related earn-out agreements offset by $7.0 million of proceeds from other investments and $2.8 million in proceeds from the sale of assets. Net cash provided by financing activities for 2001 of $2.2 million was primarily attributable to proceeds from the exercise of stock options.

On December 22, 1998, EMCOR restated a June 19, 1996 credit facility; the amended credit facility provides EMCOR with a credit facility for borrowings of up to $150.0 million. The amended credit facility, which has an expiration date of June 30, 2003, is guaranteed by certain direct and indirect subsidiaries of EMCOR. The amended credit facility is secured by substantially all of the assets of EMCOR and most of its subsidiaries, and it provides for borrowing capacity available in the form of revolving loans and/or letters of credit. The amended credit facility contains various covenants, including among other things, maintenance of certain financial ratios and significant restrictions with respect to cumulative aggregate payments for dividends, common stock repurchases, investments, acquisitions, indebtedness, capital expenditures, and prepayments of subordinated debt, all as set forth therein. The annual facility fee is 0.25% per $1,000 of the total credit facility. The revolving loans bear interest at (1) a rate which is the prime commercial lending rate announced by Harris Trust and Savings Bank from time to time (4.75% at December 31, 2001) plus 0% to 0.5%, based on certain financial tests or (2) at a LIBOR rate (2.04% at December 31, 2001) plus 1.25% to 2.0%, based on certain financial tests. The interest rates in effect at December 31, 2001 were 4.75% and 3.29%, respectively. Letters of credit fees issued under the credit facility ranging from 0.5% to 2.0% are charged based on type of letters of credit issued and certain financial tests. As of December 31, 2001 and 2000, EMCOR had approximately $20.5 million and $12.1 million of letters of credit outstanding, respectively. No revolving loans were outstanding under the credit facility at December 31, 2001 or 2000.

In December 2000, the Company's Canadian subsidiary, Comstock Canada Ltd., renewed a credit agreement with a bank providing for an overdraft facility of up to Cdn. $0.5 million. The facility is secured by a standby letter of credit and provides for interest at the bank's prime rate (4.0% at December 31, 2001). There were no borrowings outstanding under this credit agreement at December 31, 2001 or 2000.

A subsidiary of EMCOR has guaranteed indebtedness of a venture in which it has a 40% interest; the other venture partner, Baltimore Gas and Electric, has a 60% interest. The venture designs, constructs, owns, operates, leases and maintains facilities to produce chilled water for sale to customers for use in cooling. These guarantees are not expected to have a material adverse effect on EMCOR's financial position or results of operations. Under one guarantee, each of the venturers is jointly and severally liable for the venture's $25.0 million borrowing due December 2031. The other guarantee is related to the venture's $50.0 million revolving credit facility expiring September 2002, under which EMCOR's subsidiary guaranteed 40% of the indebtedness.

EMCOR believes that current cash balances and borrowing capacity available under lines of credit, combined with cash expected to be generated from operations, will be sufficient to provide short-term and foreseeable long-term liquidity and meet expected capital expenditure requirements.

The primary source of liquidity for EMCOR has been, and is expected to continue to be, cash generated by operating activities. EMCOR also maintains a credit facility that may be utilized, among other things, to meet short-term liquidity needs in the event that net cash generated by operating activities is insufficient, or to enable EMCOR to seize opportunities to participate in joint ventures or to make acquisitions that may require access to cash on short notice.

Long-term liquidity requirements can be expected to be met through cash generated from operating activities, the credit facility, and the sale of various secured or unsecured debt or equity interests in the public and private markets. Based on its current credit rating and financial condition, EMCOR can reasonably expect to be able to issue medium- and long-term debt instruments or equity. EMCOR's primary revenue risk factor continues to be the level of demand for non-residential construction services, which is in turn influenced by macroeconomic trends including interest rates and governmental economic policy. In order to provide protection against demand cycles in private sector construction services, EMCOR has increased its participation, and its backlog of contracts, in the public sector and in facilities services. Liquidity will be impacted in future periods by EMCOR's recent agreement to acquire nineteen subsidiaries of Comfort Systems USA, Inc. ("Comfort Systems"). See the Subsequent Event disclosure that follows in this item for additional information.

Certain Insurance Matters

As of December 31, 2001, EMCOR was utilizing approximately $20.5 million of letters of credit obtained under its credit facility as collateral for its insurance obligations.