Cash Flows

Net cash provided by operating activities in 2001 totaled $422 million These funds, along with $41 million in cash received from employee stock plan activity, were used to fund capital expenditures of $115 million, dividends of $131 million, share repurchases of $42 million, and a net reduction of debt of $206 million

Net cash provided by operating activities in 2000 totaled $503 million These funds, along with a net $404 million of additional debt, were used to fund acquisitions of $580 million, capital expenditures of $175 million, share repurchases of $39 million and dividends of $131 million

Net cash provided by operating activities in 1999 totaled $402 million These funds, along with $149 million in cash received from the disposition of the Automotive Products segment, $31 million in cash received from employee stock plan activity and a net increase in debt of $182 million were used to fund capital expenditures of $166 million, acquisitions of $435 million, share repurchases of $44 million and dividends of $124 million

In connection with accounting for purchase business combinations, Cooper records, to the extent appropriate, accruals for the costs of closing duplicate facilities, severing redundant personnel and integrating the acquired businesses into existing Cooper operations At December 31, 2001, Cooper had accruals totaling $39 3 million related to these activities Cash flows from operating activities for each of the three years in the period ended December 31, 2001, is reduced by the amounts expended on the various accruals established in connection with each acquisition Cooper spent $11 0 million, $3 5 million and $4 8 million on these integration activities in 2001, 2000 and 1999, respectively See Note 7 of the Notes to Consolidated Financial Statements for further information

Cooper is continuing to focus on initiatives to maximize cash flows These actions include reduced capital spending, elimination of discretionary spending and workforce reductions As a result, Cooper currently anticipates a continuance of its long-term ability to annually generate approximately $200 million in cash flow available for acquisitions, debt repayment and common stock repurchases

Debt and Other Contractual Obligations

Cooper relies on commercial paper markets as its principal source of short-term financing As of December 31, 2001 and 2000, Cooper's outstanding commercial paper balance was $342 million and $492 million, respectively The weighted average interest rate on these borrowings was 2 54% and 6 89% at December 31, 2001 and 2000, respectively

Cooper's practice is to back up its outstanding commercial paper with a combination of cash and committed bank credit facilities As of December 31, 2001, the balance of these committed bank credit facilities was $990 million, $440 million of which mature on May 30, 2002 and $550 million of which mature on November 17, 2004 By May 30, 2002, Cooper anticipates replacing a substantial portion of the $440 million of maturing committed bank credit facilities Outstanding commercial paper balances, to the extent not backed up by cash, reduce the amount of available borrowings under the committed bank credit facilities The credit facility agreements require that Cooper maintain certain financial ratios, including a prescribed limit on debt as a percentage of total capitalization Cooper is in compliance with all covenants set forth in the credit facility agreements

Cooper's access to the commercial paper market could be adversely affected by a change in the credit ratings assigned to its commercial paper Should Cooper's access to the commercial paper market be adversely affected due to a change in its credit ratings, Cooper would rely on a combination of available cash and its committed bank credit facilities to provide short-term funding The committed bank credit facilities do not contain any provision which makes their availability to Cooper dependent on Cooper's credit ratings