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2000 Annual Report



C O O P E R T I R E & R U B B E R C O M P A N Y

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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
Regional retail chains
Retreaders
Wholesale distributors

highlights

(Dollar amounts in thousands except per-share amounts)

	1998	1999	2000
Operating Results			
Net sales	\$1,876,125	\$2,196,343	\$3,472,372
Operating profit	209,535	239,080	291,180*
Income before income taxes	198,217	215,497	198,855*
Net income	126,967	135,474	121,008*
Basic and diluted earnings per share	1.64	1.79	1.64*
Dividends per share .....	.39	.42	.42

Financial Position

Working capital	\$ 376,485	\$ 549,563	\$ 424,718
Long-term debt	205,285	1,046,463	1,036,960
Stockholders' equity	867,936	975,634	952,556
Stockholders' equity per share	11.45	12.87	13.13

Other Operating Data

Capital expenditures	\$ 131,533	\$ 149,817	\$ 201,366
Depreciation	101,899	120,977	167,787
Return on sales	6.8%	6.2%	3.5%*
Return on beginning invested capital	20.5%	22.4%	14.6%*
Return on beginning equity	15.2%	15.6%	12.4%*
Debt to capitalization ratio	19.8%	52.4%	55.9%
Current ratio	3.0	2.4	1.7
Number of shares outstanding (thousands)	75,791	75,810	72,544
Number of employees	10,766	21,586	21,185

*Prior to restructuring charges of \$38,699 (\$24,274 after tax, \$.33 per share)



letter to stockholders

The year 2000 was a very important transformational year for Cooper Tire & Rubber Company. At the end of 1999, to advance our Cooper 21 plan, we acquired Standard Products. That acquisition brought us a global presence and critical mass in vehicular sealing systems. In fact, it made us a very close number two globally, a position we maintained in the year 2000 with just under \$1 billion of sales under the Cooper-Standard sealing umbrella.

In January we acquired Siebe Automotive to again acquire a global footprint and critical mass in fluid systems. Within a few months we had doubled our sales and our people, and had expanded our opportunities dramatically.

As the year went on, we started the integration and reorganization of the business. We immediately started realizing the synergies by combining sales, engineering, and corporate offices. In fact, by the end of the year we had realized in excess of \$20 million of synergies, having promised about \$9 million.

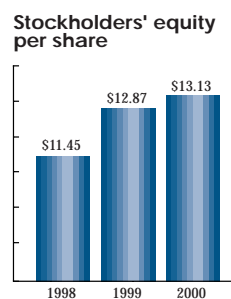
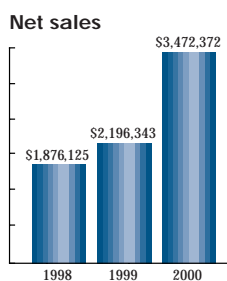
We also started rationalizing the business. We sold the trim plastics operations in April and Holm Industries (appliance sealing) at the end of the second quarter for a combined \$110 million.

We used this money to pay down debt. While we were doing this, and in the midst of dramatically increasing raw material costs, we were able to report first six months' profits only \$.01 per share less than our all-time record. Also, we were gaining incremental new business. By the end of the year we had secured almost \$350 million in net new automotive business.

In the second half of the year, certainly fueled in part by the Firestone recall, demand for our tires outpaced our ability to produce and ship. In fact, we had all-time record sales months in August and October. And, Cooper and Mastercraft set all-time monthly records the last five months of the year. By the end of the year our market share in the North American tire replacement market had climbed into the upper teens. Plus, we again were awarded most of the customer service trophies by *Tire Review* in its annual dealer survey.

During the year we also announced important management changes. We named Jim McElya president of Cooper-Standard Automotive and Rod Millhof executive vice president of that unit. We named John Fahl executive vice president of the company while maintaining his position as president of Cooper Tire. We also named Mark Armstrong president of the North American Tire Division, Dick Stephens president of Cooper Tire International Division and Larry Enders president of Cooper Tire Commercial Products Division.

As part of bringing our company together, we also unveiled a Philosophy & Beliefs document. This blueprint calls for us to work at growing earnings per share, return on invested capital and cash flow for the express purpose of increasing the value of our shareholders' investment – the only reason we are in business!





Thomas A. Dattilo
Chairman, President and CEO

We also advanced the Cooper Learning Center to help us transition our company culturally and help us further our goal of being a learning organization that promotes from within and is organized to serve the customer and the shareholder.

As we said we would when we acquired Standard and Siebe, we announced in October a major restructuring of our facilities. We announced that we would downsize or close 22 plants during the next 18 months, take \$34.3 million in restructuring charges, \$9.8 million in operational expenses as incurred, and save \$30 million per year.

Finally, in the fourth quarter, while the automotive industry was hit by quickly falling build rates and the tire industry was hit by mass confusion, we beat analysts' expectations and essentially hit 1999 earnings per share,

excluding the non-recurring charges. This allowed us to end the year with the second highest earnings per share in our history.

As I said, it was a very important transformational year, and we are very proud of it. As a follow up, the year 2001 will be just as important. It will be a year of transitioning to the structure of fewer plants, better asset utilization, better cash flow and increased sales that we will realize in the years 2002-2005. We will also be dealing with a possible recession for the first time in ten years. But, we have strengthened ourselves in our core businesses and are ready to realize the benefits over the next few years. We have a lot of work to do, but we are making it happen. The year 2000 was the best ever in sales, EBITDA, operating earnings and operating cash flow. As we reduce assets and expense and invested capital as planned, our return on invested capital will grow as well. This is all part of our plan.

Thank you for your support.



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

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 72 manufacturing and technical facilities in 13 countries. Cooper Tire is the fifth largest tire manufacturer in North America and one of only two remaining American-owned tire companies. Cooper-Standard Automotive is a 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 unit sales in North America have increased nearly 95 percent (6.9 percent CAGR) since 1990 while the industry has grown just 15 percent. Including proprietary and private brands, the company has an estimated North American replacement tire market share approaching 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 with more than \$350 million in net annual new business awards to phase in starting in 2001. Our goal is to grow 10 percent per year – mostly through organic growth.

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 automotive NVH products. Our sustainable competitive advantages include industry-leading customer service, technology the customer needs and wants and manufacturing efficiency that leads our industries.

Management focus is on maximizing return on invested capital (ROIC) and growth of EPS. Our senior corporate management was compensated for the first time in 2000 based on ROIC measurement. Our goal is a 20 percent ROIC pretax.

Cooper cares!

Our philosophy as a company is captured in our Philosophy & Beliefs document. One of the very important tenets is the idea that we want to be a good corporate citizen. What that means to us is we get involved. Our people and plants enthusiastically support local projects and charities throughout the world spanning from Texarkana, Arkansas, to Stratford, Ontario, Canada, and from Golden, Colorado, to Adelaide, Australia, and all points in between. From our local schools to day cares, United Way to Arbor Day festivities, our people make a difference. We care, as people, about the world in which we live and about the health and happiness of our communities. It makes sense!

We are proud to serve as the presenting sponsor of the Bay Hill Invitational golf tournament every March. In addition to the exposure this golf tournament provides for our Cooper brand, it provides financial support to the Arnold Palmer Hospital for Children & Women, in Orlando, Florida. A significant portion of the proceeds benefits the "hospital built for kids," dedicated to meeting the special health care needs of children and women.

In 2001 we are embarking on a new phase of corporate citizenship. Starting this year, we are teaming up with the Children's Miracle Network. This is an international, non-profit organization dedicated to helping children throughout the world. Children's Miracle Network is affiliated with 170 non-profit children's hospitals. Many are the premier facilities in their communities and represent some of the finest hospitals in the world. Each year they treat more than 14 million kids. Through our program, Cooper Tire dealers and

their customers will contribute to their local hospitals. Cooper Tire & Rubber Company will match the money raised and anticipate that the combined amounts will reach \$1 million.

We are doing this because it is simply the right thing to do. Our tires and automotive parts are critical safety

components on today's highways around the world. In fact, more than nine trillion miles were driven on our tires in the '90s. We take these obligations very seriously and feel that giving back to the people who use our products is an important part of business.



We also annually contribute through Cooper's corporate foundation to a variety of community organizations, educational institutions, historical societies, libraries and museums. In 2000, Cooper's contributions neared the \$1 million mark. We encourage our people to participate in community activities and lead by example with our corporate involvement at a national level. At Cooper, we care.



strateg

Kirk Sickler, shift supervisor, reviews line parameters at the sealing systems plant in Bowling Green, Ohio.

Business success in today's world depends on a company's ability to create a strategy in line with its business environment. At Cooper, **strategy** is at the core of everything we do. We take great pride in our ability to strategize, plan, execute our plan and realize the benefits. We **plan** at all levels of our organization and believe a strong commitment to our plan is a key to our success.

Our strategy has taken the company forward, growing and positioning the business to achieve our goal of increasing shareholder value. The key is to **focus on what we know**. Tires and automotive parts are the heart of our expertise. By concentrating our resources on these products, we will continue to make Cooper a **good choice** for customers and investors.

Acquisitions and the resulting expansion provided us with a much needed **global base** to grow our automotive business. This global footprint, enhanced technology and engineering capabilities along with operating efficiencies are just a few of the advantages.

Our commitment to continuous improvement and customer service will solidify our reputation as a **world-class supplier** to the global automotive industry and help strengthen our opportunities in Europe and Asia.

As a major supplier to the replacement tire market in North America, we will continue our growth in **proprietary brands** and increase penetration among mass merchandisers and regional retailers. In our automotive segment, our product research, development and design capabilities will strengthen our relationship, giving us the opportunity to sell even more **modules** and systems to automakers.

Quality and cost control will be increasingly important in maintaining our competitive advantage in both tire and automotive segments. Programs like Kaizen, Six Sigma and Operational Excellence will help us achieve these goals in manufacturing, logistics and procurement.

Technology is critical in helping achieve our objectives. In today's fast-moving world, new product design is the difference between success and failure. Our development teams in both tire and automotive use the latest in predictive modeling to design, test and produce products faster than ever before. Our investment in software and equipment is well justified and will allow us to meet launch schedules on time to **meet market demand**.

Customer relationships are a hallmark of Cooper's success. The **customer is king** and we intend to continue our tradition of excellence. We believe we must earn our customers' business every day with **honesty, integrity** and **consistency** at the heart of every transaction.



rational

Kristin Irvin finishes a primary door seal for General Motors.

As a result of our strategy, today we are a **bigger, stronger company**. With the integration well under way of three companies spanning 13 countries and more than 50 manufacturing facilities, we have come a long way. Still there is much to be accomplished.

During 2000, we developed, refined and implemented a two-year comprehensive restructuring and rationalization plan that will allow us to derive **maximum benefit** from our acquisitions and global expansion.

The **rationalization** process began in 2000 with the disposition of several non-strategic assets. We sold a painted plastics operation in Winnsboro, S.C., and Holm Industries, an operation serving the appliance and construction industries. Combined pre-tax proceeds from these sales were \$110 million.

There were several overlaps in production facilities, engineering resources and administrative functions among the three companies. In total, 22 facilities from the operations acquired will be closed or downsized and approximately 1,100 positions will be eliminated. A great deal of production will be moved from regions where costs are high to facilities where operating costs are lower. Inefficient operations will be closed and the production of those facilities will be merged with larger plants creating **greater efficiencies** and economies of scale.

The majority of the planned restructuring should be completed in 2001, well ahead of our two-year goal, reducing our cost structure and creating an extremely **efficient, cost-effective, global network** of production, distribution and administration facilities. It is upon this base of assets and resources that we will grow our business in the coming years.

When the restructuring is complete, we expect an annual cost savings of about \$30 million and pretax proceeds of about \$25 million from the sale of related facilities and assets. These savings are **much more** than originally estimated at the time of the acquisitions.

The coming year will be one of transition as we implement the restructuring plan, rationalize our production facilities, and streamline our operations around the world. The objective is to **maximize asset and resource utilization** while maintaining and even improving customer service and satisfaction.



real

Harold Gover, Oliver Rubber Co., Athens, Georgia, general supervisor, extrusion and pre-cure press finishing line.

Beyond the transitional activities of integration, restructuring and rationalization, we will truly begin to **realize the benefits** of all the planning and hard work we are undertaking now. Through all of our efforts, we have positioned our company to be more competitive and more responsive to market demands. We are well positioned to achieve our continuing goals and objectives for growth, profitability and return on our shareholders' investment.

Our strategy for globalization in our automotive components business has already begun to show strong **top-line rewards**. As a direct result of our expanded operations and capabilities, we won more than \$350 million in annual net new business awards in 2000. As this new business phases into production in 2001 through 2005, its impact on the bottom line will be magnified by our leaner, more efficient operations which will ultimately generate higher profit margins. Our replacement tire unit sales in North America have increased nearly 95 percent since 1990 while industry growth has been just 15 percent.

Similarly, in our North American Tire Division, our Pirelli alliance gives us a product that completes our multi-brand tire strategy and creates new customer opportunities. **Significant new business** acquired during 2000 at one of the nation's largest retailers can be linked to the strategic Pirelli relationship. Increasing tire sales and production volume will allow us to run our tire production facilities at or near peak efficiency levels, maximizing both productivity and profitability.

In addition to growing the top line, and reducing production costs and improving operating efficiency, we are also making great strides to control our costs of raw materials and components. A significant example of this is our membership in **RubberNetwork.com**, an on-line buying and procurement network. As one of the six founding members of RubberNetwork.com, Cooper will continue to use technology to achieve cost savings in the purchase of our materials, goods and services. Our overall e-business strategy will help us further **reduce costs** and take advantage of **growth opportunities** in the supply chain, customer service and in acquiring new business.

The scope of our product offerings, our knowledge of the industry and our expertise in production methodology and customer service continue to give us a significant and **sustainable competitive advantage**. We have a strong, experienced management team and have adopted lean enterprise philosophies to continue to improve costs, quality and services. We are **unified** in our purpose and strategy and **determined** to continue as one of the strongest leaders in our industries. As we continue to execute our strategic plans and initiatives and take advantage of growing opportunities in both our industries, we expect to realize improved profitability, increased revenue, higher margins and greater returns for our shareholders.

accolades

(l-r) Elizabeth Sands, Sealing Systems, lean enterprise
Bruce Meyer, Sealing Systems, plant manager
Denny Doren, Sealing Systems, industrial engineering

The customer is king at Cooper and we worked hard to show it again this year, winning the following awards:

COOPER TIRE & RUBBER COMPANY

- selected as one of InformationWeek Magazine's 500 most innovative users of information technology

COOPER TIRE

- ranked at the top of the 2000 Tire Brand Study conducted by *Tire Review* magazine. Out of 11 categories, the Cooper brand placed first in six, including product availability and delivery, dealer/supplier relations, line coverage and dealer profitability
- Avon tires were selected for the Mick Doddice Training School – which provides advanced motorcycle riding skills – in Derbyshire, England, for a second term
- received MCS Software's first-time Profits by Design Award to honor their business partners who have best utilized simulation technology in the design of their products
- Oliver fleet drivers received the Safe Driving Award from the National Private Truck Council (NPTC) for the fourth time

COOPER-STANDARD AUTOMOTIVE

- fluid systems in Adelaide, South Australia, achieved Silver level preferred supplier status from Toyota
- fluid systems division received Supplier of the Year honors in Europe from General Motors
- fluid systems division earned a Ford World Excellence Award, Ford's highest form of supplier recognition
- NVH control systems in Mitchell, Ontario, earned the DaimlerChrysler Gold Award for the third consecutive year
- earned the Automotive Matchmaking Award for minority sourcing from Delphi Automotive Systems
- fluid systems in Plymouth, England, earned the UK Investors in People (IiP) Standard which seeks to encourage organizations to develop their people as a key step in achieving their goals
- fluid systems in Torreon, Mexico, received Nissan's 2000 Quality Master Award, in recognition of achieving an overall level of quality excellence, and the Nissan 2000 Zero Defects Award for supplying defect-free products during the past year
- NVH controls systems in Auburn, Indiana, received a certificate of recognition from the GM service parts operations for 12 consecutive months of 100 percent on-time shipments of product during 2000
- NVH control systems in Eldorado, Arkansas, received a Superior 2000 award from Toyota for superior quality performance during 2000
- fluid systems in Mt. Sterling, Kentucky, earned the 100 Percent On-Time Shipping Award for a 12-month period from General Motors Service Parts Operations
- the NISCO New Haven, Indiana, plant received the Indiana Governor's Recycling Award, the New Haven Chamber of Commerce Business of the Year award and the City of Fort Wayne's Business Expansion Award in 2000. Nisco is a joint venture between Cooper-Standard Automotive and Nishikawa Rubber Company of Japan



Cooper's Top 10

Many of the vehicles for the 2001 model year are equipped with parts made by Cooper-Standard Automotive. This year's Top 10 list is:

Caravan/Voyager (DaimlerChrysler)

Crown Victoria/Grand Marquis (Ford)

Durango (DaimlerChrysler)

Explorer/Mountaineer (Ford)

F-Series (Ford)

Neon (DaimlerChrysler)

Ram two-door (DaimlerChrysler)

Silverado/Sierra (General Motors)

Taurus/Sable (Ford)

Windstar (Ford)

COOPER-STANDARD AUTOMOTIVE

Products

an original equipment supplier of sealing, trim, NVH control systems and fluid handling systems for the automotive industry

Markets

North America, Europe, Asia, Australia and South America

Market Position

ranked in the top seven in the global market of similar automotive suppliers

SEALING SYSTEMS

Products

help keep outside elements from getting into a car's interior and to reduce noise. Products include dynamic seals, glass runs and encapsulated glass

Markets

top vehicle producers throughout North America, Europe, Brazil and Asia through joint ventures in Japan and Korea

Market Position

ranked second in the global market. Leader in design and manufacture of sealing systems

FLUID SYSTEMS

Products

transport fluids and vapors throughout a vehicle including the heating and cooling, brake and fuel lines, emissions and power steering

Markets

vehicle producers in North America, Europe, plus Brazil and Australia

Market Position

positioned as number one or two globally in two of four core segments. Ranked fourth in the total fluid systems global market

NVH CONTROL SYSTEMS

Products

rubber bonded to metal to assist with the minimization of vibration, noise and harshness experienced in the engine compartment, including engine mounts, body mounts and suspension components

Markets

the North American industry

Market Position

supplies parts to 17 of the top 20 vehicles produced in the United States and is ranked sixth in the global NVH market

awareness

We have heightened our Cooper brand awareness through our relationship with Arnold Palmer. Cooper Tire's presenting sponsorship of the Bay Hill Invitational 2000 was a successful investment. TV ratings soared as people tuned in to see Tiger Woods win the tournament and we expect similar ratings as he returns in 2001 to defend his title. In 2001, we will also become a collegiate conference sponsor, serving as the official tire for six conferences – SEC, Big Ten, Big East, Big XII, Mountain West, PAC-10 – representing schools in 45 states across America. This program will provide year 'round awareness of the Cooper brand to a broad and loyal audience.

technology

Tire products realize their highest margins early in the life cycle, so the faster we can get a tire to market the higher our profitability, and our customers' profitability, on that product. Through predictive tire modeling, Cooper's technical team uses custom-designed software to design and simulate tests. During 2000, Cooper Tire introduced three new tires and in early 2001, added two more tires and expanded an all-steel medium truck tire. From concept to production, the time invested was significantly reduced. Advanced technology makes it easier for us to honor our commitment of getting quality tires to the marketplace faster.

quality

Cooper Tire is proud of its heritage as a producer of high-quality, durable tires. Here are just a few facts about our quality:

- Since 1990, Cooper has manufactured more than 300 million tires at our four U.S. tire plants.
- In our manufacturing process, we have more than 400 quality control checks to ensure safety and quality.
- According to NHTSA (National Highway Traffic Safety Administration) records, during the past ten years, among all major brands, Cooper had the lowest number of complaints by consumers compared to the number of tires sold - by a very wide margin.
- Nine trillion miles were driven on our tires in the 1990s.
- Cooper is only in the replacement market which means that Cooper tires are selected by consumers as their tire of choice.



(l-r) Rick Volk, Commercial Products, marketing
Anne Young, Commercial Products, customer service
Steve Bihn, Cooper Tire, logistics & distribution

COOPER TIRE

Products
automotive, motorcycle and light and medium truck tires, inner tubes, tread rubber and equipment

Markets
primarily in the replacement tire market throughout the world

Market Position
ranked seventh globally

COMMERCIAL PRODUCTS

Products
tread rubber and retread equipment, inner tubes, radial medium truck tires

Markets
commercial truck tire dealers and fleets primarily in North America

Market Position
one of the leading suppliers of retread materials and services in North America

NORTH AMERICAN TIRE

Products
passenger and light truck tires

Markets
North American replacement tire market

Market Position
ranked fifth largest tire manufacturer in North America

INTERNATIONAL TIRE

Products
passenger and light truck tires, motorcycle tires, racing tires

Markets
more than 100 countries around the globe

Market Position
race tires used exclusively by the F3000 and F3 circuits in Europe. One of six major motorcycle tire manufacturers in the world

management's discussion and analysis

Consolidated Results of Operations

Consolidated net sales in 2000 reached a record-setting level of \$3.5 billion, an increase of \$1.3 billion, or 58 percent, from 1999 levels. 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. The sales increase in 2000 followed a \$320 million, or 17 percent, increase in the Company's sales in 1999 from 1998. The acquisition of Standard added \$188 million to the Company's total sales in 1999.

Operating profit was \$253 million in 2000, nearly six percent higher than the \$239 million generated in 1999. This increase was attributable to the operating profit of Standard and Siebe, offset by the impacts in 2000 of restructuring costs, operating losses of closed or sold facilities, and additional goodwill amortization related to the acquisitions of Standard and Siebe. The Company recorded \$39 million (\$24 million after tax, \$.33 per share) in restructuring charges for reorganization plans finalized after the Standard and Siebe acquisitions. Operating losses in 2000, resulting from ongoing costs related to the closing of a French automotive sealing facility and from production difficulties experienced at an automotive plastic trim facility prior to its sale, totaled \$19 million (\$12 million after tax, \$.17 per share). Operating losses of these businesses in 1999 were \$4 million (\$3 million after tax, \$.03 per share).

Net income was \$97 million in 2000, 29 percent lower than the \$135 million generated in 1999. Excluding the restructuring charges and non-recurring losses of the closed or sold facilities, 2000 earnings were \$133 million, slightly lower than 1999 earnings of \$138 million. Net income in 1999 increased by nearly seven percent over 1998's results. Earnings per share were \$1.31 in 2000, \$1.79 in 1999 and \$1.64 in 1998. Earnings per share for 2000, excluding the restructuring charges, were \$1.64 and, excluding the restructuring charges and non-recurring losses of closed or sold facilities, were \$1.81.

Selling, general and administrative expenses were 6.5 percent of net sales in 2000, compared to 6.6 percent in 1999 and 6.4 percent in 1998. Spending levels in 2000 reflect the higher general and administrative costs associated with the acquired operations.

Interest expense was \$97 million in 2000, compared to \$24 million in 1999, reflecting the higher debt levels incurred with the acquisitions of Standard and Siebe. Interest expense in 1999 was \$9 million higher than in 1998, reflecting the acquisition of Standard.

Other income increased from \$862,000 in 1999 to \$5 million in 2000. Income from unconsolidated subsidiaries which were part of the Standard acquisition were responsible 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. During 1998, other income of \$4 million reflected a gain resulting from the sale of a warehouse.

The effective income tax rate of 39.6 percent in 2000 is higher than the 37.1 percent in 1999 due to the impact of nondeductible goodwill attributable to the acquisitions of Standard and Siebe. The lower 1998 rate of 35.9 percent resulted from foreign tax benefits.

The Company has recorded valuation allowances to reflect the estimated potential tax benefits which may not be realized, principally due to the inability of certain of the foreign subsidiaries acquired with Standard and Siebe to utilize available net operating loss carryforwards of approximately \$47 million and \$28 million at December 31, 2000 and 1999, respectively. Net operating loss carryforwards expire in years 2001 through 2015.

The effects of inflation did not have a material effect on the results of operations of the Company in 2000, 1999 and 1998.

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 truck tire retreading industry.

The Automotive segment produces body sealing systems, active and passive vibration control systems (“NVH”), 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 U. S. market increased by approximately 3.3 percent over 1999. The increased replacement sales resulting from the well-publicized August recall of certain Firestone tires accounted for a significant percentage of this increase. Higher raw material costs impacted all of the tire producers, but attempts to obtain price increases to offset those higher costs were unsuccessful, due, at least until the Firestone recall, to global overcapacity, excess inventories, and the increased presence of foreign producers exporting low-priced tires to the U. S. market.

Sales

Sales for the Tire segment were \$1.8 billion in 2000, an increase of \$245 million, or nearly 16 percent, from 1999. The acquisition of Oliver Rubber Company (“Oliver”) as part of the Standard acquisition contributed \$133 million of the increase.

Tire unit sales, including both passenger and truck sizes, 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 quality, leading edge products for all categories of the market, together with the introduction of significant new product offerings, accounted for the segment’s excellent performance in the light truck tire 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 in October 2000, to become 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 in 1999 at \$1.6 billion increased \$113 million or nearly eight percent from 1998. The acquisition of Oliver in 1999 accounted for \$27 million of this increase. Increased sales to certain private brand customers and continued growth in Cooper’s proprietary brands contributed to the improvement, as did increasing demand for light truck tires. Growth in the Company’s tire shipments continued to outpace the replacement tire industry in 1999 but was limited by capacity constraints.

Operating Profit

The Tire segment recorded restructuring charges of nearly \$6 million during 2000. Charges of \$2 million were recorded at the Company’s subsidiary in the United Kingdom. The remaining \$4 million resulted from the decision to close Oliver facilities in Wadsworth, Ohio; Export, Pennsylvania; Paris, Texas; Dallas, Texas; and Athens, Georgia, where both a distribution facility and Oliver’s administrative headquarters will be closed early in 2001. The closings were due to excess capacity and a decision to more closely integrate Oliver’s operations with those of the Company’s tire business, rather than continue to operate Oliver as a stand-alone business.

Operating profit increased four percent from \$176 million in 1999 to \$184 million in 2000. The majority of the increase was attributable to the inclusion of Oliver’s performance for a full year in 2000. Operating margin was 10.2 percent in 2000, a decrease from 11.3 percent in 1999. Operating margin exclusive of the restructuring charges in 2000 was 10.5 percent.

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 a higher percentage of the segment’s sales in 2000 consisting of higher-margin proprietary brand tires, and due also to lower plant costs resulting from manufacturing efficiency initiatives, partially offset the impact of higher raw material costs. In addition, a benefit was realized from the settlement of a tax dispute, allowing the reversal of a \$3 million reserve accrued in prior years.

Exchange rates adversely impacted the segment’s performance in 2000. The strength of the British pound versus the euro depressed exports to the European continent of tires produced by the Company’s subsidiary in the United

management's discussion and analysis (continued)

Kingdom. The strong U. S. dollar adversely affected exports of tires produced in the United States and facilitated low-priced imports into the United States.

Over the past two years, the North American replacement tire industry has continued to experience intense competitive pricing due to global overcapacity, high inventory levels, increased sales of low-priced tires from South America and Asia and the strategic approaches of various competitors. These factors prevented the segment from realizing price increases which were sought during 2000 to offset higher raw material costs. As a result, the Company's margins were adversely impacted. However, inventory levels in the domestic replacement industry were significantly reduced in the latter months of 2000, due in substantial part to the increased demand created by the Firestone recall. As a result, the segment, in October 2000, announced price increases for its tire products effective January 1, 2001.

Operating profit in 1999 increased nearly 14 percent over 1998, from \$155 million to \$176 million. Operating margins were 11.3 percent in 1999, an improvement from 10.7 percent in 1998. Increased volume, favorable raw material costs and cost savings measures were the reasons for these improvements. Transition costs associated with the conversion of the Texarkana plant to continuous operations, increases in selling, general and administrative expenses and the lower margins of the Oliver business partially offset their impact.

Outlook

The year 2001 will be a challenging one for the Tire segment. As the demand for replacement tires created by the Firestone recall abates, and as lower automobile production reduces the portion of tire manufacturing capacity which is devoted to producing original equipment tires, the overcapacity issue that has impacted the replacement tire industry in past years may reappear. Also, a decline in consumer confidence as economic conditions become increasingly uncertain could cause reductions in spending on replacement tires. Finally, overcapacity among tire producers in South America and Asia, coupled with a continuation of the strength of the U. S. dollar, are likely to result in continued high levels of imports of low-priced, lower-end tires into the U. S. replacement market.

Demand in the domestic replacement tire industry in 2001 is expected to remain at the same

level as in 2000, reflecting the loss of the demand created in 2000 by the Firestone recall and a softening in the general economy. The segment is, however, projecting an increase in its unit sales for the year. Improvements in the segment's profitability will depend on raw material costs, which are largely dependent on the price of petroleum, and its ability to obtain price increases sufficient to recover last year's increases in those costs and offset further increases that may occur this year. The segment is cautiously optimistic that the price increase which became effective at the beginning of the year will be realized throughout the course of the year. The Company expects that opportunities for future sales growth will most likely be in its sales of proprietary brand tires to its independent dealers. The segment's ability to offer a tier one brand tire to its dealers through its alliance with Pirelli is expected to continue to enhance its performance in 2001 as that relationship continues to develop and strengthen.

While the performance of the segment's subsidiary in the United Kingdom was disappointing last year, a strategic decision has been made to streamline the various product lines offered by the subsidiary and focus on a smaller number of premium tires. The weakening of the pound versus the euro, and the strengthening of the euro versus the dollar, could also favorably impact the performance of the subsidiary in 2001.

Oliver and the rest of the commercial truck tire unit are facing a challenging year. The heavy truck industry was severely impacted by higher fuel prices in 2000, and the economics of that industry are likely to remain poor in 2001. In addition, Oliver's largest customer terminated its agreement with the Company effective December 31, 2000. The business will rely on the cost reductions to be realized from its restructuring, plus increased efforts to improve market share, to aid its performance in 2001.

The Company is also defending itself against numerous class action lawsuits involving its tires. Additional information about the lawsuits is included in the "Contingencies" section of this Management's Discussion and Analysis.

Automotive Segment

Overview

The Company's Automotive segment serves automotive original equipment manufacturers all over the world. The year 2000 was a year

of record sales in the automotive industry. Production in North America reached 17.2 million vehicles, which was the highest level ever recorded and an increase of one percent over 1999 levels. Production in Europe was 19.0 million vehicles versus 18.9 million in 1999. Production in Brazil reached 2.1 million, up from 1.7 million vehicles in 1999, when a currency crisis led to a severe economic contraction.

The share of the North American market held by the three U.S.-based automotive manufacturers, General Motors, Ford and the Chrysler unit of DaimlerChrysler, declined by approximately 2 percentage points in 2000 from 1999 levels. This decline has adversely impacted the segment, because a greater percentage of its North American sales in 2000 were to those three customers. A significant part of the Company's global strategy for its automotive business is to increase its level of sales to automotive manufacturers based outside of the United States.

Notwithstanding the performance of the automotive industry for all of 2000, production levels slowed significantly in North America in the fourth quarter of the year, especially among the U.S.-based automotive producers. Competitive product offerings from foreign-based manufacturers, especially in the popular minivan and sport utility vehicle segments, accentuated the production decline of the U.S.-based automotive manufacturers.

Automotive suppliers, such as the Company, operate in an environment in which price reductions are generally expected by its customers on at least an annual basis. Emphasis on continuous improvement, lean manufacturing and other cost reduction initiatives are required to operate successfully in this environment.

Sales

Sales for the Automotive segment increased from \$644 million in 1999 to \$1.7 billion in 2000. The acquisitions of Standard and Siebe were responsible for the sales increase in this segment.

Sales in 2000 were especially strong in North America due to record production levels in the industry. Approximately 77 percent of the segment's sales in 2000 were in North America, 20 percent in Europe, and three percent in Brazil and Australia. Sales at the segment's four facilities in Mexico increased significantly to \$145 million in 2000, as programs awarded in earlier years, including sealing components for Chrysler's PT

Cruiser, ramped up to full production during the year, and as the fluid systems unit completed the relocation of approximately 35 percent of its production to Mexico from other locations in North America. Although the segment does business with all of the world's automakers, approximately 76 percent of its global sales are to Ford, DaimlerChrysler, and General Motors. Sales of fluid systems benefited from the combining of the acquired Siebe operations with those of the Company's hose business, as the segment became able to offer pre-assembled hose and tube modules to its customers.

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. The relatively high concentration of European production in the United Kingdom adversely impacted the sales of the segment's European operations due to the strength of the British pound during the year.

Sales late in 2000 reflected the significant decline in North American vehicle production which occurred during the fourth quarter, as an unexpectedly rapid slowdown in vehicle sales took hold. This slowdown left the automobile companies with high levels of inventory, which led to much lower production levels during the quarter. DaimlerChrysler, the segment's second largest customer, was especially hard hit by the slowdown, and the segment's sales to its Chrysler unit declined substantially in the quarter.

Automotive sales in 1999 increased 49 percent from \$432 million in 1998 to \$644 million. Two months of sales from Standard's automotive businesses, totaling \$165 million, were included in 1999's sales. Other growth resulted from new contracts for NVH control systems on the GM Silverado/Sierra pickup and sport utility vehicle, the new Saturn LS sedan and the Ford Focus.

Operating Profit

Operating profit in 2000 was \$69 million, an increase of nearly ten percent over 1999. Operating margins were four percent in 2000, versus 9.7 percent in 1999. The reduction in operating margin was due to several factors. First, a restructuring charge of \$33 million was recorded in 2000. This charge related to a decision to close or downsize 19 facilities in North America and Europe. In addition, an automotive sealing facility in Kittanning, Pennsylvania was

management's discussion and analysis (continued)

closed during the year. Costs of \$3 million associated with that closing were accrued in the recording of the acquisition of Standard.

Second, the segment suffered several nonrecurring losses which impacted its operating margins during 2000. The closure of a sealing plant in France, where production ended in April 2000, reduced operating profit by \$11 million. Losses resulting from production difficulties experienced at the segment's automotive plastics plant in Winnsboro, South Carolina, which was sold at the end of April 2000, totaled \$8 million.

Third, results from operations were especially weak 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. Results in the fluid systems business in Europe were profitable, but not in an amount sufficient to offset the losses experienced by the sealing business.

On the positive side, performance in 2000 benefited from North American fluid systems production in Mexico, where the cost structure is significantly lower than in the United States. Prior to the Company's acquisition of Siebe in January 2000, nearly all North American fluid systems production resided in the United States. The performance of the North American sealing business in 2000 benefited from the greater raw material buying power that resulted from the ability to combine its purchasing with that of the Company's tire business. In addition, cost reductions achieved in Brazil during the year enabled the segment to break even there in 2000 despite a continued sluggish economy.

Operating profit in 1999 was \$63 million, an increase of more than 15 percent over 1998. Operating margins, however, declined from 12.6 percent in 1998 to 9.7 percent in 1999. This decline reflects the acquisition of Standard, price reductions demanded by customers, product mix and the favorable impact in 1998 of a \$2 million recovery of previously expensed costs related to a dispute with a former owner of a plant site. Manufacturing efficiencies offset some of the adverse impact of price reductions.

Outlook

The downturn that impacted the domestic automotive industry in the fourth quarter of 2000 has continued in the first quarter of 2001. Light vehicle

production by General Motors, Ford, and the Chrysler unit of DaimlerChrysler in the first quarter of 2001 is expected to be approximately 20 percent lower than in the same quarter last year, when production rates were at historically high levels. While production levels are expected to improve over the remainder of the year as excess inventories are worked off, North American production will likely be at least five percent lower than in 2000. As a result, the segment's unit sales will likely decrease by a commensurate amount, and perhaps more, if the decline in the market share of the three U.S.-based auto companies that has occurred in each of the past two years continues in 2001. This is because a greater proportion of the segment's North American sales are to those companies than to foreign manufacturers producing vehicles in North America.

The segment also faces the challenge of further price reductions for its products. In addition to previously negotiated price decreases that took effect at the beginning of the year, DaimlerChrysler announced in late 2000 that it was unilaterally implementing five percent price decreases for all components supplied to it. Because approximately 30 percent of the segment's North American sales are to DaimlerChrysler, such a reduction would adversely impact the segment's results of operations. Negotiations are being conducted with DaimlerChrysler with respect to those price decreases. The outcome of those discussions, and their impact both on current contracts and on the segment's future relationship with DaimlerChrysler, cannot presently be determined with any certainty.

The segment was awarded a large amount of incremental new business in 2000, most of which will launch beginning in 2003. Among the most significant of this new business are sealing systems for the Ford F-Series truck, Ford Focus, and GM/Isuzu pickup truck. The former represents a major penetration into the truck business at Ford, while the latter two represent global platforms. The Company would not have been considered for this business but for the acquisitions of Standard and Siebe.

In 2001, the segment's North American volume will be adversely impacted by the discontinuance of several programs, and by reduced volumes on other vehicles. New business commencing in 2001 will not be sufficient to offset this volume decline. The closure of four production

plants in North America as part of the segment's restructuring plan will significantly reduce the segment's cost structure, and is intended to position the segment for improved profitability in the future. Successful implementation of the restructuring plan in a timely fashion is essential to the segment's ability to meet its performance targets for 2001.

In Europe, the segment is aggressively integrating its sealing and fluid systems businesses under one administrative structure, to create efficiencies and eliminate duplicative overhead. This integration will also better enable both the sealing and fluid systems businesses to establish a presence in all parts of Europe, where each previously had a greater presence in some European countries than in others. Within the European sealing systems business, the creation of one administrative structure will also eliminate duplicative administrative and technical functions that previously existed in the United Kingdom and France. In addition, the segment will increase its manufacturing presence in Poland and the Czech Republic, to avail itself of the lower cost structure that exists in those countries. These actions, which constitute a significant part of the segment's restructuring plan, will substantially reduce the break-even point of the European operations, which are projected to be profitable in 2001 at currently expected volumes.

The Brazilian sealing operation will also report under the European administrative structure, thus better integrating operations in that country into the European business, which deals directly with the units of the automotive customers which have responsibility for many aspects of Brazilian operations. Substantial cost reductions were made in Brazil in 2000, including the commencement of the integration of the separate Siebe and Standard operations there. Given expected economic conditions and current sales levels, the segment believes it will be profitable in Brazil in 2001.

Company Summary

The Company will not be content in 2001 merely to weather the potential economic downturn through cost reduction efforts, although timely implementation of its restructuring plan and a continued emphasis on new manufacturing initiatives and other efforts to create operating efficiencies are critical to the continued success of its businesses. The Company will continue to

seek opportunities to further develop both of its business segments. The Tire segment will seek opportunities, most likely through strategic alliances with foreign companies, to obtain low-cost production capabilities that will enhance its ability to compete at the lower end of the replacement tire market. The Automotive segment intends to further strengthen its global operations through alliances with foreign partners, including Nishikawa Rubber Co., Ltd. of Japan and Jin Young Standard Inc. of Korea, in the body sealing unit and the ContiTech unit of Continental A.G. in the NVH unit. The segment will also continue to expand upon the opportunities created by the combining of the Company's hose and Siebe's fluid systems businesses to provide value-added modular components to its customers.

The Company has agreed to invest \$2.9 million in RubberNetwork.com LLC, a limited liability company established by six manufacturers in the tire and rubber industry to achieve cost savings in the procurement of raw materials and indirect materials and supplies through the application of e-business technology. RubberNetwork.com is designed to offer its members the benefits of aggregation of purchases, cataloguing of parts lists, reverse auctions, and supply chain services. The Company will use it to procure materials for both its Tire and Automotive segments. The Company's investment commitment in RubberNetwork.com is to be funded over a three-year period. This e-business will commence limited operations in the second quarter of 2001, and is expected to be fully functional before the end of the year.

Liquidity and Capital Resources

Working capital at \$425 million is down \$125 million from December 31, 1999. The current ratio of 1.7 is down from 2.4 at last year-end. Total debt, as a percent of total capitalization, is 55.9 percent compared to 52.4 percent one year ago. These changes reflect the increase in short-term debt primarily related to the acquisition of Siebe.

Net cash provided by operating activities, at \$231 million in 2000, is \$20 million higher than in 1999.

Net cash used in investing activities during 2000 reflects the acquisition of Siebe for \$223 million. Pretax proceeds from the sale of the Holm and Winnsboro businesses provided \$110 million. Capital expenditures in 2000 were \$201 million, an increase of \$52 million over the prior year. The

management's discussion and analysis (continued)

Company continues to invest in new technology and strategic growth initiatives. Capital expenditures in 2001 are expected to approximate \$190 million. The Company's capital expenditure commitments at December 31, 2000 are not material to its consolidated financial position or cash flows.

Financing activities in 2000 provided cash of \$56 million. Commercial paper of \$323 million was issued during the year to fund the acquisition of Siebe and seasonal working capital requirements. Cash from the sale of businesses was used to pay down commercial paper during the second quarter. During 2000, the Company purchased 3,314,800 of its common shares at a cost of \$42 million. These repurchases were made under a program approved in May 1997 and under an additional program to repurchase up to 10,000,000 common shares which was authorized by the Company's Board of Directors in May 2000. During 1998, the Company purchased \$55 million of its common shares. Dividends paid on the Company's common shares were \$31 million, \$32 million and \$30 million in 2000, 1999 and 1998, respectively.

On September 1, 2000, the Company amended and restated the \$350 million credit agreement with a group of eight banks. The agreement includes credit facilities of \$150 million expiring August 31, 2005 and \$200 million expiring August 31, 2001, with provisions for extending the facilities beyond these dates upon approval of the bank group. The credit facilities support issuance of commercial paper. At December 31, 2000 there was \$127 million outstanding under these arrangements.

The Company established a \$1.2 billion universal shelf registration in November 1999, of which \$400 million remains available at December 31, 2000. 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 Company expects that, given current business projections, adequate liquidity will be provided by cash flows from operations and its credit facilities to fund debt service obligations, capital expenditures, dividends on its common shares and working capital requirements during 2001.

Contingencies

The Company is a defendant in unrelated product liability actions in Federal and state courts throughout the United States in which plaintiffs assert monetary damages. 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.

The Company has been named in 28 separate class action lawsuits filed against it in 26 separate state courts, plus the Commonwealth of Puerto Rico. One lawsuit purports to represent a national class, while in two others, the proposed class character has been voluntarily withdrawn by amendment. The lawsuits, all of which have been 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 rendered an unspecified percentage of the tires unsafe, and failed to disclose those practices to purchasers of its tires. The suits are 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, and costs and attorneys' fees. The Company has removed each of the actions to Federal court. Plaintiffs have undertaken a program to have each of the actions remanded to state court, and four of the actions have been remanded. On motion filed by the Company, the Federal Judicial Panel on Multidistrict Litigation has transferred most of the actions remaining in Federal court to the U. S. District Court for the Southern District of Ohio, for consolidated pre-trial handling, and it is expected that additional cases will likewise be transferred.

The Company believes that substantial defenses, both factual and legal, to the allegations contained in the lawsuits exist, and it intends to contest vigorously the claims made in these lawsuits. Since the litigation is still in its early

stages, the Company is as yet unable to make a meaningful assessment of its impact, if any, on the financial condition, cash flow, or results of operations of the Company.

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 on page 29 of this Annual Report.

Financial Instruments and 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 adversely affect the fair value of the Company’s fixed-rate, long-term debt by approximately \$60 million at December 31, 1999 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 be material to the Company’s results of operations and cash flows.

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, 1999 and 2000, are issued at current market rates.

At December 31, 2000, 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. The Company’s

unprotected exposures to earnings and cash flow fluctuations due to changes in foreign currency exchange rates are not significant at December 31, 1999 and 2000.

Forward-Looking Statements

This report contains “forward-looking statements,” as that term is defined under the Private Securities Litigation Reform Act of 1995, regarding expectations for future financial performance, which involve uncertainty and risk. It is possible that the Company’s future financial performance may differ from expectations due to a variety of factors including, but not limited to: changes in economic and business conditions in the world, 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 and in particular changes in the price of crude oil, changes in interest and foreign exchange rates, regulatory and other approvals, the cyclical nature of the automotive industry, loss of a major customer or program, risks associated with integrating the operations of Standard and Siebe, and the failure to achieve synergies or savings anticipated in both acquisitions, risks associated with the restructuring plan and the failure to achieve the savings anticipated from the restructuring, litigation brought against the Company, including the litigation described under “Contingencies” herein, and other unanticipated events and conditions.

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 SEC.

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

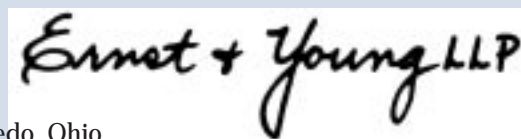
The Board of Directors
Cooper Tire & Rubber Company

We have audited the accompanying consolidated balance sheets of Cooper Tire & Rubber Company as of December 31, 1999 and 2000, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. 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, 1999 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style font.

Toledo, Ohio
February 8, 2001

consolidated statements of income

(Dollar amounts in thousands except per-share amounts)

Years ended December 31

	1998	1999	2000
Net sales	\$1,876,125	\$2,196,343	\$3,472,372
Cost of products sold	<u>1,545,760</u>	<u>1,810,524</u>	<u>2,939,815</u>
Gross profit	330,365	385,819	532,557
Restructuring	–	–	38,699
Amortization of goodwill	–	2,550	15,553
Selling, general and administrative	<u>120,830</u>	<u>144,189</u>	<u>225,824</u>
Operating profit	209,535	239,080	252,481
Interest expense	15,224	24,445	97,461
Other - net	<u>(3,906)</u>	<u>(862)</u>	<u>(5,136)</u>
Income before income taxes	198,217	215,497	160,156
Provision for income taxes	<u>71,250</u>	<u>80,023</u>	<u>63,422</u>
Net income	<u>\$ 126,967</u>	<u>\$ 135,474</u>	<u>\$ 96,734</u>
Basic and diluted earnings per share	<u>\$1.64</u>	<u>\$1.79</u>	<u>\$1.31</u>

See Notes to Financial Statements, pages 28 to 37.

consolidated balance sheets

(Dollar amounts in thousands except per-share amounts)

December 31

Assets	1999	2000
Current assets:		
Cash and cash equivalents	\$ 71,127	\$ 45,795
Accounts receivable, less allowances of \$9,319 in 1999 and \$11,000 in 2000	545,155	588,841
Inventories:		
Finished goods	168,290	192,357
Work in process	25,185	32,882
Raw materials and supplies	80,488	71,221
	273,963	296,460
Prepaid expenses, deferred income taxes and other	55,183	100,129
	55,183	100,129
Total current assets	945,428	1,031,225
Property, plant and equipment:		
Land and land improvements	46,492	47,737
Buildings	378,327	414,355
Machinery and equipment	1,414,654	1,562,737
Molds, cores and rings	122,270	138,588
	1,961,743	2,163,417
Less accumulated depreciation and amortization	734,674	878,020
	734,674	878,020
Net property, plant and equipment	1,227,069	1,285,397
Goodwill, net of accumulated amortization of \$2,550 in 1999 and \$17,237 in 2000	433,312	439,443
Intangibles and other assets	151,836	165,944
	151,836	165,944
	\$2,757,645	\$2,922,009

See Notes to Financial Statements, pages 28 to 37.

December 31

Liabilities and Stockholders' Equity	1999	2000
Current liabilities:		
Notes payable	\$ 13,148	\$ 154,997
Accounts payable	175,686	186,284
Accrued liabilities	188,038	220,448
Income taxes	5,100	29,585
Current portion of long-term debt	<u>13,893</u>	<u>15,193</u>
Total current liabilities	395,865	606,507
Long-term debt	1,046,463	1,036,960
Postretirement benefits other than pensions	181,267	187,748
Other long-term liabilities	61,409	75,791
Deferred income taxes	97,007	62,447
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; (83,799,352 in 1999) 83,848,027 shares issued	83,799	83,848
Capital in excess of par value	3,538	3,982
Retained earnings	1,049,599	1,115,389
Cumulative other comprehensive loss	<u>(6,053)</u>	<u>(53,642)</u>
	1,130,883	1,149,577
Less: (7,989,600 in 1999) 11,304,400 shares in treasury at cost	<u>(155,249)</u>	<u>(197,021)</u>
Total stockholders' equity	<u>975,634</u>	<u>952,556</u>
	<u>\$2,757,645</u>	<u>\$2,922,009</u>

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, 1998	\$83,760	\$3,101	\$ 849,270	\$ (2,305)	\$ (100,251)	\$833,575
Net income			126,967			126,967
Other comprehensive income:						
Minimum pension liability adjustment, net of \$4,729 tax effect				(7,595)		(7,595)
Cumulative currency translation adjustment				33		33
Comprehensive income						119,405
Purchase of treasury shares					(54,998)	(54,998)
Stock compensation plans	21	195				216
Cash dividends - \$.39 per share			(30,262)			(30,262)
Balance at December 31, 1998	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
Cumulative 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)
Cumulative 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	<u>\$83,848</u>	<u>\$3,982</u>	<u>\$1,115,389</u>	<u>\$ (53,642)</u>	<u>\$ (197,021)</u>	<u>\$952,556</u>

See Notes to Financial Statements, pages 28 to 37.

consolidated statements of cash flows

(Dollar amounts in thousands)

Years ended December 31

	1998	1999	2000
Operating activities:			
Net income	\$126,967	\$135,474	\$ 96,734
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	101,899	120,977	167,787
Amortization of goodwill and intangibles	1,298	4,600	20,994
Deferred income taxes	5,202	1,095	(4,876)
Changes in operating assets and liabilities, net of effects of businesses acquired and sold:			
Accounts receivable	(27,379)	6,526	(28,954)
Inventories and prepaid expenses	1,544	(15,920)	(49,756)
Accounts payable and accrued liabilities	(744)	(36,842)	(11,167)
Other liabilities.....	(3,675)	(4,835)	40,487
Net cash provided by operating activities	205,112	211,075	231,249
Investing activities:			
Property, plant and equipment	(131,533)	(149,817)	(201,366)
Acquisition of business, net of cash acquired	-	(594,139)	(222,755)
Proceeds from sale of businesses	-	-	109,990
Other	3,569	187	2,136
Net cash used in investing activities	(127,964)	(743,769)	(311,995)
Financing activities:			
Issuance of debt	27,836	832,846	322,669
Payment on debt	(30,604)	(241,336)	(194,207)
Purchase of treasury shares	(54,998)	-	(41,772)
Payment of dividends	(30,262)	(31,850)	(30,944)
Issuance of common shares	216	260	493
Net cash provided by (used in) financing activities	(87,812)	559,920	56,239
Effects of exchange rate changes on cash	(280)	1,935	(825)
Changes in cash and cash equivalents	(10,944)	29,161	(25,332)
Cash and cash equivalents at beginning of year	52,910	41,966	71,127
Cash and cash equivalents at end of year	\$ 41,966	\$ 71,127	\$ 45,795

See Notes to Financial Statements, pages 28 to 37.

notes to financial statements

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, 1999 and 2000 was \$19,224 and \$23,205, 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.

Property, plant and equipment - Assets 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 and intangibles - 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 goodwill and intangible 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, plus common stock equivalents related to dilutive

stock options and other dilutive stock units. The number of shares used in the computation of per share data was 77,597,873 in 1998, 75,837,168 in 1999 and 73,584,757 in 2000. 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 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.

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.

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 1998, 1999 and 2000 was \$27,754, \$31,748 and \$41,555, 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 Statement of Financial Accounting Standard (SFAS) No. 123, "Accounting for Stock-Based Compensation," are included in the Stock-Based Compensation note.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 \$29,200, \$39,900 and \$99,500 in 1998, 1999 and 2000, respectively.

(Dollar amounts in thousands except per-share amounts)

Accounting pronouncements - In June 1998 the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This Statement establishes accounting and reporting standards which require all derivative instruments be recorded on the balance sheet as either an asset or liability measured at their fair value. The pronouncement requires changes in the derivatives' fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Certain provisions of SFAS No. 133 were amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." The Company will adopt these Statements effective January 1, 2001. Based on the Company's review of its derivative positions, the adoption of these Statements is not expected to have a material effect on the Company's consolidated financial position, results of operations or cash flows.

In September 1999, the Emerging Issues Task Force reached a consensus on Issue 99-5, "Accounting for Pre-Production Costs Related to Long-Term Supply Arrangements." This issue addresses the accounting treatment for pre-production costs incurred by original equipment manufacturers (OEM) suppliers to perform certain services related to the design and development of the parts they will supply the OEM as well as the design and development costs to build molds, dies and other tools that will be used in producing the parts. The Company adopted this consensus on January 1, 2000 on a prospective basis and the adoption had no material effect on the Company's consolidated financial position, results of operations or cash flows.

In December 1999 the SEC released Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements." The bulletin provides the staff's view in applying generally accepted accounting principles to selected revenue recognition issues. The SEC subsequently issued SAB No. 101A and 101B, which delayed the implementation date of SAB No. 101 until no later than the fourth quarter of fiscal years beginning after December 15, 1999. The Company adopted this bulletin during the fourth quarter of 2000 with no material effect on its consolidated financial position, results of operations or cash flows.

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 assump-

tion and retirement of Standard's debt. Standard became a wholly-owned subsidiary of the Company.

Standard is a leading supplier of sealing, plastic trim and vibration control systems for the worldwide automotive original equipment industry. In addition, Standard's Holm Industries Inc. ("Holm") is the largest supplier of seals for home and commercial refrigerators in North America and Oliver Rubber Company is a leading manufacturer of tread rubber and equipment for the retread industry.

The Standard acquisition was accounted for as a purchase transaction. The total purchase price has been allocated to fixed assets, liabilities and tangible and identifiable intangible assets based on independent appraisals of their respective fair values. The excess purchase price over the estimated fair value of the net assets acquired is allocated to goodwill. Goodwill is being amortized on a straight-line basis over 30 years. The operating results of Standard have been included in the consolidated financial statements of the Company since the date of acquisition.

The purchase price and the final allocation are as follows:

Net working capital acquired, exclusive of debt...	\$ 59,756
Net assets of businesses held for sale	124,856
Property, plant and equipment	296,214
Other non-current assets.....	73,005
Goodwill	<u>366,251</u>
	920,082
Assumed debt and other liabilities.....	<u>(325,943)</u>
Aggregate purchase price	<u>\$594,139</u>

The following unaudited pro forma consolidated results of operations are presented as if the acquisition of Standard had occurred on January 1, 1998 and 1999, respectively. Proforma 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, 1998	
	As Reported	Pro Forma As Adjusted
Net sales	\$1,876,125	\$2,956,770
Net earnings	\$126,967	\$118,058
Earnings per share	\$1.64	\$1.52
	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

notes to financial statements (continued)

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).

The unaudited pro forma information is not necessarily indicative of the results of operations that would have occurred had the purchase been made at the beginning of the periods presented or the future results of the combined operations.

The Company acquired Siebe Automotive ("Siebe"), the automotive fluid handling division of Invensys plc, on January 28, 2000. Siebe manufactures automotive fluid handling systems, components, modules and sub-systems for sale to the world's automotive original equipment manufacturers and large Tier 1 suppliers. The purchase included the operating assets of Siebe Automotive, with 16 operating locations extending across North and South America, Europe and Asia.

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 has been preliminarily 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	<u>101,364</u>
	230,989
Assumed debt and other liabilities.....	<u>(8,234)</u>
Aggregate purchase price	<u>\$222,755</u>

The acquisition does not meet the thresholds for a significant acquisition and therefore no pro forma financial information is presented.

Divestitures and Net Assets Held for Sale

The Company acquired the Plastics Division, which included Holm, as part of its acquisition of Standard. On April 28, 2000 the Company sold the Winnsboro, South Carolina automotive plastic trim production facility. On June 30, 2000 the Company completed the sale of Holm. The proceeds from the sales of these businesses totaled \$109,990 and were used primarily to reduce commercial paper borrowings. Net sales and operating losses derived from these sold businesses was \$26,057 and \$659, respectively, in 1999 and \$90,665 and \$332, respectively, in 2000.

The Company is continuing its efforts to sell the remaining extruded plastic trim operations of the

Plastics Division. Net assets held for sale related to these operations are included with prepaid expenses, deferred income taxes and other on the December 31, 2000 balance sheet at their estimated fair market value. Results of the remaining operations are immaterial to the Company's consolidated results of operations.

Restructuring

In connection with the 1999 acquisition of Standard, a restructuring accrual of \$12,900 was assumed for employee separation costs and other exit costs relating to a plan for the reorganization and closing of certain manufacturing facilities in Europe. The Company evaluated this plan and determined that an additional accrual of \$5,000 was required. The plan calls for the termination of 460 employees, of whom 134 were terminated in 1999 and 303 in 2000. The remaining employee terminations will occur by the end of the second quarter of 2001.

In addition, the Company accrued \$3,200 for employee separation and other exit costs to close Standard's automotive sealing plant in Kittanning, Pennsylvania. The plan calls for the termination of 160 employees, all of whom were terminated in 2000. Completion of the plan is expected to occur by the end of the second quarter of 2001.

The following table summarizes the restructuring accruals recorded in the final purchase price allocation:

	Employee Separation Costs	Other Exit Costs	Total
Restructuring accrual for closure of certain European manufacturing facilities	\$ 15,000	\$ 2,900	\$ 17,900
Cash payments in 1999	(900)	(100)	(1,000)
Accrual at December 31, 1999	<u>14,100</u>	<u>2,800</u>	<u>16,900</u>
Restructuring accrual for closure of Kittanning automotive sealing plant	1,900	1,300	3,200
Cash payments in 2000	<u>(13,900)</u>	<u>(1,300)</u>	<u>(15,200)</u>
Accrual at December 31, 2000	<u>\$ 2,100</u>	<u>\$ 2,800</u>	<u>\$ 4,900</u>

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 will affect 22 manufacturing and administrative operations and reduce headcounts by approximately 1,100 employees. The Company has targeted the end of 2001 for full

(Dollar amounts in thousands except per-share amounts)

implementation of the plan. The following table summarizes the restructuring accrual recorded in 2000:

	Employee Separation Costs	Other Exit Costs	Asset Impairments	Total
Original accrual	\$ 25,700	\$4,100	\$ 4,500	\$ 34,300
Write-off of assets	-	-	(4,500)	(4,500)
Cash payments	(800)	-	-	(800)
Accrual at December 31, 2000	<u>\$ 24,900</u>	<u>\$4,100</u>	<u>\$ -</u>	<u>\$ 29,000</u>

Also included in the restructuring costs in the 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.

Inventories

Under the LIFO method, inventories have been reduced by approximately \$44,783 and \$52,476 at December 31, 1999 and 2000, respectively, from current cost which would be reported under the first-in, first-out method. Approximately 76 percent and 68 percent of the Company's inventories have been valued under the LIFO method at December 31, 1999 and 2000, respectively.

Debt

On September 1, 2000 the Company amended and restated the \$350,000 credit agreement with a group of eight banks. The agreement provides up to \$150,000 in credit facilities until August 31, 2005 and \$200,000 in credit facilities until August 31, 2001 with provisions for extending the agreements beyond these dates upon approval of the bank group. The credit facility supports issuance of commercial paper. Borrowings under this credit facility, including the issuance of commercial paper, amounted to \$127,000 at December 31, 2000 which is included in notes payable. 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 Credit Agreement permit the Company to request bid rate loans from banks participating in the agreement. Borrowings under the Credit 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.

On July 10, 2000 the Company allowed the second \$350,000 Credit Agreement with six banks to expire. Management decided that this additional credit facility

was no longer needed based on the liquidity and capital resource plans of the Company.

The Company established a \$1,200,000 universal shelf registration in November 1999, of which \$400,000 remains available at December 31, 2000. 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 secured. Principal payments of \$12,500 are required each December through 2003.

The following table summarizes the long-term debt of the Company at December 31, 1999 and 2000:

	1999	2000
7.25% notes due 2002	\$ 225,000	\$ 225,000
7.75% notes due 2009	350,000	350,000
8% notes due 2019	225,000	225,000
7.63% notes due 2027	200,000	200,000
6.55% notes due 2001 through 2003	50,000	37,500
Capitalized leases and other	10,356	14,653
	<u>1,060,356</u>	<u>1,052,153</u>
Less current maturities	13,893	15,193
	<u>\$1,046,463</u>	<u>\$1,036,960</u>

The maturities of long-term debt through 2005 are as follows:

2001	\$ 15,193
2002	239,521
2003	14,522
2004	730
2005	351

The Company's debt agreements require it to maintain, among other things, certain financial ratios. Retained earnings of \$300,175 at December 31, 2000 are available for the payment of cash dividends and purchases of the Company's common shares.

The weighted average interest rate of notes payable at December 31, 1999 and 2000 was 5.1 percent and 7.2 percent, respectively.

The Company and its subsidiaries also have, from various banking sources, approximately \$38,300 of unused short-term lines of credit at rates of interest approximating euro-based interest rates.

Interest paid on debt during 1998, 1999 and 2000 was \$16,718, \$24,140, and \$97,177, respectively. The amount of interest capitalized was \$1,694, \$1,491, and \$1,022 during 1998, 1999 and 2000, respectively.

notes to financial statements (continued)

Fair Value of Financial Instruments

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

	1999		2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 71,127	\$ 71,127	\$ 45,795	\$ 45,795
Notes payable . . .	(13,148)	(13,148)	(154,997)	(154,997)
Long-term debt . .	(1,046,463)	(1,027,843)	(1,036,960)	(920,360)
Derivative financial instruments	493	404	(214)	(214)

The derivative financial instruments are fair value hedges of foreign currency exposures. Exchange rate fluctuations on the foreign-denominated inter-company loans and obligations are offset by the change in values of these fair value hedges. The notional amount of these derivative instruments at December 31, 1999 and 2000 was \$11,301 and \$25,400, 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 Right

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 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:

	1998	1999	2000
Risk-free interest rate	5.5%	5.6%	6.8%
Dividend yield	1.3%	1.5%	1.6%
Expected volatility of the Company's common stock . . .	.251	.238	.245
Expected life in years	5.0	6.3	5.6

The weighted-average fair value of options granted in 1998, 1999 and 2000 was \$5.84, \$6.64, and \$3.93, 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:

	1998	1999	2000
Net income:			
Reported	\$126,967	\$135,474	\$96,734
Pro forma	125,142	132,322	91,514
Basic earnings per share:			
Reported	\$1.64	\$1.79	\$1.31
Pro forma	1.61	1.75	1.24
Diluted earnings per share:			
Reported	\$1.64	\$1.79	\$1.31
Pro forma	1.61	1.74	1.24

(Dollar amounts in thousands except per-share amounts)

The Company's 1998 incentive compensation plan allows 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 1981, 1986 and 1996 incentive stock option plans and the 1998 incentive compensation plan 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, 2000 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, 1998			
Outstanding	756,347	21.59	
Exercisable	460,992	20.58	
Granted	1,362,487	20.57	
Exercised	(20,750)	10.44	
Cancelled	(38,150)	23.41	
December 31, 1998			3,931,530
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	

The weighted average remaining contractual life of options outstanding at December 31, 2000 is 7.9 years.

Segregated disclosure of options outstanding at December 31, 2000 is as follows:

	Range of Exercise Prices	
	Less than \$20.00	Equal to or greater than \$20.00
Options outstanding	1,686,826	2,118,370
Weighted average exercise price	\$13.03	\$21.76
Remaining contractual life	8.7	7.3
Options exercisable	151,251	932,170
Weighted average exercise price	\$17.41	\$22.76

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. The grants provide for accrual of dividend equivalents. At December 31, 2000, 39,750 restricted stock units were outstanding.

Common Stock

There were 21,522,859 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, 2000.

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, defined contribution and multi-employer plans. The Company has an unfunded, nonqualified supplemental retirement plan covering certain employees whose

notes to financial statements (continued)

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. 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 trusted 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. Expense for these plans was \$10,891, \$12,829 and \$18,326 for 1998, 1999 and 2000, 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	
	1999	2000	1999	2000
Change in benefit obligation:				
Benefit obligation at January 1	\$ 591,436	\$ 736,779	\$ 183,017	\$ 235,676
Acquisition	106,720	-	28,344	-
Service cost - employer	24,872	27,199	4,782	5,420
Service cost - participants	2,423	2,189	-	-
Interest cost	43,668	54,065	14,104	17,473
Actuarial (loss) gain	(10,408)	10,311	16,979	19,200
Amendments	9,233	4,751	770	5,301
Benefits paid	(25,832)	(36,006)	(12,320)	(16,547)
Foreign currency exchange rate (loss) gain	(5,333)	(13,263)	-	(604)
Benefit obligation at December 31	<u>\$ 736,779</u>	<u>\$ 786,025</u>	<u>\$ 235,676</u>	<u>\$ 265,919</u>
Change in plans' assets:				
Fair value of plans' assets at January 1	\$ 572,380	\$ 719,371	\$ -	\$ -
Acquisition	100,590	-	-	-
Actual return on plans' assets	50,374	46,846	-	-
Employer contributions	23,968	16,084	-	-
Participant contributions	2,423	2,189	-	-
Benefits paid	(25,832)	(36,006)	-	-
Foreign currency exchange rate (loss) gain	(4,532)	(13,411)	-	-
Fair value of plans' assets at December 31	<u>\$ 719,371</u>	<u>\$ 735,073</u>	<u>\$ -</u>	<u>\$ -</u>
Funded status of the plans	\$ (17,408)	\$ (50,952)	\$(235,676)	\$(265,919)
Unrecognized actuarial loss	37,731	67,899	38,741	56,798
Unrecognized prior service cost	12,998	11,941	819	5,645
Unrecognized net transition obligation	3,549	2,461	-	-
Adjustment for minimum liability	(15,007)	(44,051)	-	-
Net amount recognized	<u>\$ 21,863</u>	<u>\$ (12,702)</u>	<u>\$(196,116)</u>	<u>\$(203,476)</u>
Amounts recognized in the balance sheets:				
Prepaid expenses and deferred income taxes	\$ (8,898)	\$ (14,168)	\$ -	\$ -
Intangibles and other assets	47,253	37,631	-	-
Accrued liabilities	(1,396)	(4,043)	(14,789)	(13,301)
Postretirement benefits other than pensions	-	-	(181,327)	(190,175)
Other long-term liabilities	(8,310)	(9,720)	-	-
Accumulated other comprehensive income	(6,786)	(22,402)	-	-
Net amount recognized	<u>\$ 21,863</u>	<u>\$ (12,702)</u>	<u>\$(196,116)</u>	<u>\$(203,476)</u>
Assumptions as of December 31:				
	1999	2000	1999	2000
Discount rate	7.5%	7.5%	7.5%	7.5%
Expected return on plan assets	9.6	9.6	-	-
Rate of compensation increase	5.3	5.3	-	-

(Dollar amounts in thousands except per-share amounts)

At December 31, 2000 the weighted average assumed annual rate of increase in the cost of health care benefits (health care cost trend rate) was 7.0 percent for 2001, gradually declining to 5.5 percent in 2005 and to remain at that level thereafter.

	Pension Benefits			Other Postretirement Benefits		
	1998	1999	2000	1998	1999	2000
Components of net periodic benefit cost:						
Service cost	\$21,892	\$24,872	\$27,199	\$ 3,682	\$ 4,782	\$ 5,420
Interest cost	38,681	43,668	54,065	12,227	14,104	17,473
Expected return on plan assets	(49,453)	(56,251)	(67,877)	-	-	-
Amortization of transition obligation	1,087	1,088	1,088	-	-	-
Amortization of prior service cost	4,383	5,357	5,902	212	396	475
Recognized actuarial loss	1,951	3,410	3,122	-	244	1,142
Net periodic benefit cost	<u>\$18,541</u>	<u>\$22,144</u>	<u>\$23,499</u>	<u>\$16,121</u>	<u>\$19,526</u>	<u>\$24,510</u>

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 \$87,656, \$85,989 and \$69,233, respectively, at December 31, 1999 and \$243,738, \$238,364 and \$204,077, respectively, as of December 31, 2000.

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.....	\$ 440	\$ (384)
Increase (decrease) in the postretirement benefit obligation....	6,580	(5,797)

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, 1999 and 2000 was \$14,323 and \$15,664, respectively.

Income Taxes

Components of income before income taxes are as follows:

	1998	1999	2000
U.S.	\$204,641	\$210,718	\$143,426
Foreign.....	(6,424)	4,779	16,730
	<u>\$198,217</u>	<u>\$215,497</u>	<u>\$160,156</u>

The provision for income taxes consists of the following:

	1998	1999	2000
Current:			
Federal	\$60,650	\$68,678	\$53,974
State and local	7,128	8,171	6,789
Foreign	(1,730)	2,938	7,535
	66,048	79,787	68,298
Deferred:			
Federal	4,654	(1,082)	(3,998)
State and local	548	1,287	(878)
Foreign	-	31	-
	5,202	236	(4,876)
	<u>\$71,250</u>	<u>\$80,023</u>	<u>\$63,422</u>

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

	1998	1999	2000
Statutory U.S. tax rate.....	35.0%	35.0%	35.0%
State and local income tax	2.5	2.8	2.4
Nondeductible goodwill	-	0.3	3.4
Tax credits	(0.4)	(1.5)	(2.1)
Other.....	(1.2)	(0.5)	0.9
Effective income tax rate.....	<u>35.9%</u>	<u>37.1%</u>	<u>39.6%</u>

notes to financial statements (continued)

Payments for income taxes in 1998, 1999 and 2000 were \$69,653, \$77,961 and \$90,683, respectively.

Deferred tax assets (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:

	<u>1999</u>	<u>2000</u>
Deferred tax assets:		
Other postretirement benefits	\$ 87,648	\$ 99,722
Net operating loss and tax credit carryforwards	18,341	19,319
All other items	<u>23,309</u>	<u>40,739</u>
Total deferred tax assets	129,298	159,780
Deferred tax liabilities:		
Property, plant and equipment	(125,113)	(124,185)
Pension benefits	(22,961)	(17,482)
All other items	<u>(39,911)</u>	<u>(35,889)</u>
Total deferred tax liabilities	<u>(187,985)</u>	<u>(177,556)</u>
	(58,687)	(17,776)
Valuation allowance	<u>(18,341)</u>	<u>(19,319)</u>
Net deferred tax liabilities	<u>\$ (77,028)</u>	<u>\$ (37,095)</u>

The net deferred tax liabilities in the Consolidated Balance Sheets at December 31 are as follows:

	<u>1999</u>	<u>2000</u>
Current assets	\$ 19,979	\$ 25,352
Non-current liabilities	<u>(97,007)</u>	<u>(62,447)</u>
Net deferred tax liability	<u>\$ (77,028)</u>	<u>\$ (37,095)</u>

The Company has not provided deferred U. S. income taxes on approximately \$185,000 of undistributed earnings of international affiliates which have been reinvested indefinitely. 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.

The Company has recorded a valuation allowance to reflect the estimated potential tax benefits which may not be realized principally due to the inability of certain of its foreign subsidiaries to utilize available net operating loss carryforwards of approximately \$47,032. Approximately \$35,073 of net operating loss carryforwards were assumed with acquisitions. A valuation allowance was recorded on these purchased net operating loss carryforwards and, to the extent such benefits are realized, the benefits will be recorded as a reduction of goodwill. The Company's net operating loss carryforwards expire in years 2001 through 2015.

Commitments and Contingent Liabilities

The Company is a defendant in unrelated product liability actions in Federal and state courts throughout the United States in which plaintiffs assert monetary damages. 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.

The Company has been named in 27 separate class action lawsuits filed against it in 25 separate state courts, plus the Commonwealth of Puerto Rico. One lawsuit purports to represent a national class, while in two others, the proposed class character has been voluntarily withdrawn by amendment. The lawsuits, all of which have been 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 rendered an unspecified percentage of the tires unsafe, and failed to disclose those practices to purchasers of its tires. The suits are 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, and costs and attorneys' fees. The Company has removed each of the actions to Federal court. Plaintiffs have undertaken a program to have each of the actions remanded to state court, and four of the actions have been remanded. On motion filed by the Company, the Federal Judicial Panel on Multidistrict Litigation has transferred most of the actions remaining in Federal court to the U. S. District Court for the Southern District of Ohio, for consolidated pre-trial handling, and it is expected that additional cases will likewise be transferred.

The Company believes that substantial defenses, both factual and legal, to the allegations contained in the lawsuits exist, and it intends to contest vigorously the claims made in these lawsuits. Since the litigation is still in its early stages, the Company is as yet unable to make a meaningful assessment of its impact, if any, on the financial condition, cash flow, or results of operations of the Company.

(Dollar amounts in thousands except per-share amounts)

Cumulative Other Comprehensive Loss

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

	1998	1999	2000
Cumulative currency translation adjustment	\$ 2,481	\$ 793	\$(31,240)
Minimum pension liability, net of tax effect	(12,348)	(6,846)	(22,402)
	<u>\$ (9,867)</u>	<u>\$ (6,053)</u>	<u>\$(53,642)</u>

Accrued Liabilities

Accrued liabilities at December 31 were as follows:

	1999	2000
Payroll	\$55,882	\$56,666
Real and personal property taxes	16,460	10,682
Other	115,696	153,100
	<u>\$188,038</u>	<u>\$220,448</u>

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.

Automotive revenues derived from two customers approximated \$487,000 and \$367,000 or 14 percent and 11 percent, respectively, of consolidated net sales in 2000.

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:

	1998	1999	2000
FINANCIAL			
Revenues			
Tire	\$1,444,334	\$1,557,110	\$1,802,607
Automotive	431,791	643,642	1,698,519
Eliminations and other	-	(4,409)	(28,754)
Consolidated	<u>1,876,125</u>	<u>2,196,343</u>	<u>3,472,372</u>
Segment profit			
Tire	155,242	176,389	183,865
Automotive	54,293	62,691	68,616
Operating profit	209,535	239,080	252,481
Other – net	3,906	862	5,136
Interest expense	(15,224)	(24,445)	(97,461)
Income before income taxes	198,217	215,497	160,156
Depreciation and amortization expense			
Tire	90,537	100,120	107,886
Automotive	12,660	25,457	80,895
Consolidated	<u>103,197</u>	<u>125,577</u>	<u>188,781</u>
Segment assets			
Tire	1,211,819	1,391,340	1,439,221
Automotive	238,467	1,235,966	1,393,854
Corporate and other	90,989	130,339	88,934
Consolidated	<u>1,541,275</u>	<u>2,757,645</u>	<u>2,922,009</u>
Expenditures for long-lived assets			
Tire	95,526	111,384	107,598
Automotive	36,007	38,433	93,768
Consolidated	<u>131,533</u>	<u>149,817</u>	<u>201,366</u>

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

	1998	1999	2000
GEOGRAPHIC			
Revenues			
North America	\$1,718,925	\$1,995,197	\$2,917,048
Europe	157,200	199,397	489,473
Other	-	1,749	65,851
Consolidated	<u>1,876,125</u>	<u>2,196,343</u>	<u>3,472,372</u>
Long-lived assets			
United States	800,094	952,063	943,189
United Kingdom	71,774	122,474	118,461
Other	13,414	152,532	223,747
Consolidated	<u>\$ 885,282</u>	<u>\$1,227,069</u>	<u>\$1,285,397</u>

Sales from the U. S. amounted to \$1,594,352, \$1,930,436 and \$2,560,604 in 1998, 1999 and 2000, respectively. Shipments of domestically-produced products to customers outside the U. S. approximated seven percent of net sales in 1998 and eight percent of net sales in 1999 and 2000.

operations and financial data

six-year 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
1995	\$1,493,622	\$250,727	\$176,931	\$180,070	\$67,250	\$112,820	\$1.35	\$1.35
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	2,196,343	385,819	239,080	215,497	80,023	135,474	1.79	1.79
2000	3,472,372	532,557	252,481 ^(c)	160,156 ^(c)	63,422 ^(c)	96,734 ^(c)	1.31 ^(c)	1.31 ^(c)

	Stockholders' Equity	Total Assets	Working Capital	Net Property, Plant & Equipment	Capital Expenditures	Depreciation	Long-term Debt
1995	\$748,799	\$1,143,701	\$272,216	\$ 678,876	\$194,894	\$ 63,313	\$ 28,574
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	975,634	2,757,645	549,563	1,227,069	149,817	120,977	1,046,463
2000	952,556	2,922,009	424,718	1,285,397	201,366	167,787	1,036,960

	Return On Beginning Invested Capital ^(a)	Return On Beginning Equity	Return On Beginning Assets	Pretax Margin	Effective Tax Rate	Return On Sales
1995	25.8%	17.0%	10.9%	12.1%	37.3%	7.6%
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	22.4	15.6	8.8	9.8	37.1	6.2
2000	14.6 ^(d)	12.4 ^(d)	4.4 ^(d)	5.7 ^(d)	39.6	3.5 ^(d)

	Current Ratio	Long-Term Debt To Capitalization	Equity Per Share	Dividends Per Share	Common Shares	
					Average (000)	Year End (000)
1995	2.7	3.7%	\$ 8.95	\$.27	83,646	83,662
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	2.4	51.8	12.87	.42	75,837	75,810
2000	1.7 ^(b)	52.1	13.13	.42	73,585	72,544

	Number of Stockholders	Number of Employees	Research & Development	Stock Price		Price/Earnings Average Ratio
				High	Low	
1995	6,721	8,284	\$16,000	\$29.63	\$22.25	19.2
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	4,801	21,586	39,900	25.00	13.25	10.7
2000	4,704	21,185	99,500	16.00	9.19	7.7 ^(d)

(a) Earnings before interest and income taxes divided by long-term debt plus stockholders' equity.

(b) The Siebe acquisition was financed using short-term notes payable.

(c) Amounts have been reduced by restructuring charges of \$38,699 (\$24,274 after tax, \$.33 per share).

(d) Computed prior to restructuring charges.

selected quarterly data

(Unaudited)

(Dollar amounts in thousands except per-share amounts)

1999

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	\$467,887	\$495,352	\$531,883	\$701,221
Gross profit	85,394	97,336	91,537	111,552
Net income	31,391	37,956	34,600	31,527
Basic and diluted earnings per share .....	.41	.50	.46	.42
Dividend per share .....	.105	.105	.105	.105
Stock price – high	22.1250	25.0000	24.4375	18.5000
– low	18.3125	18.2500	16.1250	13.2500
Revenues from external customers:				
Tire	\$352,062	\$368,410	\$424,310	\$412,328
Automotive	115,825	126,942	107,573	293,302
Eliminations and other	–	–	–	(4,409)
Net sales	<u>\$467,887</u>	<u>\$495,352</u>	<u>\$531,883</u>	<u>\$701,221</u>
Segment profit:				
Tire	\$ 37,197	\$ 46,123	\$ 47,961	\$ 45,108
Automotive	16,105	17,417	9,420	19,749
Operating profit	53,302	63,540	57,381	64,857
Interest expense	(3,903)	(3,596)	(3,710)	(13,236)
Other – net	225	(347)	198	786
Income before income taxes	<u>\$ 49,624</u>	<u>\$ 59,597</u>	<u>\$ 53,869</u>	<u>\$ 52,407</u>

2000

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	<u>\$922,265</u>	<u>\$886,652</u>	<u>\$843,607</u>	<u>\$819,848</u>
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	<u>\$ 51,642</u>	<u>\$ 58,172</u>	<u>\$ 38,378</u>	<u>\$ 11,964</u>

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.

directory

EXECUTIVE OFFICES

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

TRANSFER AGENT & REGISTRAR

Fifth Third Bank
38 Fountain Square Plaza; MD - 10AT66
Cincinnati, Ohio 45263
(800) 837-2755

FOR INFORMATION

Tire products – (800) 854-6288
Automotive products – (313) 561-1100
Common stock and dividends – (419) 424-4233
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 1, 2001, 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 20, 2001, upon written request to: Secretary, Cooper Tire & Rubber Company, Findlay, Ohio 45839-0550.

BOARD OF DIRECTORS

Arthur H. Aronson²
*Former Executive Vice President,
Allegheny Teledyne Incorporated*

Thomas A. Dattilo^{1,4}
*Chairman, President and
Chief Executive Officer
of the Company*

Edsel D. Dunford^{1,3}
*Former President and
Chief Operating Officer,
TRW Inc.*

John Fahl⁴
*Executive Vice President
of the Company*

Deborah M. Fretz²
*Senior Vice President,
Midcontinent Refining, Marketing and Logistics,
Sun Company, Inc.*

Dennis J. Gormley²
*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. Pond³
*President and Chief Executive Officer,
Amcast Industrial Corporation*

John H. Shuey^{1,2}
*Former Chairman, President
and Chief Executive Officer,
Amcast Industrial Corporation*

Ronald L. Roudebush³
*Former Vice Chairman and
Chief Executive Officer,
The Standard Products Company*

¹ Member of the Governance and Nominating Committee

² Member of the Audit Committee

³ Member of the Compensation Committee

⁴ Member of the Executive Committee

executive officers

Thomas A. Dattilo
*Chairman, President and
Chief Executive Officer*

John Fahl
Executive Vice President

Mark F. Armstrong
Vice President

William S. Klein
Vice President

James S. McElya
Vice President

Roderick F. Millhof
Vice President

D. Richard Stephens
Vice President

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

Philip G. Weaver
*Vice President and Chief
Financial Officer*

Eileen B. White
Corporate Controller

other corporate officers

Franklin T. Burnside
Vice President

Kathleen L. Diller
*Asst. Corporate Secretary/
Asst. General Counsel*

Larry J. Enders
Vice President

James H. Geers
Vice President

Paul C. Gilbert
Vice President

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

James P. Keller
Vice President

Charles F. Nagy
Assistant Treasurer

Stephen O. Schroeder
Treasurer

worldwide facilities

NORTH AMERICA

United States

El Dorado, Arkansas, NVH control systems
Texarkana, Arkansas, tires
Golden, Colorado, technical center
Albany, Georgia, tires
Athens, Georgia, technical center
Athens, Georgia, tread rubber
Griffin, Georgia, sealing
Auburn, Indiana, NVH control systems
Auburn, Indiana, technical center
Bremen, Indiana, sealing
Fort Wayne, Indiana, sealing
Topeka, Indiana, sealing
Mt. Sterling, Kentucky, fluid systems
Dearborn, Michigan, sealing
Dearborn, Michigan, technical center
Fairview, Michigan, fluid systems
Farmington Hills, Michigan, technical center
Gaylord, Michigan, sealing
Luzerne, Michigan, fluid systems
Orion, Michigan, technical center
Clarksdale, Mississippi, tubes
Tupelo, Mississippi, tires
Asheboro, North Carolina, tread rubber
Goldsboro, North Carolina, sealing
Rocky Mt., North Carolina, sealing
Salisbury, North Carolina, tread rubber
Bowling Green, Ohio, fluid systems

Bowling Green, Ohio, sealing
Cleveland, Ohio, plastics
Findlay, Ohio (2), technical centers
Findlay, Ohio, tires
Spartanburg, South Carolina, plastics
Surgoinsville, Tennessee, fluid systems
Dallas, Texas, tread rubber
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
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

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
Sundern, Germany, fluid systems

Poland

Bielsko-Biala, Poland, sealing

Spain

Getafe, Spain, fluid systems

United Kingdom

Huntingdon, U.K., technical center
Maesteg, U.K., sealing
Melksham, U.K., tires
Plymouth, U.K., fluid systems
Plymouth, U.K., sealing

ASIA

Republic of Korea

Chung-Ju, Korea, sealing
Incheon, Korea, sealing
Incheon, Korea, technical center
Secheon, Korea, sealing



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COOPER TIRE & RUBBER COMPANY

FINDLAY, OHIO 45840

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