association. The Nishakawa Standard Company (NISCO) plants in Bremen and New Haven, Ind., received the "Excellence" and "Improvement" awards. Receiving "Improvement" awards were: tire group facilities in Albany, Ga., Findlay, Ohio, and Tupelo, Miss.; commercial products division facilities in Asheboro, N.C., Athens, Ga., and Clarksdale, Miss.; Cooper-Standard facilities in Auburn, Ind., Gaylord, Mich., Goldsboro, N.C., Griffin, Ga., and the NISCO facility in Topeka, Ind. NISCO is a 50/50 joint venture between Cooper-Standard Automotive and Nishikawa Rubber Company, Japan.

The ***Governor's Excellence in Exporting Award*** was presented to Cooper Tire's International Division in July. The award is presented to Ohio companies and organizations whose export efforts have increased sales, created jobs or heightened awareness of exporting as a vital component of the state's economy.

Nissan North America presented the fluid systems facilities in Torreon, Mexico, with two awards: ***Nissan's 2000 Quality Master Award*** for achieving a high level of quality excellence and the ***Zero Defects Award*** for being among suppliers that ship fewer than five defective parts per million in a year's time.

The sealing systems facility in Goldsboro, N.C. was presented with the ***Toyota Quality Award***.

The fluid system facility in Surgoinsville, Tenn., earned the ***Quality Master Award*** from Nissan for 2001.

The fluid systems facility in Mt. Sterling, Ky., received a ***certificate of recognition*** from the ***GM Service Parts Operations*** for 100 percent on-time shipping from January to December 2001. The fluid systems facility in Fairview, Mich., received the same recognition for 2000 and the NVH control systems facility in Auburn, Ind., received the award for 2000 and 2001.

The fluid systems facility in Adelaide, South Australia, was awarded ***Silver level preferred supplier status*** by Toyota Motor Corporation Australia. The plant also received

"We compete in an industry where getting the right parts to the right plant at the right time is vital. Delays can create a significant negative impact on our customer. At Cooper-Standard we know the importance of shipping performance. During 2001, the fluid systems operation in Fairview, Michigan, earned the DaimlerChrysler Indiana Transmission Plant's certified supplier status and 100 percent on-time shipping recognition from the GM Service Parts Operations. Our facility is just one example of Cooper-Standard's culture of providing superior customer service."

Larry Wasnock
plant manager

Fairview, Michigan
fluid systems facility

Toyota's VE / VA award for ***Supplier of the Year***. VE / VA stands for Value Engineering – making design improvements/cost reductions before manufacturing begins; Value Analysis – improvements/cost reductions made after a part is in production.

For the fourth consecutive year, the NVH control systems facility in Mitchell received the ***Gold Award*** from ***DaimlerChrysler***. This prestigious award is presented to suppliers who performed at the Excellent Level on DaimlerChrysler's Plant supplier evaluation scorecard.

Nishikawa Standard Company (NISCO) received the Toyota ***NAPO Certificate of Compliance Award*** from Toyota Motor Sales for consistently supplying a quality product that meets Toyota's expectations.

The sealing systems facility in Maesteg, UK, received a ***Quality Performance Award*** from Toyota for the year 2000.

The Cooper-Standard Automotive facilities in northern Michigan earned a ***certificate of recognition*** from DaimlerChrysler's Indiana transmission plant for their achievement of Certified Supplier Status.

The fluid systems facility in Adelaide, South Australia, received a 2000 ***President's Supplier Award*** from Toyota. The division achieved Toyota's Silver Status for being "instrumental in achieving the highest cost reductions ratio based on their value of buy."

The NVH control systems facility in El Dorado, Ark., received three ***certificates of achievement*** from New United Motor Manufacturing, Inc. (NUMMI). The awards recognized target achievement in the areas of quality, delivery, and quality and delivery combined. The plant also received a ***Superior 2000 Award*** from Toyota for superior quality performance during 2000.

The fluid systems facility in Adelaide, South Australia, received the Miscellaneous Division Award (Division I) Auto Lathe and the ***Miscellaneous Award*** for the evening at the Business and Manufacturing 2001 Machine Changeover Competition.

The Oliver Rubber facility in Asheboro, N.C., was named ***Industry of the Year*** for 2001 by the Asheboro/Randolph County Chamber of Commerce.

A Cooper Tire television commercial received the Citation of Excellence Award from the Columbus, Ohio, **Addy Awards** for 2001.

Nishikawa Standard Company (NISCO) facilities received the ***2001 Governor's Award for Excellence in Recycling*** from the Indiana Department of Environmental Management.

The sealing systems facilities in Stratford, Ontario, Canada, received the ***Federation of Ontario Naturalists (FON) Corporate Award 2001*** for Ontario. The award was presented to the Stratford facilities for showing outstanding leadership or sound action in the environmental field.

Cooper Tire & Rubber Company's executive committee (l-r standing): Phil Weaver, chief financial officer; Jim McElya, president, Cooper-Standard Automotive; Mark Armstrong, president, North American Tire Division; Rod Millhof, executive vice president, Cooper-Standard Automotive; (l-r seated) Dick Stephens, president, Cooper Tire; Tom Dattilo, chairman, president and chief executive officer.

Corporate Profile

Cooper Tire & Rubber Company (NYSE: CTB) is a leading manufacturer of replacement tires and original equipment automotive components. Based in Findlay, Ohio, Cooper currently operates 52 manufacturing facilities in 13 countries. Cooper Tire is the fourth largest tire manufacturer in North America and one of only two remaining U.S. owned tire companies. Cooper-Standard Automotive is the world leader in design and manufacture of automotive sealing products and ranks among the top producers of noise, vibration and harshness (NVH) control products and fluid handling systems for the automotive industry.

Cooper's replacement tire sales in North America have increased nearly 70 percent (4.8 percent CAGR) since 1990 while the industry has grown just 24 percent. Including proprietary and private brands, the company has an estimated North America replacement tire market share of 15 to 20 percent.

Through recent acquisitions and expanded global presence, Cooper is positioned for further growth and additional opportunities in the automotive components business. Our strategy for globalization has been rewarded during 2000 and 2001 with nearly $500 million in net annual new business awards to phase in through 2006.

In October 2000, the company announced a comprehensive restructuring program to rationalize recently acquired global production facilities, shift production to more cost efficient locations and significantly increase production efficiency. In 2001 that restructuring plan was implemented and largely completed. Resulting cost savings totaled over $9 million in 2001 and should approximate $25 to $30 million on an annualized basis by late 2002.

Cooper's strategy for increasing shareholder value consists of focusing on core businesses in which we have significant expertise and sustainable competitive advantage. These businesses are: North American replacement tires; global automotive sealing and fluid handling systems; and North American NVH products. Our sustainable competitive advantages include industry leading customer service, technology and manufacturing efficiency.

Management focus is on maximizing return on invested capital (ROIC) and growth of EPS. Management's variable compensation plan is based on ROIC achievement for corporate executives and return on assets managed (ROAM) achievement for operations executives.

Year in Review

Restructuring

As our on-going restructuring efforts near completion, we have closed or downsized 19 facilities and have eliminated almost 1,000 positions. In 2001, the restrcturing efforts have resulted in more than $9 million in savings and we believe our original target of annualized cost savings of $25 to $30 million is still realistic by the second half of 2002. As new business kicks in during 2002 and 2003, we will be driving higher volume through fewer plants achieving a higher return on assets.

Public Visibility

During 2001, we significantly increased the visibility of Cooper Tire & Rubber Company among investors and money managers. More than 100 visits and presentations were conducted across the country in both one-on-one conversations as well as large group meetings. The investment message: our tire group will continue to deliver solid performance and returns and our automotive group has tremendous upside potential.

Commercial Products

The acquisition of the tread rubber assets from Hercules was finalized in July. This purchase provides us several benefits including additional annual revenue of between $15 and $17 million from the new Mega Mile precure tread rubber line and improved operating margins through increased product volumes. These added sales and production volumes will make a direct contribution to the bottom line.

New Tire Leadership

The top leadership of the tire group changed during the course of 2001. D. Richard Stephens was named Cooper Tire president, succeeding 45-year Cooper veteran John Fahl who retired in April. With a background primarily in the technical area, Stephens has held several leadership positions since joining the company in 1978. He served six years as the vice president of technical and most recently served as the president of the International Tire Division.

Athletic Conference Sponsorship

Through several sponsorship agreements, Cooper Tire became the Official Tire of the Southeastern (SEC), Big East, Big Ten, Big 12, Mountain West and Pacific-10 (Pac-10) athletic conferences during 2001. The multi-year sponsorships include advertising, merchandising, promotional and media rights to each of the sponsored conferences resulting in an estimated 108 million impressions to the American public. Collegiate fans are exceptionally loyal and provide a great audience for the Cooper message.

ISO 14001

Cooper-Standard Automotive has been aggressive in improving the environmental management systems at company manufacturing facilities to comply with ISO 14001 – the international environmental management system standard. ISO 14001 provides a recognized framework for managing the impact of Cooper's activities, products and services on the environment. This effort is expected to result in the continual improvement of our operations, which will reduce operating costs. By the end of 2001, 18 plants had achieved registration. An additional eight plants are scheduled to be registered in 2002.

Bay Hill & Arnold Palmer

For the third consecutive year, Cooper Tire was the presenting sponsor for the 2001 Bay Hill Invitational. We are honored to join the legendary Arnold Palmer in sponsoring this prestigious event, which is not only important in the golfing community but the community as a whole. For six years Cooper has been the beneficiary of Arnold Palmer's gracious endorsement of our tires. The partnership between Cooper, Arnold and Bay Hill has proved invaluable for the company.

Cooper Supports Kids

Once again, the Bay Hill Invitational will benefit the Arnold Palmer Hospital for Children & Women in Orlando, Fla. Cooper is also directly supporting the Arnold Palmer Hospital, as well as 170 children's hospitals across the United States and Canada, as a corporate sponsor for the Children's Miracle Network. With a corporate goal of $500,000, we are anxious to help the 14 million children who, every year, benefit from the services provided through participating hospitals.

Consolidated Results of Operations

Consolidated net sales in 2001 were $3.2 billion, a decrease of $.3 billion, or nine percent, from the record $3.5 billion in 2000. Net sales in 2000 were 58 percent higher than the sales level of $2.2 billion recorded in 1999. The acquisitions of The Standard Products Company ("Standard") on October 27, 1999 and Siebe Automotive ("Siebe") on January 28, 2000 accounted for approximately $1.2 billion of the increase in 2000.

Operating profit, net income and earnings per share in 2001, 2000 and 1999 were affected by a number of factors not directly related to the business operations of the Company. The following table details the impact of those factors on operating profit, net income and earnings per share in each of those years. In addition, 2001 was adversely affected by a $20 million increase in product liability costs (seven cents per share).

($ millions)	Operating Profit	Net Income	Earnings Per Share
2001			
As reported	$106.2	$18.2	$0.25
Class action settlement and defense costs	72.2	45.0	0.62
Restructuring	8.6	5.4	0.07
Gain on sale of non-manufacturing assets	–	(5.2)	(0.07)
	$187.0	$63.4	$0.87
2000			
As reported	$252.5	$96.7	$1.31
Restructuring	38.7	24.3	0.33
Operating losses at closed and sold facilities	19.0	12.1	0.17
	$310.2	$133.1	$1.81
1999			
As reported	$239.1	$135.5	$1.79
Operating losses at closed and sold facilities	4.4	2.7	0.03
	$243.5	$138.2	$1.82

After eliminating the factors described above, operating profit was $187 million in 2001 and $310 million in 2000, net income was $63 million in 2001 versus $133 million in 2000, and earnings per share was 87 cents in 2001 compared to $1.81 in 2000. These declines were primarily due to lower sales in both the tire and automotive segments resulting from a weakened economy. A reduction in interest expense in 2001, resulting from the repayment of debt and lower interest rates, mitigated the 2001 decline in net income. Operating profit, net income and earnings per share in 1999, after eliminating the losses incurred at a closed facility and sold facility, were $243 million, $138 million, and $1.82, respectively. The increased operating profit in 2000 was attributable to the operating profits generated by Standard and Siebe. Increased interest expense resulting from the Standard and Siebe acquisitions offset the increases in operating profit.

Selling, general, and administrative expenses were $227 million (7.2 percent of net sales) in 2001, $226 million (6.5 percent of net sales) in 2000, and $144 million (6.6 percent of net sales) in 1999. The percentage increase in 2001 is due almost entirely to the lower sales level. Spending levels in 2000, when compared to 1999, reflect the higher selling, general and administrative expenses associated with the acquired operations.

Interest expense was $91 million in 2001, compared to $97 million in 2000, reflecting a reduction in debt levels and lower interest rates. Interest expense in 2000 was $73 million higher than in 1999, reflecting the debt incurred for the acquisitions of Standard and Siebe.

Other income increased from $5 million in 2000 to $13.6 million in 2001. Gains resulting from the sale of two tire warehouses and an aircraft were responsible for this increase. Other income increased from $862,000 in 1999 to $5 million in 2000. Income from unconsolidated entities which were part of the Standard acquisition accounted for this increase. The most significant of these is Nishikawa Standard Company, a partnership of which the Company and Nishikawa Rubber Co., Ltd. of Japan each own 50 percent. The partnership, which has production facilities in Indiana, manufactures automotive sealing components for automotive companies operating in the United States, including those based in Japan.

The Company's effective income tax rate was 37.7 percent in 2001, which was lower than the 39.6 percent rate in 2000. This was substantially due to the impact of global tax planning and the mix of earnings by entity across state and local jurisdictions. In 2000, the effective tax rate increased from 37.1 percent in 1999, due to the impact of nondeductible goodwill attributable to the acquisitions of Standard and Siebe. The Company anticipates a decrease in its effective tax rate in 2002 due to the continued implementation of global tax planning initiatives and the elimination of the amortization of non-deductible goodwill in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets."

The Company has recorded valuation allowances pertaining to certain foreign subsidiaries acquired with Standard and Siebe because the Company believes it is more likely than not that certain available net operating loss carryforwards may not be utilized. At December 31, 2001, the Company has future tax benefits of $68 million related to various foreign and state net operating losses and other tax credit carryforwards. Some of these can be carried forward indefinitely, while others expire from 2002 through 2021. The valuation allowance totals $25 million at December 31, 2001. It is more likely than not the carryforwards for which no valuation allowance has been established will be realized based upon forecasted future earnings resulting in future taxable income and the implementation of certain tax strategies.

Postretirement benefit expense was $29 million in 2001, $25 million in 2000, and $20 million in 1999. The Company was required by accounting rules to change certain key assumptions related to the measurement of its liability for other postretirement benefit plans at December 31, 2001 which will result in an increase in expense in 2002 and beyond. However, the Company is evaluating plans to mitigate the increases.

The effects of inflation did not have a material effect on the results of operations of the Company in 2001, 2000, and 1999.

Business Segments

The Company has two reportable segments – Tire and Automotive. The Company's reportable segments are each managed separately because they offer different products requiring different marketing and distribution strategies.

The Tire segment produces automobile, truck and motorcycle tires, and inner tubes, which are sold nationally and internationally in the replacement tire market to independent dealers, wholesale distributors, and regional and national retail chains, and supplies equipment and materials to the truck tire retreading industry.

The Automotive segment produces body sealing systems, active and passive vibration control systems, and fluid handling systems, primarily for the global automotive original equipment manufacturing and replacement markets.

Tire Segment

Overview

Sales of passenger car and light truck tire replacement units in the United States market decreased in 2001 by approximately 4.7 percent from 2000 sales levels. This followed a 3.3 percent increase in the market in 2000 over 1999. The year 2000 was a record high sales year, due largely to the well-publicized recall of certain Firestone tires. Consumer demand softened in early 2001 due primarily to a weakened United States economy. This softening continued throughout the year and was exacerbated by the events of September 11, 2001. In addition, foreign produced, low-priced tires continued to be imported into the United States market at high levels.

Sales

Sales of the Tire segment were $1.7 billion in 2001, a decrease of $98 million, or five percent, from $1.8 billion in 2000. Tire unit sales for 2001 were down eight percent from 2000. The segment's sales decrease from one year ago results primarily from a significant softening in consumer demand in 2001 due to generally weak economic conditions, the abnormally high demand for certain tires generated by the Firestone recall announced in 2000, and increased purchases in the fourth quarter of 2000 ahead of a January 1, 2001 price increase. Improvements in pricing and product mix partially offset these factors.

Sales for 2000 were nearly 16 percent, or $245 million, higher than the $1.6 billion recorded in 1999. The acquisition of Oliver Rubber Company ("Oliver") as part of the Standard acquisition contributed $133 million of this increase. Tire unit sales for 2000 increased five percent from 1999.

Although industry-wide sales of light and medium truck tires declined eight percent in 2001 from 2000, the segment's sales in this category decreased by less than four percent. A broadened product line in this category, including an increased focus on radial medium truck tires, caused the segment's market share to increase in 2001. The segment's sales of passenger tires declined by 11 percent in 2001 versus an industry-wide sales decrease of four percent. This was partly due to the fact that the Company did not participate in the most recent Firestone tire recall to the same extent as certain other manufacturers who reached agreements with Ford Motor Company regarding the replacement of Firestone tires. Continued imports of low-priced passenger tires were also a factor in the decline experienced by the segment's performance relative to the industry. Passenger tires account for over 80 percent of the combined passenger and light and medium truck replacement tire market.

The segment's unit sales in 2000, including both passenger and truck tires, increased by five percent from 1999. Passenger tire shipments increased more than one percent from 1999. Light truck tire shipments increased more than 16 percent, significantly outpacing the industry's four percent growth in this category in 2000. A strong emphasis on serving the light truck tire market with the introduction of significant new product offerings during the year accounted for the segment's excellent performance in the light truck market. Increased sales of the Company's proprietary brand tires, and sales arising from the Firestone recall, contributed to the sales increase in 2000. A price increase announced late in 2000 and effective on January 1, 2001, was a factor in an increase in sales in the fourth quarter of 2000, as customers made purchases in advance of the price increase. The adverse impacts of low-priced tire imports and a large customer's shift away from the marketing of private brand tires partially offset those gains.

Sales of the segment's international operations increased three percent in 2001 from 2000, following a decrease of more than six percent in 2000 from 1999. The improvement in 2001 primarily reflects higher demand for Avon brand products in both the United Kingdom and the United States replacement tire markets due to aggressive product development and marketing efforts. The decrease in 2000 reflected the difficulty of exporting from the United Kingdom into Europe due to the strong British pound when compared to the euro.

Sales of the segment's retread business were 23 percent lower in 2001 than in 2000. Approximately 57 percent of this decline reflects the loss of a major tread rubber customer late in 2000, while the remainder is due to extreme weakness in the commercial trucking industry through the first six months of 2001. In July 2001, the Company acquired certain assets of the retread business of The Hercules Tire & Rubber Company, which has exited the retread business. The segment began to benefit from this purchase late in the third quarter and into the fourth quarter as former Hercules customers depleted inventory obtained from Hercules prior to the acquisition and commenced purchases of retread products from the Company.

Operating Profit

Operating profit and operating margin in 2001 and 2000 were affected by class action settlement and defense costs and restructuring costs which were not directly related to the segment's ongoing performance. The following table details the impact of those factors on operating profit and operating margin in each of these years.

($ millions)	Operating Profit	Operating Margin
2001		
As reported	$ 73.2	4.3%
Class action settlement and defense costs	72.2	4.2%
Restructuring	1.6	0.1%
	$147.0	8.6%
2000		
As reported	$183.9	10.2%
Restructuring	5.7	0.3%
	$189.6	10.5%

Operating profit during 2001 was helped by a more favorable product mix, price increases implemented in North America during the first and third quarters, and moderation in the cost of energy and certain raw materials derived from petroleum commencing during the second quarter. By the end of the year, many raw materials used by the segment were priced lower than in recent years. The margin improvements were not sufficient to offset the impacts of lower sales, product liability provisions (which impacted the segment by $30 million in 2001, an increase of $20 million from 2000), and production curtailments which took place in response to the weak market conditions experienced during the year. The cost of these production curtailments totaled $40 million in 2001.

The restructuring charges in 2001 and $4 million of the restructuring charges in 2000 resulted from the decision to close Oliver's manufacturing facilities in Wadsworth, Ohio; Export, Pennsylvania; Paris, Texas; Dallas, Texas; as well as a distribution facility and Oliver's administrative headquarters in Athens, Georgia. The closings were due to a restructuring plan to more closely integrate Oliver's operations with those of the Company's tire business and to optimize the utilization of the segment's existing capacity.

Performance of the segment's international operations improved during 2001 due to a strategic decision made in 2000 to streamline the various product lines offered by its United Kingdom subsidiary and focus on premium and performance tires. The Company's subsidiary in the United Kingdom recorded restructuring charges of $2 million in 2000 which also contributed to operating profit improvement in 2001. The strong United States dollar adversely affected exports of tires produced in the United States in both 2001 and 2000.

Operating profit for the segment was $176 million in 1999 and operating margin was 11.3 percent. The segment's 1999 results were not affected by any of the special factors detailed in the table above.

An increase in raw material costs of over $30 million, due primarily to increases in the price of petroleum, was the principal reason for the decline in the segment's margins in 2000. Improvements in product mix and pricing due to the fact that a higher percentage of the segment's sales in 2000 consisted of higher-margin proprietary brand tires, together with lower plant costs resulting from manufacturing efficiency initiatives, partially offset the impact of the higher raw material costs.

Outlook

The year 2002 will be one of continued challenge for the Tire segment. A leading trade association forecasts a decline in replacement tire sales in 2002 of one to two percent from 2001 levels, reflecting generally weak economic conditions and a disruption in consumer demand for replacement tires created by the two Firestone recalls. However, early in 2002, the economic recovery and the segment's sales appear to be somewhat more robust than was previously forecast, which provides a cautious optimism that performance of the segment may be better than originally expected. Industry-wide replacement tire sales in North America in the first two months of 2002 have increased by more than six percent over sales in the first two months of 2001, and the segment's sales increased by an even greater amount.

The segment is projecting an increase in its unit sales for the year, in part due to significant new business with a large private brand customer under an agreement concluded late in 2001. However, the segment continues to operate its facilities at levels below normal capacity. Further reduction and improved management of the segment's tire inventories is an important priority this year. New supply chain optimization initiatives are being undertaken to achieve the segment's inventory management objectives. Lower than expected sales would likely result in more aggressive measures to manage inventories, including temporary production curtailments, which would have an adverse impact on the segment's profitability level.

Global overcapacity remains a significant difficulty for the replacement tire industry. One of the segment's competitors has announced plans to rationalize its original equipment production capacity. However, overcapacity among tire producers in South America and Asia, coupled with a continuation of the strength of the United States dollar, are likely to result in sustained high levels of imports of low-priced passenger tires into the United States replacement market.

Improvements in the segment's profitability will depend on an increase in consumer demand or increases in the segment's market share, better management of inventories, and the ability to increase prices to offset any increases in the cost of production that may occur, such as increases in the cost of raw materials, which are presently at extremely favorable price levels, and natural gas, which is available at much lower prices than in the first half of 2001. Imports of low-priced tires may make price increases difficult to achieve. The segment expects that its best opportunities for sales growth over the longer term will likely be in its sales of proprietary brand tires and to regional and national retailers, which are steadily increasing their share of the replacement tire market. The segment was successful in significantly increasing its penetration of the regional and national retail markets in 2001, and intends to continue to expand its focus on those distribution channels in 2002, while also continuing to provide its traditional strong support to its independent dealers.

Improved performance of the segment's subsidiary in the United Kingdom will require an increase in volume, as well as the successful implementation of further cost reduction initiatives and a more competitive British pound versus the euro.

The commercial tire division expects to benefit from gradually improving economic conditions in the commercial trucking industry, which was extremely weak in the first half of 2001, and the inclusion of sales from former Hercules customers for all of 2002.

The segment anticipates that its product liability costs will increase further from the 2001 level, which was much higher than in previous years. In the wake of the issues surrounding the Firestone recall, product liability litigation has increased significantly and the environment for such litigation is more difficult than was the case in previous years. Whether the current environment will continue in the future is uncertain, but the Company's current caseload indicates it is unlikely that its product liability costs will be reduced in 2002 from 2001 levels.

The Company has tentatively settled numerous class action lawsuits pending against it involving its tires. Additional information about the lawsuits is included in the "Contingencies" section of this Management's Discussion and Analysis.

The segment may also begin to be impacted in 2002 by the Transportation Recall Enhancement Accountability and Documentation Act ("TREAD Act") which became law on November 1, 2000, and which will directly impact the tire industry. Pursuant to the statute, the National Highway Transportation Safety Administration ("NHTSA"), the federal agency which oversees certain aspects of the tire industry, has proposed rules relating to test standards, tire labeling, tire pressure monitoring, early warning reporting, tire recalls and record retention. Rules for certain of these issues may be finalized during 2002, depending upon whether NHTSA is able to meet the deadline set forth in the statute.

The TREAD Act and any regulations promulgated under the Act are applicable to all tire manufacturers and importers of tires who sell tires in the United States, regardless of where such tires are manufactured. The Company has been working with the Rubber Manufacturers' Association in reviewing and preparing tire industry comments on the proposed rules. The Company will continue to closely monitor these rules and assess the potential financial impact on the Company as the rules become final and are implemented.

Automotive Segment

Overview

The Company's Automotive segment serves automotive original equipment manufacturers ("OEMs") throughout the world. The year 2001 was one of significantly reduced automotive production in North America. Light vehicle production in North America declined by approximately ten percent to 15.5 million vehicles from 17.1 million vehicles in 2000, which was the highest level ever recorded, and represented an increase of approximately one percent over 1999 levels. Production in Europe was 19.5 million vehicles in 2001, unchanged from the production levels in 2000. European production was 18.9 million vehicles in 1999. South American production totaled 2.0 million vehicles in 2001, which was equal to production levels in 2000. Production in 1999 totaled 1.7 million vehicles, as a currency crisis led to a severe economic contraction.

The share of the North American market held by the three United States-based automotive manufacturers, General Motors, Ford, and the Chrysler unit of DaimlerChrysler, declined by approximately one percentage point in 2001 from 2000. This followed a decline of approximately two percentage points in 2000 from 1999 levels. The decline in their market share has the potential to negatively impact the segment over the longer term, depending upon the particular platforms and products most affected. A significant element of the segment's global strategy is to increase its level of sales to automotive manufacturers based outside of the United States.

Automotive suppliers such as the Company are presently operating in an environment in which its customers generally require annual price reductions. As a result, emphasis on continuous improvement, lean manufacturing, and other cost reduction initiatives is essential to profitable operations.

Sales

Sales for the Automotive segment were $1.5 billion in 2001, a decrease of 13 percent from $1.7 billion in 2000. Approximately 41 percent, or $90 million, of the decline is attributable to the absence of the sales of Holm Industries, Inc. and the plastics operations at Winnsboro, South

Carolina, both of which were sold during the second quarter of 2000. The remainder of the sales decrease was primarily the result of the decrease in light vehicle production in North America from the levels of 2000, and to a lesser extent, the impact of lower prices for many of the segment's products and the discontinuance of certain programs for which the segment provided products. New business commencing in 2001 was not sufficient to offset this volume decline.

Sales for the segment increased from $644 million in 1999 to $1.7 billion in 2000. The acquisitions of Standard and Siebe were responsible for virtually all of the sales increase of this segment. Sales in 2000 were especially strong in North America due to record production levels in the industry.

Approximately 74 percent of the segment's sales in 2001 were in North America, 22 percent in Europe, and four percent in Brazil, Australia and India. Although the segment does business with all of the world's major automakers, approximately 76 percent of its global sales are to Ford, the Chrysler unit of DaimlerChrysler, and General Motors. These percentages did not change significantly from 2000. Nearly all of the segment's foreign sales were of body sealing components and fluid handling systems. Approximately 30 percent of the total sales of each of these product lines were derived from foreign operations in 2001 and 2000, respectively.

Operating Profit

Operating profit and operating margin in 2001, 2000 and 1999 were affected by restructuring costs and operating losses at closed and sold facilities which were not directly related to the segment's ongoing performance. The following table details the impact of those factors on operating profit and operating margin in each of these years.

($ millions)	Operating Profit	Operating Margin
2001		
As reported	$ 39.0	2.6%
Restructuring	7.0	0.5%
	$ 46.0	3.1%
2000		
As reported	$ 68.6	4.0%
Restructuring	33.0	2.0%
Operating losses at closed and sold facilities	19.0	1.1%
	$120.6	7.1%
1999		
As reported	$ 62.7	9.7%
Operating losses at closed and sold facilities	4.4	0.7%
	$ 67.1	10.4%

The reduction in North American light vehicle production levels in 2001 was primarily responsible for the lower operating profits reported by the segment. Other factors that adversely affected operating profit were the inefficiencies created by erratic scheduling resulting from the short lead times given by the OEMs in advance of the frequent production curtailments that occurred during the year, the pricing reductions granted in 2001, and inefficiencies resulting from the redeployment of the business of the closed Rocky Mount, North Carolina sealing production plant to two other facilities.

The segment's business outside of North America was not profitable in 2001, due to costs associated with significant product launches in both the sealing and fluid systems units in the United Kingdom, the inefficiencies associated with the substantial restructuring that the segment has undertaken in Europe, and the effects of a weakened economy in Brazil, due largely to an energy crisis.

In addition to the restructuring plan announced in the fourth quarter of 2000, the segment continued to further reduce its North American costs during the year through additional personnel reductions and lean manufacturing and other costs saving initiatives, as part of an aggressive program to reduce controllable costs in all areas of the business. These efforts helped mitigate the decline in the segment's operating performance, but not enough to offset the impact of the significantly reduced volumes, erratic production schedules and production inefficiencies resulting from the relocation of business.

Operating profit in 2000 was higher than in 1999 because of the substantially increased volumes resulting from the acquisitions of Standard and Siebe. Operating margins, however, were lower in 2000. A significant portion of the reason for the decline was in the sealing business in Europe where overcapacity, poor product pricing, and a significant presence in the United Kingdom (where the strong British pound hurt sales of products exported to other European countries) plagued the segment's efforts to achieve profitability. In addition, a sluggish Brazilian economy prevented the segment from being profitable there in 2000.

Outlook

The performance of the Automotive segment in 2002 is dependent upon several factors. The overall level of light vehicle production is a significant influence on the segment's level of profitability. The segment has projected North America light vehicle production at 15.2 million vehicles. Given encouraging economic news thus far in 2002, the segment is cautiously optimistic that this number is conservative and, if so, 2002 performance may exceed the segment's current expectation.

Performance is also dependent on the extent of price reductions granted to the segment's customers. In addition to reductions that took effect at the beginning of 2002 under long-term agreements, the segment has entered into discussions with certain of its customers, including Ford Motor Company, its largest customer, for additional price reductions. The outcome of those discussions and their impact both on current contracts and on the segment's future relationship with those customers cannot presently be determined with any certainty. The segment believes that these pricing pressures are largely due to the lack of profitability among global automobile manufacturers. This is a concern to the segment as it is likely to result in continued efforts by the OEMs to obtain price reductions from their suppliers.

Although the segment sells products to virtually all of the world's major automakers, its sales are disproportionately weighted to General Motors, Ford, and the Chrysler unit of DaimlerChrysler. As a result, the segment's sales volumes are partially dependent on their ability to maintain or improve their market share.

Although industry-wide production levels are expected to be lower in 2002 than in 2001, the segment's sales in 2002 are expected to increase slightly, due to incremental new business awarded in recent years. Enhanced profitability will require not only the anticipated volume increases but also the successful completion of the segment's restructuring initiatives and continued progress in obtaining savings from lean manufacturing and other cost reduction efforts. In addition, the resolution of inefficiencies arising from the transfer of business from the closed Rocky Mount, North Carolina sealing production facility to other North American sealing facilities is essential to the successful performance of that business in 2002.

In Europe, the segment experienced high costs related to numerous product launches in both the sealing and fluid systems business units in 2001. The segment expects to improve its profitability significantly in 2002 because of the absence of significant launch costs and the impact of having fully implemented the restructuring plan, which is expected to have occurred by the end of the second quarter of 2002. The segment will continue to seek ways to increase production at it facilities in Poland and the Czech Republic, where costs are significantly lower than in the United Kingdom, France and Germany, where the bulk of the segment's European manufacturing operations now take place. The segment also seeks to diversify its customer base to include all of the major OEMs in Europe, and not just those which the segment has traditionally served.

A severe energy crisis caused renewed recessionary conditions in Brazil in 2001. However, as a result of continued cost reduction efforts, the sealing operation generated a small operating profit. Although conditions there have stabilized and the energy problems have abated, the segment will need to make additional cost reductions to be profitable at the sales levels expected in 2002.

Company Summary

Although the Company expects that 2002 will be a difficult year if economic conditions remain weak, the substantial completion of the announced restructuring programs and a relentless emphasis on lean manufacturing and other cost reduction efforts have positioned the Company to remain profitable when economic conditions are weaker than normal. A return to more normal conditions in the replacement tire market and the beginning of significant new product launches in the automotive segment provide the Company with optimism about its performance in the second half of 2002 and into 2003. In addition, if the economic recovery commences earlier than expected, as some economic indicators are showing, results for the year 2002 could be higher than originally forecast.

Nevertheless, the Company must continue to meet numerous challenges to achieve its desired level of performance. In the Tire segment, the evolution in the distribution channels into which replacement tires are sold will require continued changes in the segment's sales and marketing practices. In addition, the continuing level of low-priced tire imports will require that the segment maintain and even enhance its position as a low-cost supplier of quality products. In the Automotive segment, the lack of profitability among the OEMs will require suppliers such as the Company to operate in an extremely lean and efficient manner if they are to survive and prosper in an industry in which pricing pressures cannot be expected to abate.

Liquidity and Capital Resources

Net cash provided by operating activities was $269 million in 2001, $38 million higher than the $231 million generated in 2000. Net cash provided by operating activities was $231 million in 2000, $20 million higher than the $211 million generated in 1999. Net income, adjusted for non-cash charges, decreased by $48 million in 2001 from 2000 and increased $18 million in 2000 from 1999. Changes in operating assets and liabilities resulted in the availability of $85 million more cash in 2001 than in 2000. This improvement was due in part to a change in the payment pattern of a significant tire customer.

Net cash used in investing activities during 2001 reflects capital expenditures of $136 million, compared to $201 million in 2000 and $150 million in 1999. Capital expenditures in 2002 are expected to approximate $150 million, primarily to support new business launching in 2002 and 2003, advances in manufacturing technology and process improvements throughout the Company's operations. The Company's capital expenditure commitments at December 31, 2001 are not material to its consolidated financial position or cash flows.

Net cash used in investing activities includes the acquisition of certain assets of the tire retread business of The Hercules Tire & Rubber Company in July 2001 for $6 million and the purchase of certain assets of Siebe's subsidiary in India in March 2001. The Indian transaction had been delayed due to regulatory requirements in that country. The Company sold various assets in 2001, which included two tire distribution facilities and an aircraft, for $16 million. During 2000, the Company acquired Siebe for $223 million. Pretax proceeds from the sale of the Holm and Winnsboro businesses provided $110 million. In 1999, the Company acquired Standard for $594 million and assumed its outstanding debt.

Through its financing activities in 2001, the Company reduced its total debt by $86 million. The reduction consisted of the repayment of commercial paper borrowings of $127 million, the repurchase of $24 million of the Company's public notes, the payment of scheduled maturities of long-term debt in the amount of $15 million, and a reduction in bank line borrowings. Offsetting this reduction was the placement of $90 million of debt in Canada under a five-year note.

In 2000, the Company's total debt increased by $129 million, due substantially to the issuance of commercial paper to fund the Siebe acquisition. This increase in debt was partially offset by proceeds received from the sale of businesses and by a purchase price adjustment related to the Siebe acquisition. The Company also used $42 million to repurchase 3,314,800 shares of its common shares in 2000. During 1999, the Company issued $800 million of public notes to provide long-term funding for the acquisition of Standard.

Dividends paid on the Company's common shares were $30 million, $31 million and $32 million in 2001, 2000 and 1999, respectively.

On December 21, 2001, the Company amended and restated its credit agreement with a group of eight banks. Pursuant to the amendment, the ratio of income before fixed charges and income taxes to fixed charges (the "fixed charge coverage ratio") required to be maintained by the Company under the agreement was reduced from 2.0 times to 1.5 times through September 30, 2002, 1.75 times at December 31, 2002 and 2.0 times thereafter. The amendment provides for the exclusion of certain charges in calculating the ratio. The amendment also allows the Company to maintain a total debt to total capitalization ratio of 60 percent through December 31, 2002 and 55 percent thereafter, and permits the exclusion of the impact of the cumulative currency translation adjustment recorded in equity from the total debt to total capitalization measurement. Further, the amendment provides that any adverse impact from any potential impairment of goodwill and other intangibles upon adoption of the new accounting standard in 2002 shall be excluded from the calculation of both the fixed charge coverage and total debt to total capitalization ratios. The same amendments were made to the Company's 6.55 percent notes placed with insurance companies. The Company was in compliance with these covenants at December 31, 2001. At that date, the ratio of total indebtedness to total capitalization was 54.0 percent, under the definitions contained in the agreement. For the twelve months ended December 31, 2001, the fixed charge coverage ratio was 1.66 times.

The credit commitment under the amended agreement has been reduced from $350 million to $250 million. Of this amount, $125 million may be borrowed, with the amounts repayable through a date as late as August 31, 2006. The remaining $125 million, if borrowed, must be repaid by August 31, 2002. The Company generally renegotiates the short-term portion of its credit facility each year, and expects to do so again in 2002. The Company does not presently expect to experience difficulty in renegotiating this facility with its bank group. In addition, the agreement allows the Company to increase its total credit commitment to $350 million, without renegotiating the terms of the agreement, through the addition of new lending institutions. The credit facilities support issuance of commercial paper. There were no borrowings under the agreement at December 31, 2001. At December 31, 2000, $127 million was outstanding under the previous credit facilities.

The Company's unsecured credit arrangements include certain provisions for acceleration of maturity. These provisions include (i) bankruptcy or dissolution proceedings; (ii) failure to pay principal and interest; (iii) cross default in an amount in excess of $10 million for money borrowed; (iv) final uninsured judgments which exceed $10 million and which have not been vacated or discharged within 60 days; (v) litigation or government proceedings that will likely have a material adverse effect and have not been cured within 30 days; and (vi) change in control whereby a person or group of persons acquires 20 percent or more of the voting stock.

In August 2001, a Canadian subsidiary of the Company entered into a $125 million loan agreement, which expires in August 2006, with Market Street Funding Corporation, an affiliated company of PNC Bank NA, which is secured by certain trade accounts receivable. At that time, $90 million was advanced under the loan agreement, with a maturity date of August 2006 and interest at an average commercial paper floating rate plus a spread of .675 percent. At December 31, 2001, $90 million was outstanding under this agreement.

The Company established a $1.2 billion universal shelf registration in 1999 in connection with the acquisition of Standard. Fixed rate debt of $800 million was issued pursuant to the shelf registration in December 1999 to fund the acquisition. The remaining amount available under the shelf registration continues to be available at December 31, 2001. Securities that may be issued under this shelf registration include debt securities, preferred stock, fractional interests in preferred stock represented by depositary shares, common stock, and warrants to purchase debt securities, common stock or preferred stock.

In November 2001, Moody's Investors Service reduced the Company's long-term debt rating from A3 to Baa2, with a stable outlook. In January 2002, Standard & Poor's reduced the Company's long-term corporate credit, senior unsecured debt and senior unsecured shelf registration ratings from BBB+ to BBB, with a stable outlook. These ratings are "investment grade." Both Moody's and Standard and Poor's attributed the change in rating to the difficult industry conditions which they judge could prevent the Company from achieving the improvement in financial measures factored into the previous ratings. The ratings on the Company's short-term credit and commercial paper ratings were affirmed at P-2 by Moody's and at A-2 by Standard and Poor's. The Company does not expect that the ratings downgrade will impact its ability to obtain any financing that may be needed for its business operations.

The Company expects, given current business projections, that sufficient liquidity will be provided by cash flows from operations, the disposition of assets held for sale, its credit facilities and its loan arrangement secured by certain trade receivables to fund its obligations and commitments during 2002. The Company's additional borrowing capacity through use of its credit agreement with its bank group and other bank lines at December 31, 2001 is $321 million, with another $400 million available under the shelf registration.

The Company expects to use cash in 2002 for debt service obligations, capital expenditures, dividends on its common shares, the cash requirements of its tentative agreement to settle the litigation described herein under "Contingencies," and normal working capital requirements. Cash flows from operations may change materially if economic conditions and the Company's restructuring efforts are achieved at a pace different than expected, or if a downturn in the economy from early 2002 levels occurs. The cost of borrowings under the Company's $250 million credit facility would be impacted by further changes in debt ratings.

The Company's contractual obligations at December 31, 2001 are summarized in the following table:

	Payments Due by Period				
Contractual Obligations *(000's)*	Total	Less Than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
Long-Term Debt	$1,086,489	$213,835	$12,500	$ 90,000	$770,154
Capital Lease Obligations	12,807	3,326	3,968	417	5,096
Operating Leases	124,180	17,360	25,110	18,980	62,730
Notes payable	15,875	15,875	–	–	–
Unconditional Purchase (a)	21,718	21,718	–	–	–
Total Contractual Cash Obligations	$1,261,069	$272,114	$41,578	$109,397	$837,980

(a) Noncancellable purchase order commitments for raw materials, principally natural rubber, made in the ordinary course of business.

Contingencies

The Company has had pending against it 32 separate class action lawsuits and two individual lawsuits with similar allegations filed in 30 separate state courts, plus the Commonwealth of Puerto Rico. One of the class action lawsuits purports to represent a national class. The lawsuits, all of which were filed under the auspices of the same group of plaintiffs' attorneys, assert claims under the respective states' consumer protection and deceptive trade practices statutes, and comparable commercial law and other theories. They allege that the Company used certain materials and procedures in its process of manufacturing steel-belted radial tires which could have rendered a portion of the tires unsafe, and failed to disclose those practices to purchasers of its tires. The suits were brought on behalf of all persons (excluding those who have sustained personal injury and/or property damage as a result of the alleged unlawful practices) in the respective states who purchased steel-belted radial tires manufactured by the Company from 1985 to the present, and still retain those tires. The lawsuits generally seek, on behalf of each class member, relief sufficient to secure replacement of their tires, statutory, compensatory and punitive damages, costs and attorneys' fees. The Company removed each of the actions to Federal court. Certain of the actions have been remanded to state courts, while others have been transferred by the Federal Judicial Panel on Multidistrict Litigation to the U. S. District Court for the Southern District of Ohio for consolidated pre-trial handling.

On October 26, 2001, the Company entered into a Stipulation of Settlement and Release of all of the class action lawsuits, without any admission of liability, resulting in a charge of $54.6 million ($33.9 million net of tax). Prior to settlement, $17.6 million of legal and professional and tire storage costs were incurred related to the class action litigation. Certain parties have sought to have the settlement nullified. According to the terms of the Stipulation of Settlement and Release, the Company will provide (i) a five-year Enhanced Warranty Program offering a free replacement tire for an Adjustable Separation on an Eligible Cooper Tire or an alternative dispute resolution system; (ii) some modifications to final tire inspections; and (iii) a consumer education program to promote tire safety. In addition, the Company has agreed to pay plaintiffs' legal expenses as part of the settlement. Out of potentially millions of class members, only 156 chose to opt out of the Settlement. Those who opted out can pursue any legal rights they may have against the Company in separate individual lawsuits, any one of which the Company believes is unlikely to have a material adverse effect on the Company's results of operations, cash flow or financial position.

Preliminary judicial approval of the Settlement has been received. If final approval is received, the litigation will be fully resolved, unless appealed. There were 18 objectors to the Settlement. None objected to the structure of the Settlement, but only to the content, coverage and amount of attorney's fees. A fairness hearing regarding the Settlement was held in the Superior Court of New Jersey, Middlesex County on January 29 and 30, 2002. The Court has not yet rendered its decision as to the fairness of the Settlement.

The Company is also a defendant in unrelated product liability and other actions in Federal and state courts throughout the United States in which plaintiffs assert monetary damages. If the plaintiffs in certain of those actions recovered the damages sought, the impact could be material to the Company's results of operations, cash flows, or financial position. The Company believes that such a result is unlikely. The Company does not believe any liability it may have for these matters will be material to its results of operations, cash flows or financial position.

New Accounting Standards

For a discussion of recent accounting pronouncements and their impact on the Company, see the "Significant Accounting Policies – Accounting pronouncements" note to the financial statements.

Critical Accounting Policies

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. When more than one accounting principle, or the method of its application, is generally accepted, the Company selects the principle or method that is appropriate in its specific circumstances. Application of these accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Product liability – The Company has pending various claims and lawsuits arising in the ordinary course of business with respect to product liability for its tire products. The facts related to each individual claim or lawsuit are evaluated on an ongoing basis and judgments are made to determine the Company's requirement to establish or revise an accrual for specific liability. The amount of the accrual gives appropriate consideration to historical patterns and results of similar cases. In evaluating the appropriateness of its accruals, the Company takes the litigation environment into account, using its best judgment as to the most likely outcome of specific litigation brought against it. In the wake of the Firestone recall, the Company believes that product liability litigation has become more difficult for defendants and relying solely upon historical results in establishing accruals could understate the Company's exposure. Legal costs are expensed as incurred.

Deferred tax assets – The Company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. While future taxable income and ongoing prudent and feasible tax planning strategies have been considered in assessing the need for the valuation allowance, in the event the Company were to determine that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, an adjustment to the deferred tax asset would increase income in the period such determination was made. Likewise, should the Company determine that it would not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the deferred tax asset would be charged to income in the period such determination was made. A valuation allowance of $13.8 million was recorded on purchased net operating loss carryforwards of $21 million and, to the extent such benefits are realized, the benefits will be recorded as an adjustment to goodwill.

Impairment of long-lived assets – The Company's long-lived assets include property, plant and equipment, long-term investments, goodwill and other intangible assets. If an indicator of impairment exists, the Company will compare the undiscounted cash flows generated by the business units to the carrying value. Based on current facts, the Company believes there is no impairment. If current business conditions deteriorate, the Company may be required in the future to record an impairment charge. As discussed in the notes to the financial statements, the Company is assessing the impact of SFAS No. 142, "Goodwill and Other Intangible Assets."

Pension and postretirement benefits – The Company has recorded significant pension and postretirement liabilities that are developed from actuarial valuations. Inherent in these valuations are key assumptions including discount rates and expected returns on plan assets. Current market conditions, including changes in interest rates, are considered in selecting these assumptions. Changes in the related pension and postretirement benefit liabilities may occur in the future due to changes in plan design and key assumptions.

Warranties – The Company provides for the estimated cost of product warranties at the time revenue is recognized based primarily on historical return rates. If return rates differ materially from those historical rates, such as reductions in warranty claims due to improvements in product quality, revisions to the estimated warranty liability would be required.

Insurance Costs and Availability

The Company purchases excess/umbrella liability insurance coverage for its products liability exposure and has obtained noncancelable coverage through March 31, 2003. The policy contains aggregate annual maximums for all claims incurred during a policy year which the Company believes are sufficient to cover the ultimate cost of all claims incurred in each policy year. With respect to renewal of the Company's coverage beginning on April 1, 2003, the litigation environment created by the Firestone recalls may adversely impact both the scope and cost of coverage available to the Company.

As a result of the terrorist attacks of September 11, 2001 and general market conditions, the Company's property insurance costs for 2002 have approximately tripled. In addition, the breadth of coverage has been reduced, although not to a level that creates a significant risk to the Company's business operations or financial condition. In particular, the Company's property insurance coverage now excludes any coverage for the risks associated with terrorism.

Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to fluctuations in interest rates and currency exchange rates from its financial instruments. The Company actively monitors its exposure to risk from changes in foreign currency exchange rates and interest rates. Derivative financial instruments are used to reduce the impact of these risks. See the "Significant Accounting Policies - Derivative financial instruments" and "Fair Value of Financial Instruments" notes to the financial statements for additional information.

The Company has estimated its market risk exposures using sensitivity analysis. These analyses measure the potential loss in future earnings, cash flows or fair values of market sensitive instruments resulting from a hypothetical ten percent change in interest rates or foreign currency exchange rates.

A ten percent decrease in interest rates would have adversely affected the fair value of the Company's fixed-rate, long-term debt by approximately $52.7 million at December 31, 2001 and approximately $57 million at December 31, 2000. A ten percent increase in the interest rates for the Company's floating rate long-term debt obligations would not have been material to the Company's results of operations and cash flows.

The Company uses interest rate swap agreements to manage its exposure to interest rate risk. In October 2001, the Company entered into $100 million of interest rate swap agreements to convert a portion of its 7.75 percent fixed-rate, 2009 senior notes to a floating rate based on LIBOR. The Company's exposure to changes in interest rates from its short-term notes payable issuances is not significant as such notes, which are not material to its financial position at December 31, 2000 and 2001, are issued at current market rates.

At December 31, 2001, the Company has derivative financial instruments that hedge foreign currency denominated intercompany loans. Gains or losses on the foreign currency denominated loans are offset by changes in the values of derivative financial instruments. To manage the volatility related to currency exchange exposures related to future sales and purchases, the Company nets the exposures on a consolidated basis to take advantage of natural offsets. For the residual portion, the Company enters into forward exchange contracts and purchased options with maturities of less than 12 months pursuant to the Company's policies and hedging practices. The changes in fair value of these hedging instruments are offset in part or in whole by corresponding changes in the fair value of cash flows of the underlying exposures being hedged. The Company's unprotected exposures to earnings and cash flow fluctuations due to changes in foreign currency exchange rates were not significant at December 31, 2000 and 2001.

Forward-Looking Statements

This report, and in particular the "Outlook" and "Liquidity and Capital Resources" sections, contain "forward-looking statements," as that term is defined under the Private Securities Litigation Reform Act of 1995, regarding projections and expectations for future financial performance, which involve uncertainty and risk. The Company cautions that although such forward looking statements are based on assumptions that it believes are reasonable, the assumptions are subject to various risks and actual results may differ materially from what is stated in this report. Among the factors that may cause the Company's future financial performance to differ materially from those projections or expectations are the following, which include, but are not limited to: changes in economic and business conditions in the world, including economic and political changes in international markets and countries over which the Company has no control, increased competitive activity, the failure to achieve expected sales levels, consolidation among the Company's competitors and customers, technology advancements, unexpected costs and charges, fluctuations in raw material and energy prices, government regulatory initiatives, including the proposed regulations under the TREAD Act, the cyclical nature and overall health of the global automotive industry, the loss of a major customer or program, risks associated with new vehicle launches, the failure to achieve the savings anticipated from the announced restructuring plans, the risks to the economy associated with external events, including those resulting from the events of September 11, 2001 and the impact on the economy of similar events which may occur in the future, litigation brought against the Company, and other unanticipated events and conditions. In addition, it is possible that the Company will fail to obtain final approval of the settlement of class action litigation which has been described under "Contingencies" herein.

It is not possible to foresee or identify all such factors. Any forward-looking statements in this report are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Prospective investors are cautioned that any such statements are not a guarantee of future performance and actual results or developments may differ materially from those projected. The Company makes no commitment to update any forward-looking statement included herein, or to disclose any facts, events or circumstances that may affect the accuracy of any forward-looking statement.

Further information covering issues that could materially affect financial performance is contained in the Company's periodic filings with the U. S. Securities and Exchange Commission.

Management's Responsibility for Financial Reporting

The management of Cooper Tire & Rubber Company is responsible for the integrity, objectivity and accuracy of the financial statements of the Company. The statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States and, where appropriate, are based on management's best estimates and judgment. The financial information presented in this report is consistent with the statements.

The accounting systems established and maintained by the Company are supported by adequate internal controls augmented by written policies, internal audits and the training of qualified personnel.

The accompanying financial statements have been audited by Ernst & Young LLP, independent auditors, whose report appears herein.

The Audit Committee of the Board of Directors is composed solely of directors who are not officers or employees of the Company. The committee meets regularly with management, the Company's internal auditors and its independent auditors to discuss their evaluations of internal accounting controls, the audit scopes and the quality of financial reporting. The independent auditors and the internal auditors have free access to the committee, without management's presence, to discuss the results of their respective audits.

Philip G. Weaver
Vice President,
Chief Financial Officer

Eileen B. White
Corporate Controller

Report of Independent Auditors

The Board of Directors
Cooper Tire & Rubber Company

We have audited the accompanying consolidated balance sheets of Cooper Tire & Rubber Company as of December 31, 2000 and 2001, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cooper Tire & Rubber Company at December 31, 2000 and 2001, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

Ernst + Young LLP

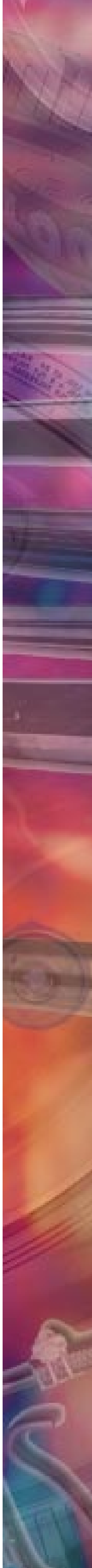
Toledo, Ohio
February 6, 2002

Consolidated Statements of Income

(Dollar amounts in thousands except per-share amounts)

	Years ended December 31		
	1999	2000	**2001**
Net sales	$2,196,343	$3,472,372	**$3,154,702**
Cost of products sold	1,810,524	2,939,815	**2,724,692**
Gross profit	385,819	532,557	**430,010**
Selling, general and administrative	144,189	225,824	**227,229**
Class action costs	–	–	**72,194**
Amortization of goodwill	2,550	15,553	**15,705**
Restructuring	–	38,699	**8,648**
Operating profit	239,080	252,481	**106,234**
Interest expense	24,445	97,461	**90,695**
Other income - net	(862)	(5,136)	**(13,619)**
Income before income taxes	215,497	160,156	**29,158**
Provision for income taxes	80,023	63,422	**10,992**
Net income	$ 135,474	$ 96,734	**$ 18,166**
Basic and diluted earnings per share	$1.79	$1.31	**$0.25**

See Notes to Financial Statements, pages 32-41.



Consolidated Balance Sheets

(Dollar amounts in thousands except per-share amounts)

Assets	December 31 2000	December 31 **2001**
Current assets:		
Cash and cash equivalents	$ 45,795	**$ 71,835**
Accounts receivable, less allowances of $11,000 in 2000 and $13,159 in 2001	581,142	**497,180**
Inventories:		
Finished goods	192,357	**207,484**
Work in process	32,882	**32,838**
Raw materials and supplies	71,221	**66,156**
	296,460	**306,478**
Prepaid expenses, deferred income taxes and assets held for sale	74,793	**76,604**
Total current assets	998,190	**952,097**
Property, plant and equipment:		
Land and land improvements	47,737	**47,713**
Buildings	408,332	**393,065**
Machinery and equipment	1,568,760	**1,636,773**
Molds, cores and rings	138,588	**156,209**
	2,163,417	**2,233,760**
Less accumulated depreciation and amortization	878,020	**1,027,686**
Net property, plant and equipment	1,285,397	**1,206,074**
Goodwill, net of accumulated amortization of $17,237 in 2000 and $33,199 in 2001	439,443	**427,895**
Intangibles, net of accumulated amortization of $10,492 in 2000 and $14,698 in 2001, and other assets	173,643	**178,184**
	$2,896,673	**$2,764,250**

See Notes to Financial Statements, pages 32-41.

Liabilities and Stockholders' Equity	December 31 2000	2001
Current liabilities:		
Notes payable	$ 154,997	**$ 15,875**
Accounts payable	186,284	**191,802**
Accrued liabilities	218,021	**222,503**
Income taxes	4,249	**564**
Current portion of long-term debt	15,193	**217,161**
Total current liabilities	578,744	**647,905**
Long-term debt	1,036,960	**882,134**
Postretirement benefits other than pensions	190,175	**197,757**
Other long-term liabilities	75,791	**106,202**
Deferred income taxes	62,447	**20,012**
Stockholders' equity:		
Preferred stock, $1 per share par value; 5,000,000 shares authorized; none issued	–	**–**
Common stock, $1 per share par value; 300,000,000 shares authorized; (83,848,027 in 2000) 83,903,845 shares issued in 2001	83,848	**83,904**
Capital in excess of par value	3,982	**4,658**
Retained earnings	1,115,389	**1,103,080**
Cumulative other comprehensive loss	(53,642)	**(84,390)**
	1,149,577	**1,107,252**
Less: (11,304,400 in 2000) 11,303,900 shares in treasury at cost	(197,021)	**(197,012)**
Total stockholders' equity	952,556	**910,240**
	$2,896,673	**$2,764,250**

See Notes to Financial Statements, pages 32-41.

Consolidated Statements of Stockholders Equity

(Dollar amounts in thousands except per-share amounts)

	Common Stock $1 Par Value	Capital In Excess of Par Value	Retained Earnings	Cumulative Other Comprehensive Income (Loss)	Common Shares in Treasury	Total
Balance at January 1, 1999	$83,781	$3,296	$945,975	$(9,867)	$(155,249)	$867,936
Net income			135,474			135,474
Other comprehensive income:						
Minimum pension liability adjustment, net of $3,494 tax effect				5,502		5,502
Currency translation adjustment				(1,688)		(1,688)
Comprehensive income						139,288
Stock compensation plans	18	242				260
Cash dividends - $.42 per share			(31,850)			(31,850)
Balance at December 31, 1999	83,799	3,538	1,049,599	(6,053)	(155,249)	975,634
Net income			96,734			96,734
Other comprehensive income:						
Minimum pension liability adjustment, net of $9,703 tax effect				(15,556)		(15,556)
Currency translation adjustment				(32,033)		(32,033)
Comprehensive income						49,145
Purchase of treasury shares					(41,772)	(41,772)
Stock compensation plans	49	444				493
Cash dividends - $.42 per share			(30,944)			(30,944)
Balance at December 31, 2000	83,848	3,982	1,115,389	(53,642)	(197,021)	952,556
Net income			**18,166**			**18,166**
Other comprehensive loss:						
Minimum pension liability adjustment, net of $13,199 tax effect				**(21,636)**		**(21,636)**
Currency translation adjustment				**(9,573)**		**(9,573)**
Unrealized gain on marketable securities and change in fair value of derivatives, net of $285 tax effect				**461**		**461**
Comprehensive loss						**(12,582)**
Stock compensation plans	**56**	**676**			**9**	**741**
Cash dividends - $.42 per share			**(30,475)**			**(30,475)**
Balance at December 31, 2001	**$83,904**	**$4,658**	**$1,103,080**	**$(84,390)**	**$(197,012)**	**$910,240**

See Notes to Financial Statements, pages 32-41.

Consolidated Statements of Cash Flows

(Dollar amounts in thousands)

	Years ended December 31		
	1999	2000	**2001**
Operating activities:			
Net income	$135,474	$ 96,734	**$ 18,166**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	120,977	167,787	**169,479**
Amortization of goodwill and intangibles	4,600	20,994	**20,808**
Deferred income taxes	1,095	(4,876)	**(22,148)**
Class action settlement agreement , less payments	–	–	**46,454**
Changes in operating assets and liabilities, net of effects of businesses acquired and sold:			
Accounts receivable	6,526	(28,954)	**83,314**
Inventories	(18,279)	(19,375)	**(9,077)**
Prepaid expenses, deferred income taxes and assets held for sale	2,359	(9,404)	**2,500**
Accounts payable	(10,853)	(19,763)	**5,720**
Accrued liabilities	(25,989)	6,169	**(38,852)**
Other non-current items	(4,835)	21,937	**(7,216)**
Net cash provided by operating activities	211,075	231,249	**269,148**
Investing activities:			
Property, plant and equipment	(149,817)	(201,366)	**(136,287)**
Acquisition of businesses, net of cash acquired	(594,139)	(222,755)	**(7,239)**
Proceeds from sale of businesses	–	109,990	**–**
Proceeds from the sale of assets	187	2,136	**15,828**
Net cash used in investing activities	(743,769)	(311,995)	**(127,698)**
Financing activities:			
Issuance of debt	832,846	322,669	**188,159**
Payment on debt	(241,336)	(194,207)	**(273,840)**
Purchase of treasury shares	–	(41,772)	**–**
Payment of dividends	(31,850)	(30,944)	**(30,475)**
Issuance of common shares	260	493	**735**
Net cash provided by (used in) financing activities	559,920	56,239	**(115,421)**
Effects of exchange rate changes on cash	1,935	(825)	**11**
Changes in cash and cash equivalents	29,161	(25,332)	**26,040**
Cash and cash equivalents at beginning of year	41,966	71,127	**45,795**
Cash and cash equivalents at end of year	$71,127	$45,795	**$71,835**

See Notes to Financial Statements, pages 32-41.

(Dollar amounts in thousands except per-share amounts)

Significant Accounting Policies

Principles of consolidation – The consolidated financial statements include the accounts of the Company and its subsidiaries. Newly acquired businesses are included in the consolidated financial statements from the dates of acquisition. All material intercompany accounts and transactions have been eliminated.

The equity method of accounting is followed for investments in 20 percent to 50 percent owned companies. The cost method is followed in those situations where the Company's ownership is less than 20 percent and the Company does not have the ability to exercise significant influence over the affiliate.

The Company's investment in Nishikawa Standard Company (NISCO), a 50 percent owned joint venture in the United States, is accounted for under the equity method. The Company's investment in NISCO at December 31, 2000 and 2001 was $23,205 and $26,708, respectively, and is included in other assets in the accompanying Consolidated Balance Sheets.

Cash and cash equivalents – The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

Inventories – Inventories are valued at cost, which is not in excess of market. Inventory costs have been determined by the last-in, first-out (LIFO) method for substantially all domestic inventories. Costs of other inventories have been determined principally by the first-in, first-out (FIFO) method.

Pre-production costs related to long-term supply arrangements – Design and development costs for molds, dies, and other tools owned by the Company to produce products under long-term supply arrangements are recorded at cost in property, plant, and equipment and amortized over the lesser of three years or the term of the related supply agreement. Amounts capitalized were $4,142 and $5,596 at December 31, 2000 and 2001, respectively. Costs incurred during the engineering and design phase of customer owned tooling projects are expensed as incurred. If a contractual arrangement for reimbursement by the customer exists, tool development costs for tools to be owned by the customer are recorded in other assets. Reimbursable tooling costs included in other assets were $13,495 and $17,837 at December 31, 2000 and 2001, respectively. Upon completion and acceptance of customer owned tooling, reimbursable costs are recorded as accounts receivable. At December 31, 2000 and 2001, respectively, $5,518 and $4,566 were included in accounts receivable.

Long-lived assets – Property, plant and equipment are recorded at cost and depreciated or amortized using the straight-line or accelerated methods over the following expected useful lives:

Buildings and improvements	15 to 50 years
Machinery and equipment	5 to 14 years
Furniture and fixtures	5 to 10 years
Molds, cores and rings	4 to 10 years

Goodwill, which represents the excess of purchase price over the fair value of net assets acquired, is amortized over 30 years. Intangibles include trademarks, technology and intellectual property which are amortized over their useful lives which range from 5 years to 40 years. The Company evaluates the recoverability of long-lived assets based on undiscounted projected cash flows excluding interest and taxes when any impairment is indicated.

Earnings per common share – Net income per share is computed on the basis of the weighted average number of common shares outstanding each year. The number of shares used in the computation of per share data was 75,837,168 in 1999, 73,584,757 in 2000 and 72,558,743 in 2001. Diluted earnings per share includes the dilutive effect of stock options and other stock units. The impact of stock options and other stock units in the computation of diluted earnings per share did not result in amounts different from basic earnings per share.

Derivative financial instruments – Derivative financial instruments are utilized by the Company to reduce foreign currency exchange and interest rate risks. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. The Company does not enter into financial instruments for trading or speculative purposes.

The Company adopted Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities", and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" – an amendment of SFAS No. 133, on January 1, 2001. SFAS No. 133 requires the transition adjustment resulting from adopting these Statements to be reported in net income or other comprehensive income, as appropriate, as the cumulative effect of a change in accounting principle. The transition adjustment to recognize the fair value of derivative instruments as of the date of adoption was not material.

Gains and losses on fair value hedges used to hedge currency fluctuations on transactions denominated in foreign currencies and offsetting losses and gains on hedged transactions are recorded in other-net in the Consolidated Statements of Income. The Company has entered into interest rate swaps on certain amounts of its fixed rate debt which qualify as fair value hedges. Changes in the fair value of the hedges are offset by corresponding changes to the carrying value of the long-term debt hedged.

Gains and losses in the fair value of instruments that are designated as and meet all the required criteria for a cash flow hedge, are recorded in accumulated Other Comprehensive Income (Loss) and reclassified into earnings as the underlying hedged item affects earnings.

Income taxes – Income tax expense is based on reported earnings before income taxes in accordance with the tax rules and regulations of the various taxing authorities where the Company's income is earned. The income tax rates imposed by these taxing authorities vary substantially. Taxable income may differ from income before income taxes for financial accounting purposes. To the extent that differences are due to revenue or expense items reported in one period for tax purposes and in another period for financial accounting purposes, an appropriate provision for deferred income taxes is made using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is recognized if it is anticipated that some or all of a deferred tax asset may not be realized.

Deferred income taxes are not recorded on undistributed earnings of international affiliates based on the Company's intention that these earnings will continue to be reinvested.

Product liability - The Company accrues costs for product liability at the time a loss is probable and the amount of loss can be estimated. Legal costs are expensed as incurred.

Advertising expense – Expenses incurred for advertising include production and media and are generally expensed when incurred. Dealer-earned cooperative advertising expense is recorded when earned. Advertising expense for 1999, 2000 and 2001 was $31,748, $38,721 and $38,067, respectively.

Stock-based compensation – The Company accounts for employee stock option plans in accordance with Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees." Additional disclosures required under SFAS No. 123, "Accounting for Stock-Based Compensation," are included in the Stock-Based Compensation note.

Warranties – Estimated costs for product warranties are charged to operations at the time of sale. Warranty expense for 1999, 2000 and 2001 was $7,590, $7,420 and $8,816, respectively.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect reported amounts of (1) revenues and expenses during the reporting period, and (2) assets and liabilities, as well as disclosure of contingent assets and liabilities, at the date of the financial statements. Actual results could differ from those estimates.

Revenue recognition – Revenues are recognized when goods are shipped to customers. Shipping and handling costs are generally recorded in cost of sales.

Research and development – Costs are charged to expense as incurred and amounted to approximately $39,900, $99,500 and $79,407 in 1999, 2000 and 2001, respectively.

Accounting pronouncements – In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations". SFAS No. 141 changes the accounting for business combinations to eliminate the pooling-of-interests method and requires all business combinations completed after June 30, 2001 to be accounted for using the purchase method and also requires intangible assets that arise from contractual or other legal rights, or that are capable of being separated or divided from the acquired entity, be recognized separately from goodwill. Existing intangible assets and goodwill that were acquired in a prior purchase business combination must be evaluated and any necessary reclassifications must be made in order to conform with the new criteria in SFAS No. 141 for recognition apart from goodwill. The Company does not expect the adoption of this Statement to have any effect on its consolidated financial position or results of operations.

In June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets." This Statement eliminates the amortization of goodwill and intangible assets with indefinite lives. Intangible assets with lives restricted by contractual, legal, or other means will continue to be amortized over their useful lives. Adoption of this Statement will also require the Company to reassess the useful lives of all intangible assets acquired, and make any necessary amortization period adjustments. Goodwill and other intangible assets not subject to amortization will be tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. For goodwill and other intangible assets acquired on or before June 30, 2001, the Company is required to adopt SFAS No. 142 on January 1, 2002. The Company has not yet determined the impact of the adoption of this Statement.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. While the Statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," it retains many of the fundamental provisions of that Statement. The pronouncement becomes effective for fiscal years beginning after December 15, 2001. The Company does not expect the adoption of this Statement to have a material effect on its consolidated financial position or results of operations.

Acquisition

On October 27, 1999, the Company acquired The Standard Products Company ("Standard") for consideration (including direct costs of the acquisition) of approximately $594,139 plus $270,000 for the assumption and retirement of Standard's debt. Standard became a wholly-owned subsidiary of the Company. The operating results of Standard have been included in the consolidated financial statements of the Company since the date of acquisition.

The following unaudited pro forma consolidated results of operations are presented as if the acquisition of Standard had occurred on January 1, 1999. Pro forma adjustments are included to give effect to depreciation, amortization of goodwill and intangible assets, interest expense on acquisition debt and certain other adjustments, together with related income tax effects.

	Year ended December 31, 1999	
	As Reported	Pro Forma As Adjusted
Net sales	$2,196,343	$3,120,329
Net earnings	$135,474	$106,492
Earnings per share	$1.79	$1.40

The pro forma net earnings and earnings per share for the year ended December 31, 1999 include a special charge recorded by Standard prior to the acquisition in the amount of $15,300 net of taxes ($.20 per share).

On January 28, 2000 the Company acquired Siebe Automotive ("Siebe"), the automotive fluid handling division of Invensys plc. Siebe manufactured automotive fluid handling systems, components, modules and sub-systems for sale to the world's automotive original equipment manufacturers and large Tier 1 automotive suppliers.

The Company financed the $222,755 acquisition, including transaction costs and net of a $28,000 post-closing purchase price adjustment, by issuing commercial paper. The Company's consolidated financial results and financial position subsequent to the date of the acquisition reflect Siebe operations. The purchase price was allocated to fixed assets, working capital, intangible assets and other liabilities as follows:

Net working capital acquired, exclusive of debt	$ 20,857
Property, plant and equipment	98,570
Other non-current assets	10,198
Goodwill	101,364
	230,989
Assumed debt and other liabilities	(8,234)
Aggregate purchase price	$222,755

In March and July of 2001, the Company completed the purchase of certain assets of Siebe's subsidiary in India and acquired certain assets of the tire retread business of The Hercules Tire & Rubber Company.

The acquisitions in 2000 and 2001 do not meet the thresholds for a significant acquisition and therefore no pro forma financial information is presented.

Divestitures and Assets Held for Sale

During 2000, the Company sold an automotive plastic trim production facility and Holm Industries, Inc. both of which were acquired as part of the Standard transaction. The pre-tax proceeds from the sales of these operations totaled $109,990 and were used primarily to reduce commercial paper borrowings. Net sales and operating losses derived from these sold businesses were $26,057 and $659, respectively, in 1999 and $90,665 and $332, respectively, in 2000.

The Company is continuing its efforts to sell certain facilities in North America and Europe as part of its restructuring efforts within the Automotive segment. At December 31, 2000 and 2001, assets of $14,800 and $30,300 respectively, were classified as assets held for sale.

Restructuring

In connection with the 1999 acquisition of Standard, a restructuring accrual of $17,900 was recorded for employee separation costs and other exit costs relating to a plan for the reorganization and closing of certain manufacturing facilities in Europe.

During 2000, the Company accrued $3,200 for employee separation and other exit costs to close Standard's automotive sealing plant in Kittanning, Pennsylvania. The plan called for the termination of 160 employees all of whom were terminated in 2000. This facility has been closed and is being held for sale.

The following table summarizes the activity in the restructuring accruals:

	Employee Separation Costs	Other Exit Costs	Total
Accrual at January 1, 2000	$14,100	$2,800	$16,900
Restructuring accrual for closure of Kittanning automotive sealing plant	1,900	1,300	3,200
Cash payments in 2000	(13,900)	(1,300)	(15,200)
Accrual at December 31, 2000	2,100	2,800	4,900
Cash payments in 2001	(1,100)	(2,800)	(3,900)
Accrual at December 31, 2001	$ 1,000	$ –	$ 1,000

The balance in the restructuring accrual is to cover the remaining costs of severance and separation claims filed against the Company by former employees.

During the fourth quarter of 2000, the Company approved a comprehensive restructuring plan to significantly improve efficiencies and reduce costs throughout its worldwide operations. As a result of this restructuring plan, the Company recorded a pre-tax charge of $34,300, consisting of $25,700 in employee separation costs, $4,100 in other related exit costs and $4,500 in asset impairments. The restructuring plan was to have affected 22 manufacturing and administrative operations and reduced headcounts by approximately 1,100 employees. During 2001, 19 facilities were closed or downsized and 801 employees were terminated. Also in 2001, the Company recognized a $9,700 reversal of charges recorded for this initiative primarily from lower than expected employee severance costs, principally associated with the European initiatives. The remaining accrual at December 31, 2001 is to cover severance costs for the remaining 241employees to be terminated under this plan and the closure of a North American sealing facility. The Company expects these remaining initiatives to be completed in 2002. The following table summarizes the activity related to the restructuring charge recorded in 2000:

	Employee Separation Costs	Other Exit Costs	Asset Impair-ments	Total
Original accrual	$25,700	$4,100	$4,500	$34,300
Write-off and write-down of assets to fair market value	–	–	(4,500)	(4,500)
Cash payments	(800)	–	–	(800)
Accrual at December 31, 2000	24,900	4,100	–	29,000
Cash payments	(8,400)	(600)	–	(9,000)
Adjustments to reserve	(7,600)	(2,100)	–	(9,700)
Accrual at December 31, 2001	$ 8,900	$1,400	$ –	$10,300

Also included in restructuring costs in the 2000 Consolidated Statement of Income is $4,400 of employee separation costs at a tire production facility in the United Kingdom, employee relocation costs at an administrative site in North America and asset relocation and re-launch costs associated with the closing or consolidation of the Kittanning and European manufacturing facilities.

During the fourth quarter of 2001, the Company approved a restructuring plan to improve efficiencies and reduce costs in its North American operations. As a result of this restructuring plan, the Company recorded a pre-tax charge of $9,100, consisting of $4,600 in employee separation costs, $600 in other related exit costs and $3,900 in asset impairments. This restructuring plan will principally affect four manufacturing and administrative facilities and reduce headcounts by approximately 385 employees. The Company has targeted the fourth quarter of 2002 for completion of the plan. The following table summarizes the activity related to the restructuring charge recorded in 2001:

	Employee Separation Costs	Other Exit Costs	Asset Impair-ments	Total
Original accrual	$4,600	$600	$3,900	$9,100
Write-off and write-down of assets to fair market value	–	–	(3,900)	(3,900)
Cash payments	(600)	–	–	(600)
Accrual at December 31, 2001	$4,000	$600	$ –	$4,600

Also included in restructuring costs in the 2001 Consolidated Statement of Income is $1,800 of employee separation costs not associated with the above initiatives, $1,000 in non-accruable employee costs, $5,600 in costs associated with asset relocation and re-launch costs associated with the closing or consolidation of the Kittanning, Rocky Mount and European manufacturing facilities and $848 in other exit costs.

Inventories

Under the LIFO method, inventories have been reduced by approximately $52,476 and $46,565 at December 31, 2000 and 2001, respectively, from current cost which would be reported under the first-in, first-out method. Approximately 68 percent and 77 percent of the Company's inventories have been valued under the LIFO method at December 31, 2000 and 2001, respectively.

Debt

On December 21, 2001 the Company amended and restated the credit agreement ("the Agreement") with a group of eight banks, reducing the credit commitments from $350,000 to $250,000. The Agreement, as amended, provides up to $125,000 in credit facilities until August 31, 2006 and an additional $125,000 in credit facilities until August 31, 2002 with provisions for extending the credit facilities beyond these dates upon approval of the bank group. The Agreement contains a provision allowing the borrower to increase the credit commitments back to $350,000 through the addition of new lending institutions or an increase of commitments by existing banks. The credit facilities also support issuance of commercial paper. There were no borrowings under these credit facilities and no commercial paper outstanding at December 31, 2001. The loans may be denominated in either U.S. Dollars or certain other currencies based upon Eurodollar interest rates or the agent bank's base rate. In addition, the terms of the Agreement permit the Company to request bid rate loans from banks participating in the Agreement. Borrowings under the Agreement bear a margin linked to the Company's long-term credit ratings from Moody's and Standard & Poor's. There are no compensating balances required and the facility fees are not material.

In August 2001 a Canadian subsidiary of the Company entered into a $125,000 loan agreement with Market Street Funding Corporation, an affiliated company of PNC Bank NA, which is secured by certain trade accounts receivable. In August 2001, $90,000 was advanced under the loan agreement with a maturity date of August 2006. Interest on the loan is a floating rate, based on the average commercial paper rates of Market Street Funding Corporation.

The Company has $400,000 available under a $1,200,000 universal shelf registration at December 31, 2001. Securities that may be issued under this shelf registration include debt securities, preferred stock, fractional interests in preferred stock represented by depositary shares, common stock, and warrants to purchase debt securities, common stock or preferred stock.

The 6.55 percent notes are placed directly with three insurance companies and are unsecured. Principal payments of $12,500 are required each December through 2003.

In December 2001, the Company repurchased $23,665 of the 7.25 percent notes due in December 2002 and the presentation below is shown as the net amount of debt due to outside holders of the notes. The carrying value of the 7.75 percent notes has been reduced by $4,846, the fair value of the related interest rate swap.

The following table summarizes the long-term debt of the Company at December 31, 2000 and 2001:

	2000	**2001**
7.25% notes due 2002	$ 225,000	**$ 201,335**
7.75% notes due 2009	350,000	**345,154**
8% notes due 2019	225,000	**225,000**
7.63% notes due 2027	200,000	**200,000**
6.55% notes due 2002 through 2003	37,500	**25,000**
Canadian floating rate note due 2006	–	**90,000**
Capitalized leases and other	14,653	**12,806**
	1,052,153	**1,099,295**
Less current maturities	15,193	**217,161**
	$1,036,960	**$ 882,134**

The maturities of long-term debt through 2006 are as follows:

2002	$217,161
2003	14,945
2004	1,523
2005	413
2006	90,004

The Company's debt agreements require it to maintain, among other things, certain financial ratios. Retained earnings of $206,593 at December 31, 2001 are available for the payment of cash dividends and purchases of the Company's common shares.

The Company and its subsidiaries also have, from various banking sources, approximately $50,800 of available short-term lines of credit of which $15,300 is outstanding at December 31, 2001, at rates of interest approximating euro-based interest rates. The amounts available and outstanding vary based on exchange rates.

The weighted average interest rate of short-term notes payable at December 31, 2000 and 2001 was 7.2 percent and 5.5 percent, respectively.

Interest paid on debt during 1999, 2000 and 2001 was $24,140, $97,177, and $90,474, respectively. The amount of interest capitalized was $1,491, $1,022, and $503 during 1999, 2000 and 2001, respectively.

Fair Value of Financial Instruments

The carrying amounts and fair values of the Company's financial instruments as of December 31 are as follows:

	2000		**2001**	
	Carrying Amount	Fair Value	**Carrying Amount**	**Fair Value**
Cash and cash equivalents	$ 45,795	$ 45,795	**$ 71,835**	**$ 71,835**
Notes payable	(154,997)	(154,997)	**(15,875)**	**(15,875)**
Current portion of long-term debt	(15,193)	(15,193)	**(217,161)**	**(223,061)**
Long-term debt	(1,036,960)	(920,360)	**(882,134)**	**(856,934)**
Derivative financial instruments	(214)	(214)	**(2,053)**	**(2,053)**

The derivative financial instruments include fair value and cash flow hedges of foreign currency exposures and fair value hedges of fixed rate debt. Exchange rate fluctuations on the foreign-denominated intercompany loans and obligations are offset by the change in values of the fair value foreign currency hedges. The notional amount of these derivative instruments at December 31, 2000 and 2001 was $25,400 and $253,000, respectively. The counterparties to each of these agreements are major commercial banks. Management believes that the probability of losses related to credit risk on investments classified as cash and cash equivalents is remote.

Preferred Stock Purchase Rights

Each stockholder is entitled to the right to purchase 1/100th of a newly-issued share of Series A preferred stock of the Company, for each common share owned, at an exercise price of $135. The rights will be exercisable only if a person or group (i) acquires beneficial ownership of 15 percent or more of the Company's outstanding common stock (Acquiring Person), or (ii) subject to extension of the date by the Board of Directors of the Company, commences a tender or exchange offer which upon consummation would result in such person or group beneficially owning 15 percent or more of the Company's outstanding common stock (ten days following the date of announcement of (i) above, the Stock Acquisition Date).

If any person becomes an Acquiring Person, or if an Acquiring Person engages in certain self-dealing transactions or a merger transaction in which the Company is the surviving corporation and its common stock remains outstanding, or an event occurs which results in such Acquiring Person's ownership interest being increased by more than one percent, then each right not owned by such Acquiring Person or certain related parties will entitle its holder to purchase a number of shares of the Company's Series A preferred stock (or in certain circumstances, Company common stock, cash, property, or other securities of the Company) having a value equal to twice the then current exercise price of the right. In addition, if, following the Stock Acquisition Date, the Company (i) is acquired in a merger or other business combination and the Company is not the surviving corporation, (ii) is involved in a merger or other business combination transaction with another person after which all or part of the Company's common stock is converted or exchanged for securities, cash or property of any other person, or (iii) sells 50 percent or more of its assets or earning power to another person, each right (except rights that have been voided as described above) will entitle its holder to purchase a number of shares of common stock of the ultimate parent of the Acquiring Person having a value equal to twice the then current exercise price of the right.

The Company will generally be entitled to redeem the rights at one cent per right, subject to adjustment in certain events, payable in cash or shares of the Company's common stock at any time until the tenth business day following the Stock Acquisition Date.

Stock-Based Compensation

Stock Options

SFAS No. 123, "Accounting for Stock-Based Compensation" requires, if APB Opinion No. 25 is followed, disclosure of pro forma information regarding net income and earnings per share determined as if the Company accounted for its employee stock options under the fair value method. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	1999	2000	**2001**
Risk-free interest rate	5.6%	6.8%	**4.9%**
Dividend yield	1.5%	1.6%	**2.3%**
Expected volatility of the Company's common stock	0.238	0.245	**0.269**
Expected life in years	6.3	5.6	**5.5**

The weighted-average fair value of options granted in 1999, 2000 and 2001 was $6.64, $3.93, and $3.52, respectively. For purposes of pro forma disclosures, the estimated fair value of options is amortized to expense over the options' vesting period. The Company's reported and pro forma information follows:

	1999	2000	**2001**
Net income:			
Reported	$135,474	$96,734	**$18,166**
Pro forma	132,322	91,514	**13,095**
Basic earnings per share:			
Reported	$1.79	$1.31	**$0.25**
Pro forma	1.75	1.24	**0.18**
Diluted earnings per share:			
Reported	$1.79	$1.31	**$0.25**
Pro forma	1.74	1.24	**0.18**

The Company's 1998 and 2001 incentive compensation plans allow the Company to grant awards to key employees in the form of stock options, stock awards, restricted stock units, stock appreciation rights, performance units, dividend equivalents and other awards. The 1986 and 1996 incentive stock option plans and the 1998 and 2001 incentive compensation plans provide for granting options to key employees to purchase common shares at prices not less than market at the date of grant. Options under these plans may have terms of up to ten years becoming exercisable in whole or in consecutive installments, cumulative or otherwise. The plans allow the granting of nonqualified stock options which are not intended to qualify for the tax treatment applicable to incentive stock options under provisions of the Internal Revenue Code. Options which were outstanding at December 31, 2001 under these plans have a term of ten years and become exercisable 50 percent after the first year and 100 percent after the second year.

The 1998 employee stock option plan allowed the Company to make a nonqualified option grant to substantially all of its employees to purchase common shares at a price not less than market at the date of grant. Options granted under this plan have a term of ten years and are exercisable in full beginning three years after the date of grant.

The Company's 1991 nonqualified stock option plan provides for granting options to directors who are not current or former employees of the Company to purchase common shares at prices not less than market at the date of grant. Options granted under this plan have a term of ten years and are exercisable in full beginning one year after the date of grant.

Summarized information for the plans follows:

	Number of Shares	Weighted Average Exercise Price	Available For Grant
January 1, 1999			
Outstanding	2,059,934	$20.99	
Exercisable	*589,697*	*21.33*	
Granted	590,653	22.46	
Exercised	(18,294)	14.22	
Cancelled	(140,692)	21.82	
December 31, 1999			3,435,977
Outstanding	2,491,601	21.34	
Exercisable	*792,098*	*21.61*	
Granted	1,587,075	12.60	
Exercised	(29,600)	9.11	
Cancelled	(243,880)	19.79	
December 31, 2000			1,970,157
Outstanding	3,805,196	17.89	
Exercisable	*1,083,421*	*22.01*	
Granted	1,276,947	13.46	
Exercised	(39,100)	12.63	
Expired	(46,100)	15.19	
Cancelled	(284,650)	16.96	
December 31, 2001			5,832,026
Outstanding	4,712,293	16.82	
Exercisable	*2,778,196*	*19.37*	

The weighted average remaining contractual life of options outstanding at December 31, 2001 is 8.3 years. Segregated disclosure of options outstanding at December 31, 2001 is as follows:

	Range of Exercise Prices	
	Less than $20.00	Equal to or greater than $20.00
Options outstanding	2,709,321	2,002,972
Weighted average exercise price	$13.20	$21.71
Remaining contractual life	9.7	6.3
Options exercisable	775,224	2,002,972
Weighted average exercise price	$13.30	$21.71

Restricted Stock Units

Under the 1998 Incentive Compensation Plan, restricted stock units may be granted to officers and other key employees. Deferred compensation related to the restricted stock units is determined based on the fair value of the Company's stock on the date of grant and is amortized to expense over the vesting period.

In 1999 the Company granted 49,210 restricted stock units with a weighted average fair value of $16.50 per unit and vesting periods of one to two years. In 2001, the Company granted 3,836 restricted stock units with a weighted average fair value of $13.47 per unit and vesting periods of one and two years. The grants provide for accrual of dividend equivalents. At December 31, 2001, 44,903 restricted stock units were outstanding.

Common Stock

There were 18,560,362 common shares reserved for grants under compensation plans and contributions to the Company's Thrift and Profit Sharing and Pre-Tax Savings plans at December 31, 2001. The Company matches contributions made by participants to these plans in accordance with a formula based upon the financial performance of the Company. Matching contributions are directed to the Company Stock Fund and they must remain invested in that fund until an employee has attained three years of service with the Company. Once an employee has attained three years of service, any matching contributions may be transferred to any of the other investment funds offered under the plans.

Pensions and Postretirement Benefits Other than Pensions

The Company and its consolidated subsidiaries have a number of plans providing pension, retirement or profit-sharing benefits for substantially all domestic employees. These plans include defined benefit and defined contribution plans. The Company has an unfunded, nonqualified supplemental retirement plan covering certain employees whose participation in the qualified plan is limited by provisions of the Internal Revenue Code.

For defined benefit plans, benefits are generally based on compensation and length of service for salaried employees and length of service for hourly employees. Effective January 1, 2002, a new hybrid pension plan covering all salaried domestic employees was established. Current employees meeting certain requirements were grandfathered in the previous defined benefit programs. The new pension plan resembles a savings account. Amounts are credited based on a combination of age, years of service and percentage of earnings. A cash out option is available upon termination or retirement.

The Company's general funding policy is to contribute amounts deductible for U.S. federal income tax purposes or amounts as required by local statute. Employees of certain of the company's foreign operations are covered by either contributory or non-contributory trusteed pension plans.

Participation in the Company's defined contribution plans is voluntary and participants' contributions are limited based on their compensation. The Company matches certain plan participants' contributions up to various limits. Certain Company contributions are dependent on operating performance. Expense for these plans was $12,829, $18,326 and $6,149 for 1999, 2000 and 2001, respectively.

The Company currently provides certain retiree health care and life insurance benefits covering substantially all domestic salary and hourly employees. If the Company does not terminate such benefits, or modify coverage or eligibility requirements, substantially all of the Company's domestic employees may become eligible for these benefits upon retirement if they meet certain age and service requirements. The Company has reserved the right to modify or terminate such benefits at any time, subject to applicable terms and conditions contained in union agreements for non-salary participants. In recent years benefit changes have been implemented throughout the Company.

The following tables disclose information related to the Company's defined benefit plans and other postretirement benefits:

	Pension Benefits		Other Postretirement Benefits	
	2000	**2001**	2000	**2001**
Change in benefit obligation:				
Benefit obligation at January 1	$736,779	**$786,025**	$ 235,676	**$ 265,919**
Divestiture	–	**(619)**	–	**–**
Service cost – employer	27,199	**28,244**	5,420	**5,836**
Service cost – participants	2,189	**2,002**	–	**–**
Interest cost	54,065	**57,931**	17,473	**19,672**
Actuarial (loss) gain	10,311	**4,594**	19,200	**36,758**
Amendments	4,751	**(35,365)**	5,301	**–**
Benefits paid	(36,006)	**(44,763)**	(16,547)	**(18,356)**
Foreign currency exchange rate effect	(13,263)	**(4,250)**	(604)	**(330)**
Benefit obligation at December 31	$786,025	**$793,799**	$ 265,919	**$ 309,499**
Change in plans' assets:				
Fair value of plans' assets at January 1	$719,371	**$735,073**	$ –	**$ –**
Divestiture	–	**(607)**	–	**–**
Actual return on plans' assets	46,846	**(21,295)**	–	**–**
Employer contributions	16,084	**41,475**	–	**–**
Participant contributions	2,189	**2,002**	–	**–**
Benefits paid	(36,006)	**(44,763)**	–	**–**
Other disbursements	–	**(374)**	–	**–**
Foreign currency exchange rate effect	(13,411)	**(4,857)**	–	**–**
Fair value of plans' assets at December 31	$735,073	**$706,654**	$ –	**$ –**
Funded status of the plans	$ (50,952)	**$ (87,145)**	$(265,919)	**$(309,499)**
Unrecognized actuarial loss	67,899	**162,792**	56,798	**91,037**
Unrecognized prior service cost	11,941	**(28,390)**	5,645	**4,137**
Unrecognized net transition obligation	2,461	**1,374**	–	**–**
Adjustment for minimum liability	(44,051)	**(77,196)**	–	**–**
Net amount recognized	$ (12,702)	**$ (28,565)**	$(203,476)	**$(214,325)**
Amounts recognized in the balance sheets:				
Prepaid expenses, deferred income taxes and assets held for sale	$ (209)	**$ 1,051**	$ –	**$ –**
Intangibles and other assets	45,321	**51,823**	–	**–**
Accrued liabilities	(4,043)	**–**	(13,301)	**(16,568)**
Postretirement benefits other than pensions	–	**–**	(190,175)	**(197,757)**
Other long-term liabilities	(53,771)	**(81,439)**	–	**–**
Net amount recognized	$ (12,702)	**$ (28,565)**	$(203,476)	**$(214,325)**
Assumptions as of December 31:				
Discount rate	7.50%	**7.25%**	7.50%	**7.25%**
Expected return on plan assets	9.64%	**9.69%**	–	**–**
Rate of compensation increase	5.25%	**4.79%**	–	**–**

At December 31, 2001 the weighted average assumed annual rate of increase in the cost of health care benefits (health care cost trend rate) was 9.0 percent per year for 2002 through 2004 and 6.0 percent per year for 2005 and thereafter.

	Pension Benefits			Other Postretirement Benefits		
	1999	2000	**2001**	1999	2000	**2001**
Components of net periodic benefit cost:						
Service cost	$24,872	$27,199	**$28,244**	$4,782	$5,420	**$5,836**
Interest cost	43,668	54,065	**57,931**	14,104	17,473	**19,672**
Expected return on plan assets	(56,251)	(67,877)	**(69,742)**	–	–	**–**
Amortization of transition obligation	1,088	1,088	**1,088**	–	–	**–**
Amortization of prior service cost	5,357	5,902	**5,043**	396	475	**1,508**
Recognized actuarial loss	3,410	3,122	**3,979**	244	1,142	**2,054**
Net periodic benefit cost	$22,144	$23,499	**$26,543**	$19,526	$24,510	**$29,070**

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were $243,738, $238,364 and $204,077, respectively, at December 31, 2000 and $235,675, $232,241 and $191,133, respectively, as of December 31, 2001.

Assumed health care cost trend rates for Other Postretirement Benefits have a significant effect on the amounts reported. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	One Percentage Point	
	Increase	Decrease
Increase (decrease) in total service and interest cost components	$ 500	$ (440)
Increase (decrease) in the postretirement benefit obligation	8,475	(7,436)

The Company has a Voluntary Employees' Beneficiary Trust and Welfare Benefits Plan (VEBA) to fund health benefits for eligible active and retired domestic employees. The pre-funded amount at December 31, 2000 and 2001 was $15,664 and $18,414, respectively.

Income Taxes

Components of income (loss) before income taxes are as follows:

	1999	2000	**2001**
U.S.	$210,718	$143,426	**$(29,339)**
Foreign	4,779	16,730	**58,497**
Total	$215,497	$160,156	**$29,158**

The provision for income taxes consists of the following:

	1999	2000	**2001**
Current:			
Federal	$68,678	$53,974	**$ 2,289**
State and local	8,171	6,789	**1,258**
Foreign	2,938	7,535	**29,593**
	79,787	68,298	**33,140**
Deferred:			
Federal	(1,082)	(3,998)	**(9,538)**
State and local	1,287	(878)	**(5,606)**
Foreign	31	–	**(7,004)**
	236	(4,876)	**(22,148)**
	$80,023	$63,422	**$10,992**

A reconciliation of income tax expense to the U.S. statutory rate is as follows:

	1999	2000	**2001**
Income tax provision @ 35%	$75,424	$56,055	**$10,205**
State and local income tax, net ot federal income tax effect	6,148	3,842	**(2,791)**
Amortization of nondeductible goodwill	727	5,424	**5,022**
U.S. tax credits	(1,969)	(3,400)	**(3,130)**
Foreign sales corporation benefit	(1,300)	(1,400)	**(1,570)**
Difference in effective tax rates of international operations	1,317	1,679	**2,115**
Other – net	(324)	1,222	**1,141**
Actual income tax provision	$80,023	$63,422	**$10,992**
Effective income tax rate	37.1%	39.6%	**37.7%**

Payments for income taxes in 1999, 2000 and 2001 were $77,961, $90,683 and $28,092, respectively.

Deferred tax assets and liabilities result from differences in the basis of assets and liabilities for tax and financial statement purposes. Significant components of the Company's deferred tax assets and liabilities at December 31 are as follows:

	2000	**2001**
Deferred tax assets:		
Other postretirement benefits	$99,722	**$110,151**
Net operating loss and tax credit carryforwards	46,462	**68,122**
All other items	18,116	**34,837**
Total deferred tax assets	164,300	**213,110**
Deferred tax liabilities:		
Property, plant and equipment	(124,185)	**(130,827)**
Pension benefits	(17,482)	**(17,293)**
All other items	(35,889)	**(41,569)**
Total deferred tax liabilities	(177,556)	**(189,689)**
	(13,256)	**23,421**
Valuation allowance	(23,839)	**(25,030)**
Net deferred tax liabilities	$(37,095)	**$ (1,609)**

The net deferred tax liabilities in the Consolidated Balance Sheets are as follows:

	2000	**2001**
Current assets	$ 25,352	**$18,403**
Non-current liabilities	(62,447)	**(20,012)**
Net deferred tax liability	$(37,095)	**$ (1,609)**

The Company has not provided deferred income taxes on approximately $125,000 of undistributed earnings of international affiliates which will continue to be reinvested. It is not practicable to determine the amount of additional U.S.

income taxes that could be payable upon remittance of these earnings since taxes payable would be reduced by foreign tax credits based upon income tax laws and circumstances at the time of distribution.

At December 31, 2001, the Company has future tax benefits of $68,122 related to various foreign and state net operating losses and other tax credit carryforwards, some of which can be carried forward indefinitely while others will expire from 2002 through 2021. Approximately $21,000 of these tax benefits relate to carryovers assumed with acquisitions. A valuation allowance of $13,800 was recorded on these purchased net operating loss carryforwards and, to the extent such benefits are realized, the benefits will be recorded as an adjustment to goodwill. The carryforwards for which no valuation allowance has been established will be realized based upon forecasted future earnings resulting in future taxable income and the implementation of certain tax strategies. The increase in the valuation allowance in 2001 was attributable to losses and credits in jurisdictions where realization was less certain based upon forecasted future earnings.

Lease Commitments

The Company rents certain manufacturing facilities and equipment under long-term leases expiring at various dates. Rental expense for operating leases was $16,350, $31,287 and $36,107 for 1999, 2000 and 2001, respectively.

Future minimum payments for all non-cancelable operating leases, in aggregate of $124,180, are as follows:

2002	$17,360
2003	13,687
2004	11,423
2005	9,877
2006	9,103
Thereafter	62,730

Commitments and Contingent Liabilities

The Company has had pending against it 32 separate class action lawsuits and two individual lawsuits with similar allegations filed in 30 separate state courts, plus the Commonwealth of Puerto Rico. One of the class action lawsuits purports to represent a national class. The lawsuits, all of which were filed under the auspices of the same group of plaintiffs' attorneys, assert claims under the respective states' consumer protection and deceptive trade practices statutes, and comparable commercial law and other theories. They allege that the Company used certain materials and procedures in its process of manufactuing steel-belted radial tires which could have rendered a portion of the tires unsafe, and failed to disclose those practices to purchasers of its tires. The suits were brought on behalf of all persons (excluding those who have sustained personal injury and/or property damage as a result of the alleged unlawful practices) in the respective states who purchased steel-belted radial tires manufactured by the Company from 1985 to the present, and still retain those tires. The lawsuits generally seek, on behalf of each class member, relief sufficient to secure replacement of their tires, statutory, compensatory and punitive damages, costs and attorneys' fees. The Company removed each of the actions to Federal court. Certain of the actions have been remanded to state courts, while others have been transferred by the Federal Judicial Panel on Multidistrict Litigation to the U. S. District Court for the Southern District of Ohio for consolidated pre-trial handling.

On October 26, 2001, the Company entered into a Stipulation of Settlement and Release of all of the class action lawsuits, without any admission of liability, resulting in a charge of $54.6 million ($33.9 million net of tax). Prior to settlement, $17.6 million of legal and professional and tire storage costs were incurred related to the class action litigation. Certain parties have sought to have the settlement nullified. According to the terms of the Stipulation of Settlement and Release, the Company will provide (i) a five-year Enhanced Warranty Program offering a free replacement tire for an Adjustable Separation on an Eligible Cooper Tire or an alternative dispute resolution system; (ii) some modifications to final tire inspections; and (iii) a consumer education program to promote tire safety. In addition, the Company has agreed to pay plaintiffs' legal expenses as part of the settlement. Out of potentially millions of class members, only 156 chose to opt out of the Settlement. Those who opted out can pursue any legal rights they may have against the Company in separate individual lawsuits, any one of which the Company believes is unlikely to have a material adverse effect on the Company's results of operations, cash flow or financial position.

Preliminary judicial approval of the Settlement has been received. If final approval is received, the litigation will be fully resolved, unless appealed. There were 18 objectors to the Settlement. None objected to the structure of the Settlement, but only to the content, coverage and amount of attorney's fees. A fairness hearing regarding the Settlement was held in the Superior Court of New Jersey, Middlesex County on January 29 and 30, 2002. The Court has not yet rendered its decision as to the fairness of the Settlement.

The Company is also a defendant in unrelated product liability and other actions in Federal and state courts throughout the United States in which plaintiffs assert monetary damages. If the plaintiffs in certain of those actions recovered the damages sought, the impact could be material to the Company's results of operations, cash flows, or financial position. The Company believes that such a result is unlikely. The Company does not believe any liability it may have for these matters will be material to its results of operations, cash flows or financial position.

Cumulative Other Comprehensive Loss

The cumulative balances of each component of other comprehensive loss in the accompanying statements of stockholders' equity are as follows:

	1999	2000	**2001**
Cumulative currency translation adjustment	$793	$(31,240)	**$(40,813)**
Unrealized gains on marketable securities and changes in fair value of derivatives:			
Unrealized net gains during the period, net of tax			**1,599**
Less: reclassification adjustment for amounts included in net income, net of tax effect			**(1,138)**
Minimum pension liability, net of tax effect	(6,846)	(22,402)	**(44,038)**
	$(6,053)	$(53,642)	**$(84,390)**

Accrued Liabilities

Accrued liabilities at December 31 are as follows:

	2000	**2001**
Payroll	$56,666	**$53,088**
Class action settlement	–	**37,840**
Other	161,355	**131,575**
	$218,021	**$222,503**

Other long-term liabilities

Other long-term liabilities at December 31 are as follows:

	2000	**2001**
Minimum pension liability	$44,051	**$77,196**
Class action settlement	–	**8,614**
Nonqualified executive plans	16,298	**4,872**
Other	15,442	**15,520**
	$75,791	**$106,202**

Other Income – net

The components of other income – net for the years 1999, 2000 and 2001 are as follows:

	1999	2000	**2001**
Foreign currency losses	$(2,064)	$(2,631)	**$(1,224)**
Minority interest gains	778	4,479	**2,579**
Interest income	2,111	2,575	**3,295**
Gains on sales of non-manufacturing assets	–	–	**8,263**
Other	37	713	**706**
	$862	$5,136	**$13,619**

The non-manufacturing assets included a corporate aircraft and two tire distribution facilities.

Business Segments

The Company has two reportable segments – Tire and Automotive. The Company's reportable segments are each managed separately because they offer different products requiring different marketing and distribution strategies.

The Tire segment produces automobile, truck and motorcycle tires and inner tubes which are sold nationally and internationally in the replacement tire market to independent dealers, wholesale distributors and large retail chains and supplies equipment and materials to the tread rubber industry.

The Automotive segment produces sealing systems, hose and hose assemblies, active and passive vibration control systems and fluid handling systems primarily for the global automotive original equipment manufacturers.

In 2000, Automotive revenues derived from two customers approximated $487,000 and $367,000 or 14 percent and 11 percent, respectively, of consolidated net sales. Automotive revenues from these same two customers approximated $455,000 and $356,000 or 14 percent and 11 percent, respectively, of consolidated net sales in 2001. No customers exceeded 10 percent of consolidated net sales in 1999.

The accounting policies of the reportable segments are consistent with those described in the Significant Accounting Policies note to the financial statements. Corporate administrative expenses are allocated to segments based principally on assets, employees and sales. The following table presents financial information:

	1999	2000	**2001**
FINANCIAL			
Revenues			
Tire	$1,557,110	$1,802,607	**$1,704,623**
Automotive	643,642	1,698,519	**1,477,409**
Eliminations and other	(4,409)	(28,754)	**(27,330)**
Consolidated	2,196,343	3,472,372	**3,154,702**
Segment profit			
Tire	176,389	183,865	**73,192**
Automotive	62,691	68,616	**39,001**
Corporate	–	–	**(5,959)**
Operating profit	239,080	252,481	**106,234**
Other - net	862	5,136	**13,619**
Interest expense	(24,445)	(97,461)	**(90,695)**
Income before income taxes	215,497	160,156	**29,158**
Depreciation and amortization expense			
Tire	100,120	107,886	**110,065**
Automotive	25,457	80,895	**79,428**
Corporate	–	–	**794**
Consolidated	125,577	188,781	**190,287**
Segment assets			
Tire	1,391,340	1,439,221	**1,345,711**
Automotive	1,235,966	1,393,854	**1,263,334**
Corporate and other	130,339	63,598	**155,205**
Consolidated	2,757,645	2,896,673	**2,764,250**
Expenditures for long-lived assets			
Tire	111,384	107,598	**74,863**
Automotive	38,433	93,768	**58,482**
Corporate	–	–	**2,942**
Consolidated	149,817	201,366	**136,287**

Geographic information for revenues, based on country of origin, and long-lived assets follows:

	1999	2000	**2001**
GEOGRAPHIC			
Revenues			
North America	$1,995,197	$2,917,048	**$2,624,283**
Europe	199,397	489,473	**472,204**
Other	1,749	65,851	**58,215**
Consolidated	2,196,343	3,472,372	**3,154,702**
Long-lived assets			
North America	1,023,709	1,058,265	**983,128**
Europe	172,236	188,876	**188,022**
Other	31,124	38,255	**34,924**
Consolidated	1,227,069	1,285,396	**1,206,074**

Sales from the U. S. amounted to $1,930,436, $2,560,604 and $2,306,416 in 1999, 2000 and 2001, respectively. Shipments of domestically-produced products to customers outside the U. S. approximated eight percent of net sales in 1999, 2000 and 2001.

Six-Year Financial Summary

(Dollar amounts in thousands except per-share amounts)

	Net Sales	Gross Profit	Operating Profit	Income Before Income Taxes	Income Taxes	Net Income	Earnings Per Share	
							Basic	Diluted
1996	$1,619,345	$252,796	$172,922	$172,092	$64,208	$107,884	$1.30	$1.30
1997	1,813,005	314,210	208,678	194,792	72,381	122,411	1.55	1.55
1998	1,876,125	330,365	209,535	198,217	71,250	126,967	1.64	1.64
1999(a)	2,196,343	385,819(c)	239,080(c)	215,497(c)	80,023(c)	135,474(c)	1.79(c)	1.79(c)
2000(b)	3,472,372	532,557(d)	252,481(e)	160,156(e)	63,422(e)	96,734(e)	1.31(e)	1.31(e)
2001	**3,154,702**	**430,010**	**106,234(f)**	**29,158(g)**	**10,992(g)**	**18,166(g)**	**.25(g)**	**.25(g)**

	Stockholders' Equity	Total Assets	Working Capital	Net Property, Plant & Equipment	Capital Expenditures	Depreciation	Long-term Debt
1996	$786,612	$1,273,009	$256,130	$ 792,419	$193,696	$ 76,820	$ 69,489
1997	833,575	1,495,956	354,281	860,448	107,523	94,464	205,525
1998	867,936	1,541,275	376,485	885,282	131,533	101,899	205,285
1999(a)	975,634	2,757,645	549,563	1,227,069	149,817	120,977	1,046,463
2000(b)	952,556	2,896,673	419,446	1,285,397	201,366	167,787	1,036,960
2001	**910,240**	**2,764,250**	**304,192**	**1,206,074**	**136,287**	**169,479**	**882,134**

	Return On Beginning Invested Capital(h)	Return On Beginning Equity	Return On Beginning Assets	Pretax Margin	Effective Tax Rate	Return On Sales
1996	22.2%	14.4%	9.4%	10.6%	37.3%	6.7%
1997	24.4	15.6	9.6	10.7	37.2	6.8
1998	20.5	15.2	8.5	10.6	35.9	6.8
1999(a)	22.8(i)	15.9(i)	9.0(i)	10.0(i)	37.1	6.3(i)
2000(b)	15.5(i)	13.6(i)	4.8(i)	6.3(i)	39.6	3.8(i)
2001	**9.6(i)**	**6.7(i)**	**2.2(i)**	**3.2(i)**	**37.7**	**2.0(i)**

	Current Ratio	Long-Term Debt To Capitalization	Equity Per Share	Dividends Per Share	Common Shares	
					Average (000)	Year End (000)
1996	2.4	8.1%	$ 9.67	$.31	83,214	81,367
1997	2.8	19.8	10.58	.35	79,128	78,760
1998	3.0	19.1	11.45	.39	77,598	75,791
1999(a)	2.4	51.8	12.87	.42	75,837	75,810
2000(b)	1.7	52.1	13.13	.42	73,585	72,544
2001	**1.5**	**49.2**	**12.54**	**.42**	**72,559**	**72,600**

	Number of Stockholders	Number of Employees	Research & Development	Stock Price		Price/Earnings Average Ratio
				High	Low	
1996	5,991	8,932	$19,700	$27.25	$18.00	17.4
1997	5,281	10,456	21,700	28.44	18.00	15.0
1998	4,809	10,766	29,200	26.25	15.44	12.7
1999(a)	4,801	21,586	39,900	25.00	13.25	10.5(i)
2000(b)	4,704	24,704	99,500	16.00	9.19	7.0(i)
2001	**4,392**	**23,268**	**79,400**	**17.43**	**10.55**	**16.1(i)**

(a) Reflects the acquisition of The Standard Products Company on October 27, 1999.
(b) Reflects the acquisition of Siebe Automotive on January 28, 2000.
(c) Amounts have been reduced by losses at closed and sold facilities of $4,355 ($2,737 after tax, $.03 per share).
(d) Amount has been reduced by losses at closed and sold facilities of $19,001 ($12,100 after tax, $.17 per share).
(e) Amounts have been reduced by restructuring charges of $38,699 ($24,274 after tax, $.33 per share) and losses at closed and sold facilities of $19,001 ($12,100 after tax, $.17 per share).
(f) Amounts have been reduced by class action costs of $72,194 ($44,977 after tax, $.62 per share) and restructuring charges of $8,648 ($5,387 after tax, $.07 per share).
(g) Amounts have been reduced by class action costs of $72,194 ($44,977 after tax, $.62 per share) and restructuring charges of $8,648 ($5,387 after tax, $.07 per share) and increased by gains on sales of non-manufacturing assets of $8,263 ($5,148 after tax, $.07 per share).
(h) Earnings before interest and income taxes divided by long-term debt plus stockholders' equity.
(i) Computed prior to class action costs, restructuring charges, losses at closed and sold facilities and gains on sales of non-manufacturing assets.

Selected Quarterly Data (Unaudited)

(Dollar amounts in thousands except per-share amounts)

	2000			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$922,265	$886,652	$843,607	$819,848
Gross profit	134,681	145,279	117,392	135,205
Net income	31,502	35,475	23,420	6,337
Basic and diluted earnings per share	.42	.48	.32	.09
Dividend per share	.105	.105	.105	.105
Stock price – high	16.0000	14.6875	12.7500	10.9375
low	9.5000	11.0625	9.5625	9.1875
Revenues from external customers:				
Tire	$445,344	$410,420	$482,039	$464,804
Automotive	484,679	484,925	368,231	360,684
Eliminations and other	(7,758)	(8,693)	(6,663)	(5,640)
Net sales	$922,265	$886,652	$843,607	$819,848
Segment profit:				
Tire [a]	$ 45,109	$ 42,104	$ 51,469	$ 45,183
Automotive [b]	27,096	41,082	8,583	(8,145)
Operating profit	72,205	83,186	60,052	37,038
Interest expense	(23,922)	(25,376)	(23,589)	(24,574)
Other – net	3,359	362	1,915	(500)
Income before income taxes	$ 51,642	$ 58,172	$ 38,378	$ 11,964

	2001			
Net sales	**$757,614**	**$829,040**	**$791,458**	**$776,590**
Gross profit	**96,118**	**118,969**	**113,107**	**101,816**
Net income	**3,648**	**18,338**	**(19,512)**	**15,692**
Basic and diluted earnings per share	**.05**	**.25**	**(.27)**	**.22**
Dividend per share	**.105**	**.105**	**.105**	**.105**
Stock price – high	**14.24**	**14.20**	**17.43**	**16.63**
low	**10.75**	**10.55**	**12.69**	**12.50**
Revenues from external customers:				
Tire	**$388,235**	**$433,438**	**$461,757**	**$421,193**
Automotive	**376,788**	**403,623**	**335,914**	**361,084**
Eliminations and other	**(7,409)**	**(8,021)**	**(6,213)**	**(5,687)**
Net sales	**$757,614**	**$829,040**	**$791,458**	**$776,590**
Segment profit:				
Tire [c]	**$ 16,204**	**$ 26,527**	**$ (9,276)**	**$ 39,737**
Automotive [d]	**10,271**	**23,659**	**51**	**5,020**
Corporate	**(1,482)**	**(1,242)**	**588**	**(3,823)**
Operating profit	**24,993**	**48,944**	**(8,637)**	**40,934**
Interest expense	**(23,290)**	**(23,364)**	**(22,349)**	**(21,692)**
Other – net	**4,115**	**3,667**	**(370)**	**6,207**
Income before income taxes	**$ 5,818**	**$ 29,247**	**$ (31,356)**	**$ 25,449**

The common stock of the Company (CTB) is traded on the New York Stock Exchange.

(a) Includes $5,674 of restructuring charges, of which $2,648 were in the fourth quarter.

(b) Includes $33,025 of restructuring charges, of which $30,557 were in the fourth quarter and $19,001 of losses at closed and sold facilities, of which $10,730 were in the first quarter.

(c) Includes $1,602 of restructuring charges and $72,194 of class action costs, of which $63,707 were in the third quarter.

(d) Includes $7,046 of restructuring charges.

Directory

EXECUTIVE OFFICES

Cooper Tire & Rubber Company
701 Lima Avenue
Findlay, Ohio 45840
(419) 423-1321

TRANSFER AGENT & REGISTRAR

Fifth Third Bank
Corporate Trust Services
38 Fountain Square Plaza
Mail Drop #10AT66
Cincinnati, Ohio 45202
(800) 837-2755

Shareholders requiring a change of name, address or ownership of stock, as well as information about shareholder records, lost or stolen certificates, dividend checks or dividend direct deposit should contact Fifth Third Bank.

FOR INFORMATION

Tire products – (800) 854-6288
Automotive products – (248) 596-5900
Common stock and dividends – (419) 424-4323
Investor relations – (419) 427-4768
Web site – www.coopertire.com

Direct Investment Plan – Fifth Third Bank serves as Administrator for a direct investment plan for the purchase, sale and/or dividend reinvestment of Cooper Tire & Rubber Company common stock. For information, call: (800) 837-2755.

ANNUAL MEETING

The annual meeting of stockholders will be held at 10 a.m., Tuesday, May 7, 2002, at Urbanski's, 1500 Manor Hill Road, Findlay, Ohio. All stockholders are cordially invited to attend. Proxy material is sent to stockholders together with this report.

FORM 10-K

A copy of the Company's annual report to the Securities and Exchange Commission on Form 10-K, including the financial statements and schedules thereto, will be furnished after March 27, 2002, upon written request to: Secretary, Cooper Tire & Rubber Company, Findlay, Ohio 45839-0550.

BOARD OF DIRECTORS

Arthur H. Aronson[2]
Former Executive Vice President, Allegheny Teledyne Incorporated

Thomas A. Dattilo
Chairman, President and Chief Executive Officer of the Company

Edsel D. Dunford[1,3]
Former President and Chief Operating Officer, TRW Inc.

Deborah M. Fretz[2]
President and Chief Executive Officer, Sunoco Logistics Partners, LP

Dennis J. Gormley[2]
Former Chairman of the Board and Chief Executive Officer, Federal-Mogul Corporation

John F. Meier[1,3]
Chairman and Chief Executive Officer Libbey Inc.

Byron O. Pond[3]
President and Chief Executive Officer, Amcast Industrial Corporation

John H. Shuey[1,2]
Former Chairman, President and Chief Executive Officer, Amcast Industrial Corporation

Cooper extends its sympathies to the family of Ronald L. Roudebush, a member of Cooper's Board of Directors since 1999, on his passing early this year. He was 54. Ron was the chief executive officer of The Standard Products Company and became a member of Cooper's board at the time of Cooper's acquisition of Standard.

[1] Member of the Nominating and Governance Committee
[2] Member of the Audit Committee
[3] Member of the Compensation Committee

Executive Officers

Thomas A. Dattilo
Chairman, President and Chief Executive Officer

James S. McElya
Vice President

D. Richard Stephens
Vice President

Philip G. Weaver
Vice President and Chief Financial Officer

Mark F. Armstrong
Vice President

Roderick F. Millhof
Vice President

Richard D. Teeple
Vice President, General Counsel and Corporate Secretary

Eileen B. White
Corporate Controller

Other Corporate Officers

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Vice President

James H. Geers
Vice President

Donald P. Ingols
Vice President

James P. Keller
Vice President

Stephen O. Schroeder
Treasurer

Larry J. Enders
Vice President

Paul C. Gilbert
Vice President

Richard N. Jacobson
Asst. Corporate Secretary/ Asst. General Counsel

Charles F. Nagy
Assistant Treasurer

Worldwide Facilities

NORTH AMERICA

United States

El Dorado, Arkansas, NVH control systems
Texarkana, Arkansas, tires
Albany, Georgia, tires
Athens, Georgia, technical center
Athens, Georgia, tread rubber
Griffin, Georgia, sealing
Auburn, Indiana, NVH control systems headquarters
Auburn, Indiana, NVH control systems
Auburn, Indiana, technical center
Bremen, Indiana, sealing (joint venture)
New Haven, Indiana, sealing (joint venture)
Topeka, Indiana, sealing (joint venture)
Mt. Sterling, Kentucky, fluid systems
Auburn Hills, Michigan, fluid systems headquarters
Auburn Hills, Michigan, technical center
Dearborn, Michigan, technical center
Fairview, Michigan, fluid systems
Gaylord, Michigan, sealing
Novi, Michigan, automotive operations and N.A. sealing headquarters
Clarksdale, Mississippi, tubes
Tupelo, Mississippi, tires
Asheboro, North Carolina, tread rubber
Goldsboro, North Carolina, sealing
Salisbury, North Carolina, tread rubber
Bowling Green, Ohio, fluid systems
Bowling Green, Ohio, sealing
Cleveland, Ohio, plastics
Findlay, Ohio, corporate and tire operations headquarters
Findlay, Ohio (2), technical centers
Findlay, Ohio, tires
Spartanburg, South Carolina, plastics
Surgoinsville, Tennessee, fluid systems
San Antonio, Texas, technical center

Canada

Georgetown, Ontario, sealing
Mitchell, Ontario, NVH control systems
Mitchell, Ontario, technical center
Sault Ste. Marie, Ontario, fluid systems
Stratford, Ontario (3), sealing
Stratford, Ontario, technical center

Mexico

Aguascalientes, Mexico, sealing (joint venture)
Piedras Negras, Mexico, NVH control systems/sealing
Torreon, Mexico (2), fluid systems

SOUTH AMERICA

Brazil

São Paulo, Brazil, fluid systems
Varginha, Brazil, sealing

AUSTRALIA

Adelaide, South Australia, fluid systems

ASIA

Republic of Korea

Chung-Ju, Korea, sealing (joint venture)
Incheon, Korea, sealing (joint venture)
Incheon, Korea, technical center (joint venture)
Secheon, Korea, sealing (joint venture)

India

Chennai, India, fluid systems

EUROPE

Czech Republic

Zdar, Czech Republic, fluid systems

France

Baclair, France, sealing
Bezons, France, technical center
Lillebonne, France, sealing
Vitre, France, sealing

Germany

Grunberg, Germany, fluid systems
Schelklingen, Germany, fluid systems

Poland

Bielsko-Biala, Poland, sealing

Spain

Getafé, Spain, fluid systems

United Kingdom

Banbury, U.K., Cooper-Standard international headquarters
Huntingdon, U.K., technical center
Maesteg, U.K., sealing
Melksham, U.K., tires
Plymouth, U.K., fluid systems
Plymouth, U.K., sealing

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FINDLAY, OHIO 45840
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