Cooper-Standard Holdings Inc.
Form 10-K
February 24, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark one)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 000-54305

COOPER-STANDARD HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware	20-1945088
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

39550 Orchard Hill Place Drive
Novi, Michigan 48375
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (248) 596-5900

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, par value $0.001 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes x No ¨

The aggregate market value of voting and non-voting common stock held by non-affiliates as of June 30, 2014 was $442,149,132.

The number of the registrant’s shares of common stock, $0.001 par value per share, outstanding as of February 17, 2015 was 17,042,030 shares.

Documents Incorporated by Reference

Certain portions, as expressly described in this report, of the Registrant’s Proxy Statement for the 2015 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

Item 1. Business

Cooper-Standard Holdings Inc. (together with its consolidated subsidiaries, the “Company,” “Cooper Standard,” “we,” “our” or “us”) is a leading manufacturer of sealing, fuel and brake delivery, fluid transfer and anti-vibration systems components, subsystems, and modules. Our products are primarily for use in passenger vehicles and light trucks that are manufactured by global automotive original equipment manufacturers (“OEMs”) and replacement markets. We conduct substantially all of our activities through our subsidiaries.

Cooper Standard is a New York Stock Exchange (“NYSE”) listed company under the ticker symbol “CPS”. The Company has approximately 27,000 employees with 97 facilities in 20 countries. We believe we are the largest global producer of sealing systems, the second largest global producer of the types of fuel and brake delivery products that we manufacture and one of the largest North American producers of fluid transfer and anti-vibration systems (2013 Booz & Co. market study). We design and manufacture our products in each major region of the world through a disciplined and sustained approach to engineering and operational excellence. We operate in 78 manufacturing locations and 19 design, engineering, and administrative locations.

Approximately 82% of our sales in 2014 were to OEMs, including Ford Motor Company (“Ford”), General Motors Company (“GM”), Fiat Chrysler Automobiles (“FCA”), PSA Peugeot Citroën, Volkswagen Group, Daimler, Renault-Nissan, BMW, Toyota, Volvo, Jaguar/Land Rover and Honda. The remaining 18% of our 2014 sales were primarily to Tier I and Tier II automotive suppliers and non-automotive manufacturers. In 2014, our products were found in 18 of the 20 top-selling models in North America and in 18 of the 20 top-selling models in Europe.

Additional information is available at our website at www.cooperstandard.com, which is not a part of this Annual Report on Form 10-K.

Corporate History and Business Developments

Cooper-Standard Holdings Inc. was established in 2004 as a Delaware corporation and began operating on December 23, 2004 when it acquired the automotive segment of Cooper Tire & Rubber Company (the “2004 Acquisition”). Cooper-Standard Holdings Inc. operates the business primarily through its principal operating subsidiary, Cooper-Standard Automotive Inc. (“CSA U.S.”). Since the 2004 Acquisition, the Company has expanded and diversified its customer base through a combination of organic growth and strategic acquisitions.

In 2006, the Company acquired fluid handling systems operations in North America, Europe and China (collectively, “FHS”) from ITT Industries, Inc. In 2007, we acquired certain Metzeler Automotive Profile Systems sealing systems operations in Europe (“MAPS”) together with a MAPS joint venture interest in China and India from Automotive Sealing Systems S.A. In addition to these transactions, we acquired a hose manufacturing operation in Mexico from the Gates Corporation and a fuel rail manufacturing operation in Mexico from Automotive Component Holdings, LLC, in 2005 and 2007, respectively.

In August 2009, following the onset of the financial crisis and economic downturn that severely impacted the global automotive industry, Cooper-Standard Holdings Inc. and its wholly-owned subsidiaries in the United States and Canada commenced reorganization proceedings in the United States (the “Chapter 11 proceedings”) and Canada. In May 2010, the Company consummated its reorganization pursuant to a court-confirmed plan of reorganization (the “Plan of Reorganization”) and emerged from the Chapter 11 proceedings and the Canadian proceedings.

In 2011, the Company acquired USi, Inc., a supplier of coatings for plastic injection molding products, from Ikyuo Co. Ltd. of Japan and we acquired the automotive sealing business of Sigit S.p.A. that we integrated with our operations in Italy and Poland. Also in 2011, we established a joint venture with Fonds de Modernisation des Equipementiers Automobiles (“FMEA”) that combined the Company’s body sealing operations in France with the operations of Société des Polymères Barre-Thomas (“SPBT”), a French supplier of automotive anti-vibration systems and low pressure hoses, as well as body sealing products. This joint venture gave the Company 51% ownership and FMEA 49% ownership. In December 2014, the Company acquired FMEA's 49% ownership.

In 2013, we acquired the Jyco Sealing Technologies business (“Jyco”) which supplies automotive sealing systems and components to the automotive industry from facilities in Canada, Mexico and China.

In October 2013, Cooper Standard's common stock was listed on the NYSE and began trading under the ticker symbol "CPS." Prior to the NYSE listing, the Company's common stock was traded on the Over-the-Counter ("OTC") Bulletin Board under the symbol "COSH."

In the third quarter of 2014, the Company divested its thermal and emissions product line to focus on the product lines where Cooper Standard holds leading market positions.
In furtherance of the Company's commitment to expand in the Asia Pacific region, in July 2014, the Company opened an Asia Pacific Technical Center in Shanghai, China.
In the third quarter of 2014, we announced an agreement to purchase an additional 47.5% of Huayu-Cooper Standard Sealing Systems Co. (subject to Chinese regulatory and other approvals). Upon completion, Cooper Standard will become the 95% equity owner of the largest Chinese automotive sealing manufacturer. This transaction positions the Company as a leader in sealing systems in the Chinese automotive market and better supports our customers on global platforms while capitalizing on growth opportunity with domestic Chinese automakers.
Also in the third quarter of 2014, we announced the formation of a joint venture with INOAC Corp. of Japan (subject to regulatory and other approvals). The INOAC joint venture accelerates our fluid transfer systems strategy and leverages each Company's technology strengths, OEM relationships, rubber and plastics knowledge plus established footprints. It provides Cooper Standard better access to Japanese OEMs and adds further support to global platforms.
In the fourth quarter of 2014, the Company acquired Cikautxo Borja, S.L.U. in Spain, a manufacturer of heating and cooling hoses. This directly aligns with the Company's growth strategy to expand its footprint in support of its customers.
The Company has four operating segments: North America, Europe, South America and Asia Pacific. This operating structure allows us to offer our full portfolio of products and support our regional and global customers with complete engineering and manufacturing expertise in all major regions of the world. We have implemented a number of operational restructuring and expansion initiatives this year and in recent years, primarily related to footprint optimization in Europe, to improve competitiveness.

Business Strategy

Cooper Standard has a well defined and broadly communicated corporate vision: to drive for profitable growth and become one of the thirty largest global automotive suppliers in terms of sales, and among the top 5% in terms of return on invested capital (Top 30 / Top 5). The Company’s strategic plan is geared to realize this vision by matching our priorities and strengths to the emerging global industry environment. To this end, we will continue to:

- Focus on four core product groups
- Produce superior products as a recognized technological leader
- Create an advantaged global manufacturing footprint to support customers
- Commonize and standardize world-class engineering and manufacturing operations

The Company's four core product lines are: Sealing Systems, Fuel and Brake Delivery Systems, Fluid Transfer Systems (including hose, transmission oil cooling and air conditioning lines) and Anti-Vibration Systems. By focusing resources and leveraging our leading positions in these product groups, we believe we will be able to realize additional growth potential, both in new business and technology innovation.

Operational and Strategic Initiatives

As part of its growth strategy, the Company implemented the Cooper Standard Operating System (“CSOS”) to fully position the Company for growth and ensure global consistency in engineering design, program management, manufacturing process, purchasing and IT systems. Standardization across all regions is especially critical in support of customers’ global platforms that require the same design, quality and delivery standards everywhere across the world.

The CSOS consists of the following areas, with a strategic focus that aligns with the Company's growth strategy:

CSOS Function	Strategic Focus
Global Purchasing	Develop an advantaged supply base to effectively leverage scale and optimize supplier quality.
Global Program Management	Ensure consistent and flawless product launch process across all regions.
IT Systems	Implement common systems to effectively communicate information throughout the business.
World-Class Safety	Implement globally consistent measurement system with zero incident goal.
Continuous Improvement	Implement lean manufacturing tools across all facilities to achieve cost savings and increased performance.
Innovation Management	Focus innovation processes to create breakthrough technologies for market differentiation.
World-Class Operations	Optimize global performance by implementing best business practices across the organization.

Leverage Technology for Innovative Solutions

We utilize our technical expertise to provide customers with innovative solutions. Our engineers combine product design with a broad understanding of material characteristics for enhanced vehicle performance. We believe our reputation for successful innovation in product design and materials is the reason our customers consult us early in their vehicle development and design process of their next generation vehicles.

Cooper Standard has evolved and further energized its approach to innovation with its Imagine, Initiate, Innovate (‘i^3’) process. This approach is used as a mechanism to capture ideas from across our Company and supply partners while promoting a culture of innovation.

Ideas are carefully evaluated by a Global Technology Council and those that are selected are put on an accelerated development cycle with a dedicated innovation team focused on breakthrough ideas. This team of creative scientists is developing game-changing technologies based on materials expertise, process know-how, and application vision, which will drive future product direction. Among recently announced technologies is ArmorHose™, a remarkable technology which results in significantly more durable coolant hoses, and eliminates the need for separate abrasion sleeves on under-hood hose assemblies. Several other significant technologies, especially related to advanced materials and processing, are nearing release as well.

Continued emphasis on global platforms

We believe global platforms will drive growth for capable global suppliers. Our global presence and technological capabilities makes us one of the select few manufacturers in our product areas who can take advantage of the many business opportunities that are becoming available worldwide as a result of the OEMs expanding emphasis on global platforms. Ten of the top twenty vehicles on which we had the most sales in 2014 were based on global platforms, which is evidence that customers look to us for support on their key global platforms. It is predicted that the top ten global platforms produced by automakers will account for about 30% of the world's light vehicle volume by 2020, further highlighting the importance of being well positioned to participate in these high volume global programs.

Pursue acquisitions and alliances to enhance capabilities and accelerate growth

We intend to continue to selectively pursue complementary acquisitions and joint ventures to enhance our customer base, geographic penetration, scale and technology. Consolidation is an industry trend and is encouraged by the OEMs desire for global automotive suppliers. We believe we have a strong platform for growth through acquisitions based on our past integration successes, experienced management team, global presence and operational excellence. We currently operate through several successful joint ventures.

Overview of Our Business

Markets Served

The passenger car and light truck market, better known as the light vehicle market, is our largest market accounting for approximately 95% of our global sales. The focus of this market is on passenger cars and light trucks up to and including Class 3 Full Size Frame trucks.

In addition to the global team focused on the light vehicle market, we also established dedicated sales and engineering teams in North America and Europe to leverage core product technology into adjacent markets to profitably grow Cooper Standard while generating positive cash flow. The adjacent markets are tightly defined as: commercial vehicle (on-highway), commercial vehicle (off-highway), specialty markets and technical rubber.

Products

We have four distinct product groups. These products are produced and supplied globally to a broad range of customers in multiple markets. The percentage of sales by product for the years 2012, 2013 and 2014 are as follows:

	Percentage of Sales		
Product Line	2012	2013	2014
Sealing systems	49%	51%	52%
Fuel and brake delivery systems	22%	23%	20%
Fluid transfer systems	14%	13%	14%
Anti-vibration systems	10%	9%	8%

Product Groups			Market Position*
SEALING SYSTEMS	Protect vehicle interiors from weather, dust and noise intrusion for improved driving experience; provide aesthetic and functional class-A exterior surface treatment Products: – Dynamic seals – Static seals – Encapsulated glass – Specialty sealing products – Stainless steel trim	–Polycarbonate hardcoat trim –Flush glass systems –Variable extrusion –Agrifiber seals –Film on thermoplastic vulcanizate and polypropylene seals	Global leader
FUEL & BRAKE DELIVERY SYSTEMS	Sense, deliver and control fluids to fuel and brake systems Products: – Chassis and tank fuel lines and bundles (fuel lines, vapor lines and bundles) – Metallic brake lines and bundles	–Direct injection & port fuel rails (fuel rails and fuel charging assemblies) –Quick connects	Top 2 globally
FLUID TRANSFER SYSTEMS	Sense, deliver and control fluid and vapors for optimal powertrain & HVAC operation Products: – Heater/coolant hoses – Quick connects – DPF emission lines – Degas tanks – Air intake and charge	–Turbo charger hoses –Secondary air hoses –Brake and clutch hoses –Powertrain lines	North America Leader
ANTI-VIBRATION SYSTEMS	Control and isolate noise and vibration in the vehicle to improve ride and handling Products: – Powertrain mount systems (elastomeric, conventional hydraulic & multi-state for engine and transmission applications) – Chassis and suspension mount systems (conventional & hydraulic bushings, strut mounts, spring seats, bumpers, mass dampers,	–Body and frame mount systems (conventional & hydraulic bushings, bumpers, bushings)	North America Leader

dual durometer (bi-compound)
bushings)

* Market position study conducted by Booz & Co. 2013

Supplies and Raw Materials

The principal raw materials for our business include EPDM and synthetic rubber, components manufactured from carbon steel, plastic resins and components, carbon black, process oils, components manufactured from aluminum and natural rubber. Raw material prices have fluctuated greatly in recent years. We have implemented strategies with both our suppliers and our customers to help manage fluctuations in raw material prices. These actions include material substitutions and leveraging global purchases. Global supply chain optimization includes using benchmarks and selective sourcing from low cost regions. We have also made process improvements to ensure the efficient use of materials through scrap reduction, as well as standardization of material specifications to maximize leverage over higher volume purchases. With some customers, on certain raw materials, we have implemented indexes that allow price changes as underlying material costs fluctuate.

Patents and Trademarks

We believe that one of our key competitive advantages is our ability to translate customer need into innovative solutions, through the development of key intellectual property. We hold hundreds of patents and trademarks worldwide, and have a formalized system to recognize employees who earn patents from their respective countries. Valuable trademarks, including ArmorHose™, Ultra Pro Coat™, and Fortrex™, we believe help differentiate the Company and lead customers to seek our partnership. Our patents are grouped into two major categories: (1) specific product invention claims and (2) specific manufacturing processes that are used for producing products. The vast majority of our patents fall within the products category. We consider these patents to be of value and seek to protect our rights throughout the world against infringement. While in the aggregate these patents are important to our business, we do not believe that the loss or termination of any one patent would materially affect our Company. We continue to seek patent protection for our new products. Additionally, we develop significant technologies that we treat as trade secrets and choose not to disclose to the public through the patent process, but which nonetheless provide significant competitive advantages and contribute to our global leadership position in various markets.

We also have technology sharing and licensing agreements with various third parties, including Nishikawa Rubber Company, one of our joint venture partners in sealing products. We have mutual agreements with Nishikawa Rubber Company for sales, marketing and engineering services on certain sealing products. Under those agreements, each party pays for services provided by the other and royalties on certain products for which the other party provides design or development services.

Seasonality

Historically, sales to automotive customers are lowest during the months prior to model changeovers and during assembly plant shutdowns. However, economic conditions and consumer demand may change the traditional seasonality of the industry and lower production may prevail without the impact of seasonality. Historically, model changeover periods have typically resulted in lower sales volumes during July, August and December. During these periods of lower sales volumes, profit performance is reduced but working capital often improves due to the continued collection of accounts receivable.

Competition

We believe that the principal competitive factors in our industry are price, quality, service, performance, design and engineering capabilities, innovation, timely delivery, financial stability and global footprint. We believe that our capabilities in these core competencies are integral to our position as a market leader in each of our product lines. Our sealing systems products compete with Toyoda Gosei, Hutchinson, Henniges and Standard Profil, among others. Our fuel and brake delivery products compete with TI Automotive, Sanoh, Martinrea and Usui. Our fluid transfer products compete with Conti-Tech, Hutchinson, Tristone and Hwaseung R&A. Our anti-vibration systems compete with Trelleborg/Vibracoustic, Hutchinson, Tokai Rubber, Dong AH and Topou.

Industry

The automotive industry is one of the world’s largest and most competitive. Consumer demand for new vehicles largely determines sales and production volumes of global OEMs.

The automotive supplier industry is generally characterized by high barriers to entry, significant start-up costs and long-standing customer relationships. The criteria by which OEMs judge automotive suppliers include price, quality, service, performance, design and engineering capabilities, innovation, timely delivery and financial stability. Over the

last decade, suppliers that have been able to achieve manufacturing scale, reduce structural costs, diversify their customer base and establish a global manufacturing footprint have been successful.

Customers

We are a leading supplier to the following manufacturers and are increasing our presence with all major OEMs throughout the world. The following table shows the approximate percentage of sales to our top customers for the years ended December 31, 2013 and 2014:

Customer	2013	2014
Ford	25%	24%
GM	12%	16%
FCA	12%	13%
PSA Peugeot Citroën	7%	6%
Volkswagen Group	6%	5%

Our other major customers include OEMs such as Renault-Nissan, Daimler, BMW, Toyota and various Indian and Chinese OEMs. Our business with any given customer is typically split among several contracts for different parts on a number of platforms.

Backlog

Our OEM sales are generally based upon purchase orders issued by the OEMs, with updated releases for volume adjustments, and as such we do not have a backlog of orders at any point in time. Once selected to supply products for a particular platform, we typically supply those products for the platform life, which is normally three to five years, although there is no guarantee that this will occur. In addition, when we are the incumbent supplier to a given platform, we believe we have a competitive advantage in winning the redesign or replacement platform.

Research and Development

We operate 19 design, engineering, and administration facilities throughout the world with a concentration of technical / engineering resources in each global region, some of whom are located at our customers' facilities. We utilize Design for Six Sigma and other methodologies that emphasize manufacturability and quality. Our development teams work closely with our customers to design and deliver innovative solutions. We continue to add technical resources throughout the world as required to support our customers. In 2014, we established a new technical center in Shanghai, China to service this important growth market. We spent $94.2 million, $103.5 million, and $102.3 million in 2012, 2013, and 2014, respectively, on engineering, research and development.

Joint Ventures and Strategic Alliances

Joint ventures represent an important part of our business, both operationally and strategically. We have utilized joint ventures to enter into new geographic markets such as China, Korea, India and Thailand, to acquire new customers and to develop new technologies. In entering new geographic markets, teaming with a local partner can reduce capital investment by leveraging pre-existing infrastructure. In addition, local partners in these markets can provide knowledge and insight into local practices and access to local suppliers of raw materials and components.

The following table shows our significant unconsolidated joint ventures:

Country	Name	Ownership Percentage
China	Huayu-Cooper Standard Sealing Systems Co. Ltd.	47.5%
India	Sujan Barre Thomas AVS Private Limited	50%
Thailand	Nishikawa Tachaplalert Cooper Ltd.	20%
United States	Nishikawa Cooper LLC	40%

Geographic Information

See Note 19. “Business Segments” to the consolidated financial statements for geographic information.

Employees
As of December 31, 2014, we had approximately 27,000 full-time and temporary employees. We maintain good relations with both our union and non-union employees and, in the past ten years, have not experienced any major work stoppages. We renegotiated some of our domestic and non-domestic union agreements in 2014 and have several contracts set to expire in the next twelve months. As of December 31, 2014, approximately 31% of our employees were represented by unions and approximately 7% of the unionized employees were located in the United States.
Environmental
We are subject to a broad range of federal, state, and local environmental and occupational safety and health laws and regulations in the United States and other countries, including regulations governing: emissions to air, discharges to water, noise and odor emissions; the generation, handling, storage, transportation, treatment, reclamation and disposal of chemicals and waste materials; the cleanup of contaminated properties; and human health and safety. We have made and will continue to make expenditures to comply with environmental requirements. While our costs to defend and settle known claims arising under environmental laws are not currently estimated to be material, such costs may be material in the future.
Market Data
Some market data and other statistical information used throughout this Annual Report on Form 10-K is based on data available from independent firms IHS Automotive and Booz & Co. Other data is based on good faith estimates, which are derived from our review of internal surveys, as well as third party sources. Although we believe these third party sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness. To the extent that we have been unable to obtain information from third party sources, we have expressed our belief on the basis of our own internal analyses of our products and capabilities in comparison to our competitors.
Available Information
We make available free of charge on or through our website (www.cooperstandard.com) our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission (“SEC”).
Executive Officers
Set forth below is certain information with respect to the current executive officers of the Company.

Name	Age	Position
Jeffrey S. Edwards	52	Chairman and Chief Executive Officer
Allen J. Campbell	57	Executive Vice President and Chief Financial Officer
Keith D. Stephenson	54	Executive Vice President and Chief Operating Officer
Matthew W. Hardt	47	Executive Vice President
Juan Fernando de Miguel Posada	57	Corporate Senior Vice President and President, Europe
Song Min Lee	55	Corporate Senior Vice President and President, Asia Pacific
D. William Pumphrey, Jr.	56	Corporate Senior Vice President and President, North America
Aleksandra A. Miziolek	58	Senior Vice President, General Counsel and Secretary
Larry E. Ott	55	Senior Vice President and Chief Human Resources Officer
Helen T. Yantz	54	Senior Vice President, Chief Accounting Officer and Assistant Secretary

Jeffrey S. Edwards is our Chairman and Chief Executive Officer, a position he has held since May 2013, previously serving as Chief Executive Officer and member of the Board of Directors of the Company since October 2012. Prior to joining the Company, Mr. Edwards gained more than 28 years of automotive industry experience through various positions of increasing responsibility at Johnson Controls, Inc. He led the Automotive Experience Asia Group, serving as Corporate Vice President, Group Vice President and General Manager from 2004 to 2012. Prior to this, he served as Group Vice President and General Manager for Automotive Experience North America from 2002 to 2004.
Mr. Edwards completed an executive training program at INSEAD and earned a BS from Clarion University. Mr.

Edwards is a member of the Executive Committee of the National Association of Manufacturers and a member of Board of Directors since April 2013. He has also served on the Board of Directors of Standex International Corp. since October 2014.

Allen J. Campbell is our Executive Vice President and Chief Financial Officer, a position he has held since March 2011, previously having served as Vice President and Chief Financial Officer since the 2004 Acquisition. Mr. Campbell was appointed Executive Vice President and Chief Infrastructure Officer with concentration in the Asia Pacific region effective as of March 2, 2015. He was Vice President, Asian Operations of the Cooper Standard Automotive division of Cooper Tire & Rubber Company from 2003 until the 2004 Acquisition and served as Vice President, Finance of the division from 1999 to 2003. Prior to joining Cooper Tire, Mr. Campbell was with The Dow Chemical Company for 18 years and held executive finance positions for both U.S. and Canadian operations. Mr. Campbell is a certified public accountant and received his MBA in Finance from Xavier University and a Bachelor of Arts from Ball State University.

Keith D. Stephenson is our Executive Vice President and Chief Operating Officer, a position he has held since January 2014, previously serving as Chief Operating Officer since December 2010. He served as President, International from March 2009 to December 2010. He served as President, Global Body & Chassis Systems from June 2007 to March 2009. Mr. Stephenson was Chief Development Officer at Boler Company from January 2004 until October 2006. From 1985 to January 2004, he held various senior positions at Hendrickson, a division of Boler Company, including President of International Operations, Senior Vice President of Global Business Operations and President of the Truck Systems Group.

Matthew W. Hardt is our Executive Vice President, a position he has held since February 2015. Mr. Hardt was appointed Executive Vice President and Chief Financial Officer effective as of March 2, 2015. Prior to joining the Company, Mr. Hardt served as Senior Vice President, Finance, Industrial Solutions from 2012 to 2014 and Consumer and Industrial Solutions from 2010 to 2012 at TE Connectivity LTD (previously Tyco Electronics). Mr. Hardt served as Vice President, Finance for TE Connectivity LTD's Specialty Products Group from 2009 to 2010. He previously served in multiple finance and audit roles of increasing responsibility at General Electric Co., including Chief Financial Officer for a number of the company's global divisions. Mr. Hardt earned a Bachelor of Science degree in finance from Siena College in Albany, New York.

Juan Fernando de Miguel Posada is our Corporate Senior Vice President and President, Europe, a position he has held since January 2014, previously serving as President, Europe since March 2013. Mr. de Miguel served as western European Chief Executive Officer of Avincis Emergency Services from September 2012 until joining the Company. From May 2011 to September 2012, he served as Consulting President for Europe for Argo Consulting. Mr. de Miguel served as managing director of the Paper Division of SAICA in Spain from 2009 to 2011. From 2007 to 2009, he served as President of the Protective Packaging division of Pregis in Belgium. Mr. de Miguel served as Senior Vice President of Northern Europe for Alstom Transport in France from 2006 to 2007. Previously, Mr. de Miguel held numerous senior level positions at Johnson Controls, Inc., beginning in 1988, ultimately serving as Group Vice President and General Manager, Electronics, Europe and International. Mr. de Miguel received an electrical engineering degree and a Master's Degree in industrial engineering from Universidad Politecnica de Barcelona, as well as an Executive Master's degree in Business Administration from the IESE Business School – University of Navarra in Spain.

Song Min Lee is our Corporate Senior Vice President and President, Asia Pacific, a position he has held since January 2014, previously serving as President, Asia Pacific since January 2013. Prior to joining the Company, Mr. Lee served as Vice President and General Manager of Johnson Controls, Inc. from 2007 to 2012. From 2006 to 2007, Mr. Lee served as Vice President and President, Korea, for Autoliv, Inc. Mr. Lee served as Plant Manager for Lear Corporation from 2004 to 2006 and held various engineering positions at Ford Motor Company from 1994 to 2004. Mr. Lee completed the Advanced Management Program at Seoul National University. Mr. Lee also earned a Masters of Science in Management Technology from Rensselaer Polytechnic Institute and a Bachelor of Science in Chemistry from Washburn University.

D. William Pumphrey, Jr. is our Corporate Senior Vice President and President, North America, a position he has held since January 2014, previously serving as President, North America since August 2011. Mr. Pumphrey served as President, Americas for Tower Automotive from 2008 through August 2011. From 2005 to 2008, he served as President of Tower's North America operations. From 1999 to 2004, Mr. Pumphrey held various positions at Lear Corporation in Southfield, Michigan, ultimately serving as President of the company's Asia Pacific

operations. Mr. Pumphrey earned an MBA from the University of Michigan and a Bachelor of Arts from Kenyon College.

Aleksandra A. Miziolek is our Senior Vice President, General Counsel and Secretary, a position she has held since February 2014. Previously, Ms. Miziolek was the Director of the Automotive Industry Group of Dykema Gossett, PLLC, a national law firm, from 2010. From 2003 to 2010, Ms. Miziolek served on Dykema’s Executive Board and as the Director of its Business Services Department. She joined Dykema in 1982 after serving as a law clerk for a Federal Court Judge in the Eastern District of Michigan, Southern Division. Ms. Miziolek received her JD from Wayne State University Law School.

Larry E. Ott is our Senior Vice President and Chief Human Resources Officer, a position he has held since January 2014, previously serving as Vice President, Global Human Resources since August 2013. Prior to joining the Company, Mr. Ott served as Senior Vice President, Human Resources for Meritor, Inc. from 2010 until 2013. Prior to this, he held a similar position at Ally Financial Inc. from 2006 until July 2010. Mr. Ott spent 20 years at General Motors in a variety of progressive human resources functions. Mr. Ott earned an MBA with a concentration in Organizational Behavior and Industrial Relations from the University of Michigan in Ann Arbor and a Bachelor of Science degree in Business Administration and English from the University of Wisconsin at Stevens Point.

Helen T. Yantz is our Senior Vice President, Chief Accounting Officer and Assistant Secretary, a position she has held since January 2014, previously serving as the Vice President, Corporate Controller and Assistant Secretary, a position she has held since January 2005. Previously, Ms. Yantz held the position of Director of Accounting and Assistant Vice President from 2001 to 2005. Prior to joining the Company, Ms. Yantz was Manager of Financial Reporting at Trinity Health Systems from 2000 to 2001. Previously, Ms. Yantz held various positions in finance at CMS Generations Co., a subsidiary of CMS Energy, from 1990 to 2000, ultimately serving as the Director of Accounting. Ms. Yantz is a certified public accountant and has a BS from Arizona State University.

Forward-Looking Statements

This Annual Report on Form 10-K includes “forward-looking statements” within the meaning of U.S. federal securities laws, and we intend that such forward-looking statements be subject to the safe harbor created thereby. We make forward-looking statements in this Annual Report on Form 10-K and may make such statements in future filings with the SEC. We may also make forward-looking statements in our press releases or other public or stockholder communications. These forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, business trends, and other information that is not historical information and, in particular, appear under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Risk Factors” and “Business.” When used in this report, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “belie “forecasts,” or future or conditional verbs, such as “will,” “should,” “could,” or “may,” and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management’s examination of historical operating trends and data are based upon our current expectations and various assumptions. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, no assurances can be made that these expectations, beliefs and projections will be achieved. Forward-looking statements are not guarantees of future performance and are subject to significant risks and uncertainties that may cause actual results or achievements to be materially different from the future results or achievements expressed or implied by the forward-looking statements.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this Annual Report on Form 10-K. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this report are set forth in this Annual Report on Form 10-K, including under Item 1A. “Risk Factors.”

There may be other factors beyond the factors listed above and those set forth in this Annual Report on Form 10-K, including under Item 1A. “Risk Factors,” that may cause our actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this Annual Report on Form 10-K and other reports we file with the SEC, and are expressly qualified in their entirety by the cautionary statements included herein and therein. We undertake no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

Item 1A. Risk Factors

Our business and financial condition can be impacted by a number of factors, including the risks described below and elsewhere in this Annual Report on Form 10-K. Any of these risks could cause our actual results to vary materially from recent or anticipated results and could materially and adversely affect our business, results of operations and financial condition.

We are highly dependent on the automotive industry. A prolonged or material contraction in automotive sales and production volumes could materially adversely affect our liquidity, the viability of our supply base and the financial conditions of our customers and could have a material adverse effect on our business, results of operations and financial condition.

Automotive sales and production are cyclical and depend, among other things, on general economic conditions and consumer spending, vehicle demand and preferences (which can be affected by a number of factors, including fuel costs, employment levels and the availability of consumer financing). As the volume of automotive production fluctuates, the demand for our products also fluctuates. Prolonged or material contraction in automotive sales and production volume could have a material adverse effect on our results of operations and liquidity.

Our supply base has also been adversely affected by the industry environment. Volatile global automotive production, turmoil in the credit markets and volatility in raw material, energy and commodity costs have resulted in financial distress within our supply base and an increase in the risk of supply disruption. If a significant supplier’s viability was to become impaired, it could impact the supplier’s ability to perform as we expect and consequently our ability to meet our own commitments. While we have developed and implemented strategies to mitigate the negative effects of these factors, these strategies may offset only a portion of the adverse impact.

In addition, our liquidity could be adversely impacted if our customers were to extend their normal payment terms, whether or not permitted under our contracts. Likewise, if our suppliers were to reduce normal trade credit terms, our liquidity could be adversely impacted. If either of these situations occurs, we may need to rely on other sources of funding to bridge the additional gap between the time we pay our suppliers and the time we receive corresponding payments from our customers.

Our business could be materially adversely affected if we lost any of our largest customers or significant platforms.

While we provide parts to virtually every major global OEM for use on a multitude of different platforms, sales to our three largest customers, Ford, GM and FCA, on a worldwide basis represented approximately 53% of our sales for the year ended December 31, 2014. Although business with each customer is typically split among numerous contracts, loss of a major customer, significant reduction in purchases of our products by such customer, or any discontinuance or resourcing of a significant platform (whether as a result of a decline in such customer’s market share due to increased competition from successful vertical integration by other OEMs or otherwise) could have a materially adverse effect on our business, results of operations and financial condition.

Our capital structure includes a substantial amount of indebtedness, that imposes demands on our liquidity that could have a material adverse effect on our financial condition or on our ability to obtain financing in the future.

We have a substantial amount of debt as of December 31, 2014, including our $750 million Term Loan (the "Term Loan Facility"), our $180 million senior asset-based revolving credit facility ("Senior ABL Facility") and the debt of certain foreign subsidiaries, aggregating approximately $785.9 million outstanding, that requires significant principal and interest payments. We are permitted by the terms of the Term Loan Facility and our Senior ABL Facility to incur substantial additional indebtedness, subject to the restrictions therein, which could:

- make it more difficult for us to satisfy our obligations under the Term Loan Facility and the Senior ABL facility;
- increase our vulnerability to adverse economic and general industry conditions, including interest rate fluctuations, since the majority of our borrowings are at variable rates of interest; and
- increase our cost of borrowing.

We may not be able to generate sufficient cash to service all of our indebtedness.

Our ability to make scheduled payments on our debt or to refinance these obligations depends on our financial condition and operating performance. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, sell material assets, seek additional capital or restructure or refinance our indebtedness, which could have a material adverse effect on our

business, results of operations and financial condition.

The loan agreement governing the Term Loan Facility and the credit agreement governing our Senior ABL Facility impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities.

The loan agreement governing the Term Loan Facility and the credit agreement governing our Senior ABL Facility impose significant operating and financial restrictions on us. These restrictions limit our ability, among other things, to:

- incur additional indebtedness or issue certain disqualified stock and preferred stock;
- pay dividends or certain other distributions on our capital stock or repurchase our capital stock;
- make certain investments or other restricted payments;
- place restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us;
- engage in transactions with affiliates;
- sell certain assets or merge with or into other companies;
- guarantee indebtedness; and
- create liens.

The full $750 million aggregate principal amount of the Term Loans under the Term Loan Facility was borrowed on the closing date, April 4, 2014, in connection with the use of such proceeds to refinance in full the existing 8.50% Senior Notes due 2018 of Cooper-Standard Automotive Inc. and the 7.375% Senior PIK Toggle Notes due 2018 of Cooper-Standard Holdings Inc., and pay related fees and expenses. Under our Senior ABL Facility there are limitations on our ability to incur the full $180 million of commitments. Borrowings under our Senior ABL Facility are limited by a specified borrowing base consisting of a percentage of eligible accounts receivable and eligible inventory, less customary reserves imposed by the agent under our Senior ABL Facility. In addition, under our Senior ABL Facility, a monthly fixed charge maintenance covenant would become applicable if excess availability under our Senior ABL Facility is at any time less than a specified percentage (or amount) of the total revolving loan commitments. If the covenant trigger were to occur, Cooper-Standard Holdings Inc. would be required to satisfy and maintain, on a consolidated basis, on the last day of each month a fixed charge coverage ratio of at least 1.0 to 1.0. Our ability to meet the required fixed charge coverage ratio can be affected by events beyond our control, and we cannot assure that we will meet this ratio. A breach of any of these covenants could result in a default under our Senior ABL Facility and under the Term Loan Facility credit agreement.

Moreover, our Senior ABL Facility provides the agent considerable discretion to impose reserves, which could materially reduce the amount of borrowings that would otherwise be available to us. Also, when (and for as long as) the availability under our Senior ABL Facility is less than a specified amount for a certain period of time, the agent under our Senior ABL Facility would exercise cash dominion.

As a result of these covenants and restrictions (including borrowing base availability), we are limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities or acquisitions. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders under the Senior ABL Facility and our Term Loan Facility and/or amend the covenants in such agreements.

Our pension plans are currently underfunded and we may have to make cash payments to the plans, reducing the cash available for our business.

We sponsor various pension plans worldwide that are underfunded and will require cash payments. Additionally, if the performance of the assets in our pension plans does not meet our expectations, or if other actuarial assumptions are modified, our required contributions may be higher than we expect. If our cash flow from operations is insufficient to fund our worldwide pension liabilities, we may be forced to reduce or delay capital expenditures, seek additional capital or seek to restructure or refinance our indebtedness or sell assets.

As of December 31, 2014, our $322.3 million projected benefit obligation (“PBO”), for U.S. pension benefit obligations exceeded the fair value of the relevant plans’ assets, which totaled $268.9 million, by $53.5 million. Additionally, the international employees’ plans’ PBO exceeded plan assets by approximately $136.1 million as of December 31, 2014.

The PBO for other postretirement benefits ("OPEB"), was $57.2 million as of December 31, 2014. Our estimated funding requirement for pensions and OPEB during 2015 is approximately $10.8 million. Net periodic benefit costs for U.S. and international plans, including pension benefits and OPEB, were $9.7 million and $8.0 million for the years ended December 31, 2013 and 2014, respectively. See Note 8. "Pensions," and Note 9. "Postretirement Benefits Other Than Pensions," to the consolidated financial statements for additional information.

Unstable costs for, or reduced availability of, manufactured components and raw materials may adversely affect our profitability.

The principal raw materials we purchase include EPDM and synthetic rubber, components manufactured from carbon steel, plastic resins and components, carbon black, process oils, components manufactured from aluminum and natural rubber. Raw materials comprise the largest component of our costs, representing approximately 49% of our total cost of products sold in 2014. A significant increase in the price of these items could materially increase our operating costs and materially and adversely affect our profit margins because it is generally difficult to pass through these increased costs to our customers. Raw material costs remain volatile and could have an adverse impact on our profitability in the foreseeable future.

We consider the production capacities and financial condition of suppliers in our selection process and expect that they will meet our delivery requirements. However, there can be no assurance that strong demand, capacity limitations, shortages of raw materials or other problems will not result in any shortages or delays in the supply of components to us.

Some of our raw materials and other supplies used in our operations are not normally available from a variety of suppliers, therefore leaving our business vulnerable to increasing costs. In addition, our need to maintain a continuing supply of raw materials and components has made it difficult, in some cases, to resist price increases and surcharges imposed by our suppliers.

If any of our customers experience a material supply shortage, either directly or as a result of a supply shortage at another supplier, that customer may halt or limit the purchase of our products. Similarly, if we or one of our own suppliers experience a supply shortage, we may become unable to produce the affected products if we cannot procure the components from another source. Such production interruptions could impede a ramp-up in vehicle production and could have a material adverse effect on our business, results of operations and financial condition.

Escalating pricing pressures and decline of volume requirements from our customers may adversely affect our business.

Pricing pressure in the automotive supply industry has been substantial and is likely to continue. Virtually all vehicle manufacturers seek price reductions in both the initial bidding process and during the term of the contract. Price reductions have adversely impacted our sales and profit margins and are expected to do so in the future. If we are not able to offset continued price reductions through improved operating efficiencies and reduced expenditures, those price reductions may have a material adverse effect on our results of operations. Our agreements with our customers are generally requirements contracts and a decline in volume for our customers could adversely impact our revenues and profitability.

We may be at risk of not being able to meet significant increases in demand.

If demand increases significantly, we may have difficulty meeting such demand, particularly if such increase in demand occurs rapidly. This difficulty may include not having sufficient manpower or relying on suppliers who may not be able to respond quickly to a changed environment when demand significantly increases. Our inability to meet significant increases in demand could require us to delay delivery dates and could result in customers canceling their orders, requesting discounts or ceasing to do business with us. In addition, as demand and volumes increase, we will need to purchase more inventory, which will increase our working capital needs. If our working capital needs exceed our cash flows from operations, we will be required to use our cash balances and available borrowings, as well as potential sources of additional capital, which may not be available on satisfactory terms and in adequate amounts, if at all, to satisfy those needs.

We could be materially adversely affected if we are unable to continue to compete successfully in the highly competitive automotive parts industry.

The automotive parts industry is highly competitive. We face numerous competitors in each of the product lines we serve. In general, there are three or more significant competitors and numerous smaller competitors for most of the products we offer. We also face increased competition for certain of our products from suppliers producing in lower-cost regions such as Asia and Eastern Europe. We may not be able to continue to compete favorably with such competitors, and increased competition in our markets may have a material adverse effect on our business.

We are subject to other risks associated with our non-U.S. operations.

We have significant manufacturing operations outside the United States, including joint ventures and other alliances. Our operations are located in 20 countries, and we export to several other countries. In 2014, approximately 73% of our sales were attributable to products manufactured outside the United States. We recently expanded into Serbia and Spain. We have and will continue to expand our manufacturing footprint and technical capabilities in the Asia Pacific region, as an integral part of our global growth strategy. Risks are inherent in international operations, including:

- exchange controls and currency restrictions;

- currency fluctuations and devaluations;
- changes in local economic conditions;
- repatriation restrictions (including the imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries);
- global sovereign uncertainty and hyperinflation in certain foreign countries, including the sovereign debt crisis in certain European countries;
- changes in laws and regulations, including export and import restrictions and the imposition of embargos;
- exposure to possible expropriation or other government actions; and
- exposure to local political or social unrest including resultant acts of war, terrorism, drug related violence or similar events.

These and other factors may have a material adverse effect on our international operations and on our business, results of operations and financial condition. For example, we are faced with potential difficulties in staffing and managing local operations and we have to design local solutions to manage credit risks of local customers and distributors. In certain areas, such as Mexico, drug related violence and social unrest may directly affect our employees and may cause them to relocate out of the region or may otherwise present risks to our business operations in the region. Also, the cost and complexity of streamlining operations in certain European countries is greater than would be the case in the United States, due primarily to labor laws in those countries that can make reducing employment levels more time-consuming and expensive than in the United States. Our flexibility in our foreign operations can also be somewhat limited by agreements we have entered into with our foreign joint venture partners.

Foreign currency exchange rate fluctuations could materially impact our results from operations.

Our sales and manufacturing operations outside the United States expose us to currency risks. Our sales and earnings denominated in foreign currencies are translated into U.S. dollars for our consolidated financial statements. This translation is calculated based on average exchange rates during the reporting period. Our reported international sales and earnings could be adversely impacted in periods of a strengthening U.S. dollar.

We generally produce in the same geographic region as our products are sold, however, we also produce in countries that predominately sell in another currency. Some of our commodities are purchased in or tied to the U.S. dollar therefore; our earnings could be adversely impacted during the periods of a strengthening U.S. dollar to other foreign currencies. We employ financial instruments to hedge certain portions of our foreign currency exposures however this will not completely insulate us from the effects of currency fluctuation.

A portion of our operations are conducted by joint ventures that cannot be operated for our sole benefit.

Many of our operations are carried on by joint ventures. In joint ventures we share the management of the company with one or more owners who may not have the same goals, resources or priorities as we do. Joint ventures require attention to be paid to the relationships with our co-owners which influences each owner’s decisions. Joint ventures are intended to operate for the benefit of all owners and therefore we do not receive all the benefits from our joint ventures.

Our continuous improvement program and other cost savings plans may not be effective.

Our operations strategy includes cutting costs by reducing production errors, inventory levels, operator motion, overproduction and operator waiting while fostering the increased flow of material, information and communication. The cost savings that we anticipate from these initiatives may not be achieved on schedule or at the level anticipated by management. If we are unable to realize these anticipated savings, our operating results and financial condition may be materially adversely affected. Moreover, the implementation of cost saving plans and facilities integration may disrupt our operations and performance.

We may incur material losses and costs as a result of product liability and warranty and recall claims that may be brought against us.

We may be exposed to product liability and warranty claims in the event that our products actually or allegedly fail to perform as expected or the use of our products results, or is alleged to result, in bodily injury and/or property damage. Accordingly, we could experience material warranty or product liability expenses in the future and incur significant costs to defend against these claims. In addition, if any of our products are, or are alleged to be, defective, we may be required to participate in a recall of that product if the defect or the alleged defect relates to automotive safety. Product

recalls could cause us to incur material costs and could harm our reputation or cause us to lose customers, particularly if any such recall causes customers to question the safety or reliability of our products. As suppliers become more integrally involved in the vehicle design process and assume more of the vehicle assembly functions, customers are increasingly seeking to change contract terms

and conditions concerning warranty and recall participation. Also, while we possess considerable historical warranty and recall data with respect to the products we currently produce, we do not have such data relating to new products, assembly programs or technologies, including any new fuel and emissions technology and systems being brought into production to allow us to accurately estimate future warranty or recall costs. In addition, the increased focus on systems integration platforms utilizing fuel and emissions technology with more sophisticated components from multiple sources could result in an increased risk of component warranty costs over which we have little or no control and for which we may be subject to an increasing share of liability to the extent any of the other component suppliers are in financial distress or are otherwise incapable of fulfilling their warranty or product recall obligations. Our costs associated with providing product warranties and responding to product recall claims could be material and we do not have insurance covering product recalls. Product liability, warranty and recall costs may have a material adverse effect on our business, results of operations and financial condition.

Work stoppages or similar difficulties could disrupt our operations.

We may be subject to work stoppages and may be affected by other labor disputes. A number of our collective bargaining agreements expire in any given year, including several in 2015. There is no certainty that we will be successful in negotiating new agreements with these unions that extend beyond the current expiration dates, or that these new agreements will be on terms as favorable to us as past labor agreements. Failure to renew these agreements when they expire or to establish new collective bargaining agreements on terms acceptable to us and the unions could result in work stoppages or other labor disruptions which may have a material adverse effect on customer relationships and our business and results of operations. Additionally, a work stoppage at one or more of our suppliers, our customers or our customers’ suppliers could materially adversely affect our operations if an alternative source of supply were not readily available. Work stoppages by employees of our customers also could result in reduced demand for our products and could have a material adverse effect on our business. As of December 31, 2014, approximately 31% of our employees were represented by unions and approximately 7% of the unionized employees were located in the U. S. It is possible that our workforce will become more unionized in the future. A work stoppage at one or more of our plants may have a material adverse effect on our business. Unionization activities could also increase our costs, which could have a material adverse effect on our profitability.

Certain natural disasters may adversely affect our business.

Natural disasters such as earthquakes, tsunamis and coastal flooding or other adverse climate conditions, whether occurring in the U.S. or abroad, and the consequences and effects thereof, including energy shortages and public health issues, may adversely affect our business. Such natural disasters could cause damage or disruption to our business operations or the operations of our customers, suppliers or joint venture affiliates or result in economic instability.

Our success depends in part on our development of improved products, and our efforts may fail to meet the needs of customers on a timely or cost-effective basis.

Our continued success depends on our ability to maintain advanced technological capabilities, machinery and knowledge necessary to adapt to changing market demands as well as to develop and commercialize innovative products. We may be unable to develop new products as successfully as in the past or to keep pace with technological developments by our competitors and the industry generally. In addition, we may develop specific technologies and capabilities in anticipation of customers’ demands for new innovations and technologies. If such demand does not materialize, we may be unable to recover the costs incurred in such programs. If we are unable to recover these costs or if any such programs do not progress as expected, our business, results of operations and financial condition could be materially adversely affected.

If our acquisition strategy is not successful, we may not achieve our growth and profit objectives.

We may selectively pursue complementary acquisitions in the future as part of our growth strategy. While we will evaluate business opportunities on a regular basis, we may not be successful in identifying any attractive acquisitions. We may not have, or be able to raise on acceptable terms, sufficient financial resources to make acquisitions. Our ability to make investments may also be limited by the terms of our existing or future financing arrangements. In addition, any acquisitions we make will be subject to all of the risks inherent in an acquisition strategy, including integrating financial and operational reporting systems, establishing satisfactory budgetary and other financial

controls, funding increased capital needs and overhead expenses, obtaining management personnel required for expanded operations and funding cash flow shortages that may occur if anticipated sales are not realized or are delayed, whether by general economic or market conditions or unforeseen internal difficulties.

Our intellectual property portfolio is subject to legal challenges and considerable uncertainty.

We have developed and actively pursue the development of proprietary technology in the automotive industry and rely on intellectual property laws and a number of patents in many jurisdictions to protect such technology. There can be no assurances that the protections we have available for our proprietary technology in the United States and other countries will be available to us in many places we sell our products. Therefore, we may be unable to prevent third parties from using our intellectual property without authorization. Any infringement or misappropriation of our technology that we cannot control could have a material adverse effect on our business and results of operations. If we had to litigate to protect our intellectual property rights, any proceedings could be costly, and we may not prevail. We also face increasing exposure to the claims of others for infringement of intellectual property rights. We may have material intellectual property claims asserted against us in the future and could incur significant costs or losses related to such claims. These claims, regardless of their merit or resolution, are frequently costly to prosecute, defend or settle and divert the efforts and attention of our management and employees. Claims of this sort also could harm our reputation and our relationships with our customers and might deter future customers from doing business with us. If any such claim were to result in an adverse outcome, we could be required to take actions which may include: cease the manufacture, use or sale of the infringing products; pay substantial damages to third parties, including to customers to compensate them for the discontinued use of a product or to replace infringing technology with non-infringing technology; or expend significant resources to develop or license non-infringing products.

A disruption in, or the inability to successfully implement upgrades to, our information technology system could adversely affect our business and financial performance.

We rely upon information technology networks, systems and processes to manage and support our business. We have implemented a number of procedures and practices designed to protect against failures of our systems. A breach in the accuracy, capacity and security of our information technology systems could adversely impact our operations. Unintentional disruptions to service or intentional actions such as cyber-attacks, unauthorized access or malicious software could result in theft of our intellectual property, trade secrets, business disruption or provide unauthorized access to personal information should our systems prove to be inadequate. Should the above events occur, we may incur significant costs to protect against damage caused by these disruptions in the future.

Further, we continually update and expand our information technology systems to enable us to more efficiently run our business. In the event systems are not implemented successfully our operations and business could be disrupted and our ability to report accurate and timely financial results could be adversely effected.

We are subject to a broad range of environmental, health and safety laws and regulations, which could adversely affect our business and results of operations.

We are subject to a broad range of federal, state and local environmental and occupational safety and health laws and regulations in the United States and other countries, including those governing: emissions to air; discharges to water; noise and odor emissions; the generation, handling, storage, transportation, treatment, reclamation and disposal of chemicals and waste materials; the cleanup of contaminated properties; and human health and safety. We may incur substantial costs associated with hazardous substance contamination or exposure, including cleanup costs, fines and civil or criminal sanctions, third party property or natural resource damage, personal injury claims or costs to upgrade or replace existing equipment as a result of violations of or liabilities under environmental laws or the failure to maintain or comply with environmental permits required at our locations. In addition, many of our current and former facilities are located on properties with long histories of industrial or commercial operations and some of these properties have been subject to certain environmental investigations and remediation activities. We maintain environmental reserves for certain of these sites. As of December 31, 2014, we have $6.9 million reserved in accrued liabilities and other liabilities on the consolidated balance sheet on an undiscounted basis which we believe are adequate. Because some environmental laws (such as the Comprehensive Environmental Response, Compensation and Liability Act and analogous state or national laws) can impose joint and several liability retroactively and regardless of fault on potentially responsible parties for the entire cost of cleanup at currently or formerly owned or operated facilities, as well as sites at which such parties disposed or arranged for disposal of hazardous waste, we could become liable for investigating or remediating contamination at our current or former properties or other properties (including offsite waste disposal locations). We may not always be in complete compliance with all

applicable requirements of environmental law or regulation, and we may receive notices of violation or become subject to enforcement actions or incur material costs or liabilities in connection with such requirements. In addition, new environmental requirements or changes to interpretations of existing requirements, or in their enforcement, could have a material adverse effect on our business, results of operations and financial condition. We have made and will continue to make expenditures to comply with environmental requirements. While our costs to defend and settle known claims arising under environmental laws have not been material in the past and are not currently estimated to be material, such costs may be material in the future.

Our expected annual effective tax rate could be volatile and could materially change as a result of changes in many items including mix of earnings, debt and capital structure and other factors.

Many items could impact our effective tax rate including changes in our debt and capital structure, mix of earnings and many other factors. Our overall effective tax rate is based upon the consolidated tax expense as a percentage of consolidated earnings before tax. However, tax expenses and benefits are not recognized on a consolidated or global basis, but rather on a jurisdictional, legal entity basis. Further, certain jurisdictions in which we operate generate losses where no current financial statement benefit is realized. In addition, certain jurisdictions have statutory rates greater than or less than the United States statutory rate. As such, changes in the mix and source of earnings between jurisdictions could have a significant impact on our overall effective tax rate in future years. Changes in rules related to accounting for income taxes, changes in tax laws and rates or adverse outcomes from tax audits that occur regularly in any of our jurisdictions could also have a significant impact on our overall effective tax rate in future periods.

Significant changes in discount rates, the actual return on pension assets and other factors could adversely affect our liquidity, results of operations and financial condition.

Our earnings may be positively or negatively impacted by the amount of income or expense recorded related to our qualified pension plans. Accounting principles generally accepted in the United States ("U.S. GAAP") require that income or expense related to the pension plans be calculated at the annual measurement date using actuarial calculations, which reflect certain assumptions. The most significant of these assumptions relate to interest rates, the capital markets and other economic conditions. Changes in key economic indicators can change these assumptions. These assumptions, as well as the actual value of pension assets at the measurement date, will impact the calculation of pension expense for the year. Although U.S. GAAP expense and pension contributions are not directly related, the key economic indicators that affect U.S. GAAP expense also affect the amount of cash that we will contribute to our pension plans. Because the values of these pension assets have fluctuated and will continue to fluctuate in response to changing market conditions, the amount of gains or losses that will be recognized in subsequent periods, the impact on the funded status of the pension plans and the future minimum required contributions, if any, could adversely affect our liquidity, results of operations and financial condition.

Impairment charges relating to our goodwill, long-lived assets, or intangible assets could adversely affect our results of operations.

We regularly monitor our goodwill, long-lived assets and intangible assets for impairment indicators. In conducting our goodwill impairment testing, we compare the fair value of each of our reporting units to the related net book value. In conducting our impairment analysis of long-lived and intangible assets, we compare the undiscounted cash flows expected to be generated from the long-lived or intangible assets to the related net book values. Changes in economic or operating conditions impacting our estimates and assumptions could result in the impairment of our goodwill, long-lived assets or intangible assets. In the event that we determine that our goodwill, long-lived assets or intangible assets are impaired, we may be required to record a significant charge to earnings, which could adversely affect our results of operations.

The ownership of our stock is concentrated, with a few owners who may, individually or collectively, exert significant control over us.

Certain stockholders own a substantial portion of our outstanding common stock. As long as such major stockholders (whether or not acting in a coordinated manner) and any other substantial stockholder own, directly or indirectly, a substantial portion of our outstanding shares, they will be able to exert significant influence over matters requiring stockholder approval, including the composition of our Board of Directors. Further, to the extent that the substantial stockholders were to act in concert, they could potentially control any action taken by our stockholders.

The concentration of ownership of our outstanding equity in such major stockholders may make some transactions more difficult or impossible without the support of such stockholders or more likely with the support of such stockholders. The interests of any of such stockholders, any other substantial stockholder or any of their respective affiliates could conflict with or differ from the interests of our other stockholders.

Stock volatility.

The market price of our common shares has been, and will likely continue to be, subject to significant fluctuations in response to a variety of factors, many of which are beyond our control. These fluctuations may be exaggerated if the

trading volume of the common shares is low.

We operate as a holding company and depend on our subsidiaries for cash to satisfy the obligations of the holding company.

Cooper-Standard Holdings Inc. is a holding company. Our subsidiaries conduct all of our operations and own substantially all of our assets. Our cash flow and our ability to meet our obligations depend on the cash flow of our subsidiaries. In addition, the payment of funds in the form of dividends, intercompany payments, tax sharing payments and otherwise may be subject to restrictions under the laws of the countries of incorporation of our subsidiaries or the by-laws of the subsidiary.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties

As of December 31, 2014, our operations were conducted through 97 owned, leased and joint venture facilities in 20 countries, of which 78 are predominantly manufacturing facilities and 19 have design, engineering, administrative, logistics or transitional designations. Our corporate headquarters is located in Novi, Michigan. Manufacturing facilities are located in North America, Europe, Asia and South America. We believe that substantially all of our properties are in generally good condition and there is sufficient capacity to meet current and projected manufacturing, product development and logistics requirements. The following table summarizes our key property holdings by geographic region:

Region	Type	Total Facilities(d)	Owned Facilities(d)
North America	Manufacturing(a)	30	23
	Other(b)	7	1
Asia	Manufacturing	23	12
	Other(b)	4	—
Europe	Manufacturing	21	18
	Other(b)	6	3
South America	Manufacturing	4	1
	Other(b)	1	—
Australia	Other(c)	1	1

(a) Includes multi-activity sites which are predominantly manufacturing.
(b) Includes design, engineering, administrative and logistics locations.
(c) Sold January 2015
(d) Excludes 6 unutilized (owned) facilities: (2) Europe; (4) North America

Item 3. Legal Proceedings

We are periodically involved in claims, litigation and various legal matters that arise in the ordinary course of business. In addition, we conduct and monitor environmental investigations and remedial actions at certain locations. Each of these matters is subject to various uncertainties, and some of these matters may be resolved unfavorably for us. If appropriate we establish a reserve estimate for each matter and update our estimate as additional information becomes available. We do not believe that the ultimate resolution of any of these matters will have a material adverse effect on our business, financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Market Information

Our common stock is quoted on the NYSE since October 17, 2013, under the symbol "CPS" and our warrants are quoted on the OTC Bulletin Board since June 4, 2010, under the symbol "COSHW." Prior to the NYSE listing, our common stock was traded on the OTC Bulletin Board under the symbol "COSH."

The following chart lists the high and low sale prices for shares of our common stock and warrants for the calendar quarters indicated through December 31, 2013 and 2014. These prices are between dealers and do not include retail markups, markdowns or other fees and commissions and may not represent actual transactions:

	Common Stock		Warrants	
2013	High	Low	High	Low
March 31, 2013	$41.64	$36.00	$16.47	$12.00
June 30, 2013	47.25	41.40	21.34	16.25
September 30, 2013	52.50	46.25	28.43	20.50
December 31, 2013	55.01	46.52	30.00	22.55
	Common Stock		Warrants	
2014	High	Low	High	Low
March 31, 2014	$70.65	$48.10	$44.00	$23.03
June 30, 2014	70.20	61.24	44.25	34.00
September 30, 2014	65.87	60.92	39.30	34.45
December 31, 2014	59.77	50.99	32.42	25.15

Holders of Common Stock

As of January 30, 2015 we had approximately 1,251 holders of record of our common stock, based on information provided by our transfer agent.

Dividends

Cooper-Standard Holdings Inc. has never paid or declared a dividend on its common stock. The declaration of any prospective dividends is at the discretion of the Board of Directors and would be dependent upon sufficient earnings, capital requirements, financial position, general economic conditions, state law requirements, and other relevant factors. Additionally, our credit agreement governing our Senior ABL Facility and Term Loan Facility contain covenants that among other things restrict our ability to pay certain dividends and distributions subject to certain qualifications and limitations. We do not anticipate paying any dividends on our common stock in the foreseeable future.

Securities Repurchase

On May 24, 2013, the Company announced that its Board of Directors approved a securities repurchase program (the "Program") authorizing the Company to repurchase, in the aggregate, up to $50 million of its outstanding common stock or warrants to purchase common stock. Under the Program, repurchases may be made on the open market or through private transactions, as determined by the Company's management and in accordance with prevailing market conditions and federal securities laws and regulations. The Company expects to fund all repurchases from cash on hand and future cash flows from operations. The Company is not obligated to acquire a particular amount of securities, and the program may be discontinued at any time at the Company's discretion. This Program was not affected by our May 2013 tender offer pursuant to which we purchased approximately $200 million of our common stock.

The following table presents repurchases of common stock during the quarterly period ended December 31, 2014:

2014	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (in millions)
October 1 - October 31	54	$ 56.25	—	$45.4
November 1 - November 30	85,282	$ 53.47	85,174	$40.8
December 1 - December 31	11,454	$ 53.08	11,448	$40.2
Total	96,790	$ 53.43	96,622	$40.2

(1) Includes 168 shares of common stock surrendered to the Company by participants in various benefit plans of the Company to satisfy the participant's taxes related to vesting or delivery of time vesting restricted share units under those plans.

Performance Graph

The following graph compares the cumulative total stockholder return from May 27, 2010, the date of our emergence from Chapter 11 bankruptcy proceedings, through December 31, 2014, for Cooper-Standard Holdings Inc. existing common stock, the Standard & Poor’s 500 Index and the Standard & Poor’s Supercomposite Auto Parts & Equipment Index based on currently available data. The graph assumes an initial investment of $100 on May 27, 2010 and reflects the cumulative total return on that investment, including the reinvestment of all dividends where applicable, through December 31, 2014.

Comparison of Cumulative Return

	Ticker	5/27/2010	12/31/2010	12/30/2011[1]	12/31/2012	12/31/2013	12/31/2014
Cooper-Standard Holdings Inc.	CPS	$100.00	$130.43	$100.00	$110.14	$142.35	$167.77
S&P 500	SPX	$100.00	$115.24	$117.63	$120.46	$177.17	$199.82
S&P Supercomposite Auto Parts & Equipment Index	S15AUTP	$100.00	$142.48	$124.22	$126.52	$201.69	$208.58

(1) Represents last trading day of the year

Item 6. Selected Financial Data

The selected financial data for the five months ended May 31, 2010, the seven months ended December 31, 2010 and the years ended December 31, 2011, 2012, 2013 and 2014 have been derived from our consolidated financial statements, which have been audited by Ernst & Young LLP, our Independent Registered Public Accounting Firm. The audited consolidated statements of net income, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2012, 2013 and 2014 are included elsewhere in this Annual Report on Form 10-K. The audited consolidated balance sheets as of December 31, 2013 and 2014 are included elsewhere in this Annual Report on Form 10-K. See Item 8. "Financial Statements and Supplementary Data."

In accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 852, "Reorganizations," we adopted fresh-start accounting upon our emergence from Chapter 11 bankruptcy proceedings and became a new entity for financial reporting purposes as of June 1, 2010. Accordingly, the consolidated financial statements for the reporting entity subsequent to emergence from Chapter 11 bankruptcy proceedings (the "Successor") are not comparable to the consolidated financial statements for the reporting entity prior to emergence from Chapter 11 bankruptcy proceedings (the "Predecessor"). The "Company," when used in reference to the period subsequent to emergence from Chapter 11 bankruptcy proceedings, refers to the Successor, and when used in reference to periods prior to emergence from Chapter 11 bankruptcy proceedings, refers to the Predecessor.

You should read the following data in conjunction with Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K.

	Predecessor Five Months Ended	Successor Seven Months Ended	Year Ended December 31,			
	May 31, 2010	December 31, 2010	2011	2012	2013	2014
	(dollar amounts in millions, except per share amounts)					
Statement of operations:						
Sales	$1,009.1	$1,405.0	$2,853.5	$2,880.9	$3,090.5	$3,244.0
Cost of products sold	832.2	1,172.4	2,402.9	2,442.0	2,617.8	2,734.6
Gross profit	176.9	232.6	450.6	438.9	472.7	509.4
Selling, administration, & engineering expenses	92.1	159.5	257.6	281.3	293.5	301.7
Amortization of intangibles	0.3	9.0	15.6	15.4	15.4	16.4
Impairment charges	—	—	—	10.1	—	26.3
Restructuring	5.9	0.5	52.2	28.8	21.7	17.4
Other operating profit	—	—	—	—	—	(16.9)
Operating profit	78.6	63.6	125.2	103.3	142.1	164.5
Interest expense, net of interest income	(44.5)	(25.0)	(40.5)	(44.8)	(54.9)	(45.6)
Equity earnings	3.6	3.4	5.4	8.8	11.0	6.0
Reorganization items and fresh-start accounting adjustments, net	303.4	—	—	—	—	—
Other income (expense), net	(21.2)	4.2	7.2	—	(7.4)	(36.6)
Income before income taxes	319.9	46.2	97.3	67.3	90.8	88.3
Income tax expense (benefit)	39.9	5.1	20.8	(31.5)	45.6	42.8
Net income	280.0	41.1	76.5	98.8	45.2	45.5
Net (income) loss attributable to noncontrolling interests	(0.3)	(0.5)	26.3	4.0	2.7	(2.7)
Net income attributable to Cooper-Standard Holdings Inc.	$279.7	$40.6	$102.8	$102.8	$47.9	$42.8
Net income available to Cooper-Standard Holdings Inc. common stockholders		$28.7	$75.3	$76.7	$35.1	$42.8
Earnings per share:						
Basic		$1.64	$4.27	$4.40	$2.39	$2.56
Diluted		$1.55	$3.93	$4.14	$2.24	$2.39
Balance sheet data (at end of period):						
Cash and cash equivalents		$294.5	$361.7	$270.6	$184.4	$267.3
Net working capital [1]		175.3	193.9	265.6	269.1	294.3
Total assets		1,853.8	2,003.8	2,026.0	2,102.8	2,132.8
Total non-current liabilities		745.7	779.3	774.0	911.9	1,050.9

Total debt [2]		476.7	488.7	483.4	684.4	785.9
Preferred stock		130.3	125.9	121.6	—	—
Total equity		563.1	601.2	629.2	615.6	548.7
Statement of cash flows data:						
Net cash provided (used) by:						
Operating activities	$(75.4)	$170.6	$172.3	$84.4	$133.3	$171.0
Investing activities	(19.1)	(51.8)	(73.8)	(117.6)	(191.1)	(157.4)
Financing activities	(112.6)	(1.4)	(24.6)	(58.1)	(23.0)	49.4
Other financial data:						
Capital expenditures, including other intangible assets	$22.9	$54.4	$108.3	$131.1	$183.3	$192.1

(1) Net working capital is defined as current assets (excluding cash and cash equivalents) less current liabilities (excluding debt payable within one year).

(2) Includes $742.9 million of our Term loan, $0.6 million in capital leases, and $42.4 million of other third-party debt at December 31, 2014.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This management’s discussion and analysis of financial condition and results of operations is intended to assist in understanding and assessing the trends and significant changes in our results of operations and financial condition. Our historical results may not indicate, and should not be relied upon as an indication of, our future performance. Our forward-looking statements reflect our current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. See Item 1. “Business—Forward-Looking Statements” for a discussion of risks associated with reliance on forward-looking statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in Item 1A. “Risk Factors.” Management’s discussion and analysis of financial condition and results of operations should be read in conjunction with Item 6.” Selected Financial Data” and our consolidated financial statements and the notes to those statements included elsewhere in this Annual Report on Form 10-K.

Company Overview

We design, manufacture and sell sealing, fuel and brake delivery, fluid transfer and anti-vibration systems, components, subsystems and modules for use in passenger vehicles and light trucks manufactured by global OEMs. In 2014, approximately 82% of our sales consisted of original equipment sold directly to OEMs for installation on new vehicles. The remaining 18% of our sales were primarily to Tier I and Tier II suppliers and non-automotive manufacturers. Accordingly, sales of our products are directly affected by the annual vehicle production of OEMs and, in particular, the production levels of the vehicles for which we provide specific parts. Most of our products are custom designed and engineered for a specific vehicle platform which are increasingly larger and more global. Our sales and product development personnel frequently work directly with the OEMs engineering departments in the design and development of our various products.

Although each OEM may emphasize different requirements as the primary criteria for judging its suppliers, we believe success as an automotive supplier generally requires outstanding performance with respect to price, quality, service, performance, design and engineering capabilities, innovation, timely delivery and an extensive global footprint. Also, we believe our continued commitment to invest in global common processes is an important factor in servicing global customers with the same quality and consistency of product wherever we produce in the world. This is especially important when supplying products for global platforms.

In addition, in order to remain competitive we must also consistently achieve and sustain cost savings. In an ongoing effort to reduce our cost structure, we run a global continuous improvement program which includes training for Kaizen project teams, as well as implementation of lean tools, structured problem solving, best business practices, standardized processes and change management. We also evaluate opportunities to consolidate facilities and to relocate certain operations to lower cost countries. We believe we will continue to be successful in our efforts to improve our design and engineering capability and manufacturing processes while achieving cost savings, including through our lean initiatives.

Our OEM sales are principally generated from purchase orders issued by OEMs and as a result we have no order backlog. Once selected by an OEM to supply products for a particular platform, we typically supply those products for the life of the platform, which is normally three to five years; although there is no guarantee that this will occur. In addition, when we are the incumbent supplier to a given platform, we believe we have a competitive advantage in winning the redesign or replacement platform.

In the year ended December 31, 2014, approximately 52% of our sales were generated in North America and approximately 48% of our sales were generated outside of North America. Because of our significant international operations, we are subject to the risks associated with doing business in other countries. Historically, our operations in Canada and Western Europe have not presented materially different risks or problems from those we have encountered in the United States, although the cost and complexity of streamlining operations in certain European countries is greater than would be the case in the United States. This is due primarily to labor laws in those countries that can make reducing employment levels more time-consuming and expensive than in the United States. We believe the risks of conducting business in less developed markets, including Brazil, Mexico, Poland, Czech Republic, China,

Korea and India are sometimes greater than in the United States, Canadian and Western European markets. This is due to the potential for currency volatility, high interest and inflation rates, and the general political and economic risk that are associated with some of these markets.

Business Environment and Outlook

According to the forecasting firm IHS, global light vehicle sales are forecasted to be approximately 85.8 million units in 2014, setting another new record, despite a slight fall-off in emerging markets. Looking forward, vehicle sales are expected to grow at a rate of 2.9% through 2021 to approximately 105 million units.

Much of the growth will be driven by emerging markets such as Greater China, Brazil and Southeast Asia. North America sales remain strong over the next few years with sales growth in compact and mid-size vehicles. Europe continues to stabilize and will no longer dampen overall global sales growth.

Several factors will present significant opportunities for automotive suppliers who are positioned for the changing environment such as:

- continued shift to global platforms (same vehicle that is built in multiple regions around the world);
- consolidation of suppliers;
- increased government regulation; and
- intensified consumer demand for high technology features in vehicles.

Our business is directly affected by the automotive build rates in North America and Europe. It is also becoming increasingly impacted by build rates in Brazil and Asia Pacific. New vehicle demand is driven by macro-economic and other factors, such as interest rates, manufacturer and dealer sales incentives, fuel prices, consumer confidence, employment levels, income growth trends, government and tax incentives and life expectancy.

Details on light vehicle production in certain regions for 2013 and 2014 are provided in the following table:

(In millions of units)	2013(1, 2)	2014(1)	% Change
North America	16.2	17.0	5.2 %
Europe	19.5	20.0	2.6 %
South America	4.5	3.8	(15.6)%
Asia Pacific	43.0	44.4	3.4 %

(1) Production data based on IHS Automotive, December 2014.

(2) Production data for 2013 has been updated to reflect actual production levels.

The expected annualized vehicle production volumes for 2015 are provided in the following table:

(In millions of units)	2015(1)
North America	17.4
Europe	20.3
South America	3.8
Asia Pacific	46.6

(1) Production data based on IHS Automotive, December 2014.

Competition in the automotive supplier industry is intense and has increased in recent years as OEMs have demonstrated a preference for stronger relationships with fewer suppliers. There are typically three or more significant competitors and numerous smaller competitors for most of the products we produce. A global manufacturing footprint to service customers around the world will continue to shape the success of suppliers going forward.

OEMs have shifted some research and development, design and testing responsibility to suppliers, while at the same time shortening new product cycle times. To remain competitive, suppliers must have state-of-the-art engineering and design capabilities and must be able to continuously improve their engineering, design and manufacturing processes to effectively service the customer. Suppliers are increasingly expected to collaborate on, or assume the product design and development of, key automotive components and to provide innovative solutions to meet evolving technologies aimed at improved emissions and fuel economy.

Pricing pressure has continued as competition for market share has reduced the overall profitability of the industry and resulted in continued pressure on suppliers for price concessions. Consolidations and market share shifts among vehicle manufacturers continues to put additional pressures on the supply chain. These pricing and market pressures, along with the reduced production volumes, will continue to drive our focus on reducing our overall cost structure through lean initiatives, capital redeployment, restructuring and other cost management processes.

Results of Operations

	Year Ended December 31,		
	2012	2013	2014
	(dollar amounts in thousands)		
Sales	$2,880,902	$3,090,542	$3,243,987
Cost of products sold	2,442,014	2,617,804	2,734,558
Gross profit	438,888	472,738	509,429
Selling, administration & engineering expenses	281,268	293,446	301,724
Amortization of intangibles	15,456	15,431	16,437
Impairment charges	10,069	—	26,273
Restructuring	28,763	21,720	17,414
Other operating profit	—	—	(16,927)
Operating profit	103,332	142,141	164,508
Interest expense, net of interest income	(44,762)	(54,921)	(45,604)
Equity earnings	8,778	11,070	6,037
Other expense, net	(63)	(7,437)	(36,658)
Income before income taxes	67,285	90,853	88,283
Income tax expense (benefit)	(31,531)	45,599	42,810
Net income	98,816	45,254	45,473
Net (income) loss attributable to noncontrolling interests	3,988	2,687	(2,694)
Net income attributable to Cooper-Standard Holdings Inc.	$102,804	$47,941	$42,779

Year ended December 31, 2014 Compared to Year ended December 31, 2013.

Sales. Sales were $3,244.0 million for the year ended December 31, 2014, compared to $3,090.5 million for the year ended December 31, 2013, an increase of $153.5 million, or 5.0%. Sales were favorably impacted by an increase in volumes in the North America, Europe and Asia Pacific segments. In addition, the Jyco acquisition, which was completed July 31, 2013, provided $45.2 million of incremental sales. These items were partially offset by unfavorable foreign exchange of $31.3 million, customer price concessions and the sale of our thermal and emissions product line.

Cost of Products Sold. Cost of products sold is primarily comprised of material, labor, manufacturing overhead, depreciation and amortization and other direct operating expenses. Cost of products sold was $2,734.6 million for the year ended December 31, 2014, compared to $2,617.8 million for the year ended December 31, 2013, an increase of $116.8 million or 4.5%. Raw materials comprise the largest component of our cost of products sold and represented approximately 49% of total cost of products sold for the years ended December 31, 2014 and 2013. The period was impacted primarily by increased volumes.

Gross Profit. Gross profit for the year ended December 31, 2014 was $509.4 million compared to $472.7 million for the year ended December 31, 2013. As a percentage of sales, gross profit was 15.7% and 15.3% of sales for the years ended December 31, 2014 and 2013, respectively. The increase was driven by the favorable impact of continuous improvement and material costs savings and increased volumes in the North America, Europe and Asia Pacific segments, partially offset by customer price concessions.

Selling, Administration and Engineering. Selling, administration and engineering expense for the year ended December 31, 2014 was $301.7 million or 9.3% of sales compared to $293.4 million or 9.5% of sales for the year ended December 31, 2013. Selling, administration and engineering expense for the year ended December 31, 2014 was impacted by increased staffing expenses as we increase our research and development and engineering resources to support our growth initiatives around the world.

Impairment Charges. In 2014, the undiscounted cash flows at two of our European facilities and two of our North American facilities did not exceed their book value, resulting in an asset impairment charge of $24.2 million being recorded in the fourth quarter of 2014. Additionally, certain assets and patents in the North America segment were written down to their estimated fair market values, resulting in an impairment charge of $2.1 million.

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Restructuring. Restructuring charges of $17.4 million for the year ended December 31, 2014 consisted primarily of initiatives in Europe to change our manufacturing footprint. Restructuring charges of $21.7 million for the year ended December 31, 2013 consisted primarily of $5.3 million of costs associated with initiatives announced prior to 2013 and $16.4 million of costs associated with initiatives announced in 2013, primarily relating to an initiative in Europe to change our manufacturing footprint.
Other operating profit. Other operating profit for the year ended December 31, 2014 was $16.9 million, of which $16.0 million related to the gain on the sale of our thermal and emissions business.
Interest Expense, net. Net interest expense of $45.6 million for the year ended December 31, 2014 resulted primarily from interest and debt issuance amortization recorded on the Term Loan Facility, Senior Notes and Senior PIK Toggle Notes. Net interest expense of $54.9 million for the year ended December 31, 2013 resulted primarily from interest and debt issuance amortization recorded on the Senior Notes and Senior PIK Toggle Notes.
Other Expense, net. Other expense for the year ended December 31, 2014 was $36.7 million, which consisted of a $30.5 million loss on extinguishment of debt, $7.1 million of foreign currency losses and $1.9 million of loss on sale of receivables, which were partially offset by a $1.9 million gain on sale of investment and $0.9 million of other miscellaneous income. Other expense for the year ended December 31, 2013 was $7.4 million, which consisted of $9.4 million of foreign currency losses and $1.7 million of loss on sale of receivables, which were partially offset by $3.6 million of other miscellaneous income.
Income Tax Expense (Benefit). Income taxes for the year ended December 31, 2014 included an expense of $42.8 million on earnings before taxes of $88.3 million. This compares to an expense of $45.6 million on $90.9 million of earnings before taxes for the year ended December 31, 2013. Tax expense in 2014 differs from the statutory rate due to the incremental valuation allowance recorded on tax losses and credits generated in certain foreign jurisdictions, tax incentives recognized in Poland resulting from increased current and future profitability and a new Special Economic Zone permit, the distribution of income between the United States and foreign sources, tax credits and incentives, and other non-recurring discrete items.
Year ended December 31, 2013 Compared to Year ended December 31, 2012.
Sales. Sales were $3,090.5 million for the year ended December 31, 2013, compared to $2,880.9 million for the year ended December 31, 2012, an increase of $209.6 million, or 7.3%. Sales were favorably impacted by an increase in volumes in all segments, and favorable foreign exchange of $7.6 million. In addition, the Jyco acquisition provided $32.7 million of incremental sales. These items were partially offset by customer price concessions.
Cost of Products Sold. Cost of products sold is primarily comprised of material, labor, manufacturing overhead, depreciation and amortization and other direct operating expenses. Cost of products sold was $2,617.8 million for the year ended December 31, 2013, compared to $2,442.0 million for the year ended December 31, 2012, an increase of $175.8 million or 7.2%. Raw materials comprise the largest component of our cost of products sold and represented 49% and 51% of total cost of products sold for the years ended December 31, 2013 and 2012, respectively. The period was impacted by increased volumes in all segments, higher staffing costs and other operating expenses. In addition, cost of products sold for the year ended December 31, 2013 was impacted by the Jyco acquisition, which was completed July 31, 2013. These items were partially offset by continuous improvement savings.
Gross Profit. Gross profit for the year ended December 31, 2013 was $472.7 million compared to $438.9 million for the year ended December 31, 2012. As a percentage of sales, gross profit was 15.3% and 15.2% of sales for the years ended December 31, 2013 and 2012, respectively. The increase was driven by the favorable impact of continuous improvement savings and increased volumes in all segments, partially offset by customer price concessions, higher staffing costs and other operating expenses.
Selling, Administration and Engineering. Selling, administration and engineering expense for the year ended December 31, 2013 was $293.4 million or 9.5% of sales compared to $281.3 million or 9.8% of sales for the year ended December 31, 2012. Selling, administration and engineering expense for the year ended December 31, 2013 was impacted by increased staffing and compensation expenses as we increase our research and development and engineering resources to support our growth initiatives around the world. In addition, the year ended December 31, 2013 was impacted by the Jyco acquisition, which was completed July 31, 2013.

Impairment Charges. Due to launch activities and operational inefficiencies incurred in 2012 and that were expected to continue into the future as additional time would be needed to improve operational performance, a goodwill impairment charge of $2.8 million was recorded during the fourth quarter of 2012. In 2012, as a result of projected declines in vehicle production volumes and increased costs, the undiscounted cash flows at one of our European facilities did not exceed its book value resulting in an asset impairment charge of $7.3 million being recorded in the fourth quarter of 2012.

Restructuring. Restructuring charges of $21.7 million for the year ended December 31, 2013 consisted primarily of $5.3 million of costs associated with initiatives announced prior to 2013 and $16.4 million of costs associated with initiatives announced in 2013, primarily relating to an initiative in Europe to change our manufacturing footprint. Restructuring charges of $28.8 million for the year ended December 31, 2012 consisted primarily of costs associated with European initiatives announced during 2012 and additional costs associated with the reorganization of our French body sealing operations in relation to the joint venture with FMEA.

Interest Expense, net. Net interest expense of $54.9 million for the year ended December 31, 2013 resulted primarily from interest and debt issuance amortization recorded on the Senior Notes and Senior PIK Toggle Notes. Net interest expense of $44.8 million for the year ended December 31, 2012 consisted primarily of interest and debt issuance amortization recorded on the Senior Notes.

Other Expense, net. Other expense for the year ended December 31, 2013 was $7.4 million, which consisted of $9.4 million of foreign currency losses and $1.7 million of loss on sale of receivables, which were partially offset by $3.6 million of other miscellaneous income. Other expense for the year ended December 31, 2012 was $0.1 million, which consisted of $6.8 million of foreign currency losses and $0.9 million of loss on sale of receivables, which were largely offset by $4.4 million of gains related to forward contracts and $3.3 million of other miscellaneous income.

Income Tax Expense (Benefit). Income taxes for the year ended December 31, 2013 included an expense of $45.6 million on earnings before taxes of $90.9 million. This compares to a benefit of $31.5 million and $67.3 million on earnings before taxes for the year ended December 31, 2012. Tax expense in 2013 differs from the statutory rate due to the incremental valuation allowance recorded on tax losses and credits generated in certain foreign jurisdictions, the distribution of income between the United States and foreign sources, tax credits and incentives, and other non-recurring discrete items.

Segment Results of Operations

The following table presents sales and segment profit (loss) for each of the reportable segments for the years ended December 31, 2012, 2013 and 2014:

	Year Ended December 31,		
	2012	2013	2014
	(dollar amounts in thousands)		
Sales to external customers			
North America	$1,503,736	$1,617,981	$1,698,826
Europe	1,016,576	1,076,122	1,138,428
South America	147,408	176,540	157,561
Asia Pacific	213,182	219,899	249,172
Consolidated	$2,880,902	$3,090,542	$3,243,987
Segment profit (loss)			
North America	$136,456	$134,727	$136,682
Europe	(56,626)	(40,046)	(28,062)
South America	(18,859)	(11,932)	(23,861)
Asia Pacific	6,314	8,104	3,524
Income before income taxes	$67,285	$90,853	$88,283

Year ended December 31, 2014 Compared to the Year Ended December 31, 2013.

North America. Sales for the year ended December 31, 2014 increased $80.8 million or 5.0%, compared to the year ended December 31, 2013, primarily due to an increase in sales volume. In addition, sales were favorably impacted by the Jyco acquisition, which was completed July 31, 2013. These items were partially offset by customer price concessions, the sale of our thermal and emissions product line, and unfavorable foreign exchange of $21.8 million. Segment profit for the year ended December 31, 2014 increased $2.0 million, primarily due to the favorable impact of continuous improvement savings, increased sales volume and material cost savings, partially offset by the loss on extinguishment of debt, impairment charges, customer price concessions, and higher staffing costs.

Europe. Sales for the year ended December 31, 2014 increased $62.3 million, or 5.8%, compared to the year ended December 31, 2013, primarily due to an increase in sales volume and favorable foreign exchange of $2.5 million, which were partially offset by customer price concessions and the sale of our thermal and emissions product line. Segment loss improved by $12.0 million, primarily due to increased sales volume, and the favorable impact of continuous improvement and material cost savings, which were partially offset by the loss on extinguishment of debt, impairment charges, customer price concessions and higher staffing costs.

South America. Sales for the year ended December 31, 2014 decreased $19.0 million, or 10.8%, compared to the year ended December 31, 2013, primarily due to a decrease in sales volumes and unfavorable foreign exchange of $9.9 million. Segment loss increased by $11.9 million, primarily due to the loss on extinguishment of debt, and a decrease in sales volume.

Asia Pacific. Sales for the year ended December 31, 2014 increased $29.3 million, or 13.3%, compared to the year ended December 31, 2013, primarily due to an increase in sales volume. In addition, sales were favorably impacted by the Jyco acquisition, which was completed July 31, 2013. These items were partially offset by unfavorable foreign exchange of $2.1 million and customer price concessions. Segment profit decreased by $4.6 million, primarily due to the loss on extinguishment of debt, higher staffing costs and customer price concessions, which were partially offset by increased volumes and the favorable impact of continuous improvement and material cost savings.

Year ended December 31, 2013 Compared to the Year Ended December 31, 2012.

North America. Sales for the year ended December 31, 2013 increased $114.2 million or 7.6%, compared to the year ended December 31, 2012, primarily due to an increase in sales volume, which was partially offset by customer price concessions and unfavorable foreign exchange of $5 million. In addition, sales were favorably impacted by the Jyco acquisition, which was completed July 31, 2013. Segment profit for the year ended December 31, 2013 decreased $1.7 million, primarily due to customer price concessions, higher staffing costs and other operating expenses, which were partially offset by the favorable impact of continuous improvement savings, increased sales volume and the Jyco acquisition.

Europe. Sales for the year ended December 31, 2013 increased $59.5 million, or 5.9%, compared to the year ended December 31, 2012, primarily due to an increase in sales volume and favorable foreign exchange of $33.2 million, which were partially offset by customer price concessions. Segment loss improved by $16.6 million, primarily due to the favorable impact of continuous improvement and restructuring savings and favorable material prices, which were partially offset by customer price concessions, higher staffing and other operating expenses. In addition, an asset impairment charge of $7.3 million was recorded in 2012.

South America. Sales for the year ended December 31, 2013 increased $29.1 million, or 19.8%, compared to the year ended December 31, 2012, primarily due to an increase in sales volumes, which was partially offset by unfavorable foreign exchange of $18.1 million. Segment loss improved by $6.9 million, primarily due to increased volumes and continuous improvement savings, which were partially offset by other operating expenses. In addition, a goodwill impairment charge of $2.8 million was recorded in 2012.

Asia Pacific. Sales for the year ended December 31, 2013 increased $6.7 million, or 3.2%, compared to the year ended December 31, 2012, primarily due to an increase in sales volume, which was partially offset by unfavorable foreign exchange of $2.5 million. In addition, sales were favorably impacted by the Jyco acquisition, which was completed July 31, 2013. Segment profit increased by $1.8 million, primarily due to increased volumes and continuous improvement savings, which were partially offset by higher staffing costs.

Off-Balance Sheet Arrangements

As a part of our working capital management, we sell certain receivables through third party financial institutions without recourse. The amount sold varies each month based on the amount of underlying receivables and cash flow needs. At December 31, 2013 and 2014, we had $94.5 million and $96.0 million, respectively, of receivables outstanding under receivable transfer agreements entered into by various locations. For the years ended December 31, 2013 and 2014, total accounts receivables factored were $474.2 million, and $509.3 million, respectively. Costs incurred on the sale of receivables were $2.2 million, $2.9 million and $3.3 million for the years ended December 31, 2012, 2013 and 2014, respectively. These amounts are recorded in other expense, net and interest expense, net of interest income in the consolidated statements of net income. These are permitted transactions under our credit

agreement governing our Senior ABL Facility and Term Loan Facility.
As of December 31, 2014, we had no other material off-balance sheet arrangements.

Liquidity and Capital Resources

Short and Long-Term Liquidity Considerations and Risks

We intend to fund our ongoing capital and working capital requirements through a combination of cash flows from operations, cash on hand and borrowings under our Senior ABL Facility, in addition to certain receivable factoring. We anticipate that funds generated by operations, cash on hand and funds available under our Senior ABL Facility will be sufficient to meet working capital requirements for the next twelve months. The Company utilizes intercompany loans and equity contributions to fund its worldwide operations. There may be country specific regulations which may restrict or result in increased costs in the repatriation of these funds. See Note 7. "Debt" to the consolidated financial statements for additional information.

Based on our current and anticipated levels of operations and the condition in our markets and industry, we believe that our cash on hand, cash flow from operations and availability under our Senior ABL Facility will enable us to meet our working capital, capital expenditures, debt service and other funding requirements for the next twelve months. However, our ability to fund our working capital needs, debt payments and other obligations, and to comply with the financial covenants, including borrowing base limitations, under our Senior ABL Facility, depends on our future operating performance and cash flow and many factors outside of our control, including the costs of raw materials, the state of the overall automotive industry and financial and economic conditions and other factors. Any future acquisitions, joint ventures or other similar transactions will likely require additional capital and there can be no assurance that any such capital will be available to us on acceptable terms, if at all.

Cash Flows

Operating activities. Net cash provided by operations was $171.0 million for the year ended December 31, 2014, which included $43.1 million of cash used that related to changes in operating assets and liabilities. The use of cash related to operating assets and liabilities was primarily as a result of changes in accounts and tooling receivables and accounts payable of $29.4 million. In addition, pension contributions of $12.2 million were made during the year ended December 31, 2014. Net cash provided by operations was $133.3 million for the year ended December 31, 2013, which included $59.3 million of cash used that related to changes in operating assets and liabilities. The use of cash related to operating assets and liabilities was primarily a result of increased accounts and tooling receivables of $81.6 million and pension contributions of $20.8 million, partially offset by increased accounts payable of $58.4 million.

Investing activities. Net cash used in investing activities was $157.4 million for the year ended December 31, 2014, which consisted primarily of $192.1 million of capital spending and $21.2 million for acquisition of businesses, offset by proceeds of $50.6 million from the sale of our thermal and emissions product line, the Australian business and the sale of investment, proceeds of $4.4 million for the sale of fixed assets and other, and a $1.0 million return on equity investments. Net cash used in investing activities was $191.1 million for the year ended December 31, 2013, which consisted primarily of $183.3 million of capital spending and $13.5 million for the Jyco acquisition, offset by a $2.1 million return on equity investments and proceeds of $3.6 million for the sale of fixed assets and other. We anticipate that we will spend approximately $185 million to $210 million on capital expenditures in 2015.

Financing activities. Net cash provided by financing activities totaled $49.4 million for the year ended December 31, 2014, which consisted primarily of $737.5 million related to the proceeds from issuance of long-term debt, $9.0 million related to the exercise of stock warrants, increase in long-term debt of $6.6 million and excess tax benefit on stock options exercised of $4.1 million, partially offset by the repurchase of the Senior Notes and the Senior PIK Toggle Notes of $675.6 million, purchase of noncontrolling interest of $18.5 million, payments on long-term debt of $4.3 million, repurchase of common stock of $5.2 million and taxes withheld and paid on employees' share based awards of $4.2 million. Net cash used in financing activities totaled $23.0 million for the year ended December 31, 2013, which consisted primarily of repurchase of common stock of $217.5 million, payment of cash dividends on our 7% preferred stock of $4.7 million and payments on long-term debt of $3.9 million, which were partially offset by proceeds of $194.4 million from the issuance of Senior PIK Toggle Notes, $11.3 million related to the exercise of stock warrants and an increase in long-term debt of $7.1 million.

Financing Arrangements

As part of our Plan of Reorganization, we issued $450 million of Senior Notes and entered into a Senior ABL Facility. On April 3, 2013, the Company issued its Senior PIK Toggle Notes as part of the financing for the purchase of shares of our common stock pursuant to the Equity Tender Offer. On April 4, 2014, the Company entered into a $750 million Term Loan Facility to refinance the Senior PIK Toggle Notes and Senior Notes. We intend to fund our ongoing capital and working capital requirements through a combination of cash flows from operations and borrowings under our Senior ABL Facility. We anticipate that funds generated by operations and funds available under our Senior ABL Facility will be sufficient to meet working capital requirements for the next twelve months. Our Senior Notes, Senior ABL Facility, Senior PIK Toggle Notes and Term Loan Facility are described below. See Note 7. "Debt" to the consolidated financial statements for additional information.

Senior ABL Facility

On April 4, 2014, Cooper-Standard Holdings Inc. ("Parent"), CSA U.S. (the "Issuer" or the "US Borrower"), CSA Canada (the "Canadian Borrower"), Cooper-Standard Automotive International Holdings BV (the "European Borrower" and, together with the US Borrower and Canadian Borrower, the "Borrowers"), and certain subsidiaries of the US Borrower entered into the Second Amended and Restated Loan and Security Agreement in connection with its Senior ABL Facility, with certain lenders, Bank of America, N.A., as agent (the "Agent") for such lenders, Deutsche Bank Trust Company Americas, as syndication agent, and Banc of America Securities LLC, Deutsche Bank Securities Inc., and J.P. Morgan Securities LLC, as joint lead arrangers and bookrunners. On June 11, 2014, the Company and certain of its subsidiaries entered into Amendment No. 1 to the Second Amended and Restated Senior ABL Facility. A summary of our Senior ABL Facility is set forth below. This description is qualified in its entirety by reference to the credit agreement governing our Senior ABL Facility.

General. Our Senior ABL Facility provides for an aggregate revolving loan availability of up to $180.0 million, subject to borrowing base availability, including a $60.0 million letter of credit sub-facility and a $25.0 million swing line sub-facility. Our Senior ABL Facility also provides for an uncommitted $75.0 million incremental loan facility, for a potential total Senior ABL Facility of $255.0 million (if requested by the Borrowers and the lenders agree to fund such increase). No consent of any lender (other than those participating in the increase) is required to effect any such increase. On December 31, 2014, subject to borrowing base availability, the Company had $180.0 million in availability less outstanding letters of credit of $35.6 million.

Maturity. Any borrowings under our Senior ABL Facility will mature, and the commitments of the lenders under our Senior ABL Facility will terminate, on March 1, 2018.

Borrowing base. Loan (and letter of credit) availability under our Senior ABL Facility is subject to a borrowing base, which at any time is limited to the lesser of: (A) the maximum facility amount (subject to certain adjustments) and (B) (i) up to 85% of eligible accounts receivable; plus (ii) up to the lesser of 70% of eligible inventory or 85% of the appraised net orderly liquidation value of eligible inventory; minus reserves established by the Agent. The accounts receivable portion of the borrowing base is subject to certain formulaic limitations (including concentration limits). The inventory portion of the borrowing base is limited to eligible inventory, as determined by an independent appraisal. The borrowing base is also subject to certain reserves, which are established by the Agent (which may include changes to the advance rates indicated above). Loan availability under our Senior ABL Facility is apportioned as follows: $150.0 million to CSA U.S., which includes a $60.0 million sublimit to Cooper-Standard Automotive International Holdings B.V. and $30.0 million to CSA Canada.

Guarantees; security. Obligations under our Senior ABL Facility and cash management arrangements and interest rate and foreign currency swaps, in each case with the lenders and their affiliates (collectively "Additional ABL Secured Obligations") entered into by CSA U.S. are guaranteed on a senior secured basis by the Company and all of our U.S. subsidiaries (other than CS Automotive LLC). Obligations of CSA Canada under our Senior ABL Facility and Additional ABL Secured Obligations of CSA Canada and its Canadian subsidiaries are guaranteed on a senior secured basis by the Company, its U.S. subsidiaries and CSA Canada and Canadian subsidiaries. The obligations under our Senior ABL Facility and related guarantees are secured by a first priority lien on all of each Borrower's and each guarantor's existing and future personal property consisting of accounts receivable, payment intangibles, inventory, documents, instruments, chattel paper and investment property, certain money, deposit accounts, securities accounts,

letters of credit, commercial tort claims and certain related assets and proceeds of the foregoing.

Interest. Borrowings under our Senior ABL Facility bear interest at a rate equal to, at the Borrowers' option:

- in the case of borrowings by the U.S. Borrower or European Borrower, LIBOR or the base rate plus, in each case, an applicable margin; or
- in the case of borrowings by the Canadian Borrower, bankers' acceptance ("BA") rate, Canadian prime rate or Canadian base rate plus, in each case, an applicable margin.

The applicable margin may vary between 1.50% and 2.00% with respect to the LIBOR or BA-based borrowings and between 0.50% and 1.00% with respect to base rate, Canadian prime rate and Canadian base rate borrowings. The applicable margin is subject, in each case, to quarterly pricing adjustments based on usage over the immediately preceding quarter.

In addition to paying interest on outstanding principal under our Senior ABL Facility, the Borrowers are required to pay a fee in respect of committed but unused commitments. The Borrowers are also required to pay a fee on outstanding letters of credit under our Senior ABL Facility together with customary issuance and other letter of credit fees. Our Senior ABL Facility also required the payment of customary agency and administrative fees.

The Borrowers are able to voluntarily reduce the unutilized portion of the commitment amount and repay outstanding loans, in each case, in whole or in part, at any time without premium or penalty (other than customary breakage and related reemployment costs with respect to repayments of any outstanding borrowings).

Covenants; Events of Default. Our Senior ABL Facility includes affirmative and negative covenants that impose substantial restrictions on our financial and business operations, including our ability to incur and secure debt, make investments, sell assets, pay dividends or make acquisitions. Our Senior ABL Facility also includes a requirement to maintain a monthly fixed charge coverage ratio of no less than 1.0 to 1.0 when availability under our Senior ABL Facility is less than specified levels. Our Senior ABL Facility also contains various events of default that are customary for comparable facilities.

Our current revenue forecast for 2015 is determined from specific platform volume projections consistent with a North American and European light vehicle production estimate of 17.4 million units and 20.3 million units, respectively. Adverse changes to the vehicle production levels could have a negative impact on our future sales, liquidity, results of operations and ability to comply with our debt covenants under our Senior ABL Facility or any future financing arrangements we enter into. In addition to the potential impact of changes on our sales, our current operating performance and future compliance with the covenants under our Senior ABL Facility or any future financing arrangements we enter into are dependent upon a number of other external and internal factors, such as changes in raw material costs, changes in foreign currency rates, our ability to execute our cost savings initiatives, our ability to implement and achieve the savings expected by the changes in our operating structure and other factors beyond our control.

Term Loan Facility

On April 4, 2014, certain subsidiaries of the Company entered into a Term Loan Facility (the “Term Loan Facility”) in order to (i) refinance the Senior PIK Toggle Notes due 2018 issued on April 3, 2013 to finance the purchase of our common stock pursuant to the Equity Tender Offer of the Company and the 8 $^1/_2$% Senior Notes due 2018 issued on May 11, 2010 (the "Senior Notes") as part of the Plan of Reorganization to pay certain claims in the Plan of Reorganization of Cooper-Standard Automotive Inc., including applicable call premiums and accrued and unpaid interest, (ii) pay related fees and expenses and (iii) provide for working capital and other general corporate purposes. The Term Loan Facility provides for loans in an aggregate principal amount of $750.0 million and may be expanded (or a new term loan facility added) by an amount that will not cause the consolidated first lien debt ratio to exceed 2.25 to 1.00 plus $300,000. All obligations of the borrower are guaranteed jointly and severally on a senior secured basis by the direct parent company of the borrower and each existing and subsequently acquired or organized direct or indirect wholly-owned U.S. restricted subsidiary of the borrower. The obligations are secured by amongst other items (a) a first priority security interest (subject to permitted liens and other customary exceptions) on (i) all the capital stock in restricted subsidiaries directly held by the borrower and each of the guarantors, (ii) substantially all plant, material owned real property located in the U.S. and equipment of the borrower and the guarantors and (iii) all other personal property of the borrower and the guarantors, and (b) a second priority security interest (subject to permitted liens and other customary exceptions) in accounts receivable of the borrowers and the guarantors arising from the sale of goods and services, inventory, excluding certain collateral and subject to certain limitations. Loans under the Term Loan Facility bear interest at a rate equal to, at the Borrower’s option, LIBOR, subject to a 1.00% LIBOR Floor or the base rate option (the highest of the Federal Funds rate, prime rate, or one-month Eurodollar rate plus the appropriate spread), in each case, plus an applicable margin of 3.00%. The Term Loan Facility matures on April 4, 2021. On April 4, 2014, the aggregate principal amount of $750.0 million was fully drawn to extinguish the Senior PIK Toggle Notes

and the Senior Notes and to pay related fees and expenses. As of December 31, 2014, the principle amount of $746.3 million was outstanding. Debt issuance costs of approximately $7.9 million were incurred on this transaction, along with the original issue discount of $3.8 million. Both the debt issuance costs and the original issue discount will be amortized into interest expense over the term of the Term Loan Facility. As of December 31, 2014, the Company had $3.3 million of unamortized original issue discount.

Non-GAAP Financial Measures

In evaluating our business, management considers EBITDA and Adjusted EBITDA as key indicators of our operating performance. Our management also uses EBITDA and Adjusted EBITDA:

- because similar measures are utilized in the calculation of the financial covenants and ratios contained in our financing arrangements;
- in developing our internal budgets and forecasts;
- as a significant factor in evaluating our management for compensation purposes;
- in evaluating potential acquisitions;
- in comparing our current operating results with corresponding historical periods and with the operational performance of other companies in our industry; and
- in presentations to the members of our board of directors to enable our board of directors to have the same measurement basis of operating performance as is used by management in their assessments of performance and in forecasting and budgeting for our company.

In addition, we believe EBITDA and Adjusted EBITDA and similar measures are widely used by investors, securities analysts and other interested parties in evaluating our performance. We define Adjusted EBITDA as net income (loss) plus income tax expense (benefit), interest expense, net of interest income, depreciation and amortization or EBITDA, as adjusted for items that management does not consider to be reflective of our core operating performance. These adjustments include, but are not limited to, restructuring costs, impairment charges, non-cash fair value adjustments, acquisition related costs, non-cash stock based compensation and non-cash gains and losses from certain foreign currency transactions and translation.

We calculate EBITDA and Adjusted EBITDA by adjusting net income (loss) to eliminate the impact of a number of items we do not consider indicative of our ongoing operating performance. You are encouraged to evaluate each adjustment and the reasons we consider it appropriate for supplemental analysis. EBITDA and Adjusted EBITDA are not financial measurements recognized under U.S. GAAP, and when analyzing our operating performance, investors should use EBITDA and Adjusted EBITDA in addition to, and not as alternatives for, net income (loss), operating income, or any other performance measure derived in accordance with U.S. GAAP, nor as an alternative to cash flow from operating activities as a measure of our liquidity. EBITDA and Adjusted EBITDA have limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of our results of operations as reported under U.S. GAAP. These limitations include:

- they do not reflect our cash expenditures or future requirements for capital expenditure or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect interest expense or cash requirements necessary to service interest or principal payments under our Term Loan Facility and Senior ABL Facility;
- they do not reflect certain tax payments that may represent a reduction in cash available to us;
- although depreciation and amortization are non-cash charges, the assets being depreciated or amortized may have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect cash requirements for such replacements; and
- other companies, including companies in our industry, may calculate these measures differently and, as the number of differences in the way companies calculate these measures increases, the degree of their usefulness as a comparative measure correspondingly decreases.

In addition, in evaluating Adjusted EBITDA, it should be noted that in the future we may incur expenses similar to the adjustments in the below presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

The following table provides a reconciliation of EBITDA and Adjusted EBITDA to net income, which is the most comparable financial measure in accordance with U.S. GAAP:

	Year Ended December 31,		
	2012	2013	2014
	(dollar amounts in millions)		
Net income attributable to Cooper-Standard Holdings Inc.	$102.8	$47.9	$42.8
Income tax expense (benefit)	(31.5)	45.6	42.8
Interest expense, net of interest income	44.8	54.9	45.6
Depreciation and amortization	122.7	111.1	112.6
EBITDA	$238.8	$259.5	$243.8
Loss on extinguishment of debt (1)	—	—	30.5
Impairment charges (2)	10.1	—	26.3
Restructuring (3)	25.8	21.2	17.2
Gain on divestiture (4)	—	—	(14.6)
Settlement charges (5)	—	—	3.6
Stock-based compensation (6)	9.8	5.2	2.8
Retirement obligation (7)	11.5	—	—
Acquisition costs	—	0.9	0.7
Other	2.0	0.6	1.2
Adjusted EBITDA	$298.0	$287.4	$311.5

(1) Loss on extinguishment of debt relating to the repurchase of our Senior Notes and Senior PIK Toggle Notes.

(2) Impairment charges in 2012 related to goodwill of $2.8 million and fixed assets of $7.3 million. Impairment charges in 2014 related to fixed assets of $24.6 million and intangible assets of $1.7 million.

(3) Includes non-cash restructuring and is net of non-controlling interest.

(4) Gain on sale of thermal and emissions product line.

(5) Settlement charges relating to the US pension plans that were amended to offer a one-time voluntary lump sum window to certain terminated vested participants.

(6) Non-cash stock amortization expense and non-cash stock option expense for grants issued at emergence from bankruptcy.

(7) Executive compensation for retired CEO and recruiting costs related to search for new CEO.

Working capital

Historically, we have not generally experienced difficulties in collecting our accounts receivable, other than the dynamics associated with a global economic downturn which impact both the amount of our receivables and somewhat stresses the ability of our customers to pay within normal terms. We believe that we currently have a strong working capital position. As of December 31, 2014, we had net cash of $267.3 million.

Contractual Obligations

Our contractual cash obligations consist of legal commitments requiring us to make fixed or determinable cash payments, regardless of the contractual requirements of the vendor to provide future goods or services. Except as otherwise disclosed, this table does not include information on our recurring purchase of materials for use in production because our raw materials purchase contracts typically do not require fixed or minimum quantities.

The following table summarizes the total amounts due as of December 31, 2014 under all debt agreements, commitments and other contractual obligations.

	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(dollars in millions)				
Debt obligations	$742.9	$7.0	$13.9	$13.9	$708.1
Interest on debt obligations	185.8	30.2	59.4	58.2	38.0
Operating lease obligations	75.9	25.4	25.9	11.9	12.7
Other obligations (1)	80.8	67.7	6.4	4.5	2.2
Total	$1,085.4	$130.3	$105.6	$88.5	$761.0

(1) Noncancellable purchase order commitments for capital expenditures, other borrowings and capital lease obligations.

In addition to our contractual obligations and commitments set forth in the table above, we have employment arrangements with certain key executives that provide for continuity of management. These arrangements include payments of multiples of annual salary, certain incentives, and continuation of benefits upon the occurrence of specified events in a manner that is believed to be consistent with comparable companies.

We also have minimum funding requirements with respect to our pension obligations. We expect to make minimum cash contributions of approximately $3.0 million and discretionary cash contributions of approximately $5.0 million to our domestic and foreign pension plan asset portfolios in 2015. Our minimum funding requirements after 2015 will depend on several factors, including the investment performance of our retirement plans and prevailing interest rates. Our funding obligations may also be affected by changes in applicable legal requirements. We also have payments due with respect to our postretirement benefit obligations. We do not prefund our postretirement benefit obligations. Rather, payments are made as costs are incurred by covered retirees. We expect other postretirement benefit net payments to be approximately $2.8 million in 2015.

We may be required to make significant cash outlays due to our unrecognized tax benefits. However, due to the uncertainty of the timing of future cash flows associated with our unrecognized tax benefits, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, unrecognized tax benefits of $8.7 million as of December 31, 2014 have been excluded from the contractual obligations table above. See Note 10. “Income Taxes” to the consolidated financial statements for additional information.

In addition, excluded from the contractual obligation table are open purchase orders at December 31, 2014 for raw materials and supplies used in the normal course of business, supply contracts with customers, distribution agreements, joint venture agreements and other contracts without express funding requirements.

Raw Materials and Manufactured Components

The principal raw materials for our business include EPDM and synthetic rubber, components manufactured from carbon steel, plastic resins and components, carbon black, process oils, components manufactured from aluminum and natural rubber. We manage the procurement of our raw materials to assure supply and to obtain the most favorable total cost of ownership. Procurement arrangements include short-term and long-term supply agreements that may contain formula-based pricing based on commodity indices. These arrangements provide quantities needed to satisfy normal manufacturing demands.

We believe we have adequate sources for the supply of raw materials and components for our products with suppliers located around the world. We often use offshore suppliers for machined components, die castings and other labor-intensive, economically freighted products in our North American and European facilities.

Extreme fluctuations in material pricing have occurred in recent years adding challenges in forecasting supply costs. Our inability generally to recover higher than anticipated material costs from our customers could impact our profitability.

Seasonal Trends

Historically, sales to automotive customers are lowest during the months prior to model changeovers and during assembly plant shutdowns. However, economic conditions and consumer demand may change the traditional seasonality of the industry and lower production may prevail without the impact of seasonality. Historically, model changeover periods have typically resulted in lower sales volumes during July, August and December. During these periods of lower sales volumes, profit performance is reduced but working capital often improves due to the continued collection of accounts receivable.

Critical Accounting Policies and Estimates

Our accounting policies are more fully described in Note 2. "Significant Accounting Policies," to the consolidated financial statements. Application of these accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe that of our significant accounting policies, the following may involve a higher degree of judgment or estimation than other accounting policies.

Pre-Production Costs Related to Long Term Supply Arrangements. Costs for molds, dies, and other tools owned by us to produce products under long-term supply arrangements are recorded at cost in property, plant, and equipment and amortized over the lesser of three years or the term of the related supply agreement. We expense all pre-production tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer.

Goodwill. As of December 31, 2013 and 2014, we had recorded goodwill of approximately $139.7 million and $135.2 million, respectively. Goodwill is not amortized but is tested for impairment, either annually or when events or circumstances indicate that impairment may exist. We evaluate each reporting unit's fair value versus its carrying value annually or more frequently if events or changes in circumstances indicate that the carrying value may exceed the fair value of the reporting unit. Estimated fair values are based on the cash flows projected in the reporting units' strategic plans and long-range planning forecasts discounted at a risk-adjusted rate of return. We assess the reasonableness of these estimated fair values using market based multiples of comparable companies. If the carrying value exceeds the fair value, an impairment loss is measured and recognized. Goodwill fair value measurements are classified within Level 3 of the fair value hierarchy, which are generally determined using unobservable inputs. We conduct our annual goodwill impairment as of October 1st of each year.

Our annual goodwill impairment analysis, completed as of the first day of the fourth quarter, resulted in no impairment for 2013 or 2014.

Long-Lived Assets. We monitor our long-lived assets for impairment indicators on an ongoing basis in accordance with ASC 360, "Property, Plant, and Equipment." If impairment indicators exist, we perform the required analysis by comparing the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived assets. Fair value is estimated based upon either discounted cash flow analyses or estimated salvage values. Cash flows are estimated using internal budgets based on recent sales data, independent automotive production volume estimates and customer commitments, as well as assumptions related to discount rates. Change in economic or operating conditions impacting these estimates and assumptions could result in the impairment of long-lived assets. During 2014, we impaired property, plant and equipment at our European and North American facilities with a carrying value of $48.6 million to their fair value of $24.0 million, resulting in an impairment charge of $24.6 million. Fair value was determined using discounted cash flows, revenue growth of 2% and a discount rate of 14.5% and 14% for Europe and North America, respectively.

Restructuring-Related Reserves. Specific accruals have been recorded in connection with restructuring initiatives. These accruals include estimates principally related to employee separation costs, the closure and/or consolidation of facilities, contractual obligations, and the valuation of certain assets. Actual amounts recognized could differ from the original estimates. Restructuring-related reserves are reviewed on a quarterly basis and changes to plans are appropriately recognized when identified. Changes to plans associated with the restructuring of existing businesses are generally recognized as employee separation and plant phase-out costs in the period the change occurs. See Note 4. "Restructuring" to the consolidated financial statements for additional information.

Revenue Recognition and Sales Commitments. We generally enter into agreements with our customers to produce products at the beginning of a vehicle's life. Although such agreements do not generally provide for minimum

quantities, once we enter into such agreements, fulfillment of our customers' purchasing requirements can be our obligation for an extended period or the entire production life of the vehicle. These agreements generally may be terminated by our customer at any time. Historically, terminations of these agreements have been minimal. In certain limited instances, we may be committed under existing agreements to supply products to our customers at selling prices which are not sufficient to cover the direct cost to produce such products. In such situations, we recognize losses as they are incurred.

We receive blanket purchase orders from many of our customers on an annual basis. Generally, such purchase orders and related documents set forth the annual terms, including pricing, related to a particular vehicle model. Such purchase orders generally do not specify quantities. We recognize revenue based on the pricing terms included in our annual purchase orders as our products are shipped to our customers. As part of certain agreements, we are asked to provide our customers with annual cost reductions. We accrue for such amounts as a reduction of revenue as our products are shipped to our customers. In addition, we generally have ongoing adjustments to our pricing arrangements with our customers based on the related content and cost of our products. Such pricing accruals are adjusted as they are settled with our customers.

Amounts billed to customers related to shipping and handling are included in sales in our consolidated statements of net income. Shipping and handling costs are included in cost of sales in our consolidated statements of net income.

Income Taxes. In determining the provision for income taxes for financial statement purposes, we make estimates and judgments which affect our evaluation of the carrying value of our deferred tax assets as well as our calculation of certain tax liabilities. In accordance with ASC Topic 740, "Accounting for Income Taxes," we evaluate the carrying value of our deferred tax assets on a quarterly basis. In completing this evaluation, we consider all available positive and negative evidence. Such evidence includes historical operating results, the existence of cumulative losses in the most recent fiscal years, expectations for future pretax operating income, the time period over which our temporary differences will reverse, and the implementation of feasible and prudent tax planning strategies. Deferred tax assets are reduced by a valuation allowance if, based on the weight of this evidence, it is more likely than not that all or a portion of the recorded deferred tax assets will not be realized in future periods.

Concluding that a valuation allowance is not required is difficult when there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years. The Company utilizes three years cumulative pre-tax book results adjusted for significant permanent book to tax differences as a measure of cumulative results in recent years. In certain foreign jurisdictions, our analysis indicates that we have cumulative three year historical losses on this basis. This is considered significant negative evidence which is difficult to overcome. However, the three year loss position is not solely determinative and, accordingly, management considers all other available positive and negative evidence in its analysis. Based upon this analysis, management concluded that it is more likely than not that the net deferred tax assets in certain foreign jurisdictions may not be realized in the future. Accordingly, the Company continues to maintain a valuation allowance related to those net deferred tax assets.

We continue to maintain a valuation allowance related to our net deferred tax assets in several foreign jurisdictions. As of December 31, 2014, we had valuation allowances of $144.1 million related to tax loss and credit carryforwards and other deferred tax assets in several foreign jurisdictions. Our valuation allowance increased in 2014 primarily as result of recording a valuation allowance against our net deferred tax asset in two Mexican legal entities and current year losses with no benefit in certain foreign jurisdictions. Our current and future provision for income taxes is significantly impacted by the initial recognition of and changes in valuation allowances in certain countries. We intend to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. Our future provision for income taxes will include no tax benefit with respect to losses incurred and no tax expense with respect to income generated in these countries until the respective valuation allowance is eliminated.

In addition, the calculation of our tax benefits and liabilities includes uncertainties in the application of complex tax regulations in a multitude of jurisdictions across our global operations. We recognize tax benefits and liabilities based on our estimate of whether, and the extent to which additional taxes will be due. We adjust these liabilities based on changing facts and circumstances; however, due to the complexity of some of these uncertainties and the impact of any tax audits, the ultimate resolutions may be materially different from our estimated liabilities. See Note 10. "Income Taxes" to the consolidated financial statements for additional information.

Pensions and Postretirement Benefits Other Than Pensions. Included in our results of operations are significant pension and postretirement benefit costs, which are measured using actuarial valuations. Inherent in these valuations are key assumptions, including assumptions about discount rates and expected returns on plan assets. These assumptions are determined as of the current year measurement date. We are required to consider current market conditions, including changes in interest rates, in making these assumptions. Changes in pension and postretirement benefit costs may occur in the future due to changes in these assumptions. Our net pension and postretirement benefit

costs were approximately $6.9 million and $1.1 million, respectively, for the year ended December 31, 2014.

To develop the discount rate for each plan, the expected cash flows underlying the plan's benefit obligations were discounted using a December 31, 2014 pension index to determine a single equivalent rate. To develop our expected return on plan assets, we considered historical long-term asset return experience, the expected investment portfolio mix of plan assets and an estimate of long-term investment returns. To develop our expected portfolio mix of plan assets, we considered the duration of the plan liabilities and gave more weight to equity positions, including both public and private equity investments, than to fixed-income securities. Holding all other assumptions constant, a 1% increase or decrease in the discount rate would have decreased or increased the fiscal 2015 net periodic benefit cost expense by approximately $1.1 million or $1.7 million, respectively. Likewise, a 1% increase or decrease in the expected return on plan assets would have decreased or increased the fiscal 2015 net periodic benefit cost by approximately $3.4 million. Decreasing or increasing the discount rate by 1% would have increased or decreased the projected benefit obligations by approximately $80.5 million or $64.4 million, respectively. Aggregate pension net periodic benefit cost is forecasted to be approximately $5.8 million in 2015.

The expected annual rate of increase in health care costs is approximately 6.29% for 2014 (6.44% for the United States, 6.00% for Canada) grading down to 5% in 2018, and was held constant at 5.00% for years past 2018. These trend rates were assumed to reflect market trend, actual experience and future expectations. The health care cost trend rate assumption has a significant effect on the amounts reported. Only certain employees hired are eligible to participate in our subsidized postretirement plan. A 1% change in the assumed health care cost trend rate would have increased or decreased the fiscal 2015 service and interest cost components by $0.2 million or $0.2 million, respectively and the projected benefit obligations would have increased or decreased by $3.5 million or $2.8 million, respectively. Aggregate other postretirement net periodic benefit cost is forecasted to be approximately $1.4 million in 2015.

The general funding policy is to contribute amounts deductible for United States federal income tax purposes or amounts required by local statute.

Recent Accounting Pronouncements

See Note 2. "Significant Accounting Policies" to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to fluctuations in interest rates, currency exchange rates and commodity prices. We actively monitor our exposure to risk from changes in foreign currency exchange rates and interest rates through the use of derivative financial instruments in accordance with management's guidelines. We do not enter into derivative instruments for trading purposes. See Item 8. "Financial Statements and Supplementary Data," specifically Note 20. "Fair Value of Financial Instruments" to the consolidated financial statements.

Foreign Currency Exchange Rate Risk. We use forward foreign exchange contracts to reduce the effect of fluctuations in foreign exchange rates on a portion of forecasted material purchases and operating expenses. As of December 31, 2014, the notional amount of these contracts was $47.0 million. As of December 31, 2014, the fair value before taxes of the Company's forward foreign exchange contracts is a liability of $1.6 million.

In addition to transactional exposures, our operating results are impacted by the translation of our foreign operating income into U.S. dollars. In 2014, net sales outside of the United States accounted for 73% of our consolidated net sales, although certain non-U.S. sales are U.S. dollar denominated. We do not enter into foreign exchange contracts to mitigate this exposure.

Interest Rates. In August 2014, the Company entered into interest rate swap transactions to manage cash flow variability associated with its variable rate Term Loan Facility. The interest rate swap contracts, which fix the interest payments of variable rate debt instruments, are used to manage exposure to fluctuations in interest rates. At December 31, 2014, the notional amount of these contracts was $300 million. As of December 31, 2014, the fair value before taxes of the Company's interest rate swap is a liability of $1.6 million.

Commodity Prices. We have commodity price risk with respect to purchases of certain raw materials, including natural gas and carbon black. Raw material, energy and commodity costs have been extremely volatile over the past several years. Historically, we used derivative instruments to reduce our exposure to fluctuations in certain commodity prices. We did not enter into any derivative instruments in 2014. We will continue to evaluate, and may use, derivative financial instruments to manage our exposure to higher raw material, energy and commodity prices in the future.

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Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Cooper-Standard Holdings Inc.

We have audited the accompanying consolidated balance sheets of Cooper-Standard Holdings Inc. (the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of net income, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the index at Item 15(a) 2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cooper-Standard Holdings Inc. at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Cooper-Standard Holdings Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 24, 2015, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Detroit, Michigan

February 24, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Cooper-Standard Holdings Inc.

We have audited Cooper-Standard Holdings Inc.'s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Cooper-Standard Holdings Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Cooper-Standard Holdings Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Cooper-Standard Holdings Inc. as of December 31, 2014 and 2013, and the related consolidated statements of net income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2014, and our report dated February 24, 2015, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Detroit, Michigan

February 24, 2015

COOPER-STANDARD HOLDINGS INC.
CONSOLIDATED STATEMENTS OF NET INCOME
(Dollar amounts in thousands except per share amounts)

	Year Ended December 31,		
	2012	2013	2014
Sales	$2,880,902	$3,090,542	$3,243,987
Cost of products sold	2,442,014	2,617,804	2,734,558
Gross profit	438,888	472,738	509,429
Selling, administration & engineering expenses	281,268	293,446	301,724
Amortization of intangibles	15,456	15,431	16,437
Impairment charges	10,069	—	26,273
Restructuring	28,763	21,720	17,414
Other operating profit	—	—	(16,927)
Operating profit	103,332	142,141	164,508
Interest expense, net of interest income	(44,762)	(54,921)	(45,604)
Equity earnings	8,778	11,070	6,037
Other expense, net	(63)	(7,437)	(36,658)
Income before income taxes	67,285	90,853	88,283
Income tax expense (benefit)	(31,531)	45,599	42,810
Net income	98,816	45,254	45,473
Net (income) loss attributable to noncontrolling interests	3,988	2,687	(2,694)
Net income attributable to Cooper-Standard Holdings Inc.	$102,804	$47,941	$42,779
Net income available to Cooper-Standard Holdings Inc. common stockholders	$76,730	$35,054	$42,779
Earnings per share			
Basic	$4.40	$2.39	$2.56
Diluted	$4.14	$2.24	$2.39

The accompanying notes are an integral part of these consolidated financial statements.

COOPER-STANDARD HOLDINGS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollar amounts in thousands)

	Year Ended December 31,		
	2012	2013	2014
Net income	$98,816	$45,254	$45,473
Other comprehensive income (loss):			
Currency translation adjustment	2,051	(12,550)	(56,162)
Benefit plan liability, net of tax[1]	(36,360)	30,612	(53,455)
Fair value change of derivatives, net of tax[2]	79	(250)	(2,011)
Other comprehensive income (loss), net of tax	(34,230)	17,812	(111,628)
Comprehensive income (loss)	64,586	63,066	(66,155)
Comprehensive (income) loss attributable to noncontrolling interests	5,239	2,629	(2,615)
Comprehensive income (loss) attributable to Cooper-Standard Holdings Inc.	$69,825	$65,695	$(68,770)

(1) Other comprehensive income (loss) related to the benefit plan liability is net of a tax effect of $10,055, $(17,224) and $19,096 for the years ended December 31, 2012, 2013 and 2014, respectively.
(2) Other comprehensive income (loss) related to the fair value change of derivatives is net of a tax effect of $(29), $99 and $1,253 for the years ended December 31, 2012, 2013 and 2014, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

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COOPER-STANDARD HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2013 and 2014
(Dollar amounts in thousands except share amounts)

	December 31, 2013	2014
Assets		
Current assets:		
Cash and cash equivalents	$184,370	$267,270
Accounts receivable, net	365,750	377,032
Tooling receivable	156,205	124,015
Inventories	179,766	166,531
Prepaid expenses	26,940	25,626
Other	82,301	93,524
Total current assets	995,332	1,053,998
Property, plant and equipment, net	732,902	716,013
Goodwill	139,701	135,169
Intangibles, net	101,436	82,309
Deferred tax assets	34,235	41,059
Other assets	99,148	104,219
Total assets	$2,102,754	$2,132,767
Liabilities and Equity		
Current liabilities:		
Debt payable within one year	$28,329	$36,789
Accounts payable	355,394	322,422
Payroll liabilities	97,146	94,986
Accrued liabilities	89,302	75,005
Total current liabilities	570,171	529,202
Long-term debt	656,095	749,085
Pension benefits	151,113	191,805
Postretirement benefits other than pensions	57,224	60,287
Deferred tax liabilities	11,146	5,001
Other liabilities	36,280	44,692
Total liabilities	1,482,029	1,580,072
Redeemable noncontrolling interest	5,153	3,981
7% Cumulative participating convertible preferred stock, $0.001 par value, 10,000,000 shares authorized at December 31, 2013, and December 31, 2014; no shares issued and outstanding	—	—
Equity:		
Common stock, $0.001 par value, 190,000,000 shares authorized at December 31, 2013 and December 31, 2014; 18,226,223 shares issued and 16,676,539 outstanding at December 31, 2013 and 18,685,634 shares issued and 17,039,328 outstanding at December 31, 2014	17	17
Additional paid-in capital	489,052	492,959
Retained earnings	156,775	195,233
Accumulated other comprehensive loss	(27,694)	(139,243)
Total Cooper-Standard Holdings Inc. equity	618,150	548,966
Noncontrolling interests	(2,578)	(252)
Total equity	615,572	548,714

Total liabilities and equity	$2,102,754	$2,132,767

The accompanying notes are an integral part of these consolidated financial statements.

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COOPER-STANDARD HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Dollar amounts in thousands except share amounts)

		Total Equity							
	Redeemable Noncontrolling Interests	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Cooper-Standard Holdings Inc. Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2011	$ 14,344	18,323,443	$ 17	$ 485,637	$ 124,674	$ (12,469)	$ 597,859	$ 3,344	$ 601,203
Shares issued under stock option plans	—	21,356	—	(346)	—	—	(346)	—	(346)
Preferred stock redemption premium	—	—	—	—	(1,376)	—	(1,376)	—	(1,376)
Repurchase of common stock	—	(1,030,319)	(1)	(24,933)	(11,961)	—	(36,895)	—	(36,895)
Converted preferred stock shares	—	2,278	—	68	—	—	68	—	68
Stock based compensation, net	—	(40,906)	—	11,277	(672)	—	10,605	—	10,605
Preferred stock dividends	—	—	—	—	(6,764)	—	(6,764)	—	(6,764)
Accretion of redeemable noncontrolling interest	4,798	—	—	—	(4,798)	—	(4,798)	—	(4,798)
Purchase of noncontrolling interest	—	—	—	148	—	—	148	(2,148)	(2,000)
Net income (loss) for 2012	(3,688)	—	—	—	102,804	—	102,804	(300)	102,504
Other comprehensive income (loss)	(1,260)	—	—	—	—	(32,979)	(32,979)	9	(32,970)
Balance at December 31, 2012	14,194	17,275,852	16	471,851	201,907	(45,448)	628,326	905	629,231
Shares issued under stock option plans	—	32,176	—	(702)	—	—	(702)	—	(702)
Repurchase of common stock	—	(5,044,109)	(5)	(122,067)	(95,477)	—	(217,549)	—	(217,549)
	—	4,130,742	4	121,908	—	—	121,912	—	121,912

Converted preferred stock shares									
Warrant exercise	—	419,124	1	11,252	—	—	11,253	—	11,253
Stock based compensation, net	—	(137,246)	1	7,695	(2,011)	—	5,685	—	5,685
Preferred stock dividends	—	—	—	—	(4,454)	—	(4,454)	—	(4,454)
Remeasurement of redeemable noncontrolling interest	(8,249)	—	—	—	8,869	—	8,869	(620)	8,249
Purchase of noncontrolling interest	—	—	—	(885)	—	—	(885)	(1,026)	(1,911)
Net income (loss) for 2013	(126)	—	—	—	47,941	—	47,941	(2,561)	45,380
Other comprehensive income (loss)	(666)	—	—	—	—	17,754	17,754	724	18,478
Balance at December 31, 2013	5,153	16,676,539	17	489,052	156,775	(27,694)	618,150	(2,578)	615,572
Shares issued under stock option plans	—	42,014	—	(1,307)	—	—	(1,307)	—	(1,307)
Repurchase of common stock	—	(96,622)	—	(2,338)	(2,824)	—	(5,162)	—	(5,162)
Warrant exercise		425,886	—	9,022	—	—	9,022	—	9,022
Stock based compensation, net	—	(8,489)	—	11,458	(1,497)	—	9,961	—	9,961
Excess tax benefit on stock options	—	—	—	4,098	—	—	4,098	—	4,098
Purchase of noncontrolling interest	—	—	—	(17,026)	—	—	(17,026)	(1,461)	(18,487)
Net income (loss) for 2014	(1,110)	—	—	—	42,779	—	42,779	3,804	46,583
Other comprehensive income (loss)	(62)	—	—	—	—	(111,549)	(111,549)	(17)	(111,566)
Balance at December 31, 2014	$ 3,981	17,039,328	$ 17	$ 492,959	$ 195,233	$ (139,243)	$ 548,966	$ (252)	$ 548,714

The accompanying notes are an integral part of these consolidated financial statements.

COOPER-STANDARD HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollar amounts in thousands)

	Year Ended December 31,		
	2012	2013	2014
Operating Activities:			
Net income	$98,816	$45,254	$45,473
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	107,275	95,597	96,143
Amortization of intangibles	15,456	15,431	16,437
Impairment charges	10,069	—	26,273
Stock-based compensation expense	15,306	11,576	12,587
Equity earnings, net of dividends related to earnings	(5,377)	(5,723)	(3,767)
Loss on extinguishment of debt	—	—	30,488
Gain on divestitures and sale of investment	—	—	(18,809)
Deferred income taxes	(41,386)	27,479	8,816
Other	(1,269)	2,902	542
Changes in operating assets and liabilities:			
Accounts and tooling receivable	(61,735)	(49,786)	(17,934)
Inventories	(2,237)	(31,823)	888
Prepaid expenses	2,969	(5,981)	277
Accounts payable	14,581	58,369	(11,460)

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