

COOPER TIRE & RUBBER CO  
Form DEF 14A  
March 21, 2019  
TABLE OF CONTENTS

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**SCHEDULE 14A**

**(RULE 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant                      Filed by a Party other than the Registrant o  
Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

**Cooper Tire & Rubber Company  
(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

TABLE OF CONTENTS

**COOPER TIRE & RUBBER COMPANY**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TO THE STOCKHOLDERS:**

The 2019 Annual Meeting of Stockholders of Cooper Tire & Rubber Company (the Company) will be held at The Westin Detroit Metropolitan Airport, McNamara Terminal, 2501 Worldgateway Place, Detroit, Michigan 48242 on Friday, May 3, 2019, at 10:00 a.m., Eastern Daylight Time, for the following purposes:

- (1) To elect ten Directors of the Company for the ensuing year.
- (2) To ratify the selection of the Company's independent registered public accounting firm for the year ending December 31, 2019.
- (3) To approve, on a non-binding advisory basis, the Company's named executive officer compensation.
- (4) To transact such other business as may properly come before the Annual Meeting or any postponement(s) or adjournment(s) thereof.

Only holders of Common Stock of record at the close of business on March 8, 2019, are entitled to notice of and to vote at the Annual Meeting.

**BY ORDER OF THE BOARD OF DIRECTORS**

Stephen Zamansky,  
Senior Vice President,  
General Counsel & Secretary

Findlay, Ohio  
March 21, 2019

**Please mark, date, and sign the enclosed proxy and return it promptly in the enclosed addressed envelope, which requires no postage. In the alternative, you may vote by Internet or telephone. See page 2 of the proxy statement for additional information on voting by Internet or telephone. If you are present and vote in person at the Annual Meeting, the enclosed proxy card will not be used.**

TABLE OF CONTENTS

**Table of Contents**

	<b>Page</b>
<u>GENERAL INFORMATION AND VOTING</u>	<u>1</u>
<u>Purpose of Annual Meeting</u>	<u>1</u>
<u>Voting</u>	<u>1</u>
<u>Proxy Matters</u>	<u>2</u>
<u>AGENDA ITEM 1 - Election of Directors</u>	<u>3</u>
<u>Nominees for Director</u>	<u>3</u>
<u>AGENDA ITEM 2 - Ratification of the Selection of the Company's Independent Registered Public Accounting Firm</u>	<u>8</u>
<u>AGENDA ITEM 3 - Proposal to Approve, on a Non-Binding Advisory Basis, the Company's Named Executive Officer Compensation</u>	<u>9</u>
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	<u>10</u>
<u>Executive Summary</u>	<u>10</u>
<u>2018 Financial Results</u>	<u>11</u>
<u>Our Executive Officer Compensation Program Is Administered by the Compensation Committee</u>	<u>12</u>
<u>Executive Compensation Philosophy and Approach</u>	<u>12</u>
<u>Base Salaries</u>	<u>14</u>
<u>Incentive Compensation</u>	<u>15</u>
<u>Retirement Benefits</u>	<u>20</u>
<u>Executive Deferred Compensation Plan</u>	<u>20</u>
<u>Perquisites and Other Compensation</u>	<u>20</u>
<u>Other Program Design Elements</u>	<u>20</u>
<u>Employment Agreements and Change in Control Plan</u>	<u>22</u>
<u>Compensation Plan for 2019</u>	<u>22</u>
<u>Executive Compensation Consultant Disclosure</u>	<u>22</u>
<u>Compensation-Related Risk Assessment</u>	<u>23</u>
<u>COMPENSATION COMMITTEE REPORT</u>	<u>23</u>
<u>EXECUTIVE COMPENSATION</u>	<u>24</u>
<u>2018 Summary Compensation Table</u>	<u>24</u>
<u>2018 Grants of Plan-Based Awards Table</u>	<u>26</u>
<u>Outstanding Equity Awards at 2018 Fiscal Year-End Table</u>	<u>28</u>

<u>2018 Option Exercises and Stock Vested Table</u>	<u>29</u>
<u>2018 Non-Qualified Deferred Compensation Table</u>	<u>29</u>
<u>Potential Payments Upon Termination or Change in Control</u>	<u>30</u>
<u>2018 Director Compensation Table</u>	<u>34</u>
<u>PAY RATIO DISCLOSURE</u>	<u>36</u>
<u>THE BOARD'S ROLE IN RISK OVERSIGHT</u>	<u>36</u>
<u>BOARD OF DIRECTORS AND ITS COMMITTEES</u>	<u>37</u>
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	<u>42</u>
<u>RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	<u>42</u>
<u>AUDIT COMMITTEE REPORT</u>	<u>44</u>
<u>BENEFICIAL OWNERSHIP OF SHARES</u>	<u>45</u>
<u>SECURITY OWNERSHIP OF MANAGEMENT</u>	<u>46</u>

TABLE OF CONTENTS

	<b>Page</b>
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	<u>47</u>
<u>STOCKHOLDER PROPOSALS FOR THE ANNUAL MEETING IN 2020</u>	<u>47</u>
<u>INCORPORATION BY REFERENCE</u>	<u>47</u>
<u>HOUSEHOLDING INFORMATION</u>	<u>47</u>
<u>SOLICITATION AND OTHER MATTERS</u>	<u>47</u>
<u>IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 3, 2019</u>	<u>48</u>

## TABLE OF CONTENTS

### **COOPER TIRE & RUBBER COMPANY**

701 Lima Avenue, Findlay, Ohio 45840

March 21, 2019

### **PROXY STATEMENT**

### **GENERAL INFORMATION AND VOTING**

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Cooper Tire & Rubber Company (the Company, Cooper Tire, our, we, or us ) to be used at the Annual Meeting of Stockholders of the Company to be held on May 3, 2019, at 10:00 a.m., Eastern Daylight Time, at The Westin Detroit Metropolitan Airport, McNamara Terminal, 2501 Worldgateway Place, Detroit, Michigan 48242. This proxy statement and the related form of proxy were first mailed or made available to stockholders on or about March 21, 2019.

#### **Purpose of Annual Meeting**

The purpose of the Annual Meeting is for stockholders to act on the matters outlined in the notice of Annual Meeting on the cover page of this proxy statement. These matters consist of (1) the election of ten Directors, (2) the ratification of the selection of the Company's independent registered public accounting firm for the year ending December 31, 2019, (3) the approval, on a non-binding advisory basis, of the Company's named executive officer compensation, and (4) the transaction of such other business as may properly come before the Annual Meeting or any postponement(s) or adjournment(s) thereof.

#### **Voting**

Each share of the Company's Common Stock will be entitled to one vote on each matter. Only stockholders of record at the close of business on March 8, 2019 (the record date ) will be eligible to vote at the Annual Meeting. As of the record date, there were 50,114,865 shares of Common Stock outstanding. The holders of a majority of the shares of Common Stock issued and outstanding, and present in person or represented by proxy, constitute a quorum. Abstentions and broker non-votes with respect to a proposal will be counted to determine whether a quorum is present at the Annual Meeting.

If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name, and the organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. Broker non-votes occur when an organization that holds shares for a beneficial owner has not received voting instructions with respect to the proposal from the beneficial owner. Whether such organization has the discretion to vote those shares on a particular proposal depends on the ballot item. If the organization that holds your shares does not have discretion and you do not give the organization instructions, the votes will be broker non-votes, which may have the same effect as votes against the proposal.

Below is a summary of the vote threshold required for passage of each agenda item and the effect of abstentions and broker non-votes.

*Agenda Item 1.* Except in the case of a contested election, each nominee for election as a Director who receives a majority of the votes cast with respect to such Director's election by stockholders will be elected as a Director. In the

case of a contested election, the nominees for election as Directors who receive the greatest number of votes will be elected as Directors. Abstentions and broker non-votes are not counted for purposes of the election of Directors.

*Agenda Item 2.* Although the Company's independent registered public accounting firm may be selected by the Audit Committee of the Board of Directors without stockholder approval, the Audit Committee will consider the affirmative vote of a majority of the shares of Common Stock having voting power present in person or represented by proxy



## TABLE OF CONTENTS

at the Annual Meeting to be a ratification by the stockholders of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2019. As a result, abstentions will have the same effect as a vote cast against the proposal. As a routine matter, we do not expect "broker non-votes" with respect to this proposal.

*Agenda Item 3.* Although the advisory vote to approve named executive officer compensation is non-binding, the advisory vote allows our stockholders to express their opinions regarding named executive officer compensation. The Board will consider the affirmative vote of a majority of the shares of Common Stock having voting power present in person or represented by proxy at the Annual Meeting as approval of the compensation of the Company's named executive officers for fiscal 2018. Abstentions are counted as votes against and "broker non-votes" are not counted for purposes of the advisory vote to approve named executive officer compensation. As a result, if you own shares through a bank, broker-dealer, or similar organization, you must instruct your bank, broker-dealer, or other similar organization to vote in order for them to vote your shares.

### **Proxy Matters**

Stockholders may vote by completing, properly signing, and returning the accompanying proxy card, or by attending and voting at the Annual Meeting. If you properly complete and return your proxy card in time to vote, your proxy (one of the individuals named in the proxy card) will vote your shares as you have directed. If you sign and return the proxy card but do not indicate specific choices as to your vote, your proxy will vote your shares (i) to elect the nominees listed under "Nominees for Director," (ii) for the ratification of the selection of the Company's independent registered public accounting firm and (iii) for approval of the compensation of the Company's named executive officers for fiscal year 2018. Stockholders of record and participants in certain defined contribution plans sponsored by the Company (see below) may also vote by using a touch-tone telephone to call 1-800-690-6903, or by the Internet by accessing the following website: <http://www.proxyvote.com>.

Voting instructions, including your stockholder account number and personal proxy control number, are contained on the accompanying proxy card. You will also use this accompanying proxy card if you are a participant in the following defined contribution plans sponsored by the Company:

- Spectrum Investment Savings Plan;
- Pre-Tax Savings Plan (Texarkana Represented Employees); or
- Pre-Tax Savings Plan (Findlay Represented Employees).

Those stockholders of record who choose to vote by telephone or Internet must do so no later than 11:59 p.m., Eastern Daylight Time, on May 2, 2019. All voting instructions from participants in the defined contribution plans sponsored by the Company and listed above must be received no later than 11:59 p.m., Eastern Daylight Time, on April 30, 2019.

A stockholder may revoke a proxy by filing a notice of revocation with the Secretary of the Company, or by submitting a properly executed proxy card bearing a later date. A stockholder may also revoke a previously executed proxy (including one submitted by Internet or telephone) by attending and voting at the Annual Meeting, after requesting that the earlier proxy be revoked. Attendance at the Annual Meeting, without further action on the part of the stockholder, will not operate to revoke a previously granted proxy card. If the shares are held in the name of a bank, broker or other holder of record, the stockholder must obtain a proxy executed in his or her favor from the holder of record to be able to vote at the Annual Meeting.

TABLE OF CONTENTS

**AGENDA ITEM 1**

**ELECTION OF DIRECTORS**

In accordance with the Restated Certificate of Incorporation of the Company, the Board of Directors has fixed the total number of Directors to be elected at the Annual Meeting at ten. All ten of our Directors standing for reelection have a term that expires at this Annual Meeting and each has consented to stand for reelection. At this Annual Meeting, ten Directors are being elected to serve for a term of office that will expire at the Annual Meeting of Stockholders in 2020. In the event that any of the nominees becomes unavailable to serve as a Director before the Annual Meeting, the Board of Directors may designate a new nominee, and the persons named as proxies will vote for that substitute nominee.

**The Board of Directors recommends that stockholders vote FOR the ten nominees for Director.**

**NOMINEES FOR DIRECTOR**

**THOMAS P. CAPO**

Non-Executive Chairman of the Board  
Former Chairman of the Board  
Dollar Thrifty Automotive Group, Inc.

Mr. Capó, age 68, served as Chairman of the Board of Dollar Thrifty Automotive Group, Inc., a vehicle rental company, from October 2003 to November 2010. Mr. Capó was a Senior Vice President and Treasurer of DaimlerChrysler Corporation, an automobile manufacturer, from November 1998 until August 2000. From November 1991 to October 1998, he was Treasurer of Chrysler Corporation, an automobile manufacturer. Prior to holding these positions, Mr. Capó served as Vice President and Controller of Chrysler Financial Corporation, a finance company. Mr. Capó currently serves as a director of Lear Corporation, and, until its sale in November 2012, he served as a director of Dollar Thrifty Automotive Group, Inc. Mr. Capó has a B.S. in Accounting and Finance, an M.A. in Economics, and an M.B.A. in Finance, each from the University of Detroit Mercy. Mr. Capó's public company board and committee experience, including at the board chairman level, executive management and leadership experience, especially in finance, treasury, capital markets, M & A, strategy development, capital restructuring, financial reporting and compliance, including his service as a public company treasurer and controller, and education qualify him to continue serving as a member of the Board of Directors.

Director Since 2007

**STEVEN M. CHAPMAN**

Group Vice President, China and Russia  
Cummins, Inc.

Mr. Chapman, age 65, has served as Group Vice President, China and Russia, for Cummins, Inc. since 2009. Cummins designs, manufactures, and markets diesel engines and related components and power systems. Mr. Chapman has been with Cummins since 1985 and served in various capacities, including as Group Vice President, Emerging

Markets & Businesses, President of Cummins' International Distribution Business, Vice President of International, and Vice President of Southeast Asia and China. Mr. Chapman graduated from St. Olaf College with a B.A. in Asian Studies and from Yale University with a M.P.P.M. in Management. Mr. Chapman's education, board member experience, and business management experience in operations and international operations qualify him to continue serving as a member of the Board of Directors.

Director Since 2006

TABLE OF CONTENTS

**NOMINEES FOR DIRECTOR (Cont)**

**SUSAN F. DAVIS**

Former Executive Vice President  
Asia-Pacific Region  
Johnson Controls

Ms. Davis, age 65, served as Executive Vice President of the Asia-Pacific Region for Johnson Controls from September 2015 until her retirement in October 2016. Johnson Controls is a globally diversified technology and industrial leader serving customers in more than 150 countries. Ms. Davis has served in positions of increasing responsibility within Johnson Controls. She was named Vice President of Organizational Development in 1993. The following year, she was appointed Corporate Vice President of Human Resources and was named Executive Vice President of Human Resources in 2005. She was named Executive Vice President & Chief Human Resources Officer in 2012. She joined the company in 1985, following its acquisition of Hoover Universal, where she began her career in 1983 as a strategic planner for the automotive seating and plastics machinery business. Ms. Davis graduated magna cum laude with a Master of Arts degree and magna cum laude with a Bachelor of Arts, both from Beloit College. She holds a Master of Business Administration (MBA) degree from the University of Michigan. Ms. Davis currently serves as director of Quanex Corporation, and as an advisor to Colorado State University. Ms. Davis's education, board member experience, and business management experience qualify her to continue serving as a member of the Board of Directors.

Director Since 2016

**KATHRYN P. DICKSON**

Former Senior Vice President  
Mattel, Inc. and President, American Girl

Ms. Dickson, age 54, served as Senior Vice President for Mattel, Inc., a global learning, development and play company, and President of its American Girl subsidiary from February 2016 through December 2018. Prior to Mattel, Ms. Dickson served as Chief Marketing Officer for News America Marketing, Inc., a consumer focused marketing business, from February 2015 to February 2016. Prior to News America Marketing, Inc., Ms. Dickson served in various capacities, over more than 23 years, at General Mills, Inc., a global manufacturer and marketer of branded consumer foods, including as Vice President, Marketing Excellence and Vice President for global General Mills brands. Ms. Dickson holds a bachelor's degree in management from the United States Air Force Academy and a Master of Business Administration (MBA) from the University of California, Los Angeles. She served in the Air Force as a Captain. Ms. Dickson's education, business management and marketing experience qualify her to continue serving as a member of the Board of Directors.

Director Since 2018



TABLE OF CONTENTS

**NOMINEES FOR DIRECTOR (Cont)**

**JOHN J. HOLLAND**

President  
Greentree Advisors LLC

Mr. Holland, age 69, has served as President of Greentree Advisors LLC since 2005. Greentree Advisors LLC provides business advisory services. Mr. Holland served as President of The International Copper Association (ICA) from 2012 to 2015. The ICA is a marketing and trade organization for the global copper industry. Mr. Holland served as President, Chief Operating Officer, and Chief Financial Officer of MMFX Technologies Corporation from September 2008 until October 2009. MMFX Technologies is an inventor and manufacturer of nano technology steel. Prior to that, he was Executive Vice President and Chief Financial Officer of Alternative Energy Sources, Inc., an ethanol producer, from August 2006 until June 2008. Mr. Holland previously was employed by Butler Manufacturing Company, a producer of pre-engineered building systems, supplier of architectural aluminum systems and components, and provider of construction and real estate services for the non-residential construction market, from 1980 until his retirement in 2004. Prior to his retirement from Butler, Mr. Holland served as Chairman of the Board from 2001 to 2004, as Chief Executive Officer from 1999 to 2004, and as President from 1999 to 2001. Mr. Holland is also a director of SAIA, Inc., (formerly SCS Transportation, Inc.) and NCI Buildings Systems Inc. Mr. Holland holds B.S. and MBA degrees from the University of Kansas. Mr. Holland's education, board member experience, and business management experience in operations and accounting, including his service as a chief executive officer and chief financial officer, qualify him to continue serving as a member of the Board of Directors.

Director Since 2003

**BRADLEY E. HUGHES**

President & Chief Executive Officer

Mr. Hughes, age 57, has served as President & Chief Executive Officer since September 2016. He previously served the Company as Senior Vice President and Chief Operating Officer from January 2015 to September 2016; Senior Vice President and President-International Tire Operations from July 2014 to January 2015; Senior Vice President and Chief Financial Officer from September 2014 to December 2014; Senior Vice President, Chief Financial Officer and Treasurer from July 2014 to September 2014; Vice President, Chief Financial Officer and Treasurer from November 2013 to July 2014 and Vice President and Chief Financial Officer from November 2009 to November 2013. Mr. Hughes was previously employed at Ford Motor Co. where he worked as Global Product Development Controller for Ford in Dearborn, Michigan; as Finance Director for Ford's South America Operations in Sao Paulo, Brazil; as Director of European Business Strategy and Implementation, Cologne, Germany; as European Manufacturing Controller, Cologne, Germany; and in other corporate finance and treasury positions. Mr. Hughes has

a B.A. in business from Miami University and an MBA from the University of Michigan. Mr. Hughes's education, extensive knowledge of the Company, international operations and business management experience qualify him to continue serving as a member of the Board of Directors.

Director Since 2016

TABLE OF CONTENTS

**NOMINEES FOR DIRECTOR (Cont)**

**TRACEY I. JOUBERT**

Chief Financial Officer  
Molson Coors Brewing Company

Ms. Joubert, age 52, has served as Chief Financial Officer of Molson Coors Brewing Company since 2016. Molson Coors is a leading global brewer. Ms. Joubert was Executive Vice President and Chief Financial Officer of MillerCoors from 2012-2016 and served in a variety of increasingly responsible finance leadership roles at MillerCoors since 2003. A native of South Africa, Ms. Joubert holds bachelor's degrees in commerce and accounting from the University of Witwatersrand in Johannesburg. She also serves on the Board of Directors of MillerCoors and Coors Brewing Company, subsidiaries of Molson Coors. Ms. Joubert's education, board member experience, business management and finance experience qualify her to continue serving as a member of the Board of Directors.

Director Since 2017

**GARY S. MICHEL**

President and Chief Executive Officer  
JELD-WEN Holding, Inc.

Mr. Michel, age 56, has served as President and Chief Executive Officer of JELD-WEN Holding, Inc. since June 2018. He also serves on JELD-WEN's Board of Directors. JELD-WEN is one of the world's largest door and window manufacturers with facilities in 20 countries. The company designs, produces and distributes an extensive range of interior and exterior doors, wood, vinyl and aluminum windows and related products used in new construction and remodeling of residential and commercial structures. Prior to JELD-WEN, Mr. Michel served as President and CEO of Honeywell International Inc.'s Home and Building Technologies Strategic Business Unit, a developer of connected products and software for homes and buildings, from October 2017 until May 2018. Prior to Honeywell, Mr. Michel was with Ingersoll-Rand Company, a diversified manufacturer and services provider of climate and refrigeration systems, industrial technologies and small electric vehicles, for more than three decades, serving most recently as senior vice president and president, Residential HVAC and Supply. He also served as a member of its enterprise leadership team and led the Ingersoll Rand Sales Excellence Initiative, as well as serving as a co-lead of the company's enterprise sustainability efforts. Mr. Michel holds a Bachelor of Science degree in Mechanical Engineering from Virginia Polytechnic Institute and State University and an MBA degree from the University of Phoenix. Mr. Michel's education, board member experience, and business management experience qualify him to continue serving as a member of the Board of Directors.

Director Since 2015



TABLE OF CONTENTS

**NOMINEES FOR DIRECTOR (Cont)**

**BRIAN C. WALKER**

Former President and Chief Executive Officer  
Herman Miller, Inc.

Mr. Walker, age 57, served as President and Chief Executive Officer of Herman Miller, Inc., a global provider of office furniture and services, from 2004 until his retirement in 2018. Mr. Walker joined Herman Miller, Inc. in 1989 and served in various capacities, including as Chief Financial Officer, and Executive Vice President. Mr. Walker holds a bachelor's degree in accounting from Michigan State University and is a certified public accountant. Mr. Walker is also a director of Briggs and Stratton Corporation, Universal Forest Products, Inc. and Gentex Corporation, and serves as an Operating Partner in Strategic Leadership with the private equity firm, Huron Capital. Mr. Walker's education, board member experience, and business management and finance experience qualify him to continue serving as a member of the Board of Directors.

Director Since 2018

**ROBERT D. WELDING**

Former Non-Executive Chairman  
Public Safety Equipment (Int'l) Limited

Mr. Welding, age 70, served as the Non-Executive Chairman of Public Safety Equipment (Int'l) Limited, a manufacturer of highway safety and enforcement products, from January 2009 until his retirement in May 2010. Prior to that, he was President, Chief Executive Officer, and a director of Federal Signal Corporation, a manufacturer of capital equipment, from November 2003 until his retirement in 2007. Prior to holding those positions, Mr. Welding was Executive Vice President of BorgWarner, Inc., a U.S. automotive parts supplier, and Group President of BorgWarner's Driveline Group from November 2002 until November 2003, and was President of BorgWarner's Transmission Systems Division from 1996 to November 2002. Mr. Welding graduated from the University of Nebraska with a B.S. in Mechanical Engineering, holds an MBA from the University of Michigan, and is a graduate of Harvard Business School's Advanced Management Program. Mr. Welding's education, board member experience, and business management experience in strategy development, operations leadership, continuous improvement, product development, technology, and corporate leadership qualify him to continue serving as a member of the Board of Directors.

Director Since 2007

Note: The beneficial ownership of the Directors and nominees in the Common Stock of the Company is shown in the table presented under the heading Security Ownership of Management in this proxy statement.

TABLE OF CONTENTS

**AGENDA ITEM 2**

**RATIFICATION OF THE SELECTION OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP served as the independent registered public accounting firm of the Company in 2018 and has been retained by the Audit Committee to do so in 2019. In connection with the audit of the 2019 financial statements, the Company has engaged Ernst & Young LLP to perform audit services for the Company. The Board of Directors has directed that management submit the selection of the independent registered public accounting firm for ratification by the stockholders at the Annual Meeting.

Stockholder ratification of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm is not required by the Company's Bylaws or otherwise. However, the Board of Directors is submitting the selection of Ernst & Young LLP to the stockholders for ratification. If the stockholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain the firm. In such event, the Audit Committee may retain Ernst & Young LLP, notwithstanding the fact that the stockholders did not ratify the selection, or select another nationally recognized public accounting firm without resubmitting the matter to the stockholders. Even if the selection is ratified, the Audit Committee reserves the right in its discretion to select a different nationally recognized public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

**The Board of Directors recommends that stockholders vote FOR the ratification of the selection of the Company's independent registered public accounting firm.**

TABLE OF CONTENTS

**AGENDA ITEM 3**

**PROPOSAL TO APPROVE, ON A NON-BINDING ADVISORY BASIS, THE COMPANY'S NAMED EXECUTIVE OFFICER COMPENSATION**

The Board of Directors is aware of the significant interest in executive compensation matters by investors and the general public. The Company is submitting this proposal, commonly known as a say-on-pay proposal, to stockholders. The Company is currently conducting say-on-pay votes every year and expects to hold the next say-on-pay vote in connection with its 2020 Annual Meeting of Stockholders. As required under the Dodd-Frank Wall Street Reform and Consumer Protection Act and Section 14A of the Securities Exchange Act of 1934, or the Exchange Act, we are asking you to cast a non-binding advisory vote to approve the Company's named executive officer compensation through the consideration of the following resolution:

RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

Our Compensation Committee has overseen the development and implementation of a compensation program that is discussed more fully in Compensation Discussion and Analysis and Executive Compensation, including the summary tables and narrative sections of this proxy statement.

The Company's compensation program emphasizes a pay-for-performance philosophy. Performance-based annual cash incentive and cash and equity long-term incentive programs, collectively, are the majority of the targeted annual compensation for our named executive officers. These programs are designed to:

- Drive the long-term financial and operational performance of the Company;
- Deliver value to our stockholders;
- Recognize and reward corporate, group and individual performance;
- Provide a pay package that reflects our judgment of the value of each officer's position in the marketplace and the Company; and
- Attract and retain strong executive leadership.

In executing a philosophy which begins with creating long-term value to stockholders, the Compensation Committee has established a framework for executive compensation that promotes a culture of performance and accountability with due consideration to risk management, transparency, and the need to adjust to rapidly changing market conditions. The program is heavily weighted toward pay at risk, with limited executive perquisites and benefits and clear line of sight to the link between important Company strategic goals and the rewards for achieving those objectives.

To further promote alignment with the interests of stockholders and a culture of enduring performance and accountability, the Company's executives have stock ownership requirements and are bound by a clawback policy which allows for the recoupment of incentive payments in certain circumstances. The fully independent Compensation Committee believes that the executive compensation program is an essential factor in the Company's strengthening of its leadership team and competitive position in the marketplace, both of which lead to business continuity and long-term value creation.

Because your vote is advisory, it will not be binding upon the Company, the Compensation Committee, or the Board of Directors. However, we value stockholders' opinions, and the Board expects to carefully consider the outcome of the advisory vote on named executive officer compensation.

**The Board of Directors recommends that the stockholders vote FOR approval, on a non-binding advisory basis, of the compensation of the Company's named executive officers for fiscal year 2018.**

9

## TABLE OF CONTENTS

### **COMPENSATION DISCUSSION AND ANALYSIS**

#### **Executive Summary**

Cooper Tire's executive compensation program for its named executive officers is driven by our financial and strategic goals and the principle of pay for performance. The compensation program, which primarily consists of a base salary and performance-based cash incentive and equity awards, is based upon the principles and governance practices highlighted below.

#### **Executive Compensation Design and Governing Principles**

- Pay is tied to performance:
  - Approximately 83% of the CEO's target annual compensation and 70% of the other named executive officers' target annual compensation is at-risk and varies based on performance against incentive goals as well as the performance of Company stock.
  - There is an appropriate balance of annual and long-term incentives, and the metrics used in the annual plan are different from the metrics used in the long-term incentive plan.
  - The annual incentive plan for the named executive officers is based upon the achievement of established corporate performance goals.
  - Two-thirds of the long-term incentive opportunity is based on the achievement of established corporate performance goals.
  - Dividend equivalents are not accrued or paid on performance awards that are not notionally earned.
- Executives who participate in the long-term incentive plan are required to meet minimum levels of stock ownership and the status of stock ownership is reviewed on an annual basis.
- None of the named executive officers has an employment agreement.
- Executive officers, including named executive officers, receive the same group benefits as other salaried employees, including health, life insurance, disability, and retirement benefits. They are also eligible to participate in a non-qualified supplementary benefit plan designed to restore 401(k) benefits lost due to Internal Revenue Code ( Code ) statutory limits.
- Executive officer perquisites are limited and reviewed annually. There are no tax gross-ups on perquisites other than for travel expenses of a spouse when accompanying an executive to participate in business-related activities.
- The Company maintains a double trigger requirement for change in control severance benefits and for the acceleration of time-based equity awards, including restricted stock units and stock options (provided the awards are assumed or replaced with substantially equivalent awards).
- There are no excise tax gross-up provisions upon a change in control.

#### **Benchmarking Philosophy and Risk Management**

- The Compensation Committee references the market median with respect to establishing compensation levels for the named executive officers.
- To align with investor expectations and changes in the Company's business and market practices, compensation peer groups are regularly evaluated.
- The Compensation Committee monitors all equity grants under the 2014 Incentive Compensation Plan, and the Company's three-year average burn rate is below the mean burn rate for the Russell 3000 companies in GICS group 2510 (Automobiles & Components).

- The compensation program risk evaluation process is formalized, including an annual review of plans as described in Compensation-Related Risk Assessment on page 23. Risk mitigation is incorporated into plan design, including capping both annual and long-term incentive plan payouts.
- The Compensation Committee regularly reviews all forms of compensation, including all cash and equity-based compensation grants, non-qualified account balances, and payments due upon termination of employment.
- The Board has an established policy for recoupment (or clawback) of annual and long-term incentive compensation in the event of a restatement of reported financial results or if an employee has engaged in unethical conduct detrimental to the Company.
- The Board has adopted an anti-hedging and anti-pledging policy.
- Our executive compensation consultant is retained directly by and reports to the Compensation Committee, does not provide any services to management, and had no prior relationship with our CEO or any other named executive officer.

TABLE OF CONTENTS**2018 Financial Results**

The Company ended a challenging 2018 with net income of \$76.6 million compared to \$95.4 million in the prior year. Operating profit decreased from \$309.2 million in 2017 to \$165.2 million in 2018. Operating profit margin of 5.9%, while a decrease from 2017, reflected improvement throughout the year as the Company's strategic initiatives began to take hold. The Company remained a good steward of capital as reflected in the return on invested capital shown below.

Subsequent to the setting of annual targets for the 2018 plan year, the Compensation Committee determined to exclude the impact of certain items from the 2018 performance results for the purpose of calculating incentive award payouts, as such items were deemed non-representative of the continuing operations of the Company. These excluded items are:

- Goodwill Impairment Charge - On December 12, 2018, Cooper Tire & Rubber Company Vietnam Holding, LLC ( Cooper Vietnam ), a wholly owned subsidiary of Cooper, and Sailun (Vietnam) Co., Ltd. ( Sailun Vietnam ) entered into an equity joint venture contract to establish a joint venture in Vietnam which will produce and sell TBR tires. The new joint venture is expected to begin producing tires in 2020. The capacity created by this planned facility will decrease expected production requirements for Cooper's Qingdao Ge Rui Da Rubber Co., Ltd. ( GRT ) joint venture. The Company included the expected impact of the new Vietnam joint venture on projected future cash flows in performing its annual goodwill impairment assessment on GRT. Based on the assessment performed, the goodwill balance was deemed to be fully impaired and resulted in a non-cash fourth quarter 2018 impairment charge of \$33.8 million. This impairment charge was excluded from the Company's 2018 performance results.
- Discretionary Pension Contribution - On December 22, 2017, the U.S. enacted comprehensive tax legislation, commonly referred to as the Tax Act, which made broad and complex changes to the tax code. In particular, the U.S. corporate tax rate was reduced from 35 percent to 21 percent. In 2018, the Company made a \$25.0 million one-time additional discretionary contribution to a U.S. pension plan. This contribution improved the funding of the plan, while generating tax savings for the Company due to the deductibility of the contribution on the Company's 2017 tax return at a 35 percent federal corporate income tax rate. This additional contribution, and the corresponding tax benefit, were excluded from the Company's 2018 performance results.
- European Footprint Review Costs - The Company incurred expenses of \$2.4 million in examining potential alternative solutions for its Melksham, United Kingdom facility. These potential solutions ranged from maintaining current production capacity at the location, to reducing or eliminating light vehicle tire production at the facility. Ultimately, on January 17, 2019, Cooper Tire Europe committed to a plan to cease light vehicle tire production at the Melksham facility. The costs incurred in making this decision were not deemed reflective of ongoing operational results and were excluded from the Company's 2018 performance results.
- Albany Tornado Activity - On January 22, 2017, a tornado hit the Company's leased Albany, Georgia distribution center. In 2018, the Company received insurance recoveries, net of costs incurred, of \$0.7 million more than had been included in the Company's annual operating profit target. This excess amount has been excluded from the Company's 2018 performance results as it is not reflective of ongoing operational results.

<b>Corporate Performance Metrics*</b>	<b>2018 Targets</b>	<b>2018 Performance Results</b>	<b>2018 Reported Results</b>
Operating Profit	\$ 275,000,000	\$ 200,717,000	\$ 165,245,000
Free Cash Flow	\$ 50,000,000	\$ 66,331,000	\$ 40,026,000
	\$ 170,000,000	\$ 108,218,000	\$ 76,586,000

Net Income Attributable to Cooper Tire &  
Rubber Company

Return on Invested Capital	15.0 %	10.1 %	10.0 %
----------------------------	--------	--------	--------

\* For more information about how these performance metrics are calculated and reconciliations to amounts presented in the 2018 Form 10-K, see Incentive Compensation - Performance Metrics for 2018 on page 16.

11



## TABLE OF CONTENTS

### **Our Executive Officer Compensation Program Is Administered by the Compensation Committee**

The Compensation Committee is responsible for performing the duties of the Board of Directors related to the compensation of our executive officers and other senior management. During 2018, our named executive officers were: Mr. Bradley E. Hughes, President & Chief Executive Officer; Mr. Christopher J. Eperjesy, Senior Vice President & Chief Financial Officer; Mr. John J. Bollman, Senior Vice President & Chief Human Resources Officer; Mr. Stephen Zamansky, Senior Vice President, General Counsel & Secretary; and Ms. Ginger M. Jones, former Senior Vice President & Chief Financial Officer. On December 10, 2018, Mr. Eperjesy joined the Company and was appointed Senior Vice President and Chief Financial Officer, replacing Ms. Jones who retired from the Company on December 31, 2018.

With input, as appropriate, from management and our outside executive compensation consultant, the Compensation Committee reviews and approves all elements of our executive compensation program. Management is responsible for making recommendations to the Compensation Committee regarding executive officer compensation (except with respect to the CEO's compensation) and effectively implementing our executive compensation program, as approved and overseen by the Compensation Committee.

The Compensation Committee retained Exequity LLP as its executive compensation consultant in 2018 and utilized data from Aon Hewitt, an outside compensation consultant, for pay benchmarking.

Additional information about the role and processes of the Compensation Committee is presented under the heading *Executive Compensation Consultant Disclosure* and *Meetings of the Board of Directors and Its Committees - Compensation Committee* in this proxy statement.

### **Executive Compensation Philosophy and Approach**

The Cooper Tire executive officer compensation program is incentive driven and designed to deliver value to our stockholders by driving long-term financial and operational performance. To accomplish this goal, we have structured our executive compensation program to attract, motivate and help retain the caliber of leadership required to meet these objectives. In the following sections, we will address our benchmarking process and philosophy, including how we set compensation levels and the separate, but integrated elements of our program.

#### *Compensation Peer Groups*

The Compensation Committee annually analyzes market benchmark data regarding base salary and annual and long-term incentive opportunities and periodically evaluates market benchmark data regarding other compensation elements. The Compensation Committee uses benchmarking data to assess market pay levels and program design. For each element of compensation and in the aggregate, the Committee sets compensation targets near the middle of the range offered by comparable companies.

TABLE OF CONTENTS

Peer Group for Pay Level Benchmarking - For 2018 officer pay level, we engaged Aon Hewitt to provide general industry data from their Total Compensation Measurement (TCM) Survey on 119 companies with revenues from \$1.5 billion to \$6.0 billion. The median revenue of these 119 companies was approximately \$3.07 billion (by comparison, Cooper Tire's revenue for 2018 was about \$2.81 billion). As an additional benchmark, we also conducted a review and analysis of compensation data for the CEO and CFO positions in the peer group listed below using 2017 proxy information.

Peer Group for Program Design Benchmarking - For purposes of benchmarking executive compensation program design, the Compensation Committee periodically reviews a group of 17 companies (listed below) whose annual revenues range from approximately 50% to 250% of our revenues and who generally have similar characteristics to Cooper Tire with respect to capital-intensive manufacturing, producing and marketing a branded product, focusing on technology-driven products, and managing international operations. This group was changed in 2017. The median revenue for the following companies was about \$2.9 billion in 2017.

American Axle & Manufacturing Holdings	Kennametal Inc.
Cooper-Standard Holdings Inc.	Leggett & Platt Incorporated
Crane Co.	Lennox International, Inc.
Dana Incorporated	Snap-on Incorporated
Dover Corporation	SPX Corp.
Flowserve Corporation	Steelcase Inc.
Gentex Corporation	The Timken Company
Harley-Davidson, Inc.	Tower International, Inc.
Harsco Corporation	

*Our Compensation Levels Are Set Considering Business Needs, Market Data and Other Factors*

We use a comprehensive and structured approach in setting the compensation framework for all executive positions. We begin with a review of the Company's overall strategy and the particular role each executive position is expected to play in achieving the strategic goals of the Company. Starting with this foundation and with the assistance of the Compensation Committee's executive compensation consultant, we obtain and review relevant market benchmark data for each position regarding base salary, annual cash incentive opportunities, and long-term incentive award levels. We then determine an appropriate range of compensation for each position by assessing the market data in conjunction with the valuation of the position's impact and importance in setting and achieving the strategic objectives of the Company. Informed by a review of all current and previously granted forms of compensation, competitive market data, organization strategies, and individual performance assessments, the Compensation Committee uses its judgment, rather than a formulaic approach, in setting target compensation for each named executive officer. In the event of death, disability, or retirement of a named executive officer, the annual incentive compensation is prorated for the period of time that the named executive officer was employed during the year; the performance-based stock units and cash awards are prorated for the period of the measurement period the named executive officer was employed; and all restricted stock units granted immediately vest if the death, disability, or retirement was at least 6 months from the date of grant, otherwise, they are forfeited. Retirement is defined as the earlier of age 65 or the date on which the sum of the named executive officer's years of age and service equal 70.

TABLE OF CONTENTS*Elements of Our Compensation Program*

We believe that our executive compensation program, by element and in total, best achieves our objectives. The majority of each named executive officer's compensation opportunity is based on the achievement of important financial and strategic goals established at the beginning of the respective performance period. The primary elements of our executive compensation program, all key to the attraction, retention, and motivation of our named executive officers, are shown in the following table:

<b>Element</b>	<b>Purpose</b>	<b>Nature of Component</b>
<i>Base Salary</i>	To value the competencies, skills, experience, and performance of individual executives.	Cash. Not at risk. Based on responsibility, experience and performance. Reviewed annually.
<i>Annual Incentive Compensation</i>	To motivate and reward executives for the achievement of targeted financial goals.	Cash award. Performance-based and at risk. Amount earned will vary based on achieving annual goals (operating profit and free cash flow in 2018).
<i>Long-Term Incentive Compensation</i>	To motivate and reward executives for the achievement of long-term goals and creation of stockholder value.	Equity and cash awards. Performance-based (for performance-based cash awards and performance-based stock units) and at risk. Amounts of performance-based cash and stock units earned will vary based on achievement against long-term incentive goals (net income and return on invested capital in 2018). In the case of performance-based stock units and restricted stock units, value earned will be based in part on Company stock performance.
<i>Non-Qualified Benefits</i>	To attract the level of talent required to achieve strategic objectives and to promote continuity of leadership.	Supplementary benefit plan to make up for qualified plan benefits lost due to limits of the Code.

**Base Salaries**

We provide market competitive base salaries to attract and retain outstanding talent and to provide a fixed component of pay for our named executive officers. Base salaries are reviewed annually and are determined with consideration to the role of the executive, the officer's experience, competitive market data regarding similar roles in similar organizations, individual performance, budget, and other considerations. The Compensation Committee uses the median of market data as the general reference point for base salary decisions because it believes that the median is the best representation of competitive salaries in the market for similar roles and talent.

In setting base salaries for 2018, the Compensation Committee considered the officer's experience and current role, impact on the Company's results, the overall quality and manner in which the officer performs the role, the financial position of the Company, and the value of retention.

TABLE OF CONTENTS**Incentive Compensation**

With input from management and its executive compensation consultant, the Compensation Committee reviews and discusses annual corporate and business unit performance metrics and targets, and the appropriateness of these performance metrics and targets considering the following primary factors prior to approval:

- Expected performance based upon the annual operating plan as approved by the Board;
- The economic environment in which we expect to operate during the year, including risk factors;
- The achievement of financial results expected to enhance stockholder value; and
- The strategic goals and initiatives of the Company.

For 2018, the Compensation Committee established a bonus pool aimed at potentially preserving the ability to deduct compensation paid under the annual incentive plan and the performance-based long-term incentive programs under the historical exception for performance-based compensation under Section 162(m) of the Code. The bonus pool approach established a maximum dollar amount and a maximum number of share units that could be paid to the Chief Executive Officer and certain other named executive officers from which the Compensation Committee could exercise negative discretion in determining the actual amounts paid under the annual and long-term incentive plans. The Code Section 162(m) exception for performance-based compensation has been repealed, effective for taxable years beginning after December 31, 2017, unless certain transition relief for certain compensation arrangements in place as of November 2, 2017 is available. Please also see the section titled *Other Program Design Elements - Tax Deductibility of Executive Compensation* on page 21 for additional information regarding the pool structure and approach used for 2018.

*Annual Incentive Compensation**Target Opportunities*

The Compensation Committee uses the median of general industry market data from Aon Hewitt's TCM Survey as the general reference point for target annual cash incentive opportunities because it believes that the median is the best representation of competitive annual cash incentive levels in the market for similar roles and talent. With regard to setting individual annual cash incentive opportunity levels, the Compensation Committee has the discretion to adjust the target opportunity levels as it deems appropriate. Typical reasons for adjusting an individual officer's target annual cash incentive opportunity level above or below the market median include the experience and performance of the officer, the impact of the role upon the organization, and the multiple of salary needed to bring the total cash compensation of the executive to a competitive level. At the highest level of achievement, the annual cash incentive opportunity for our named executive officers was 200% of the target opportunity in 2018. At a threshold level of performance, the incentive opportunity was 50% of the target in 2018, with no incentive earned if performance was below the threshold achievement level.

Presented below are the target incentive awards for the named executive officers in 2018 using eligible earnings (earned base salary) for the period of January 1, 2018, through December 31, 2018, and using annual incentive plan (AIP) target percentages for the full period.

<b>Named Executive Officer</b>	<b>Eligible Earnings</b>	<b>Weighted Target Bonus</b>	<b>Target Incentive</b>
Mr. Hughes	\$ 958,996	120 %	\$ 1,150,795
Mr. Eperjesy	\$ 30,137	75 %	\$ 22,603
Mr. Bollman	\$ 411,055	65 %	\$ 267,186
Mr. Zamansky	\$ 460,752	65 %	\$ 299,489
Ms. Jones	\$ 525,000	75 %	\$ 393,750



TABLE OF CONTENTSPerformance Metrics for 2018

The performance metrics under the 2018 AIP for the named executive officers were 65% corporate operating profit and 35% corporate free cash flow. The potential payout for each of the financial metrics ranged from 0% to 200% of target. The table below summarizes the threshold, target, and maximum goals as compared to actual results:

<b>Performance Metric</b>	<b>Threshold Goal</b>	<b>Target Goal</b>	<b>Maximum Goal</b>	<b>Performance Result</b>	<b>Payout Attainment</b>
Corporate Operating Profit	\$ 175,000,000	\$ 275,000,000	\$ 344,000,000	\$ 200,717,000	62.9 %
Corporate Free Cash Flow	\$ 25,000,000	\$ 50,000,000	\$ 80,000,000	\$ 66,331,000	154.4 %

The following is the calculation of Corporate Operating Profit for 2018 for AIP purposes:

Operating Profit, as reported	\$ 165,245,000
Plus: Goodwill Impairment Charge	33,827,000
Plus: European Footprint Review Costs	2,376,000
Less: Albany Tornado Activity	(731,000 )
Adjusted Operating Profit	\$ 200,717,000

Corporate free cash flow is defined as cash provided by continuing operations plus proceeds from the sale of assets, less capital expenditures and dividends, from the Company's financial statements.

The following is the calculation of corporate free cash flow for 2018 for AIP purposes:

Cash Provided by Continuing Operations	\$ 254,303,000
Plus: Proceeds from Sale of Assets	160,000
Plus: Discretionary Pension Contribution	25,000,000
Plus: European Footprint Review Costs, net of tax of \$491,000	1,885,000
Less: Capital Expenditures	(193,299,000 )
Less: Dividends	(21,138,000 )
Less: Albany Tornado Activity, net of tax of \$151,000	(580,000 )
Corporate Free Cash Flow	\$ 66,331,000

Presented below are the actual incentive award payouts for the named executive officers in 2018 based upon eligible earnings for the period of January 1, 2018 through December 31, 2018, the target bonus percentage levels for the same period, and a weighted AIP achievement level of 94.9%.

<b>Named Executive Officer</b>	<b>Eligible Earnings</b>	<b>Weighted Target Bonus</b>	<b>Actual Bonus</b>
Mr. Hughes	\$ 958,996	120 %	\$ 1,092,105
Mr. Eperjesy	\$ 30,137	75 %	\$ 21,450
Mr. Bollman	\$ 411,055	65 %	\$ 253,559
Mr. Zamansky	\$ 460,752	65 %	\$ 284,215
Ms. Jones	\$ 525,000	75 %	\$ 373,669

Long-Term Incentive Compensation

The Compensation Committee approves long-term incentive awards on an annual basis for the named executive officers and other senior executives of the Company. Long-term incentive awards are granted under the Cooper Tire & Rubber Company 2014 Incentive Compensation Plan, which allows for a variety of forms of long-term incentives. For 2018, awards of restricted stock units ( RSUs ), performance-based stock units, and performance-based cash were granted, with each weighted approximately one-third of the total award. In determining the appropriate form or mix of long-term incentive awards, the Compensation Committee considers such factors as alignment with stockholder interests, the attraction and retention of executive talent, the affordability of certain awards, and other business objectives which may prescribe or suggest the form or mix of awards at a particular time in the business cycle.

TABLE OF CONTENTSAward Grant Timing and Pricing

For current executives in the plan, the grant date is typically the date of our February Compensation Committee meeting. For most new executives, the grant date may be as of, or shortly after, the hiring date of the newly eligible executive. The methodology to determine the number of units to grant is to average the high and low trading price of our common stock, as quoted on the New York Stock Exchange, on the date of grant.

Performance-Based Stock Units and Performance-Based Cash

Key design features of our performance-based stock units and performance-based cash grants include:

- One-year measurement periods within a three-year performance period;
- At the start of each year, specific financial metrics are set;
- At the end of each year within a three-year performance period, performance-based stock units and performance-based cash can be notionally earned based on the extent to which financial targets for the awards have been achieved;
- Payout opportunities can range from 0% to 200% of the target award opportunity;
- Notionally earned performance-based stock units and performance-based cash, if any, vest and are payable at the end of the three-year cycle, with performance-based stock units payable in shares of common stock and performance-based cash awards settled in cash;
- Dividend equivalents, which are credited to notionally earned performance-based stock units, are reinvested into additional stock units and paid at the end of the three-year cycle with the underlying and vested performance-based stock units. Performance-based stock units that have not been notionally earned do not receive dividend equivalents; and
- Since the performance period for each performance-based grant is three years, participants can have overlapping three-year award opportunities active at any time.

The financial metrics for the 2018 measurement period of the 2016-2018, 2017-2019, and 2018-2020 performance periods approved by the Compensation Committee at the beginning of 2018 were net income (80% weighting) and return on invested capital (20% weighting). The Compensation Committee selected these performance metrics because net income and prudent management of capital are essential to the strategic and financial goals of the Company over each measurement period and the full three-year performance period.

The ultimate value of performance-based stock units is based on the Company's financial results and the stock price, which aligns with long-term stockholder value creation. The ultimate value of performance-based cash is based solely on performance against the financial metrics. In 2018, the potential payout on each of the financial metrics ranged from 0% to 200% of target.

The following table summarizes the threshold, target, and maximum performance goals for the 2018 measurement period of the 2016-2018, 2017-2019, and 2018-2020 performance periods, as compared to the performance results:

<b>Performance Metric</b>	<b>Threshold Goal</b>	<b>Target Goal</b>	<b>Maximum Goal</b>	<b>Performance Result</b>	<b>Payout Attainment</b>
Net Income	\$ 102,000,000	\$ 170,000,000	\$ 213,000,000	\$ 108,218,000	54.6 %
Return on Invested Capital	11.0 %	15.0 %	18.0 %	10.1 %	0.0 %

The following is the calculation of Net Income for 2018 for long-term incentive purposes:

Net Income, as reported	\$ 76,586,000
-------------------------	---------------



Edgar Filing: COOPER TIRE & RUBBER CO - Form DEF 14A

Plus: Goodwill Impairment Charge, no tax impact	33,827,000
Plus: European Footprint Review Costs, net of tax of \$491,000	1,885,000
Less: Tax Benefit of Discretionary Pension Contribution	(3,500,000 )
Less: Albany Tornado Activity, net of tax of \$151,000	(580,000 )
Net Income	\$ 108,218,000

17

TABLE OF CONTENTS

Return on invested capital is calculated by dividing after tax operating profit from the Company's financial statements by the Company's total invested capital. For 2018 long-term incentive compensation purposes, operating profit is adjusted for the impact of the goodwill impairment charge, European footprint review costs and Albany tornado activity, while the effective tax rate excludes the impact of the goodwill impairment charge. Invested capital is the average of ending debt and equity for the last five quarters.

The following is the calculation of return on invested capital for 2018 for long-term incentive purposes:

**Numerator:**

Operating Profit, as reported	\$ 165,245,000
Plus: Goodwill Impairment Charge	33,827,000
Plus: European Footprint Review Costs	2,376,000
Less: Albany Tornado Activity	(731,000 )
Adjusted Operating Profit	200,717,000
Income Tax Expense on Adjusted Operating Profit	(45,362,042 )
Total:	\$ 155,354,958
<b>Denominator:</b>	
Average of Debt and Equity	\$ 1,533,747,000

Return on Invested Capital 10.1 %

Performance-Based Stock Units

For the 2018-2020 performance period, the Compensation Committee granted individual target award opportunities for performance-based stock units, a portion of which could be notionally earned in 2018.

Presented below are the target numbers of performance-based stock units for the 2018 measurement period (or tranche ) of the 2016-2018, 2017-2019, and 2018-2020 performance periods.

Named Executive Officer	Target Performance-Based Stock Unit Award		
	2016-2018	2017-2019	2018-2020
	Long-Term Incentive Performance Period	Long-Term Incentive Performance Period	Long-Term Incentive Performance Period
Mr. Hughes	3,416	9,830	11,095
Mr. Eperjesy	—	—	—
Mr. Bollman	—	1,055	1,720
Mr. Zamansky	1,910	1,959	2,206
Ms. Jones	2,557	2,823	3,064

Performance-Based Cash

For the 2018-2020 performance period, the Compensation Committee also granted individual target award opportunities for performance-based cash, a portion of which could be notionally earned in 2018.

Presented below are the target performance-based cash awards for the 2018 tranche of the 2016-2018, 2017-2019, and 2018-2020 performance periods:

Named Executive Officer	Target Performance-Based Cash Award		
	2016-2018	2017-2019	2018-2020
	Long-Term Incentive Performance Period	Long-Term Incentive Performance Period	Long-Term Incentive Performance Period
Mr. Hughes	\$ 125,556	\$ 375,000	\$ 401,363
Mr. Eperjesy	\$ —	\$ —	\$ —
Mr. Bollman	\$ —	\$ 45,302	\$ 62,223
Mr. Zamansky	\$ 70,200	\$ 74,719	\$ 79,796
Ms. Jones	\$ 94,000	\$ 107,667	\$ 110,834

TABLE OF CONTENTSAmounts Notionally Earned for the 2018 Measurement Period

In 2018, there was an opportunity to notionally earn performance-based stock units and performance-based cash granted under the 2016-2018, 2017-2019, and 2018-2020 performance periods. Presented below are the performance-based stock units ( PBU ) and the performance cash notionally earned for the 2018 measurement period based on the weighted performance results for 2018 of 43.7 percent.

Named Executive Officer	Measurement Period					
	2016-2018 Performance Period		2017-2019 Performance Period		2018-2020 Performance Period	
	PBUs	Performance Cash	PBUs	Performance Cash	PBUs	Performance Cash
Mr. Hughes	1,493	\$ 54,868	4,296	\$ 163,875	4,849	\$ 175,396
Mr. Eperjesy	—	\$ —	—	\$ —	—	\$ —
Mr. Bollman	—	\$ —	462	\$ 19,797	752	\$ 27,192
Mr. Zamansky	835	\$ 30,678	857	\$ 32,653	965	\$ 34,871
Ms. Jones	1,118	\$ 41,078	1,234	\$ 47,051	1,339	\$ 48,435

Amounts Earned for the 2016-2018 Performance Period

The table below summarizes the awards which were notionally earned in 2016, 2017 and 2018 for the now completed 2016-2018 performance period. These awards were paid in shares of common stock and cash in early 2019.

Named Executive Officer	2016-2018 Performance Period							
	2016 Measurement Period		2017 Measurement Period		2018 Measurement Period		2016-2018 Total Earned	
	PBUs	Performance Cash	PBUs	Performance Cash	PBUs	Performance Cash	PBUs	Performance Cash
	163.9% Achievement		00.0% Achievement		43.7% Achievement			
Mr. Hughes	5,599	\$ 205,787	—	\$ —	1,493	\$ 54,868	7,092	\$ 260,655
Mr. Eperjesy	—	\$ —	—	\$ —	—	\$ —	—	\$ —
Mr. Bollman	—	\$ —	—	\$ —	—	\$ —	—	\$ —
Mr. Zamansky	3,131	\$ 115,058	—	\$ —	835	\$ 30,678	3,966	\$ 145,736
Ms. Jones	4,191	\$ 154,066	—	\$ —	1,118	\$ 41,078	5,309	\$ 195,144

In accordance with the regulations established by the Securities and Exchange Commission for the 2018 Summary Compensation Table, the Stock Awards column for 2018 shows only the PBU tranches granted in 2018. The

Non-Equity Incentive Plan Compensation column for 2018 shows the cash amounts notionally earned in 2016, 2017 and 2018 for the now completed 2016-2018 performance period because these cash amounts became nonforfeitable and were fully earned after the end of 2018. Likewise, in the 2018 Grants of Plan-Based Awards Table, the Estimated Future Payouts Under Non-Equity Incentive Plan Awards column shows the performance cash tranches for each performance period.

Restricted Stock Units

The size of the restricted stock unit grants was determined with reference to the competitive benchmarking described on page 13, the Cooper Tire stock price, as well as individual performance and other long-term considerations.

The restricted stock units granted in 2018 generally vest in equal annual installments of one-third per year beginning one year after the date of grant and are presented in the 2018 Grants of Plan-Based Awards Table that follows the 2018 Summary Compensation Table. Upon joining the Company, Mr. Eperjesy was awarded 15,000 restricted stock units which vest after a four year period.

**TABLE OF CONTENTS****Retirement Benefits**

In order to attract high caliber leadership and promote management continuity among our named executive officers, we provide the following retirement benefits:

- 401(k) Plan. The Company provides a 401(k) retirement savings plan for eligible employees, including the named executive officers. Under the Spectrum Retirement Savings Plan, in which the named executive officers participate, participants may choose to contribute up to the annual limit determined by the Internal Revenue Service ( IRS ). In 2018, the Company provided each participant with a stated matching contribution of 100% of the first 6% of pay contributed by the employee, up to the limits determined annually by the IRS.
- Non-Qualified Supplementary Benefit Plan. The Non-Qualified Supplementary Benefit Plan is a non-elective deferred compensation plan. This plan is designed to make up for any qualified retirement plan benefits lost due to limits of the Code, and the named executive officers participate in the Non-Qualified Supplementary Benefit Plan only to the extent that full participation in our qualified plan is restricted by limits under the Code.

For the executives who participate in the Company's long-term incentive plan, including the named executive officers, retirement eligibility is defined as the earlier of the date the executive becomes age 65, or the date on which the sum of the executive officer's years of continuous employment with the Company and the executive officer's age equals at least 70 years.

**Executive Deferred Compensation Plan**

In order to provide executives an opportunity to defer earned salary or cash incentive awards, the Company offered an elective non-qualified deferred compensation plan. Effective December 31, 2017, future deferrals under this plan were suspended and, therefore, the Company no longer offers this non-qualified deferred compensation plan.

**Perquisites and Other Compensation**

We provide a limited annual allowance of \$15,000 to cover the cost of financial planning services and an annual executive physical for our named executive officers. There is minimal use of the Company plane for personal use, and we do not provide a tax gross-up on the imputed income associated with any personal use of the Company plane by an executive. It is the Company's policy to reimburse for and to gross up the imputed income associated with the travel costs of spouses who accompany the executives to participate in business-related activities. The value of the noted perquisites is detailed in the footnote to the All Other Compensation column of the 2018 Summary Compensation Table on page 24.

**Other Program Design Elements***Requirements to Maintain a Minimum Level of Stock Ownership*

We believe that our named executive officers, whose business decisions impact our operations and results, should obtain and maintain a reasonable equity ownership in the Company. Toward that end, the Compensation Committee has established stock ownership guidelines for our named executive officers as outlined below for the named executive officers who were still serving as of December 31, 2018:

<b>Officer</b>	<b>Ownership Guideline</b>	<b>Targeted Achievement Date</b>
Mr. Hughes	5X Base Salary	September 1, 2021
Mr. Eperjesy	3X Base Salary	December 10, 2023

Edgar Filing: COOPER TIRE & RUBBER CO - Form DEF 14A

Mr. Bollman	3X Base Salary	March 21, 2022
Mr. Zamansky	3X Base Salary	April 4, 2016

If any of our named executive officers do not satisfy the stock ownership guidelines in a timely manner, the Compensation Committee may take action, including requiring that 50% of an executive's annual cash incentive be paid in stock; requiring that the executive retain 50% of the net after-tax shares following the exercise of any stock options or upon the vesting of other equity awards; requiring that 50% of the executive's long-term incentive awards be paid in stock; or reducing the executive's long-term incentive grants. All named executive officers, except Mr. Bollman, who joined the Company in March 2017, and Mr. Eperjesy who joined the Company in December 2018, met their respective ownership requirements as of March 1, 2019.

## TABLE OF CONTENTS

### *Clawback Policy*

Our Board has adopted a policy that permits us to recoup the incentive compensation paid to our executives in certain circumstances. Under this policy, if the Company significantly restates its reported financial results, the Board will review the circumstances that caused such restatement, consider issues of accountability and oversight, and analyze the impact of such restatement on compensation paid or awarded to Company employees. If the restatement is the result of fraud or misconduct, the Board may elect to recover all annual cash incentive awards, long-term incentive awards, and other incentive-based compensation paid to the employees who engaged in such fraud or misconduct. Additionally, for participants in the Company's long-term incentive plans, the Board may elect to recover amounts paid out to the extent the Company's performance results were overstated as a result of such restatement, and, for all participants, the Board may adjust any unvested or notionally earned amounts related to the relevant measurement period(s) to reflect the restatement. If the restatement is not the result of fraud or misconduct, the Board may adjust any unvested or notionally earned amounts related to the relevant measurement period(s) to reflect the restatement. The policy also provides that if the Board determines that any employee has engaged in unethical conduct detrimental to the Company, the Board may seek recoupment of all annual cash incentives, long-term incentives, or other incentive-based compensation paid to such employee during the period(s) of such unethical behavior, and cancel all unvested or notionally earned incentive-based compensation related to such period(s). Recovery under the Clawback Policy is in addition to any recoupment required or permitted by law, including the Sarbanes-Oxley Act of 2002 and common law, or by contract.

### *Hedging and Pledging Transactions*

In order to align the interests of the Company's officers and Directors with those of its stockholders and to address the potential appearance of improper or inappropriate conduct, the Board of Directors has adopted a policy with respect to hedging and pledging of Common Stock or other equity securities of the Company ( "Company Securities" ). This anti-hedging policy prohibits Company officers and Directors, including certain family members of such persons, from hedging Company Securities, including short-selling, options, puts, calls, collars and exchange funds, as well as derivatives such as swaps, forwards and futures, or pledging or otherwise encumbering Company Securities as collateral for indebtedness. Persons subject to this policy will be afforded a reasonable opportunity to unwind or otherwise terminate any prohibited hedging transactions or arrangements existing as of the time such person becomes subject to the policy.

### *Tax Deductibility of Executive Compensation*

Section 162(m) of the Code generally provides that compensation in excess of \$1 million paid to certain executive officers (and, beginning in 2018, certain former executive officers) will not be deductible. Historically, compensation that qualified as "performance-based compensation" under Section 162(m) of the Code could be excluded from this \$1 million limit, but this exception has now been repealed, effective for taxable years beginning after December 31, 2017, unless certain transition relief for certain compensation arrangements in place as of November 2, 2017 is available. The Compensation Committee prior to 2018 generally attempted to design and administer certain of the executive incentive programs of the Company to potentially qualify for the performance-based exemption. However, it also reserved the right to provide compensation that did not or might not meet the exemption criteria if, in its sole discretion, it determined that doing so advanced the business objectives of the Company.

Based on the repeal described above and the operation of Section 162(m) of the Code, compensation granted by the Compensation Committee may not qualify as "performance-based compensation" under certain circumstances. The Compensation Committee believes that the tax deduction limitation should not be permitted to compromise our ability to design and maintain executive compensation arrangements that will attract and retain the executive talent needed for the Company to compete successfully. Accordingly, achieving the desired flexibility in the design and delivery of



compensation may result in compensation that in certain cases is not deductible for federal income tax purposes, and it is possible that awards intended to qualify as performance-based compensation may not so qualify. Moreover, even if the Compensation Committee intended to grant compensation that qualifies as performance-based compensation for purposes of Section 162(m) of the Code, we cannot guarantee that such compensation will so qualify or ultimately be deductible.

In 2014, the Compensation Committee implemented a bonus pool approach to potentially preserve the ability to deduct compensation paid under the AIP and the performance-based long-term incentive programs. The bonus pool approach established a maximum dollar amount and a maximum number of share units that can be paid to the Chief

## TABLE OF CONTENTS

Executive Officer and certain other named executive officers and excludes certain merger, acquisition, divestiture, or similar expenses. The bonus pool formula for the 2018 AIP was based on the greater of 4% of operating profit or 5% of net cash provided by operating activities; the bonus pool formula for aggregate performance cash awarded under the 2018-2020 long-term incentive plan was based on the greater of 1.5% of cumulative operating profit for 2018, 2019, and 2020 or 2% of cumulative net cash provided by operating activities for 2018, 2019, and 2020; and the bonus pool for aggregate performance-based stock units awarded under the 2018-2020 long-term incentive plan was based upon 3% of cumulative operating profit for 2018, 2019, and 2020 or 4% of cumulative net cash provided by operating activities for 2018, 2019, and 2020, the greater of which is divided by the fair market value of the stock on the last day of the performance period. Within the limits of the respective bonus pools, the Compensation Committee determined the amounts paid under the annual and long-term incentive plans as previously described. However, the Company does not expect that awards made in 2018 will be able to qualify for the historical performance-based exemption under Section 162(m) of the Code due to its repeal.

### **Employment Agreements and Change in Control Plan**

The Company has no employment agreements with any of the named executive officers.

As a tool to facilitate attraction and retention of key executive talent, the Company has a change in control plan that covers each of the named executive officers. Under this plan, benefits are received only in the event that an actual change in control and a qualifying termination occurs, or a qualifying termination occurs during a time when the Company is party to a definitive agreement, the consummation of which would result in a change in control, and thus such benefits are not considered part of annual compensation. We believe that a change in control plan maintains productivity, facilitates a long-term commitment to the organization, and encourages retention if, and when, we are confronted with the potential disruptive impact of a change in control of the Company.

See **Potential Payments Upon Termination or Change in Control** beginning on page 30 for more information regarding these arrangements.

### **Compensation Plan for 2019**

When setting executive compensation for 2019, the Compensation Committee took into account the results of the stockholder advisory vote on named executive officer compensation that occurred at the 2018 Annual Meeting of Stockholders. As a substantial majority (approximately 95%) of the votes cast approved our named executive officer compensation described in our 2018 proxy statement, the Compensation Committee applied the same general principles in determining the amounts and types of executive compensation for 2019 as described below.

Base pay levels are set with reference to individual roles, impact, individual performance, and median levels of competitive market pay as determined by general market comparisons as described on page 14.

Annual cash incentive opportunity levels are benchmarked against competitive norms as measured against general industry data from Aon Hewitt's TCM Survey for similar executive positions at the companies described in the *Peer Group for Pay Level Benchmarking* on page 13. Individual annual cash incentive opportunity levels are adjusted, if warranted, to maintain competitive compensation packages for our named executive officers.

The long-term incentive opportunity for 2019 includes approximately one-third performance-based stock units, one-third performance-based cash, and one-third RSUs. Individual long-term incentive targets are benchmarked against appropriate market data and adjusted, if warranted, to maintain competitive compensation opportunity for our named executive officers.

**Executive Compensation Consultant Disclosure**

During the 2018 fiscal year, the Compensation Committee engaged Exequity LLP to serve as an executive compensation consultant. Exequity provides research, data analysis, survey information and design expertise in developing compensation programs for executives. In addition, Exequity keeps the Compensation Committee apprised of regulatory developments and market trends related to executive compensation practices. A representative of Exequity typically attends meetings of the Compensation Committee and is available to participate in executive sessions. The Compensation Committee has considered the independence-related factors enumerated by the NYSE and the SEC and has concluded that Exequity is independent. In addition, the Compensation Committee has concluded that the work of Exequity in 2018 did not raise any conflicts of interest.

TABLE OF CONTENTS

**Compensation-Related Risk Assessment**

The Compensation Committee periodically reviews the incentive plan policies and practices that apply to all of our non-represented employees to determine whether such policies and practices are reasonably likely to have a material adverse effect on the Company. As part of this process, for 2018, the Compensation Committee, with the assistance of management and the human resources department, conducted a formal assessment of these compensation plans and practices. After conducting this assessment, both management and the Compensation Committee have determined that none of our compensation policies and practices create any risks that are reasonably likely to have a material adverse effect on the Company.

**COMPENSATION COMMITTEE REPORT**

The following report has been submitted by the Compensation Committee of the Board of Directors:

The Compensation Committee of the Board of Directors has reviewed and discussed the Company's Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's definitive proxy statement on Schedule 14A for its 2019 Annual Meeting, which is incorporated by reference in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, each as filed with the Securities and Exchange Commission.

The foregoing report was submitted by the Compensation Committee of the Board and shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission or subject to Regulation 14A promulgated by the Securities Exchange Commission or Section 18 of the Exchange Act.

Respectfully submitted,

Robert D. Welding, Chairman  
Steven M. Chapman  
Susan F. Davis

TABLE OF CONTENTS**EXECUTIVE COMPENSATION**

The following tables and narratives provide descriptions of the cash compensation paid by the Company, as well as certain other compensation awarded, paid or accrued, to our 2018 named executive officers, consisting of:

- Mr. Bradley E. Hughes, President & Chief Executive Officer;
- Mr. Christopher J. Eperjesy, Senior Vice President & Chief Financial Officer; Mr. John J. Bollman, Senior Vice President & Chief Human Resources Officer and Mr. Stephen Zamansky, Senior Vice President, General Counsel & Secretary, who were our most highly compensated (and only) executive officers other than Mr. Hughes and Mr. Eperjesy, who were employed by the Company as of December 31, 2018; and Ms. Ginger M. Jones, former Senior Vice President & Chief Financial Officer, who retired from the Company on December 31, 2018.

**2018 SUMMARY COMPENSATION TABLE**

The following table shows compensation information for 2016, 2017, and 2018, as applicable, for our named executive officers.

Name and Principal Position <sup>(1)</sup>	Year	Salary	Bonus <sup>(2)</sup>	Stock Awards <sup>(3)</sup>	Option Awards <sup>(4)</sup>	Non-Equity Incentive Plan Compensation <sup>(5)</sup>	Change in Pension Value and Deferred Compensation <sup>(6)</sup>	All Other Compensation <sup>(5)</sup>	Total
Bradley E. Hughes President & Chief Executive Officer	2018	\$ 958,479	\$ —	\$ 2,084,621	\$ —	\$ 1,352,760	\$ —	\$ 68,081	\$ 4,463,941
	2017	\$ 927,791	\$ —	\$ 1,748,491	\$ —	\$ 412,422	\$ —	\$ 173,797	\$ 3,262,501
	2016	\$ 693,038	\$ —	\$ 1,883,319	\$ —	\$ 1,488,288	\$ —	\$ 158,554	\$ 4,223,199
Christopher J. Eperjesy Senior Vice President & Chief Financial Officer	2018	\$ 30,137	\$ 175,000	\$ 459,375	\$ —	\$ 21,450	\$ —	\$ —	\$ 685,962
John J. Bollman Senior Vice President & Chief Human	2018	\$ 411,055	\$ —	\$ 287,049	\$ —	\$ 253,559	\$ —	\$ 29,016	\$ 980,679
	2017	\$ 306,300	\$ 50,000	\$ 681,200	\$ —	\$ —	\$ —	\$ 35,345	\$ 1,072,845

Resources  
Officer

Stephen	2018	\$ 460,752	\$	—	\$ 459,169	\$	—	\$ 429,951	\$	—	\$ 29,180	\$ 1,379,052
Zamansky	2017	\$ 444,723	\$	—	\$ 442,159	\$	—	\$ 245,633	\$	—	\$ 69,689	\$ 1,202,204
Senior Vice President, General Counsel & Secretary	2016	\$ 430,401	\$	—	\$ 443,767	\$	—	\$ 713,036	\$	—	\$ 82,521	\$ 1,669,725
Ginger M. Jones former Senior Vice President & Chief Financial Officer	2018	\$ 525,000	\$	—	\$ 637,982	\$	—	\$ 568,813	\$	—	\$ 36,049	\$ 1,767,844
	2017	\$ 521,260	\$	—	\$ 623,600	\$	—	\$ 332,565	\$	—	\$ 93,445	\$ 1,570,870
	2016	\$ 499,036	\$	—	\$ 467,771	\$	—	\$ 584,041	\$	—	\$ 109,142	\$ 1,659,990

(1) Mr. Hughes was appointed President & Chief Executive Officer effective September 1, 2016. He previously served as Senior Vice President & Chief Operating Officer. Mr. Bollman joined the Company on March 21, 2017 and Mr. Eperjesy joined the Company on December 10, 2018. Ms. Jones retired from the Company on December 31, 2018.

(2) Upon joining the Company in 2018, Mr. Eperjesy received a signing bonus of \$175,000.

TABLE OF CONTENTS

Except as otherwise noted below, the amounts shown do not reflect compensation actually received by the named executive officer. The amounts shown in this column for 2018 are the aggregate grant date fair values computed in accordance with Financial Accounting Standards Board Accounting Standards Codification ( FASB ASC ) Topic 718. The assumptions made in the valuation are discussed in Note 13 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the twelve months ended December 31, 2018. At maximum performance levels under the 2018 tranche of the 2016-2018

- (3) PBUs, the grant date value for each of the named executive officers was as follows: Mr. Hughes, \$247,148; Mr. Eperjesy, \$0; Mr. Bollman, \$0; Mr. Zamansky, \$138,189; and Ms. Jones, \$184,999. At maximum performance levels under the 2018 tranche of the 2017-2019 PBUs, the grant date value for each of the named executive officers was as follows: Mr. Hughes, \$711,201; Mr. Eperjesy, \$0; Mr. Bollman, \$76,329; Mr. Zamansky, \$141,734; and Ms. Jones, \$204,244. At maximum performance levels under the 2018 tranche of the 2018-2020 PBUs, the grant date value for each of the named executive officers was as follows: Mr. Hughes, \$802,723; Mr. Eperjesy, \$0; Mr. Bollman, \$124,442; Mr. Zamansky, \$159,604; and Ms. Jones, \$221,680.

- (4) The amounts shown in this column for 2018 represent payouts in cash for performance under our annual cash incentive program and the performance-based cash notionally earned for the 2016, 2017 and 2018 tranches of the 2016-2018 long-term incentive plan. This reporting reflects the fact that notionally earned amounts are not actually earned by the named executive officers until the completion of the full three-year performance period. As discussed under Compensation Discussion and Analysis above, these amounts were based on achievement of certain financial goals. See Compensation Discussion and Analysis beginning on page 10 for more information about our annual cash incentive program and the performance-based component of the long-term incentive program.

- (5) The amounts shown in this column for 2018 represent other compensation and perquisites, including Company contributions to qualified and non-qualified defined contribution plans, and the incremental cost of executive physicals, expense allowances, financial planning services, personal use of Company aircraft and spouse and dependent travel. The Company contributions to the non-qualified plan include contributions made in 2019 for the 2018 plan year. Personal use of the Company plane is limited and charged based upon Cooper Tire's operating costs.

Amounts received by each named executive officer for 2018 are identified and quantified in the table below:

Named Executive Officer	Company Contributions To Qualified Defined Contribution Plan	Company Contributions To Non-Qualified Defined Contribution Plan	Personal Spouse, and Dependent Travel	Tax Gross-Up Related to Travel Costs	Financial Planning Services	Executive Physical	Total
Bradley E. Hughes	\$ 16,500	\$ 40,997	\$ 470	\$ 379	\$ 9,735	\$ —	\$ 68,081
Christopher J. Eperjesy	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
John J. Bollman	\$ 16,500	\$ 8,140	\$ 608	\$ 247	\$ 2,575	\$ 946	\$ 29,016
Stephen Zamansky	\$ 16,500	\$ 11,120	\$ —	\$ —	\$ 1,560	\$ —	\$ 29,180
Ginger M. Jones	\$ 16,500	\$ 15,000	\$ —	\$ —	\$ 2,150	\$ 2,399	\$ 36,049

TABLE OF CONTENTS**2018 GRANTS OF PLAN-BASED AWARDS TABLE**

The following table shows all plan-based awards granted to our named executive officers during 2018. The unvested portion of the stock awards identified in this table are also reported in the Outstanding Equity Awards at 2018 Fiscal Year-End Table on page 28. All awards were granted under our 2014 Incentive Compensation Plan. For a summary of the incentive plan designs, see Compensation and Discussion Analysis beginning on page 10.

Name	Type <sup>(1)</sup>	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	Grant Date Fair Value of Stock and Option Awards (\$) <sup>(8)</sup>
			\$ Threshold (\$) <sup>(2)</sup>	\$ Target (\$) <sup>(3)</sup>	\$ Maximum (\$) <sup>(4)</sup>	# Threshold (#) <sup>(5)</sup>	# Target (#) <sup>(6)</sup>	# Maximum (#) <sup>(7)</sup>		
Bradley E. Hughes	AIP		\$ 575,398	\$ 1,150,795	\$ 2,301,590	—	—	—	—\$	—
	PBU1	2/15/2018	\$ —	\$ —	\$ —	1,708	3,416	6,832	—\$	118,112
	PBU2	2/15/2018	\$ —	\$ —	\$ —	4,915	9,830	19,660	—\$	130,320
	PBU3	2/15/2018	\$ —	\$ —	\$ —	5,548	11,095	22,190	—\$	375,015
	PBU4	2/15/2018	\$ 62,778	\$ 125,556	\$ 251,112	—	—	—	—\$	—
	PBU5	2/15/2018	\$ 187,500	\$ 375,000	\$ 750,000	—	—	—	—\$	—
	PBU6	2/15/2018	\$ 200,682	\$ 401,363	\$ 802,726	—	—	—	—\$	—
	RSU	2/15/2018	\$ —	\$ —	\$ —	—	—	—	33,285	\$ 1,204,085
Christopher J. Eperjesy	AIP	2/15/2018	\$ 11,302	\$ 22,603	\$ 45,206	—	—	—	—\$	—
	PBU1	2/15/2018	\$ —	\$ —	\$ —	—	—	—	—\$	—
	PBU2	2/15/2018	\$ —	\$ —	\$ —	—	—	—	—\$	—
	PBU3	2/15/2018	\$ —	\$ —	\$ —	—	—	—	—\$	—
	PBU4	2/15/2018	\$ —	\$ —	\$ —	—	—	—	—\$	—
	PBU5	2/15/2018	\$ —	\$ —	\$ —	—	—	—	—\$	—
	PBU6	2/15/2018	\$ —	\$ —	\$ —	—	—	—	—\$	—
	RSU	12/10/2018	\$ —	\$ —	\$ —	—	—	—	15,000	\$ 459,375
John J. Bollman	AIP	2/15/2018	\$ 133,593	\$ 267,186	\$ 534,372	—	—	—	—\$	—
	PBU1	2/15/2018	\$ —	\$ —	\$ —	—	—	—	—\$	—
	PBU2	2/15/2018	\$ —	\$ —	\$ —	528	1,055	2,110	—\$	—
	PBU3	2/15/2018	\$ —	\$ —	\$ —	860	1,720	3,440	—\$	45,302
	PBU4	2/15/2018	\$ —	\$ —	\$ —	—	—	—	—\$	—
	PBU5	2/15/2018	\$ 22,651	\$ 45,302	\$ 90,604	—	—	—	—\$	—



Edgar Filing: COOPER TIRE & RUBBER CO - Form DEF 14A

	PBU6	2/15/2018	\$ 31,112	\$ 62,223	\$ 124,446	—	—	—	—	—	—
	RSU	2/15/2018	\$ —	\$ —	—	—	—	—	—	5,160	\$ 186,663
Stephen Zamansky	AIP	2/15/2018	\$ 149,745	\$ 299,489	\$ 598,978	—	—	—	—	—	—
	PBU1	2/15/2018	\$ —	\$ —	—	955	1,910	3,820	—	—	\$ 70,349
	PBU2	2/15/2018	\$ —	\$ —	—	980	1,959	3,918	—	—	\$ 72,867
	PBU3	2/15/2018	\$ —	\$ —	—	1,103	2,206	4,412	—	—	\$ 74,736
	PBU4	2/15/2018	\$ 35,100	\$ 70,200	\$ 140,400	—	—	—	—	—	—
	PBU5	2/15/2018	\$ 37,360	\$ 74,719	\$ 149,438	—	—	—	—	—	—
	PBU6	2/15/2018	\$ 39,898	\$ 79,796	\$ 159,592	—	—	—	—	—	—
	RSU		\$ —	\$ —	—	—	—	—	—	6,618	\$ 239,406
Ginger M. Jones	AIP	2/15/2018	\$ 196,875	\$ 393,750	\$ 787,500	—	—	—	—	—	—
	PBU1	2/15/2018	\$ —	\$ —	—	1,279	2,557	5,114	—	—	\$ 95,261
	PBU2	2/15/2018	\$ —	\$ —	—	1,412	2,823	5,646	—	—	\$ 97,550
	PBU3	2/15/2018	\$ —	\$ —	—	1,532	3,064	6,128	—	—	\$ 107,697
	PBU4	2/15/2018	\$ 47,000	\$ 94,000	\$ 188,000	—	—	—	—	—	—
	PBU5	2/15/2018	\$ 53,834	\$ 107,667	\$ 215,334	—	—	—	—	—	—
	PBU6	2/15/2018	\$ 55,417	\$ 110,834	\$ 221,668	—	—	—	—	—	—
	RSU		\$ —	\$ —	—	—	—	—	—	9,192	\$ 332,521

AIP = Annual Incentive Plan; PBU1 = Performance-based stock units granted in the 2018 tranche of the 2016-2018 Long-Term Incentive Plan; PBU2 = Performance-based stock units granted in the 2018 tranche of the 2017-2019 Long-Term Incentive Plan; PBU3 = Performance-based stock units granted in the 2018 tranche of the 2018-2020 Long-Term Incentive Plan; PBU4 = Performance-based cash granted in the 2018 tranche of the 2016-2018 Long-Term Incentive Plan; PBU5 = Performance-based cash granted in the 2018 tranche of the 2017-2019 Long Term Incentive Plan; PBU6 = Performance-based cash granted in the 2018 tranche of the 2018-2020 Long Term Incentive Plan; RSU = Restricted Stock Units.

TABLE OF CONTENTS

(2) The amounts shown in column (c) with respect to AIP represent the threshold opportunity if all of the performance metrics are met. The threshold payout is based on corporate operating profit of \$175,000,000 and achievement of corporate free cash flow of \$25,000,000. The amounts shown in column (c) with respect to PBU4, PBU5, and PBU6 represent the threshold amount of performance-based cash that the executive would notionally earn for 2018 performance under the 2016-2018, 2017-2019, and 2018-2020 measurement periods of our Long-Term Incentive Plan, if the 2018 performance is \$102,000,000 for corporate net income and return on invested capital of 11.0 percent. If the 2018 performance is below the applicable threshold levels, our executives would not receive any payout of the performance-based cash awarded to them.

(3) The amounts shown in column (d) with respect to AIP represent the target opportunity if both of the performance metrics are met. The target payout is based on corporate operating profit of \$275,000,000 and achievement of corporate free cash flow of \$50,000,000. The amounts shown in column (d) with respect to PBU4, PBU5, and PBU6 represent the amount of performance-based cash that the executive would notionally earn for 2018 performance under the 2016-2018, 2017-2019, and 2018-2020 measurement periods of our Long-Term Incentive Plan, if the 2018 performance is \$170,000,000 for corporate net income and a return on invested capital of 15.0 percent of target (the payout is 100 percent of the executives' targeted payout amounts).

(4) The amounts shown in column (e) with respect to AIP represent the maximum opportunity if both of the maximum-level performance metrics are met. The maximum payout amounts are capped at 200 percent of the executives' targeted payout amounts. Maximum payout is earned on performance equal to or exceeding \$344,000,000 for the corporate operating profit and achieving or exceeding corporate free cash flow of \$80,000,000. The amounts shown in column (e) with respect to PBU4, PBU5, and PBU6 represent the maximum amount of performance-based cash that the executive would notionally earn for 2018 performance under the 2016-2018, 2017-2019, and 2018-2020 measurement periods of our Long-Term Incentive Plan. The payout amounts are capped at 200 percent of the executives' targeted payout amounts. Maximum payout is earned on performance equal to or exceeding \$213,000,000 for corporate net income and a return on invested capital of or exceeding 18.0 percent.

(5) The amounts shown in column (f) represent the threshold number of performance-based stock units that the executive would notionally earn for 2018 performance under the 2016-2018, 2017-2019, and 2018-2020 measurement periods of our Long-Term Incentive Plan, if the 2018 performance is \$102,000,000 for corporate net income and a return on invested capital of 11.0 percent (in each case, the payout would have been 50 percent of the executives' targeted payout amounts). If the 2018 performance is below the applicable targets, our executives would not receive any payout of the performance-based stock units awarded to them.

(6) The amounts shown in column (g) represent the target number of performance-based stock units that the executive would notionally earn for 2018 performance under the 2016-2018, 2017-2019, and 2018-2020 measurement periods of our Long-Term Incentive Plan, if the 2018 performance is \$170,000,000 for corporate net income and a return on invested capital of 15.0 percent (the payout is 100 percent of the executives' targeted payout amounts).

(7) The amounts shown in column (h) represent the maximum number of performance-based stock units that the executive would notionally earn for 2018 performance under the 2016-2018, 2017-2019, and 2018-2020 measurement periods of our Long-Term Incentive Plan. Maximum payout is earned on performance equal to or exceeding \$213,000,000 of corporate net income and a return on invested capital of or exceeding 18.0 percent.

The maximum payout amounts are capped at 200 percent of the executives' targeted payout amounts.

(8) The amounts in column (i) represent the grant date fair value as of the grant date of stock awards determined pursuant to FASB ASC Topic 718. The assumptions made in the valuation are discussed in Note 13 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the twelve months ended December 31, 2018.

For more information about the compensation arrangements in which our named executive officers participate, see Compensation Discussion and Analysis beginning on page 10.

TABLE OF CONTENTS**OUTSTANDING EQUITY AWARDS AT 2018 FISCAL YEAR-END TABLE**

The following table shows all outstanding equity awards (stock options, performance-based stock units that have not been earned, and unvested restricted stock units) held by our named executive officers at the end of 2018.

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) (1)	Number of Securities Underlying Exercised Options (#) (1)	Option Exercise Price (\$)	Grant Date	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(3)(4)
Bradley E. Hughes	26,760	—	\$ 25.425	February 21, 2013	February 20, 2023	—	—	—	—
	32,475	—	\$ 23.96	February 20, 2014	February 19, 2024	—	—	—	—
	59,235	—				78,118	2,525,555	\$ 32,020	1,035,206
Christopher J. Eperjesy						15,050	\$ 486,567	—\$	—
John J. Bollman						17,580	\$ 568,361	4,495	\$ 145,324
Stephen Zamansky						14,546	\$ 470,271	6,371	\$ 205,974
Ginger M. Jones						20,397	659,436	8,951	\$ 289,386

(1) The stock options vested in one-third increments on each of the first three anniversaries of the grant.

(2) Includes dividend equivalent units earned on outstanding restricted stock units. The amounts reported in this column will vest: for Mr. Hughes, as to 10,085 units on February 15, 2019, as to 11,258 units on February 15, 2019, as to 3,548 units on February 18, 2019, as to 11,484 units on September 1, 2019, as to 4,296 units on December 31, 2019, as to 10,084 units on February 15, 2020, as to 11,258 units on February 15, 2020, as to 4,849

units on December 31, 2020, and as to 11,256 units on February 15, 2021; for Mr. Eperjesy, as to 15,050 units on December 10, 2022; for Mr. Bollman, as to 1,084 units on February 15, 2019, as to 1,746 units on February 15, 2019, as to 2,987 units on March 21, 2019, as to 462 units on December 31, 2019, as to 1,083 units on February 15, 2020, as to 1,746 units on February 15, 2020, as to 2,987 units on March 21, 2020, as to 752 units on December 31, 2020, as to 1,746 units on February 15, 2021, and as to 2,987 units on March 21, 2021; for Mr. Zamansky, as to 2,011 units on February 15, 2019, as to 2,239 units on February 15, 2019, as to 1,986 units on February 18, 2019, as to 857 units on December 31, 2019, as to 2,011 units on February 15, 2020, as to 2,239 units on February 15, 2020, as to 965 units on December 31, 2020, and as to 2,238 units on February 15, 2021; and for Ms. Jones, as to 2,920 units on February 15, 2019, as to 3,110 units on February 15, 2019, as to 2,657 units on February 18, 2019, as to 1,234 units on December 31, 2019, as to 2,919 units on February 15, 2020, as to 3,110 units on February 15, 2020, as to 1,339 units on December 31, 2020, and as to 3,108 units on February 15, 2021.

- (3) Value is based on the closing price of our common stock of \$32.33 on December 31, 2018, as reported on the New York Stock Exchange.

Reflects the target payout opportunity for 2019 and 2020 performance periods under the 2017-2019 and 2018-2020 measurement periods of our Long-Term Incentive Plan. The target payout opportunities for 2019 under the 2017-2019 measurement period (9,830 units for Mr. Hughes, 1,055 units for Mr. Bollman, 1,959 units for Mr. Zamansky, and 2,823 units for Ms. Jones), if earned, will vest on December 31, 2019. The target payout opportunities for each of 2019 and 2020 under the 2018-2020 measurement period (11,095 and 11,095 units for Mr. Hughes, 1,720 and 1,720 for Mr. Bollman, 2,206 and 2,206 units for Mr. Zamansky, and 3,064 and 3,064 units for Ms. Jones), if earned will vest on December 31, 2020. Mr. Eperjesy's LTIP awards were not effective until January 1, 2019. As such, he had no unearned outstanding stock awards as of December 31, 2018. In the event of death, disability, or retirement during a measurement period, performance awards under the Long-Term Incentive plans are prorated for a period of time that the grantee was employed during the measurement period. Retirement is defined as the earlier of age 65 or the date on which the grantee's years of age and service equal 70.

TABLE OF CONTENTS**2018 OPTION EXERCISES AND STOCK VESTED TABLE**

The following table shows our named executive officers' exercises of stock options, plus the value realized at exercise by each named executive officer, and restricted stock awards that vested, plus the value realized by each named executive officer as a result of such vesting, during 2018.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) <sup>(1)</sup>
Bradley E. Hughes	—	\$ —	39,338	\$ 1,329,098
Christopher J. Eperjesy	—	\$ —	—	\$ —
John J. Bollman	—	\$ —	4,012	\$ 126,258
Stephen Zamansky	—	\$ —	12,685	\$ 456,243
Ginger M. Jones	—	\$ —	17,315	\$ 622,718

(1) These amounts represent the fair market value of our common stock on the vesting date or distribution date multiplied by the number of shares that vested or were distributed.

**2018 NON-QUALIFIED DEFERRED COMPENSATION TABLE**

This table shows certain information for 2018 for each of our named executive officers under our non-qualified deferred compensation plans and programs.

Name	Executive Contributions In Last FY (\$) <sup>(1)</sup>	Company Contributions In Last FY (\$) <sup>(2)</sup>	Aggregate Earnings In Last FY (\$) <sup>(3)</sup>	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at 12/31/2018 (\$) <sup>(4)</sup>
Bradley E. Hughes Non-Qualified Supplementary Benefit Plan	\$ —	\$ 40,997	\$ 10,074	\$ —	\$ 568,525
Christopher J. Eperjesy Non-Qualified Supplementary Benefit Plan	\$ —	\$ —	\$ —	\$ —	\$ —
John J. Bollman Non-Qualified Supplementary Benefit Plan	\$ —	\$ 8,140	\$ 66	\$ —	\$ 12,129
Stephen Zamansky Non-Qualified Supplementary Benefit Plan	\$ —	\$ 11,120	\$ 1,572	\$ —	\$ 252,240
Ginger M. Jones Non-Qualified Supplementary Benefit Plan	\$ —	\$ 15,000	\$ (12,744 )	\$ —	\$ 176,900

(1) The amounts reported as Executive Contributions are fully reported in the 2018 Summary Compensation Table.

(2) The amounts reported as Company Contributions include amounts with respect to both base salary and annual incentive compensation earned by each named executive officer for 2018. These amounts include contributions made in 2019 with respect to 2018. All of these amounts are reported as All Other

Compensation in the 2018 Summary Compensation Table.

- (3) None of the amounts reported as Aggregate Earnings are reported in the 2018 Summary Compensation Table. The Aggregate Balance at December 31, 2018, includes deferred compensation and Company contributions which were reported in the Summary Compensation Table for this year and prior year proxy statements. The amounts are \$550,427 for Mr. Hughes; \$0 for Mr. Eperjesy; \$12,063 for Mr. Bollman; \$242,500 for Mr. Zamansky and \$176,280 for Ms. Jones.

For more information about our non-qualified deferred compensation programs, see Compensation Discussion and Analysis beginning on page 10.

#### **Non-Qualified Supplementary Benefit Plan**

The Non-Qualified Supplementary Benefit Plan is a non-elective deferred compensation plan. The named executive officers participate in the Non-Qualified Supplementary Benefit Plan only to the extent that full participation in our qualified 401(k) plan (the Spectrum Investment Savings Plan) is restricted by limits under the Code.

## TABLE OF CONTENTS

### **POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

We are generally obligated to provide our named executive officers with certain payments or other forms of compensation upon a termination of employment or a change in control. The forms of such termination can involve voluntary termination, retirement, involuntary termination without cause, for cause termination, termination following a change in control, and the disability or death of the executive. The disclosure below describes the circumstances under which we may be obligated to provide our named executive officers (other than Ms. Jones) with payments or compensation. Additionally, the tables below reflect the estimated amounts of payments or compensation each of our named executive officers (other than Ms. Jones) may receive under particular circumstances in the event of termination of such named executive officer's employment. Ms. Jones did not receive any additional compensation in connection with her retirement from the Company.

#### *Payments Made Upon Retirement, Death, or Disability*

Upon (i) retirement by a named executive officer who is eligible to retire or (ii) death or disability, named executive officers receive the following:

- Prorated incentive (annual and long-term) compensation through the date of termination based upon actual performance through the end of the applicable measurement period(s) to be distributed in accordance with the terms of the plans;
- Accrued and vested retirement benefits;
- Upon death or disability, stock options fully vest and are exercisable for twelve (12) months; upon retirement, stock options continue to vest in accordance with the terms of the plans and are exercisable for five (5) years from the date of retirement; and
- Unvested restricted stock unit awards vest upon retirement (provided they were granted at least six months before the retirement date) and upon death or disability, and in each such case, are distributable in accordance with participant elections under the terms of the plan.

#### *Payments Made Upon Voluntary or Involuntary Termination Without Cause*

Upon voluntary or involuntary termination without cause, named executive officers are entitled to payment of any earned and unpaid base pay as of the date of termination and vested benefits in accordance with the terms of the applicable plans.

- Notionally earned performance units and cash under long-term compensation plans and annual incentive plans for completed performance periods vest in full upon certification by the Compensation Committee.
- Vested stock options at the date of termination are exercisable for thirty (30) days for voluntary termination; ninety (90) days for involuntary termination without cause.

#### *Payments Made Upon Termination for Cause*

Upon termination for cause, named executive officers are entitled to payment of any earned and unpaid base pay as of the date of termination and vested benefits in accordance with the terms of the applicable plans. All unpaid notionally earned annual and long-term compensation, stock options, and unvested restricted stock units are immediately forfeited.

#### *Payments Made in Connection with a Change in Control*

Following a change in control or a qualified pre-change in control termination such as when the Company is party to a definitive agreement the consummation of which would result in a change in control, named executive officers are entitled to receive the following payments and benefits:





## TABLE OF CONTENTS

### Benefits upon closing of the change in control or a qualified termination under a potential change in control.

- Payment of notionally earned and unpaid annual and long-term incentive compensation;
- Prorated target for annual or long-term incentive compensation that is not notionally earned;
- If the time-based restricted stock units or stock option awards are not assumed by the successor upon the change in control, the restricted stock units and stock options vest upon the change in control. Stock options remain exercisable for ninety (90) days following termination. Restricted stock units and stock options may be converted to cash if the acquiring company does not assume responsibility for the obligation; and
- Upon a qualified termination under a potential change in control only, accelerated vesting of all then unvested time-based restricted stock units and stock option awards with payment of restricted stock units in accordance with the participant elections under terms of the plan and stock options are exercisable for ninety (90) days following termination.

### Additional benefits upon a termination without cause or a voluntary termination due to good reason within two years after a change in control.

- Prorated annual incentive compensation from the date of the beginning of the performance period through the date of termination for awards or programs in which the executive participates at target levels;
- If the time-based restricted stock units or stock option awards are assumed by the successor upon the change in control, accelerated vesting of all then unvested time-based restricted stock units and stock option awards with payment in accordance with the terms of the applicable plans (stock options will be subject to exercise for ninety (90) days following termination);
- An amount equal to three times the sum of the chief executive officer's annual base pay plus target annual incentive compensation at the greater of the amount at termination or immediately prior to the change in control; two times the sum for all other named executive officers.
- Thirty-six (36) months for Mr. Hughes and twenty-four (24) months for all other named executive officers of continuation of life, accident, and health benefits, subject to mitigation;
- Outplacement services for twelve (12) months, in an amount up to 15% of the named executive officer's base salary; and
- If the parachute payments on an after-tax basis exceed 110% of the parachute payments that would have been received calculated without a reduction to the Section 280G safe harbor limit, the payments are not cut back to the Section 280G safe harbor limit, otherwise they are cut back. In any event, there is no tax gross-up for excise taxes.

All post-termination payments are conditioned upon the execution by the executive at the time of termination of a release of all claims against the Company.

## **Tabular Disclosure**

Except as otherwise indicated, the amounts shown in the tables below assume that a named executive officer was terminated and, as applicable, a change in control occurred as of December 31, 2018, and that the price of our Common Stock equals \$32.33, which was the closing price of our Common Stock on December 31, 2018, as reported on the New York Stock Exchange. Actual amounts that we may pay to any named executive officer upon termination of employment, however, can only be determined at the time of such named executive officer's actual separation from Cooper Tire.

TABLE OF CONTENTS**Bradley E. Hughes**

The following table shows the potential payments upon termination under various circumstances for Bradley E. Hughes, Chief Executive Officer & President.

Benefits and Payments Upon Termination	Retirement on 12/31/2018	Termination by Death on 12/31/2018	Termination by Disability on 12/31/2018	Termination Without Cause or for Good Reason on 12/31/2018	Termination for Cause or Without Good Reason on 12/31/2018	Termination Subsequent to a Change in Control on 12/31/2018
<b>Compensation:</b>						
Base Salary <sup>(1)</sup>	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Annual Incentive Compensation <sup>(2)</sup>	—	1,092,105	1,092,105	1,092,105	1,092,105	1,092,105
Cash Severance - Base Salary and Target Annual Incentive Compensation Multiple <sup>(3)</sup>	—	—	—	—	—	6,180,906
Long-Term Incentive-Performance-Based Stock Units and Cash <sup>(4)</sup>	—	1,129,685	1,129,685	494,757	—	1,129,685
Stock Options <sup>(5)</sup>	—	456,594	456,594	456,594	—	456,594
Restricted Stock Units <sup>(6)</sup>	—	2,229,897	2,229,897	—	—	2,229,897
<b>Benefits and Perquisites:</b>						
Non-Qualified Supplementary Benefit Plan <sup>(7)</sup>	—	527,528	527,528	527,528	527,528	527,528
Executive Deferred Compensation Plan	—	—	—	—	—	—
Life, Accident, and Health Insurance <sup>(8)</sup>	—	—	—	—	—	56,853
Outplacement Services <sup>(9)</sup>	—	—	—	—	—	143,742
<i>Total</i>	\$ —	\$ 5,435,809	\$ 5,435,809	\$ 2,570,984	\$ 1,619,633	\$ 11,817,310

(A) Not eligible for retirement at 12/31/18.

**Christopher J. Eperjesy**

The following table shows the potential payments upon termination under various circumstances for Christopher J. Eperjesy, Senior Vice President & Chief Financial Officer.

Benefits and Payments Upon Termination	Retirement on 12/31/2018	Termination by Death on 12/31/2018	Termination by Disability on 12/31/2018	Termination Without Cause or for Good Reason on 12/31/2018	Termination for Cause or Without Good Reason on 12/31/2018	Termination Subsequent to a Change in Control on 12/31/2018
<b>Compensation:</b>						

Edgar Filing: COOPER TIRE & RUBBER CO - Form DEF 14A

Base Salary <sup>(1)</sup>	\$	—	\$	—	\$	—	\$	—	\$	—
Annual Incentive Compensation <sup>(2)</sup>		—	21,450	21,450	21,450	21,450	21,450	21,450		21,450
Cash Severance - Base Salary and Target Annual Incentive Compensation Multiple <sup>(3)</sup>		—	—	—	—	—	—	—		1,750,000
Long-Term Incentive-Performance-Based Stock Units and Cash <sup>(4)</sup>		—	—	—	—	—	—	—		—
Stock Options <sup>(5)</sup>		—	—	—	—	—	—	—		—
Restricted Stock Units <sup>(6)</sup>		—	486,567	486,567	—	—	—	—		486,567
<b>Benefits and Perquisites:</b>										
Non-Qualified Supplementary Benefit Plan <sup>(7)</sup>		—	—	—	—	—	—	—		—
Executive Deferred Compensation Plan		—	—	—	—	—	—	—		—
Life, Accident, and Health Insurance <sup>(8)</sup>		—	—	—	—	—	—	—		35,749
Outplacement Services <sup>(9)</sup>		—	—	—	—	—	—	—		75,000
<i>Total</i>	\$	—	\$ 508,017	\$ 508,017	\$ 21,450	\$ 21,450	\$ 21,450	\$ 21,450	\$	2,368,766

(A) Not eligible for retirement at 12/31/18.

TABLE OF CONTENTS**John J. Bollman**

The following table shows the potential payments upon termination under various circumstances for John J. Bollman, Senior Vice President & Chief Human Resources Officer.

<b>Benefits and Payments Upon Termination</b>	<b>Retirement on (A) 12/31/2018</b>	<b>Termination by Death on 12/31/2018</b>	<b>Termination by Disability on 12/31/2018</b>	<b>Termination Without Cause or for Good Reason on 12/31/2018</b>	<b>Termination for Cause or Without Good Reason on 12/31/2018</b>	<b>Termination Subsequent to a Change in Control on 12/31/2018</b>
<b>Compensation:</b>						
Base Salary <sup>(1)</sup>	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Annual Incentive Compensation <sup>(2)</sup>	—	253,559	253,559	253,559	253,559	253,559
Cash Severance - Base Salary and Target Annual Incentive Compensation Multiple <sup>(3)</sup>	—	—	—	—	—	1,314,154
Long-Term Incentive-Performance-Based Stock Units and Cash <sup>(4)</sup>	—	86,238	86,238	—	—	86,238
Stock Options <sup>(5)</sup>	—	—	—	—	—	—
Restricted Stock Units <sup>(6)</sup>	—	529,113	529,113	—	—	529,113
<b>Benefits and Perquisites:</b>						
Non-Qualified Supplementary Benefit Plan <sup>(7)</sup>	—	3,989	3,989	3,989	3,989	3,989
Executive Deferred Compensation Plan	—	—	—	—	—	—
Life, Accident, and Health Insurance <sup>(8)</sup>	—	—	—	—	—	28,872
Outplacement Services <sup>(9)</sup>	—	—	—	—	—	61,601
<i>Total</i>	\$ —	\$ 872,899	\$ 872,899	\$ 257,548	\$ 257,548	\$ 2,277,526

(A) Not eligible for retirement at 12/31/18.

**Stephen Zamansky**

The following table shows the potential payments upon termination under various circumstances for Stephen Zamansky, Senior Vice President, General Counsel & Secretary.

<b>Benefits and Payments Upon Termination</b>	<b>Retirement on (A) 12/31/2018</b>	<b>Termination by Death on 12/31/2018</b>	<b>Termination by Disability on 12/31/2018</b>	<b>Termination Without Cause or for Good Reason on 12/31/2018</b>	<b>Termination for Cause or Without Good Reason on 12/31/2018</b>	<b>Termination Subsequent to a Change in Control on 12/31/2018</b>
<b>Compensation:</b>						

Edgar Filing: COOPER TIRE & RUBBER CO - Form DEF 14A

Base Salary <sup>(1)</sup>	\$	—	\$	—	\$	—	\$	—	\$	—
Annual Incentive Compensation <sup>(2)</sup>	—	284,215	284,215	284,215	284,215	284,215	284,215	284,215	—	—
Cash Severance - Base Salary and Target Annual Incentive Compensation Multiple <sup>(3)</sup>	—	—	—	—	—	—	—	—	—	1,519,126
Long-Term Incentive-Performance-Based Stock Units and Cash <sup>(4)</sup>	—	403,134	403,134	276,705	—	—	—	—	—	403,134
Stock Options <sup>(5)</sup>	—	—	—	—	—	—	—	—	—	—
Restricted Stock Units <sup>(6)</sup>	—	411,367	411,367	—	—	—	—	—	—	411,367
Benefits and Perquisites:										
Non-Qualified Supplementary Benefit Plan <sup>(7)</sup>	—	241,119	241,119	241,119	241,119	241,119	241,119	241,119	—	—
Executive Deferred Compensation Plan	—	—	—	—	—	—	—	—	—	—
Life, Accident, and Health Insurance <sup>(8)</sup>	—	—	—	—	—	—	—	—	—	24,111
Outplacement Services <sup>(9)</sup>	—	—	—	—	—	—	—	—	—	69,051
<i>Total</i>	\$	—	\$ 1,339,835	\$ 1,339,835	\$ 802,039	\$ 525,334	\$ 2,952,123	\$ 2,952,123	—	—

(A) Not eligible for retirement at 12/31/18.

TABLE OF CONTENTS**Footnotes for Tabular Disclosure**

- (1) As of December 31, 2018, the amount of base salary payable to the named executive officers for services rendered during 2018 has been paid.  
Amounts shown are actual amounts payable in early 2019, if any, based upon achieved performance metrics
- (2) established for 2018 although the payments could be different for a termination during the year under the various listed terminations.  
Mr. Hughes would receive three (3) times the sum of base salary as of the end of 2018 plus target annual cash incentive compensation for termination due to change in control. Other named executive officers would receive
- (3) an amount equal to two (2) times the sum of the same amount. Any required reduction due to a Section 280G related excise tax Cap for other named executives due to a change in control adjusts the cash severance.  
Amounts shown are based on the performance-based stock units and performance-based cash notionally earned as
- (4) of December 31, 2018, as part of the 2016-2018, the 2017-2019, and the 2018-2020 long-term incentive programs' performance-based grants. Units were valued at the closing price of our common stock at December 31, 2018.  
Total in-the-money/intrinsic dollar value of vested and non-vested stock options for change in control. Total
- (5) in-the-money/intrinsic dollar value of vested and non-vested stock options for retirement, disability, or death with specific periods for exercise.  
Total dollar value of vested and non-vested restricted stock units for retirement, disability, death, and termination in connection with a change in control. Total dollar value of only vested restricted stock units for termination with
- (6) cause or without good reason. When restricted stock units become vested, the grantee shall receive shares of common stock equal to the number of restricted units granted in addition to dividend equivalents earned. The common stock is to be delivered on the date specified by the grantee in their restricted stock award agreement.
- (7) All vested Non-Qualified Supplementary Benefit Plan retirement plus investment savings benefits are payable to all participants upon termination.
- (8) Present value of thirty-six (36) months for Mr. Hughes and twenty-four (24) months for all other named executive officers of coverage for Company-provided life, accident, and health benefits.
- (9) The amount shown reflects the total amount payable for outplacement assistance for, Mr. Hughes, Mr. Eperjesy, Mr. Bollman and Mr. Zamansky, which is equal to 15% of current base salary.

**2018 DIRECTOR COMPENSATION TABLE**

Name	Fees Earned or Paid in	Stock Awards	Option	Total(\$)
	Cash (\$) <sup>(1)</sup>	(\$) <sup>(2)</sup>	Awards (\$)	
Thomas P. Capo	\$ 237,000	\$ 125,000	\$ —	\$ 362,000
Steven M. Chapman	\$ 100,000	\$ 125,000	\$ —	\$ 225,000
Susan F. Davis	\$ 100,000	\$ 125,000	\$ —	\$ 225,000
Kathryn P. Dickson*	\$ —	\$ —	\$ —	\$ —
John J. Holland	\$ 120,000	\$ 125,000	\$ —	\$ 245,000
Tracey I. Joubert	\$ 100,000	\$ 125,000	\$ —	\$ 225,000
Gary S. Michel	\$ 100,000	\$ 125,000	\$ —	\$ 225,000
John H. Shuey*	\$ 75,000	\$ —	\$ —	\$ 75,000
Brian C. Walker*	\$ —	\$ —	\$ —	\$ —
Robert D. Welding	\$ 115,000	\$ 125,000	\$ —	\$ 240,000

- (1) The amounts listed under Fees Earned or Paid in Cash represent the compensation amounts discussed in the narration below. The non-employee Directors who deferred fees reported in column (b) under our Directors' deferral plan, as described below, were Mr. Chapman, who deferred \$100,000, and Ms. Joubert, who deferred

\$50,000.

These amounts are the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. See Note 9 to our Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2018, for details as to the assumptions used to determine the fair value of the phantom stock awards. The non-employee Directors had phantom stock awards outstanding as of December 31, 2018, for the following number of shares: Mr. Capo, 60,332; Mr. Chapman, 121,838; Ms. Davis, 12,343; Ms. Dickson, 0; Mr.

(2) Holland, 117,365; Ms. Joubert, 5,169; Mr. Michel, 12,343; Mr. Walker, 0; and Mr. Welding, 76,415. Each non-employee Director, other than Ms. Dickson and Mr. Walker, who joined the Board on October 26, 2018, and Mr. Shuey, who did not stand for reelection at the 2018 Annual Meeting, received an annual grant of phantom stock awards of: 5,112.47 units on May 4, 2018. The entire grant date fair value (including amounts reported for 2018) of the phantom stock awards issued to each of the non-employee Directors other than Ms. Dickson, Mr. Shuey and Mr. Walker in 2018 was \$125,000.

\* Ms. Dickson and Mr. Walker joined the Board on October 26, 2018, and Mr. Shuey did not stand for reelection at the 2018 Annual Meeting.

34

## TABLE OF CONTENTS

Our Board of Directors makes compensation decisions for our non-employee Directors upon the recommendation of the Nominating and Governance Committee. Compensation of Directors is reviewed on an annual basis utilizing information on benchmarks and trends in director compensation provided by an independent consultant. Except as noted in the footnotes above, our non-employee Directors received the following compensation on an annual basis for the period January 1, 2018 through December 31, 2018:

- Each non-employee Director received an annual retainer of \$100,000. There were no fees for attendance at meetings of the Board of Directors and meetings of the Committees of the Board of Directors;
- The non-executive Chairman of the Board received an additional annual fee of \$125,000 for serving in that capacity;
- The Chair of the Audit Committee received an additional annual fee of \$20,000 for serving in that capacity;
- The Chair of the Compensation Committee received an additional annual fee of \$15,000 for serving in that capacity; and
- The Chair of the Nominating and Governance Committee received an additional annual fee of \$12,000 for serving in that capacity.

Additionally, each non-employee Director received an annual grant of phantom stock units in an amount equal to \$125,000 divided by the average of the highest and the lowest quoted selling price of a share of the Company's common stock, as reported on the New York Stock Exchange Composite Tape, on the grant date for that particular year. In 2018, the grant date was the date of the Annual Meeting, May 4, 2018.

Also, effective May 9, 2014, the Company changed the Share Ownership Guidelines for non-employee Directors from unit-based to monetary-based. All Directors are required to own at least \$500,000 of our common stock, excluding options, and have five years from the date they join the Board to meet this requirement. As of the date of this proxy statement, each of our Directors, who have served for 5 or more years, have met this requirement.

Our non-employee Directors also participate in our Amended and Restated 1998 non-employee Directors Compensation Deferral Plan, which we refer to as the Directors' deferral plan. The Directors' deferral plan permits our non-employee Directors to defer some or all of the fees payable to them for service on the Board of Directors. The amounts that our non-employee Directors defer, and dividend equivalents on those amounts, are converted to phantom stock units and credited to a bookkeeping account established for this purpose, or are invested in various alternative investment funds available from time to time. Deferred amounts may be transferred from phantom stock units into the alternative investment funds, but not back into phantom stock units. The amount of alternative investment funds will be equal to (1) the amount of phantom stock units to be transferred multiplied by (2) the average of the highest and the lowest quoted selling price of a share of our common stock, as reported on the New York Stock Exchange Composite Tape, on the date the phantom stock units were transferred (or, if there were no sales on the date the phantom stock units were transferred, the next preceding date during which a sale of our common stock occurred). Phantom stock units are settled in cash upon a Directors termination of service as a director, unless otherwise elected.



## TABLE OF CONTENTS

### **PAY RATIO DISCLOSURE**

For 2018, the ratio of the annual total compensation of Mr. Hughes, our Chief Executive Officer ( CEO Compensation ), to the median of the annual total compensation of all of our employees and those of our consolidated subsidiaries (other than Mr. Hughes) ( Median Annual Compensation ), was 89 to 1. We note that, due to our permitted use of reasonable estimates and assumptions in preparing this pay ratio disclosure, the disclosure may involve a degree of imprecision, and thus this pay ratio disclosure is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K using the data and assumptions described below. In this summary, we refer to the employee who received the Median Annual Compensation as the Median Employee. For purposes of this disclosure, the date used to identify the Median Employee was October 31, 2017 (the Determination Date ). We have used the same Median Employee as we did for our 2017 pay ratio, because there has been a change in our employee population or employee compensation arrangements that we reasonably believe would significantly impact our pay ratio disclosure.

For purposes of this pay ratio disclosure, CEO Compensation was determined to be \$4,463,941 which amount represents the total compensation reported for Mr. Hughes under the 2018 Summary Compensation Table for 2018. Median Annual Compensation was determined to be \$49,960.11 and was calculated by totaling for our Median Employee all applicable elements of compensation for 2018 in accordance with Item 402(c)(2)(x) of Regulation S-K.

To identify the Median Employee, we measured compensation for the period beginning on January 1, 2017 and ending on October 31, 2017 for 9,053 U.S. and non-U.S. employees, representing all full-time, part-time, seasonal and temporary employees for us and our consolidated subsidiaries as of the Determination Date. This number does not include any independent contractors or leased workers, as permitted by the applicable SEC rules.

This compensation measurement was calculated by totaling, for each employee, annual compensation which is defined as base salary, overtime wages, production allowances, commissions and bonus which represents the consistently applied compensation measure that we used for our pay ratio determination. Specifically excluded from the consistently applied compensation measure were relocation expense, severance payments and ex-patriate allowances. Further, we did not utilize any statistical sampling or cost-of-living adjustments for purposes of this pay ratio disclosure.

A portion of our employee workforce (full-time and part-time) identified above worked for less than the full fiscal year due to commencing employment after January 1, 2017. In determining the Median Employee, we annualized the total compensation for such individuals (but avoided creating full-time equivalencies) based on reasonable assumptions and estimates relating to our employee compensation program.

### **THE BOARD'S ROLE IN RISK OVERSIGHT**

The Board evaluates risk both collectively and as a function of its respective committees, including general oversight of (i) achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value, and sustainability objectives; (ii) the financial exposure of the Company; (iii) risk exposure as related to overall Company portfolio and impact on earnings; (iv) information technology security and risk; (v) compliance with environmental, health, safety and other laws and regulations and (vi) all systems, processes, and organizational structure and people responsible for finance and risk functions. Our Audit Committee assists our Board in fulfilling its oversight responsibilities by regularly reviewing risks associated with financial and accounting matters, as well as those related to financial reporting. In this regard, our Audit Committee monitors compliance and regulatory requirements and internal control systems. Our Audit Committee also reviews the process by which enterprise risk management is undertaken by the Company

Our Compensation Committee assists the Board with risk oversight through its review of compensation programs to help ensure such programs do not encourage excessive risk-taking. The Compensation Committee reviews base compensation levels, incentive compensation and succession plans to confirm the Company has appropriate practices in place to support the retention and development of the employees necessary to achieve the Company's business goals and objectives.

Our Nominating and Governance Committee oversees the Company's risk management metrics process and assists the Board with risk oversight through its oversight of the Company's sustainability matters. The Company's Sustainability Committee, which is chaired by one of the Company's named executive officers, has oversight and responsibility for monitoring the environmental, health, safety and social risks related to the Company and its operations, as well as other sustainability matters. The Sustainability Committee reports regularly to the Nominating

## TABLE OF CONTENTS

and Governance Committee on the Company's sustainability matters, including its commitment to environmental responsibility and the health and safety of its employees, contractors and the community.

The Board receives regular updates from these committees regarding their activities and also regularly reviews other risks, including risks of a more strategic nature. Key risks associated with the strategic plan of the Company are reviewed annually at a designated meeting of the Board and on an ongoing basis throughout the year. The involvement of the full Board in setting the Company's business strategy is a key part of its assessment of management's appetite for risk and also in determination of what constitutes an appropriate level of risk for the Company.

While our Board and its committees oversee risk management, the senior management team of the Company is charged with managing risk. The Company has a strong enterprise risk management process for identifying, assessing and managing risk, as well as monitoring the performance of risk mitigation strategies. The governance of this process is effected through the executive sponsorship of our senior management, and is led by officers and senior managers responsible for working across the business to manage enterprise level risks, identify emerging risks, and provides training on key risks, such as anti-corruption training at all levels of the Company. These leaders meet routinely and provide regular updates to our Board and its committees throughout the year.

The Board administers its risk oversight function as a component of its duties, but not in any capacity that has a specific effect on its leadership structure.

## **BOARD OF DIRECTORS AND ITS COMMITTEES**

### **Corporate Governance**

In connection with the retirement of Mr. Roy Armes, the Company's former Chairman, Chief Executive Officer and President, and the election of Mr. Hughes as Chief Executive Officer & President, on September 1, 2016, the Board determined to split the positions of Chairman and Chief Executive Officer, which previously had both been held by Mr. Armes. As a result, on September 1, 2016, Mr. Hughes became Chief Executive Officer, President and a Director of the Company, and Mr. Capo was appointed non-executive Chairman of the Board. In connection with this change, the position of independent Lead Director was suspended.

The Board has determined that this leadership structure, with Mr. Capo serving as the non-executive Chairman of the Board and Mr. Hughes serving as a Director and the Chief Executive Officer, is the most effective structure for the Company at this time. The Board believes that having an independent director serve as non-executive Chairman of the Board and Mr. Hughes serving as Chief Executive Officer strikes an effective balance between management and independent director participation in the Board process.

Although the Board believes that the existing leadership structure is currently in the best interests of the Company, the Board recognizes that no single leadership structure may be appropriate in all circumstances. Accordingly, the Board considers this issue as part of the succession planning process and considers it at least annually, including each time it elects the Chief Executive Officer. The Company's governance guidelines provide the Board with the flexibility to continue to separate the positions of Chairman of the Board and Chief Executive Officer, or to combine the roles in the future if the Board determines that such a leadership structure would be a more efficient and effective structure for our Board, our business, our employees, and our stockholders.

### **Code of Conduct**

Our Board has adopted a written Code of Conduct for our Directors, officers (including our principal executive officer, principal financial officer, and principal accounting officer) and employees. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding certain amendments to or waivers from our Code of Conduct by filing Current Reports on Form 8-K with the Securities and Exchange Commission, or promptly disclosing on our website any such amendments or waivers. We will make any amended Code of Conduct available at the Investor Relations/Governance link on our website at <http://us.coopertire.com/>.

The information contained on or accessible through the Company's website is not incorporated by reference in this proxy statement and should not be considered a part of this proxy statement.

### **Hedging and Pledging Transactions**

In order to align the interests of the Company's officers and Directors with those of its stockholders and to address the potential appearance of improper or inappropriate conduct, the Board of Directors has adopted a policy with

## TABLE OF CONTENTS

respect to hedging and pledging of Company Securities. This anti-hedging policy prohibits Company officers and Directors, including certain family members of such persons, from hedging Company Securities, including short-selling, options, puts, calls, collars and exchange funds, as well as derivatives such as swaps, forwards and futures, or pledging or otherwise encumbering Company Securities as collateral for indebtedness. Persons subject to this policy will be afforded a reasonable opportunity to unwind or otherwise terminate any prohibited hedging transactions or arrangements existing as of the time such person becomes subject to the policy.

### **Board of Directors**

During 2018, our Board of Directors held seven Board meetings, four meetings of our Audit Committee, five meetings of our Compensation Committee, and five meetings of our Nominating and Governance Committee. Each Director attended more than 75% of the aggregate number of meetings of the Board of Directors and meetings of Committees on which such Director served during the past fiscal year during their tenure on the Board. The Board holds regular executive sessions without management present. Mr. Capo, the non-executive Chairman of the Board, presides at all Board meetings, including executive sessions.

### **Determination of Independence of Directors**

The NYSE's Corporate Governance Listing Standards require that all listed companies have a majority of independent directors. For a director to be independent under the NYSE listing standards, the board of directors of a listed company must affirmatively determine that the director has no material relationship with the Company, or its subsidiaries or affiliates, either directly or as a partner, stockholder, or officer of an organization that has a relationship with the Company or its subsidiaries or affiliates. The Board has adopted the NYSE listing standards as its categorical standards for making director independence determinations.

In making independence determinations, the Board has broadly considered all relevant facts and circumstances from the standpoint of both the Director and others. The Board has considered that we, our employees or our affiliates may have engaged in transactions or relationships with companies with which our Directors are associated. These transactions or relationships include purchasing products from companies for which our Directors are employees of or are on the board of directors. After these considerations, and in accordance with the NYSE listing standards, the Board has affirmatively determined that each Director serving during 2018, other than Mr. Hughes, has no material relationship with us (either directly or as a partner, stockholder, or officer of an organization that has a relationship with us).

Additionally, the Board has determined that each of Mr. Capo, Mr. Chapman, Ms. Davis, Ms. Dickson, Mr. Holland, Ms. Joubert, Mr. Michel, Mr. Walker and Mr. Welding is independent under the NYSE listing standards, which provide that a Director is not independent if:

- The Director is, or has been within the last three years, one of our employees, or an immediate family member is, or has been within the last three years, one of our executive officers;
- The Director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than \$120,000 in direct compensation from us, other than Director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
- (1) The Director is a current partner or employee of a firm that is our internal or external auditor; (2) the Director has an immediate family member who is a current partner of such a firm; (3) the Director has an immediate family member who is a current employee of such a firm and personally works on our audit; or (4) the Director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on our audit within that time;

- The Director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of our present executive officers at the same time serves or served on that company's compensation committee; or  
The Director is a current employee, or an immediate family member is a current executive officer, of a
- company that has made payments to, or received payments from, us for property or services in an amount which, in any of the last three fiscal years exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

## TABLE OF CONTENTS

Additionally, the Board previously determined that Mr. Shuey was "independent" under the NYSE listing standards during his period of Board service in 2018.

### **Audit Committee**

We have a separately designated standing Audit Committee, which was established in accordance with Section 3(a)(58)(A) of the Exchange Act. The Audit Committee currently consists of Directors Holland (Chairman), Capo, Michel and Joubert. All members have been determined to be financially literate and to be independent under the NYSE's Corporate Governance Listing Standards and the Exchange Act. The Board has determined that Directors Holland, Capo and Joubert each qualifies as an audit committee financial expert due to their business experience and educational background. The Audit Committee, among other things:

- Assists the Board of Directors in fulfilling its oversight responsibilities with respect to the integrity of our financial statements and compliance with legal and regulatory requirements, the independent registered public accounting firm's qualifications and independence, and performance of the independent registered public accounting firm and our internal audit function; and
- Prepares the Audit Committee's report included in this proxy statement.

The functions of the Audit Committee are set forth in an Audit Committee Charter, which was adopted by the Board on February 4, 2004 and amended and restated on May 11, 2012, and is available on our website. In 2018, we did not have any related person transactions, but our Audit Committee will review and discuss any related person, insider, or affiliated party transactions pursuant to the Audit Committee Charter. It is the written policy of the Company that the Audit Committee will review and discuss reports and disclosures of insider and affiliated party transactions.

### **Compensation Committee**

We have a standing Compensation Committee, which is comprised of Directors Welding (Chairman), Chapman and Davis each of whom is independent under the NYSE's Corporate Governance Listing Standards and the Exchange Act. Compensation decisions for the Company's senior officers and other key executives are made by our Compensation Committee, and actions of the Committee are reported to the Board of Directors after each meeting. The Compensation Committee, among other things:

- Establishes the remuneration (base salary, annual and long-term cash, and equity-based incentive compensation, perquisites, and benefits) of our Chief Executive Officer and approves the remuneration (as described for the Chief Executive Officer) of the Company's senior officers and other key executives, including reviewing and approving the corporate financial goals and objectives relevant to the remuneration arrangements;
- Reviews the cash and equity-based compensation plans for officers and senior management and makes or recommends changes to the Board of Directors as it deems appropriate;
- Reviews and approves any executive employment agreements, severance pay plans, deferred compensation plans, and similar plans and arrangements and the executives to whom they apply;
- Oversees regulatory compliance with respect to compensation matters; and
- Establishes stock ownership guidelines for the Company's officers and other key executives and reviews compliance with those guidelines.

The Compensation Committee has engaged Exequity LLP, an independent executive compensation consulting firm, to review and provide guidance regarding our total compensation program for named executive officers for 2019 and to assist the Committee in monitoring and assessing compensation trends for senior management personnel, including the Chief Executive Officer.

The agenda for meetings of the Compensation Committee is determined by its Chairman with the assistance of our Senior Vice President & Chief Human Resources Officer. Compensation Committee meetings are regularly attended by our Chief Executive Officer and our Senior Vice President and Chief Human Resources Officer. At each regular meeting, the Compensation Committee meets in executive session. The Compensation Committee's Chairman reports on the Committee's actions and decisions on executive compensation matters to the Board of Directors. Independent advisers and our Human Resources Department support the Compensation Committee in its duties and, along with our Chief Executive Officer and Senior Vice President & Chief Human Resources Officer, may be delegated authority



## TABLE OF CONTENTS

to fulfill certain administrative duties regarding the compensation programs. The Compensation Committee has authority under its charter to retain, approve fees for and terminate advisers, consultants, and agents as it deems necessary to assist in the fulfillment of its responsibilities. The Compensation Committee reviews the total fees paid to our outside consultants to ensure that they maintain their objectivity and independence when rendering advice to the Compensation Committee.

### **Nominating and Governance Committee**

We have a standing Nominating and Governance Committee, which is currently comprised of Directors Capo (Chairman), Chapman, Michel and Welding, each of whom is independent under the New NYSE's Corporate Governance Listing Standards. The Nominating and Governance Committee, among other things:

- Recommends candidates for membership on the Board;
- Ensures that the Board acts within the governance guidelines and that the governance guidelines remain appropriate;
- Provides oversight of the Company's sustainability efforts; and
- Performs an annual assessment of the performance of the Board.

The Nominating and Governance Committee will consider candidates for Board membership proposed by our stockholders or other parties. Any recommendation must be in writing, accompanied by a description of the proposed nominee's qualifications and other relevant biographical information, and an indication of the consent of the proposed nominee to serve. The recommendation should be addressed to the Nominating and Governance Committee of the Board of Directors, Attention: Secretary, Cooper Tire & Rubber Company, 701 Lima Avenue, Findlay, Ohio 45840. As of the date of this proxy statement, we have not received any director nominee recommendations from any stockholders.

The Nominating and Governance Committee uses a variety of sources to identify candidates for Board membership, including current members of the Board, our executive officers, individuals personally known to members of the Board and our executive officers and, as described above, our stockholders, as well as, from time to time, third party search firms. Ms. Dickson and Mr. Walker, who were elected to the Board in October 2018, were recommended to the Board by the Nominating and Governance Committee after being identified by a third party search firm. The Nominating and Governance Committee may consider candidates for Board membership at its regular or special meetings held throughout the year.

The Nominating and Governance Committee uses the same manner and process for evaluating every candidate for Board membership regardless of the original source of the candidate's nomination. Once the Nominating and Governance Committee has identified a prospective candidate, the Nominating and Governance Committee makes an initial determination whether to conduct an initial evaluation of the candidate, which consists of an interview by the Chair of the Nominating and Governance Committee. The Nominating and Governance Committee currently has not set specific, minimum qualifications or criteria for nominees that it proposes for Board membership, but evaluates the entirety of each candidate's credentials. The Nominating and Governance Committee believes, however, that we will be best served if our Directors bring to the Board, among other things, diversity with respect to background, experience, viewpoint, national origin, race, gender and skills, as well as, demonstrated integrity, executive leadership, and financial, marketing, or business knowledge and experience.

The Chair communicates the results of initial evaluation of candidates to the other Nominating and Governance Committee members, the Chairman of the Board or Lead Director, as applicable, and the Chief Executive Officer. If the Nominating and Governance Committee determines, in consultation with the Chairman of the Board or Lead Director, as applicable, and the Chief Executive Officer, that further consideration of the candidate is warranted, members of our senior management gather additional information regarding the candidate. The Nominating and

Governance Committee or members of our senior management then conduct background and reference checks and any final interviews, as necessary, of the candidate. At that point, the candidate is invited to meet and interact with the members of the Board who are not on the Nominating and Governance Committee. The Nominating and Governance Committee then makes a final determination whether to recommend the candidate to the Board for Board membership.

40

## TABLE OF CONTENTS

Neither the Nominating and Governance Committee nor the Board of Directors has a formal policy with regard to the consideration of diversity in identifying director nominees; however, how a specific nominee contributes to the diversity of the Board of Directors is considered by both the Nominating and Governance Committee and the Board of Directors in determining candidates for the Board.

We believe that Board tenure diversity is important and directors with many years of service provide the Board with a deep knowledge of our Company, while newer directors lend fresh perspectives. In 2018, the size of the Board was expanded to 10 members and within the past three and a half years, the Company has added six new directors. The average tenure of all Directors is 6.7 years.

### **Availability of Governance Guidelines, Code of Conduct, and Committee Charters**

Our governance guidelines, Code of Conduct, and the charters for the Audit Committee, Compensation Committee, and Nominating and Governance Committee are available at the Investors/Governance link on our website at <http://us.coopertire.com/>.

In addition, stockholders may request a free printed copy of any of these materials by contacting:

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

### **Stockholder and Interested Party Communications with the Board**

Our Board has adopted a process by which stockholders or interested parties may send communications to the Board, the non-employee Directors as a group, or any of the Directors. Any stockholder or interested party who wishes to communicate with the Board, the non-employee Directors as a group, or any Director may send a written communication addressed to:

Board of Directors - Stockholder and Interested Party Communications  
Attention: Corporate Secretary  
Cooper Tire & Rubber Company  
701 Lima Avenue  
Findlay, Ohio 45840

The Secretary will review and forward each written communication (except, in his sole determination, those communications clearly of a marketing nature, those communications better addressed by a specific Company department, or those communications containing complaints regarding accounting, internal auditing controls, or auditing matters) to the full Board, the non-employee Directors as a group, or the individual Director(s) specifically addressed in the written communication. The Secretary will discard written communications clearly of a marketing nature. Written communications better addressed by a specific Company department will be forwarded to such department, and written communications containing complaints regarding accounting, internal auditing controls, or auditing matters will be forwarded to the Chairman of the Audit Committee.

### **Director Attendance at Annual Meetings**

Our Board does not have a specific policy regarding Director attendance at our Annual Meetings. All of our then serving Directors, except for Mr. Michel, attended our 2018 Annual Meeting.

TABLE OF CONTENTS**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

Directors Chapman, Davis, and Welding served as members of the Compensation Committee during 2018. During 2018, none of the members of the Compensation Committee was one of our or our subsidiaries' officers or employees, was formerly one of our or our subsidiaries' officers or had any relationship requiring disclosure pursuant to Item 404 of Regulation S-K. Additionally, during 2018, none of our executive officers or Directors was a member of the board of directors, or on a committee thereof, of any other entity such that the relationship would be construed to constitute a committee interlock within the meaning of the rules of the Securities and Exchange Commission.

**RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP served as the Company's independent registered public accounting firm for 2018 and has been appointed by the Audit Committee to continue in that capacity during 2019. The Audit Committee's decision to appoint Ernst & Young LLP has been ratified by the Board and will be recommended to the stockholders for ratification at the Annual Meeting. Ernst & Young LLP has advised the Company that neither the firm nor any of its members or associates has any direct or indirect financial interest in the Company. During 2018, Ernst & Young LLP rendered both audit services, including an audit of the Company's annual financial statements, and certain non-audit services. There is no understanding or agreement between the Company and Ernst & Young LLP that places a limit on audit fees since the Company pays only for services actually rendered and at what it believes are customary rates. Professional services rendered by Ernst & Young LLP are approved by the Audit Committee both as to the advisability and scope of the service, and the Audit Committee also considers whether such services would affect Ernst & Young LLP's continuing independence.

**Audit Fees**

Ernst & Young LLP's aggregate fees billed for 2017 and 2018 for professional services rendered by them for the audit of the Company's annual financial statements, the audit of the effectiveness of the Company's internal control over financial reporting required by the Sarbanes-Oxley Act of 2002, the review of financial statements included in the Company's Quarterly Reports on Form 10-Q, and services that are normally provided in connection with statutory and regulatory filings or engagements for those years are listed below.

2017 - \$2,332,553

2018 - \$2,454,110

**Audit-Related Fees**

Ernst & Young LLP's aggregate fees billed for 2017 and 2018 for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements, and are not reported under Audit Fees above, were:

2017 - \$224,043

2018 - \$166,355

Audit-related fees included fees for employee benefit plan audits and accounting consultation. All audit-related services were pre-approved.

**Tax Fees**

Ernst & Young LLP's aggregate fees billed for 2017 and 2018 for professional services rendered by them for tax compliance, tax advice, and tax planning were:

2017 - \$656,132

2018 - \$1,202,513

Tax fees in 2017 and 2018 represented fees primarily for international tax planning and domestic and foreign tax compliance. All tax services were pre-approved.

**All Other Fees**

Ernst & Young LLP's aggregate fees billed in 2017 and 2018 for products and services provided by them, other than those reported above under Audit Fees, Audit-Related Fees, and Tax Fees, were as follows:

2017 - \$0

2018 - \$0

## TABLE OF CONTENTS

### **Audit Committee Pre-Approval Policies and Procedures**

The Audit Committee has established a policy regarding pre-approval of all audit and non-audit services expected to be performed by the Company's independent registered public accounting firm, including the scope of and fees for such services. Requests for audit services, audit-related services, tax services, and permitted non-audit services, each as defined in the policy, must be approved prior to the performance of such services. The policy prohibits the Company's independent registered public accounting firm from providing certain services described in the policy as prohibited services.

Generally, requests for independent registered public accounting services are submitted to the Audit Committee by the Company's Director of External Reporting (or other member of the Company's senior financial management) and the Company's independent registered public accounting firm for consideration at the Audit Committee's regularly scheduled meetings. Requests for additional services in the categories mentioned above may be approved at subsequent Audit Committee meetings to the extent that none of such services are performed prior to their approval. The Chairman of the Audit Committee is also delegated the authority to approve independent registered public accounting services requests provided that the pre-approval is reported at the next meeting of the Audit Committee. All requests for independent registered public accounting services must include a description of the services to be provided and the fees for such services.

### **Auditor Attendance at the 2019 Annual Meeting**

Representatives of Ernst & Young LLP will be present at the Annual Meeting of Stockholders and will be available to respond to appropriate questions and to make a statement if they desire to do so.

TABLE OF CONTENTS

**AUDIT COMMITTEE REPORT**

This report is submitted by all members of the Audit Committee, for inclusion in this proxy statement, with respect to the matters described in this report.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the audited financial statements contained in the Company's Annual Report on Form 10-K, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Committee reviewed with the independent registered public accounting firm, who is responsible for expressing an opinion on the conformity of those audited financial statements with U.S. generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee by the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), including PCAOB Auditing Standard No. 1301, *Communications With Audit Committees*, the rules of the Securities and Exchange Commission, and other applicable regulations. The Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Committee concerning independence, and has discussed with the independent registered public accounting firm the independent registered public accounting firm's independence. The Committee has concluded that the independent registered public accounting firm is, in fact, independent of the Company.

The Committee discussed with the Company's senior internal auditing executive and independent registered public accounting firm the overall scope and plans for their respective audits. The Committee meets with the senior internal auditing executive and independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls including internal controls over financial reporting, and the overall quality of the Company's financial reporting. The Committee held four meetings during the fiscal year 2018.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the Securities and Exchange Commission.

Submitted by the Audit Committee of the Company's Board of Directors:

John J. Holland, Chairman  
Thomas P. Capo  
Tracey I. Joubert  
Gary S. Michel



TABLE OF CONTENTS**BENEFICIAL OWNERSHIP OF SHARES**

The information in the table below sets forth those persons (including any group as that term is used in Section 13(d)(3) of the Exchange Act) known by the Company to be the beneficial owners of more than 5% of the Company's Common Stock as of February 28, 2019 (except as noted below).

The table does not include information regarding shares held of record, but not beneficially, by Delaware Charter Guarantee & Trust Company, dba Principal Trust Company, the trustee of the Cooper Tire & Rubber Company Spectrum Investment Savings Plan and other defined contribution plans sponsored by the Company or a subsidiary of the Company. As of December 31, 2018, those plans held 1,117,558 shares, or 2.23% of the Company's outstanding Common Stock. The trustee, in its fiduciary capacity, has no investment powers and will vote the shares held in the plans in accordance with the instructions provided by the plan participants. If no such instructions are received, the provisions of the plans direct the trustee to vote such participant shares in the same manner in which the trustee was directed to vote the majority of the shares of the other participants who gave directions as to voting.

<b>Title of Class</b>	<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
Common Stock	BlackRock, Inc. <sup>(1)</sup>	7,480,493	14.93 %
Common Stock	The Vanguard Group <sup>(2)</sup>	5,117,724	10.21 %
Common Stock	Dimensional Fund Advisors LP <sup>(3)</sup>	4,248,425	8.48 %
Common Stock	DePrince, Race & Zolli, Inc. <sup>(4)</sup>	2,718,552	5.42 %
Common Stock	LSV Asset Management <sup>(5)</sup>	2,513,311	5.09 %

(1) BlackRock, Inc. filed a Schedule 13G/A with the SEC on January 24, 2019, indicating that as of December 31, 2018, BlackRock, Inc. had sole voting power with respect to 7,269,806 shares and sole dispositive power with respect to 7,480,493 shares. BlackRock, Inc. has indicated that it is a parent holding company. The address of BlackRock, Inc. is 55 East 52nd Street, New York, NY 10055.

(2) The Vanguard Group filed a Schedule 13G/A with the SEC on February 11, 2019, indicating that as of December 31, 2018, The Vanguard Group had sole voting power with respect to 51,285 shares, shared voting power with respect to 6,279 shares, sole dispositive power with respect to 5,066,404 shares, and shared dispositive power with respect to 51,320 shares. The Vanguard Group has indicated that it is an investment advisor. The address of The Vanguard Group is 100 Vanguard Boulevard, Malvern, PA 19355.

(3) Dimensional Fund Advisors LP, filed a Schedule 13G with the SEC on February 8, 2019, indicating that as of December 31, 2018, Dimensional Fund Advisors LP, had sole voting power with respect to 4,122,251 shares and sole disposition power with respect to 4,248,425 shares. Dimensional Fund Advisors LP, has indicated that it is an investment adviser. The address of Dimensional Fund Advisors LP is Building One, 6300 Bee Cave Road, Austin, TX 78746.

(4) DePrince, Race & Zollo, Inc., filed a Schedule 13G with the SEC on January 25, 2019, indicating that as of December 31, 2018, had sole voting power with respect to 2,172,183 shares and sole disposition power with respect to 2,718,552 shares. DePrince, Race & Zollo, Inc. has indicated that it is an investment adviser. The address of DePrince, Race & Zollo, Inc., is 250 Park Avenue South, Suite 250, Winter Park, FL 32789.

(5) LSV Asset Management filed a Schedule 13G with the SEC on February 13, 2019, indicating that as of December 31, 2018, LSV Asset Management had sole voting power with respect to 1,184,227 shares and sole dispositive power with respect to 2,513,311 shares. LSV Asset Management has indicated that it is an investment adviser. The address of LSV Asset Management is 155 N. Wacker Drive, Suite 4600, Chicago, IL 60606.



TABLE OF CONTENTS**SECURITY OWNERSHIP OF MANAGEMENT**

The information that follows is furnished as of February 28, 2019, to indicate beneficial ownership by our executive officers and Directors as a group and each named executive officer and Director, individually, of our Common Stock in accordance with Rule 13d-3 under the Exchange Act, as well as ownership of certain other Company securities and ownership of our Common Stock plus certain other Company securities:

<b>Name of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership of Common Stock</b>	<b>Percent of Class</b>	<b>Ownership of Other Securities</b>	<b>Ownership of Common Stock and Other Securities</b>	<b>Percent of Class</b>
John J. Bollman	4,716 shs	*	20,780 shs <sup>(3)(4)</sup>	25,496 shs <sup>(3)(4)</sup>	*
Thomas P. Capo	— shs	*	60,332 shs <sup>(2)</sup>	60,332 shs <sup>(2)</sup>	*
Steven M. Chapman	2,631 shs	*	121,838 shs <sup>(2)</sup>	124,469 shs <sup>(2)</sup>	*
Susan F. Davis	— shs	*	12,343 shs <sup>(2)</sup>	12,343 shs <sup>(2)</sup>	*
Kathryn P. Dickson	— shs	*	— shs <sup>(2)</sup>	— shs <sup>(2)</sup>	*
Christopher J. Eperjesy	— shs	*	24,569 shs <sup>(3)(4)</sup>	24,569 shs <sup>(3)(4)</sup>	*
John J. Holland	4,042 shs	*	117,365 shs <sup>(2)</sup>	121,306 shs <sup>(2)</sup>	*
Bradley E. Hughes	230,198 shs <sup>(1)</sup>	*	99,198 shs <sup>(3)(4)</sup>	329,396 shs <sup>(3)(4)</sup>	*
Tracey I. Joubert	— shs	*	5,169 shs <sup>(2)</sup>	5,169 shs <sup>(2)</sup>	*
Gary S. Michel	— shs	*	12,343 shs <sup>(2)</sup>	12,343 shs <sup>(2)</sup>	*
Brian C. Walker	— shs	*	— shs <sup>(2)</sup>	— shs <sup>(2)</sup>	*
Robert D. Welding	3,000 shs	*	76,415 shs <sup>(2)</sup>	77,915 shs <sup>(2)</sup>	*
Stephen Zamansky	58,958 shs	*	20,050 shs <sup>(3)(4)</sup>	79,008 shs <sup>(3)(4)</sup>	*
All executive officers and Directors as a group (13 persons)	303,545 shs <sup>(1)</sup>	0.61 %	570,402 shs	872,346 shs <sup>(1)(2)(3)(4)</sup>	1.74 %

(1) Includes 59,235 shares obtainable on exercise of stock options by Mr. Hughes within 60 days following February 28, 2019, which options have not been exercised.

(2) Pursuant to the Amended and Restated 1998 non-employee Directors Compensation Deferral Plan described above under Director Compensation, the following Directors have been credited with the following number of phantom stock units as of February 28, 2019: Thomas P. Capo - 60,332; Steven M. Chapman - 121,838; Susan F. Davis - 12,343; Katy P. Dickson - 0; John J. Holland - 117,365; Tracey I. Joubert - 5,169; Gary S. Michel - 12,343; Brian C. Walker - 0; and Robert D. Welding - 76,415. The holders do not have voting or investment power over these phantom stock units.

(3)

Includes the following number of restricted stock units for each of the following executive officers: John J. Bollman - 19,566; Christopher J. Eperjesy - 24,569; Bradley E. Hughes - 82,812; and Stephen Zamansky - 14,177. The holders do not have voting or investment power over these restricted stock units. The agreements pursuant to which the restricted stock units were granted provide for accrual of dividend equivalents. At that time, an executive's restricted stock unit account will be settled through delivery to the executive on the date selected of a number of shares of our Common Stock corresponding to the number of restricted stock units awarded to the executive, plus shares representing the value of dividend equivalents.

(4) Includes the number of performance-based stock units that were notionally earned by each of the following executive officers for 2016 and 2018 net income and return on invested capital performance plus accrued dividend equivalents. The holders do not have voting or investment power over these performance-based stock units. John J. Bollman - 1,214; Christopher J. Eperjesy - 0; Bradley E. Hughes - 16,386; and Stephen Zamansky - 5,873.

## TABLE OF CONTENTS

### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's Directors, executive officers, and persons who own more than ten percent of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in beneficial ownership of Common Stock of the Company. Based solely upon a review of such reports and the representation of such Directors and officers, the Company believes that all reports due for Directors and officers during or for the year 2018 were timely filed.

### **STOCKHOLDER PROPOSALS FOR THE ANNUAL MEETING IN 2020**

Any stockholder who intends to present a proposal at the Company's 2020 Annual Meeting and who wishes to have the proposal included in the Company's proxy statement and form of proxy for that Annual Meeting must deliver the proposal to the Secretary of the Company, at the Company's principal executive offices, so that it is received no later than November 22, 2019. In addition, if a stockholder intends to present a proposal at the Company's 2020 Annual Meeting without the inclusion of that proposal in the Company's proxy materials and written notice of the proposal is not received by the Company on or between December 22, 2019 and January 21, 2020, in accordance with the Bylaws, proxies solicited by the Board for the Company's 2020 Annual Meeting will confer discretionary authority to vote on the proposal if presented at the 2020 Annual Meeting.

### **INCORPORATION BY REFERENCE**

The Compensation Committee Report that begins on page 23 of this proxy statement, disclosure regarding the Company's Audit Committee and Audit Committee's financial expert that begins on page 39 of this proxy statement, and the Audit Committee Report on page 44 of this proxy statement shall not be deemed to be incorporated by reference by any general statement incorporating this proxy statement by reference into any filing under the Securities Act of 1933, which we refer to as the Securities Act, or under the Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under the Securities Act or under the Exchange Act.

### **HOUSEHOLDING INFORMATION**

Only one Notice of Internet Availability of Proxy Materials or 2018 Annual Report and proxy statement is being delivered to multiple stockholders sharing an address unless the Company received contrary instructions from one or more of the stockholders. If a stockholder at a shared address to which a single copy of the Notice of Internet Availability of Proxy Materials or 2018 Annual Report and proxy statement were delivered wishes to receive a separate copy of the Notice of Internet Availability of Proxy Materials or 2018 Annual Report or proxy statement, he or she should contact the Company's Investor Relations Department at 701 Lima Avenue, Findlay, Ohio 45840 or (419) 423-1321. The stockholder will be delivered, without charge, a separate copy of the Notice of Internet Availability of Proxy Materials or 2018 Annual Report or proxy statement promptly upon request. If stockholders at a shared address currently receiving multiple copies of the Notice of Internet Availability of Proxy Materials or 2018 Annual Report and proxy statement wish to receive only a single copy of these documents, they should contact the Company's Investor Relations Department in the manner provided above.

### **SOLICITATION AND OTHER MATTERS**

The Board of Directors is not aware of any other matters that may come before the Annual Meeting. However, if any other matters properly come before the Annual Meeting, it is the intention of the persons named in the accompanying form of proxy to vote the proxy in accordance with their judgment on such matters.

The solicitation of proxies is being made by the Company, and the Company will bear the cost of the solicitation. The Company has retained Georgeson, 199 Water Street, 26<sup>th</sup> Floor, New York, New York, to aid in the solicitation of proxies, at an anticipated cost to the Company of approximately \$7,000 plus expenses. The Company also will reimburse brokers and other persons for their reasonable expenses in forwarding proxy material to the beneficial owners of the Company's stock. In addition to the solicitation by use of the mails, solicitations may be made by telephone, facsimile, or by personal calls, and it is anticipated that such solicitation will consist primarily of requests to brokerage houses, custodians, nominees, and fiduciaries to forward soliciting material to beneficial owners of shares held of record by such persons. If necessary, officers and other employees of the Company may by telephone, facsimile, or personally, request the return of proxies.

TABLE OF CONTENTS

Please mark, execute, and return the accompanying proxy, or vote by telephone or Internet, in accordance with the instructions set forth on the proxy form, so that your shares may be voted at the Annual Meeting. For information on how to obtain directions to be able to attend the Annual Meeting and vote in person, please contact the Company's Secretary at 701 Lima Avenue, Findlay, Ohio 45840 or (419) 424-4319.

**You may obtain copies of the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, free of charge upon written request to the Company at 701 Lima Avenue, Findlay, Ohio 45840, Attention: Secretary or call (419) 424-4319.**

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 3, 2019**

**This proxy statement, along with our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and our 2018 Annual Report, are available free of charge at <http://www.proxyvote.com>.**

BY ORDER OF THE BOARD OF  
DIRECTORS

Stephen Zamansky  
Senior Vice President,  
General Counsel & Secretary  
March 21, 2019

TABLE OF CONTENTS



TABLE OF CONTENTS