COOPER TIRE & RUBBER CO
Form DEF 14A
March 27, 2015
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 x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x 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):

x 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:

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(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 2015 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 8, 2015, at 10:00 a.m., Eastern Daylight Time, for the following purposes:

(1) To elect seven 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, 2015.

(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 23, 2015, 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 and Secretary

Findlay, Ohio

March 27, 2015

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

(continued)

Table of Contents

COOPER TIRE & RUBBER COMPANY

701 Lima Avenue, Findlay, Ohio 45840

March 27, 2015

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 Meet Stockholders of the Company to be held on May 8, 2015, 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 27, 2015.

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 seven Directors, (2) the ratification of the selection of the Company s independent registered public accounting firm for the year ending December 31, 2015, (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 23, 2015, (the record date) will be eligible to vote at the Annual Meeting. As of the record date, there were 58,066,401 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.

1

Table of Contents

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 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, 2015. 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 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 2014. Abstentions 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 2014.

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)

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 7, 2015. All voting instructions from participants in the defined contribution plans sponsored by the Company and listed above must be received no later than 5:00 p.m., Eastern Daylight Time, on May 6, 2015.

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 seven. Mr. Richard Wambold, who has served as a Director since 2003, is not standing for reelection when his current term expires at the Annual Meeting. All seven 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, seven Directors are being elected to serve for a term of office that will expire at the Annual Meeting of Stockholders in 2016. 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 seven nominees for Director.

NOMINEES FOR DIRECTOR

ROY V. ARMES — Chairman of the Board, Chief Executive Officer, and President

Mr. Armes, age 62, has served as Chief Executive Officer and President of the Company since January 2007 and as Chairman of the Board since December 2007. He was previously employed at Whirlpool Corporation, a manufacturer and marketer of major home appliances, for 31 years, where he gained experience in engineering, manufacturing, global procurement, and international operations management. Mr. Armes also developed a successful track record at Whirlpool Corporation of developing customer relationships and consumer-oriented products. During his career at Whirlpool Corporation, Mr. Armes served in positions including: Senior Vice President, Project Management Office; Corporate Vice President and General Director, Whirlpool Mexico; Corporate Vice President, Global Procurement Operations; President/Managing Director, Whirlpool Greater China; Vice President, Manufacturing Technology, Whirlpool Asia (Singapore); and Vice President, Manufacturing & Technology, Refrigeration Products, Whirlpool Europe (Italy). Mr. Armes is also a director of The Manitowoc Company, Inc., and a director of AGCO Corporation. Mr. Armes has a B.S. in Mechanical Engineering from The University of Toledo. Mr. Armes education, board member experience, and business management experience in manufacturing, technology, and sales and marketing, including eight years of international business experience, qualify him to continue serving as a member of the Board of Directors.

Director Since	2007

Table of Contents

NOMINEES FOR DIRECTOR (CONT.)

THOMAS P. CAPO Former Chairman of the Board, Dollar Thrifty Automotive Group, Inc.

Mr. Capo, age 64, served as Chairman of the Board of Dollar Thrifty Automotive Group, Inc., a vehicle rental company, from October 2003 to November 2010. Mr. Capo 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. Capo served as Vice President and Controller of Chrysler Financial Corporation, a finance company. Mr. Capo 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. Capo 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. Capo s public company board and committee experience, including at the board chairman level, executive management and leadership experience, especially in finance, treasury, capital markets, 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 61, is Group Vice President, China and Russia, for Cummins, Inc. 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

4

Table of Contents

NOMINEES FOR DIRECTOR (CONT.)

JOHN J. HOLLAND President, The International Copper Association

Mr. Holland, age 65 is President of The International Copper Association since February 6, 2012. The International Copper Association is a marketing organization for the copper industry. Prior to that, Mr. Holland was the President of Greentree Advisors LLC from 2005. Greentree Advisors LLC provides business advisory services. 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 M.B.A. 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

JOHN F. MEIER Former Chairman of the Board and Chief Executive Officer, Libbey Inc.

Mr. Meier, age 67, served as Chairman of the Board and Chief Executive Officer of Libbey Inc., a producer of glass tableware and china, from June 1993 until July 2011. Mr. Meier served as Chairman of the Board of Applied Industrial Technologies, an industrial distributor, from December 2011 through October 2014, and continues to serve on that company s Board. Mr. Meier received a B.S. degree in Business Administration from

Wittenberg University and an M.B.A. degree from Bowling Green State University. He is trustee emeritus of Wittenberg University. Mr. Meier s education, board member experience, and business management experience, including his service as a chief executive officer, qualify him to continue serving as a member of the Board of Directors.

Director Since	1997

5

Table of Contents

NOMINEES FOR DIRECTOR (CONT.)

JOHN H. SHUEY

Former Chairman of the Board,
President and Chief Executive Officer,

Amcast Industrial Corporation

Mr. Shuey, age 69, joined Amcast Industrial Corporation, a producer of aluminum components for the automotive industry and plumbing products for the construction industry, in 1991 as Executive Vice President. He was elected President and Chief Operating Officer in 1993, a director in 1994, Chief Executive Officer in 1995, and Chairman in 1997. Mr. Shuey served as Chairman of the Board, President and Chief Executive Officer through February 2001. Prior to joining Amcast, Mr. Shuey served as chief financial officer for two Fortune 500 companies. Mr. Shuey has been a private investor since February 2001. Mr. Shuey has a B.S. degree in Industrial Engineering and an M.B.A. degree, both from the University of Michigan. Mr. Shuey s education, board experience, and business and financial management experience, including service as chief financial officer for two Fortune 500 companies, as well as his service as a chief executive officer and in numerous leadership positions for many organizations, qualify him to continue serving as a member of the Board of Directors.

Director Since	1996

ROBERT D. WELDING

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

Mr. Welding, age 66, 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 M.B.A. 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 2014 and has been retained by the Audit Committee to do so in 2015. In connection with the audit of the 2015 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,

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 2016 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 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 will 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 2014.

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 built upon many of the principles and governance practices highlighted below.

Compensation Design and Levels

Pay is tied to performance:

- Approximately 85% of the Chief Executive Officer s target annual compensation and 70% of other named executive officers target annual compensation is at-risk and varies with performance, including stock price performance.
- There is an appropriate balance of annual and long-term incentives.
- The annual incentive plan is based upon the achievement of established corporate or business unit performance goals.
- Metrics used in the annual plan are different from the metrics used in the long-term performance plan.
- Two-thirds of the long-term 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.

To facilitate a comprehensive view of all current and previously granted forms of compensation, tally sheets are used by the Compensation Committee.

Compensation peer groups are evaluated periodically to align with investor expectations and changes in the Company s businesses and market practice.

The Compensation Committee references the market median with respect to establishing compensation levels for executive officers.

Executive officers receive the same benefits as full-time employees, including health, life insurance, disability, and retirement benefits; other than a non-qualified supplementary benefit plan designed to restore 401(k) benefits lost due to Internal Revenue Code statutory limits and a deferred compensation plan, which is legally required to limit participation and does not provide any fixed, above-market earnings opportunity.

Executive officer perquisites are limited and reviewed annually by the Compensation Committee. There are no tax gross-ups on any perquisites, other than imputed income associated with travel costs of spouses who accompany executives 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).

Except for Mr. Armes, whose employment agreement was entered into in 2006, there are no excise tax gross-up provisions upon a change in control.

The Company s total potential dilution and 3-year average burn rate are below the median of the Company s 4-digit GICS group.

Executive Compensation Policies and Practices

Executive officers are required to achieve and maintain minimum levels of stock ownership.

The Board has an established policy for recoupment 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.

Except for Mr. Armes, none of the named executive officers have an employment agreement.

The process used to evaluate risks associated with the compensation program is formalized with an annual review of compensation plans, practices, and policies. Risk mitigation is incorporated into plan design, including capping both annual and long-term incentive plan payouts.

The Compensation Committee generally designs and administers the executive compensation programs to maximize tax deductibility of executive compensation paid to the named executive officers.

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 Chief Executive Officer or any other named executive officer.

The Board has adopted an anti-hedging and anti-pledging policy.

Table of Contents

2014 Opportunities, Challenges, and Results

2014 was a year of unique challenges and opportunities which the Company navigated to deliver the second best operating profit in its history. Rebounding from the terminated merger agreement with Apollo Tyres Ltd., the Company took prompt action to resolve its relationship with the Chengshan Group Company Ltd., (the Chengshan Group) entering into an agreement in January 2014 to either sell the Company s interest in Cooper Chengshan (Shandong) Tire Company Ltd. (CCT) or to purchase the Chengshan Group s 35% interest.

As the CCT resolution evolved, the Company and the industry were confronted with new tariffs on Chinese tire imports and the market reaction to the unknown impact on supply and demand. Despite these significant challenges, the Company delivered $141,940,000 in free cash flow and $300,458,000 in operating profit, exceeding the solid operating profit performance of 2013. The Company also marked its 100-year anniversary in 2014, honoring its long-standing relationships with generations of employees and generations of customers with celebrations of the Company s rich history in all of its communities around the world.

Annual and long-term performance targets for 2014 were established very shortly after entering into the agreement with the Chengshan Group regarding CCT ownership. With the outcome and timing of the ownership issue unknown, the 2014 performance targets were established including CCT for the full year. The performance results below reflect an adjustment to results due to the sale of CCT at the end of November 2014. In addition to the adjusted results for 2014, which are shown as Performance Results, the 2014 results as reported in the Company s Form 10-K are set forth below.

Corporate Performance Metrics*	2014 Targets	2014 Performance Results	2014 Reported Results
Operating Profit	$325,000,000	$306,358,000	$300,458,000
Free Cash Flow	$152,000,000	$145,740,000	$141,940,000
Net Income	$186,000,000	$160,174,000	$213,578,000
Return on Invested Capital	15%	13.6%	$11.9%

* For more information about how these performance metrics are calculated and reconciliations to amounts presented in Form 10-K, see Incentive Compensation Performance Metrics for 2014 on pages 13 and 14.

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 relating to the compensation of our executive officers and other senior management. The named executive officers covered in this year s proxy is an expanded list due to a management transition in 2014. During 2014, our named executive officers were: Mr. Roy V. Armes, Chairman, Chief Executive Officer, and President; Ms. Ginger M. Jones, Vice President and Chief Financial Officer as of December 3, 2014; Mr. Bradley E. Hughes, former Vice President & Chief Financial Officer, replacing Hal Miller as Senior Vice President and President International Tire Operations effective July 1, 2014; Mr. Christopher E. Ostrander, Senior Vice President and President Americas Tire Operations; Ms. Brenda S. Harmon, Senior Vice President and Chief Human Resources Officer; Mr. Stephen Zamansky, Senior Vice President, General Counsel and Secretary; and Mr. Harold C. Miller, Vice President and President International Tire Operations who, after resigning his officer position on June 30, 2014, served as Executive Advisor to the Chief Executive Officer, providing support in the resolution of the ownership of CCT and other transition matters. Mr. Miller retired from the Company effective January 2, 2015, and Mr. Ostrander subsequently resigned his position effective February 6, 2015.

Table of Contents

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 Mr. Armes compensation) and effectively implementing our executive compensation program, as approved by the Compensation Committee.

The Compensation Committee retained Exequity LLP as its executive compensation consultant in 2014 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 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 retain the caliber of leadership required to meet these objectives. In the following sections, we will address our benchmarking process and philosophy, 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: 1) market pay levels and 2) program design. The benchmarking groups represent the kinds of companies that have similar characteristics and may compete with Cooper Tire for executive leadership positions. For each element of compensation and in the aggregate, the Committee sets compensation targets near the middle of the range offered by comparable companies.

Peer Group for Pay Level Benchmarking - For officer pay level, we engaged Aon Hewitt in 2013 to provide general industry data on 179 companies with revenues between $2.1 billion and $9.9 billion. The median revenue of these 179 companies was approximately $4.2 billion.

Peer Group for Program Design Benchmarking - For purposes of benchmarking executive program design, a peer group of 14 companies with annual revenues in the range of 50% to 200% of our revenues was used. In addition to comparable revenues, selection criteria included whether the company is a durable goods or capital intensive manufacturer, offers a consumer-branded product, focuses on technology-driven product development, and manages international operations. Each of the following peer group companies met four of the five criteria.

Borg Warner Inc.	Lennox International
Dana Holding Corp.	NACCO Industries, Inc.
Dover Corp.	Snap-on Incorporated
Flowserve Corporation	SPX Corp.
Harley-Davidson, Inc.	Steelcase Inc.
Harsco Corporation	Tenneco

Leggett & Platt Incorporated	Timken Co.

Table of Contents

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 position is expected to play in achieving the 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.

To facilitate a comprehensive view of all current and previously granted forms of compensation for each named executive officer, tally sheets are used by the Compensation Committee. Informed by tally sheet data, 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 each year.

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:

Element	Purpose	Nature of Component
Base Salary	To value the competencies, skills, experience, and performance of individual executives.	Cash. Not at risk. Reviewed annually.
Annual Incentive Compensation	To motivate and reward executives toward the achievement of targeted financial and strategic goals.	Cash award. Performance-based and at risk. Amount earned will vary based upon results achieved against annual goals (operating profit and free cash flow in 2014).
Long-Term Incentive Compensation	To motivate and reward executives toward the achievement of long-term goals and creation of stockholder value.	Equity-based and cash awards. Performance-based and at risk. Amount earned will vary depending upon stock appreciation and results achieved against LTI goals (net income and return on invested capital in 2014).
Non-Qualified Benefits	To attract the level of talent required to achieve strategic objectives and to promote continuity of leadership.	Supplementary benefit plan to make up for 401(k) or cash balance plan benefits lost due to limits of the Internal Revenue Code. Opportunity to

participate in a non-qualified deferred compensation plan.

12

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, time in position, 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 2014, the Compensation Committee considered the officer s experience in his or her current role, the impact of his or her role on the Company s results, the overall quality and manner in which the officer performs his or her role, the financial position of the Company, and the value of retention.

Incentive Compensation

With input from management and its executive compensation consultant, the Compensation Committee reviews and discusses annual corporate and business unit performance targets and the appropriateness of these performance 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.

In 2014, the Compensation Committee implemented a bonus pool approach to preserve the ability to deduct compensation paid under the annual incentive plan and the performance-based long-term incentive programs. The bonus pool approach establishes a maximum dollar amount and a maximum number of share units that can be paid to the Chief Executive Officer and certain other named executive officers from which the Compensation Committee may exercise negative discretion in determining the amounts paid under the annual and long-term incentive plans. The Compensation Committee exercised such negative discretion for 2014 to adjust the amounts awarded consistent with the financial and operating performance of the Company in connection with the metrics, goals, and targets described below. Please also see the section titled Other Program Design Elements Tax Deductibility of Executive Compensation on pages 20 and 21 for additional information regarding the pool.

Annual Incentive Compensation

Target Opportunity

At target levels of achievement, the Annual Incentive Plan is designed to approximate the market median of awards for executives in similar roles in similar organizations. At the highest level of achievement, the annual cash incentive opportunity for our named executive officers was 200% of the target opportunity in 2014. At a threshold level of performance, the incentive opportunity was 50% of the target in 2014, with no incentive earned if performance was below the threshold achievement level.

The Compensation Committee uses the median of general industry market data 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 how long the officer has been in his or her current role, 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.

Table of Contents

Presented below are the target incentive awards for the named executive officers in 2014:

	2014 Target Incentive	
Executive	$	(% of Salary)
Mr. Armes	$1,393,208	130%
Ms. Jones	$28,007	75%
Mr. Hughes	$373,374	75%
Ms. Harmon	$241,057	60%
Mr. Miller	$283,815	70%
Mr. Ostrander	$330,822	75%
Mr. Zamansky	$236,129	60%

Performance Metrics for 2014

The performance metrics under the 2014 Annual Incentive Plan (AIP) for Messrs. Armes, Hughes, and Zamansky and Mss. Jones and Harmon were: 60% Corporate Operating Profit and 40% Corporate Free Cash Flow. For Mr. Miller, the weighted full-year 2014 performance metrics were 40% Corporate Operating Profit, 37.5% Corporate Free Cash Flow, and 22.5% International Tire Division Operating Profit. For Mr. Ostrander, the 2014 performance metrics were 45% North America Tire Division Operating Profit, 35% Corporate Free Cash Flow, and 20% Corporate Operating Profit. The potential payout on 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:

Performance Metric	Threshold Goal	Target Goal	Maximum Goal	Performance Result	Results as a Percent of Target
Corporate Operating Profit	$ 200,000,000	$ 325,000,000	$ 400,000,000	$ 306,358,000	94%
Corporate Free Cash Flow	$ 105,600,000	$ 152,000,000	$ 180,000,000	$ 145,740,000	96%
International Tire Division Operating Profit	$ 70,600,000	$ 103,500,000	$ 137,400,000	$ 80,466,000	78%
Americas Tire Division Operating Profit	$ 157,000,000	$ 254,000,000	$ 313,000,000	$ 274,837,000	108%

Following is a calculation of Operating Profit for 2014:

	Corporate	Americas	International

Operating Profit From Company Financial Statements	$ 300,458,000	$ 274,837,000	$ 74,566,000
Loss of Operating Profit Due to Sale of Ownership Interest in Subsidiary	5,900,000	0	5,900,000
Operating Profit Results for Compensation Purposes	$ 306,358,000	$ 274,837,000	$ 80,466,000

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

Table of Contents

Following is a calculation of corporate free cash flow for 2014:

Cash Provided by Continuing Operations	$ 319,084,000
Plus: Net Income Due to Sale of Ownership Interest in Subsidiary	3,800,000
Plus: Proceeds From Sale of Assets	1,248,000
Less: Capital Expenditures	(145,041,000)
Less: Dividends	(33,351,000)
Corporate Free Cash Flow	$ 145,740,000

Presented below are the actual incentive awards for the named executive officers in 2014:

	2014 Actual Incentive	
Executive	$	(% of Target)
Mr. Armes	$1,292,897	92.8%
Ms. Jones	$25,990	92.8%
Mr. Hughes	$346,491	92.8%
Ms. Harmon	$223,701	92.8%
Mr. Miller	$245,928	86.7%
Mr. Ostrander	$370,521	112.0%
Mr. Zamansky	$219,128	92.8%

Long-Term Incentive Compensation

The Compensation Committee approves long-term incentive awards for the named executive officers and other senior officers of the Company. Long-term incentive awards are granted and can only be granted under the Cooper Tire & Rubber Company 2014 Incentive Compensation Plan, which allows for a variety of forms of long-term incentives.

For 2014, awards of stock options, performance-based stock units, and performance-based cash were granted, with each weighted approximately 33.33% of the total award. In determining the appropriate form or mix of long-term performance awards, the Compensation Committee considers such factors as the motivational impact of various components, alignment with stockholder interests, 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.

Award 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 options or shares to grant and to establish the exercise price of equity-based awards 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 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 in a three-year performance period, performance-based stock units and performance-based cash can be notionally earned if financial metrics for the awards have been achieved;

Payout opportunities can range from 0% to 200% of the target award opportunity;

Table of Contents

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 settled in cash; and

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.

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 2014 measurement period of the 2012-2014, the 2013-2015, and the 2014-2016 performance periods approved by the Compensation Committee at the beginning of 2014 were as follows:

Metric	Weighting
Net Income	80%
Return on Invested Capital	20%

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 the measurement period and the three-year performance period. The ultimate value of earned 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 earned performance-based cash is based on the Company s financial results.

For purposes of the performance-based stock units and the performance-based cash awards, the following table summarizes the threshold, target, and maximum performance goals for 2014 for the 2012-2014, 2013-2015, and the 2014-2016 performance periods, as compared to the performance results:

Performance Metric	Threshold Goal	Target Goal	Maximum Goal	Performance Result	Results as a Percent of Target
Net Income	$114,000,000	$186,000,000	$228,000,000	$160,174,000	86%
Return on Invested Capital	11%	15%	18%	13.6%	88%

Following is the calculation for net income:

Net Income	$ 213,578,000
Gain on Sale of Ownership Interest in Subsidiary, Net of Taxes	(55,704,000)
Loss of Net Income Due to Sale of Ownership Interest in Subsidiary	2,300,000
	$ 160,174,000

Return on invested capital is calculated by dividing operating profit from the Company s financial statements, less income tax and the tax impact of net interest expense, by an average of debt and equity. The average of debt and equity is calculated by taking the sum of the balance at the end of fiscal year 2013 and the balance at the end of each quarter in fiscal year 2014 and dividing by five.

16

Table of Contents

Following is the calculation of return on invested capital for 2014:

Numerator:	
Operating Profit	$ 300,458,000
Loss of Operating Profit Due to Sale of Ownership Interest in Subsidiary	5,900,000
Income Tax Expense	(111,697,000)
Income Tax Expense Related to Gain on Sale of Interest in Subsidiary	21,767,000
Income Tax Expense Related to Loss of Operating Profit Due to Sale of Ownership Interest in Subsidiary	(2,100,000)
Net Interest Tax Effect	(7,405,000)
	$ 206,923,000
Denominator:	
Average of Debt and Equity	$ 1,518,283,000
Corporate Return on Invested Capital	13.6%

Performance-Based Stock Units

For the 2014-2016 performance period, the Compensation Committee granted individual target award opportunities for performance-based stock units, a portion of which could be notionally earned in 2014.

Presented below are the target numbers of performance-based stock units for the 2014 measurement period (or tranche) of the 2012-2014, the 2013-2015, and the 2014-2016 performance periods.

	Target Performance-Based Stock Unit Award For 2014		
Officer	2012-2014 Long-Term Incentive Performance Period	2013-2015 Long-Term Incentive Performance Period	2014-2016 Long-Term Incentive Performance Period
Mr. Armes	22,901	17,032	20,695
Ms. Jones	0	0	0
Mr. Hughes	4,630	3,142	3,869
Ms. Harmon	3,926	2,391	2,736
Mr. Miller	3,926	2,523	2,915
Mr. Ostrander	4,054	2,769	3,409
Mr. Zamansky	3,680	2,246	2,588

Performance-Based Cash

For the 2014-2016 performance period, the Compensation Committee also granted individual target award opportunities for performance-based cash, a portion of which could be notionally earned in 2014.

Presented below are the target performance-based cash awards for the 2014 tranche of the 2012-2014, the 2013-2015, and the 2014-2016 performance periods:

	Target Performance-Based Cash Award For 2014		
Officer	2012-2014 Long-Term Incentive Performance Period	2013-2015 Long-Term Incentive Performance Period	2014-2016 Long-Term Incentive Performance Period
Mr. Armes	$357,823	$451,111	$495,834
Ms. Jones	$0	$0	$0
Mr. Hughes	$72,334	$83,233	$92,692
Ms. Harmon	$61,334	$63,333	$65,550
Mr. Miller	$61,334	$66,822	$69,828
Mr. Ostrander	$63,334	$73,333	$81,667
Mr. Zamansky	$57,500	$59,500	$62,000

17

Table of Contents

Amounts Notionally Earned for the 2014 Measurement Period

In 2014, there was an opportunity to notionally earn performance-based stock units and performance-based cash granted under the 2012-2014, the 2013-2015, and the 2014-2016 performance periods. Presented below are the performance-based stock units (PBUs) and the performance cash notionally earned for the 2014 measurement period.

	2014 Measurement Period					
	2012-2014 Performance Period		2013-2015 Performance Period		2014-2016 Performance Period	
Officer	PBUs	Performance Cash	PBUs	Performance Cash	PBUs	Performance Cash
Mr. Armes	18,825	$294,131	14,000	$370,813	17,011	$407,576
Ms. Jones	0	$0	0	$0	0	$0
Mr. Hughes	3,806	$59,459	2,583	$68,418	3,180	$76,193
Ms. Harmon	3,227	$50,417	1,965	$52,060	2,249	$53,882
Mr. Miller	3,227	$50,417	2,074	$54,928	2,396	$57,399
Mr. Ostrander	3,332	$52,061	2,276	$60,280	2,802	$67,130
Mr. Zamansky	3,025	$47,265	1,846	$48,909	2,127	$50,964

Amounts Earned for the 2012-2014 Performance Period

The table below summarizes the awards which were notionally earned in 2012 and 2014 for the now completed 2012-2014 performance period. These awards were paid in shares of common stock and cash in early 2015. There were no awards notionally earned by the named executive officers in 2013 under the 2012-2014 and the 2013-2015 plans.

	2012-2014 Performance Period							
	2012 Measurement Period		2013 Measurement Period		2014 Measurement Period		2012-2014 Total Earned	
	200% Achievement		0% Achievement		*82.2% Achievement*			
Officer	PBUs	Performance Cash	PBUs	Performance Cash	PBUs	Performance Cash	PBUs	Performance Cash
Mr. Armes	45,802	$ 715,646	0	$ 0	18,825	$ 294,131	64,627	$ 1,009,777
Ms. Jones	0	$ 0	0	$ 0	0	$ 0	0	$ 0
Mr. Hughes	9,260	$ 144,668	0	$ 0	3,806	$ 59,459	13,066	$ 204,127
Ms. Harmon	7,852	$ 122,668	0	$ 0	3,227	$ 50,417	11,079	$ 173,085
Mr. Miller	7,852	$ 122,668	0	$ 0	3,227	$ 50,417	11,079	$ 173,085
Mr. Ostrander	8,108	$ 126,668	0	$ 0	3,332	$ 52,061	11,440	$ 178,729
Mr. Zamansky	7,360	$ 115,000	0	$ 0	3,025	$ 47,265	10,385	$ 162,265

In accordance with the regulations established by the Securities and Exchange Commission for the Summary Compensation Table, the Stock Awards column shows only the performance stock unit tranches granted each calendar year, and the Non-Equity Incentive Plan Compensation column shows the cash amounts notionally earned in 2012 and 2014 for the now completed 2012-2014 performance period because these cash amounts became nonforfeitable and were fully earned after the end of 2014. Likewise, in the Grants of Plan-Based Awards Table, the Estimated Future Payouts Under Non-Equity Incentive Awards column shows the performance cash tranches for each calendar year.

Stock Options

The size of the stock option grants were determined with reference to the competitive benchmarking described on page 11, the historic and recent price for the Company s stock, as well as individual performance and other long-term considerations.

The stock options granted in 2014 vest in equal installments of one-third per year beginning one year after the date of grant and are presented in the 2014 Grants of Plan-Based Awards Table that follows the Summary Compensation Table. The option term is 10 years, after which, if not exercised, the option expires.

Table of Contents

Special Awards

Effective July 1, 2014, the Committee approved an award of 75,000 restricted stock units (RSUs) to Mr. Armes and an award of 15,000 RSUs each to Ms. Harmon and Messrs. Hughes, Miller, Ostrander, and Zamansky. As previously described, 2014 was a year of transition related to the terminated merger agreement with Apollo Tyres Ltd., the uncertainty of the CCT transaction, and new leadership responsibilities that were assumed as of July 1, 2014. These awards, which vest over a two-year period, were made to promote retention and an orderly transition of leadership and to quickly re-establish the equilibrium and focus needed to address the challenges and opportunities of 2014. The 15,000 RSUs granted to Mr. Ostrander were forfeited upon his resignation effective February 6, 2015.

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. The Company currently provides each participant with a stated matching contribution of 100% of the first 1% of pay contributed by the employee and 50% of the next 5% of pay contributed by the employee. In addition, the Company may make a discretionary contribution into the 401(k) Plan on behalf of all employees eligible to participate in the Spectrum Retirement Savings Plan, up to the limits determined annually by the Internal Revenue Service.

Pension Plan. Among the named executive officers, only Mr. Armes and Mr. Miller have an accrued benefit under the frozen cash balance plan. At retirement, a participant who is eligible for an immediate benefit under the cash balance plan may elect his benefit be paid in the form of an annuity or in a lump sum. A participant who terminates prior to eligibility to receive an immediate benefit under the plan will receive an annuity at the time of normal or early retirement unless, within one year of termination of employment, the participant elects a lump-sum payment.

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 401(k) benefits lost due to limits of the Internal Revenue Code, and 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 is restricted by limits under the Internal Revenue Code. Mr. Armes and Mr. Miller, both of whom have an accrued balance under the frozen cash balance plan, also have a balance in the Non-Qualified Supplementary Benefit Plan for the cash balance plan benefits that were lost due to the limits of the Internal Revenue Code. These balances are shown in the 2014 Pension Benefits Table on page 31.

The actuarial change from 2013 in our named executive officers pension benefit is presented in the 2014 Summary Compensation Table on page 24. Detailed information about these pension plans is also presented in the 2014 Pension Benefits Table and related disclosures on page 31.

Executive Deferred Compensation Plan

In order to provide executives an opportunity to defer earned salary or cash incentive awards, the Company offers a non-qualified deferred compensation plan. The plan allows selected senior management employees, including our named executive officers, to elect to defer receipt of up to 80% of their base salary and up to 100% of their annual incentive compensation each year (subject to an aggregate $10,000 minimum per year), until a date or dates chosen by the participant. We do not make matching or other employer contributions to the Executive Deferred Compensation Plan. Amounts deferred into this plan are credited to a notional account that is notionally invested in the same investment vehicles offered in the Company s 401(k) Plan and/or Cooper stock, at the participant s election. The plan does not provide any fixed, above-market earnings opportunity. Detailed information about this plan is presented in the 2014 Non-Qualified Deferred Compensation Table and related footnotes. This plan is compliant with and administered in accordance with the rules and regulations of Section 409A of the Internal Revenue Code, as are all other plans of the Company that have an element of deferred compensation.

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 presented in the All Other Compensation column of the 2014 Summary Compensation Table.

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:

Officer	Ownership Guideline	Targeted Achievement Date
Mr. Armes	5 x Base Salary	January 1, 2013
Ms. Jones	3 x Base Salary	December 3, 2019
Mr. Hughes	3 x Base Salary	November 18, 2014
Ms. Harmon	3 x Base Salary	December 16, 2014
Mr. Zamansky	3 x Base Salary	April 4, 2016

If any of our named executive officers did not (or do not) satisfy the stock ownership guidelines, in a timely manner, then 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, other than Ms. Jones, whose target achievement date is December 3, 2019, have met their respective ownership requirements.

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 over-stated 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.

Table of Contents

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 a 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

The financial reporting and income tax consequences of the compensation elements are considered by the Compensation Committee when it analyzes the design and level of compensation. The Compensation Committee balances its objective of ensuring effective and competitive compensation packages with the desire to maximize the tax deductibility of compensation.

Regulations issued under Section 162(m) of the Internal Revenue Code provide that compensation in excess of $1 million paid to the Chief Executive Officer and certain other named executive officers will not be deductible unless it meets specified criteria for being performance-based. The Compensation Committee generally designs and administers the executive incentive programs of the Company to qualify for the performance-based exemption. It also reserves the right to provide compensation that does not meet the exemption criteria if, in its sole discretion, it determines that doing so advances the business objectives of the Company.

In 2014, the Compensation Committee implemented a bonus pool approach to preserve the ability to deduct compensation paid under the AIP and the performance-based long-term incentive programs. The bonus pool approach establishes a maximum dollar amount and a maximum number of share units that can be paid to the Chief Executive Officer and certain other named executive officers. For 2014, the bonus pool formula was based on the greater of a percentage of Operating Profit or Net Cash Provided from Continuing Operations for the AIP and the greater of a percentage of Cumulative Operating Profit or Cumulative Net Cash Provided from Continuing Operations for performance-based stock units and performance-based cash under the long-term incentive programs. Within the limits of the pool, the Compensation Committee determines the amounts paid under the annual and long-term incentive plans, as described above.

Employment Agreement and Change in Control Plan

The Company has an employment agreement with Mr. Armes that specifies minimum pay levels and provides severance benefits in certain circumstances (both with and without a change in control). The terms of Mr. Armes employment agreement were negotiated in the light of market benchmark data provided in 2006 by Towers Watson, cost and other considerations, and were set to attract him to join the Company. The terms of the original agreement dated December 19, 2006, were amended and restated on December 22, 2008, to be in full compliance with Section 409A of the Internal Revenue Code. Mr. Armes base salary as of December 31, 2014, was $1,080,000.

As a tool to facilitate attraction and retention of key executive talent, the Company also has a change in control plan that covers each of the other named executives. Under this plan, benefits are received only in the event that an actual change in control and termination occurs, or 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 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 when, and if, 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 34 for more information regarding these arrangements.

Table of Contents

Compensation Plan for 2015

When setting executive compensation for 2015, the Compensation Committee took into account the results of the stockholder advisory vote on named executive officer compensation that occurred at the 2014 Annual Meeting of Stockholders. As a substantial majority (approximately 95%) of the votes cast approved the compensation program described in our 2014 proxy statement, the Compensation Committee applied the same general principles in determining the amounts and types of executive compensation for 2015 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 peer group and general market comparisons.

Annual cash incentive opportunity levels are benchmarked against competitive norms as measured against general industry data for similar executive positions. 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 2015 includes one-third performance-based stock units, one-third performance-based cash, and one-third RSUs. The replacement of stock options with RSUs in the 2015 plan is based upon a review of the award mix from the standpoint of motivation, retention, achieving stock ownership guidelines, and other factors. As with the stock options which were granted in 2014, the RSUs vest in equal installments of one-third per year beginning one year after grant. 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 2014 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 SEC and has concluded that Exequity is independent. In addition, the Compensation Committee has concluded that the work of Exequity in 2014 did not raise any conflicts of interest.

Table of Contents

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 2015 Annual Meeting, which is incorporated by reference in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2014, 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,

John F. Meier, Chairman

Richard L. Wambold

Robert D. Welding

Table of Contents

EXECUTIVE COMPENSATION

The following tables and narratives provide, for the fiscal year ended December 31, 2014, descriptions of the cash compensation paid by the Company, as well as certain other compensation awarded, paid or accrued, during 2014 to our named executive officers, including:

Mr. Roy V. Armes, Chairman, Chief Executive Officer, and President;

Ms. Ginger M. Jones, Vice President and Chief Financial Officer;

Mr. Bradley E. Hughes, Senior Vice President and Chief Operating Officer; and

Ms. Brenda S. Harmon, Senior Vice President and Chief Human Resources Officer; Mr. Harold C. Miller, Vice President and President International Tire Operations; Mr. Christopher E. Ostrander, Senior Vice President and President Americas Operations; and Mr. Stephen Zamansky, Senior Vice President, General Counsel and Secretary, who were our other most-highly compensated executive officers other than Messrs. Armes and Hughes and Ms. Jones who were employed by the Company as of December 31, 2014.

2014 SUMMARY COMPENSATION TABLE

The following table shows compensation information for 2012, 2013, and 2014 for our named executive officers.

Name and Principal Position(1)	Year	Salary	Bonus	Stock Awards(2)	Option Awards(3)	Non-Equity Incentive Plan Compensation(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(5)	All Other Compensation (6)	Total
Roy V. Armes	2014	$ 1,071,911		$ 3,689,147	$ 1,851,910	$ 2,302,674	$ 8,709	$ 201,089	$ 9,125,440
Chairman, Chief Executive	2013	$ 1,040,459		$ 1,389,298	$ 1,621,496	$ 1,454,720	$ 8,334	$ 320,282	$ 5,834,589
	2012	$ 1,002,213		$ 857,375	$ 1,575,950	$ 3,045,074	$ 7,975	$ 374,665	$ 6,863,252
Officer, and President									
Ginger M. Jones	2014	$ 32,538		$ 479,025	$ 0	$ 25,990	$ 0	$ 0	$ 537,553
Vice President and									

Chief Financial Officer								
Bradley E. Hughes	2014	$ 497,989	$ 726,218	$ 398,144	$ 550,618	$ 0	$ 72,164	$ 2,245,133
Senior Vice President and	2013	$ 470,700	$ 273,980	$ 347,077	$ 343,452	$ 0	$ 77,439	$ 1,512,648
	2012	$ 448,317	$ 175,094	$ 263,880	$ 798,120	$ 0	$ 114,144	$ 1,799,555
Chief Operating Officer								
Brenda S. Harmon	2014	$ 401,825	$ 664,210	$ 244,844	$ 396,786	$ 0	$ 56,895	$ 1,764,560
Senior Vice President and	2013	$ 389,663	$ 225,901	$ 227,662	$ 263,860	$ 0	$ 78,988	$ 1,186,074
	2012	$ 376,590	$ 148,922	$ 241,890	$ 559,601	$ 0	$ 86,051	$ 1,413,054
Chief Human Resources Officer								
Harold C. Miller	2014	$ 405,904	$ 691,661	$ 260,807	$ 419,013	$ 7,969	$ 51,493	$ 1,836,847
Vice President and	2013	$ 400,850	$ 228,164	$ 247,390	$ 218,907	$ 7,626	$ 79,986	$ 1,182,923
President International Tire Operations	2012	$ 382,317	$ 214,014	$ 263,880	$ 637,645	$ 7,298	$ 87,686	$ 1,592,840
Christopher E. Ostrander	2014	$ 441,238	$ 692,459	$ 305,017	$ 549,249	$ 0	$ 87,112	$ 2,075,075
	2013	$ 414,803	$ 243,597	$ 305,794	$ 318,994	$ 0	$ 87,907	$ 1,371,095
Senior Vice President and	2012	$ 394,317	$ 106,422	$ 263,880	$ 512,612	$ 0	$ 105,407	$ 1,382,638
President Americas Operations								
Stephen Zamansky	2014	$ 393,354	$ 651,295	$ 266,324	$ 381,393	$ 0	$ 46,922	$ 1,739,288
Senior Vice President, General Counsel and Secretary								

Table of Contents

(1) Ms. Jones joined the Company on December 3, 2014; Mr. Hughes served as Chief Financial Officer until December 3, 2014; Mr. Miller resigned as an officer on June 30, 2014 and retired on January 2, 2015; and Mr. Ostrander resigned as an officer on February 6, 2015.

(2) 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 are the aggregate grant date fair values computed in accordance with FASB ASC Topic 718. The assumptions made in the valuation are discussed in Note 15 to our Consolidated Financial Statements for the twelve months ended December 31, 2014. At maximum performance levels under the 2014 tranche of the 2012-2014 Long-Term Incentive Plan, the grant date value for each of the named executive officers was as follows: Mr. Armes, $1,097,416; Ms. Jones, $0; Mr. Hughes, $221,870; Ms. Harmon, $188,134; Mr. Miller, $188,134; Mr. Ostrander, $194,268; and Mr. Zamansky $176,346. At maximum performance levels under the 2014 tranche of the 2013-2015 Long-Term Incentive Plan, the grant date value for each of the named executive officers was as follows: Mr. Armes, $813,173; Ms. Jones, $0; Mr. Hughes, $150,565; Ms. Harmon, $114,577; Mr. Miller, $120,902; Mr. Ostrander, $132,690; and Mr. Zamansky, $107,628. At maximum performance levels under the 2014 tranche of the 2014-2016 Long-Term Incentive Plan, the grant date value for each of the named executive officers was as follows: Mr. Armes, $991,704; Ms. Jones, $0; Mr. Hughes, $185,402; Ms. Harmon, $131,109; Mr. Miller, $139,687; Mr. Ostrander, $163,359; and Mr. Zamansky, $124,017.

(3) The amounts shown do not reflect compensation actually received by the named executive officer. The amounts shown in this column are the aggregate grant date fair values computed in accordance with FASB ASC Topic 718. The assumptions made in the valuation are discussed in Note 15 to our Consolidated Financial Statements for the twelve months ended December 31, 2014.

(4) The amounts shown in this column for 2014 represent payouts in cash for performance under our annual cash incentive program and the performance-based cash notionally earned for the 2012 and 2014 tranches of the 2012-2014 long-term incentive plan. No performance-based cash was notionally earned for the 2013 tranche of the 2012-2014 long-term incentive plan. 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 9 for more information about our annual cash incentive program and the performance-based component of the long-term incentive program.

(5) These amounts represent aggregate changes in the actuarial present value of the named executive officer s accumulated benefit under our pension plans (including supplemental defined benefit plans). Only Mr. Armes and Mr. Miller participate in the pension plans; and none of the named executive officers received above-market earnings on deferred compensation balances from prior years.

(6) The amounts shown in this column for 2014 represent other compensation and perquisites, including company contributions to qualified and non-qualified defined contribution plans, executive physicals, 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 2015 for the 2014 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 2014 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
Roy V. Armes	$21,190	$151,075	$7,039	$6,785	$15,000	-	$201,089
Ginger M. Jones	-	-	-	-	-	-	-
Bradley E. Hughes	$21,190	$42,074	-	-	$8,900	-	$72,164
Brenda S. Harmon	$21,190	$27,311	-	-	$6,600	$1,794	$56,895
Harold C. Miller	$21,190	$23,594	-	-	$6,250	$459	$51,493
Christopher E. Ostrander	$21,190	$22,380	$25,008	$8,280	$8,195	$2,059	$87,112
Stephen Zamansky	$21,190	$25,732	-	-	-	-	$46,922

Table of Contents

2014 GRANTS OF PLAN-BASED AWARDS TABLE

The following table shows all plan-based awards granted to our named executive officers during 2014. The option awards and the unvested portion of the stock awards identified in this table are also reported in the Outstanding Equity Awards at 2014 Fiscal Year-End Table below. All awards were granted under our 2010 Incentive Compensation Plan. For a summary of the incentive plan designs, see Compensation and Discussion Analysis beginning on page 9.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards						
e(1)	Grant Date (b)	$ Threshold (2) (c)	$ Target (3) (d)	$ Maximum (4) (e)	# Threshold (5) (f)	# Target (6) (g)	# Maximum (7) (h)	All Other Stock Awards: Number of Shares of Stock or Units #	All Other Option Awards: # of Securities Underlying Options # (8) (i)	Exercise of Stock Option Awards ($/share) $ (9) (j)	Closing Price ($/share) $ (10) (k)
	2/20/2014	$ 0	$ 0	$ 0							
J1	2/20/2014				11,451	22,901	45,802		-	-	-
J2	2/20/2014				8,516	17,032	34,064		-	-	-
J3	2/20/2014				10,348	20,695	41,390		-	-	-
J4	2/20/2014	$ 178,912	$ 357,823	$ 715,646							
J5	2/20/2014	$ 225,556	$ 451,111	$ 902,222							
J6	2/20/2014	$ 247,917	$ 495,834	$ 991,668							
J	7/1/2014							75,000			
ions	2/20/2014								151,053	$ 23.960	$ 23.97
	2/20/2014	$ 0	$ 0	$ 0					-	-	-
J	12/3/2014							15,000	-	-	-
	2/20/2014	$ 0	$ 0	$ 0							
J1	2/20/2014				2,315	4,630	9,260		-	-	-
J2	2/20/2014				1,571	3,142	6,284		-	-	-
J3	2/20/2014				1,935	3,869	7,738		-	-	-
J4	2/20/2014	$ 36,167	$ 72,334	$ 144,668							
J5	2/20/2014	$ 41,617	$ 83,233	$ 166,466							
J6	2/20/2014	$ 46,346	$ 92,692	$ 185,384							
J	7/1/2014							15,000			
ions	2/20/2014								32,475	$ 23.960	$ 23.97
	2/20/2014	$ 0	$ 0	$ 0							
J1	2/20/2014				1,963	3,926	7,852		-	-	-

J2	2/20/2014				1,196	2,391	4,782		-	-	-
J3	2/20/2014				1,368	2,736	5,472		-	-	-
J4	2/20/2014	$ 30,667	$ 61,334	$ 122,668							
J5	2/20/2014	$ 31,667	$ 63,333	$ 126,666							
J6	2/20/2014	$ 32,775	$ 65,550	$ 131,100							
J	7/1/2014							15,000			
ions	2/20/2014								19,971	$ 23.960	$ 23.97
	2/20/2014	$ 0	$ 0	$ 0							
J1	2/20/2014				1,963	3,926	7,852		-	-	-
J2	2/20/2014				1,262	2,523	5,046		-	-	-
J3	2/20/2014				1,458	2,915	5,830		-	-	-
J4	2/20/2014	$ 30,667	$ 61,334	$ 122,668							
J5	2/20/2014	$ 33,411	$ 66,822	$ 133,644							
J6	2/20/2014	$ 34,914									