CTB 10-K 12/31/2015

Section 1: 10-K (10-K)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

For Annual and Transition Reports
Pursuant to Sections 13 or 15(d)
of the Securities Exchange Act of 1934

(Mark One)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

for the fiscal year ended December 31, 2015

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 001-04329

COOPER TIRE & RUBBER COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	**34-4297750** (I.R.S. Employer Identification No.)
701 Lima Avenue, Findlay, Ohio (Address of Principal Executive Offices)	**45840** (Zip Code)

Registrant's telephone number, including area code: (419) 423-1321

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

Common Stock, $1 par value per share	New York Stock Exchange
(Title of Each Class)	(Name of Each Exchange on which Registered)

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

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

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 ☒

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 ☒ 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
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 ☒

The aggregate market value of the voting common stock held by non-affiliates of the registrant at June 30, 2015 was $1,847,848,239.

The number of shares outstanding of the registrant's common stock as of February 19, 2016 was 55,376,328.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information from the registrant's definitive proxy statement for its 2016 Annual Meeting of Stockholders will be herein incorporated by reference into Part III, Items 10 – 14, of this report.

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COOPER TIRE & RUBBER COMPANY – FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

PART I

Item 1. BUSINESS

Cooper Tire & Rubber Company with its subsidiaries ("Cooper" or the "Company") is a leading manufacturer and marketer of replacement tires. It is the fifth largest tire manufacturer in North America and, according to a recognized trade source, the Cooper family of companies is the twelfth largest tire company in the world based on sales. Cooper specializes in the design, manufacture, marketing and sales of passenger car and light truck tires. Cooper and its subsidiaries also sell medium truck, motorcycle and racing tires.

The Company is organized into four business segments: North America, Latin America, Europe and Asia. Each segment is managed separately. Additional information on the Company's segments, including their financial results, total assets, products, markets and presence in particular geographic areas, appears in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the "Business Segments" note to the consolidated financial statements.

Cooper Tire & Rubber Company was incorporated in the state of Delaware in 1930 as the successor to a business originally founded in 1914. Based in Findlay, Ohio, Cooper and its family of companies currently operate 8 manufacturing facilities and 20 distribution centers in 10 countries. As of December 31, 2015, it employed 9,119 persons worldwide.

Business Segments

In the first quarter of 2015, the Company announced the creation of a Chief Operating Officer position with responsibility for Cooper's worldwide operations throughout North America, Latin America, Europe and Asia. The Company made this organizational change to provide a more cohesive global approach to the Company's business and to better leverage the Company's brands, products and manufacturing footprint around the world. As a result of these organizational changes, the Company evaluated its segment reporting under Accounting Standards Codification ("ASC") 280, "Segments."

Based on this evaluation, it was determined that the Company has four segments:

- North America, composed of the Company's operations in the United States ("U.S.") and Canada;
- Latin America, composed of the Company's operations in Mexico, Central America and South America;
- Europe; and
- Asia.

North America and Latin America meet the criteria for aggregation in accordance with ASC 280, as they are similar in their production and distribution processes and exhibit similar economic characteristics. The aggregated North America and Latin America segments are presented as "Americas Tire Operations" in the segment disclosure.

Both the Asia and Europe segments have been determined to be individually immaterial, as they do not meet the quantitative requirements for segment disclosure under ASC 280. In accordance with ASC 280, information about operating segments that are not reportable shall be combined and disclosed in an all other category separate from other reconciling items. As a result, these two segments have been combined in the segment operating results discussion. The results of the combined Asia and Europe segments are presented as "International Tire Operations."

The presentation of the aggregated Americas Tire Operations segment under the Company's new organizational structure is consistent with the segment reported as Americas Tire Operations in prior years. Similarly, the International Tire Operations disclosure is consistent with the Company's previously reported International Tire Operations segment. As a result, the Company has not restated its prior year reportable segments as the composition of reportable segments did not change.

Americas Tire Operations Segment

The Americas Tire Operations segment manufactures and markets passenger car and light truck tires, primarily for sale in the U.S. replacement market. The segment also has a joint venture manufacturing operation in Mexico, Corporacion de Occidente SA de CV ("COOCSA"), which supplies passenger car tires to the U.S., Mexican, Central American and South American markets. The segment also distributes tires for racing, medium trucks and motorcycles. The racing and motorcycle tires are manufactured in the Company's European Operations and by others. The medium truck tires are sourced through an off-take agreement with the Company's former Cooper Chengshan (Shandong) Tire Company Ltd. ("CCT") joint venture, which is now known as Prinx Chengshan (Shandong) Tire Company Ltd. Major distribution channels and customers include independent tire dealers, wholesale distributors, regional and national retail tire chains, and large retail chains that sell tires as well as other automotive products. The segment does not sell its products directly to end users, except through three Company-owned retail stores. The segment sells a limited number of tires to original equipment manufacturers ("OEMs").

The segment operates in a highly competitive industry, which includes Bridgestone Corporation, Goodyear Tire & Rubber Company and Groupe Michelin. These competitors are substantially larger than the Company and serve OEMs as well as the replacement tire market. The segment also faces competition from low-cost producers in Asia, Mexico, South America and Central Europe. Some of those producers are foreign affiliates of the segment's competitors in North America. The segment had a market share in 2015 of approximately 13 percent of all light vehicle replacement tire sales in the U.S. The segment also participates in the U.S. medium truck tire market. A portion of the products manufactured by the segment are exported throughout the world.

Success in competing for the sale of replacement tires is dependent upon many factors, the most important of which are price, quality, performance, line coverage, availability through appropriate distribution channels and relationships with dealers and retailers. Other factors include warranty, credit terms and other value-added programs. The segment has built close working relationships through the years with independent dealers. It believes those relationships have enabled it to obtain a competitive advantage in that channel of the market. As a steadily increasing percentage of replacement tires are sold by large regional and national tire retailers, the segment has increased its penetration of those distribution channels, while maintaining a focus on its traditionally strong network of independent dealers.

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The segment's replacement tire business has a broad customer base that includes purchasers of proprietary brand tires that are marketed and distributed by the Company and private label tires which are manufactured by the Company but marketed and distributed by the Company's customers. The segment is a leading supplier of private label tires in the U.S.

Customers generally place orders on a month-to-month basis and the segment adjusts production and inventory to meet those orders, which results in varying backlogs of orders at different times of the year. Tire sales are subject to a seasonal demand pattern. This usually results in the sales volumes being strongest in the third and fourth quarters and weaker in the first and second quarters.

International Tire Operations Segment

The International Tire Operations segment is the combination of the Asia and Europe operating segments. The European operations have manufacturing facilities in the United Kingdom ("U.K.") and the Republic of Serbia ("Serbia"). The U.K. entity manufactures and markets passenger car, light truck, motorcycle and racing tires and tire retread material for the domestic and global markets. The Serbian entity manufactures light vehicle tires primarily for the European markets and for export to the U.S. The Asian operations are located in the People's Republic of China ("PRC"). In the PRC, Cooper Kunshan Tire manufactures light vehicle tires and, under an agreement with the government of the PRC, these tires were exported to markets outside of the PRC through 2012. Beginning in 2013, tires produced at the facility have also been sold in the domestic market. The segment also had a joint venture in the PRC, CCT, which manufactured and marketed radial and bias medium truck tires as well as passenger car and light truck tires for the global markets. The Company sold its ownership interest in this joint venture in November 2014, and the Company now procures these tires under off-take agreements through mid-2018 from this entity, now known as Prinx Chengshan (Shandong) Tire Company Ltd. The majority of the tires manufactured by the International Tire Operations segment are sold in the replacement market. A growing percentage of tires in the Asian operations are sold to OEMs as part of that region's strategy.

On January 4, 2016, the Company announced that it had entered into an agreement to purchase a majority of China-based Qingdao Ge Rui Da Rubber Co., Ltd. The transaction is expected to close during the first half of 2016 pending certain permits and approvals by the Chinese government. After the acquisition, the entity is expected to serve as a global source of truck and bus radial tire production for Cooper. Passenger car radial tires may also be manufactured at the facility in the future.

The segment has also established sales, marketing, distribution and research and development capabilities to support the Company's objectives.

As in the Americas Tire Operations segment, the International Tire Operations segment operates in a highly competitive industry, which includes Bridgestone Corporation, Goodyear Tire & Rubber Company and Groupe Michelin. These competitors are substantially larger than the Company and serve OEMs as well as the replacement tire market. The segment also faces competition from low-cost producers in certain markets.

Raw Materials

The Company's principal raw materials include natural rubber, synthetic rubber, carbon black, chemicals and steel reinforcement components. The Company acquires its raw materials from various sources around the world to assure continuing supplies for its manufacturing operations and to mitigate the risk of potential supply disruptions.

During 2015, the Company experienced lower raw material costs compared with 2014. The pricing volatility of natural rubber and certain other raw materials contributes to the difficulty in accurately predicting and managing these costs.

The Company has a purchasing office in Singapore to acquire natural rubber directly from producers in Southeast Asia. This purchasing operation enables the Company to work directly with producers to continually improve consistency and quality while reducing the costs of materials, transportation and transactions.

The Company's contractual relationships with its raw material suppliers are generally based on long-term agreements or purchase order arrangements. For natural rubber and natural gas, procurement is managed through a combination of buying forward production requirements and utilizing the spot market. For other principal materials, procurement arrangements include supply agreements that may contain formula-based pricing based on commodity indices, multi-year agreements or spot purchases. These arrangements only cover quantities needed to satisfy normal manufacturing demands.

Working Capital

The Company's working capital consists mainly of inventory, accounts receivable and accounts payable. These working capital accounts are closely managed by the Company. Inventory balances are primarily valued at a last-in, first-out ("LIFO") basis in the U.S. and under the first-in, first-out ("FIFO") or average cost method in the rest of the world. Inventories turn regularly, but balances typically increase during the first half of the year before declining as a result of increased sales in the second half. The Company's inventory levels are generally kept within a targeted range to meet projected demand. The mix of inventory is critical to inventory turnover and meeting customer demand. Accounts receivable and accounts payable are also affected by this business cycle, typically requiring the Company to have greater working capital needs during the second and third quarters. The Company engages in a rigorous credit analysis of its customers and monitors their financial positions. The Company offers incentives to certain customers to encourage the payment of account balances prior to their scheduled due dates.

At December 31, 2015, the Company held cash and cash equivalents of $505 million.

Research, Development and Product Improvement

The Company directs its research activities toward product development, performance and operating efficiency. The Company conducts extensive testing of current tire lines, as well as new concepts in tire design, construction and materials. During 2015, over 120 million miles of tests were performed on indoor test wheels and in monitored road tests. The Company has a tire and vehicle test track in Texas that assists with the Company's testing activities. Uniformity equipment is used to physically monitor manufactured tires for high standards of ride quality. The Company continues to design and develop specialized equipment to fit the precise needs of its manufacturing and quality control requirements. Research and development expenditures were $52 million, $57 million and $51 million during 2015, 2014 and 2013, respectively.

Patents, Intellectual Property and Trademarks

The Company owns or has licenses to use patents and intellectual property covering various aspects in the design and manufacture of its products and processes and equipment for the manufacture of its products. While the Company believes these assets as a group are of material importance, it does not consider any one asset or group of these assets to be of such importance that the loss or expiration thereof would materially affect its business.

The Company owns and uses tradenames and trademarks worldwide. While the Company believes such tradenames and trademarks as a group are of material importance, the trademarks the Company considers most significant to its business are those using the words "Cooper," "Mastercraft" and "Avon." The Company believes all of these significant trademarks are valid and will have unlimited duration as long as they are adequately protected and appropriately used. Certain other tradenames and trademarks are being amortized over the next three to thirteen years.

Seasonal Trends

There is year-round demand for passenger car and truck replacement tires, but passenger replacement tire sales are generally strongest during the third and fourth quarters of the year. Winter tires are sold principally during the months of June through November.

Environmental Matters

The Company recognizes the importance of compliance in environmental matters and has an organizational structure to supervise environmental activities, planning and programs. The Company also participates in activities concerning general industry environmental matters. The Company's operations have been recognized with several awards for efforts to improve energy efficiency.

The Company's manufacturing facilities, like those of the industry generally, are subject to numerous laws and regulations designed to protect the environment. In general, the Company has not experienced difficulty in complying with these requirements and believes they have not had a material adverse effect on its financial condition or the results of its operations. The Company expects additional requirements with respect to environmental matters will be imposed in the future. The Company's 2015 expense and capital expenditures for environmental matters at its facilities were not material, nor is it expected that expenditures in 2016 for such uses will be material.

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Foreign Operations

The Company has a manufacturing facility, a technical center, a distribution center and its European headquarters office located in the U.K. The Company has a manufacturing facility and two distribution centers in Serbia. In total, there are seven distribution centers and five sales offices in Europe. The Company has a manufacturing facility, two distribution centers, a technical center, a sales office and an administrative office in the PRC. The Company also has a purchasing office in Singapore. In Latin America, the Company has a joint venture manufacturing facility, three sales offices and a distribution center.

Additional information on the Company's foreign operations can be found in the "Business Segments" note to the consolidated financial statements.

Available Information

The Company makes available free of charge, on or through its website, its 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 soon as reasonably practicable after it electronically files such material with, or furnishes it to, the U.S. Securities and Exchange Commission ("SEC"). The Company's internet address is http://www.coopertire.com. The Company has adopted charters for each of its Audit, Compensation and Nominating and Governance Committees, corporate governance guidelines and a code of business ethics and conduct, which are available on the Company's website and will be available to any stockholder who requests them from the Company's Director of Investor Relations. The information contained on or accessible through the Company's website is not incorporated by reference in this annual report on Form 10-K and should not be considered a part of this report.

EXECUTIVE OFFICERS OF THE REGISTRANT

The names, ages and all positions and offices held by all executive officers of the Company are as follows:

Name	Age	Executive Office Held	Business Experience
Roy V. Armes	63	Chairman of the Board, Chief Executive Officer, President and Director	Chairman of the Board since December 2007, Chief Executive Officer, President and Director since January 2007.
Brenda S. Harmon	64	Senior Vice President and Chief Human Resources Officer	Senior Vice President, Chief Human Resources Officer since December 2009. Previously Owner of Harmon Consulting Services since November 2008.
Bradley E. Hughes	54	Senior Vice President and Chief Operating Officer	Senior Vice President and Chief Operating Officer since January 2015. Senior Vice President and President-International Tire Operations from July 2014 to January 2015. Senior Vice President and Chief Financial Officer from September 2014 to December 2014. Senior Vice President, Chief Financial Officer and Treasurer from July 2014 to September 2014. Vice President, Chief Financial Officer and Treasurer from November 2013 to July 2014. Vice President and Chief Financial Officer from November 2009 to November 2013.
Ginger M. Jones	51	Vice President and Chief Financial Officer	Vice President and Chief Financial Officer since December 2014. Previously Senior Vice President and Chief Financial Officer of Plexus Corporation, an electronics manufacturing services company, from 2011 to May 2014; Vice President and Chief Finance Officer of Plexus Corporation from 2007 to 2011.
Stephen Zamansky	45	Senior Vice President, General Counsel and Secretary	Senior Vice President, General Counsel and Secretary since July 2014. Vice President, General Counsel and Secretary from April 2011 to July 2014. Previously Senior Vice President, General Counsel & Secretary of Trinity Coal Corporation, a privately held mining company, from 2008 to March 2011. Trinity was acquired by the Essar Group in 2010 and commenced bankruptcy proceedings in March 2013.

Item 1A. RISK FACTORS

Some of the more significant risk factors related to the Company and its subsidiaries follow:

Pricing volatility for raw materials or commodities or an inadequate supply of key raw materials could result in increased costs and may significantly affect the Company's profitability.

The pricing volatility for natural rubber, petroleum-based materials and other raw materials contributes to the difficulty in managing the costs of raw materials. Costs for certain raw materials used in the Company's operations, including natural rubber, chemicals, carbon black, steel reinforcements and synthetic rubber remain highly volatile. Increasing costs for raw material supplies will increase the Company's production costs and affect its margins if the Company is unable to pass the higher production costs on to its customers in the form of price increases. Decreasing costs for raw materials could also affect margins if the Company is unable to maintain its pricing structure by offering price reductions to remain competitive. Further, if the Company is unable to obtain adequate supplies of raw materials in a timely manner for any reason, its operations could be interrupted or otherwise adversely affected.

The Company is facing heightened risks due to the current business environment.

Current global economic conditions may affect demand for the Company's products, create volatility in raw material costs and affect the availability and cost of credit. These conditions also affect the Company's customers and suppliers as well as the ultimate consumer.

Deterioration in the global macroeconomic environment or in specific regions could impact the Company and, depending upon the severity and duration of these factors, the Company's profitability and liquidity position could be negatively impacted.

The Company's competitors may also change their actions as a result of changes to the business environment, which could result in increased price competition and discounts, resulting in lower margins or reduced sales volumes for the business.

In addition, the bankruptcy, restructuring or consolidation of one or more of the Company's major customers due to current global economic conditions could result in the write-off of accounts receivable, a reduction in purchases of the Company's products or a supply disruption to its facilities, which could harm the Company's results of operations, financial condition and liquidity.

The Company's results could be impacted by changes in tariffs imposed by the U.S. or other governments on imported tires.

The Company's ability to competitively source and sell tires can be significantly impacted by changes in tariffs imposed by various governments. Other effects, including impacts on the price of tires, responsive actions from other governments and the opportunity for competitors to establish a presence in markets where the Company participates, could also have significant impacts on the Company's results.

For example, antidumping and countervailing duty investigations into certain passenger car and light truck tires imported from the PRC into the United States were initiated on July 14, 2014. The preliminary determinations announced in both investigations were affirmative and resulted in the imposition of additional duties from each. The preliminary determinations were upheld and became permanent on August 10, 2015.

In addition, antidumping and countervailing duty investigations into certain truck and bus tires imported from the PRC into the U.S. were initiated January 29, 2016. The Company is not yet able to determine the outcome of these investigations and what impact, if any, they will have on the Company. The imposition of additional duties in the U.S. on certain tires imported from the PRC could result in those tires being diverted to other regions of the world, such as Europe, Latin America or elsewhere in Asia, which could materially harm the Company's results of operations, financial condition and liquidity.

The Company is facing supply risks related to certain tires it purchases from CCT.

In 2014, the Company sold its ownership interest in CCT and entered into off-take agreements with CCT to provide the continuous supply of certain tires for the Company. If there are any disruptions in or quality issues with the supply of Cooper-branded products from CCT, it could have a material negative impact on the Company's business. In addition, the Company could be required to find an alternative source for CCT-produced tires and there can be no assurance that the Company will be able to do so in a timely manner. CCT is currently the sole supplier of medium truck tires for the Company.

The Company's industry is highly competitive, and the Company may not be able to compete effectively with lower-cost producers and larger competitors.

The replacement tire industry is a highly competitive, global industry. Some of the Company's competitors are larger companies with greater financial resources. Intense competitive activity in the replacement tire industry has caused, and will continue to cause, pressures on the Company's business. The Company's ability to compete successfully will depend in part on its ability to balance capacity with demand, leverage global purchasing of raw materials, make required investments to improve productivity, eliminate redundancies and increase production at low-cost, high-quality supply sources. If the Company is unable to offset continued pressures with improved operating efficiencies, its sales, margins, operating results and market share would decline and the impact could become material on the Company's earnings.

The Company may not be successful in executing and integrating acquisitions into its operations, which could harm its results of operations and financial condition.

The Company routinely evaluates potential acquisitions and may pursue acquisition opportunities, some of which could be material to its business, such as the proposed purchase of a majority of China based Qingdao Ge Rui Da Rubber Co., Ltd. The Company cannot provide assurance whether it will be successful in pursuing any acquisition opportunities or what the consequences of any acquisition would be. The Company may encounter various risks in any acquisitions, including:

- the possible inability to integrate an acquired business into its operations;
- diversion of management's attention;
- loss of key management personnel;
- unanticipated problems or liabilities; and
- increased labor and regulatory compliance costs of acquired businesses.

Some or all of those risks could impair the Company's results of operations and impact its financial condition. The Company may finance any future acquisitions from internally generated funds, bank borrowings, public offerings or private placements of equity or debt securities, or a combination of the foregoing. Acquisitions may involve the expenditure of significant funds and management time. Acquisitions may also require the Company to increase its borrowings under its bank credit facilities or other debt instruments, or to seek new sources of liquidity. Increased borrowings would correspondingly increase the Company's financial leverage, and could result in lower credit ratings and increased future borrowing costs. These risks could also reduce the Company's flexibility to respond to changes in its industry or in general economic conditions.

In addition, the Company's business plans call for growth, particularly in Asia. If the Company is unable to identify or execute on appropriate opportunities for acquisition, investment or growth, its business could be materially adversely affected.

The Company may be adversely affected by legal actions, including product liability claims which, if successful, could have a negative impact on its financial position, cash flows and results of operations.

The Company's operations expose it to legal actions, including potential liability for personal injury or death as an alleged result of the failure of or conditions in the products that it designs, manufactures and sells. Specifically, the Company is a party to a number of product liability cases in which individuals involved in motor vehicle accidents seek damages resulting from allegedly defective tires that it manufactured. Product liability claims and lawsuits, including possible class action, may result in material losses in the future and cause the Company to incur significant litigation defense costs. The Company is largely self-insured against these claims. These claims could have a negative effect on the Company's financial position, cash flows and results of operations.

From time to time, the Company is also subject to litigation or other commercial disputes and other legal proceedings relating to its business, including purported class action lawsuits, derivative lawsuits and other litigation related to the now terminated merger agreement with the Apollo entities. Due to the inherent uncertainties of any litigation, commercial disputes or other legal proceedings, the Company cannot accurately predict their ultimate outcome, including the outcome of any related appeals. An unfavorable outcome could materially adversely impact the Company's financial condition, cash flows and results of operations.

The Company conducts its manufacturing, sales and distribution operations on a worldwide basis and is subject to risks associated with doing business outside the U.S.

The Company has affiliate, subsidiary and joint venture operations worldwide, including in the U.S., the U.K., Europe, Mexico and the PRC. The Company has one manufacturing entity, Cooper Kunshan, in the PRC. The Company also is the majority owner of COOCSA, a manufacturing entity in Mexico, and has established an operation in Serbia. In 2014, the Company entered into off-take agreements with CCT, subsequent to the Company's sale of its ownership interest in this former joint venture, to continue supplying tires to the Company. CCT is currently the sole supplier of medium truck tires for the Company. There are a number of risks in doing business abroad, including political and economic uncertainty, social unrest, sudden changes in laws and regulations, ability to enforce existing or future contracts, shortages of trained labor and the uncertainties associated with entering into joint ventures or similar arrangements in foreign countries. These risks may impact the Company's ability to expand its operations in different regions and otherwise achieve its objectives relating to its foreign operations, including utilizing these locations as suppliers to other markets. In addition, compliance with multiple and potentially conflicting foreign laws and regulations, import and export limitations and exchange controls is burdensome and expensive. For example, the Company could be adversely affected by violations of the Foreign Corrupt Practices Act ("FCPA") and similar worldwide anti-bribery laws as well as export controls and economic sanction laws. The FCPA and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials and, in some cases, other persons, for the purpose of obtaining or retaining business. Violations of these laws and regulations could result in civil and criminal fines, penalties and sanctions against the Company, its officers or its employees, prohibitions on the conduct of the Company's business and on its ability to offer products and services in one or more countries, and could also harm the Company's reputation, business and results of operations. The Company's foreign operations also subject it to the risks of international terrorism and hostilities and to foreign currency risks, including exchange rate fluctuations and limits on the repatriation of funds.

A disruption in, or failure of, the Company's information technology systems, including those related to cybersecurity, could adversely affect the Company's business operations and financial performance.

The Company relies on the accuracy, capacity and security of its information technology systems across all of its major business functions, including its research and development, manufacturing, sales, financial and administrative functions. While the Company maintains some of its critical information technology systems, it is also dependent on third parties to provide important information technology services relating to, among other things, human resources, electronic communications and certain finance functions. Despite the security measures that the Company has implemented, including those related to cybersecurity, its systems could be breached or damaged by computer viruses, natural or man-made incidents or disasters or unauthorized physical or electronic access. Furthermore, the Company may have little or no oversight with respect to security measures employed by third-party service providers, which may ultimately prove to be ineffective at countering threats. A system failure, accident or security breach could result in business disruption, theft of its intellectual property, trade secrets or customer information and unauthorized access to personnel information. To the extent that any system failure, accident or security breach results in disruptions to its operations or the theft, loss or disclosure of, or damage to, its data or confidential information, the Company's reputation, business, results of operations, cash flows and financial condition could be materially adversely affected. In addition, the Company may be required to incur significant costs to protect against and, if required, remediate the damage caused by such disruptions or system failures in the future.

The Company's expenditures for pension and other postretirement obligations could be materially higher than it has predicted if its underlying assumptions prove to be incorrect.

The Company provides defined benefit and hybrid pension plan coverage to union and non-union U.S. employees and a contributory defined benefit plan in the U.K. The Company's pension expense and its required contributions to its pension plans are directly affected by the value of plan assets, the projected and actual rates of return on plan assets and the actuarial assumptions the Company uses to measure its defined benefit pension plan obligations, including the discount rate at which future projected and accumulated pension obligations are discounted to a present value and the inflation rate. The Company could experience increased pension expense due to a combination of factors, including the decreased investment performance of its pension plan assets, decreases in the discount rate, changes in its assumptions relating to the expected return on plan assets and updates to mortality tables. The Company could also experience increased other postretirement expense due to decreases in the discount rate, increases in the health care trend rate and changes in the health care environment.

In the event of declines in the market value of the Company's pension assets or lower discount rates to measure the present value of pension and other postretirement benefit obligations, the Company could experience changes to its Consolidated Balance Sheet or significant cash requirements.

Compliance with regulatory initiatives could increase the cost of operating the Company's business.

The Company is subject to federal, state, local and foreign laws and regulations. Compliance with those laws now in effect, or that may be enacted, could require significant capital expenditures, increase the Company's production costs and affect its earnings and results of operations.

Several countries have or may implement labeling requirements for tires. This legislation could cause the Company's products to be at a disadvantage in the marketplace resulting in a loss of market share or could otherwise impact the Company's ability to distribute and sell its tires.

In addition, while the Company believes that its tires are free from design and manufacturing defects, it is possible that a recall of the Company's tires could occur in the future. A recall could harm the Company's reputation, operating results and financial position.

The Company is also subject to legislation governing labor, occupational safety and health both in the U.S. and other countries. The related legislation can change over time making it more expensive for the Company to produce its products.

The Company could also, despite its best efforts to comply with these laws and regulations, be found liable and be subject to additional costs because of these laws and regulations.

The Company has a risk due to volatility of the capital and financial markets.

The Company periodically requires access to the capital and financial markets as a significant source of liquidity for maturing debt payments or working capital needs that it cannot satisfy by cash on hand or operating cash flows. Substantial volatility in world capital markets and the banking industry may make it difficult for the Company to access credit markets and to obtain financing or refinancing, as the case may be, on satisfactory terms or at all. In addition, various additional factors, including a deterioration of the Company's credit ratings or its business or financial condition, could further impair its access to the capital markets and bank financings. Additionally, any inability to access the capital markets or bank financings, including the ability to refinance existing debt when due, could require the Company to defer critical capital expenditures, reduce or not pay dividends, reduce spending in areas of strategic importance, sell important assets or, in extreme cases, seek protection from creditors. See also related comments under "There are risks associated with the Company's global strategy which includes using joint ventures and partially-owned subsidiaries."

The Company's operations in the PRC have been financed in part using multiple loans from several lenders to finance facility construction, expansions and working capital needs. These loans are generally for terms of three years or less. Therefore, debt maturities occur frequently and access to the capital markets and bank financings is crucial to the Company's ability to maintain sufficient liquidity to support its operations in the PRC.

If the Company fails to develop technologies, processes or products needed to support consumer demand it may lose significant market share or be unable to recover associated costs.

The Company's ability to sell tires may be significantly impacted if it does not develop or have available technologies, processes, or products that competitors may be developing and consumers demanding. This includes but is not limited to changes in the design of and materials used to manufacture tires.

Technologies may also be developed by competitors that better distribute tires to consumers, which could affect the Company’s customers.

Additionally, developing new products and technologies requires significant investment and capital expenditures, is technologically challenging and requires extensive testing and accurate anticipation of technological and market trends. If the Company fails to develop new products that are appealing to its customers, or fails to develop products on time and within budgeted amounts, the Company may be unable to recover its product development and testing costs. If the Company cannot successfully use new production or equipment methodologies it invests in, it may also not be able to recover those costs.

The Company may fail to successfully develop or implement information technologies or related systems, resulting in a significant competitive disadvantage.

Successfully competing in the highly competitive tire industry can be impacted by the successful development of information technology. If the Company fails to successfully develop or implement information technology systems, it may be at a disadvantage to its competitors resulting in lost sales and negative impacts on the Company’s earnings.

The Company has implemented an Enterprise Resource Planning system in the United States and is continuing to enhance the system and implement it globally, which will require significant amounts of capital and human resources to deploy. These requirements may exceed the Company’s projections. If for any reason this implementation is not successful, the Company could be required to expense rather than capitalize related amounts. Throughout implementation of the system there are also risks created to the Company’s ability to successfully and efficiently operate.

Any interruption in the Company’s skilled workforce, or that of its suppliers or customers, including labor disruptions, could impair its operations and harm its earnings and results of operations.

The Company’s operations depend on maintaining a skilled workforce and any interruption of its workforce due to shortages of skilled technical, production or professional workers, work disruptions, or other events could interrupt the Company’s operations and affect its operating results. Further, a significant number of the Company’s employees are currently represented by unions. If the Company is unable to resolve any labor disputes or if there are work stoppages or other work disruptions at the Company or any of its suppliers or customers, the Company’s business and operating results could suffer. See also related comments under “The Company is facing supply risks related to certain tires it purchases from CCT.”

If the Company is unable to attract and retain key personnel, its business could be materially adversely affected.

The Company’s business depends on the continued service of key members of its management. The loss of the services of a significant number of members of its management team could have a material adverse effect on its business. The Company’s future success will also depend on its ability to attract, retain and develop highly skilled personnel, such as engineering, marketing and senior management professionals. Competition for these employees is intense, especially in the PRC, and the Company could experience difficulty in hiring and retaining the personnel necessary to support its business. If the Company does not succeed in retaining its current employees and attracting new high-quality employees, its business could be materially adversely affected.

If assumptions used in developing the Company’s strategic plan are inaccurate or the Company is unable to execute its strategic plan effectively, its profitability and financial position could be negatively impacted.

The Company faces both general industry and company-specific challenges. These include volatile raw material costs, increasing product complexity and pressure from competitors with greater resources or manufacturing in lower-cost regions. To address these challenges and position the Company for future success, the Company continues to execute towards strategic imperatives outlined in its Strategic Plan. The three strategic imperatives are building a sustainable cost competitive position, driving top-line profitable growth and building organizational capabilities and enablers to support strategic goals.

The Company continually reviews and updates its business plans to achieve these imperatives. If the assumptions used in developing the Company’s business plans vary significantly from actual conditions, the Company’s sales, margins and profitability could be harmed. If the Company is unsuccessful in implementing the tactics necessary to execute its business plans, it may not be able to achieve or sustain future profitability, which could impair its ability to meet debt and other obligations and could otherwise negatively affect its operating results, financial condition and liquidity.

There are risks associated with the Company's global strategy, which includes using joint ventures and partially-owned subsidiaries.

The Company's strategy includes the use of joint ventures and other partially-owned subsidiaries. These entities operate in countries outside of the U.S., are generally less well capitalized than the Company and bear risks similar to the risks of the Company. In addition, there are specific risks applicable to these subsidiaries and these risks, in turn, add potential risks to the Company. Such risks include greater risk of joint venture partners or other investors failing to meet their obligations under related shareholders' agreements; conflicts with joint venture partners; the possibility of a joint venture partner taking valuable knowledge from the Company; and risk of being denied access to the capital markets, which could lead to resource demands on the Company in order to maintain or advance its strategy. The Company's outstanding notes and primary credit facility contain cross default provisions in the event of certain defaults by the Company under other agreements with third parties. For further discussion of access to the capital markets, see also related comments under "The Company has a risk due to volatility of the capital and financial markets."

If the price of energy sources increases, the Company's operating expenses could increase significantly or the demand for the Company's products could be affected.

The Company's manufacturing facilities rely principally on natural gas, as well as electrical power and other energy sources. High demand and limited availability of natural gas and other energy sources can result in significant increases in energy costs increasing the Company's operating expenses and transportation costs. Higher energy costs would increase the Company's production costs and adversely affect its margins and results of operations. If the Company is unable to obtain adequate sources of energy, its operations could be interrupted.

In addition, if the price of gasoline increases significantly for consumers, it can affect driving and purchasing habits and impact demand for tires.

The Company could incur restructuring charges as it continues to execute actions in an effort to improve future profitability and competitiveness and may not achieve the anticipated savings and benefits from these actions.

The Company may initiate restructuring actions designed to improve future profitability and competitiveness, and enhance the Company's flexibility. The Company may not realize anticipated savings or benefits from future actions in full or in part or within the time periods we expect. The Company is also subject to the risks of labor unrest, negative publicity and business disruption in connection with these actions. Failure to realize anticipated savings or benefits from our actions could have an adverse effect on the business.

The realizability of deferred tax assets may affect the Company's profitability and cash flows.

The Company has significant net deferred tax assets recorded on the balance sheet and determines at each reporting period whether or not a valuation allowance is necessary based upon the expected realizability of such deferred tax assets. In the U.S., the Company has recorded deferred tax assets, the largest of which relate to product liability, pension and other postretirement benefit obligations, partially offset by deferred tax liabilities, the most significant of which relates to accelerated depreciation. The Company's non-U.S. deferred tax assets relate to pension, accrued expenses and net operating losses, and are partially offset by deferred tax liabilities related to accelerated depreciation. Based upon the Company's assessment of the realizability of its net deferred tax assets, the Company maintains a small valuation allowance for the portion of its U.S. deferred tax assets primarily associated with a loss carryforward. In addition, the Company has recorded valuation allowances for deferred tax assets primarily associated with non-U.S. net operating losses. The Company's assessment of the realizability of deferred tax assets is based on certain assumptions regarding future profitability, and potentially adverse business conditions could have a negative impact on the future realizability and therefore impact the Company's future operating results or financial position.

The Company may incur additional tax expense or become subject to additional tax exposure.

The Company's provision for income taxes and the cash outlays required to satisfy its income tax obligations in the future could be adversely affected by numerous factors. These factors include changes in the level of earnings in the tax jurisdictions in which the Company operates, changes in plans to repatriate the earnings of the Company's foreign operations to the U.S. and changes in tax laws and regulations. The Company's income tax returns are subject to examination by federal, state and local tax authorities in the U.S. and tax authorities outside the U.S. The results of these examinations and the ongoing assessments of the Company's tax exposures could also have an adverse effect on the Company's provision for income taxes and the cash outlays required to satisfy income tax obligations.

The Company is required to comply with environmental laws and regulations that could cause it to incur significant costs.

The Company's manufacturing facilities are subject to numerous federal, state, local and foreign laws and regulations designed to protect the environment, and the Company expects that additional requirements with respect to environmental matters will be imposed on it in the future. In addition, the Company has contractual indemnification obligations for environmental remediation costs and liabilities that may arise relating to certain divested operations. Material future expenditures may be necessary if compliance standards change, if material unknown conditions that require remediation are discovered, or if required remediation of known conditions becomes more extensive than expected. If the Company fails to comply with present and future environmental laws and regulations, it could be subject to future liabilities or the suspension of production, which could harm its business or results of operations. Environmental laws could also restrict the Company’s ability to expand its facilities or could require it to acquire costly equipment or to incur other significant expenses in connection with its manufacturing processes.

The Company has been and may continue to be impacted by currency fluctuations, which may reduce reported results for our international operations and otherwise adversely affect our business.

Because the Company conducts transactions in various non-U.S. currencies, including the Euro, Canadian dollar, British pound sterling, Swiss franc, Swedish kronar, Mexican peso, Chinese yuan and Brazilian real, fluctuations in foreign currency exchange rates may impact the Company’s financial condition, results of operations and cash flows. Our operating results are subject to the effects of fluctuations in the value of these currencies and fluctuations in the related currency exchange rates. As a result, the Company’s sales have historically been affected by, and may continue to be affected by, these fluctuations. Exchange rate movements between currencies in which the Company sells its products have been affected by and may continue to result in exchange losses that could materially affect results. During times of strength of the U.S. dollar, the reported revenues of the Company’s international operations will be reduced because local currencies will translate into fewer dollars. In addition, a strong U.S. dollar may increase the competitiveness of competitors based outside of the United States. As a result, continued strengthening of the U.S. dollar may have a material adverse effect on the Company’s financial condition, results of operations and cash flows.

The Company may not be able to protect its intellectual property rights adequately.

The Company’s success depends in part upon its ability to use and protect its proprietary technology and other intellectual property, which generally covers various aspects in the design and manufacture of its products and processes. The Company owns and uses tradenames and trademarks worldwide. The Company relies upon a combination of trade secrets, confidentiality policies, nondisclosure and other contractual arrangements and patent, copyright and trademark laws to protect its intellectual property rights. The steps the Company takes in this regard may not be adequate to prevent or deter challenges, reverse engineering or infringement or other violations of its intellectual property, and the Company may not be able to detect unauthorized use or take appropriate and timely steps to enforce its intellectual property rights. In addition, the laws of some countries may not protect and enforce the Company’s intellectual property rights to the same extent as the laws of the U.S. Further, while the Company believes it has rights to use all intellectual property in the Company’s use, if the Company is found to infringe on the rights of others it could be adversely impacted.

The impact of proposed new accounting standards may have a negative impact on the Company’s financial statements.

The Financial Accounting Standards Board is considering or has issued for future adoption several projects which may result in the modification of accounting standards affecting the Company, including standards relating to revenue recognition, financial instruments, leasing, and others. Any such changes could have a negative impact on the Company’s financial statements.

The Company is facing risks relating to enactment of healthcare legislation.

The Company is facing risks emanating from the enactment of legislation by the U.S. government including the *Patient Protection and Affordable Care Act* and the related *Healthcare and Education Reconciliation Act*, which are collectively referred to as healthcare legislation. This major legislation is being implemented over a period of several years and the ultimate cost and the potentially adverse impact to the Company and its employees cannot be quantified at this time.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

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Item 2. PROPERTIES

As shown in the following table, at December 31, 2015, the Company maintained 52 manufacturing, distribution, retail stores and office facilities worldwide. The Company is sole owner of a majority of the manufacturing facilities. Some manufacturing, distribution and office facilities are leased.

	Americas Tire Operations		International Tire Operations		
Type of Facility	North America	Latin America	Europe	Asia	Total
Manufacturing	4	1 *	2	1	8
Distribution	10	1	7	2	20
Retail Stores	3	—	—	—	3
Technical centers and offices	7	3	7	4	21
Total	24	5	16	7	52

* This includes a manufacturing facility that is a joint venture.

The Company believes its properties have been adequately maintained, generally are in good condition and are suitable and adequate to meet the demands of each segment's business.

Item 3. LEGAL PROCEEDINGS

The Company is a defendant in various judicial proceedings arising in the ordinary course of business. A significant portion of these proceedings are product liability cases in which individuals involved in vehicle accidents seek damages resulting from allegedly defective tires manufactured by the Company. After reviewing all of these proceedings, and taking into account all relevant factors concerning them, the Company does not believe that any liabilities resulting from these proceedings are reasonably likely to have a material adverse effect on its liquidity, financial condition or results of operations in excess of amounts recorded at December 31, 2015. In the future, such costs could have a materially greater impact on the consolidated results of operations and financial position of the Company than in the past.

Certain Litigation Related to the Apollo Merger

Following the announcement of the proposed acquisition of the Company by wholly owned subsidiaries of Apollo Tyres Ltd. (the "Apollo entities") in June 2013, alleged stockholders of the Company filed putative class action lawsuits in state courts in Delaware and Ohio. These lawsuits, captioned *In re Cooper Tire & Rubber Co. Stockholders Litigation*, No. 9658 VCL and *Auld v. Cooper Tire & Rubber Co., et al.*, No. 2013 CV 293, alleged that the directors of the Company breached their fiduciary duties to the Company's stockholders by agreeing to enter into the proposed transaction for an allegedly unfair price and as the result of an allegedly unfair process. The lawsuits sought, among other things, declaratory and injunctive relief. On December 30, 2013, the Company terminated the merger agreement with the Apollo entities. Following the termination of the merger agreement, the plaintiffs voluntarily dismissed the Delaware and Ohio lawsuits in April 2014.

On October 4, 2013, the Company filed a complaint in the Court of Chancery of the State of Delaware, captioned *Cooper Tire Co. v. Apollo (Mauritius) Holdings Pvt. Ltd., et al.*, No. 8980-VCG, asking that the Apollo entities be required to use their reasonable efforts to close the then pending merger transaction as expeditiously as possible and also seeking, among other things, declaratory relief and damages. On October 14, 2013, the Apollo entities filed counterclaims against the Company seeking declaratory and injunctive relief.

On October 31, 2014, the court granted Apollo's motion for declaratory judgment that the conditions to closing the then pending transaction were not satisfied before the November 2013 trial. On November 26, 2014, the Company appealed the Chancery Court's decision to the Delaware Supreme Court. On December 3, 2014, the parties reached an agreement to dismiss the appeal and the underlying action, acknowledge the termination of the Merger Agreement, and to release all claims relating to the Merger Agreement, subject to the dismissal of the action. On December 17, 2014, the Company dismissed the appeal and the parties filed a stipulation of dismissal of the underlying action.

Federal Securities Litigation

On January 17, 2014, alleged stockholders of the Company filed a putative class-action lawsuit against the Company and certain of its officers in the United States District Court for the District of Delaware relating to the terminated merger agreement with subsidiaries of Apollo Tyres Ltd. That lawsuit, captioned OFI Risk Arbitrages, et al. v. Cooper Tire & Rubber Co., et al., No. 1:14-cv-00068-LPS, generally alleges that the Company and certain officers violated the federal securities laws by issuing allegedly misleading disclosures in connection with the terminated transaction and seeks, among other things, damages. The Company and its officers believe that the allegations against them lack merit and intend to defend the lawsuit vigorously. On July 1, 2015, the court dismissed the plaintiffs' amended complaint and closed the case. The plaintiffs have filed an appeal of the dismissal order.

The Company regularly reviews the probable outcome of such legal proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage, and accrues for these proceedings at the time a loss is probable and the amount of the loss can be estimated.

The outcome of these pending proceedings cannot be predicted with certainty and an estimate of any such loss cannot be made at this time. The Company believes that based upon information currently available, any liabilities that may result from these proceedings are not reasonably likely to have a material adverse effect on the Company's liquidity, financial condition or results of operations.

Stockholder Derivative Litigation

On February 24, March 6, and April 17, 2014, purported stockholders of the Company filed derivative actions on behalf of the Company in the U.S. District Court for the Northern District of Ohio and the U.S. District Court for the District of Delaware against certain officers and employees and the then current members of the Company's board of directors. The lawsuits have been transferred to the U.S. District Court for the District of Delaware and consolidated under the caption Fitzgerald v. Armes, et al., No. 1:14-cv-479 (D. Del.). The Company is named as a nominal defendant in the lawsuits, and the lawsuits seek recovery for the benefit of the Company. The plaintiffs allege that the defendants breached their fiduciary duties to the Company by issuing allegedly misleading disclosures in connection with the terminated merger transaction and that the defendants violated Section 14(a) of the Securities Exchange Act of 1934 by means of the same allegedly misleading disclosures. The plaintiffs also assert claims for waste of corporate assets, unjust enrichment, "gross mismanagement" and "abuse of control." The complaints seek, among other things, unspecified money damages from the defendants, injunctive relief and an award of attorney's fees. A purported shareholder of the Company has also submitted a demand to the Company's board of directors that it cause the Company to bring claims against certain of the Company's officers and directors for the matters alleged in the shareholder derivative lawsuits; following an investigation, the board of directors determined that the actions requested in the demand were not in the Company's interests and accordingly rejected the demand.

The Company regularly reviews the probable outcome of such legal proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage, and accrues for such legal proceedings at the time a loss is probable and the amount of the loss can be estimated.

These cases do not assert claims against the Company. The outcome of these pending proceedings cannot be predicted with certainty and an estimate of any loss cannot be made at this time. The Company believes that based upon information currently available, any liabilities that may result from these proceedings are not reasonably likely to have a material adverse effect on the Company's liquidity, financial condition or results of operations.

Item 4. MINE SAFETY DISCLOSURES

None.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

(a) Market information

Cooper Tire & Rubber Company common stock is traded on the New York Stock Exchange under the symbol CTB. The following table sets forth, for the periods indicated, the high and low sales prices of the common stock as reported in the consolidated reporting system for the New York Stock Exchange Composite Transactions:

	High	Low
Year Ended December 31, 2015		
First Quarter	$42.86	$32.51
Second Quarter	43.94	33.52
Third Quarter	41.74	31.18
Fourth Quarter	43.40	37.59

	High	Low
Year Ended December 31, 2014		
First Quarter	$26.74	$21.95
Second Quarter	30.10	23.40
Third Quarter	31.34	27.50
Fourth Quarter	35.31	27.24

Five-Year Stockholder Return Comparison

The SEC requires that the Company include in its annual report to stockholders a line graph presentation comparing cumulative five-year stockholder returns on an indexed basis with the Standard & Poor's ("S&P") Stock Index and either a published industry or line-of-business index or an index of peer companies selected by the Company. The Company in 1993 chose what is now the S&P 500 Auto Parts & Equipment Index as the most appropriate of the nationally recognized industry standards and has used that index for its stockholder return comparisons in all of its annual reports since that time.

The following chart assumes three hypothetical $100 investments on December 31, 2010, and shows the cumulative values at the end of each succeeding year resulting from appreciation or depreciation in the stock market price, assuming dividend reinvestment.

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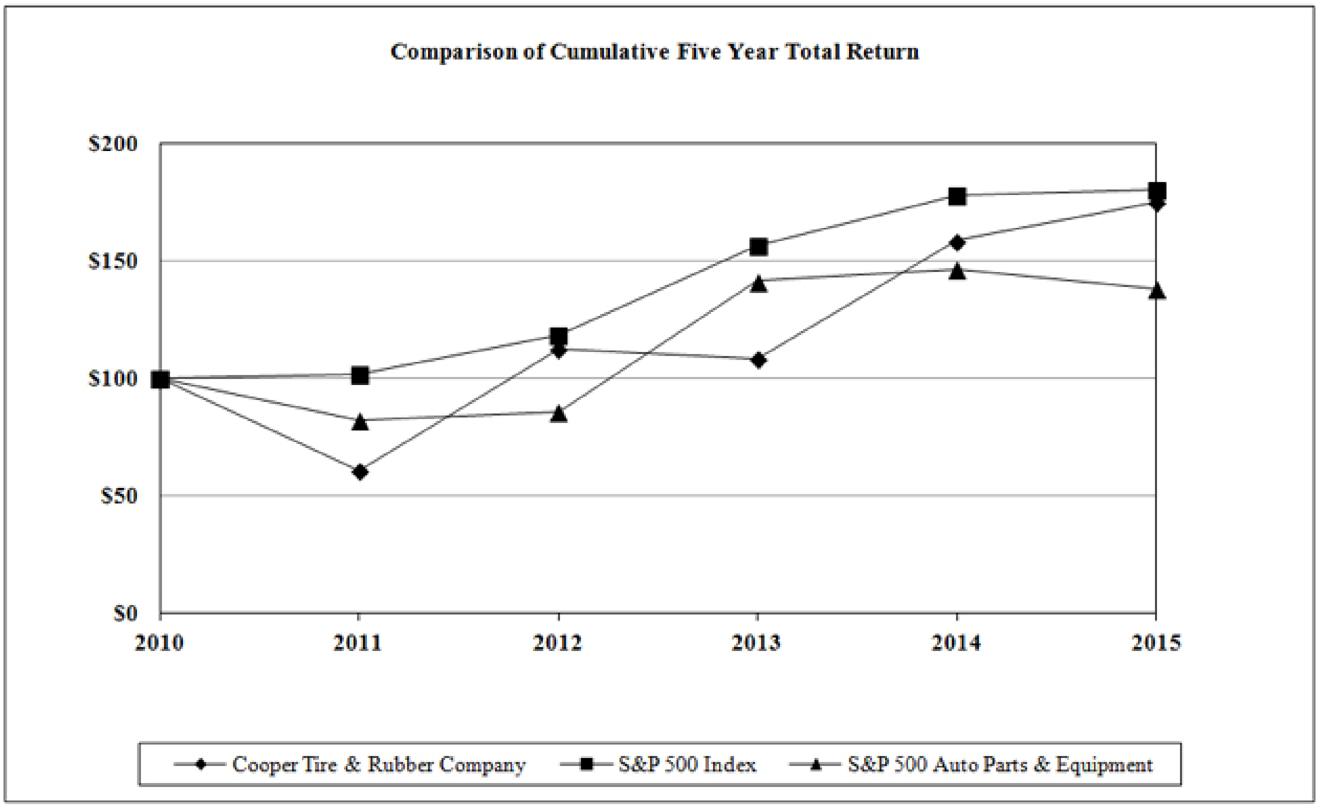
Total Return To Shareholders
(Includes reinvestment of dividends)

Company / Index	ANNUAL RETURN PERCENTAGE Year Ended December 31, 2011	2012	2013	2014	2015
Cooper Tire & Rubber Company	(39.09)	85.24	(3.70)	46.24	10.41
S&P 500 Index	2.11	16.00	32.39	13.69	1.38
S&P 500 Auto Parts & Equipment	(17.74)	4.45	64.76	3.68	(5.65)

Company / Index	Base Period 2010	INDEXED RETURNS Year Ended December 31, 2011	2012	2013	2014	2015
Cooper Tire & Rubber Company	$100.00	$ 60.91	$112.83	$108.66	$158.90	$175.45
S&P 500 Index	100.00	102.11	118.45	156.82	178.29	180.75
S&P 500 Auto Parts & Equipment	100.00	82.26	85.92	141.57	146.77	138.48



(b) Holders

The number of holders of record at December 31, 2015 was 1,873.

(c) Dividends

The Company has paid consecutive quarterly dividends on its common stock since 1973. Future dividends will depend upon the Company's earnings, financial condition and other factors. Additional information on the Company's liquidity and capital resources can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations." The Company's retained earnings are available for the payment of cash dividends and the purchases of the Company's shares. Quarterly dividends per common share for the most recent two years were as follows:

	2015		2014
March 27	**$0.105**	March 28	$0.105
June 29	**0.105**	June 27	0.105
September 28	**0.105**	September 26	0.105
December 29	**0.105**	December 30	0.105
Total:	**$0.420**	Total:	$0.420

(d) Issuer purchases of equity securities

The following table sets forth a summary of the Company's purchases during the quarter ended December 31, 2015 of equity securities registered by the Company pursuant to Section 12 of the Securities Exchange Act of 1934:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Public Announced Plans or Programs (1)	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)(2)
October 1, 2015 through October 31, 2015	253,720	$ 40.90	253,720	$ 106,893
November 1, 2015 through November 30, 2015	154,939	$ 41.07	154,939	$ 100,535
December 1, 2015 through December 31, 2015	232,162	$ 39.98	232,162	$ 91,261
Total	640,821		640,821	

(1) On February 20, 2015, the Board of Directors authorized a program to repurchase up to $200,000, excluding commissions, of the Company's common stock through December 31, 2016 (the "Repurchase Program"). The Repurchase Program does not obligate the Company to acquire any specific number of shares and may be suspended or discontinued at any time without notice. Under the Repurchase Program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934.

During the three months ended December 31, 2015, the Company repurchased 640,821 shares of the Company's common stock under the Repurchase Program for $26,021, including applicable commissions. Since the Repurchase Program commencement, the Company has repurchased 2,751,454 shares of the Company's common stock for $108,821, including applicable commissions. As of December 31, 2015, approximately $91,261 remained of the $200,000 Repurchase Program. All repurchases under the Repurchase Program were made using cash resources.

(2) On February 19, 2016, the Board of Directors increased the amount authorized under and extended the duration of the Repurchase Program (as amended, the "Amended Repurchase Program"). The Amended Repurchase Program amended and superseded the Repurchase Program and allows the Company to repurchase up to $200,000, excluding commissions, of the Company's common stock from February 22, 2016 through December 31, 2017. The approximately $73,654 remaining under the Repurchase Program as of February 19, 2016 is included in the $200,000 maximum amount authorized by the Amended Repurchase Program. No other changes were made.

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Item 6. SELECTED FINANCIAL DATA

(Dollar amounts in thousands except per share amounts)

	2015	2014 (b)	2013	2012	2011
Net sales	$2,972,901	$3,424,809	$3,439,233	$4,200,836	$3,907,820
Operating profit	$ 354,480	$ 300,458	$ 240,714	$ 396,962	$ 163,301
Income before income taxes	$ 334,028	$ 348,519	$ 212,971	$ 368,450	$ 134,146
Net income attributable to Cooper Tire & Rubber Company	$ 212,766	$ 213,578	$ 111,013	$ 220,371	$ 253,503 (a)
Basic earnings per share:					
Net income attributable to Cooper Tire & Rubber Company common stockholders	$ 3.73	$ 3.48	$ 1.75	$ 3.52	$ 4.08 (a)
Diluted earnings per share:					
Net income attributable to Cooper Tire & Rubber Company common stockholders	$ 3.69	$ 3.42	$ 1.73	$ 3.49	$ 4.02 (a)
Dividends per share	$ 0.42	$ 0.42	$ 0.42	$ 0.42	$ 0.42
Weighted average shares outstanding (000s):					
Basic	57,012	61,402	63,327	62,561	62,150
Diluted	57,623	62,401	64,282	63,224	63,012
Property, plant and equipment, net	$ 795,198	$ 740,203	$ 974,269	$ 929,255	$ 899,044
Total assets (c)	$2,436,176	$2,488,937	$2,737,070	$2,799,999	$2,508,673 (a)
Long-term debt (c)	$ 296,412	$ 297,937	$ 319,882	$ 334,981	$ 328,251
Total equity	$1,017,611	$ 884,261	$1,157,625	$ 908,416	$ 697,890 (a)
Capital expenditures	$ 182,544	$ 145,041	$ 180,448	$ 187,336	$ 155,406
Depreciation and amortization	$ 121,408	$ 139,166	$ 134,751	$ 128,916	$ 122,899
Number of employees	9,119	8,881	13,280	13,550	12,890

(a) The Company recorded the partial release of a valuation allowance on deferred tax assets of $167,224 during 2011.

(b) The Company sold its ownership interest in CCT during the fourth quarter of 2014. Results include a gain on sale of interest in subsidiary of $77,471. Income tax expense on the gain on sale of interest in subsidiary was $21,767.

(c) Unamortized debt issuance costs associated with long-term debt have been reclassified from a noncurrent asset to a reduction of the carrying value of the debt liability with the adoption of Accounting Standards Update 2015-03.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business of the Company

The Company specializes in the design, manufacture, marketing and sales of passenger car and light truck tires. The Company and its subsidiaries also sell medium truck, motorcycle and racing tires. The Company's products are sold globally, primarily in the replacement tire market to independent tire dealers, wholesale distributors, regional and national retail tire chains and large retail chains that sell tires as well as other automotive products.

The Company faces both general industry and company-specific challenges. These include volatile raw material costs, increasing product complexity and pressure from competitors who, in some cases, are larger companies with greater financial resources. To address these challenges and position the Company for future success, the Company continues to execute towards strategic imperatives outlined in its Strategic Plan. The three strategic imperatives outlined in the Strategic Plan are building a sustainable cost competitive position, driving top-line profitable growth and building organizational capabilities and enablers to support strategic goals.

In recent years, the Company expanded operations in what are considered lower-cost countries. These initiatives include the Cooper Kunshan Tire manufacturing operation in the PRC, the former CCT joint venture in the PRC (in which the Company sold its ownership interest in November 2014), a joint venture manufacturing operation in Mexico and a manufacturing facility in Serbia. Products from these operations provide a lower-cost source of tires for existing markets and have been used to expand the Company's market share in Mexico, Eastern Europe and the PRC. Through a variety of other projects, the Company also has improved the competitiveness of its manufacturing operations in the United States.

On June 12, 2013, the Company and the Apollo entities announced the execution of an Agreement and Plan of Merger under which a wholly-owned subsidiary of the Apollo entities was to acquire the Company in an all-cash transaction valued at approximately $2.5 billion. On December 30, 2013, the Company terminated the Agreement and Plan of Merger.

On July 13, 2013, workers at CCT began a temporary work stoppage related to concerns regarding the then-pending merger between the Apollo entities and the Company. On August 17, 2013, those workers returned to work on a limited basis to manufacture only non-Cooper-branded products, but took other disruptive actions, including denying access to certain representatives of the Company and withholding certain business and financial information. Subsequent to the merger agreement termination, representatives of the Company regained access to the CCT facilities, including business and financial information, and the operation resumed production of Cooper-branded products. On January 29, 2014, the Company entered into an agreement with Chengshan Group Company Ltd. ("Chengshan") and The Union of Cooper Chengshan (Shandong) Tire Company Co., Ltd. regarding CCT that, among other matters, provided Chengshan, with certain conditions and exceptions, a limited contractual right to either (i) purchase the Company's 65 percent equity interest in CCT or (ii) sell its 35 percent equity interest in CCT to the Company. In October 2014, the Company received the required documentation from Chengshan indicating its intent to exercise its call option under the CCT Agreement. On November 26, 2014, the Chinese State Administration for Industry & Commerce issued a new business license for CCT and on November 30, 2014, the Company completed the sale of its 65 percent ownership interest in CCT to Prairie Investment Limited, a wholly owned subsidiary of Chengshan. In connection with the sale, the Company signed off-take agreements under which CCT will continue to produce Cooper-branded products, including medium truck tires, through mid-2018.

On January 4, 2016, the Company announced that it had entered into an agreement to purchase a majority of China-based Qingdao Ge Rui Da Rubber Co., Ltd. After closing, Cooper will own 65 percent of the entity. The transaction is expected to close during the first half of 2016 pending certain permits and approvals by the Chinese government. After the acquisition, the entity is expected to serve as a global source of truck and bus radial tire production for Cooper. Passenger car radial tires may also be manufactured at the facility in the future.

The following discussion of financial condition and results of operations should be read together with "Selected Financial Data," the Company's consolidated financial statements and the notes to those statements and other financial information included elsewhere in this report.

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") presents information related to the consolidated results of the operations of the Company, a discussion of past results of the Company's segments, future outlook for the Company and information concerning the liquidity, capital resources and critical accounting policies of the Company. The Company's future results may differ materially from those indicated in the forward-looking statements. See Risk Factors in Item 1A for information regarding forward-looking statements.

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Consolidated Results of Operations

(Dollar amounts in thousands except per share amounts)

	2015	% Change	2014	% Change	2013
Net Sales:					
Americas Tire	$2,684,754	3.8%	$2,585,484	4.0%	$2,486,586
International Tire	451,879	-60.4%	1,140,826	-8.1%	1,241,529
Eliminations	(163,732)	-45.7%	(301,501)	4.4%	(288,882)
Net sales	2,972,901	-13.2%	3,424,809	-0.4%	3,439,233
Operating profit (loss):					
Americas Tire	422,929	53.9%	274,837	34.6%	204,239
International Tire	(19,133)	-125.7%	74,566	-11.2%	83,990
Unallocated corporate charges	(52,342)	7.0%	(48,930)	-6.9%	(52,578)
Eliminations	3,026	n/m	(15)	n/m	5,063
Operating profit	354,480	18.0%	300,458	24.8%	240,714
Interest expense	(23,820)	-15.3%	(28,138)	0.8%	(27,906)
Interest income	2,211	47.4%	1,500	85.2%	810
Gain on sale of interest in subsidiary	—	n/m	77,471	n/m	—
Other non-operating income (expense)	1,157	-141.7%	(2,772)	328.4%	(647)
Income before income taxes	334,028	-4.2%	348,519	63.6%	212,971
Provision for income taxes	118,224	5.8%	111,697	n/m	79,406
Net income	215,804	-8.9%	236,822	77.3%	133,565
Net income attributable to noncontrolling shareholders' interests	3,038	-86.9%	23,244	3.1%	22,552
Net income attributable to Cooper Tire & Rubber Company	$ 212,766	-0.4%	$ 213,578	92.4%	$ 111,013
Basic earnings per share	$ 3.73	7.2%	$ 3.48	98.9%	$ 1.75
Diluted earnings per share	$ 3.69	8.0%	$ 3.42	97.7%	$ 1.73

n/m – not meaningful

2015 versus 2014

Consolidated net sales for the year ended 2015 were $2,973 million, a decrease of $452 million from 2014. The absence of CCT resulted in decreased sales during 2015 ($546 million). Excluding CCT, unit volumes increased ($194 million), which was partially offset by less favorable pricing and mix ($73 million) and unfavorable exchange rates ($27 million) compared with 2014.

The Company recorded operating profit of $354 million in 2015, an increase of $54 million compared with 2014. The absence of CCT reduced operating profit by $78 million. Excluding CCT, lower raw material costs ($244 million), and higher unit volumes ($32 million) were partially offset by unfavorable pricing and mix ($61 million) and higher product liability charges ($2 million). Excluding CCT, manufacturing costs increased ($44 million) compared to 2014, primarily as a result of the previously announced reconfiguration of the Company's U.S. manufacturing plants to increase production of higher value, higher margin products, coupled with higher costs related to pension, incentive based compensation and technical spending. Excluding CCT, selling, general and administrative costs increased ($20 million) and other operating costs increased ($17 million), including unfavorable currency impacts compared with 2014.

The Company experienced decreases in the costs of certain of its principal raw materials in 2015 compared with 2014. The principal raw materials for the Company include natural rubber, synthetic rubber, carbon black, chemicals and steel reinforcement components. Approximately 65 percent of the Company's raw materials are petroleum-based. Substantially all U.S. inventories have been valued using the LIFO method of inventory costing, which accelerates the impact to cost of goods sold from changes to raw material prices.

The Company strives to assure raw material and energy supply and to obtain the most favorable pricing possible. For natural rubber and natural gas, procurement is managed through a combination of buying forward of production requirements and utilizing the spot market. For other principal materials, procurement arrangements include supply agreements that may contain formula-based pricing based on commodity indices, multi-year agreements or spot purchase contracts. While the Company uses these arrangements to satisfy normal manufacturing demands, the pricing volatility in these commodities contributes to the difficulty in managing the costs of raw materials.

Product liability expenses totaled $79 million and $77 million in 2015 and 2014, respectively. The increase in the expense compared to the prior year is the result of claim settlements and adjustments to existing reserves based on the Company's quarterly comprehensive review of outstanding claims. Additional information related to the Company's accounting for product liability costs appears in the Notes to the Consolidated Financial Statements.

Selling, general, and administrative expenses were $263 million in 2015 (8.8 percent of net sales) and $272 million in 2014 (8.0 percent of net sales). The absence of CCT reduced selling, general and administrative expenses by $29 million in of 2015. Excluding CCT, the increase in selling, general and administrative expenses was driven primarily by increased incentive based compensation, partially offset by decreases in the accruals for stock-based liabilities.

Interest expense decreased $4 million compared with 2014 due primarily to the absence of CCT. Interest income has remained comparable to 2014.

In 2014, the Company recorded income of $77 million as a result of the gain on the sale of the CCT operations. The gain represents the net of the cash received for the sale of CCT compared to the net asset carrying value of CCT in the Company's books as of the sale date.

Other income increased $4 million compared with 2014, primarily due to foreign currency forward contracts.

For the year ended December 31, 2015, the Company recorded an income tax expense of $118 million on income from continuing operations before income taxes of $334 million, prior to the deduction of noncontrolling shareholders' interests of $3 million. Comparable amounts for 2014 were an income tax expense of $112 million on income from continuing operations before income taxes of $349 million. The 2014 amounts include tax expense of $22 million on the gain on the sale of the CCT operation of $77 million.

Worldwide tax expense is impacted significantly by the mix of earnings between US and international jurisdictions with lower tax rates, partially offset by losses in jurisdictions with no tax benefit due to valuation allowances. Tax expense for 2015 has increased from the prior year primarily due to increased pretax earnings in the United States.

Net income attributable to noncontrolling shareholders' interests decreased $20 million as a result of the absence of CCT in 2015.

The effects of inflation did not have a material effect on the results of operations of the Company in 2015.

2014 versus 2013

Consolidated net sales for 2014 were $3,425 million, a decrease of $14 million from 2013. The decrease in net sales was the result of less favorable pricing and mix ($260 million), offset by increased unit volumes ($288 million), which includes the recovery of $132 million in unit volumes across both segments associated with 2013 labor issues at CCT. This volume recovery was partially offset by the reduction in unit volumes resulting from the sale of CCT in the fourth quarter of 2014 ($61 million). The International Tire Operations segment experienced favorable exchange rates in 2014 ($19 million).

The Company recorded operating profit in 2014 of $300 million, an increase of $60 million compared with 2013. Lower raw material costs ($256 million) were offset by unfavorable pricing and mix ($268 million). Unit volumes increased ($59 million) in 2014 compared with 2013, including the recovery of $28 million of reduced volume resulting from the 2013 labor issues at CCT. The absence of CCT subsequent to its sale resulted in a reduction in operating profit ($6 million) in the 2014 International Tire Operations compared with 2013. Product liability charges ($12 million) and selling, general and administrative costs ($1 million) decreased compared with 2013. In 2013, the Company incurred $18 million of selling, general and administrative costs associated with a then-pending merger agreement which did not recur in 2014. Other operating costs, including increased distribution costs, were unfavorable ($10 million) compared with 2013.

Manufacturing costs were $16 million favorable when compared with 2013, which included $34 million of costs associated with production curtailments in the Americas Tire Operations segment and $9 million in manufacturing inefficiencies in the International Tire Operations segment related to the CCT labor issues. The Americas Tire Operations segment incurred manufacturing inefficiencies in 2014 as it was in the process of reconfiguring its manufacturing plants to increase production of higher value, higher margin tires while reducing the volume of lower value, lower margin tires in response to accelerated demand for the higher value tires.

Product liability expenses totaled $77 million and $89 million in 2014 and 2013, respectively. The decrease in the expense compared to the prior year is the result of claim settlements and adjustments to existing reserves based on the Company’s quarterly comprehensive review of outstanding claims.

Selling, general, and administrative expenses were $272 million in 2014 (8.0 percent of net sales) and $275 million in 2013 (8.0 percent of net sales). The decrease in selling, general and administrative expenses is primarily attributable to the absence of Apollo transaction-related costs, partially offset by the Company’s continued investment in Cooper brands globally, increases in the accruals for stock-based liabilities and higher incentive related expenses.

Interest expense and interest income in 2014 were comparable to 2013.

In 2014, the Company recorded income of $77 million as a result of the gain on the sale of the CCT operations. The gain represents the net of the cash received for the sale of CCT compared to the net asset carrying value of CCT in the Company’s books as of the sale date.

Other income decreased $2 million in 2014 from 2013, primarily as the result of foreign currency losses.

For the year ended December 31, 2014, the Company recorded an income tax expense of $112 million on income from continuing operations before income taxes of $349 million, prior to the deduction of noncontrolling shareholders’ interests of $23 million. These amounts include tax expense of $22 million on the gain on the sale of the CCT operations of $77 million. Comparable amounts for 2013 were an income tax expense of $79 million on income from continuing operations before income taxes of $213 million.

Worldwide tax expense is impacted significantly by the mix of earnings in international jurisdictions with lower tax rates, partially offset by losses in jurisdictions with no tax benefit due to valuation allowances. Tax expense for 2014 has increased from prior year primarily due to increased pretax earnings and the tax associated with the gain on the sale of the CCT operations.

The effects of inflation did not have a material effect on the results of operations of the Company in 2014.

Segment Operating Results

In the first quarter of 2015, the Company announced the creation of a Chief Operating Officer position with responsibility for Cooper’s worldwide operations throughout North America, Latin America, Europe and Asia. The Company made this organizational change to provide a more cohesive global approach to the Company’s business and to better leverage the Company’s brands, products and manufacturing footprint around the world. As a result of these organizational changes, the Company evaluated its segment reporting under ASC 280, “Segments.”

Based on this evaluation, it was determined that the Company has four segments:

- North America, composed of the Company’s operations in the U.S. and Canada;
- Latin America, composed of the Company’s operations in Mexico, Central America and South America;
- Europe; and
- Asia.

North America and Latin America meet the criteria for aggregation in accordance with ASC 280, as they are similar in their production and distribution processes and exhibit similar economic characteristics. The aggregated North America and Latin America segments are presented as “Americas Tire Operations” in the segment disclosure.

Both the Asia and Europe segments have been determined to be individually immaterial, as they do not meet the quantitative requirements for segment disclosure under ASC 280. In accordance with ASC 280, information about operating segments that are not reportable shall be combined and disclosed in an all other category separate from other reconciling items. As a result, these two segments have been combined in the segment operating results discussion. The results of the combined Asia and Europe segments are presented as “International Tire Operations.”

The presentation of the aggregated Americas Tire Operations segment under the Company’s new organizational structure is consistent with the segment reported as Americas Tire Operations in prior years. Similarly, the International Tire Operations disclosure is consistent with the Company’s previously reported International Tire Operations segment. As a result, the Company has not restated its prior year reportable segments as the composition of reportable segments did not change.

Americas Tire Operations Segment

(Dollar amounts in thousands)

	2015	Change %	2014	Change %	2013
Sales	$2,684,754	3.8%	$2,585,484	4.0%	$2,486,586
Operating profit	$ 422,929	53.9%	$ 274,837	34.6%	$ 204,239
Operating margin	15.8%	5.2 points	10.6%	2.4 points	8.2%
Total unit sales change		4.3%		8.6%	
United States replacement market unit shipment changes:					
Passenger tires					
Segment		2.0%		4.7%	
RMA members		4.0%		1.6%	
Total Industry		-0.2%		5.2%	
Light truck tires					
Segment		10.6%		15.5%	
RMA members		7.9%		3.4%	
Total Industry		1.6%		2.6%	
Total light vehicle tires					
Segment		3.9%		6.9%	
RMA members		4.5%		1.9%	
Total Industry		0.1%		4.9%	

The source of this information is the Rubber Manufacturers Association (“RMA”) and internal sources.

Overview

The Americas Tire Operations segment is the aggregation of the Company’s North America and Latin America operating segments. The Americas Tire Operations segment manufactures and markets passenger car and light truck tires, primarily for sale in the U.S. replacement market. The segment also has a joint venture manufacturing operation in Mexico, COOCSA, which supplies passenger car tires to the U.S., Mexican, Central American and South American markets. The segment also distributes tires for racing, medium trucks and motorcycles. The racing and motorcycle tires are manufactured in the Company’s European Operations segment and by others. The medium truck tires are sourced through an off-take agreement that was entered into with CCT subsequent to the Company’s sale of its ownership interest in this former joint venture. Major distribution channels and customers include independent tire dealers, wholesale distributors, regional and national retail tire chains, and large retail chains that sell tires as well as other automotive products. The segment does not currently sell its products directly to end users, except through three Company-owned retail stores. The segment sells a limited number of tires to original equipment manufacturers.

2015 versus 2014

Sales

Net sales of the Americas Tire Operations segment increased $99 million, or 3.8 percent, from 2014. The increase in sales was a result of increased unit volumes ($110 million), partially offset by unfavorable pricing and mix ($11 million). Unit shipments for the segment increased 4.3 percent in 2015 compared with 2014. In the U.S., the segment’s unit shipments of total light vehicle tires increased 3.9 percent in 2015 compared with 2014. This increase compares with a 4.5 percent increase in total light vehicle tire shipments experienced by the RMA, and a 0.1 percent increase in total light vehicle tire shipments experienced for the total industry, which includes an estimate for non-RMA members. The increased volume in 2015 was driven by higher unit sales of light truck and SUV tires, as well as passenger car tires.

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Operating Profit

Operating profit for the segment increased $148 million to $423 million in 2015. Lower raw material costs ($217 million) and higher unit volumes ($23 million) were partially offset by unfavorable pricing and mix ($27 million) and higher product liability expense ($2 million). Manufacturing costs increased ($37 million) compared with 2014 primarily as a result of the previously announced reconfiguration of the Company's U.S. manufacturing plants to increase production of higher value, higher margin products, coupled with higher costs related to pension, incentive based compensation and technical spending. Selling, general and administrative costs increased ($19 million) compared with 2014, primarily due to increased incentive based compensation. Other operating costs were unfavorable ($7 million) compared with 2014.

The segment's internally calculated raw material index of 154 during the year was a decrease of 21.0 percent from 2014.

2014 versus 2013

Sales

Net sales of the Americas Tire Operations segment increased $99 million, or 4.0 percent, from 2013. The increase in sales was a result of higher unit volumes ($237 million), partially offset by unfavorable pricing and mix ($138 million). The higher unit volumes in 2014 include the recovery of $55 million in unit volumes associated with the 2013 labor issues at CCT. Unit shipments for the segment increased 8.6 percent compared with 2013. In the U.S., the segment's unit shipments of total light vehicle tires increased 6.9 percent in 2014 compared with 2013. This increase compares with a 1.9 percent increase in total light vehicle shipments experienced by the RMA, and a 4.9 percent increase in total light vehicle shipments experienced for the total industry (which includes an estimate for non-RMA members).

Operating Profit

Operating profit for the segment increased $71 million to $275 million in 2014. Lower raw material costs ($163 million) were partially offset by unfavorable pricing and mix ($148 million). Unit volumes increased ($47 million) in 2014 compared with 2013, including the recovery of $13 million of reduced volume resulting from the 2013 labor issues at CCT. Product liability charges were lower ($12 million) compared with the same period in 2013. Selling, general and administrative costs increased ($4 million) compared with 2013, primarily as a result of increased investment in the Cooper brand and higher incentive related compensation. Other operating costs, including increased distribution costs, were unfavorable ($10 million) compared with 2013.

Manufacturing costs were $11 million favorable compared with 2013, which included $34 million of costs associated with production curtailments. The segment incurred manufacturing inefficiencies in the second half of 2014 related to the ongoing reconfiguration of its plants.

The segment's internally calculated raw material index of 195 during the year was a decrease of 10.1 percent from 2013.

International Tire Operations Segment

(Dollar amounts in thousands)

	2015	Change %	2014	Change %	2013
Sales	$451,879	-60.4%	$1,140,826	-8.1%	$1,241,529
Operating profit (loss)	$ (19,133)	-125.7%	$ 74,566	-11.2%	$ 83,990
Operating margin	-4.2%	(10.7) points	6.5%	(0.3) points	6.8%
Total unit sales change		-43.1%		2.1%	

Overview

The International Tire Operations segment is the combination of the Asia and Europe operating segments. The European operations have manufacturing facilities in the U.K. and Serbia. The U.K. entity manufactures and markets passenger car, light truck, motorcycle and racing tires and tire retread material for domestic and global markets. The Serbian entity manufactures light vehicle tires primarily for the European markets and for export to the U.S. The Asian operations are located in the PRC. In the PRC, Cooper Kunshan Tire manufactures light vehicle tires and, under an agreement with the government of the PRC, these tires were exported to markets outside of the PRC through 2012. Beginning in 2013, tires produced at the facility have also been sold in the Chinese domestic market. The segment also had a joint venture in the PRC, CCT, which manufactured and marketed radial and bias medium truck tires, as well as passenger car and light truck tires for domestic and global markets. The Company sold its ownership interest in this joint venture in November 2014, and the Company now procures these tires under off-take agreements through mid-2018 from this entity, now known as CCT. The majority of the tires manufactured by the International Tire Operations segment are sold in the replacement market, with a portion also sold to original equipment manufacturers.

2015 versus 2014

Sales

Net sales of the International Tire Operations segment decreased $689 million, or 60.4 percent, from 2014. The absence of CCT for the entire year resulted in decreased unit volumes in 2015 ($642 million). Excluding CCT, the segment experienced increased unit volumes in both Asia and Europe ($32 million), which were more than offset by less favorable price and mix ($52 million) and unfavorable exchange rates ($27 million) compared with 2014. Unit volume was higher in China due to increased sales in the domestic market, including original equipment tires, which offset the decline in exports to the United States. Unit volume increased in Europe based on higher year over year sales of winter tires along, with an increase of exports to the United States.

Operating Profit

Operating profit for the segment decreased $94 million to an operating loss of $19 million in 2015. The absence of CCT reduced operating profit by $78 million. Excluding CCT, unfavorable pricing and mix ($45 million) and higher manufacturing costs ($7 million) were partially offset by lower raw material costs ($36 million), higher unit volumes in both Asia and Europe ($7 million) and reduced selling, general and administrative expenses ($2 million). Excluding CCT, other costs ($9 million), including unfavorable currency impacts, increased compared with 2014.

2014 versus 2013

Sales

Net sales of the International Tire Operations segment decreased $101 million, or 8.1 percent, from 2013. The decrease in sales was a result of unfavorable pricing and mix ($149 million), partially offset by higher unit volumes ($90 million), which includes the recovery of $116 million in unit volumes associated with the 2013 labor issues at CCT. This recovery was partially offset by the reduction in unit volumes resulting from the sale of CCT in the fourth quarter of 2014 ($61 million). The segment experienced favorable exchange rates in 2014 ($19 million).

Operating Profit

Operating profit for the segment decreased $9 million to $75 million in 2014. Lower raw material costs ($115 million) were offset by unfavorable pricing and mix ($137 million). Unit volumes increased ($11 million) in 2014 compared with 2013, including the recovery of $15 million of reduced volume resulting from the 2013 labor issues at CCT. Manufacturing costs were favorable ($5 million) compared with 2013, which included $9 million in manufacturing inefficiencies related to the CCT labor issues. Selling, general and administrative costs decreased ($3 million) compared with 2013. The absence of CCT subsequent to its sale resulted in a reduction in operating profit ($6 million) compared with 2013.

Outlook for the Company

In 2016, the Company expects unit volume growth in each of its segments. In the United States, the Company expects unit volume growth at or above the industry.

Raw material costs continue to be favorable, and the Company is expecting further declines in the first quarter of 2016. The Company closely monitors raw material costs, with the goal to maintain or improve margins, while recognizing the need to remain competitive in the market.

The Company expects full Company operating margin, excluding the impact of any acquisitions, to be above the high end of the Company's mid-term target of 8 to 10 percent, but not likely to exceed 2015 results of 11.9 percent of net sales. The Company also expects the International Operations segment to substantially improve operating profit in 2016 and approach break-even operating profit by the fourth quarter of 2016, excluding the impact of any acquisitions.

The Company expects 2016 capital expenditures to range between $240 million and $260 million.

The full year 2016 effective tax rate is expected to be in a range of 34 to 36 percent.

Liquidity and Capital Resources

Sources and uses of cash in operating activities – Net cash provided by operating activities of continuing operations was $300 million in 2015. During 2015, net income provided $216 million and other non-cash charges totaled $154 million. Changes in working capital accounts consumed $70 million.

Net cash provided by operating activities of continuing operations was $319 million in 2014. During 2014, net income provided $237 million and other non-cash charges totaled $97 million, including $56 million related to the gain on the sale of the Company's ownership interest in CCT, net of tax. Changes in working capital accounts consumed $15 million.

Net cash provided by operating activities of continuing operations was $272 million in 2013. During 2013, net income provided $134 million and other non-cash charges totaled $217 million. Changes in working capital accounts consumed $78 million.

Use of cash in investing activities – Net cash used in investing activities during 2015 and 2014 reflect capital expenditures of $183 million and $145 million, respectively. The Company's higher spending in 2015 supports its strategic goals of achieving top line growth and lower cost structure. The Company received $171 million from the sale of its ownership interest in CCT in 2014.

The Company's capital expenditure commitments at December 31, 2015 were $26 million and are included in the "Unconditional purchase" line of the Contractual Obligations table, which appears later in this section.

Sources and uses of cash in financing activities –The Company repurchased $109 million of its common stock in 2015 as part of the Company's share repurchase program authorized by the Board of Directors in February 2015. In 2014, the Company entered into a $200 million accelerated share repurchase program (the "ASR program") with a major financial institution to repurchase shares of the Company's common stock. During 2014, the Company borrowed funds on its domestic credit lines to partially fund the ASR program and $40 million remained outstanding at December 31, 2014. In 2015, the Company repaid $41million of short-term debt, including the repayment of $40 million of borrowings on its domestic credit lines in 2014. In 2014 and 2013, the Company borrowed additional funds using long-term debt and the Company repaid $3 million, $36 million and $24 million of maturing long-term debt in 2015, 2014 and 2013.

Dividends paid on the Company's common shares were $24 million, $26 million and $27 million in 2015, 2014 and 2013, respectively. The Company has maintained a quarterly dividend of 10.5 cents per share in each quarter during the three years ended December 31, 2015. The Company also paid $8 million and $10 million in dividends to noncontrolling shareholders in CCT and COOCSA joint ventures in 2014 and 2013, respectively. Dividends paid to the noncontrolling shareholder in COOCSA were $1 million in 2015.

During 2015, stock options were exercised to acquire 1,025,699 shares of common stock with a cash impact of $24 million, including $4 million of excess tax benefits on equity instruments. During 2014, stock options were exercised to acquire 245,745 shares of common stock with a cash impact of $3 million, including $1million of excess tax benefits on equity instruments. During 2013, stock options were exercised to acquire 93,845 shares of common stock with a cash impact of $1 million, including less than $1million of excess tax benefits on equity instruments.

Available cash, credit facilities and contractual commitments – At December 31, 2015, the Company had cash and cash equivalents of $505 million.

Domestically, in May 2015, the Company entered into a revolving credit facility with a consortium of banks that provides up to $400 million based on available collateral, including a $110 million letter of credit subfacility, and expires in May 2020.

In connection with entering into the revolving credit facility, the Company terminated its former $200 million credit facility.

The Company amended its accounts receivable securitization facility in May 2015, reducing the borrowing limit from $175 million to $150 million and extending the maturity until May 2018.

These credit facilities are undrawn, other than to secure letters of credit, at December 31, 2015. The Company's additional borrowing capacity under these facilities, net of amounts used to back letters of credit and based on available collateral at December 31, 2015, was $505 million.

The Company's operations in Asia have annual renewable unsecured credit lines that provide up to $109 million of borrowings and do not contain significant financial covenants. The additional borrowing capacity on the Asian credit lines totaled $98 million at December 31, 2015.

The Company believes that its cash and cash equivalent balances along with available cash from operating cash flows and credit facilities will be adequate to fund its typical needs, including working capital requirements, projected capital expenditures, including its portion of capital expenditures in its partially-owned subsidiary, and dividend and share repurchase goals. The Company also believes it has access to additional funds from capital markets to fund potential strategic initiatives. The entire amount of short-term notes payable outstanding at December 31, 2015 is debt of consolidated subsidiaries. The Company expects its subsidiaries to refinance or pay these amounts within the next twelve months.

The Company’s cash requirements relating to contractual obligations at December 31, 2015 are summarized in the following table:

(Dollar amounts in thousands)	Payment Due by Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Long-term debt	$ 290,458	$ —	$ —	$173,578	$116,880
Capital lease obligations and other	7,463	600	1,200	600	5,063
Interest on debt and capital lease obligations	157,534	23,127	46,255	32,369	55,783
Operating leases	83,203	23,056	30,181	22,575	7,391
Notes payable (a)	12,437	12,437	—	—	—
Unconditional purchase (b)	67,987	67,987	—	—	—
Postretirement benefits other than pensions (c)	265,579	15,929	32,725	33,971	182,954
Pensions (d)	304,921	45,000	90,000	90,000	79,921
Other obligations (e)	41,962	9,130	9,292	1,233	22,307
Total contractual cash obligations	$1,231,544	$197,266	$209,653	$354,326	$470,299

(a) Financing obtained from financial institutions in the PRC and Mexico to support the Company’s operations there.
(b) Noncancelable purchase order commitments for capital expenditures and raw materials, principally natural rubber, made in the ordinary course of business.
(c) Represents benefit payments for postretirement benefits other than pension liabilities.
(d) Represents Company contributions to retirement trusts based on current assumptions.
(e) Includes stock-based liabilities, warranty reserve, deferred compensation, nonqualified benefit plans and other non-current liabilities.

Credit agency ratings – Standard & Poor’s has rated the Company’s long-term corporate credit and senior unsecured debt at BB- with a positive outlook. Moody’s Investors Service has assigned a B1 corporate family rating and a B2 rating to senior unsecured debt with a stable outlook.

New Accounting Standards

For a discussion of recent accounting pronouncements and their impact on the Company, see the “Significant Accounting Policies - Accounting pronouncements” note to the consolidated financial statements.

Critical Accounting Policies

“Management’s Discussion and Analysis of Financial Condition and Results of Operations” discusses the Company’s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. When more than one accounting principle, or the method of its application, is generally accepted, the Company selects the principle or method that is appropriate in its specific circumstances. The Company’s accounting policies are more fully described in the “Significant Accounting Policies” note 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. The Company believes that of its significant accounting policies, the following may involve a higher degree of judgment or estimation than other accounting policies.

Product liability – The Company is a defendant in various product liability claims brought in numerous jurisdictions in which individuals seek damages resulting from motor vehicle accidents allegedly caused by defective tires manufactured by the Company. Each of the product liability claims faced by the Company generally involve different types of tires, models and lines, different circumstances surrounding the accident such as different applications, vehicles, speeds, road conditions, weather conditions, driver error, tire repair and maintenance practices, service life conditions, as well as different jurisdictions and different injuries. In addition, in many of the Company's product liability lawsuits the plaintiff alleges that his or her harm was caused by one or more co-defendants who acted independently of the Company. Accordingly, both the claims asserted and the resolutions of those claims have an enormous amount of variability. The aggregate amount of damages asserted at any point in time is not determinable since often times when claims are filed, the plaintiffs do not specify the amount of damages. Even when there is an amount alleged, at times the amount is wildly inflated and has no rational basis.

The fact that the Company is a defendant in product liability lawsuits is not surprising given the current litigation climate, which is largely confined to the United States. However, the fact that the Company is subject to claims does not indicate that there is a quality issue with the Company's tires. The Company sells approximately 30 to 35 million passenger car, light truck, SUV, radial medium truck and motorcycle tires per year in North America. The Company estimates that approximately 300 million Company-produced tires – made up of thousands of different specifications – are still on the road in North America. While tire disablements do occur, it is the Company's and the tire industry's experience that the vast majority of tire failures relate to service-related conditions, which are entirely out of the Company's control – such as failure to maintain proper tire pressure, improper maintenance, road hazard and excessive speed.

The Company accrues costs for product liability at the time a loss is probable and the amount of loss can be estimated. The Company believes the probability of loss can be established and the amount of loss can be estimated only after certain minimum information is available, including verification that Company-produced products were involved in the incident giving rise to the claim, the condition of the product purported to be involved in the claim, the nature of the incident giving rise to the claim and the extent of the purported injury or damages. In cases where such information is known, each product liability claim is evaluated based on its specific facts and circumstances. A judgment is then made to determine the requirement for establishment or revision of an accrual for any potential liability. The liability often cannot be determined with precision until the claim is resolved.

Pursuant to applicable accounting rules, the Company accrues the minimum liability for each known claim when the estimated outcome is a range of possible loss and no one amount within that range is more likely than another. The Company uses a range of losses because an average cost would not be meaningful since the product liability claims faced by the Company are unique and widely variable, and accordingly, the resolutions of those claims have an enormous amount of variability. The costs have ranged from zero dollars to $33 million in one case with no "average" that is meaningful. No specific accrual is made for individual unasserted claims or for premature claims, asserted claims where the minimum information needed to evaluate the probability of a liability is not yet known. However, an accrual for such claims based, in part, on management's expectations for future litigation activity and the settled claims history is maintained. Because of the speculative nature of litigation in the U.S., the Company does not believe a meaningful aggregate range of potential loss for asserted and unasserted claims can be determined. The Company's experience has demonstrated that its estimates have been reasonably accurate and, on average, cases are settled at amounts close to the reserves established. However, it is possible an individual claim from time to time may result in an aberration from the norm and could have a material impact.

During 2015, the Company increased its product liability reserve by $56 million. The addition of another year of self-insured incidents accounted for $49 million of this increase. Settlements and changes in the amount of reserves for cases where sufficient information is known to estimate a liability increased by $7 million.

During 2014, the Company increased its product liability reserve by $48 million. The addition of another year of self-insured incidents accounted for $49 million of this increase. Settlements and changes in the amount of reserves for cases where sufficient information is known to estimate a liability decreased by $1 million.

The time frame for the payment of a products liability claim is too variable to be meaningful. From the time a claim is filed to its ultimate disposition depends on the unique nature of the case, how it is resolved – claim dismissed, negotiated settlement, trial verdict and appeals process – and is highly dependent on jurisdiction, specific facts, the plaintiff's attorney, the court's docket and other factors. Given that some claims may be resolved in weeks and others may take five years or more, it is impossible to predict with any reasonable reliability the time frame over which the accrued amounts may be paid.

During 2015, the Company paid $71 million and during 2014, the Company paid $58 million to resolve cases and claims. The Company's product liability reserve balance at December 31, 2015 totaled $164 million (current portion of $74 million). At December 31, 2014 the Company's product liability reserve balance totaled $179 million (current portion of $70 million).

The product liability expense reported by the Company includes amortization of insurance premium costs, adjustments to settlement reserves and legal costs incurred in defending claims against the Company.

Product liability expenses totaled $79 million, $77 million and $89 million in 2015, 2014 and 2013, respectively.

Income Taxes – The Company is required to make certain estimates and judgments to determine income tax expense for financial statement purposes. The more critical estimates and judgments include assessing uncertain tax positions and measuring unrecognized tax benefits, determining whether deferred tax assets will be realized and whether foreign earnings will be indefinitely reinvested. Changes to these estimates may result in an increase or decrease to tax expense in subsequent periods.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across the Company's global operations. The Company applies the rules under ASC 740-10 in its *Accounting for Uncertainty in Income Taxes* for uncertain tax positions using a "more likely than not" recognition threshold. Pursuant to these rules, the Company will initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits of the tax position, that such a position will be sustained upon examination by the relevant tax authorities. If the tax benefit meets the "more likely than not" threshold, the measurement of the tax benefit will be based on the Company's estimate of the ultimate amount to be sustained if audited by the taxing authority. The Company recognizes tax liabilities in accordance with ASC 740-10 and adjusts these liabilities when judgment changes as a result of the evaluation of new information not previously available. Based upon the outcome of tax examinations, judicial proceedings, or expiration of statutes of limitations, it is reasonably possible that the ultimate resolution of these unrecognized tax benefits may result in a payment that is materially different from the current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which new information is available.

The Company's liability for unrecognized tax benefits, exclusive of interest, totaled approximately $6 million at December 31, 2015. In accordance with Company policy, the liability relating to 2011 was released following the lapse of statutes for both U.S. federal and state jurisdictions. The unrecognized tax benefits at December 31, 2015 relate to uncertain tax positions in tax years 2012 through 2014.

The Company must assess the likelihood that it will be able to recover its deferred tax asset. Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expense. In evaluating the Company's ability to recover deferred tax assets within the jurisdiction from which they arise, all available positive and negative evidence is considered, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax-planning strategies and results of recent operations. In projecting future taxable income, the Company begins with historical results adjusted for the results of discontinued operations and changes in accounting policies, and incorporates assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences and the implementation of feasible and prudent tax-planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates the Company uses to manage the underlying businesses. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income (loss).

The Company continues to maintain a valuation allowance against a portion of its U.S. and non-U.S. deferred tax asset position at December 31, 2015, as it cannot assure the utilization of these assets before they expire. In the U.S., the Company has offset a portion of its deferred tax asset relating primarily to a loss carryforward by a valuation allowance of $2 million. In addition, the Company has recorded valuation allowances of $13 million relating primarily to non-U.S. net operating losses for a total valuation allowance of $15 million. In conjunction with the Company's ongoing review of its actual results and anticipated future earnings, the Company will continue to reassess the possibility of releasing all or part of the valuation allowances currently in place when they are deemed to be realizable.

The Company generally considers the earnings of certain non-U.S. subsidiaries to be indefinitely invested outside the United States on the basis of estimates that future domestic cash generation will be sufficient to meet future domestic cash needs. In the event that the Company plans to repatriate foreign earnings, the income tax provision would be adjusted in the period it is determined that the earnings will no longer be indefinitely invested outside the United States. During 2016, the Company plans to remit dividends from one of its non-U.S. subsidiaries. As a result of this decision made in 2015, the Company assessed the need for incremental U.S. income and foreign withholding tax on the anticipated amount. This assessment resulted in no additional tax expense being recorded. In the Company's judgment, the remaining portion of the Company's foreign earnings is considered to be indefinitely reinvested outside the United States. The Company has not recorded a deferred tax liability related to the U.S. federal and state income taxes and foreign withholding taxes on approximately $538 million of these undistributed earnings. It is not practicable to determine the amount of additional U.S. income taxes that could be payable upon remittance of these earnings since taxes payable would be reduced by foreign tax credits based upon income tax laws and circumstances at the time of distribution, plus the uncertainty in estimating the impacts of future exchange rates.

Impairment of long-lived assets – The Company's long-lived assets include property, plant and equipment and other assets that are intangible. If an indicator of impairment exists for certain groups of property, plant and equipment or definite-lived intangible assets, the Company will compare the forecasted undiscounted cash flows attributable to the assets to their carrying values. If the carrying values exceed the undiscounted cash flows, the Company then determines the fair values of the assets. If the carrying values of the assets exceed the fair values of the assets, an impairment charge is recognized for the difference.

The Company assesses the potential impairment of its indefinite-lived assets at least annually or when events or circumstances indicate impairment may have occurred. The carrying value of these assets is compared to their fair value. If the carrying values exceed the fair values, an impairment charge equal to that excess is recorded.

The Company cannot predict the occurrence of future impairment-triggering events. Such events may include, but are not limited to, significant industry or economic trends and strategic decisions made in response to changes in the economic and competitive conditions impacting the Company's businesses.

Pension and postretirement benefits – The Company has recorded significant pension liabilities in the U.S. and the U.K. and other postretirement benefit liabilities in the U.S. that are developed from actuarial valuations. The determination of the Company's pension liabilities requires key assumptions regarding discount rates used to determine the present value of future benefit payments, expected returns on plan assets and the rates of future compensation increases. The discount rate is also significant to the development of other postretirement benefit liabilities. The Company determines these assumptions in consultation with its investment advisors and actuaries.

The discount rate reflects the rate used to estimate the value of the Company's pension and other postretirement liabilities for which they could be settled at the end of the year. When determining the discount rate, the Company discounted the expected pension disbursements over the next fifty years and based upon this analysis, the Company used a discount rate of 4.20 percent to measure its U.S. pension liabilities at December 31, 2015, which is higher than the 3.75 percent used at December 31, 2014. Similarly, the Company discounted the expected disbursements of its other postretirement benefit liabilities and based upon this analysis, the Company used a discount rate of 4.20 percent to measure its other postretirement liabilities at December 31, 2015, which is higher than the 3.80 percent used at December 31, 2014. A similar analysis was completed in the U.K. and the Company increased the discount rate used to measure its U.K. pension liabilities to 3.85 percent at December 31, 2015 from 3.60 percent at December 31, 2014.

The rate of future compensation increases is used to determine the future benefits to be paid for employees, since the amount of a participant's pension is partially attributable to the compensation earned during his or her career. The rate reflects the Company's expectations over time for salary and wage inflation and the impacts of promotions and incentive compensation, which is typically tied to profitability. Effective July 1, 2009, the Company froze the Spectrum (salaried employees) Pension Plan in the U.S., so the future compensation assumption is not applicable to valuing this liability. Effective April 6, 2012, the Company amended the Cooper Avon Pension Plan to freeze all future pension benefits, so the future compensation assumption is not applicable to valuing this liability.

The assumed long-term rate of return on pension plan assets is applied to the market value of plan assets to derive a reduction to pension expense that approximates the expected average rate of asset investment return over ten or more years. A decrease in the expected long-term rate of return will increase pension expense, whereas an increase in the expected long-term rate will reduce pension expense. Decreases in the level of actual plan assets will serve to increase the amount of pension expense, whereas increases in the level of actual plan assets will serve to decrease the amount of pension expense. Any shortfall in the actual return on plan assets from the expected return will increase pension expense in future years due to the amortization of the shortfall, whereas any excess in the actual return on plan assets from the expected return will reduce pension expense in future periods due to the amortization of the excess.

The Company's investment strategy is to match assets to the cash flows of the pension obligations. The Company's current asset allocation for U.S. plans' assets is 59 percent in equity securities and 41 percent in debt securities. The Company's current asset allocation for U.K. plan assets is 21 percent in equity securities, 70 percent in bonds and 9 percent in other investments. Equity security investments are structured to achieve a balance between growth and value stocks. The Company determines the annual rate of return on pension assets by first analyzing the composition of its asset portfolio. Historical rates of return are applied to the portfolio and may be adjusted based on a review by the Company's investment advisors and actuaries. Industry comparables and other outside guidance is also considered in the annual selection of the expected rates of return on pension assets.

The actual return on U.S. pension plans' assets was approximately 0.10 percent in 2015 compared to an asset gain of approximately 7.10 percent in 2014. The actual return on U.K. pension plan assets was a loss of 0.26 percent in 2015 compared to an asset gain of 22.80 percent in 2014. The Company's estimate for the expected long-term return on its U.S. plan assets used to derive 2015 and 2014 pension expense was 7.00 percent. The expected long-term return on U.K. plan assets used to derive the 2015 and 2014 pension expense was 3.85 percent and 6.70 percent, respectively.

The Company has accumulated net deferred losses resulting from the shortfalls and excesses in actual returns on pension plan assets from expected returns and, in the measurement of pensions and other postretirement liabilities, decreases and increases in the discount rate and the rate of future compensation increases and differences between actuarial assumptions and actual experience totaling $568 million at December 31, 2015. These amounts are being amortized in accordance with the corridor amortization requirements of U.S. GAAP over periods ranging from 8 years to 10 years. Amortization of these net deferred losses was $46 million in 2015 and $36 million in 2014.

The Company has implemented household caps on the amounts of retiree medical benefits it will provide to certain retirees. The caps do not apply to individuals who retired prior to certain specified dates. Costs in excess of these caps will be paid by plan participants. The Company implemented increased cost sharing in 2004 in the retiree medical coverage provided to certain eligible current and future retirees. Since then, cost sharing has expanded such that nearly all covered retirees pay a charge to be enrolled.

In accordance with U.S. GAAP, the Company recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligation) of its pension and other postretirement benefit (“OPEB”) plans and the net unrecognized actuarial losses and unrecognized prior service costs in the consolidated balance sheets. The unrecognized actuarial losses and unrecognized prior service costs (components of cumulative other comprehensive loss in the stockholders’ equity section of the balance sheet) will be subsequently recognized as net periodic benefit cost pursuant to the Company’s historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic benefit costs in the same periods will be recognized as a component of other comprehensive income.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to fluctuations in interest rates and currency exchange rates from its financial instruments. The Company actively monitors its exposure to risk from changes in foreign currency exchange rates and interest rates. Derivative financial instruments are used to reduce the impact of these risks. See the “Significant Accounting Policies - Derivative financial instruments” and “Fair Value of Financial Instruments” notes to the consolidated financial statements for additional information.

The Company has estimated its market risk exposures using sensitivity analysis. These analyses measure the potential loss in future earnings, cash flows or fair values of market sensitive instruments resulting from a hypothetical ten percent change in interest rates or foreign currency exchange rates.

A decrease in interest rates by ten percent of the actual rates would have adversely affected the fair value of the Company’s fixed-rate, long-term debt by approximately $10 million and $11 million at December 31, 2015 and December 31, 2014, respectively. An increase in interest rates by ten percent of the actual rates for the Company’s floating rate long-term debt obligations would not have been material to the Company’s results of operations and cash flows.

To manage the volatility of currency exchange exposures related to future sales and purchases, the Company first nets the exposures on a consolidated basis to take advantage of natural offsets. Then, for the residual portion, the Company enters into forward exchange contracts and purchases options with maturities of less than 12 months pursuant to the Company’s policies and hedging practices. The changes in fair value of these hedging instruments are offset, in part or in whole, by corresponding changes in the fair value of cash flows of the underlying exposures being hedged. The Company’s unprotected exposures to earnings and cash flow fluctuations due to changes in foreign currency exchange rates were not significant at December 31, 2015 and 2014.

The Company enters into foreign exchange contracts to manage its exposure to foreign currency denominated receivables and payables. The impact from a ten percent change in foreign currency exchange rates on the Company’s foreign currency denominated obligations and related foreign exchange contracts would not have been material to the Company’s results of operations and cash flows.

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Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENTS OF INCOME
(Dollar amounts in thousands except per share amounts)

	Year Ended December 31,		
	2015	2014	2013
Net sales	**$2,972,901**	$3,424,809	$3,439,233
Cost of products sold	**2,355,451**	2,852,051	2,923,042
Gross profit	**617,450**	572,758	516,191
Selling, general and administrative expense	**262,970**	272,300	275,477
Operating profit	**354,480**	300,458	240,714
Interest expense	**(23,820)**	(28,138)	(27,906)
Interest income	**2,211**	1,500	810
Gain on sale of interest in subsidiary	**—**	77,471	—
Other non-operating income (expense)	**1,157**	(2,772)	(647)
Income before income taxes	**334,028**	348,519	212,971
Provision for income taxes	**118,224**	111,697	79,406
Net income	**215,804**	236,822	133,565
Net income attributable to noncontrolling shareholders' interests	**3,038**	23,244	22,552
Net income attributable to Cooper Tire & Rubber Company	**$ 212,766**	$ 213,578	$ 111,013
Basic earnings per share:			
Net income attributable to Cooper Tire & Rubber Company common stockholders	**$ 3.73**	$ 3.48	$ 1.75
Diluted earnings per share:			
Net income attributable to Cooper Tire & Rubber Company common stockholders	**$ 3.69**	$ 3.42	$ 1.73

See Notes to Consolidated Financial Statements, pages 42 to 77.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollar amounts in thousands except per share amounts)

	Year Ended December 31,		
	2015	2014	2013
Net income	**$215,804**	$ 236,822	$133,565
Other comprehensive income (loss)			
Cumulative currency translation adjustments	**(35,320)**	(54,896)	18,730
Financial instruments			
Change in the fair value of derivatives and marketable securities	**(2,319)**	5,321	1,858
Income tax benefit (provision) on derivative instruments	**1,011**	(2,174)	(670)
Financial instruments, net of tax	**(1,308)**	3,147	1,188
Postretirement benefit plans			
Amortization of actuarial loss	**46,736**	36,473	52,849
Amortization of prior service credit	**(566)**	(566)	(566)
Actuarial gain (loss)	**23,597**	(165,357)	158,589
Income tax (provision) benefit on postretirement benefit plans	**(23,410)**	50,317	(84,713)
Foreign currency translation effect	**6,879**	6,005	(1,366)
Postretirement benefit plans, net of tax	**53,236**	(73,128)	124,793
Other comprehensive income (loss)	**16,608**	(124,877)	144,711
Comprehensive income	**232,412**	111,945	278,276
Less comprehensive income (loss) attributable to noncontrolling shareholders’ interests	**(1,189)**	18,949	25,757
Comprehensive income attributable to Cooper Tire & Rubber Company	**$233,601**	$ 92,996	$252,519

See Notes to Consolidated Financial Statements, pages 42 to 77.

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CONSOLIDATED BALANCE SHEETS
(Dollar amounts in thousands)

	December 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	**$ 505,157**	$ 551,652
Notes receivable	**8,750**	4,546
Accounts receivable, less allowances of $7,533 at 2015 and $8,792 at 2014	**371,757**	368,393
Inventories at lower of cost or market:		
Finished goods	**297,967**	302,032
Work in process	**26,666**	28,611
Raw materials and supplies	**87,928**	91,208
	412,561	421,851
Other current assets	**36,405**	40,114
Total current assets	**1,334,630**	1,386,556
Property, plant and equipment:		
Land and land improvements	**49,782**	49,760
Buildings	**277,034**	277,602
Machinery and equipment	**1,637,637**	1,552,140
Molds, cores and rings	**236,370**	218,827
	2,200,823	2,098,329
Less: Accumulated depreciation	**1,405,625**	1,358,126
Property, plant and equipment, net	**795,198**	740,203
Goodwill	**18,851**	18,851
Intangibles, net of accumulated amortization of $62,274 at 2015 and $49,010 at 2014	**133,490**	137,784
Restricted cash	**802**	653
Deferred income tax assets	**136,310**	189,179
Other assets	**16,895**	15,711
Total assets	**$2,436,176**	$2,488,937

See Notes to Consolidated Financial Statements, pages 42 to 77.

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CONSOLIDATED BALANCE SHEETS
(Dollar amounts in thousands, except par value amounts)
(Continued)

	December 31, 2015	December 31, 2014
Liabilities and Equity		
Current liabilities:		
Notes payable	**$ 12,437**	$ 64,551
Accounts payable	**215,850**	258,373
Accrued liabilities	**199,368**	184,332
Income taxes payable	**4,748**	1,994
Current portion of long-term debt	**600**	2,115
Total current liabilities	**433,003**	511,365
Long-term debt	**296,412**	297,937
Postretirement benefits other than pensions	**249,650**	264,305
Pension benefits	**304,621**	373,360
Other long-term liabilities	**132,594**	152,775
Deferred income tax liabilities	**2,285**	4,934
Equity:		
Preferred stock, $1 par value; 5,000,000 shares authorized; none issued	**—**	—
Common stock, $1 par value; 300,000,000 shares authorized; 87,850,292 shares issued at 2015 and at 2014	**87,850**	87,850
Capital in excess of par value	**16,306**	5,742
Retained earnings	**2,095,923**	1,867,126
Cumulative other comprehensive loss	**(509,767)**	(530,602)
	1,690,312	1,430,116
Less: common shares in treasury at cost (32,017,754 at 2015 and 29,698,893 at 2014)	**(711,064)**	(586,324)
Total parent stockholders' equity	**979,248**	843,792
Noncontrolling shareholders' interests in consolidated subsidiaries	**38,363**	40,469
Total equity	**1,017,611**	884,261
Total liabilities and equity	**$2,436,176**	$2,488,937

See Notes to Consolidated Financial Statements, pages 42 to 77.

CONSOLIDATED STATEMENTS OF EQUITY
(Dollar amounts in thousands except per share amounts)

		Total Equity							
	Redeemable Noncontrolling Shareholder's Interest	Common Stock $1 Par Value	Capital in Excess of Par Value	Retained Earnings	Cumulative Other Comprehensive Income (Loss)	Common Shares in Treasury	Total Parent Stockholders' Equity	Noncontrolling Shareholders' Interests in Consolidated Subsidiaries	Total
Balance at December 31, 2012	$ —	$ 87,850	$ 919	$1,657,936	$ (551,526)	$(437,555)	$ 757,624	$ 150,792	$ 908,416
Net income	—	—	—	111,013	—	—	111,013	22,552	133,565
Other comprehensive income	—	—	—	—	141,506	—	141,506	3,205	144,711
Comprehensive income	—	—	—	111,013	141,506	—	252,519	25,757	278,276
Dividends payable to noncontrolling shareholder	—	—	—	—	—	—	—	(9,790)	(9,790)
Stock compensation plans, including tax benefit of $494	—	—	3,514	(734)	—	4,547	7,327	—	7,327
Cash dividends - $0.42 per share	—	—	—	(26,604)	—	—	(26,604)	—	(26,604)
Balance at December 31, 2013	—	87,850	4,433	1,741,611	(410,020)	(433,008)	990,866	166,759	1,157,625
Reclassification of redeemable noncontrolling shareholder interest	152,250	—	(3,838)	(24,447)	—	—	(28,285)	(123,965)	(152,250)
Net income	19,266	—	—	213,578	—	—	213,578	3,978	217,556
Other comprehensive loss	(562)	—	—	—	(120,582)	—	(120,582)	(3,733)	(124,315)
Comprehensive income (loss)	18,704	—	—	213,578	(120,582)	—	92,996	245	93,241
Dividends payable to noncontrolling shareholder	(5,243)	—	—	—	—	—	—	(2,570)	(2,570)
Sale of interest in subsidiary	(165,711)	—	—	—	—	—	—	—	—
Accelerated share repurchase program	—	—	(2,010)	(37,990)	—	(160,000)	(200,000)	—	(200,000)
Stock compensation plans, including tax benefit of $1,268	—	—	7,157	(88)	—	6,684	13,753	—	13,753
Cash dividends - $0.42 per share	—	—	—	(25,538)	—	—	(25,538)	—	(25,538)
Balance at December 31, 2014	—	87,850	5,742	1,867,126	(530,602)	(586,324)	843,792	40,469	884,261
Net income	—	—	—	212,766	—	—	212,766	3,038	215,804
Other comprehensive income (loss)	—	—	—	—	20,835	—	20,835	(4,227)	16,608
Comprehensive income (loss)	—	—	—	212,766	20,835	—	233,601	(1,189)	232,412
Dividends payable to noncontrolling shareholder	—	—	—	—	—	—	—	(917)	(917)
Accelerated share repurchase program	—	—	2,010	37,990	—	(40,000)	—	—	—
Share repurchase program	—	—	—	—	—	(108,821)	(108,821)	—	(108,821)
Stock compensation plans, including tax benefit of $4,323	—	—	8,554	1,921	—	24,081	34,556	—	34,556
Cash dividends - $0.42 per share	—	—	—	(23,880)	—	—	(23,880)	—	(23,880)
Balance at December 31, 2015	**$ —**	**$ 87,850**	**$ 16,306**	**$2,095,923**	**$ (509,767)**	**$(711,064)**	**$ 979,248**	**$ 38,363**	**$1,017,611**

See Notes to Consolidated Financial Statements, pages 42 to 77.

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollar amounts in thousands)

	Year Ended December 31,		
	2015	2014	2013
Operating activities:			
Net income	**$ 215,804**	$ 236,822	$ 133,565
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	**121,408**	139,166	134,751
Deferred income taxes	**25,034**	3,629	34,029
Stock-based compensation	**14,919**	9,047	6,973
Change in LIFO reserve	**(53,108)**	(35,205)	(11,411)
Amortization of unrecognized postretirement benefits	**46,170**	35,907	52,283
Gain on sale of interest in subsidiary, net of tax	**—**	(55,704)	—
Changes in operating assets and liabilities of continuing operations, net of effect of sale of interest in subsidiary:			
Accounts and notes receivable	**(15,155)**	(64,636)	25,361
Inventories	**51,864**	(524)	62,620
Other current assets	**(931)**	(2,162)	(28,851)
Accounts payable	**(42,068)**	67,734	(81,603)
Accrued liabilities	**21,719**	25,943	4,639
Other items	**(85,342)**	(40,933)	(59,981)
Net cash provided by operating activities	**300,314**	319,084	272,375
Investing activities:			
Additions to property, plant and equipment and capitalized software	**(182,544)**	(145,041)	(180,448)
Proceeds from sale of interest in subsidiary, net of cash sold	**—**	170,711	—
Proceeds from the sale of assets	**1,651**	1,248	723
Net cash (used in) provided by investing activities	**(180,893)**	26,918	(179,725)
Financing activities:			
Net (payments on) issuances of short-term debt	**(41,303)**	55,447	(11,915)
Additions to long-term debt	**—**	15,634	24,527
Repayments of long-term debt	**(3,125)**	(35,715)	(24,162)
Payment of financing fees	**(2,586)**	—	—
Repurchase of common stock	**(108,821)**	(200,000)	—
Payment of dividends to noncontrolling shareholders	**(917)**	(7,813)	(9,790)
Payment of dividends	**(23,880)**	(25,538)	(26,604)
Issuance of common shares and excess tax benefits on options	**23,965**	3,230	1,438
Net cash used in financing activities	**(156,667)**	(194,755)	(46,506)
Effects of exchange rate changes on cash of continuing operations	**(9,249)**	2,674	(230)
Changes in cash and cash equivalents	**(46,495)**	153,921	45,914
Cash and cash equivalents at beginning of year	**551,652**	397,731	351,817
Cash and cash equivalents at end of year	**$ 505,157**	$ 551,652	$ 397,731

See Notes to Consolidated Financial Statements, pages 42 to 77.

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Notes to Consolidated Financial Statements
(Dollar amounts in thousands except per share amounts)

Note 1 - Significant Accounting Policies

Principles of consolidation – The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. Acquired businesses are included in the consolidated financial statements from the dates of acquisition. All intercompany accounts and transactions have been eliminated.

The Company consolidates into its financial statements the accounts of the Company, all wholly-owned subsidiaries, and any partially-owned subsidiary that the Company has the ability to control. Control generally equates to ownership percentage, whereby investments that are more than 50-percent owned are consolidated, investments in subsidiaries of 50 percent or less but greater than 20-percent are accounted for using the equity method, and investments in subsidiaries of 20 percent or less are accounted for using the cost method. The Company does not consolidate any entity for which it has a variable interest based solely on power to direct the activities and significant participation in the entity's expected results that would not otherwise be consolidated based on control through voting interests. Further, the Company's joint ventures are businesses established and maintained in connection with the Company's operating strategy.

Cash and cash equivalents – The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Company's objectives related to the investment of cash not required for operations is to preserve capital, meet the Company's liquidity needs and earn a return consistent with these guidelines and market conditions. Investments deemed eligible for the investment of the Company's cash include: 1) U.S. Treasury securities and general obligations fully guaranteed with respect to principal and interest by the government; 2) obligations of U.S. government agencies; 3) commercial paper or other corporate notes of prime quality purchased directly from the issuer or through recognized money market dealers; 4) time deposits, certificates of deposit or bankers' acceptances of banks rated "A-" by Standard & Poor's or "A3" by Moody's; 5) collateralized mortgage obligations rated "AAA" by Standard & Poor's and "Aaa" by Moody's; 6) tax-exempt and taxable obligations of state and local governments of prime quality; and 7) mutual funds or outside managed portfolios that invest in the above investments. The Company had cash and cash equivalents totaling $505,157 and $551,652 at December 31, 2015 and December 31, 2014, respectively. The majority of the cash and cash equivalents were invested in eligible financial instruments in excess of amounts insured by the Federal Deposit Insurance Corporation and, therefore, subject to credit risk. Management believes that the probability of losses related to credit risk on investments classified as cash and cash equivalents is remote.

Notes receivable – The Company has received bank secured notes from certain of its customers in the PRC to settle trade accounts receivable. These notes generally have maturities of six months or less and are redeemable at the bank of issuance. The Company evaluates the credit risk of the issuing bank prior to accepting a bank secured note from a customer. Management believes that the probability of material losses related to credit risk on notes receivable is remote.

Accounts receivable – The Company records trade accounts receivable when revenue is recorded in accordance with its revenue recognition policy and relieves accounts receivable when payments are received from customers.

Allowance for doubtful accounts – The allowance for doubtful accounts is established through charges to the provision for bad debts. The Company evaluates the adequacy of the allowance for doubtful accounts throughout the year. The evaluation includes historical trends in collections and write-offs, management's judgment of the probability of collecting specific accounts and management's evaluation of business risk. This evaluation is inherently subjective, as it requires estimates that are susceptible to revision as more information becomes available. Accounts are determined to be uncollectible when the debt is deemed to be worthless or only recoverable in part, and are written off at that time through a charge against the allowance for doubtful accounts.

Inventories – Inventories are valued at cost, which is not in excess of market. Inventory costs have been determined by the LIFO method for substantially all U.S. inventories. Costs of other inventories have been determined by the FIFO and average cost methods. Inventories include direct material, direct labor, and applicable manufacturing and engineering overhead costs.

Long-lived assets – Property, plant and equipment are recorded at cost and depreciated or amortized using the straight-line method over the following expected useful lives:

Buildings and improvements	10 to 40 years
Machinery and equipment	5 to 14 years
Furniture and fixtures	5 to 10 years
Molds, cores and rings	2 to 10 years

The Company capitalizes certain internal and external costs incurred to acquire or develop internal-use software. Capitalized software costs are amortized over the estimated useful life of the software.

Intangibles with definite lives include trademarks, technology and intellectual property which are amortized over their useful lives, which range from three years to 40 years. The Company evaluates the recoverability of long-lived assets based on undiscounted projected cash flows, excluding interest and taxes, when any impairment is indicated. Goodwill and indefinite-lived intangibles are assessed for potential impairment at least annually or when events or circumstances indicate impairment may have occurred.

Earnings per common share – Net income per share is computed on the basis of the weighted average number of common shares outstanding each year. Diluted earnings per share includes the dilutive effect of stock options and other stock units. The following table sets forth the computation of basic and diluted earnings per share:

(Number of shares and dollar amounts in thousands except per share amounts)

	2015	2014	2013
Numerator			
Numerator for basic and diluted earnings per share - income from continuing operations available to common stockholders	**$212,766**	$213,578	$111,013
Denominator			
Denominator for basic earnings per share - weighted average shares outstanding	**57,012**	61,402	63,327
Effect of dilutive securities - stock options and other stock units	**611**	999	955
Denominator for diluted earnings per share - adjusted weighted average shares outstanding	**57,623**	62,401	64,282
Basic earnings per share:			
Net income attributable to Cooper Tire & Rubber Company common stockholders	**$ 3.73**	$ 3.48	$ 1.75
Diluted earnings per share:			
Net income attributable to Cooper Tire & Rubber Company common stockholders	**$ 3.69**	$ 3.42	$ 1.73

At December 31, 2015 and 2014, all options to purchase shares of the Company’s common stock were included in the computation of diluted earnings per share as the options’ exercise prices were less than the average market price of the common shares. Options to purchase shares of the Company’s common stock not included in the computation of diluted earnings per share because the options’ exercise prices were greater than the average market price of the common shares were 342,413 in 2013.

Derivative financial instruments – Derivative financial instruments are utilized by the Company to reduce foreign currency exchange risks. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. The Company does not enter into financial instruments for trading or speculative purposes. The Company offsets fair value amounts recognized on the Consolidated Balance Sheets for derivative financial instruments executed with the same counter-party.

The Company uses foreign currency forward contracts as hedges of the fair value of certain non-U.S. dollar denominated asset and liability positions, primarily accounts receivable. Gains and losses resulting from the impact of currency exchange rate movements on these forward contracts are recognized in the accompanying Consolidated Statements of Income in the period in which the exchange rates change and offset the foreign currency gains and losses on the underlying exposure being hedged.

Foreign currency forward contracts are also used to hedge variable cash flows associated with forecasted sales and purchases denominated in currencies that are not the functional currency of certain entities. The forward contracts have maturities of less than twelve months pursuant to the Company's policies and hedging practices. These forward contracts meet the criteria for and have been designated as cash flow hedges. Accordingly, the effective portion of the change in fair value of unrealized gains and losses on such forward contracts are recorded as a separate component of stockholders' equity in the accompanying Consolidated Balance Sheets and reclassified into earnings as the hedged transaction affects earnings.

The Company assesses hedge effectiveness quarterly. In doing so, the Company monitors the actual and forecasted foreign currency sales and purchases versus the amounts hedged to identify any hedge ineffectiveness. The Company also performs regression analysis comparing the change in value of the hedging contracts versus the underlying foreign currency sales and purchases, which confirms a high correlation and hedge effectiveness. Any hedge ineffectiveness is recorded as an adjustment in the accompanying Consolidated Statements of Income in the period in which the ineffectiveness occurs.

The Company is exposed to price risk related to forecasted purchases of certain commodities that are used as raw materials, principally natural rubber. Accordingly, it uses commodity contracts with forward pricing. These contracts generally qualify for the normal purchase exception under guidance for derivative instruments and hedging activities, and therefore are not subject to its provisions.

Income taxes – Income tax expense is based on reported earnings (loss) before income taxes in accordance with the tax rules and regulations of the specific legal entities within the various specific taxing jurisdictions where the Company's income is earned. Taxable income may differ from earnings before income taxes for financial accounting purposes. To the extent that differences are due to revenue or expense items reported in one period for tax purposes and in another period for financial accounting purposes, a provision for deferred income taxes is made using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is recognized if it is anticipated that some or all of a deferred tax asset may not be realized. Deferred income taxes generally are not recorded on the majority of undistributed earnings of international subsidiaries based on the Company's intention that these earnings will continue to be reinvested. The Company measures for the current tax impact of the earnings of international subsidiaries it intends to distribute in a future period and records the tax impact if the amount is material.

Product liability – The Company accrues costs for product liability at the time a loss is probable and the amount of loss can be estimated. The Company believes the probability of loss can be established and the amount of loss can be estimated only after certain minimum information is available, including verification that Company-produced products were involved in the incident giving rise to the claim, the condition of the product purported to be involved in the claim, the nature of the incident giving rise to the claim and the extent of the purported injury or damages. In cases where such information is known, each product liability claim is evaluated based on its specific facts and circumstances. A judgment is then made to determine the requirement for establishment or revision of an accrual for any potential liability. The liability often cannot be determined with precision until the claim is resolved.

Pursuant to applicable accounting rules, the Company accrues the minimum liability for each known claim when the estimated outcome is a range of possible loss and no one amount within that range is more likely than another. The Company uses a range of settlements because an average settlement cost would not be meaningful since the product liability claims faced by the Company are unique and widely variable. The cases involve different types of tires, models and lines, different circumstances surrounding the accident such as different applications, vehicles, speeds, road conditions, weather conditions, driver error, tire repair and maintenance practices, service life conditions, as well as different jurisdictions and different injuries. In addition, in many of the Company's product liability lawsuits the plaintiff alleges that his or her harm was caused by one or more co-defendants who acted independently of the Company. Accordingly, the claims asserted and the resolutions of those claims have an enormous amount of variability. The costs have ranged from zero dollars to $33 million in one case with no "average" that is meaningful. No specific accrual is made for individual unasserted claims or for premature claims, asserted claims where the minimum information needed to evaluate the probability of a liability is not yet known. However, an accrual for such claims based, in part, on management's expectations for future litigation activity and the settled claims history is maintained. Because of the speculative nature of litigation in the U.S., the Company does not believe a meaningful aggregate range of potential loss for asserted and unasserted claims can be determined. The Company's experience has demonstrated that its estimates have been reasonably accurate and, on average, cases are settled at amounts close to the reserves established. However, it is possible an individual claim from time to time may result in an aberration from the norm and could have a material impact.

The product liability expense reported by the Company includes amortization of insurance premium costs, adjustments to settlement reserves and legal costs incurred in defending claims against the Company. Legal costs are expensed as incurred and product liability insurance premiums are amortized over coverage periods.

Advertising expense – Expenses incurred for advertising include production and media and are generally expensed when incurred. Costs associated with dealer-earned cooperative advertising are recorded as a reduction of revenue component of Net sales at the time of sale. Advertising expense for 2015, 2014 and 2013 was $53,007, $57,439 and $48,976, respectively.

Stock-based compensation – The Company's incentive compensation plans allow the Company to grant awards to key employees in the form of stock options, stock awards, restricted stock units, stock appreciation rights, performance stock units, dividend equivalents and other awards. Compensation related to these awards is determined based on the fair value on the date of grant and is amortized to expense over the vesting period. If awards can be settled in cash, these awards are recorded as liabilities and marked to market. See Note 14 – Stock-Based Compensation for additional information.

Warranties – Warranties are provided on the sale of certain of the Company's products, and an accrual for estimated future claims is recorded at the time revenue is recognized. Tire replacement under most of the warranties the Company offers is on a prorated basis. The Company provides for the estimated cost of product warranties based primarily on historical return rates, estimates of the eligible tire population and the value of tires to be replaced. The following table summarizes the activity in the Company's product warranty liabilities which are recorded in Accrued liabilities and Other long-term liabilities on the Company's Consolidated Balance Sheets:

	Product Warranty
Reserve at December 31, 2012	$ 30,139
Additions	19,677
Payments	(18,963)
Reserve at December 31, 2013	30,853
Additions	17,413
Payments	(19,112)
Decrease due to sale of interest in subsidiary	(15,149)
Reserve at December 31, 2014	14,005
Additions	**9,122**
Payments	**(10,788)**
Reserve at December 31, 2015	**$ 12,339**

The CCT portion of the warranty accrual consisted of a reserve of $19,452 and $16,807 at December 31, 2012 and 2013, respectively; additions to the reserve of $4,642 and $6,813 for 2013 and 2014, through the date of sale, respectively, and payments of $7,287 and $8,471 for 2013 and 2014, through the date of sale, respectively.

Use of estimates – The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of: (1) revenues and expenses during the reporting period; and (2) assets and liabilities, as well as disclosure of contingent assets and liabilities, at the date of the consolidated financial statements. Actual results could differ from those estimates.

Revenue recognition – Revenues are recognized when title to the product passes to customers. Shipping and handling costs are recorded in cost of products sold. Allowance programs such as volume rebates and cash discounts are recorded at the time of sale as a reduction to revenue based on anticipated accrual rates for the year.

Research and development – Costs are charged to cost of products sold as incurred and amounted to approximately $51,793, $56,848 and $51,127 during 2015, 2014 and 2013, respectively.

Related Party Transactions – The Company's CCT joint venture paid $15 and $648 of interest to the noncontrolling shareholder in 2014 and 2013, respectively. The CCT joint venture also paid $32,918 and $36,865 to the noncontrolling shareholder primarily for the purchase of utilities during 2014 and 2013, respectively. The Company's COOCSA joint venture paid $26,598, $27,573 and $26,674 in 2015, 2014 and 2013, respectively, to an employment services company in Mexico owned in part by members of the joint venture workforce. COOCSA also recorded sales of $6,555, $6,159 and $5,954 to the noncontrolling shareholder in 2015, 2014 and 2013, respectively.

Apollo related expenses – The Company incurred approximately $18,049 of expenses in 2013 related to the Apollo merger agreement. These expenses are recorded in selling, general and administrative expenses in the Consolidated Statements of Income.

Accounting Pronouncements

Each change to U.S. GAAP is established by the Financial Accounting Standards Board (“FASB”) in the form of an accounting standards update (“ASU”) to the FASB’s Accounting Standards Codification (“ASC”).

The Company considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Company’s consolidated financial statements.

Accounting Pronouncements – Recently Adopted

Discontinued Operations – In April 2014, the FASB issued ASU 2014-08, “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity,” which requires that a disposal representing a strategic shift that has or will have a major effect on an entity’s financial results or a business activity classified as held for sale should be reported as discontinued operations. The amendments also expand the disclosure requirements for discontinued operations and add new disclosures for individually significant dispositions that do not qualify as discontinued operations. The standard is effective for the annual and interim periods beginning after December 15, 2014. Accordingly, the Company has formally adopted the new standard; however, the adoption did not have an impact on the Company’s consolidated financial statements.

Debt Issuance Costs – In April 2015, the FASB issued ASU 2015-03, “Simplifying the Presentation of Debt Issuance Costs,” which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the debt liability rather than as an asset. Application of the standard, which is required to be applied retrospectively, is required for the annual and interim periods beginning after December 15, 2015 with early application permitted. The early adoption of this standard in the fourth quarter of 2015 resulted in a reclassification of debt issuance costs associated with the Company’s long-term debt from other assets to long-term debt in the consolidated financial statements. In August 2015, the FASB issued ASU 2015-15, “Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements,” which allows the presentation of debt issuance costs related to line-of-credit arrangements as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement. This is consistent with the Company’s accounting policy for debt issuance costs associated with the Company’s revolving credit and accounts receivable securitization facilities. See Note 9 – Debt for a summary of the impact of the adoption of the ASU on the periods presented.

Deferred Taxes – In November 2015, the FASB issued ASU 2015-17, “Balance Sheet Classification of Deferred Taxes,” which requires all deferred tax assets and deferred tax liabilities to be classified as noncurrent on the Company’s Consolidated Balance Sheets. Application of the standard, which permits either prospective or retrospective application, is required for the annual and interim periods beginning after December 15, 2016 with early application permitted. The Company early adopted the new standard in the fourth quarter of 2015 and applied it retrospectively. See Note 8 – Income Taxes for a summary of the impact of the adoption of the ASU on the periods presented.

Accounting Pronouncements – To be adopted

Revenue Recognition – In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers,” which will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle is that an entity will recognize revenue to depict the transfer of goods or services to customers in an amount that the entity expects to be entitled to in exchange for those goods or services. The standard provides a five-step model to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The standard also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The standard was proposed to be effective for annual and interim periods beginning after December 15, 2016. On August 12, 2015, the FASB issued ASU 2015-14, “Revenue from Contracts with Customers: Deferral of the Effective Date,” which defers the effective date by one year to December 15, 2017 for interim and annual reporting periods beginning after that date and permitted early adoption of the standard, but not before the original effective date of December 15, 2016. The standard permits the use of either a retrospective or cumulative effect transition method. The Company has not yet selected a transition method and is currently evaluating the impact the new standard will have on its consolidated financial statements and related disclosures.

Consolidation – In February 2015, the FASB issued ASU 2015-02, “Amendments to the Consolidation Analysis,” which modifies the existing consolidation model, particularly for those entities with a variable interest in other legal entities. The standard is effective for the annual and interim periods beginning after December 15, 2015 and can be applied using either a retrospective or modified retrospective approach. Early adoption is permitted. The Company has concluded that the adoption of this standard will not have a material impact on its consolidated financial statements. The Company will apply ASU 2015-02 in evaluating any new ownership agreements entered into subsequent to December 31, 2015.

Fair Value Measurements – In May 2015, the FASB issued ASU 2015-07, “Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent),” which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendment also limits disclosure to investments for which the practical expedient has been elected instead of all investments eligible for the practical expedient. Application of the standard, which must be applied retrospectively, is required for the annual and interim periods beginning after December 15, 2015. The Company is currently evaluating the impact the new standard will have on the footnote disclosures to its consolidated financial statements.

Inventory – In July 2015, the FASB issued ASU 2015-11, “Simplifying the Measurement of Inventory,” which is intended to simplify the subsequent measurement of inventories by replacing the current lower of cost or market test with a lower of cost and net realizable value test. The guidance applies only to inventories for which cost is determined by methods other than last-in first-out and the retail inventory method. Application of the standard, which should be applied prospectively, is required for the annual and interim periods beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the impact the new standard will have on its consolidated financial statements.

Business Combinations – In September 2015, the FASB issued ASU 2015-16, “Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments,” which requires acquirers to recognize adjustments to provisional amounts identified during the reporting period in which the adjustment amounts are determined. Acquirers should record, in the same period’s financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. Application of the standard, which should be applied prospectively, is required for the annual and interim periods beginning after December 15, 2015. Early adoption is permitted. The new standard may have an impact on the Company’s consolidated financial statements in the event of a business combination and will be considered in the evaluation of any new ownership agreements entered into subsequent to December 31, 2015.

Note 2 – CCT Agreements

On January 29, 2014, the Company entered into an agreement (the “CCT Agreement”) with Chengshan Group Company Ltd. (“Chengshan”) and The Union of Cooper Chengshan (Shandong) Tire Company Co., Ltd. (the “Union”) regarding CCT that, among other matters, provided Chengshan, with certain conditions and exceptions, a limited contractual right to either (i) purchase the Company’s 65 percent equity interest in CCT for 65 percent of the Option Price (as defined below) or (ii) sell its 35 percent equity interest in CCT to the Company for 35 percent of the Option Price. In the event Chengshan elected not to exercise its right to purchase the Company’s equity interest or sell its interest in CCT to the Company, the Company had the right to purchase Chengshan’s 35 percent equity interest in CCT for 35 percent of the Option Price subject to certain conditions. In the event neither Chengshan nor the Company exercised their respective options prior to their expiration, the agreement allowed for continuation of the joint venture as then structured.

The “Option Price” under the CCT Agreement was defined as the greater of (i) the fair market value of CCT on a stand-alone basis, which value would not take into consideration the value of the trademarks and technologies licensed by the Company to CCT, as determined by an internationally recognized valuation firm (the “CCT valuation”) and (ii) $435,000.

Under the terms of the CCT Agreement, once the Option Price was determined, the noncontrolling shareholder had 45 days to elect to either purchase the Company’s 65 percent ownership interest in CCT for 65 percent of the Option Price or sell to the Company its 35 percent ownership interest in CCT at 35 percent of the Option Price, or do neither. If the noncontrolling shareholder did not exercise these options, the options would expire and the Company would have the right to purchase the noncontrolling shareholder’s 35 percent ownership interest in CCT at 35 percent of the Option Price. The CCT Agreement provided that, if the CCT valuation was not provided on or before August 11, 2014 (as such date may be extended, the “Option Commencement Deadline”), the options of both parties would terminate and be of no effect unless the Company, at its sole discretion, elected to extend the deadline for the CCT valuation. On August 11, 2014, the Company extended the Option Commencement Deadline from August 11, 2014 to August 14, 2014 to allow the parties to finalize the Option Agreement, as defined below, and related matters.

As contemplated by the CCT Agreement, on August 14, 2014, the Company, Cooper Tire Investment Holding (Barbados) Ltd., a wholly owned subsidiary of the Company, Chengshan and Prairie Investment Limited (“Prairie”), a wholly owned subsidiary of Chengshan, entered into an option agreement (the “Option Agreement”). The Option Agreement further extended the Option Commencement Deadline until August 24, 2014. Furthermore, the Option Agreement, among other matters, set forth the details for exercising the options under the CCT Agreement and effecting the transactions pursuant thereto.

The CCT Agreement and the Option Agreement were separate and in addition to the purchase, sale, transfer, right of first refusal and other protective rights set forth in the then existing joint venture agreement between the Company and Chengshan with respect to CCT, which continued to be in effect and fully operational.

The Company determined the CCT Agreement constituted an accounting extinguishment and new issuance of the Chengshan Group’s equity interest in CCT. In accordance with ASC 810, “Consolidation”, changes in a parent’s interest while the parent retains its controlling financial interest in its subsidiary shall be accounted for as equity transactions. Therefore, gains and losses were not recorded in the Consolidated Statement of Income as a result of the CCT Agreement. The Company was required to measure the noncontrolling shareholder interest at fair value as of January 29, 2014, the transaction date (the “Transaction Date Assessment”).

The measurement of the noncontrolling shareholder interest as of the transaction date related to the CCT Agreement was determined by assessing CCT as an ongoing component of the Company’s operations. The CCT Agreement Transaction Date Assessment was not meant to be representative of the fair market value of CCT as a stand-alone entity as defined by the CCT Agreement. Further, the Transaction Date Assessment also considered specific discounts attributable to a noncontrolling shareholder interest, including discounts for lack of control of the entity and lack of marketability. Any adjustment to the noncontrolling shareholder interest as a result of the Transaction Date Assessment was to be offset by a reduction to Capital in excess of par value, to the extent available, with any remaining amount treated as a reduction in Retained earnings.

In addition, because the CCT Agreement provided put and call options to the noncontrolling shareholder interest owner, these options were measured at fair value (the “Options Assessment”). Adjustments to the carrying value of the noncontrolling shareholder interest as a result of the Options Assessment were to be treated like a dividend to the noncontrolling shareholder interest owner. Any adjustment to the noncontrolling shareholder interest as a result of the Options Assessment was to be offset by a reduction to Retained earnings and reflected in the computation of earnings per share available to the Company’s common stockholders.

Further, as a result of the CCT Agreement, during the term of its put option rights, the noncontrolling shareholder interest in CCT had redemption features that were not within the control of the Company. Accordingly, the noncontrolling shareholder interest in CCT was recorded outside of total equity during the interim period between the CCT Agreement and eventual date of sale as described below. If the Transaction Date Assessment and Options Assessment resulted in a noncontrolling shareholder interest that was less than 35 percent of the minimum Option Price, ASC 480, “Distinguishing Liabilities from Equity”, required that the noncontrolling shareholder interest be adjusted to 35 percent of the minimum Option Price.

The Company’s CCT Agreement Transaction Date Assessment, in accordance with the appropriate accounting guidance, resulted in an adjustment to the redeemable noncontrolling shareholder interest of $28,285, increasing the total noncontrolling shareholder interest to $152,250. The Options Assessment did not result in any further adjustment to the redeemable noncontrolling shareholder interest. The redeemable noncontrolling shareholder interest was classified outside of permanent equity on the Company’s Consolidated Balance Sheet, in accordance with the authoritative accounting guidance.

On August 24, 2014, the CCT valuation was completed by an internationally recognized valuation firm. The CCT valuation amount was approximately $437,700. As contemplated by the CCT Agreement, the CCT Valuation amount was to be used as the Option Price, as it was greater than $435,000. Subsequent to the Transaction Date Assessment, in accordance with ASC 480, the carrying value of the redeemable noncontrolling shareholder interest was evaluated to determine if the redemption value as of the reporting date exceeded the carrying value. At September 30, 2014, no adjustment to the redeemable noncontrolling shareholder interest was required as the carrying value of $168,435 was greater than the redemption value of $153,206, which was 35 percent of the CCT valuation amount of $437,700.

The Company determined that the recurring fair value measurements related to CCT relied primarily on Company-specific inputs and the Company’s assumptions about the use of the assets and settlements of liabilities, as observable inputs were not available and, as such, resided within Level 3 of the fair value hierarchy as defined in Note 10 – Fair Value of Financial Instruments. The Company utilized third parties to assist in the determination of the fair value of CCT based upon internal and external inputs considering various relevant market transactions, discounted cash flow valuation methods and probability weighting, among other factors.

In October 2014, the Company received the required documentation from the noncontrolling shareholder interest owner indicating its intent to exercise its call option under the CCT Agreement. On November 26, 2014, the Chinese State Administration for Industry & Commerce issued a new business license for CCT and on November 30, 2014, the Company completed the sale of its 65 percent ownership interest in CCT to Prairie, all in accordance with the previously described Option Agreement between the Company and Chengshan, referred to as the “Sale.” In connection with the Sale, the name of CCT was changed to Prinx Chengshan (Shandong) Tire Company Ltd. Under the terms of the CCT Agreement, the Company received approximately $262,000, in cash, net of taxes and including dividends. The sale of CCT resulted in a gain on sale, net of tax, of $55,704. Subsequent to the Sale, the Company continues to have off-take rights, with CCT agreeing to produce Cooper branded products until mid-2018.

The Company evaluated the Sale to determine if it met the discontinued operations criteria in accordance with ASC 205 “Presentation of Financial Statements”. Based upon the Company’s significant continuing involvement in the operations of CCT through the off-take agreements, the Sale is not deemed to meet the discontinued operations criteria. CCT was presented in the Consolidated Financial Statements of the Company through the Sale date.

The following table reflects the results of CCT included in the Company's Consolidated Statements of Income for the years ended December 31:

	2014	2013
Net Sales		
External Customers	$545,850	$639,888
Intercompany	121,142	126,643
	$666,992	$766,531
Operating Profit	$ 77,529	$ 74,786
Net income attributable to Cooper Tire & Rubber Company	$ 38,037	$ 33,124

Note 3 – Inventories

Inventory costs are determined using the LIFO method for substantially all U.S. inventories. The current cost of the U.S. inventories under the FIFO method was $361,779 and $419,977 at December 31, 2015 and 2014, respectively. These FIFO values have been reduced by approximately $73,123 and $126,231 at December 31, 2015 and 2014, respectively, to arrive at the LIFO value reported on the Consolidated Balance Sheets. The remaining inventories have been valued under the FIFO or average cost methods. All inventories are stated at the lower of cost or market.

Note 4 – Other Current Assets

Other current assets at December 31 were as follows:

	2015	2014
Value added tax recoverable	**$17,377**	$11,962
Income tax recoverable	**1,447**	9,613
Other	**17,581**	18,539
Other current assets	**$36,405**	$40,114

In accordance with the adoption of ASU 2015-17, deferred income tax assets of $40,996 in 2014 have been reclassified from Other current assets to Deferred income tax assets in the noncurrent section of the Consolidated Balance Sheet.

Note 5 - Goodwill and Intangibles

Goodwill is recorded in the segment where it was generated by acquisitions. Goodwill in the amount of $18,851 was recorded in 2011 as a result of an acquisition. There have been no changes to the value of goodwill since 2011. Goodwill prior to 2011 was zero. Purchased goodwill and indefinite-lived intangible assets are tested annually for impairment unless indicators are present that would require an earlier test.

During the fourth quarter of 2014, the Company wrote off the intangible assets of CCT in connection with the sale of its interest in the subsidiary. In 2014, the Company also wrote off approximately $13,636 of fully amortized intangible assets determined to no longer hold value at the time. During the fourth quarter of 2015, the Company completed its annual goodwill and intangible assets impairment tests and no impairment was indicated.

The following table presents intangible assets and accumulated amortization balances as of December 31, 2014 and 2015:

	December 31, 2015			December 31, 2014		
	Gross Carrying Amount	**Accumulated Amortization**	**Net Carrying Amount**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived:						
Capitalized software costs	**$170,764**	**$ (52,375)**	**$118,389**	$161,589	$ (39,831)	$121,758
Land use rights	**3,266**	**(578)**	**2,688**	3,465	(540)	2,925
Trademarks and tradenames	**8,800**	**(6,641)**	**2,159**	8,800	(6,188)	2,612
Other	**3,117**	**(2,680)**	**437**	3,123	(2,451)	672
	185,947	**(62,274)**	**123,673**	176,977	(49,010)	127,967
Indefinite-lived:						
Trademarks	**9,817**	**—**	**9,817**	9,817	—	9,817
	$195,764	**$ (62,274)**	**$133,490**	$186,794	$ (49,010)	$137,784

Estimated amortization expense over the next five years is as follows: 2016 - $13,882, 2017 - $13,680, 2018 - $13,334, 2019 - $12,926 and 2020 - $12,821.

Note 6 - Other Assets

Other assets at December 31 were as follows:

	2015	2014
Value added tax recoverable	**$10,387**	$12,509
Other	**6,508**	3,202
Other assets	**$16,895**	$15,711

In accordance with the adoption of ASU 2015-03, unamortized debt issuance costs of $994 in 2014 have been reclassified from Other assets to a reduction of the carrying value of the debt liability.

Note 7 - Accrued Liabilities

Accrued liabilities at December 31 were as follows:

	2015	2014
Payroll and employee related	**$ 80,633**	$ 62,669
Product liability	**74,018**	69,892
Other postretirement benefits	**15,929**	14,562
Advertising	**12,351**	11,428
Warranty	**6,311**	8,331
Other	**10,126**	17,450
Accrued liabilities	**$199,368**	$184,332

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Note 8 - Income Taxes

Components of income from continuing operations before income taxes and noncontrolling shareholders' interests were as follows:

	2015	2014	2013
United States	**$314,263**	$165,888	$107,918
Foreign	**19,765**	182,631	105,053
Total	**$334,028**	$348,519	$212,971

The provision (benefit) for income tax for continuing operations consisted of the following:

	2015	2014	2013
Current:			
Federal	**$ 67,405**	$ 46,270	$ 7,879
State and local	**12,837**	8,678	2,576
Foreign	**12,948**	53,120	34,922
	93,190	108,068	45,377
Deferred:			
Federal	**23,466**	5,282	26,647
State and local	**5,157**	82	7,255
Foreign	**(3,589)**	(1,735)	127
	25,034	3,629	34,029
	$118,224	$111,697	$79,406

A reconciliation of income tax expense (benefit) for continuing operations to the tax based on the U.S. statutory rate is as follows:

	2015	2014	2013
Income tax provision at 35%	**$116,910**	$121,982	$74,540
Expiration of capital loss carryforward	**18,376**	—	—
Valuation allowance	**(18,200)**	1,382	4,001
State and local income tax, net of federal income tax effect	**12,321**	7,123	4,414
Domestic manufacturing deduction	**(6,580)**	(3,745)	(1,925)
U.S. tax credits	**(3,186)**	(1,455)	(2,334)
Tax law or rate change	**2,383**	—	3,702
Difference in effective tax rates of international operations	**(932)**	(35,095)	(9,633)
Other - net	**(2,868)**	(262)	6,641
Tax on gain from sale of CCT	**—**	21,767	—
Provision for income taxes	**$118,224**	$111,697	$79,406

Payments for income taxes in 2015, 2014 and 2013, net of refunds, were $76,206, $63,390 and $76,782, respectively.

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Deferred tax assets and liabilities result from differences in the basis of assets and liabilities for tax and financial reporting purposes. Significant components of the Company's deferred tax assets and liabilities at December 31 were as follows:

	2015	2014
Deferred tax assets:		
Postretirement and other employee benefits	**$ 197,657**	$ 224,123
Product liability	**61,456**	68,355
Net operating loss, capital loss, and tax credit carryforwards	**11,187**	28,812
All other items	**45,747**	48,087
Total deferred tax assets	**316,047**	369,377
Deferred tax liabilities:		
Property, plant and equipment	**(156,520)**	(141,374)
All other items	**(10,399)**	(10,455)
Total deferred tax liabilities	**(166,919)**	(151,829)
	149,128	217,548
Valuation allowances	**(15,103)**	(33,303)
Net deferred tax asset	**$ 134,025**	$ 184,245

At December 31, 2015, the Company has apportioned state tax losses of $4,906 and foreign tax losses of $48,905 available for carryforward. The Company has $741 of U.S. federal tax credits and $262 of state tax credits available for carryforward. Valuation allowances have been provided for those items for which, based upon an assessment, it is more likely than not that some portion may not be realized. The U.S. federal and state tax attributes and state loss carryforwards will expire from 2016 through 2026. A portion of the foreign tax losses expired in 2015, with additional losses expected to expire in 2016. The U.S. capital loss carryforward expired in 2015.

In November 2015, the FASB issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes," which requires all deferred tax assets and deferred tax liabilities to be classified as noncurrent on the Company's Consolidated Balance Sheets. The Company adopted the provisions of this update in 2015. Accordingly, deferred income tax assets of $40,996 in 2014 have been reclassified from Other current assets to Deferred income tax assets in the noncurrent section of the Consolidated Balance Sheet.

The Company applies the rules under ASC 740-10 in its *Accounting for Uncertainty in Income Taxes* for uncertain tax positions using a "more likely than not" recognition threshold. Pursuant to these rules, the Company will initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits of the tax position, that such a position will be sustained upon examination by the relevant tax authorities. If the tax benefit meets the "more likely than not" threshold, the measurement of the tax benefit will be based on the Company's estimate of the largest amount that meets the more likely than not recognition threshold. The Company's unrecognized tax benefits, exclusive of interest, totaled approximately $5,843 at December 31, 2015, as itemized in the tabular roll forward below. The unrecognized tax benefits at December 31, 2015 relate to uncertain tax positions in tax years 2012 through 2014. Based upon the outcome of tax examinations, judicial proceedings, or expiration of statutes of limitations, it is reasonably possible that the ultimate resolution of these unrecognized tax benefits may result in a payment that is materially different from the current estimate of the tax liabilities.

	Unrecognized Tax Benefits
Balance at December 31, 2012	$ 5,138
Settlements for tax positions of prior years	(409)
Additions for tax positions of the current year	566
Additions for tax positions of prior years	1,054
Reductions for tax positions of prior years	(471)
Balance at December 31, 2013	5,878
Additions for tax positions of the current year	230
Additions for tax positions of prior years	2,206
Balance at December 31, 2014	8,314
Settlements for tax positions of prior years	**(367)**
Additions for tax positions of prior years	**1,151**
Reductions for tax positions of prior years	**(942)**
Statute Lapses	**(2,313)**
Balance at December 31, 2015	**$ 5,843**

Of this amount, the effective rate would change upon the recognition of approximately $5,843 of these unrecognized tax benefits. The Company accrued, through the tax provision, approximately $63, $261 and $138 of interest expense for 2015, 2014 and 2013, respectively. At December 31, 2015, the Company has $488 of interest accrued as an ASC 740-10 reserve.

The Company generally considers the earnings of certain non-U.S. subsidiaries to be indefinitely invested outside the United States. In the event that the Company plans to repatriate foreign earnings, the income tax provision would be adjusted in the period it is determined that the earnings will no longer be indefinitely invested outside the United States. During 2016, the Company plans to remit dividends from one of its non-U.S. subsidiaries. As a result of this decision made in 2015, the Company assessed the need for incremental U.S. income and foreign withholding tax on the anticipated amount. This assessment resulted in no additional tax expense being recorded. The remaining portion of the Company's foreign earnings is considered to be indefinitely reinvested outside the United States. The Company has not recorded a deferred tax liability related to the U.S. federal and state income taxes and foreign withholding taxes on approximately $538,435 of these undistributed earnings. It is not practicable to determine the amount of additional U.S. income taxes that could be payable upon remittance of these earnings since taxes payable would be reduced by foreign tax credits based upon income tax laws and circumstances at the time of distribution, plus the uncertainty in estimating the impacts of future exchange rates.

The Company operates in multiple jurisdictions throughout the world. The Company has effectively settled U.S. federal tax examinations for years before 2012 and state and local examinations for years before 2011, with limited exceptions. Furthermore, the Company's non-U.S. subsidiaries are no longer subject to income tax examinations in major foreign taxing jurisdictions for years prior to 2008. The income tax returns of various subsidiaries in various jurisdictions are currently under examination and it is possible that these examinations will conclude within the next twelve months. However, it is not possible to estimate net increases or decreases to the Company's unrecognized tax benefits during the next twelve months.

Note 9 – Debt

On May 27, 2015, the Company entered into a revolving credit facility with a consortium of banks that provides up to $400,000 based on available collateral, including a $110,000 letter of credit subfacility, and expires in May 2020. The Company may elect to increase the commitments under the revolving credit facility or incur one or more tranches of term loans in an aggregate amount of up to $100,000, subject to the satisfaction of certain conditions. The Company may elect to add certain foreign subsidiaries as additional borrowers under the Credit Agreement (the "Foreign Borrowers"), subject to the satisfaction of certain conditions.

All of the indebtedness of the Company and any Foreign Borrowers under the revolving credit facility is guaranteed by certain of the Company's domestic subsidiaries and secured by substantially all of the assets of the Company and the domestic guarantors, subject to certain limitations. All of the indebtedness of any Foreign Borrower will be guaranteed by the Company and the material foreign subsidiaries and direct parent companies of such Foreign Borrower, subject to certain exceptions, and secured by substantially all of the assets of the Company, the Foreign Borrowers and the guarantors.

Borrowings under the revolving credit facility bear interest at a rate per annum equal to, at the Company's option, either (i) the base rate plus the applicable margin or (ii) the relevant adjusted LIBOR for an interest period of one, two, three or six months (as selected by the Company), or such other period of time approved by the Lenders, plus the applicable margin.

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The revolving credit facility contains certain customary non-financial covenants. In addition, the revolving credit facility contains financial covenants that require the Company to maintain a net leverage ratio and interest coverage ratio in accordance with the limits set forth therein.

In connection with entering into the revolving credit facility, the Company terminated its former $200,000 credit facility that had been entered into on November 9, 2007 by the Company and its subsidiary, Max-Trac Tire Co., Inc. with a consortium of four banks. This agreement provided a $200,000 credit facility to the Company and Max-Trac Tire Co., Inc. The agreement was a revolving credit facility and was secured by the Company's U.S. inventory, certain North American accounts receivable that had not been previously pledged and general intangibles related to the foregoing. Borrowings under the agreement bore a margin based on LIBOR.

On May 27, 2015, the Company amended its accounts receivable securitization facility, reducing the borrowing limit from $175,000 to $150,000 and extending the maturity until May 2018. Pursuant to the terms of the facility, the Company is permitted to sell certain of its domestic trade receivables on a continuous basis to its wholly-owned, bankruptcy-remote subsidiary, Cooper Receivables LLC ("CRLLC"). In turn, CRLLC may sell from time to time an undivided ownership interest in the purchased trade receivables, without recourse, to a PNC Bank administered, asset-backed commercial paper conduit. The accounts receivable securitization facility has no significant financial covenants until available credit is less than specified amounts.

There were no borrowings under the revolving credit facility or the accounts receivable securitization facility at December 31, 2015. There were no borrowings under the former credit facility at December 31, 2014. Borrowing under the accounts receivable securitization facility was $40,000 at December 31, 2014. Amounts used to secure letters of credit totaled $37,400 and $39,200 at December 31, 2015 and 2014, respectively. The Company's additional borrowing capacity, net of amounts used to back letters of credit and based on eligible collateral through use of its credit facility with its bank group and its accounts receivable securitization facility at December 31, 2015, was $504,500.

The Company's consolidated operations in Asia have renewable unsecured credit lines that provide up to $108,800 of borrowings and do not contain financial covenants. The additional borrowing capacity on the Asian credit lines, based on eligible collateral and the short-term notes payable, totaled $98,200 at December 31, 2015.

In 2010, Industrial Revenue Bonds (IRBs) were issued by the City of Texarkana to finance the design, equipping, construction and start-up of the expansion of the Texarkana manufacturing facility in return for real estate and equipment located at the Company's Texarkana tire manufacturing plant. Because the assets related to the expansion provide security for the bonds issued by the City of Texarkana, the City retains title to the assets which in turn provides a 100 percent property tax exemption to the Company. However, the Company has recorded the property in its Consolidated Balance Sheets, along with a capital lease obligation to repay the proceeds of the IRB because the arrangement is cancelable at any time at the Company's request. The Company has also purchased the IRBs and therefore is the bondholder as well as the borrower/lessee of the property purchased with the IRB proceeds. The capital lease obligation and IRB asset are recorded net in the Consolidated Balance Sheets. At December 31, 2014 and 2015, the assets and liabilities associated with these City of Texarkana IRBs were $20,000.

The following table summarizes the long-term debt of the Company at December 31, 2015 and 2014. There were no secured notes outstanding as of December 31, 2015. Except for the capitalized leases and other, the long-term debt is due in an aggregate principal payment on the due date:

	2015	2014
Parent company		
8% unsecured notes due December 2019	**$173,578**	$173,578
7.625% unsecured notes due March 2027	**116,880**	116,880
Capitalized leases and other	**7,463**	8,062
	297,921	298,520
Subsidiaries		
5.46% and 5.63% secured notes due in 2016	—	2,526
	297,921	301,046
Less: unamortized debt issuance costs(1)	**909**	994
	297,012	300,052
Less: current maturities	**600**	2,115
	$296,412	$297,937

(1) Unamortized debt issuance costs associated with long-term debt have been reclassified from a noncurrent asset to a reduction of the carrying value of the debt liability with the adoption of ASU 2015-03.

Over the next five years, the Company has payments related to the above debt of: 2016 - $600, 2017 - $600, 2018 - $600, 2019 - $174,178 and 2020 - $0. In addition, at December 31, 2015, the Company had short-term notes payable of $12,437 due in 2016 consisting of funds borrowed by the Company's operations in the PRC and Mexico. At December 31, 2014, the Company had short-term notes payable of $64,551 due in 2015 consisting of $40,000 borrowed under the accounts receivable securitization facility and $24,551 borrowed by the Company's operations in the PRC and Mexico. The weighted average interest rate of the short-term notes payable at December 31, 2015 and 2014 was 2.18 percent and 1.67 percent, respectively.

Interest paid on debt during 2015, 2014 and 2013 was $27,560, $30,346 and $30,694, respectively. The amount of interest capitalized was $4,473, $1,878 and $3,068 during 2015, 2014 and 2013, respectively.

Note 10 - Fair Value Measurements

Derivative financial instruments are utilized by the Company to reduce foreign currency exchange risks. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. The Company does not enter into financial instruments for trading or speculative purposes. The derivative financial instruments include fair value and cash flow hedges of foreign currency exposures. Exchange rate fluctuations on foreign currency-denominated intercompany loans and obligations are offset by the change in values of the fair value foreign currency hedges. The Company presently hedges exposures in the Euro, Canadian dollar, British pound sterling, Swiss franc, Swedish kronar, Mexican peso and Chinese yuan generally for transactions expected to occur within the next 12 months. The notional amount of these foreign currency derivative instruments at December 31, 2015 and 2014 was $68,732 and $170,750, respectively. The counterparties to each of these agreements are major commercial banks. Management believes that the probability of losses related to credit risk on derivative financial instruments is unlikely.

The Company uses foreign currency forward contracts as hedges of the fair value of certain non-U.S. dollar denominated asset and liability positions, primarily accounts receivable and debt. Gains and losses resulting from the impact of currency exchange rate movements on these forward contracts are recognized in the accompanying Consolidated Statements of Income in the period in which the exchange rates change and offset the foreign currency gains and losses on the underlying exposure being hedged.

Foreign currency forward contracts are also used to hedge variable cash flows associated with forecasted sales and purchases denominated in currencies that are not the functional currency of certain entities. The forward contracts have maturities of less than twelve months pursuant to the Company's policies and hedging practices. These forward contracts meet the criteria for and have been designated as cash flow hedges. Accordingly, the effective portion of the change in fair value of such forward contracts (approximately $3,400 and $5,719 as of December 31, 2015 and 2014, respectively) are recorded as a separate component of stockholders' equity in the accompanying consolidated balance sheets and reclassified into earnings as the hedged transaction affects earnings.

The Company assesses hedge ineffectiveness quarterly using the hypothetical derivative methodology. In doing so, the Company monitors the actual and forecasted foreign currency sales and purchases versus the amounts hedged to identify any hedge ineffectiveness. Any hedge ineffectiveness is recorded as an adjustment in the accompanying Consolidated Statements of Income in the period in which the ineffectiveness occurs. The Company also performs regression analysis comparing the change in value of the hedging contracts versus the underlying foreign currency sales and purchases, which confirms a high correlation and hedge effectiveness.

The derivative instruments are subject to master netting arrangements with the counterparties to the contracts. The following table presents the location and amounts of derivative instrument fair values in the Consolidated Balance Sheets:

Assets/(Liabilities)	Year Ended December 31, 2015	2014
Designated as hedging instruments:		
Gross amounts recognized	**$ 3,559**	$ 6,483
Gross amounts offset	**(35)**	(504)
Net amounts	**3,524**	5,979
Not designated as hedging instruments:		
Gross amounts recognized	**174**	—
Gross amounts offset	**—**	—
Net amounts	**174**	—
Other current assets	**$ 3,698**	$ 5,979

The following table presents the location and amount of gains and losses on derivative instruments in the Consolidated Statements of Income:

Derivatives Designated as Cash Flow Hedges	Year Ended December 31, 2015	2014	2013
Amount of Gain Recognized in Other Comprehensive Income on Derivatives (Effective Portion)	**$11,127**	$9,020	$2,943
Amount of Gain Reclassified from Cumulative Other Comprehensive Loss into Income (Effective Portion)	**13,446**	3,699	1,085
Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion)	**(136)**	(188)	(122)

Derivatives not Designated as Hedging Instruments	Location of Gain (Loss) Recognized in Income on Derivatives	Amount of Gain (Loss) Recognized in Income on Derivatives Year Ended December 31, 2015	2014	2013
Foreign exchange contracts	Other non-operating income) (expense)	**$ 174**	$ 121	$ (366)

For effective designated foreign exchange hedges of forecasted sales and purchases, the Company reclassifies the gain (loss) from Other Comprehensive Income into Net Sales and the ineffective portion is recorded directly into Other non-operating income (expense).

The Company has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into the three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within the different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the Consolidated Balance Sheets are categorized based on the inputs to the valuation techniques as follows:

Level 1. Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access.

Level 2. Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following.

a. Quoted prices for similar assets or liabilities in active markets;

b. Quoted prices for identical or similar assets or liabilities in non-active markets;

c. Pricing models whose inputs are observable for substantially the full term of the asset or liability; and

d. Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3. Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The valuation of foreign exchange forward contracts was determined using widely accepted valuation techniques. This analysis reflected the contractual terms of the derivatives, including the period to maturity, and used observable market-based inputs, including forward points. The Company incorporated credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. Although the Company determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as current credit ratings, to evaluate the likelihood of default by itself and its counterparties. However, as of December 31, 2015 and December 31, 2014, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and determined that the credit valuation adjustments were not significant to the overall valuation of its derivatives. As a result, the Company determined that its derivative valuations in their entirety were to be classified in Level 2 of the fair value hierarchy.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2014 and 2015:

	December 31, 2015			
	Total Assets (Liabilities)	**Quoted Prices in Active Markets for Identical Assets Level (1)**	**Significant Other Observable Inputs Level (2)**	**Significant Unobservable Inputs Level (3)**
Foreign Exchange Contracts	**$ 3,698**	**$ —**	**$ 3,698**	**$ —**
Stock-based Liabilities	**$ (18,057)**	**$ (18,057)**	**$ —**	**$ —**

	December 31, 2014			
	Total Assets (Liabilities)	Quoted Prices in Active Markets for Identical Assets Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
Foreign Exchange Contracts	$ 5,979	$ —	$ 5,979	$ —
Stock-based Liabilities	$ (19,079)	$ (19,079)	$ —	$ —

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The following table presents the movement in the Level 3 fair value measurements for the year ended December 31, 2014. There were no assets or liabilities classified as Level 3 in 2015.

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3) Redeemable noncontrolling shareholder interest
Balance at December 31, 2013	$ —
Transfer into Level 3 - Redeemable noncontrolling shareholder interest	(152,250)
Adjustment for CCT valuation amount	(956)
Sale of interest in subsidiary	153,206
Balance at December 31, 2014	$ —

The following table presents the carrying amounts and fair values of the Company's financial instruments. The fair value of the Company's debt was based upon prices of similar instruments in the marketplace.

	December 31, 2015		December 31, 2014	
	Carrying Amount	**Fair Value Measurements Using Quoted Prices in Active Markets for Identical Instruments Level (1)**	Carrying Amount	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Instruments Level (1)
Cash and cash equivalents	**$ 505,157**	**$ 505,157**	$ 551,652	$ 551,652
Notes receivable	**8,750**	**8,750**	4,546	4,546
Restricted cash	**802**	**802**	653	653
Notes payable	**(12,437)**	**(12,437)**	(64,551)	(64,551)
Current portion of long-term debt	**(600)**	**(600)**	(2,115)	(2,115)
Long-term debt	**(296,412)**	**(323,522)**	(297,937)	(325,431)

Note 11 - Pensions and Postretirement Benefits Other than Pensions

The Company and its subsidiaries have a number of plans providing pension, retirement or profit-sharing benefits. These plans include defined benefit and defined contribution plans. The plans cover substantially all U.S. domestic employees. There are also plans that cover a significant number of employees in the U.K. and Germany. The Company has an unfunded, nonqualified supplemental retirement benefit plan in the U.S. covering certain employees whose participation in the qualified plan is limited by provisions of the Internal Revenue Code.

For defined benefit plans, benefits are generally based on compensation and length of service for salaried employees and length of service for hourly employees. In the U.S., the Company froze the pension benefits in its Spectrum (salaried employees) Plan in 2009. In 2012, the Company closed the U.S. pension plans for the bargaining units to new participants. Certain grandfathered participants in the bargaining unit plans continue to accrue pension benefits. Employees of certain of the Company's foreign operations in the U.K. and Germany are covered by either contributory or non-contributory trusteed pension plans. In 2012, the Company froze the benefits in the U.K. pension plan.

Participation in the Company's defined contribution plans is voluntary. The Company matches certain plan participants' contributions up to various limits. Participants' contributions are limited based on their compensation and, for certain supplemental contributions which are not eligible for company matching, based on their age. Expense for those plans was $14,236, $12,510 and $12,522 for 2015, 2014 and 2013, respectively.

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The Company currently provides retiree health care and life insurance benefits to a significant percentage of its U.S. salaried and hourly employees. U.S. salaried and non-bargained hourly employees hired on or after January 1, 2003 are not eligible for retiree health care or life insurance coverage. The Company has reserved the right to modify or terminate certain of these salaried benefits at any time.

The Company has implemented household caps on the amounts of retiree medical benefits it will provide to certain retirees. The caps do not apply to individuals who retired prior to certain specified dates. Costs in excess of these caps will be paid by plan participants. The Company implemented increased cost sharing in 2004 in the retiree medical coverage provided to certain eligible current and future retirees. Since then, cost sharing has expanded such that nearly all covered retirees pay a charge to be enrolled.

In accordance with U.S. GAAP, the Company recognizes the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligation) of its pension and OPEB plans and the net unrecognized actuarial losses and unrecognized prior service costs in the Consolidated Balance Sheets. The unrecognized actuarial losses and unrecognized prior service costs (components of cumulative other comprehensive loss in the stockholders' equity section of the balance sheet) will be subsequently recognized as net periodic pension cost pursuant to the Company's historical accounting policy for amortizing such amounts. Further, actuarial gains and losses that arise in subsequent periods and are not recognized as net periodic benefit costs in the same periods will be recognized as a component of other comprehensive income.

The following table reflects changes in the projected obligations and fair market values of assets in all defined benefit pension and other postretirement benefit plans of the Company:

	2015 Pension Benefits			2014 Pension Benefits			Other Postretirement Benefits	
	Domestic	**International**	**Total**	Domestic	International	Total	**2015**	2014
Change in benefit obligation:								
Projected Benefit Obligation at January 1	**$1,105,100**	**$ 457,233**	**$1,562,333**	$ 973,276	$ 431,146	$1,404,422	**$ 278,867**	$ 252,866
Service cost - employer	**11,037**	**9**	**11,046**	9,760	8	9,768	**2,513**	2,404
Interest cost	**40,202**	**15,853**	**56,055**	42,842	19,620	62,462	**10,320**	11,305
Actuarial (gain)/loss	**(52,663)**	**(27,763)**	**(80,426)**	137,217	47,015	184,232	**(13,726)**	24,294
Benefits paid	**(58,209)**	**(14,321)**	**(72,530)**	(57,995)	(14,631)	(72,626)	**(12,395)**	(12,002)
Foreign currency translation effect	**—**	**(25,127)**	**(25,127)**	—	(25,925)	(25,925)	**—**	—
Projected Benefit Obligation at December 31	**$1,045,467**	**$ 405,884**	**$1,451,351**	$1,105,100	$ 457,233	$1,562,333	**$ 265,579**	$ 278,867
Change in plans' assets:								
Fair value of plans' assets at January 1	**$ 857,825**	**$ 330,848**	**$1,188,673**	$ 823,790	$ 288,524	$1,112,314	**$ —**	$ —
Actual return on plans' assets	**1,095**	**(746)**	**349**	56,284	65,128	121,412	**—**	—
Employer contribution	**35,803**	**12,027**	**47,830**	35,746	12,454	48,200	**—**	—
Benefits paid	**(58,209)**	**(14,321)**	**(72,530)**	(57,995)	(14,631)	(72,626)	**—**	—
Foreign currency translation effect	**—**	**(17,892)**	**(17,892)**	—	(20,627)	(20,627)	**—**	—
Fair value of plans' assets at December 31	**$ 836,514**	**$ 309,916**	**$1,146,430**	$ 857,825	$ 330,848	$1,188,673	**$ —**	$ —
Funded status	**$ (208,953)**	**$ (95,968)**	**$ (304,921)**	$ (247,275)	$ (126,385)	$ (373,660)	**$ (265,579)**	$ (278,867)
Amounts recognized in the balance sheets:								
Accrued liabilities	**$ (300)**	**$ —**	**$ (300)**	$ (300)	$ —	$ (300)	**$ (15,929)**	$ (14,562)
Postretirement benefits other than pensions	**—**	**—**	**—**	—	—	—	**(249,650)**	(264,305)
Pension benefits	**(208,653)**	**(95,968)**	**$ (304,621)**	(246,975)	(126,385)	$ (373,360)	**—**	—

Included in cumulative other comprehensive loss at December 31, 2015 are the following amounts that have not yet been recognized in net periodic benefit cost: unrecognized prior service credits of ($1,905) (($1,565) net of tax) and unrecognized actuarial losses of $569,639 ($492,752 net of tax).

Included in cumulative other comprehensive loss at December 31, 2014 are the following amounts that have not yet been recognized in net periodic benefit cost: unrecognized prior service credits of ($2,736) (($2,078) net of tax) and unrecognized actuarial losses of $647,115 ($546,502 net of tax).

The prior service credit and actuarial loss included in cumulative other comprehensive loss that are expected to be recognized in net periodic benefit cost during the fiscal year-ended December 31, 2016 are ($566) and $43,882, respectively.

The accumulated benefit obligation for all defined benefit pension plans was $1,448,277 and $1,558,908 at December 31, 2015 and 2014, respectively.

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Weighted average assumptions used to determine benefit obligations at December 31:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	**2015**	2014
All plans				
Discount rate	**4.10%**	3.70%	**4.20%**	3.80%
Domestic plans				
Discount rate	**4.20%**	3.75%	**4.20%**	3.80%
Foreign plans				
Discount rate	**3.84%**	3.59%	—	—

At December 31, 2015, the weighted average assumed annual rate of increase in the cost of medical benefits was 7.00 percent for 2016 trending linearly to 4.50 percent per annum in 2023.

	Pension Benefits - Domestic			Pension Benefits - International		
	2015	2014	2013	**2015**	2014	2013
Components of net periodic benefit cost:						
Service cost	**$ 11,037**	$ 9,760	$ 11,879	**$ 9**	$ 8	$ 8
Interest cost	**40,202**	42,842	38,751	**15,853**	19,620	15,661
Expected return on plan assets	**(55,299)**	(52,543)	(47,555)	**(12,421)**	(19,977)	(14,981)
Amortization of actuarial loss	**39,514**	28,021	44,370	**7,222**	8,452	6,564
Net periodic benefit cost	**$ 35,454**	$ 28,080	$ 47,445	**$ 10,663**	$ 8,103	$ 7,252

	Other Post Retirement Benefits		
	2015	2014	2013
Components of net periodic benefit cost:			
Service cost	**$ 2,513**	$ 2,404	$ 3,813
Interest cost	**10,320**	11,305	10,791
Amortization of prior service cost	**(566)**	(566)	(566)
Amortization of actuarial loss	**—**	—	1,915
Net periodic benefit cost	**$12,267**	$13,143	$15,953

Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:

	Pension Benefits			Other Postretirement Benefits		
	2015	2014	2013	**2015**	2014	2013
All plans						
Discount rate	**3.70%**	4.53%	3.92%	**3.80%**	4.60%	3.60%
Expected return on plan assets	**6.12%**	6.91%	6.75%	**—**	—	—
Rate of compensation increase	**0.00%**	0.00%	0.00%	**—**	—	—
Domestic plans						
Discount rate	**3.75%**	4.55%	3.75%	**3.80%**	4.60%	3.60%
Expected return on plan assets	**7.00%**	7.00%	7.00%	**—**	—	—
Foreign plans						
Discount rate	**3.59%**	4.49%	4.39%	**—**	—	—
Expected return on plan assets	**3.84%**	6.66%	6.01%	**—**	—	—
Rate of compensation increase	**0.00%**	0.00%	0.00%	**—**	—	—

The following table lists the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets at December 31, 2015 and 2014:

	2015		2014	
	Projected benefit obligation exceeds plan assets	**Accumulated benefit obligation exceeds plan assets**	Projected benefit obligation exceeds plan assets	Accumulated benefit obligation exceeds plan assets
Projected benefit obligation	**$1,451,351**	**$ 1,451,351**	$1,562,333	$ 1,562,333
Accumulated benefit obligation	**1,448,277**	**1,448,277**	1,558,908	1,558,908
Fair value of plan assets	**1,146,430**	**1,146,430**	1,188,673	1,188,673

Assumed health care cost trend rates for other postretirement benefits have a significant effect on the amounts reported. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	Percentage Point	
	Increase	Decrease
Increase (decrease) in total service and interest cost components	$ 67	$ (60)
Increase (decrease) in the postretirement benefit obligation	1,602	(1,426)

The table below presents the Company's weighted average asset allocations for its domestic and U.K. pension plans' assets at December 31, 2015 and December 31, 2014 by asset category.

	U.S. Plans		U.K. Plan	
Asset Category	**2015**	2014	**2015**	2014
Equity securities	**59%**	53%	**21%**	20%
Debt securities	**41**	47	**70**	72
Other investments	**0**	0	**9**	8
Cash	**0**	0	**0**	0
Total	**100%**	100%	**100%**	100%

The Company's asset allocation strategy is based on a combination of factors, including the profile of the pension liability, the timing of future cash requirements, and the level of invested assets available to meet plan obligations. The goal is to manage the assets in such a way that the cost and risk are managed through portfolio diversification which is designed to maximize returns consistent with levels of liquidity and investment risk that are prudent and reasonable. Rebalancing of asset portfolios occurs periodically if the mix differs from the target allocation. Equity security investments are structured to achieve a balance between growth and value stocks. The assets of the Company's pension plan in Germany consist of investments in German insurance contracts.

The fair market value of U.S. plan assets was $836,514 and $857,825 at December 31, 2015 and 2014, respectively. The fair market value of the U.K. plan assets was $308,132 and $328,802 at December 31, 2015 and 2014, respectively. The fair market value of the German pension plan assets was $1,784 and $2,046 at December 31, 2015 and 2014, respectively.

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The table below classifies the assets of the U.S. and U.K. plans using the Fair Value Hierarchy described in Note 10 – Fair Value of Financial Instruments. Certain amounts for 2014 have been reclassified to conform to the current year presentation including reclassifying $12,775 from Level 2 Other investments to Level 3 Other investments in the United Kingdom plan.

		Fair Value Hierarchy		
	Total	Level 1	Level 2	Level 3
December 31, 2015				
United States plans				
Cash & Cash Equivalents	**$ 724**	**$ 724**	**$ —**	**$ —**
Equity securities	**495,933**	**149,894**	**346,039**	**—**
Fixed income securities	**339,857**	**133,420**	**206,437**	**—**
	$836,514	**$284,038**	**$552,476**	**$ —**
United Kingdom plan				
Cash & Cash Equivalents	**$ 917**	**$ 917**	**$ —**	**$ —**
Equity securities	**65,391**	**65,391**	**—**	**—**
Fixed income securities	**214,762**	**214,762**	**—**	**—**
Other investments	**27,062**	**—**	**—**	**27,062**
	$308,132	**$281,070**	**$ —**	**$27,062**
December 31, 2014				
United States plans				
Cash & Cash Equivalents	$ 770	$ 770	$ —	$ —
Equity securities	451,893	153,129	298,764	—
Fixed income securities	405,162	137,693	267,469	—
	$ 857,825	$ 291,592	$ 566,233	$ —
United Kingdom plan				
Cash & Cash Equivalents	$ 935	$ 935	$ —	$ —
Equity securities	67,280	67,280	—	—
Fixed income securities	234,775	234,775	—	—
Other investments	25,812	—	—	25,812
	$ 328,802	$ 302,990	$ —	$ 25,812

Plan assets are measured at fair value. While the Company believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The Company's valuation methodologies used for the plan assets measured at fair value are as follows:

Cash and cash equivalents – Cash and cash equivalents include cash on deposit and investments in money market mutual funds that invest mainly in short-term instruments and cash, both of which are valued using a market approach.

Equity securities – Common, preferred, and foreign stocks are valued using a market approach at the closing price on their principal exchange and are included in Level 1 of the fair value hierarchy.

Fixed Income Securities – Corporate and foreign bonds are valued using a market approach at the closing price reported on the active market on which the individual securities are traded and are included in Level 1 of the fair value hierarchy.

Common/Commingled Trust Funds – Common/Commingled trust funds are valued at the net asset value of units held at year end and are included in Level 2 of the fair value hierarchy. The various funds consist of either equity or fixed income investment portfolios with underlying investments held in U.S. and non-U.S. securities.

The Level 3 assets in the U.K. plan are investments in a European infrastructure fund and property fund. The fair market value is determined by the fund manager using a discounted cash flow methodology. The future cash flows expected to be generated by the assets of the funds and made available to investors are estimated and then discounted back to the valuation date. The discount rate is derived by adding a risk premium to the risk-free interest rate applicable to the country in which the assets are located.

The following table details the activity in this investment for the years ended December 31, 2014 and 2015:

	Infrastructure and Property Funds
Balance at December 31, 2013	$ 13,915
Transfer into level 3 - property fund	12,719
Disbursements	—
Change in fair value	—
Foreign currency translation effect	(822)
Balance at December 31, 2014	25,812
Transfer into level 3	—
Disbursements	—
Change in fair value	2,798
Foreign currency translation effect	(1,548)
Balance at December 31, 2015	**$ 27,062**

The Company determines the annual expected rates of return on pension assets by first analyzing the composition of its asset portfolio. Historical rates of return are applied to the portfolio. These computed rates of return are reviewed by the Company’s investment advisors and actuaries. Industry comparables and other outside guidance are also considered in the annual selection of the expected rates of return on pension assets.

During 2015, the Company contributed $47,830 to its domestic and foreign pension plans, and during 2016, the Company expects to contribute between $42,000 and $52,000 to its domestic and foreign pension plans.

The Company estimates its benefit payments for its domestic and foreign pension plans and other postretirement benefit plans during the next ten years to be as follows:

	Pension Benefits	Other Postretirement Benefits
2016	$82,900	$ 15,929
2017	78,612	16,233
2018	80,936	16,492
2019	81,072	16,773
2020	82,220	17,198

Note 12 - Other Long-Term Liabilities

Other long-term liabilities at December 31 were as follows:

	2015	2014
Product liability	**$ 89,872**	$108,999
Stock-based liabilities	**18,057**	19,079
Other	**24,665**	24,697
Other long-term liabilities	**$132,594**	$152,775

Note 13 - Common Stock

Share Repurchase Programs

On August 6, 2014, the Board of Directors authorized the repurchase of up to $200,000 of the Company's outstanding common stock pursuant to an accelerated share repurchase program, and the Company entered into a $200,000 accelerated share repurchase program (the "ASR program") with J.P. Morgan Chase Bank (the "ASR Counterparty"). The Company paid $200,000 to the ASR Counterparty in August 2014 and received 5,567,154 shares of its common stock, which represented approximately 80 percent of the shares expected to be purchased pursuant to the ASR program, based on the closing price on August 6, 2014. Under the terms of the ASR program, the ASR Counterparty was permitted, in accordance with the applicable requirements of the federal securities laws, to separately trade in the Company's shares in connection with the hedging activities related to the ASR program and as part of other aspects of the ASR Counterparty's business.

On February 13, 2015, the Company completed the ASR program. Based on the terms of the ASR program, the total number of shares repurchased under the ASR program was based on the volume-weighted average price of the Company's common stock, less a discount, during the repurchase period, which resulted in the Company receiving an additional 784,694 shares of its common stock from the ASR Counterparty at maturity. As a result, under the ASR program, the Company paid a total of $200,000 to the ASR Counterparty and received a total of 6,351,848 shares (5,567,154 shares initially received, plus 784,694 shares received at maturity) of its common stock, which represents a volume weighted average price, as adjusted pursuant to the terms of the ASR program, of $31.49 over the duration of the ASR program.

On February 20, 2015, the Board of Directors authorized a new program to repurchase up to $200,000, excluding commissions, of the Company's common stock through December 31, 2016 (the "Repurchase Program"). The Repurchase Program does not obligate the Company to acquire any specific number of shares and may be suspended or discontinued at any time without notice. Under the Repurchase Program, shares may be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

During 2015, subsequent to the Board of Directors' February 20, 2015 authorization, the Company repurchased 2,751,454 shares of the Company's common stock under the Repurchase Program for $108,821, including applicable commissions, which represents an average price of $39.55 per share. As of December 31, 2015, approximately $91,261 remained of the $200,000 Repurchase Program. All repurchases under the Repurchase Program were made using cash resources.

Since the share repurchases began in August 2014 through December 31, 2015, the Company to date has repurchased 9,103,302 shares of the Company's common stock at an average cost of $33.92 per share.

Reserved Shares

There were 9,445,948 common shares reserved for grants under compensation plans at December 31, 2015. The Company eliminated the option for plan participants in the Company's Spectrum Investment Savings Plan and Pre-Tax Savings plans to invest in the Company's common stock in March 2014.

Note 14 - Stock-Based Compensation

The Company's incentive compensation plans allow the Company to grant awards to certain employees in the form of stock options, stock awards, restricted stock units, stock appreciation rights, performance stock units, dividend equivalents and other awards. Awards settled in common shares have been settled with treasury shares. If awards can be settled in cash, these awards are recorded as liabilities and marked to market.

The following table discloses the amount of stock-based compensation expense:

	Stock-Based Compensation		
	2015	2014	2013
Stock options	**$ 3,986**	$4,218	$3,934
Restricted stock units	**4,879**	2,206	1,092
Performance stock units	**6,054**	2,623	1,947
Total stock-based compensation	**$14,919**	$9,047	$6,973

Stock Options

The 2001, 2006, 2010 and 2014 incentive compensation plans provide for granting options to key employees to purchase common shares at prices not less than market at the date of grant. Options under these plans may have terms of up to ten years becoming exercisable in whole or in consecutive installments, cumulative or otherwise. The plans allow the granting of nonqualified stock options which are not intended to qualify for the tax treatment applicable to incentive stock options under provisions of the Internal Revenue Code.

The Company's 2002 nonqualified stock option plan provides for granting options to directors who are not current or former employees of the Company to purchase common shares at prices not less than market at the date of grant. Options granted under this plan have a term of ten years and become exercisable one year after the date of grant.

In March 2010, executives participating in the 2010 – 2012 Long-Term Incentive Plan were granted 303,120 stock options which vested one third each year through March 2013. During February 2011, executives participating in the 2011 – 2013 Long-Term Incentive Plan were granted 311,670 stock options, which vested one-third each year through February 2014. In February 2012, executives participating in the 2012 – 2014 Long-Term Incentive Plan were granted 589,934 stock options which vested one-third each year through February 2015. In February 2013, executives participating in the 2013-2015 Long-Term Incentive Plan were granted 330,639 stock options, which will vest one-third each year through February 2016. In February 2014, executives participating in the 2014-2016 Long-Term Incentive Plan were granted 380,064 stock options, which will vest one-third each year through February 2017. No stock options were granted in 2015. These options do not contain any performance-based criteria. The Company recognizes compensation expense based on the earlier of the vesting date or the date when the employee becomes eligible to retire.

The fair value of these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	2014	2013
Risk-free interest rate	2.0%	1.2%
Dividend yield	1.8%	1.7%
Expected volatility of the Company's common stock	0.640	0.646
Expected life in years	6.0	6.0

The weighted average fair value of options granted in 2014 and 2013 was $12.26 and $12.97, respectively. Compensation expense for these options is recorded over the vesting period.

Summarized information for the plans follows:

	Number of Shares	Weighted Average Exercise Price (per share)	Aggregate Intrinsic Value (thousands)
Outstanding at December 31, 2014	1,765,922	$ 20.20	
Granted	—	—	
Exercised	(1,025,699)	19.11	
Expired	(18,459)	19.55	
Canceled	(53,632)	22.53	
Outstanding at December 31, 2015	668,132	21.71	$ 10,784
Exercisable at December 31, 2015	*339,773*	*19.11*	*6,367*

	Year ended December 31,		
	2015	2014	2013
Weighted average grant-date fair value of options granted (per share)	$ —	$12.26	$12.97
Aggregate intrinsic value of options exercised (thousands)	**$20,100**	$2,711	$ 877
Weighted average grant-date fair value of shares vested (thousands)	**$ 4,602**	$3,905	$3,407

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The weighted average remaining contractual life of options outstanding at December 31, 2015 is 6.7 years. Approximately 202,787 stock options will become exercisable over the next twelve months.

Segregated disclosure of options outstanding at December 31, 2015 was as follows:

	Range of Exercise Prices	
	Less than or equal to $15.63	Greater than $15.63
Options outstanding	131,623	536,509
Weighted average exercise price	$ 12.67	$ 23.93
Remaining contractual life	4.9	7.2
Options exercisable	131,623	208,150
Weighted average exercise price	$ 12.67	$ 23.18

At December 31, 2015, the Company had $548 of unvested compensation cost related to stock options, and this cost will be recognized as expense over a weighted average period of 13 months.

Restricted Stock Units

Under the 1998, 2001, 2006, 2010 and 2014 Incentive Compensation Plans, restricted stock units may be granted to officers and certain other employees. Compensation related to the restricted stock units is determined based on the fair value of the Company’s stock on the date of grant. The restricted stock units granted in 2012, 2013, 2014 and 2015 have vesting periods ranging from two to four years. In February 2015, employees participating in the 2015-2017 Long-Term Incentive Plan were granted 105,102 restricted stock units which vest one-third each year through February 2018. The Company recognizes compensation expense based on the earlier of the vesting date or the date when the employee becomes eligible to retire, but not less than six months. The following table provides details of the nonvested restricted stock units for 2015:

	Number of Restricted Units	Weighted Average Grant-Date Fair Value (per share)
Nonvested at December 31, 2014	197,838	$ 26.48
Granted	111,652	36.35
Vested	(94,840)	27.72
Canceled	(19,988)	31.52
Accrued dividend equivalents	2,726	32.59
Nonvested at December 31, 2015	197,388	$ 33.50

	Year ended December 31,		
	2015	2014	2013
Weighted average grant-date fair value of restricted shares granted (per share)	**$36.35**	$27.53	$25.72
Weighted average grant-date fair value of shares vested (thousands)	**$2,629**	$1,185	$1,122

The number of vested restricted stock units at December 31, 2015 and 2014 was 93,017 and 111,790, respectively. At December 31, 2015, the Company has $2,551 of unvested compensation cost related to restricted stock units and this cost will be recognized as expense over a weighted average period of 22 months.

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Performance Stock Units

Compensation related to the performance stock units is determined based on the fair value of the Company's stock on the date of grant combined with performance metrics. During 2012, executives participating in the Company's Long-Term Incentive Plan earned 309,890 performance stock units based on the Company's financial performance in 2012. Of these units, 91,190 vested in 2012, 86,170 vested in 2013 and 131,488 vested in 2014. During 2013, executives participating in the Company's Long-Term Incentive Plan earned 33,405 performance stock units based on the Company's financial performance in 2013. Of these units, 9,821 vested in 2013, 13,373 vested in 2014 and 8,701 vested in 2015. During 2014, executives participating in the Company's Long-Term Incentive Plan earned 123,788 performance stock units based on the Company's financial performance in 2014. Of these units, 49,248 vested in 2014, 32,074 vested in 2015 and 38,356 will vest in 2016. During 2015, executives participating in the Company's Long-Term Incentive Plan earned 231,543 performance stock units based on the Company's financial performance in 2015. Of these units, 69,912 vested in 2015, and 84,007 and 68,682 will vest in 2016 and 2017, respectively. The Company recognizes compensation expense based on the earlier of the vesting date or the date when the employee becomes eligible to retire.

The following table provides details of the nonvested performance stock units earned under the Company's Long-Term Incentive Plan:

	Number of Restricted Units	Weighted Average Grant-Date Fair Value (per share)
Nonvested at December 31, 2014	83,515	$ 24.11
Earned	231,543	36.62
Vested	(111,448)	32.12
Canceled	(13,144)	31.22
Accrued dividend equivalents	1,070	24.18
Nonvested at December 31, 2015	191,536	$ 34.18

The weighted average fair value of performance stock units granted in 2015, 2014 and 2013 was $36.62, $23.96 and $25.43, respectively.

At December 31, 2015, the Company had $3,093 of unvested compensation cost related to performance stock units and this cost will be recognized as expense over a weighted average period of 18 months.

The Company's nonvested restricted stock units and performance stock units are not participating securities. These units will be converted into shares of Company common stock in accordance with the distribution date indicated in the agreements. Restricted stock units earn dividend equivalents from the time of the award until distribution is made in common shares. Performance stock units earn dividend equivalents from the time the units have been earned based upon Company performance metrics until distribution is made in common shares. Dividend equivalents are only earned subject to vesting of the underlying restricted stock units or performance stock units. Accordingly, such units do not represent participating securities.

At December 31, 2015, the company had 1,825,402 shares available for future issuance under equity compensation plans.

The Company recognized $4,323, $1,268 and $494 of excess tax benefits on stock based compensation transactions as a financing cash inflow for the years ended December 31, 2015, 2014 and 2013, respectively.

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Note 15 - Cumulative Other Comprehensive Loss

The balances of each component of cumulative other comprehensive loss in the accompanying Consolidated Statements of Equity were as follows:

	Year Ended December 31, 2015			
	Cumulative Currency Translation Adjustment	Changes in the Fair Value of Derivatives	Unrecognized Postretirement Benefit Plans	Total
December 31, 2014	$ 9,059	$ 4,762	$ (544,423)	$(530,602)
Other comprehensive income (loss) before reclassifications	(31,093)	6,971 (a)	23,263 (c)	(18,482)
Amount reclassified from accumulated other comprehensive loss	—	(8,279)(b)	29,973 (d)	39,317
Net current-period other comprehensive income (loss)	(31,093)	(1,308)	53,236	20,835
December 31, 2015	$ (22,034)	$ 3,454	$ (491,187)	$(509,767)

(a) This amount represents $11,127 of unrealized gains on cash flow hedges, net of tax of $4,156, that were recognized in Other Comprehensive Loss (see Footnote 10 for additional details).

(b) This amount represents $13,446 of gains on cash flow hedges, net of tax of $5,167, that were reclassified out of Cumulative Other Comprehensive Loss and are included in Other income on the Condensed Consolidated Statements of Income (see Footnote 10 for additional details).

(c) This amount represents $30,476 of other comprehensive gain, net of tax of $7,213 that was recognized in Other Comprehensive Loss.

(d) This amount represents amortization of prior service credit of $566 and amortization of actuarial losses of ($46,736), net of tax of $16,197, that were reclassified out of Cumulative Other Comprehensive Loss and are included in the computation of net periodic benefit cost (see Footnote 11 for additional details).

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	Year Ended December 31, 2014			
	Cumulative Currency Translation Adjustment	Changes in the Fair Value of Derivatives	Unrecognized Postretirement Benefit Plans	Total
December 31, 2013	$ 59,660	$ 1,615	$ (471,295)	$(410,020)
Other comprehensive income (loss) before reclassifications	(50,601)	5,626 (a)	(96,737)(c)	(141,712)
Amount reclassified from accumulated other comprehensive loss	—	(2,479)(b)	23,609 (d)	21,130
Net current-period other comprehensive income (loss)	(50,601)	3,147	(73,128)	(120,582)
December 31, 2014	$ 9,059	$ 4,762	$ (544,423)	$(530,602)

(a) This amount represents $9,020 of unrealized gains on cash flow hedges, net of tax of $3,394, that were recognized in Other Comprehensive Loss (see Footnote 10 for additional details).

(b) This amount represents $3,699 of gains on cash flow hedges, net of tax of $1,220, that were reclassified out of Cumulative Other Comprehensive Loss and are included in Other income on the Condensed Consolidated Statements of Income (see Footnote 10 for additional details).

(c) This amount represents $157,087 of other comprehensive loss, net of tax of $60,350 that was recognized in Other Comprehensive Loss.

(d) This amount represents amortization of prior service credit of $566 and amortization of actuarial losses of ($36,473), net of tax of $12,298, that were reclassified out of Cumulative Other Comprehensive Loss and are included in the computation of net periodic benefit cost (see Footnote 11 for additional details).

Note 16 - Comprehensive Income Attributable to Noncontrolling Shareholders' Interests

	2015	2014	2013
Net income attributable to noncontrolling shareholders' interests	**$ 3,038**	$23,244	$22,552
Other comprehensive income (loss):			
Currency translation adjustments	**(4,227)**	(4,295)	3,205
Comprehensive income attributable to noncontrolling shareholders' interests	**$(1,189)**	$18,949	$25,757

Note 17 - Lease Commitments

The Company rents certain distribution and other facilities and equipment under long-term leases expiring at various dates. The total rental expense for the Company, including these long-term leases and all other rentals, was $39,290, $40,934 and $33,199 for 2015, 2014 and 2013, respectively.

Future minimum payments for all non-cancelable operating leases through the end of their terms, which in aggregate total $83,203, are listed below. Certain of these leases contain provisions for optional renewal at the end of the lease terms.

2016	$23,056
2017	17,474
2018	12,707
2019	11,924
2020	10,651
Thereafter	7,391

Note 18 - Contingent Liabilities

Litigation

Product Liability Litigation

The Company is a defendant in various product liability claims brought in numerous jurisdictions in which individuals seek damages resulting from motor vehicle accidents allegedly caused by defective tires manufactured by the Company. Each of the product liability claims faced by the Company generally involve different types of tires, models and lines, different circumstances surrounding the accident such as different applications, vehicles, speeds, road conditions, weather conditions, driver error, tire repair and maintenance practices, service life conditions, as well as different jurisdictions and different injuries. In addition, in many of the Company’s product liability lawsuits the plaintiff alleges that his or her harm was caused by one or more co-defendants who acted independently of the Company. Accordingly, both the claims asserted and the resolutions of those claims have an enormous amount of variability. The aggregate amount of damages asserted at any point in time is not determinable since often times when claims are filed, the plaintiffs do not specify the amount of damages. Even when there is an amount alleged, at times the amount is wildly inflated and has no rational basis.

The fact that the Company is a defendant in product liability lawsuits is not surprising given the current litigation climate, which is largely confined to the United States. However, the fact that the Company is subject to claims does not indicate that there is a quality issue with the Company’s tires. The Company sells approximately 30 to 35 million passenger car, light truck, SUV, radial medium truck and motorcycle tires per year in North America. The Company estimates that approximately 300 million Company-produced tires – made up of thousands of different specifications – are still on the road in North America. While tire disablements do occur, it is the Company’s and the tire industry’s experience that the vast majority of tire failures relate to service-related conditions, which are entirely out of the Company’s control – such as failure to maintain proper tire pressure, improper maintenance, road hazard and excessive speed.

The Company accrues costs for product liability at the time a loss is probable and the amount of loss can be estimated. The Company believes the probability of loss can be established and the amount of loss can be estimated only after certain minimum information is available, including verification that Company-produced product were involved in the incident giving rise to the claim, the condition of the product purported to be involved in the claim, the nature of the incident giving rise to the claim and the extent of the purported injury or damages. In cases where such information is known, each product liability claim is evaluated based on its specific facts and circumstances. A judgment is then made to determine the requirement for establishment or revision of an accrual for any potential liability. The liability often cannot be determined with precision until the claim is resolved.

Pursuant to applicable accounting rules, the Company accrues the minimum liability for each known claim when the estimated outcome is a range of possible loss and no one amount within that range is more likely than another. The Company uses a range of losses because an average cost would not be meaningful since the product liability claims faced by the Company are unique and widely variable, and accordingly, the resolutions of those claims have an enormous amount of variability. The costs have ranged from zero dollars to $33 million in one case with no “average” that is meaningful. No specific accrual is made for individual unasserted claims or for premature claims, asserted claims where the minimum information needed to evaluate the probability of a liability is not yet known. However, an accrual for such claims based, in part, on management’s expectations for future litigation activity and the settled claims history is maintained. Because of the speculative nature of litigation in the U.S., the Company does not believe a meaningful aggregate range of potential loss for asserted and unasserted claims can be determined. The Company’s experience has demonstrated that its estimates have been reasonably accurate and, on average, cases are settled at amounts close to the reserves established. However, it is possible an individual claim from time to time may result in an aberration from the norm and could have a material impact.

During 2015, the Company increased its product liability reserve by $56,037. The addition of another year of self-insured incidents accounted for $48,791 million of this increase. Settlements and changes in the amount of reserves for cases where sufficient information is known to estimate a liability increased by $7,246.

During 2014, the Company increased its product liability reserve by $47,609. The addition of another year of self-insured incidents accounted for $49,324 of this increase. Settlements and changes in the amount of reserves for cases where sufficient information is known to estimate a liability decreased by $1,715.

The time frame for the payment of a product liability claim is too variable to be meaningful. From the time a claim is filed to its ultimate disposition depends on the unique nature of the case, how it is resolved – claim dismissed, negotiated settlement, trial verdict and appeals process – and is highly dependent on jurisdiction, specific facts, the plaintiff’s attorney, the court’s docket and other factors. Given that some claims may be resolved in weeks and others may take five years or more, it is impossible to predict with any reasonable reliability the time frame over which the accrued amounts may be paid.

During 2015, the Company paid $71,164 to resolve cases and claims. The Company’s product liability reserve balance at December 31, 2015 totaled $163,890 million (current portion of $74,018).

During 2014, the Company paid $58,231 to resolve cases and claims. The Company’s product liability reserve balance at December 31, 2014 totaled $178,891 (current portion of $69,892).

Product liability expenses totaled $78,800, $76,612 and $89,044 in 2015, 2014 and 2013, respectively.

Product liability expenses are included in cost of goods sold in the Consolidated Statements of Income.

Certain Litigation Related to the Apollo Merger

Following the announcement of the proposed acquisition of the Company by wholly owned subsidiaries of Apollo Tyres Ltd. (the “Apollo entities”) in June 2013, alleged stockholders of the Company filed putative class action lawsuits in state courts in Delaware and Ohio. These lawsuits, captioned *In re Cooper Tire & Rubber Co. Stockholders Litigation,* No. 9658 VCL and *Auld v. Cooper Tire & Rubber Co., et al.,* No. 2013 CV 293, alleged that the directors of the Company breached their fiduciary duties to the Company’s stockholders by agreeing to enter into the proposed transaction for an allegedly unfair price and as the result of an allegedly unfair process. The lawsuits sought, among other things, declaratory and injunctive relief. On December 30, 2013, the Company terminated the merger agreement with the Apollo entities. Following the termination of the merger agreement, the plaintiffs voluntarily dismissed the Delaware and Ohio lawsuits in April 2014.

On October 4, 2013, the Company filed a complaint in the Court of Chancery of the State of Delaware, captioned *Cooper Tire Co. v. Apollo (Mauritius) Holdings Pvt. Ltd., et al.,* No. 8980-VCG, asking that the Apollo entities be required to use their reasonable efforts to close the then pending merger transaction as expeditiously as possible and also seeking, among other things, declaratory relief and damages. On October 14, 2013, the Apollo entities filed counterclaims against the Company seeking declaratory and injunctive relief.

On October 31, 2014, the court granted Apollo’s motion for declaratory judgment that the conditions to closing the then pending transaction were not satisfied before the November 2013 trial. On November 26, 2014, the Company appealed the Chancery Court’s decision to the Delaware Supreme Court. On December 3, 2014, the parties reached an agreement to dismiss the appeal and the underlying action, acknowledge the termination of the Merger Agreement, and to release all claims relating to the Merger Agreement, subject to the dismissal of the action. On December 17, 2014, the Company dismissed the appeal and the parties filed a stipulation of dismissal of the underlying action.

Federal Securities Litigation

On January 17, 2014, alleged stockholders of the Company filed a putative class-action lawsuit against the Company and certain of its officers in the United States District Court for the District of Delaware relating to the terminated merger agreement with subsidiaries of Apollo Tyres Ltd. That lawsuit, captioned OFI Risk Arbitrages, et al. v. Cooper Tire & Rubber Co., et al., No. 1:14-cv-00068-LPS, generally alleges that the Company and certain officers violated the federal securities laws by issuing allegedly misleading disclosures in connection with the terminated transaction and seeks, among other things, damages. The Company and its officers believe that the allegations against them lack merit and intend to defend the lawsuit vigorously. On July 1, 2015, the court dismissed the plaintiffs' amended complaint and closed the case. The plaintiffs have filed an appeal of the dismissal order.

The Company regularly reviews the probable outcome of such legal proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage, and accrues for these proceedings at the time a loss is probable and the amount of the loss can be estimated.

The outcome of these pending proceedings cannot be predicted with certainty and an estimate of any such loss cannot be made at this time. The Company believes that based upon information currently available, any liabilities that may result from these proceedings are not reasonably likely to have a material adverse effect on the Company's liquidity, financial condition or results of operations.

Stockholder Derivative Litigation

On February 24, March 6, and April 17, 2014, purported stockholders of the Company filed derivative actions on behalf of the Company in the U.S. District Court for the Northern District of Ohio and the U.S. District Court for the District of Delaware against certain officers and employees and the then current members of the Company's board of directors. The lawsuits have been transferred to the U.S. District Court for the District of Delaware and consolidated under the caption Fitzgerald v. Armes, et al., No. 1:14-cv-479 (D. Del.). The Company is named as a nominal defendant in the lawsuits, and the lawsuits seek recovery for the benefit of the Company. The plaintiffs allege that the defendants breached their fiduciary duties to the Company by issuing allegedly misleading disclosures in connection with the terminated merger transaction and that the defendants violated Section 14(a) of the Securities Exchange Act of 1934 by means of the same allegedly misleading disclosures. The plaintiffs also assert claims for waste of corporate assets, unjust enrichment, "gross mismanagement" and "abuse of control." The complaints seek, among other things, unspecified money damages from the defendants, injunctive relief and an award of attorney's fees. A purported shareholder of the Company has also submitted a demand to the Company's board of directors that it cause the Company to bring claims against certain of the Company's officers and directors for the matters alleged in the shareholder derivative lawsuits; following an investigation, the board of directors determined that the actions requested in the demand were not in the Company's interests and accordingly rejected the demand.

The Company regularly reviews the probable outcome of such legal proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage, and accrues for such legal proceedings at the time a loss is probable and the amount of the loss can be estimated.

These cases do not assert claims against the Company. The outcome of these pending proceedings cannot be predicted with certainty and an estimate of any loss cannot be made at this time. The Company believes that based upon information currently available, any liabilities that may result from these proceedings are not reasonably likely to have a material adverse effect on the Company's liquidity, financial condition or results of operations.

Other Litigation

In addition to the proceedings described above, the Company is involved in various other legal proceedings arising in the ordinary course of business. The Company regularly reviews the probable outcome of these proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage, and accrues for these proceedings at the time a loss is probable and the amount of the loss can be estimated. Although the outcome of these pending proceedings cannot be predicted with certainty and an estimate of any such loss cannot be made, the Company believes that any liabilities that may result from these proceedings are not reasonably likely to have a material adverse effect on the Company's liquidity, financial condition or results of operations.

Employment Contracts and Agreements

The Company has an employment agreement with Mr. Armes. No other executives have employment agreements. The other Named Executive Officers are covered by the Cooper Tire & Rubber Company Change in Control Severance Pay Plan.

At December 31, 2015, approximately 39% of the Company's workforce was represented by collective bargaining units.

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Note 19 - Business Segments

In the first quarter of 2015, the Company announced the creation of a Chief Operating Officer position with responsibility for Cooper's worldwide operations throughout North America, Latin America, Europe and Asia. The Company made this organizational change to provide a more cohesive global approach to the Company's business and to better leverage the Company's brands, products and manufacturing footprint around the world. As a result of these organizational changes, the Company evaluated its segment reporting under ASC 280, "Segments."

Based on this evaluation, it was determined that the Company has four segments:

- North America, composed of the Company's operations in the United States and Canada;
- Latin America, composed of the Company's operations in Mexico, Central America and South America;
- Europe; and
- Asia.

North America and Latin America meet the criteria for aggregation in accordance with ASC 280, as they are similar in their production and distribution processes and exhibit similar economic characteristics. The aggregated North America and Latin America segments are presented as "Americas Tire Operations" in the segment disclosure. The Americas Tire Operations segment manufactures and markets passenger car and light truck tires, primarily for sale in the U.S. replacement market. The segment also has a joint venture manufacturing operation in Mexico, COOCSA, which supplies passenger car tires to the U.S., Mexican, Central American and South American markets. The segment also distributes tires for racing, medium truck and motorcycles. The racing and motorcycle tires are manufactured in the Company's European Operations segment and by others. The medium truck tires are sourced through an off-take agreement subsequent to the Company's sale of its ownership interest in its former CCT joint venture, which is now known as Prinx Chengshan (Shandong) Tire Company Ltd. Major distribution channels and customers include independent tire dealers, wholesale distributors, regional and national retail tire chains, and large retail chains that sell tires as well as other automotive products. The segment does not currently sell its products directly to end users, except through three Company-owned retail stores. The segment sells a limited number of tires to original equipment manufacturers.

Both the Asia and Europe segments have been determined to be individually immaterial, as they do not meet the quantitative requirements for segment disclosure under ASC 280. In accordance with ASC 280, information about operating segments that are not reportable shall be combined and disclosed in an all other category separate from other reconciling items. As a result, these two segments have been combined in the segment operating results discussion. The results of the combined Asia and Europe segments are presented as "International Tire Operations". The European operations have operations in the U.K. and Serbia. The U.K. entity manufactures and markets passenger car, light truck, motorcycle and racing tires and tire retread material for domestic and global markets. The Serbian entity manufactures light vehicle tires primarily for the European markets and for export to the U.S. The Asian operations are located in the PRC. In the PRC, Cooper Kunshan Tire manufactures light vehicle tires and, under an agreement with the government of the PRC, these tires were exported to markets outside of the PRC through 2012. Beginning in 2013, tires produced at the facility have also been sold in the Chinese domestic market. The segment also had a joint venture in the PRC, CCT, which manufactured and marketed radial and bias medium truck tires, as well as passenger and light truck tires for domestic and global markets. The Company sold its ownership interest in this joint venture in November 2014, and the Company now procures these tires under off-take agreements through mid-2018 from this entity, now known as Prinx Chengshan (Shandong) Tire Company Ltd. The majority of the tires manufactured by the segments are sold in the replacement market, with a portion also sold to original equipment manufacturers.

The presentation of the aggregated Americas Tire Operations segment under the Company's new organizational structure is consistent with the segment reported as Americas Tire Operations in prior years. Similarly, the International Tire Operations disclosure is consistent with the Company's previously reported International Tire Operations segment. As a result, the Company has not restated its prior year reportable segments as the composition of reportable segments did not change.

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The following customer of the Americas Tire Operations segment contributed ten percent or more of the Company's total consolidated net sales in 2015, 2014 and 2013. Prior year amounts have been updated to include subsidiaries which the customer has acquired. Net sales and percentage of consolidated Company sales for this customer in 2015, 2014 and 2013 were as follows:

	2015		2014		2013	
Customer	**Net Sales**	**Consolidated Net Sales**	Net Sales	Consolidated Net Sales	Net Sales	Consolidated Net Sales
TBC/Treadways	**$485,257**	**16%**	$440,820	13%	$432,011	13%

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The accounting policies of the reportable segments are consistent with those described in the Significant Accounting Policies note to the consolidated financial statements. Corporate administrative expenses are allocated to segments based principally on assets, employees and sales. The following table details segment financial information:

	2015	2014	2013
Net sales:			
Americas Tire			
External customers	**$2,627,619**	$2,524,554	$2,429,808
Intercompany	**57,135**	60,930	56,778
	2,684,754	2,585,484	2,486,586
International Tire			
External customers	**345,282**	900,255	1,009,425
Intercompany	**106,597**	240,571	232,104
	451,879	1,140,826	1,241,529
Eliminations	**(163,732)**	(301,501)	(288,882)
Consolidated net sales	**2,972,901**	3,424,809	3,439,233
Operating profit (loss):			
Americas Tire	**422,929**	274,837	204,239
International Tire	**(19,133)**	74,566	83,990
Unallocated corporate charges	**(52,342)**	(48,930)	(52,578)
Eliminations	**3,026**	(15)	5,063
Consolidated operating profit	**354,480**	300,458	240,714
Interest expense	**(23,820)**	(28,138)	(27,906)
Interest income	**2,211**	1,500	810
Gain on sale of interest in subsidiary	**—**	77,471	—
Other non-operating income (expense)	**1,157**	(2,772)	(647)
Income before income taxes	**334,028**	348,519	212,971
Depreciation and amortization expense			
Americas Tire	**92,377**	82,457	75,132
International Tire	**28,577**	54,400	54,825
Corporate	**454**	2,309	4,794
Consolidated depreciation and amortization expense	**121,408**	139,166	134,751
Segment assets			
Americas Tire	**1,386,361**	1,284,302	1,171,478
International Tire	**414,051**	423,059	958,914
Corporate and other	**635,764**	781,576	606,678
Consolidated assets	**2,436,176**	2,488,937	2,737,070
Expenditures for long-lived assets			
Americas Tire	**145,813**	95,539	87,655
International Tire	**33,839**	44,741	61,973
Corporate	**2,892**	4,761	30,820
Consolidated expenditures for long-lived assets	**182,544**	145,041	180,448

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

	2015	2014	2013
Net sales			
United States	**$2,518,089**	$2,423,471	$2,332,526
PRC	**126,674**	635,632	745,444
Rest of world	**328,138**	365,706	361,263
Consolidated net sales	**2,972,901**	3,424,809	3,439,233
Long-lived assets			
United States	**537,173**	474,357	453,693
PRC	**105,237**	113,335	353,551
Rest of world	**152,788**	152,511	167,025
Consolidated long-lived assets	**795,198**	740,203	974,269

Note 20 - Subsequent Events

Joint Venture Agreement

On January 4, 2016, the Company announced that it had entered into an agreement to purchase a majority of China-based Qingdao Ge Rui Da Rubber Co., Ltd. ("GRT"). Cooper will own 65 percent of the entity for 600,000 RMB, or approximately $92,000 as of the date the agreement was signed, including the acquisition and initial investments in the operation. The transaction is expected to close during the first half of 2016 pending certain permits and approvals by the Chinese government.

After the acquisition, GRT is expected to serve as a global source of truck and bus radial tire production for Cooper. Passenger car radial tires may also be manufactured at the facility in the future.

Amended Share Repurchase Program

On February 19, 2016, the Board of Directors authorized the Amended Repurchase Program. The Amended Repurchase Program amended and superseded the Repurchase Program and allows the Company to repurchase up to $200,000, excluding commissions, of the Company's common stock from February 22, 2016 through December 31, 2017. The approximately $73,654 remaining under the Repurchase Program as of February 19, 2016 is included in the $200,000 maximum amount authorized by the Amended Repurchase Program. No other changes were made.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Cooper Tire & Rubber Company

We have audited the accompanying consolidated balance sheets of Cooper Tire & Rubber Company (the Company) as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2015. 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 Tire & Rubber Company at December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, 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 Tire & Rubber Company's internal control over financial reporting as of December 31, 2015, 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 23, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Ernst & Young LLP

Toledo, Ohio
February 23, 2016

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SELECTED QUARTERLY DATA (Unaudited)
(Dollar amounts in thousands except per share amounts.)

	2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$663,206	$751,781	$782,368	$775,546
Gross profit	131,954	159,692	153,954	171,850
Net income attributable to Cooper Tire & Rubber Company	40,762	59,582	53,176	59,246
Basic earnings per share attributable to Cooper Tire & Rubber Company common stockholders (a)	0.70	1.04	0.94	1.06
Diluted earnings per share attributable to Cooper Tire & Rubber Company common stockholders (a)	0.69	1.03	0.93	1.04
Net sales:				
Americas Tire	$598,518	$673,016	$702,460	$710,760
International Tire	107,098	124,851	118,903	101,027
Eliminations	(42,410)	(46,086)	(38,995)	(36,241)
Consolidated net sales	$663,206	$751,781	$782,368	$775,546
Operating profit (loss):				
Americas Tire	$ 89,999	$108,566	$102,475	$121,889
International Tire	(2,792)	(3,633)	(5,329)	(7,379)
Unallocated corporate charges	(18,886)	(5,782)	(15,416)	(12,258)
Eliminations	2,033	277	437	279
Consolidated operating profit	70,354	99,428	82,167	102,531
Interest expense	(6,356)	(6,240)	(5,889)	(5,335)
Interest income	562	514	533	602
Other non-operating income (expense)	79	1,592	1,362	(1,876)
Income before income taxes	$ 64,639	$ 95,294	$ 78,173	$ 95,922
Net Income	$ 42,163	$ 60,476	$ 53,649	$ 59,516
Net Income attributable to Cooper Tire & Rubber Company	$ 40,762	$ 59,582	$ 53,176	$ 59,246

(a) Basic and diluted earnings per share are computed independently for each quarter presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

	2014			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	$796,458	$888,685	$920,082	$819,584
Gross profit	147,342	147,869	157,204	120,343
Net income attributable to Cooper Tire & Rubber Company	45,434	38,182	47,699	82,263
Basic earnings per share attributable to Cooper Tire & Rubber Company common stockholders (a)	0.72	0.60	0.79	1.42
Diluted earnings per share attributable to Cooper Tire & Rubber Company common stockholders (a)	0.71	0.59	0.77	1.39
Net sales:				
Americas Tire	$563,494	$639,234	$693,938	$688,818
International Tire	309,946	326,820	313,415	190,645
Eliminations	(76,982)	(77,369)	(87,271)	(59,879)
Consolidated net sales	$796,458	$888,685	$920,082	$819,584
Operating profit (loss):				
Americas Tire	$ 68,629	$ 64,833	$ 75,618	$ 65,757
International Tire	23,148	26,459	22,787	2,172
Unallocated corporate charges	(11,248)	(13,063)	(7,912)	(16,707)
Eliminations	382	(1,640)	(1,118)	2,361
Consolidated operating profit	80,911	76,589	89,375	53,583
Interest expense	(7,118)	(6,792)	(7,050)	(7,178)
Interest income	513	270	305	412
Gain on sale of interest in subsidiary	—	—	—	77,471
Other non-operating income (expense)	(11)	477	(1,253)	(1,985)
Income before income taxes	$ 74,295	$ 70,544	$ 81,377	$122,303

Net Income	$ 51,728	$ 44,758	$ 54,637	$ 85,699
Net Income attributable to Cooper Tire & Rubber Company	$ 45,434	$ 38,182	$ 47,699	$ 82,263

(a) Basic and diluted earnings per share are computed independently for each quarter presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

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COOPER TIRE & RUBBER COMPANY
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2013, 2014 and 2015

(Dollar amounts in thousands)

	Balance at Beginning of Year	Additions: Charged to Income	Additions: Charged to Other Accounts	Deductions	Balance at End of Year
FOR THE YEAR ENDED DECEMBER 31, 2015					
Allowance for doubtful accounts	$ 8,792	$ 1,178	$ —	$ 2,437(a)	$ 7,533
Tax valuation allowance	$ 33,303	$ 680	$ —	$ 18,880(b)	$ 15,103
FOR THE YEAR ENDED DECEMBER 31, 2014					
Allowance for doubtful accounts	$ 16,996	$ 1,227	$ —	$ 9,431(a)	$ 8,792
Tax valuation allowance	$ 32,370	$ 3,635	$ —	$ 2,702(b)	$ 33,303
FOR THE YEAR ENDED DECEMBER 31, 2013					
Allowance for doubtful accounts	$ 13,267	$ 4,179	$ —	$ 450(a)	$ 16,996
Tax valuation allowance	$ 27,992	$ 6,954	$ —	$ 2,576(b)	$ 32,370

(a) Accounts written off during the year, net of recoveries of accounts previously written off and in 2014, the elimination of the CCT allowance for doubtful accounts.

(b) Net decrease in tax valuation allowance is primarily a result of net changes in cumulative book/tax timing differences and changes in judgment about the realizability of deferred tax assets.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

Item 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in the reports the Company files or submits as defined in Rule 13a-15(e) of the Securities and Exchange Act of 1934 (“Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) to allow timely decisions regarding required disclosures.

The Company, under the supervision and with the participation of management, including the CEO and CFO, evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 as of December 31, 2015 (“Evaluation Date”)). Based on the Company’s evaluation, the CEO and CFO have concluded that the Company’s disclosure controls and procedures were effective as of the Evaluation Date.

(b) Management’s Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, management conducted an assessment, including testing, using the criteria in *Internal Control – Integrated Framework (2013),* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) as of December 31, 2015. The Company’s system of internal control over financial reporting is 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. 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.

Based on its assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2015, based on criteria in *Internal Control – Integrated Framework (2013)* issued by the COSO, and that the Company’s internal control over financial reporting was effective.

Ernst & Young LLP, the independent registered public accounting firm that has audited the Company’s consolidated financial statements included in this annual report, has issued its report on the effectiveness of the Company’s internal controls over financial reporting as of December 31, 2015.

(c) Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Cooper Tire & Rubber Company

We have audited Cooper Tire & Rubber Company’s internal control over financial reporting as of December 31, 2015, 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 Tire & Rubber Company’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 Annual 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 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 Tire & Rubber Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015 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 Tire & Rubber Company as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2015 and our report dated February 23, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Ernst & Young LLP

Toledo, Ohio
February 23, 2016

(d) Changes in Internal Control over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting that occurred during the fourth quarter of 2015 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 9B. OTHER INFORMATION

None.

PART III

Item 10. DIRECTORS AND CORPORATE GOVERNANCE

Information concerning the Company's directors, corporate governance guidelines, Compensation Committee and Nominating and Governance Committee will appear in the Company's definitive Proxy Statement for its 2016 Annual Meeting of Stockholders, which will be herein incorporated by reference.

AUDIT COMMITTEE

Information regarding the Audit Committee, including the identification of the Audit Committee members and the "audit committee financial expert," will appear in the Company's definitive Proxy Statement for its 2016 Annual Meeting of Stockholders, which will be herein incorporated by reference.

COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT

Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 will appear in the Company's definitive Proxy Statement for its 2016 Annual Meeting of Stockholders, which will be herein incorporated by reference.

CODE OF ETHICS

Information regarding the Company's code of business ethics and conduct is available on the Company's website at http://www.coopertire.com. To access this information, first click on "Investors" and then click on "Governance" on the Company's website. Then, select the "Code of Business Ethics & Conduct" link listed in the middle of the web page under Governance.

Item 11. EXECUTIVE COMPENSATION

Information regarding executive and director compensation, Compensation Committee Interlocks and Insider Participation and the Compensation Committee Report will appear in the Company's definitive Proxy Statement for its 2016 Annual Meeting of Stockholders, which will be herein incorporated by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information concerning the security ownership of certain beneficial owners and management of the Company's voting securities and equity securities will appear in the Company's definitive Proxy Statement for its 2016 Annual Meeting of Stockholders, which will be herein incorporated by reference.

Equity Compensation Plan Information

The following table provides information as of December 31, 2015 regarding the Company's equity compensation plans, all of which were approved by the Company's security holders:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders	668,132	$ 21.71	2,859,741
Equity compensation plans not approved by stockholders	—	—	—
Total	668,132	$ 21.71	2,859,741

Additional information on equity compensation plans is contained in Note 14 - Stock-Based Compensation note to the consolidated financial statements.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

There were no transactions with related persons that would require disclosure during 2015.

Information regarding the independence of the Company's directors will appear in the Company's definitive Proxy Statement for its 2016 Annual Meeting of Stockholders, which will be herein incorporated by reference.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information regarding the Company's independent auditor will appear in the Company's definitive Proxy Statement for its 2016 Annual Meeting of Stockholders, which will be herein incorporated by reference.

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PART IV

Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report:

1. Consolidated Financial Statements

2. Financial Statement Schedule

All other schedules have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedules, or because the information required is included in the Consolidated Financial Statements or the notes thereto.

3. Exhibits

The exhibits listed on the accompanying exhibit index are filed as part of this Annual Report on Form 10-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COOPER TIRE & RUBBER COMPANY

/s/ Roy V. Armes
ROY V. ARMES, Chairman of the Board,
Chief Executive Officer and President

Date: February 23, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Roy V. Armes ROY V. ARMES	Chairman of the Board, Chief Executive Officer, President and Director (Principal Executive Officer)	February 23, 2016
/s/ Ginger M. Jones GINGER M. JONES	Vice President and Chief Financial Officer (Principal Financial Officer)	February 23, 2016
/s/ Mark A. Young MARK A. YOUNG	Director of External Reporting (Principal Accounting Officer)	February 23, 2016
THOMAS P. CAPO*	Director	February 23, 2016
STEVEN M. CHAPMAN*	Director	February 23, 2016
SUSAN F. DAVIS*	Director	February 23, 2016
JOHN J. HOLLAND*	Director	February 23, 2016
JOHN F. MEIER*	Director	February 23, 2016
GARY S. MICHEL*	Director	February 23, 2016
JOHN H. SHUEY*	Director	February 23, 2016
ROBERT D. WELDING*	Director	February 23, 2016

* The undersigned, by signing his name hereto, does sign and execute this Annual Report on Form 10-K pursuant to a Power of Attorney executed on behalf of the above-indicated directors of the registrant and filed herewith as Exhibit 24 on behalf of the registrant.

*By: /s/ Stephen Zamansky
STEPHEN ZAMANSKY, Attorney-in-fact

EXHIBIT INDEX

All documents referenced below were filed pursuant to the Securities Exchange Act of 1934 by Cooper Tire & Rubber Company (File Number 001-04329), unless otherwise noted.

(3)	(i)	Restated Certificate of Incorporation, as amended and filed with the Secretary of State of Delaware on May 4, 2010, is incorporated herein by reference from Exhibit 3(i) of the Company's Form 10-Q for the quarter ended March 31, 2010
	(ii)	Bylaws, as amended as of May 4, 2010, are incorporated herein by reference from Exhibit 3(ii) to the Company's Form 10-Q for the quarter ended March 31, 2010
(4)	(i)	Prospectus Supplement dated March 21, 1997 for the issuance of $200,000,000 notes is incorporated herein by reference from Form S-3 – Registration Statement No. 33-44159
	(ii)	Prospectus Supplement dated December 10, 1999 for the issuance of an aggregate $800,000,000 notes is incorporated herein by reference from Form S-3 – Registration Statement No. 333-89149
(10)	(i)	Employment Agreement Amended and Restated dated as of December 22, 2008 between Cooper Tire & Rubber Company and Roy V. Armes is incorporated herein by reference from Exhibit (10)(ii) of the Company's 10-K for the year ended December 31, 2008*
	(ii)	Credit Agreement, dated as of May 27, 2015, among the Company, the lenders party thereto, and JPMorgan Chase Bank, N.A., as administrative agent is incorporated by reference from Exhibit 10.1 of the Company's Form 8-K dated June 1, 2015.
	(iii)	Amended and Restated Receivables Purchase Agreement, dated as of September 14, 2007, by and among Cooper Receivables LLC, Cooper Tire & Rubber Company, PNC Bank, National Association and Market Street Funding LLC is incorporated herein by reference from Exhibit 10.2 of the Company's Form 8-K dated September 20, 2007
	(iv)	First Amendment to Purchase and Sale Agreement, dated as of September 14, 2007, by and among Cooper Receivables LLC, Cooper Tire & Rubber Company, PNC Bank, National Association, and Market Street Funding LLC is incorporated herein by reference from Exhibit 10.1 of the Company's Form 8-K dated September 20, 2007
	(v)	Second Amendment to Amended and Restated Receivables Purchase Agreement, dated as of August 5, 2010, by and among Cooper Receivables LLC, Cooper Tire & Rubber Company, Market Street Funding LLC and PNC Bank, National Association is incorporated herein by reference from Exhibit 10.1 of the Company's Form 8-K dated August 9, 2010
	(vi)	Third Amendment to Amended and Restated Receivables Purchase Agreement, dated June 2, 2011, by and among Cooper Receivables LLC, Cooper Tire & Rubber Company, Market Street Funding LLC and PNC Bank, National Association is incorporated herein by reference from Exhibit 10.1 of the Company's Form 8-K dated June 8, 2011
	(vii)	Fourth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of July 27, 2011, by and among Cooper Tire & Rubber Company, Cooper Receivables LLC, Market Street Funding LLC and PNC Bank, National Association is incorporated herein by reference from Exhibit 10.2 of the Company's Form 8-K dated August 2, 2011
	(viii)	Fifth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of August 10, 2012, by and among Cooper Tire & Rubber Company, Cooper Receivables LLC, Market Street Funding LLC and PNC Bank, National Association is incorporated herein by reference from Exhibit 10.1 of the Company Form 8-K dated August 13, 2012
	(ix)	Sixth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of March 12, 2013, among the Company, Cooper Receivables LLC, Market Street Funding LLC and PNC Bank, National Association
	(x)	Seventh Amendment to Amended and Restated Receivables Purchase Agreement, dated as of October 24, 2013, among the Company, Cooper Receivables LLC, Market Street Funding LLC and PNC Bank, National Association
	(xi)	Eighth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of May 27, 2015, among the Company, Cooper Receivables LLC and PNC Bank, National Association, is incorporated by reference from Exhibit 10.2 of the Company's Form 8-K dated June 1, 2015.
	(xii)	Amended and Restated Loan and Security Agreement, dated as of July 27, 2011, by and among Cooper Tire & Rubber Company, Max-Trac Tire Co., Inc., certain financial institutions named therein (as Lenders), Bank of America, N.A. (as Administrative Agent and Collateral Agent), PNC Bank, National Association (as Syndication Agent), Banc of America Securities LLC and PNC Capital Markets LLC (as Joint Book Managers and Joint Lead Arrangers) and JPMorgan Chase Bank, N.A. (as Documentation Agent) is incorporated herein by reference from Exhibit 10.1 of the Company's Form 8-K dated August 2, 2011

(xiii)	Limited Waiver, effective as of July 19, 2013, to the Amended and Restated Loan and Security Agreement, dated as of July 27, 2011, among Cooper Tire & Rubber Company, Max-Trac Tire Co., Inc., the financial institutions from time to time party thereto and Bank of America, N.A., as Administrative Agent, is incorporated herein by reference from Exhibit 10.1 of the Company's Form 8-K dated July 24, 2013
(xiv)	Pledge Agreement, dated as of November 9, 2007, by and among Cooper Tire & Rubber Company and Bank of America, N.A. is incorporated herein by reference from Exhibit 10.2 of the Company's Form 8-K dated November 16, 2007
(xv)	Intercreditor Agreement, dated as of November 9, 2007, by and among Cooper Tire & Rubber Company; Cooper Receivables LLC; PNC Bank, National Association (as Administrator); and Bank of America, N.A. (as Administrative Agent and Collateral Agent) is incorporated herein by reference from Exhibit 10.3 of the Company's Form 8-K dated November 16, 2007
(xvi)	1998 Non-Employee Directors Compensation Deferral Plan Amended and Restated as of January 1, 2011 is incorporated herein by reference from Exhibit (10)(xix) of the Company's Form 10-K for the year ended December 31, 2011*
(xvii)	2001 Incentive Compensation Plan is incorporated herein by reference from the Appendix A to the Company's Proxy Statement dated March 20, 2001*
(xviii)	2010 Incentive Compensation Plan is incorporated herein by reference from the Appendix B to the Company's Proxy Statement dated March 24, 2010*
(xix)	2002 Non-Employee Directors Stock Option Plan is incorporated herein by reference from Appendix A to the Company's Proxy Statement dated March 22, 2002*
(xx)	2006 Incentive Compensation Plan is incorporated herein by reference from Appendix A to the Company's Proxy Statement dated March 21, 2006*
(xxi)	Change in Control Severance Pay Plan (Amended and Restated as of August 4, 2010) is incorporated by reference from Exhibit 10.1 of the Company's Form 8-K dated August 6, 2010*
(xxii)	Written Description of Changes to Independent Director Compensation and Stock Ownership Guidelines (as approved by the Board of Directors on May 9, 2014) is incorporated herein by reference from Exhibit (10)(xviii) of the Company's Form 10-K for the year ended December 31, 2014
(xxiii)	Form of Confidentiality and Non-Compete Agreement for the Cooper Tire & Rubber Company Change in Control Severance Pay Plan is incorporated herein by reference from Exhibit (10)(iv) of the Company's Form 10-Q for the quarter ended September 30, 2011*
(xxiv)	Form of Indemnification Agreement for Directors and Officers is incorporated herein by reference from Exhibit 10.1 of the Company's Form 8-K dated December 20, 2006
(xxv)	Nonqualified Key Employee Deferred Compensation Plan effective as of June 1, 1999 is incorporated herein by reference from Exhibit (10)(xxx) of the Company's Form 10-K for the year ended December 31, 2011*
(xxvi)	Form of Participation Agreement for the Nonqualified Key Employee Deferred Compensation Plan effective as of June 1, 1999 is incorporated herein by reference from Exhibit (10)(xxxi) of the Company's Form 10-K for the year ended December 31, 2011*
(xxvii)	Form of Participation Agreement for Performance Stock Unit and Cash Unit Awards Under the 2010 Incentive Compensation Plan is incorporated herein by reference from Exhibit (10.1) of the Company's Form 10-Q for the quarter ended March 31, 2013*
(xxviii)	Form of Participation Agreement for Nonqualified Stock Option Awards Under the 2010 Incentive Compensation Plan is incorporated herein by reference from Exhibit (10.2) of the Company's Form 10-Q for the quarter ended March 31, 2013*

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(xxix)	Executive Deferred Compensation Plan, Amended and Restated as of January 1, 2013 is incorporated herein by reference from Exhibit (10.1) of the Company's Form 10-Q for the quarter ended June 30, 2013*
(xxx)	Form of Participation Agreement for Executive Deferred Compensation Plan, Amended and Restated as of January 1, 2013 is incorporated herein by reference from Exhibit (10)(xxvii) of the Company's Form 10-K for the year ended December 31, 2013*
(xxi)	Nonqualified Supplementary Benefit Plan, Amended and Restated as of January 1, 2013 is incorporated herein by reference from Exhibit (10.2) of the Company's Form 10-Q for the quarter ended June 30, 2013*
(xxii)	Form of Participation Agreement for Performance Stock Unit and Cash Unit Awards Under the 2010 Incentive Compensation Plan is incorporated herein by reference from Exhibit (10.1) of the Company's Form 10-Q for the quarter ended March 31, 2014*
(xxxiii)	Form of Participation Agreement for Nonqualified Stock Option Awards Under the 2010 Incentive Compensation Plan is incorporated herein by reference from Exhibit (10.2) of the Company's Form 10-Q for the quarter ended March 31, 2014*
(xxxiv)	Agreement dated as of January 29, 2014 by and among Cooper Tire & Rubber Company, Cooper Tire Investment Holding (Barbados) Ltd, Chengshan Group Company Ltd. and The Union of Cooper Chengshan (Shandong) Tire Company Co., Ltd. is incorporated herein by reference from Exhibit (10.3) of the Company's Form 10-Q for the quarter ended March 31, 2014
(xxxv)	2014 Incentive Compensation Plan is incorporated herein by reference from Appendix A to the Company's Proxy Statement dated April 10, 2014*
(xxxvi)	Option Agreement dated August 14, 2014, by and among Cooper Tire Investment Holding (Barbados) Ltd., Chengshan Group Company Ltd., the Company and Prairie Investment Limited is incorporated herein by reference from Exhibit (10.1) of the Company's Form 10-Q for the quarter ended September 30, 2014
(xxxvii)	Offer Letter executed by Ginger M. Jones on November 25, 2014 is incorporated herein by reference from Exhibit (10)(xxxiii) of the Company's Form 10-K for the year ended December 31, 2014*
(xxxviii)	Form of Participation Agreement for Restricted Stock Unit Awards Under the 2014 Incentive Compensation Plan is incorporated herein by reference from Exhibit (10)(xxxiv) of the Company's Form 10-K for the year ended December 31, 2014*
(xxxix)	Form of Participation Agreement for Performance Stock Unit and Cash Unit Awards Under the 2014 Incentive Compensation Plan*
(xl)	Form of Participation Agreement for Restricted Unit Awards Under the 2014 Incentive Compensation Plan, revised January 27, 2016*
(xli)	Form of Participation Agreement for Nonqualified Stock Options Awards Performance Under the 2014 Incentive Compensation Plan*
(21)	Subsidiaries of the Registrant
(23)	Consent of Independent Registered Public Accounting Firm
(24)	Power of Attorney
(31.1)	Certification of Chief Executive Officer pursuant to Rule 13a–14(a)/15d–14(a) of the Exchange Act
(31.2)	Certification of Chief Financial Officer pursuant to Rule 13a–14(a)/15d–14(a) of the Exchange Act
(32)	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(101.INS)	XBRL Instance Document
(101.SCH)	XBRL Taxonomy Extension Schema Document
(101.DEF)	XBRL Taxonomy Extension Definition Linkbase Document
(101.CAL)	XBRL Taxonomy Extension Calculation Linkbase Document
(101.LAB)	XBRL Taxonomy Extension Label Linkbase Document
(101.PRE)	XBRL Taxonomy Extension Presentation Linkbase Document

* Indicates management contracts or compensatory plans or arrangements.

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Section 2: EX-10.IX (EX-10.IX)

Exhibit EX10(ix)

EXECUTION COPY

[COOPER]

SIXTH AMENDMENT TO
AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

THIS SIXTH AMENDMENT TO AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of March 12, 2013, is entered into among COOPER RECEIVABLES LLC (the "Seller"), COOPER TIRE & RUBBER COMPANY (the "Servicer"), MARKET STREET FUNDING LLC ("Market Street"), as Related Committed Purchaser and as Conduit Purchaser and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as Administrator, as LC Participant, as LC Bank and as Purchaser Agent.

RECITALS

1. The parties hereto are parties to the Amended and Restated Receivables Purchase Agreement, dated as of September 14, 2007 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Agreement"); and

2. The parties hereto desire to amend the Agreement as hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. *Certain Defined Terms*. Capitalized terms that are used but not defined herein shall have the meanings set forth in the Agreement.

SECTION 2. *Amendment to the Agreement*. Notwithstanding anything to the contrary in Sections 1(a)(ii) and 2(a)(iv) of Exhibit IV to the Receivables Purchase Agreement, the parties hereto agree that the Information Package covering the month of February 2013 (the "February Report") shall be delivered by the Seller and the Servicer to the Administrator and each Purchaser Agent on or prior to March 31, 2013, rather than on or prior to the date that is two Business Days prior to the Settlement Date in March 2013. For the avoidance of doubt, (i) the Settlement Date occurring in March 2013 shall continue to occur on March 18, 2013 notwithstanding the delayed delivery of the February Report as contemplated hereby, (ii) the Seller and the Servicer's delivery of the February Report in accordance with this Amendment shall be deemed to constitute timely delivery thereof for all purposes of the Transaction Documents (including, without limitation, Sections 1(a)(ii) and 2(a)(iv) of Exhibit IV to the Receivables Purchase Agreement) and (iii) the parties hereto are not hereby agreeing to the delayed delivery of any Information Package other than the February Report.

SECTION 3. *Representations and Warranties*. Each of the Seller and the Servicer hereby represents and warrants to the Administrator, each Purchaser and the Purchaser Agent as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Transaction Documents are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date).

(b) Enforceability. The execution and delivery by such Person of this Amendment, and the performance of each of its obligations under this Amendment and the Agreement, as amended hereby, are within each of its organizational powers and have been duly authorized by all necessary organizational action on its part. This Amendment and the Agreement, as amended hereby, are such Person's valid and legally binding obligations, enforceable in accordance with its terms.

(c) No Termination Event. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby, no Termination Event or Unmatured Termination Event exists or shall exist.

SECTION 4. *Effect of Amendment*. All provisions of the Agreement, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Transaction Document) to "this Agreement", "hereof", "herein" or words of similar effect referring to the Agreement shall be deemed to be references to the Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Agreement other than as set forth herein.

SECTION 5. *Effectiveness*. This Amendment shall become effective as of the date hereof upon receipt by the Administrator of counterparts to this Amendment duly executed by each of the parties hereto.

SECTION 6. *Counterparts*. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery by facsimile or email of an executed signature page of this Amendment shall be effective as delivery of an originally executed counterpart hereof.

SECTION 7. *Governing Law*. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York.

SECTION 8. *Section Headings*. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Agreement or any provision hereof or thereof.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

COOPER RECEIVABLES LLC, as Seller

By: /s/ S. O. Schroeder
Name: Stephen O. Schroeder
Title: President and Treasurer

By: /s/ Jerry A. Long
Name: Jerry A. Long
Title: Assistant Treasurer

COOPER TIRE & RUBBER COMPANY, as Servicer

By: /s/ Bradley E. Hughes
Name: Bradley E. Hughes
Title: Vice President and Chief Financial Officer

By: /s/ S. O. Schroeder
Name: Stephen O. Schroeder
Title: Vice President and Treasurer

PNC BANK, NATIONAL ASSOCIATION,
as Administrator

By: /s/ William P. Falcon
Name: William P. Falcon
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION,
as Purchaser Agent

By: /s/ Mark S. Falcione
Name: Mark S. Falcione
Title: Executive Vice President

PNC BANK, NATIONAL ASSOCIATION,
as the LC Bank and as an LC Participant

By: /s/ Mark S. Falcione
Name: Mark S. Falcione
Title: Executive Vice President

MARKET STREET FUNDING LLC,
as a Related Committed Purchaser and as Conduit Purchaser

By: /s/ Doris J. Hearn
Name: Doris J. Hearn
Title: Vice President

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Section 3: EX-10.X (EX-10.X)

Exhibit 10(x)

EXECUTION COPY

[COOPER]

SEVENTH AMENDMENT TO
AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

THIS SEVENTH AMENDMENT TO AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (this "Amendment"), dated as of October 24, 2013, is entered into among COOPER RECEIVABLES LLC (the "Seller"), COOPER TIRE & RUBBER COMPANY (the "Servicer"), MARKET STREET FUNDING LLC ("Market Street"), as Related Committed Purchaser, as Conduit Purchaser and as Assignor (as defined below) and PNC BANK, NATIONAL ASSOCIATION ("PNC"), as Administrator, as LC Participant, as LC Bank, as Purchaser Agent and as Assignee (as defined below).

RECITALS

1. The parties hereto are parties to the Amended and Restated Receivables Purchase Agreement, dated as of September 14, 2007 (as amended, restated, supplemented or otherwise modified through the date hereof, the "Agreement");

2. Concurrently herewith, the parties hereto are entering into an amended and restated Purchaser Group Fee Letter, dated as of the date hereof (the "Fee Letter");

3. Market Street, as the assignor (in such capacity, the "Assignor"), desires to sell, assign and delegate to PNC, as the assignee (in such capacity, the "Assignee"), all of the Assignor's rights under, interest in, title to and obligations under the Agreement and the other Transaction Documents (collectively, the "Assigned Documents"), and the Assignee desires to purchase and assume from the Assignor all of the Assignor's rights under, interest in, title to and obligations under the Assigned Documents;

4. After giving effect to the assignment and assumption contemplated in Section 2 of this Amendment, each of the parties hereto desires that Market Street cease to be a party to the Agreement and each of the other Assigned Documents to which it is a party and to be discharged from its duties and obligations as a Purchaser or otherwise under the Agreement and each of the other Assigned Documents; and

5. The parties hereto desire to amend the Agreement as hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. *Certain Defined Terms*. Capitalized terms that are used but not defined herein shall have the meanings set forth in the Agreement.

SECTION 2. *Assignment and Assumption*

(a) Sale and Assignment by Assignor to Assignee. At or before 2:00 pm (New York time) on the date hereof, the Assignee shall pay to the Assignor, in immediately available funds, (i) the amount set forth on Schedule I hereto (such amount, the "Capital Payment") representing 100.00% of the Aggregate Capital under the Agreement on the date hereof and (ii) the amount set forth on Schedule I hereto representing all accrued but unpaid (whether or not then due) Discount, Fees and other costs and expenses payable in respect of the Aggregate Capital to but excluding the date hereof (such amount, the "CP Costs and Other Costs"; together with the Capital Payment, collectively, the "Payoff Amount"). Upon the Assignor's receipt of the Payoff Amount in its entirety, the Assignor hereby sells, transfers, assigns and delegates to the Assignee, without recourse, representation or warranty except as otherwise provided herein, and the Assignee hereby irrevocably purchases, receives, accepts and assumes from the Assignor, all of the Assignor's rights under, interest in, title to and all its obligations under the Agreement and the other Assigned Documents. Without limiting the generality of the foregoing, the Assignor hereby assigns to the Assignee all of its right, title and interest in the Purchased Interest.

Payment of each portion of the Payoff Amount shall be made by wire transfer of immediately available funds in accordance with the payment instructions set forth on Schedule II hereto.

(b) Removal of Assignor. From and after the Effective Date (as defined below), the Assignor shall cease to be a party to the Agreement and each of the other Assigned Documents to which it was a party and shall no longer have any rights or obligations under the Agreement or any other Assigned Document (other than such rights which by their express terms survive termination thereof).

(c) Limitation on Liability. Notwithstanding anything to the contrary set forth in this Amendment, the Assignee does not accept or assume any liability or responsibility for any breach, failure or other act or omission on the part of the Assignor, or any indemnification or other cost, fee or expense related thereto, in each case which occurred or directly or indirectly arose out of an event which occurred prior to the Effective Date.

(d) Acknowledgement and Agreement. Each of the parties and signatories hereto (i) hereby acknowledges and agrees to the sale, assignment and assumption set forth in clause (a) above, (ii) expressly waives any notice or other applicable requirements set forth in any Transaction Document as a prerequisite or condition precedent to such sale, assignment and assumption (other than as set forth herein) and (iii) acknowledges and agrees that this Section 2 is in form and substance substantially similar to a Transfer Supplement.

SECTION 3. *Joinder*.

(a) PNC as a Related Committed Purchaser. From and after the date hereof, PNC shall be a Related Committed Purchaser party to the Agreement for all purposes thereof and of the other Transaction Documents as if PNC were an original party to the Agreement in such capacity, and PNC assumes all related rights and agrees to be bound by all of the terms and provisions applicable to Related Committed Purchasers contained in the Agreement and the other Transaction Documents.

(b) Appointment of PNC as Purchaser Agent of PNC's Purchaser Group. PNC hereby designates itself as, and PNC hereby agrees to perform the duties and obligations of, the Purchaser Agent for PNC's Purchaser Group. From and after the date hereof, PNC shall be a Purchaser Agent party to the Agreement, for all purposes of the Agreement and the other Transaction Documents as if PNC were an original party to the Agreement in such capacity, and PNC assumes all related rights and agrees to be bound by all of the terms and provisions applicable to Purchaser Agents contained in the Agreement and the other Transaction Documents.

(c) Commitment. The Commitment of PNC under the Agreement as a Related Committed Purchaser shall be $175,000,000 unless and until otherwise modified in accordance with the Agreement. The Group Commitment of the PNC Purchaser Group under the Agreement shall be $175,000,000 unless and until otherwise modified in accordance with the Agreement.

(d) Consent to Joinder. Each of the parties hereto consents to the foregoing joinder of PNC as a party to the Agreement in the capacities of a Related Committed Purchaser and Purchaser Agent for the PNC Purchaser Group, and any otherwise applicable conditions precedent thereto under the Agreement and the other Transactions Documents (other than as set forth herein) are hereby waived.

SECTION 4. *Amendments to the Agreement*. The Agreement is hereby amended as follows:

(a) The following new Section 1.1(d) is hereby added to the Agreement immediately following existing Section 1.1(c):

> (d) Each of the parties hereto hereby acknowledges and agrees that from and after the Seventh Amendment Effective Date, the Purchaser Group that includes PNC, as a Purchaser Agent and as a Purchaser, shall not include a Conduit Purchaser, and each request by the Seller for ratable Purchases by the Conduit Purchasers pursuant to Section 1.1(a)(i) shall be deemed to be a request that the Related Committed Purchasers in PNC's Purchaser Group make their ratable share of such Purchases.

(b) Section 1.7(b) of the Agreement is hereby amended by replacing the term "Euro-Rate" where it appears therein with the phrase "Euro-Rate or LMIR".

(c) Section 1.8(b) of the Agreement is hereby amended by replacing the term "Euro-Rate" where it appears therein with the phrase "Euro-Rate or LMIR".

(d) Section 1.9 of the Agreement is hereby amended by replacing the term "Euro-Rate" in each instance where it appears therein with the phrase "Euro-Rate or LMIR".

(e) Section 1.11 of the Agreement is hereby replaced in its entirety with the following:

> Section 1.11 Inability to Determine Euro-Rate or LMIR.

(a) If the Administrator (or any Purchaser Agent) determines before the first day of any Yield Period (or solely with respect to LMIR, on any day) (which determination shall be final and conclusive) that, by reason of circumstances affecting the interbank eurodollar market generally, (i) deposits in dollars (in the relevant amounts for such Yield Period) are not being offered to banks in the interbank eurodollar market for such Yield Period, (ii) adequate means do not exist for ascertaining the Euro-Rate or LMIR for such Yield Period (or portion thereof) or (iii) the Euro-Rate or LMIR does not accurately reflect the cost to any Purchaser (as determined by the related Purchaser or the applicable Purchaser Agent) of maintaining any Portion of Capital during such Yield Period (or portion thereof), then the Administrator shall give notice thereof to the Seller. Thereafter, until the Administrator or such Purchaser Agent notifies the Seller that the circumstances giving rise to such suspension no longer exist, (a) no Portion of Capital shall be funded at the Yield Rate determined by reference to the Euro-Rate or LMIR and (b) the Discount for any outstanding Portions of Capital then funded at the Yield Rate determined by reference to the Euro-Rate or LMIR shall, on the last day of the then current Yield Period (or solely with respect to LMIR, immediately), be converted to the Yield Rate determined by reference to the Base Rate.

(b) If, on or before the first day of any Yield Period (or solely with respect to LMIR, on any day), the Administrator shall have been notified by any Affected Person that such Affected Person has determined (which determination shall be final and conclusive) that any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Affected Person with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impossible for such Affected Person to fund or maintain any Portion of Capital at the Yield Rate and based upon the Euro-Rate or LMIR, the Administrator shall notify the Seller thereof. Upon receipt of such notice, until the Administrator notifies the Seller that the circumstances giving rise to such determination no longer apply, (a) no Portion of Capital shall be funded at the Yield Rate determined by reference to the Euro-Rate or LMIR and (b) the Discount for any outstanding Portions of Capital then funded at the Yield Rate determined by reference to the Euro-Rate or LMIR shall be converted to the Yield Rate determined by reference to the Base Rate either (i) on the last day of the then current Yield Period (or solely with respect to LMIR, immediately) if such Affected Person may lawfully continue to maintain such Portion of Capital at the Yield Rate determined by reference to the Euro-Rate or LMIR to such day, or (ii) immediately, if such Affected Person may not lawfully continue to maintain such Portion of Capital at the Yield Rate determined by reference to the Euro-Rate or LMIR to such day.

(f) The notice information for PNC in each of its capacities under the Agreement other than as the LC Bank and as an LC Participant is hereby replaced in its entirety with the following:

Address:	PNC Bank, National Association Three PNC Plaza 225 Fifth Avenue Pittsburgh, PA 15222-2707
Attention:	Robyn Reeher
Telephone:	(412) 768-3090
Facsimile:	(412) 762-9184

(g) The following new defined terms and definitions thereof are hereby added to Exhibit I to the Agreement in appropriate alphabetic order:

"LMIR" means for any day during any Yield Period, the one-month eurodollar rate for U.S. dollar deposits as reported on the Reuters Screen LIBOR01 Page or any other page that may replace such page from time to time for the purpose of displaying offered rates of leading banks for London interbank deposits in United States dollars, as of 11:00 a.m. (London time) on such day, or if such day is not a Business Day, then the immediately preceding Business Day (or if not so reported, then as determined by the Administrator from another recognized source for interbank quotation), in each case, changing when and as such rate changes.

"Seventh Amendment Effective Date" means the date on which that certain Seventh Amendment to this Agreement, dated as of October 24, 2013, becomes effective in accordance with its terms.

(h) The definition of "Alternate Rate" set forth in Exhibit I to the Agreement is replaced in its entirety with the following:

"Alternate Rate" for any Yield Period for any Portion of Capital funded by any Purchaser other than through the issuance of Notes, means an interest rate per annum equal to (i) solely with respect to PNC, as a Purchaser, either: (a) with respect to any day during such Yield Period, LMIR for such day or (b) if LMIR is unavailable pursuant to Section 1.11, the Base Rate for such Yield Period or (ii) with respect to any Purchaser other than PNC, the greater of: (a) 4.00% per annum above the Euro-Rate for such Yield Period, or (b) the Base Rate for such Yield Period; provided, that the "Alternate Rate" for any day while a Termination Event or an Unmatured Termination Event exists shall be an interest rate equal to the greater of (i) 2.0% per annum above the Base Rate in effect on such day and (ii) the "Alternate Rate" as calculated in clause (i)(a) or (ii)(a), as applicable, above.

(i) The definition of "Business Day" set forth in Exhibit I to the Agreement is replaced in its entirety with the following:

"Business Day" means any day (other than a Saturday or Sunday) on which: (a) banks are not authorized or required to close in Pittsburgh, Pennsylvania, or New York City, New York, and (b) if this definition of "Business Day" is utilized in connection with the Euro-Rate or LMIR, dealings are carried out in the London interbank market.

(j) The definition "Year" set forth in the definition of "Discount" set forth in Exhibit I to the Agreement is hereby amended by replacing the term "Euro-Rate" where it appears therein with the phrase "Euro-Rate or LMIR".

(k) The definition of "Purchaser Group" set forth in Exhibit I to the Agreement is replaced in its entirety with the following:

"Purchaser Group" means, (i) for any Conduit Purchaser, such Conduit Purchaser, its Related Committed Purchaser, its related Purchaser Agent and its related LC Participants and (ii) for PNC, PNC, as a Purchaser Agent, a Related Committed Purchaser, an LC Participant and the LC Bank.

(l) The definition of "Related Committed Purchaser" set forth in Exhibit I to the Agreement is replaced in its entirety with the following:

"Related Committed Purchaser" means each Person listed as such (and its respective Commitment) as set forth on the signature pages of this Agreement or in any Assumption Agreement or Transfer Supplement.

SECTION 5. *Representations and Warranties*. Each of the Seller and the Servicer hereby represents and warrants to the Administrator, each Purchaser, the Purchaser Agent and the Assignee as follows:

(a) Representations and Warranties. The representations and warranties made by it in the Transaction Documents are true and correct as of the date hereof (unless stated to relate solely to an earlier date, in which case such representations or warranties were true and correct as of such earlier date).

(b) Enforceability. The execution and delivery by such Person of this Amendment, and the performance of each of its obligations under this Amendment and the Agreement, as amended hereby, are within each of its organizational powers and have been duly authorized by all necessary organizational action on its part. This Amendment and the Agreement, as amended hereby, are such Person's valid and legally binding obligations, enforceable in accordance with its terms.

(c) No Termination Event. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby, no Termination Event or Unmatured Termination Event exists or shall exist.

SECTION 6. *Effect of Amendment*. All provisions of the Agreement, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Transaction Document) to "this Agreement", "hereof", "herein" or words of similar effect referring to the Agreement shall be deemed to be references to the Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Agreement other than as set forth herein.

SECTION 7. *Effectiveness*. This Amendment shall become effective as of the date hereof (the "Effective Date") upon (i) receipt by the Administrator of counterparts to this Amendment duly executed by each of the parties hereto, (ii) receipt by the Administrator of counterparts to the Fee Letter duly executed by each of the parties thereto and (iii) receipt by the Assignor of the Payoff Amount in its entirety in accordance with Section 2 of this Amendment.

SECTION 8. *Counterparts*. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument. Delivery by facsimile or email of an executed signature page of this Amendment shall be effective as delivery of an originally executed counterpart hereof.

SECTION 9. *Governing Law*. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York.

SECTION 10. *Severability*. If any one or more of the agreements, provisions or terms of this Amendment shall for any reason whatsoever be held invalid or unenforceable, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions and terms of this Amendment and shall in no way affect the validity or enforceability of the provisions of this Amendment or the Agreement.

SECTION 11. *No Proceedings*. Each of the Seller and the Servicer hereby covenants and agrees that it will not institute against, or join any other Person in instituting against, Market Street any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and one day after the latest maturing Note issued by Market Street is paid in full. The provisions of this Section 11 shall survive any termination of the Agreement.

SECTION 12. *Further Assurances*. Each of the Seller and the Servicer hereby agrees to do all such things and execute all such documents and instruments, at the Seller's sole expense, as the Assignee may reasonably consider necessary or desirable to give full effect to the assignment and assumption set forth in Section 2 of this Amendment.

SECTION 13. *Section Headings*. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Agreement or any provision hereof or thereof.

[SIGNATURES BEGIN ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

COOPER RECEIVABLES LLC,
as Seller

By: /s/ S. O. Schroeder
Name: S. O. Schroeder
Title: President and Treasurer

By: /s/ Jack Jay McCracken
Name: Jack Jay McCracken
Title: Assistant Secretary

COOPER TIRE & RUBBER COMPANY,
as Servicer

By: /s/ S. O. Schroeder
Name: S. O. Schroeder
Title: Vice President - Treasurer

By: /s/ Jack Jay McCracken
Name: Jack Jay McCracken
Title: Assistant Secretary

PNC BANK, NATIONAL ASSOCIATION,
as Administrator

By: /s/ Robyn A. Reeher
Name: Robyn A. Reeher
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION,
as Purchaser Agent and as Assignee

By: /s/ Robyn A. Reeher
Name: Robyn A. Reeher
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION,
as the LC Bank and as an LC Participant

By: /s/ Robyn A. Reeher
Name: Robyn A. Reeher
Title: Vice President

MARKET STREET FUNDING LLC,
as a Related Committed Purchaser,
as a Conduit Purchaser and as Assignor

By: /s/ Doris J. Hearn
Name: Doris J. Hearn
Title: Vice President

SCHEDULE I

ASSIGNMENTS AND PAYMENT AMOUNTS

Section 1.	
Capital Payment:	$
Section 2.	
Discount:	$
Fees:	$
Other Amounts:	$
CP Costs and Other Costs:	$

SCHEDULE II

WIRING INSTRUCTIONS

Wiring instructions with respect to amounts payable to the Assignor:

Bank Name:
ABA #:
Account #:
Account Name:
Reference:

Schedule II

(Back To Top)

Section 4: EX-10.XXXIX (EX-10.XXXIX)

Exhibit 10(xxxix)

COOPER TIRE & RUBBER COMPANY

20XX Performance Stock Unit and Cash Unit Award Agreement

WHEREAS, (the "Participant") is an employee of Cooper Tire & Rubber Company or a Subsidiary (the "Company"); and

WHEREAS, the Compensation Committee of the Board of Directors of Cooper Tire & Rubber Company (the "Committee") approved the terms and authorized on , (the "Date of Grant") the grant of an Award of Performance Stock Units and Performance Cash Units (these two types of awards being collectively called "Performance Units") pursuant to Sections 10 and 13 of the Cooper Tire & Rubber Company 2014 Incentive Compensation Plan (the "Plan").

NOW, THEREFORE, pursuant to the Plan and subject to the terms and conditions thereof and hereinafter set forth, the Company hereby provides to the Participant this 20XX Performance Stock Unit and Cash Unit Award Agreement ("Award Agreement") confirming to the Participant effective as of the Date of Grant, a grant of an Award of Performance Stock Units and $ Performance Cash Units, each representing the opportunity to earn Target Payments.

1. Performance and Measurement Periods. The Performance Period shall be the three-year period from January 1, 20XX, through December 31, 20XX, and shall be divided into the following "Measurement Periods" in which 1/3 of the Performance Units granted hereby may be notionally earned (as described below):

(a) The "First Measurement Period" shall be from January 1, 20XX, through December 31, 20XX, and of the Performance Stock Units and $ of the Performance Cash Units shall be allocated thereto.

(b) The "Second Measurement Period" shall be from January 1, 20XX, through December 31, 20XX, and of the Performance Stock Units and $ of the Performance Cash Units shall be allocated thereto.

(c) The "Third Measurement Period" shall be from January 1, 20XX, through December 31, 20XX, and of the Performance Stock Units and $ of the Performance Cash Units shall be allocated thereto.

2. Performance Goals. The right to receive payments for any of the Performance Units shall be contingent upon the achievement of specified Performance Goals established for the applicable Measurement Period, as approved by the Committee no later than ninety (90) days after the beginning of that Measurement Period, provided, however, that the Committee is authorized at any time during or after a Measurement Period or the Performance Period to increase, reduce or eliminate the amount payable in respect of a Performance Award to any Participant with respect to the satisfaction of the Performance Goals, for any reason, including, without limitation, (a) in recognition of unusual or nonrecurring events affecting the Company, or any business division or unit or the financial statements of the Company, or in response to changes in applicable laws, regulations, or accounting principles, (b) to take into account a change in the position or duties of a Participant during the Measurement Period or Performance Period or a change in the Participant's employment status during the Measurement Period or Performance Period, or (c) to take into account subjective or objective performance factors not otherwise set forth in the Plan, this Award Agreement or any other applicable Award Documents, except, in any such event, where such action would result in the loss of the otherwise available exemption of the Award under Section 162(m) of the Code.

3. Crediting of Notionally Earned Performance Units Based Upon the Level of Achievement as Set Forth in the Statement of Performance Goals.

(a) Below Threshold. If, upon the conclusion of a Measurement Period, achievement for a particular Performance Goal falls below the threshold level, no Performance Units for the Measurement Period shall become notionally earned with respect to that Performance Goal.

(b) Threshold. If, upon the conclusion of a Measurement Period, the achievement for a particular Performance Goal equals the threshold level, 50% of the Performance Units allocated to such Performance Goal for the Measurement Period shall become notionally earned.

(c) Between Threshold and Target. If, upon the conclusion of a Measurement Period, the achievement for a particular Performance Goal exceeds the threshold level, but is less than the Target, between 50% and 100% of the Performance Units allocated to such Performance Goal for the Measurement Period shall become notionally earned, based upon the payout methodology (*e.g.*, a straightline payout curve) established for that Measurement Period by the Committee, in its sole discretion.

(d) Target. If, upon the conclusion of a Measurement Period, the achievement for a particular Performance Goal equals the Target, 100% of the Performance Units allocated to such Performance Goal for the Measurement Period shall become notionally earned.

(e) Between Target and Maximum. If, upon the conclusion of a Measurement Period, achievement for a particular Performance Goal exceeds the Target, but is less than the maximum level, between 100% and 200% of the Performance Units allocated to such Performance Goal for the Measurement Period shall become notionally earned, based upon the payout methodology (*e.g.*, a straightline payout curve) established for that Measurement Period by the Committee, in its sole discretion.

(f) Maximum. If, upon the conclusion of a Measurement Period, achievement for a particular Performance Goal equals or exceeds the maximum level, 200% of the Performance Units allocated to such Performance Goal for the Measurement Period shall become notionally earned.

(g) Exceeds Maximum. In no event may more than the 200% of the Performance Units allocated to any Performance Goal or 200% of all the Performance Units for any Measurement Period become notionally earned.

(h) Conditions; Determination of Notionally Earned Award. Following each Measurement Period, the Committee shall determine whether and to what extent the Performance Goals have been achieved for such Measurement Period and shall determine the number of Performance Units that shall have become notionally earned hereunder. For the avoidance of doubt, “notionally earned” Performance Units are neither vested nor earned. They are credited to the Participant’s Performance Unit Account as described in Section 4, but they are not vested or earned until other requirements of this Award Agreement are met (*e.g.*, remaining continuously employed with the Company through the end of the Performance Period, the Committee certifying achievement and approving payment, the Participant not being terminated for Cause prior to payment, etc.).

4. Performance Unit Account.

(a) Performance Unit Account. The Company shall establish an account on the books of the Company (an "Account") for the Participant and shall notionally credit the Participant's Account with any Performance Units notionally earned by the Participant.

(b) Dividend Equivalents. The Participant's Account shall be credited as of the last business day of each calendar quarter with that number of additional Performance Stock Units determined by dividing (i) the amount of cash dividends paid on the dividend date by Cooper Tire & Rubber Company during such quarter on that number of Common Shares equivalent to the number of notionally earned Performance Stock Units credited to and held in the Participant's Account as of the dividend record date for that quarter (ii) by the Fair Market Value per Common Share on the last business day of the current calendar quarter, rounded up to the nearest whole share; however if a payment pursuant to Section 10 occurs during the current calendar quarter, no dividend equivalents shall be credited on that number of Common Shares equivalent to the number of Performance Stock Units so distributed. Such additional Performance Stock Units shall be notionally earned and shall become vested if, and at the same time as, the underlying Performance Stock Units pursuant to which they were notionally earned become vested as provided in Section 5 of this Award Agreement. No dividend equivalents shall be credited with respect to Performance Cash Units.

(c) Nature of the Company's Obligations/Participant's Rights. The Company's liability to make payments based on the amount in a Participant's Account shall be reflected in its books of account as a general, unsecured and unfunded obligation, and the rights of the Participant or his designated beneficiary to receive payments from the Company under the Plan are solely those of a general, unsecured creditor. The Company shall not be required to segregate any of its assets in respect to its obligations hereunder, and the Participant or his designated beneficiary shall not have any interest whatsoever, vested or contingent, in any properties or assets of the Company. Without limiting the generality or effect of the foregoing, the Participant shall have no voting rights with respect to the Performance Units.

(d) No Trust. Nothing contained in the Plan and no action taken pursuant to the provisions hereof shall create or be construed to create a trust of any kind, or a fiduciary relationship between (i) the Company and the Committee (or any member thereof) and (ii) the Participant, his designated beneficiary or any other person.

(e) Optional Trust. The Committee, at any time, may authorize the establishment of a trust for the benefit of the Participant, containing such other terms and conditions as the Committee shall approve, including provisions pursuant to which the assets of the trust would be subject under certain conditions to the claims of general creditors of the Company. If such a trust is established, then the value of all Performance Units notionally earned and credited to Participants' accounts may be delivered by the Company to the trust.

5. Vesting of the Performance Units. Except as otherwise provided herein, if the Participant remains in the employment of the Company through the end of the Performance Period, the Performance Units notionally earned and credited to the Participant's Account shall become vested as of the end of the Performance Period and earned upon approval and certification by the

Committee; however, in the event the Participant's employment is terminated for Cause after the end of the Performance Period but prior to payment of Participant's Account, any Performance Units credited to the Participant's Account shall be forfeited.

6. Effect of Change in Control. In the event of a Change in Control during the employment of the Participant prior to the termination of the Performance Period, the Performance Units shall become vested as follows:

(a) If the Participant is not a participant in the Cooper Tire & Rubber Company's Change in Control Severance Pay Plan (the "Severance Plan") upon the occurrence of a Change in Control, the Participant shall be deemed vested in: (i) any outstanding Performance Units which have been notionally earned by the Participant for a Measurement Period completed prior to the date of the Change in Control but have not yet been paid (or settled in the case of Performance Stock Units), based on the achievement of Performance Goals for such completed Measurement Period; and (ii) any outstanding Performance Units which have not been notionally earned by the Participant for an uncompleted Measurement Period, assuming achievement of Performance Goals at Target, prorated for the number of full and partial months (on a fractional basis based on the number of days in the applicable month) between the commencement date of the current uncompleted Measurement Period and ending on the date of the Change in Control. Any other unvested Performance Units shall be forfeited. The Performance Cash Units shall be paid to the Participant on the 5th day following the Change in Control and the Performance Stock Units shall be paid to the Participant at the same time (and in the same form) as Cooper Tire & Rubber Company pays the per-share transaction consideration to holders of its Common Shares.

(b) If the Participant is a participant in the Severance Plan, the Performance Units shall also become vested as provided in the Severance Plan.

7. Effect of Death, Disability, Retirement. If the Participant's employment with the Company terminates during the Performance Period, but before the occurrence of a Change in Control, due to (a) the Participant's death, or (b) the Participant's Disability, or (c) the Participant's Retirement, then notionally earned Performance Units for completed Measurement Periods will vest in full and a pro rata number of Performance Units for uncompleted Measurement Periods shall become vested. The pro rata portion which shall become vested is determined by multiplying the total number of Performance Units allocated to each such uncompleted Measurement Period by the number of days the Participant has been employed by the Company between the first day of the Measurement Period and the date of such termination, divided by the total number of days in each such uncompleted Measurement Period. Any other unvested Performance Units shall be forfeited. The payment of such Performance Units will be in accordance with Section 10 of this Award Agreement.

8. Effect of Voluntary or Involuntary Termination. If the Participant's employment with the Company terminates during the Performance Period, but before the occurrence of a Change in Control, due to the Participant's voluntary or involuntary termination of employment, for any reason other than death, Disability or Retirement, then all Performance Units with respect to the uncompleted Performance Period will be forfeited upon such termination of employment.

9. Effect of Termination for Cause. For the avoidance of doubt, if the Participant's employment with the Company terminates for Cause after the end of the Performance Period and before any Change in Control, but prior to payment of the Participant's Account, any Performance Units credited to the Participant's Account shall be forfeited.

10. Form and Time of Payment of Performance Units. Payments for any Performance Stock Units that become vested as set forth herein will be made in the form of Common Shares, and, except as otherwise provided in this Section 10 in the event of the Participant's termination of employment due to death or Disability during the Performance Period, will be made as soon as practicable after the end of the Performance Period, but in no event shall such payment occur later than two and one-half (2 ½) months after the end of the Performance Period. Payments for any Performance Cash Units that become vested and earned as set forth herein will be made in the form of cash, and, except as otherwise provided in this Section 10 in the event of the Participant's termination of employment due to death or Disability during the Performance Period, will be made as soon as practicable after the end of the Performance Period, but in no event shall such payment occur later than two and one-half (2 ½) months after the end of the Performance Period. In the event of a termination due to death or Disability pursuant to Section 7, payment of notionally earned amounts and the pro rata number of Performance Units allocated to any uncompleted Measurement Period shall be paid as soon as practicable after Committee certification of the extent to which Performance Goals have been achieved for any uncompleted Measurement Period and in the event of death, such payment shall be made to the designated beneficiary of the Participant, or if there is no designated beneficiary or such beneficiary does not survive the Participant, such payment shall be made to the estate of the Participant. The Participant shall have the right to designate a beneficiary at any time by furnishing the Company with a beneficiary designation form. The Participant may change or revoke a beneficiary designation at any time by furnishing a revised beneficiary designation form to the Company. For the avoidance of doubt, in the event of a termination of employment due to Retirement pursuant to Section 7, any payment will be made as soon as practicable after the end of the Performance Period, but in no event shall such payment occur later than two and one-half (2 ½) months after the end of the Performance Period.

11. Tax Withholding. To the extent that the Company is required to withhold any federal, state, local or foreign tax in connection with the payment of earned and vested Performance Units pursuant to this Award Agreement, it shall be a condition to the receipt of any such cash and Common Shares that the Participant make arrangements satisfactory to the Company for payment of such taxes required to be withheld, which may include by (a) remitting the required amount to the Company, (b) authorizing the Company to withhold a portion of the Common Shares otherwise issuable with a value equal to such tax, however, in no event shall the Company accept Common Shares for payment of taxes in excess of the minimum amount of taxes required to be withheld, (c) authorize the deduction of such amounts from the Participant's other payments from the Company, or (d) otherwise satisfy the applicable tax withholding requirement in a manner satisfactory to the Company.

12. Compliance with Law. Notwithstanding any other provision of this Award Agreement, if the issuance of any Performance Stock Units or Common Shares in settlement thereof would result in a violation of any law, including, without limitation, any and all exchange controls, procedures and regulations, in any relevant jurisdiction, the Company shall not be obligated to issue any Performance Stock Units or Common Shares in settlement thereof, but may instead, to the extent permitted by applicable law, pay cash with a value equal to the Fair Market Value of a Common Share on the date of certification of the Performance Stock Units.

13. Transferability. The Participant's right to receive the Performance Units shall not be transferable by the Participant except by beneficiary designation as set forth Section 10, by will or by the laws of descent and distribution.

14. No Right to Continuation of Employment. Neither this Award Agreement nor any action taken hereunder shall be construed as giving the Participant any right to continued employment with the Company and neither this Award Agreement nor any action taken hereunder shall be construed as entitling the Company to the services of the Participant for any period of time. For purposes of this Award Agreement, the continuous employment of the Participant with the Company shall not be deemed interrupted, and the Participant shall not be deemed to have ceased to be employed by the Company, by reason of (a) the transfer of his employment among the Companies or (b) a leave of absence approved by the Committee in its sole discretion. This Performance Unit Award is a voluntary, discretionary Award being made on a one-time basis and it does not constitute a commitment to make any future Awards. This Performance Unit Award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law.

15. Data Privacy. Information about the Participant and the Participant's participation in the Plan may be collected, recorded, and held, used and disclosed for any purpose related to the administration of the Plan. The Participant understands that such processing of this information may need to be carried out by the Company and by third-party administrators whether such persons are located within the Participant's country or elsewhere, including the United States of America. The Participant consents to the processing of information relating to the Participant and the Participant's participation in the Plan in any one or more of the ways referred to above.

16. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Award Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of the Participant hereunder without the Participant's consent.

17. Severability. In the event that one or more of the provisions of this Award Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

18. Binding Effect. Participant acknowledges the receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The terms of the Plan as it presently exists, and as it may be amended, are deemed incorporated herein by reference, and any conflict between the terms of the Award Agreement and the provisions of the Plan shall be resolved by the Committee, whose determination shall be final and binding on all parties. In general, and except as otherwise determined by the Committee, the provisions of the Plan shall be deemed to supersede the provisions of this Award Agreement to the extent of any conflict between the Plan and this Award Agreement. In addition, notwithstanding the terms set forth herein, the Committee shall have the right to grant Performance Units upon such terms as it deems appropriate, so long as such provisions are within the terms of the Plan.

19. Notices. Any notice to the Company pursuant to this Award Agreement shall be addressed to the Company at its office at 701 Lima Avenue, Findlay, Ohio 45840, Attention: Secretary of Cooper Tire & Rubber Company. Any notice to Participant pursuant to the Award Agreement shall be addressed to the Participant at the address set forth below. Either party shall have the right to designate at any time hereafter in writing a different address.

20. Governing Law. This Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware and shall in all respects be interpreted, enforced and governed under the internal and domestic laws of such state. Any claims or legal actions by one party against the other arising out of the relationship between the parties contemplated herein (whether or not arising under this Award Agreement) shall be governed by the laws of the State of Delaware.

21. Performance Units Subject to the Company's Clawback Policy. Notwithstanding anything in this Award Agreement to the contrary, the Performance Units and Common Shares and cash payable with respect thereto shall be subject to the Company's clawback policy, as it may be in effect from time to time, including, without limitation, the provisions of such clawback policy required by Section 10D of the Exchange Act and any applicable rules or regulations issued by the U.S. Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded.

22. Defined Terms. For the purposes of this Award Agreement, the following terms are defined. Capitalized terms that are not defined herein are used as defined in the Plan.

(a) "**Affiliated Employer**" means any corporation, partnership, limited liability company, joint venture, unincorporated association or other entity in which Cooper Tire & Rubber Company has a direct or indirect ownership or other equity interest.

(b) "**Cause**" means that prior to any termination of employment, the Participant shall have committed:

(i) any act or omission constituting a material breach by the Participant of any of his or her significant obligations to or agreements with the Company or the continued failure or refusal of the Participant to adequately perform the duties reasonably required by the Company which, in each case, is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company, after notification by the Board of such breach, failure or refusal and failure of the Participant to correct such breach, failure or refusal within thirty (30) days of such notification (other than by reason of the incapacity of the Participant due to physical or mental illness); or

(ii) any other willful act or omission which is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to the Company, and failure of the Participant to correct such act or omission within thirty (30) days after notification by the Board of any such act or omission (other than by reason of the incapacity of the Participant due to physical or mental illness); or

(iii) the Participant is found guilty of, or pleads guilty or *nolo contendere* to, a felony or any criminal act involving fraud, embezzlement, or theft.

For purposes of this Award Agreement, no act, or failure to act, on the Participant's part shall be deemed "willful" if done, or omitted to be done, by the Participant in good faith and with a reasonable belief that the Participant's action or omission was in the best interest of the Company. Any notification to be given by the Board in accordance with Section 22(b)(i) or 22(b)(ii) shall be in writing and shall specifically identify the breach, failure, refusal, act, omission or injury to which the notification relates and, in the case of Section 22(b)(i) or Section 22(b)(ii) shall describe the injury to the Company, and such notification must be given within twelve (12) months of the Board becoming aware of the breach, failure, refusal, act, omission or injury identified in the notification. Failure to notify the Participant within any such twelve (12) month period shall be deemed to be a waiver by the Board of any such breach, failure, refusal, act or omission by the Participant and any such breach, failure, refusal, act or omission by the Participant shall not then be determined to be a breach of this Award Agreement. For the avoidance of doubt and for the purpose of determining Cause, the exercise of business judgment by the Participant shall not be determined to be Cause, even if such business judgment materially injures the financial condition or business reputation of, or is otherwise materially injurious to, the Company, unless such business judgment by the Participant was not made in good faith, or constitutes willful or wanton misconduct, or was an intentional violation of state or federal law.

(c) "**Change in Control**" means the occurrence of any of the following events:

(i) Cooper Tire & Rubber Company merges into itself, or is merged or consolidated with, another entity and as a result of such merger or consolidation less than 51% of the voting power of the then-outstanding voting securities of the surviving or resulting entity immediately after such transaction are directly or indirectly beneficially owned in the aggregate by the former stockholders of Cooper Tire & Rubber Company immediately prior to such transaction;

(ii) all or substantially all the assets accounted for on the consolidated balance sheet of Cooper Tire & Rubber Company are sold or transferred to one or more entities or persons, and as a result of such sale or transfer less than 51% of the voting power of the then-outstanding voting securities of such entity or person immediately after such sale or transfer is directly or indirectly beneficially held in the aggregate by the stockholders of Cooper Tire & Rubber Company immediately prior to such transaction or series of transactions;

(iii) a person, within the meaning of Section 3(a)(9) or 13(d)(3) (as in effect on the effective date of the Severance Plan) of the Securities Exchange Act of 1934, (the "Exchange Act") (a "Person") becomes the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Exchange Act) (a "Beneficial Owner") of 35% or more of the voting power of the then-outstanding voting securities of Cooper Tire & Rubber Company; provided, however, that the foregoing does not apply to any such acquisition that is made by (w) any Affiliated Employer; (x) any employee benefit plan of Cooper Tire & Rubber Company or any Affiliated Employer; or (y) any person or group of which employees of Cooper Tire & Rubber Company or of any Affiliated Employer control a greater than 25% interest unless the Board determines that such person or group is making a "hostile acquisition;" or (z) any person or group that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Participant; or

(iv) a majority of the members of the Board are not Continuing Directors, where a "Continuing Director" is any member of the Board who (x) was a member of the Board on the effective date of the Severance Plan or (y) was nominated for election or elected to such Board with the affirmative vote of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election, provided that any director appointed or elected to the Board to avoid or settle a threatened or actual proxy contest (including but not limited to a consent solicitation) shall in no event be deemed to be a Continuing Director.

(d) “**Disability**” means the Participant becomes disabled and qualifies, or would have qualified, to receive disability benefits pursuant to the Company’s long-term disability plan in effect, provided the Participant is eligible to participate in such long-term disability plan (regardless of whether or not the Participant has elected to participate in such long-term disability plan).

(e) “**Performance Cash Unit**” has the value of $1 each.

(f) “**Performance Stock Unit**” has the value of one Common Share each.

(g) “**Retirement**” means termination of employment with the Company on or after the earlier of (i) the date the Participant becomes age 65, or (ii) the date the sum of the Participant’s years of continuous employment with the Company and the Participant’s age equals at least 70 years.

The undersigned Participant hereby acknowledges receipt of this Award Agreement and accepts the Performance Units granted thereunder, subject to the terms and conditions of the Plan and the terms and conditions hereinabove set forth.

____

____
Signature

____
Social Security No./Tax Identification No.

____
Home Address

____
City State Zip

The undersigned officer executes this Award Agreement on behalf of Cooper Tire & Rubber Company.

COOPER TIRE & RUBBER COMPANY

By: ________________________________

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Section 5: EX-10.XL (EX-10.XL)

Exhibit 10(xl)

COOPER TIRE & RUBBER COMPANY

Restricted Stock Unit Award Agreement

WHEREAS, (the “Participant”) is an employee of Cooper Tire & Rubber Company or a Subsidiary (the “Company”); and

WHEREAS, the Compensation Committee of the Board of Cooper Tire & Rubber Company (the “Committee”) has approved the terms and authorized the grant of an Award of RSUs payable in Common Shares pursuant to Section 7 of the Cooper Tire & Rubber Company 2014 Incentive Compensation Plan (the “Plan”).

NOW, THEREFORE, pursuant to the Plan and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the Company hereby confirms to the Participant effective as of (the “Date of Grant”) an Award of RSUs.

1. Vesting of RSUs.

(a) The Participant’s right to receive Common Shares equal to RSUs granted will become fully vested and nonforfeitable if the Participant remains in the continuous employ of the Company for a period of one year from the Date of Grant (the “First Vesting Period”); an additional RSUs granted will become fully vested and nonforfeitable if the Participant remains in the continuous employ of the Company for a period of two years from the Date of Grant (the “Second Vesting Period”), and an additional RSUs granted will become fully vested and nonforfeitable if the Participant remains in the continuous employ of the Company for a period of three years from the Date of Grant (the “Third Vesting Period”).

(b) In addition to becoming vested and nonforfeitable as provided in Section 1(a) above, in the event of a Change in Control during the employment of the Participant and prior to the third anniversary of the Date of Grant, the RSUs shall become vested and nonforfeitable as follows:

(i) If the Participant is a participant in Cooper Tire & Rubber Company’s Change in Control Severance Pay Plan (the “Severance Plan”), RSUs shall become vested and nonforfeitable as provided in the Severance Plan.

(ii) If the Participant is not a participant in the Severance Plan, if upon a Change in Control, the successor to Cooper Tire & Rubber Company assumes (expressly or impliedly by operation of law) the Company’s obligations under this Award Agreement or Plan or issues to the Participant a substitute equity-based award of equivalent value on no less favorable terms for vesting or payment as provided under the RSUs so replaced, the RSUs granted to the Participant (including dividend equivalents credited thereon), if then unvested, shall vest pursuant to Section 1(a) and be paid in accordance with the terms and conditions of this Award Agreement; provided, however, if the Participant’s employment is subsequently terminated during the Severance Period by the Company and such termination is without Cause, the RSUs granted to the

Participant (including dividend equivalents credited thereon), if then unvested, shall fully vest immediately upon the Participant's termination of employment, and if not previously distributed, on the 31st day following the Participant's termination of employment (or, if applicable, in accordance with the terms of any previously elected deferral election), the Company shall deliver to the Participant with respect to each such vested RSU one (1) Common Share (or equivalent shares of the acquiring company's common stock). If the Participant's employment is terminated during the Severance Period for Cause, the RSUs shall terminate pursuant to Section 2.

(iii) If the Participant is not a participant in the Severance Plan, if upon a Change in Control, the successor to Cooper Tire & Rubber Company has not assumed (expressly or impliedly by operation of law) the Company's obligations under this Award Agreement or Plan or issued to the Participant a substitute equity-based award of equivalent value on no less favorable terms for vesting or payment as provided under these RSUs so replaced, the RSUs granted to the Participant (including dividend equivalents credited thereon), if then unvested, shall fully vest immediately upon the consummation of the Change in Control, and if not previously distributed, the Company shall pay to the Participant with respect to each such vested RSU the full value thereof based upon the per-share consideration received by holders of the Common Shares upon the Change in Control, payable at the same time as such holders of the Common Shares receive their consideration (or, if applicable, in accordance with the terms of any previously elected deferral election).

(c) Notwithstanding the provisions of Section l(a) and Section 1(b), all of the RSUs shall vest and become immediately nonforfeitable on the date on which the Participant ceases to be employed by the Company due to the death, Disability or Retirement of the Participant; provided, however, that vesting shall not occur by reason of Retirement unless the Participant has remained in the continuous employ of the Company for at least 6 months after the Date of Grant.

2. Forfeiture of RSUs. Except as provided in Sections l(b) and 1(c), the Participant's right to receive Common Shares with respect to RSUs that have not theretofore become fully vested and nonforfeitable pursuant to Section l(a) hereof shall be forfeited automatically and without further notice on the date that the Participant's employment terminates for any reason, whether voluntarily or involuntarily.

3. Plan Account.

(a) Plan Account. The Company shall establish an account on the books of the Company (an "Account") for the Participant and shall credit the Participant's Account with the RSUs.

(b) Dividend Equivalents. The Participant's Account shall be credited as of the last business day of each calendar quarter with that number of additional RSUs determined by dividing the amount of cash dividends paid on the dividend date by Cooper Tire & Rubber Company during such quarter on that number of Common Shares equivalent to the number of RSUs credited to and held in the Participant's Account as of the dividend record date for that quarter by the Fair Market Value per Common Share on the last business day of the current calendar quarter, rounded up to the nearest whole share; however if a distribution pursuant to Section 4 occurs during the current calendar quarter, no dividend equivalents shall be credited on that number of Common Shares equivalent to the number of RSUs so distributed. Such additional RSUs shall become nonforfeitable if and at the same time as the underlying RSUs pursuant to which they were credited become nonforfeitable as provided in Section 1 of this Award Agreement.

(c) Nature of the Company's Obligations/Participant's Rights. The Company's liability to pay the amount in a Participant's Account shall be reflected in its books of account as a general, unsecured and unfunded obligation, and the rights of the Participant or his designated beneficiary to receive payments from the Company under the Plan are solely those of a general, unsecured creditor. The Company shall not be required to segregate any of its assets in respect to its obligations hereunder, and the Participant or his designated beneficiary shall not have any interest whatsoever, vested or contingent, in any properties or assets of the Company. Without limiting the generality or effect of the foregoing, the Participant shall have no voting rights with respect to the RSUs.

(d) No Trust. Nothing contained in the Plan and no action taken pursuant to the provisions hereof shall create or be construed to create a trust of any kind, or a fiduciary relationship between (i) the Company and the Committee (or any member thereof) and (ii) the Participant, his designated beneficiary or any other person.

(e) Optional Trust. The Committee, at any time, may authorize the establishment of a trust for the benefit of the Participant, containing such other terms and conditions as the Committee shall approve, including provisions pursuant to which the assets of the trust would be subject under certain conditions to the claims of general creditors of the Company. If such a trust is established, then the number of Common Shares issuable upon vesting of the RSU's may be delivered by the Company to the trust.

4. Distributions in Respect of Accounts.

(a) Scheduled Distributions. To the extent that the right to receive Common Shares with respect to the RSUs has become nonforfeitable in accordance with Section 1 of this Award Agreement, distributions in respect of the Participant's Account shall be made, subject to the terms and conditions of Section 5 hereof, in the form of Common Shares equivalent to the number of vested RSUs in the Participant's Account, deliverable to the Participant upon vesting, subject to the rules and regulations established by §409A of the Internal Revenue Code. Notwithstanding the foregoing, if the Participant is, on the date of his or her "separation from service," one of the Company's "specified employees" (as determined by the Company pursuant to §409A), then any portion of the Participant's RSUs that constitutes deferred compensation within the meaning of §409A of the Internal Revenue Code and is distributable upon the Participant's separation from service shall not be distributed until the earlier of (a) the first day of the seventh month after the date of the Participant's separation from service or (b) the date of the Participant's death.

(b) Designation of Beneficiary. The Participant shall have the right to designate a beneficiary for the purposes of receiving a distribution if the Participant ceases to be employed by the Company due to death, by furnishing the Company, at any time, with a beneficiary designation form. The Participant may change or revoke a beneficiary designation at any time by furnishing a revised beneficiary designation form to the Company.

5. Compliance with Law. Notwithstanding any other provision of this Award Agreement, the Company shall not be obligated to issue any RSUs or Common Shares in settlement thereof, but may instead, to the extent permitted by applicable law, pay cash with a value equal to the Fair Market Value of a Common Share on the date of settlement of the RSUs, if the issuance of any RSUs or Common Shares in settlement thereof would result in a violation of any law, including, without limitation, any and all exchange controls, procedures and regulations, in any relevant jurisdiction.

6. Transferability. The Participant's right to receive the RSUs shall not be transferable by the Participant except by will or the laws of descent and distribution.

7. Withholding Taxes. To the extent that the Company is required to withhold any federal, state, local or foreign taxes in connection with any issuance or transfer hereunder of Common Shares to the Participant or his estate, as the case may be, it shall be a condition to such issuance or transfer that the Participant or his estate pay, or make arrangements satisfactory to the Company for the payment of such taxes required to be withheld, which may include by (a) remitting the required amount to the Company, (b) authorizing the Company to withhold a portion of the Common Shares otherwise issuable with a value equal to such tax, however, in no event shall the Company accept Common Shares for payment of taxes in excess of the minimum amount of taxes required to be withheld, (c) authorize the deduction of such amounts from the Participant's other payments from the Company, or (d) otherwise satisfy the applicable tax withholding requirement in a manner satisfactory to the Company.

8. No Right to Continuation of Employment. Neither this Award Agreement nor any action taken hereunder shall be construed as giving the Participant any right to continued employment with the Company and neither this Award Agreement nor any action taken hereunder shall be construed as entitling the Company to the services of the Participant for any period of time. For purposes of this Award Agreement, the continuous employment of the Participant with the Company shall not be deemed interrupted, and the Participant shall not be deemed to have ceased to be employed by the Company, by reason of (a) the transfer of his employment among the Companies or (b) a leave of absence approved by the Committee in its sole discretion. This RSU Award is a voluntary, discretionary Award being made on a one-time basis and it does not constitute a commitment to make any future Awards. This RSU Award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law.

9. Data Privacy. Information about the Participant and the Participant's participation in the Plan may be collected, recorded, and held, used and disclosed for any purpose related to the administration of the Plan. The Participant understands that such processing of this information may need to be carried out by the Company and by third-party administrators whether such persons are located within the Participant's country or elsewhere, including the United States of America. The Participant consents to the processing of information relating to the Participant and the Participant's participation in the Plan in any one or more of the ways referred to above.

10. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Award Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of the Participant hereunder without the Participant's consent.

11. Severability. In the event that one or more of the provisions of this Award Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

12. Binding Effect. Participant acknowledges the receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The terms of the Plan as it presently exists, and as it may be amended, are deemed incorporated herein by reference, and any conflict between the terms of the Award Agreement and the provisions of the Plan shall be resolved by the Committee, whose determination shall be final and binding on all parties. In general, and except as otherwise determined by the Committee, the provisions of the Plan shall be deemed to supersede the provisions of this Award Agreement to the extent of any conflict between the Plan and this Award Agreement. In addition, notwithstanding the terms set forth herein, the Committee shall have the right to grant RSUs upon such terms as it deems appropriate, so long as such provisions are within the terms of the Plan.

13. Notices. Any notice pursuant to this Award Agreement to the Company shall be addressed to it at its office at 701 Lima Avenue, Findlay, Ohio 45840, Attention: Secretary of Cooper Tire & Rubber Company. Any notice pursuant to the Award Agreement to Participant shall be addressed to the Participant at the address as set forth below. Either party shall have the right to designate at any time hereafter in writing a different address.

14. Governing Law. This Award Agreement shall be governed by and construed in accordance with the laws of the State of Delaware and shall in all respects be interpreted, enforced and governed under the internal and domestic laws of such state. Any claims or legal actions by one party against the other arising out of the relationship between the parties contemplated herein (whether or not arising under this Award Agreement) shall be governed by the laws of the State of Delaware.

15. RSUs Subject to the Company's Clawback Policy. Notwithstanding anything in this Award Agreement to the contrary, the RSUs and Common Shares payable upon vesting shall be subject to the Company's clawback policy, as it may be in effect from time to time, including, without limitation, the provisions of such clawback policy required by Section 10D of the Exchange Act and any applicable rules or regulations issued by the U.S. Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded.

16. Defined Terms.

(a) For the purposes of this Award Agreement:

"Affiliated Employer" means any corporation, partnership, limited liability company, joint venture, unincorporated association or other entity in which the Cooper Rubber & Tire Company has a direct or indirect ownership or other equity interest.

"Cause" means that prior to any termination of employment, the Participant shall have committed:

(i) any act or omission constituting a material breach by the Participant of any of his significant obligations to or agreements with the Company or the continued failure or refusal of the Participant to adequately perform the duties reasonably required by the Company which, in each case, is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company, after notification by the Board of such breach, failure or refusal and failure of the Participant to correct such breach, failure or refusal within thirty (30) days of such notification (other than by reason of the incapacity of the Participant due to physical or mental illness); or

(ii) any other willful act or omission which is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company, and failure of the Participant to correct such act or omission within thirty (30) days after notification by the Board of any such act or omission (other than by reason of the incapacity of the Participant due to physical or mental illness); or

(iii) the Participant is found guilty of, or pleads guilty or *nolo contendere* to, a felony or any criminal act involving fraud, embezzlement, or theft.

For purposes of this Award Agreement, no act, or failure to act, on the Participant's part shall be deemed "willful" if done, or omitted to be done, by the Participant in good faith and with a reasonable belief that the Participant's action or omission was in the best interest of the Company. Any notification to be given by the Board in accordance with Section 16(a)(i) or 16(a)(ii) shall be in writing and shall specifically identify the breach, failure, refusal, act, omission or injury to which the notification relates and, in the case of Section 16(a)(i) or Section 16(a)(ii) shall describe the injury to the Company, and such notification must be given within twelve (12) months of the Board becoming aware of the breach, failure, refusal, act, omission or injury identified in the notification. Failure to notify the Participant within any such twelve (12) month period shall be deemed to be a waiver by the Board of any such breach, failure, refusal, act or omission by the Participant and any such breach, failure, refusal, act or omission by the Participant shall not then be determined to be a breach of this Award Agreement. For the avoidance of doubt and for the purpose of determining Cause, the exercise of business judgment by the Participant shall not be determined to be Cause, even if such business judgment materially injures the financial condition or business reputation of, or is otherwise materially injurious to the Company, unless such business judgment by the Participant was not made in good faith, or constitutes willful or wanton misconduct, or was an intentional violation of state or federal law.

“**Change in Control**” means the occurrence of any of the following events:

(iv) Cooper Tire & Rubber Company merges into itself, or is merged or consolidated with, another entity and as a result of such merger or consolidation less than 51% of the voting power of the then-outstanding voting securities of the surviving or resulting entity immediately after such transaction are directly or indirectly beneficially owned in the aggregate by the former stockholders of Cooper Tire & Rubber Company immediately prior to such transaction;

(v) all or substantially all the assets accounted for on the consolidated balance sheet of Cooper Tire & Rubber Company are sold or transferred to one or more entities or persons, and as a result of such sale or transfer less than 51% of the voting power of the then-outstanding voting securities of such entity or person immediately after such sale or transfer is directly or indirectly beneficially held in the aggregate by the stockholders of Cooper Tire & Rubber Company immediately prior to such transaction or series of transactions;

(vi) a person, within the meaning of Section 3(a)(9) or 13(d)(3) (as in effect on the effective date of the Severance Plan) of the Securities Exchange Act of 1934, (the “Exchange Act”) (a “Person”) becomes the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Exchange Act) (a “Beneficial Owner”) of 35% or more of the voting power of the then-outstanding voting securities of Cooper Tire & Rubber Company; provided, however, that the foregoing does not apply to any such acquisition that is made by (w) any Affiliated Employer; (x) any employee benefit plan of Cooper Tire & Rubber Company or any Affiliated Employer; or (y) any person or group of which employees of Cooper Tire & Rubber Company or of any Affiliated Employer control a greater than 25% interest unless the Board determines that such person or group is making a “hostile acquisition;” or (z) any person or group that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Participant; or

(vii) a majority of the members of the Board are not Continuing Directors, where a “Continuing Director” is any member of the Board who (x) was a member of the Board on the effective date of the Severance Plan or (y) was nominated for election or elected to such Board with the affirmative vote of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election, provided that any director appointed or elected to the Board to avoid or settle a threatened or actual proxy contest (including but not limited to a consent solicitation) shall in no event be deemed to be a Continuing Director.

“Disability” means the Participant becomes disabled and qualifies, or would have qualified, to receive disability benefits pursuant to the Company’s long-term disability plan in effect, provided the Participant is eligible to participate in such long-term disability plan (regardless of whether or not the Participant has elected to participate in such long-term disability plan).

“**Retirement**” means termination of employment with the Company on or after the earlier of (i) the date the Participant becomes age 65, or (ii) the date the sum of the Participant’s years of continuous employment with the Company and the Participant’s age equals at least 70 years.

“**Severance Period**” means the period of time commencing on the date of the first occurrence of a Change in Control and continuing until the earlier of (i) the second anniversary of the occurrence of the Change in Control; (ii) the Participant’s death; or (iii) the date the Participant’s employment is terminated due to Disability.

“Specified Employee” means any Participant designated by the Company as such in accordance with Treasury Regulation 1.409A-1(i) on December 31 each year for the following year.

(b) Capitalized terms that are used but not defined herein are used herein as defined in the Plan.

The undersigned Participant hereby acknowledges receipt of an executed original of this Award Agreement and accepts the RSUs granted thereunder, subject to the terms and conditions of the Plan and the terms and conditions hereinabove set forth.

____

____
Signature

____
Social Security No./Tax Identification No.

____
Home Address

____
City State Zip

The undersigned officer executes this Award Agreement on behalf of Cooper Tire & Rubber Company.

COOPER TIRE & RUBBER COMPANY

By: ______________________________

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Section 6: EX-10.XLI (EX-10.XLI)

Exhibit 10(xli)

COOPER TIRE & RUBBER COMPANY

20XX Nonqualified Stock Option Award Agreement

WHEREAS, «Name» (the "Optionee") is an employee of Cooper Tire & Rubber Company or a Subsidiary (the "Company");

WHEREAS, the Compensation Committee of the Board of Cooper Tire & Rubber Company (the "Committee") approved the terms and authorized on , 20XX, the grant of an Award of Options pursuant to Section 8 of the Cooper Tire & Rubber Company 2014 Incentive Compensation Plan (the "Plan"); and

WHEREAS, the Option is intended as a Nonqualified Stock Option and shall not be treated as an "incentive stock option" within the meaning of that term under Section 422 of the Code.

NOW, THEREFORE, pursuant to the Plan and subject to the terms and conditions thereof and the terms and conditions hereinafter set forth, the parties agree as follows:

1. Grant of Option. Subject to the terms and conditions of this Award Agreement and the provisions of the Plan, and including the vesting provisions set forth in Section 2, the Company hereby grants to the Optionee an Option to purchase «Stock_Options» shares of the Cooper Tire & Rubber Company's Common Shares at an exercise price of $ per share, which is the Fair Market Value of a Common Share as of the Date of Grant.

2. Right to Exercise.

(a) Except as otherwise provided herein, the Option will become exercisable to the extent of one-third of the total number of Common Shares underlying the Option on each of the first three (3) anniversaries of the Date of Grant if the Optionee remains continuously employed by the Company until each such time. To the extent the Option is exercisable; it may be exercised in whole or in part.

(b) In addition to becoming exercisable as provided in Section 2(a) above, in the event of a Change in Control during the employment of the Optionee and prior to the termination of the Option, the Option shall become exercisable as follows:

(i) If the Optionee is a participant in the Cooper Tire & Rubber Company's Change in Control Severance Pay Plan (the "Severance Plan"), the Option shall become exercisable as provided in the Severance Plan.

(ii) If the Optionee is not a participant in the Severance Plan, with respect to an Optionee whose employment is terminated during the Severance Period by the Company and such termination is without Cause, if upon a Change in Control, the successor to Cooper Tire & Rubber Company assumes (expressly or impliedly by operation of law) the Company's obligations under this Award Agreement or Plan or issues to the Optionee a substitute stock option award of equivalent value on no less favorable terms for vesting or payment as provided under this Option, the Option granted to the Optionee by the Company which has not otherwise vested shall vest immediately upon the Optionee's termination of employment during the Severance Period, and the vested Option shall remain exercisable for a period of ninety (90) days following the Optionee's termination (or such longer period as set forth in this Award Agreement or Plan) but not later than the expiration of the stated option term. If the Optionee's employment is terminated during the Severance Period for Cause, the Option shall terminate pursuant to Section 4(a).

(iii) If the Optionee is not a participant in the Severance Plan, regardless of whether or not the Optionee's employment is terminated during the Severance Period, if upon a Change in Control, the successor to Cooper Tire & Rubber Company has not assumed (expressly or impliedly by operation of law) the Company's obligations under this Award Agreement or Plan or issued to the Optionee a substitute stock option award of equivalent value on no less favorable terms for vesting or payment as provided under this Option so replaced, the Option granted to the Optionee by the Company which has not otherwise vested shall vest immediately upon the consummation of the Change in Control, and such vested Option, to the extent that the Common Shares underlying the Option remain outstanding, shall remain exercisable for a period of ninety (90) days following the Optionee's termination (or such longer period as may be set forth in this Award Agreement or Plan), but not later than the expiration of the stated option term. In the event the Common Shares underlying the Option do not remain outstanding, on the date such Common Shares cease to be outstanding, the Company shall pay to the Optionee with respect to the Option a lump-sum cash payment equal to the excess of the per-share consideration received by holders of the Common Shares upon the Change in Control over the exercise price of the Option.

3. Exercise and Payment.

(a) The Option may be exercised in whole or in part, subject to the vesting requirements and limitations on exercise set forth in Section 2 above. Exercise shall be accomplished by delivery to the Company of timely written notice of election to exercise, delivered to the principal office of the Company and addressed to the attention of the Secretary of Cooper Tire & Rubber Company or his designate, accompanied by payment of the exercise price for the Common Shares with respect to which the Option is exercised, or to the extent permitted by law, by the presentation of such documentation from a stock broker acting on behalf of the Optionee as is satisfactory to the Company and is in accordance with its procedural requirements to permit a "cashless" exercise of the Option.

(b) The exercise price shall be payable (i) in cash or by check or by wire transfer of immediately available funds, as acceptable to the Company, (ii) by actual or constructive transfer to the Company of nonforfeitable, unrestricted Common Shares; or (iii) by a combination of such methods of payment. The requirement of payment in cash shall be deemed satisfied if the Optionee shall have made arrangements satisfactory to the Company in accordance with its procedural requirements to permit a cashless exercise as provided in Section 3(a) above.

4. Termination. Notwithstanding Section 2 above, the Option shall terminate on the earliest of the following dates:

(a) Termination for Cause: The date on which the Optionee ceases to be an employee of the Company;

(b) Voluntary Termination: Thirty (30) days after the Optionee ceases to be an employee of the Company, in which case, the Option shall be exercisable only to the extent the Option was exercisable on the date of termination of employment;

(c) Involuntary Termination Other than for Cause: Ninety (90) days after the Optionee ceases to be an employee of the Company, other than for Cause, in which case, the Option shall be exercisable only to the extent the Option was exercisable on the date of termination of employment;

(d) Termination Due to Death While Still an Employee of the Company: One (1) year after the Optionee's death while an employee of the Company, in which case, the Option becomes immediately exercisable in full by the designated beneficiary of the Optionee, or if there is no designated beneficiary or such beneficiary does not survive the Optionee, by the estate of the Optionee. The Optionee shall designate a beneficiary for the purposes of exercising the Option at any time by furnishing the Company with a beneficiary designation form. The Optionee may change or revoke a designated beneficiary at any time by furnishing a revised beneficiary designation form to the Company;

(e) Termination Due to Disability While Still an Employee of the Company: One (1) year after the Optionee's employment terminates by reason of Disability while an employee of the Company, in which case, the Option becomes immediately exercisable in full;

(f) Retirement: Five (5) years after Optionee's employment terminates by reason of Retirement, in which case, the unvested Options continue to vest and the vested and unvested options shall remain exercisable pursuant to Section 2(a) during such five-year (5-year) period; and

(g) Ten (10) years from the Date of Grant which is the close of business on , 20XX.

5. Option Nontransferable. The Option is not transferable by the Optionee except by will or the laws of descent and distribution. During the lifetime of the Optionee, the Option may be exercised only by the Optionee.

6. Compliance with Laws and Regulations. The Option and the obligation of the Company to sell and deliver Common Shares shall be subject to all applicable governmental laws, rules and regulations. Cooper Tire & Rubber Company shall not be required to issue or deliver any certificates for Common Shares prior to (a) the listing of such Common Shares on any stock exchange on which the Common Shares may then be listed and (b) the completion of any registration or qualification of such Common Shares under any governmental law, or any rule or regulation of any government body or stock exchange which the Company shall determine to be necessary or desirable.

7. No Dividend Equivalents. The Optionee shall not be entitled to dividend equivalents.

8. Taxes and Withholding. Upon exercise of an Option, the Company will notify the Optionee of the amount of tax (if any) which must be withheld by the Company under all applicable U.S. or foreign federal, state and local tax laws. If the Optionee is subject to any U.S. or foreign federal, state or local tax withholding requirements at the time of the exercise, the Optionee agrees to make arrangements with the Company to (a) remit the required amount to the Company, (b) authorize the Company to withhold a portion of the Common Shares otherwise issuable upon the exercise with a value equal to such tax, however, in no event shall the Company accept Common Shares for payment of taxes in excess of the minimum amount of taxes required to be withheld, (c) authorize the deduction of such amounts from the Optionee's other payments from the Company, or (d) otherwise satisfy the applicable tax withholding requirement in a manner satisfactory to the Company.

9. No Right to Continuation of Employment. Neither this Award Agreement nor any action taken hereunder shall be construed as giving the Optionee any right to continued employment with the Company and neither this Award Agreement nor any action taken hereunder shall be construed as entitling the Company to the services of the Optionee for any period of time. For purposes of this Award Agreement, the continuous employment of the Optionee with the Company shall not be deemed interrupted, and the Optionee shall not be deemed to have ceased to be employed by the Company, by reason of (a) the transfer of his employment among the Companies or (b) a leave of absence approved by the Committee in its sole discretion. The Option is a voluntary, discretionary Award being made on a one-time basis and it does not constitute a commitment to make any future Awards. This Option and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law.

10. Data Privacy. Information about the Optionee and the Optionee's participation in the Plan may be collected, recorded, and held, used and disclosed for any purpose related to the administration of the Plan. The Optionee understands that such processing of this information may need to be carried out by the Company and by third-party administrators whether such persons are located within the Optionee's country or elsewhere, including the United States of America. The Optionee consents to the processing of information relating to the Optionee and the Optionee's participation in the Plan in any one or more of the ways referred to above.

11. No Rights as Stockholder. The Optionee shall have no rights as a stockholder with respect to any Common Shares subject to the Option prior to the date of issuance to the Optionee of a certificate or certificates for such Common Shares.

12. Amendments. Any amendment to the Plan shall be deemed to be an amendment to this Award Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall adversely affect the rights of the Optionee hereunder without the Optionee's consent.

13. Severability. In the event that one or more of the provisions of this Award Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

14. Binding Effect. Optionee acknowledges the receipt of a copy of the Plan and agrees to be bound by all the terms and provisions thereof. The terms of the Plan as it presently exists, and as it may be amended, are deemed incorporated herein by reference, and any conflict between the terms of the Award Agreement and the provisions of the Plan shall be resolved by the Committee, whose determination shall be final and binding on all parties. In general, and except as otherwise determined by the Committee, the provisions of the Plan shall be deemed to supersede the provisions of this Award Agreement to the extent of any conflict between the Plan and this Award Agreement. In addition, notwithstanding the terms set forth herein, the Committee shall have the right to grant Options upon such terms as it deems appropriate, so long as such provisions are within the terms of the Plan.

15. Notices. Any notice pursuant to this Award Agreement to the Company shall be addressed to it at its office at 701 Lima Avenue, Findlay, Ohio 45840, Attention: Secretary of Cooper Tire & Rubber Company. Any notice pursuant to the Award Agreement to Optionee shall be addressed to the Optionee at the address as set forth below. Either party shall have the right to designate at any time hereafter in writing a different address.

16. Governing Law. This Award Agreement shall be governed by and construed in accordance with the laws of the State of Ohio and shall in all respects be interpreted, enforced and governed under the internal and domestic laws of such state. Any claims or legal actions by one party against the other arising out of the relationship between the parties contemplated herein (whether or not arising under this Award Agreement) shall be governed by the laws of the State of Ohio.

17. Option Subject to the Company's Clawback Policy. Notwithstanding anything in this Award Agreement to the contrary, the Option shall be subject to the Company's clawback policy, as it may be in effect from time to time, including, without limitation, the provisions of such clawback policy required by Section 10D of the Exchange Act and any applicable rules or regulations issued by the U.S. Securities and Exchange Commission or any national securities exchange or national securities association on which the Common Shares may be traded.

18. Defined Terms.

(a) For the purposes of this Award Agreement:

"**Affiliated Employer**" means any corporation, partnership, limited liability company, joint venture, unincorporated association or other entity in which Cooper Tire & Rubber Company has a direct or indirect ownership or other equity interest.

"**Cause**" means that prior to any termination of employment, the Optionee shall have committed:

(i) any act or omission constituting a material breach by the Optionee of any of his significant obligations to or agreements with the Company or the continued failure or refusal of the Optionee to adequately perform the duties reasonably required by the Company which, in each case, is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company, after notification by the Board of such breach, failure or refusal and failure of the Optionee to correct such breach, failure or refusal within thirty (30) days of such notification (other than by reason of the incapacity of the Optionee due to physical or mental illness); or

(ii) any other willful act or omission which is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to the Company, and failure of the Optionee to correct such act or omission within thirty (30) days after notification by the Board of any such act or omission (other than by reason of the incapacity of the Optionee due to physical or mental illness); or

(iii) the Optionee is found guilty of, or pleads guilty or *nolo contendere* to, a felony or any criminal act involving fraud, embezzlement, or theft.

For purposes of this Award Agreement, no act, or failure to act, on the Optionee's part shall be deemed "willful" if done, or omitted to be done, by the Optionee in good faith and with a reasonable belief that the Optionee's action or omission was in the best interest of the Company. Any notification to be given by the Board in accordance with Section 18(a)(i) or 18(a)(ii) shall be in writing and shall specifically identify the breach, failure, refusal, act, omission or injury to which the notification relates and, in the case of Section 18(a)(i) or Section 18(a)(ii) shall describe the injury to the Company, and such notification must be given within twelve (12) months of the Board becoming aware of the breach, failure, refusal, act, omission or injury identified in the notification. Failure to notify the Optionee within any such twelve (12) month period shall be deemed to be a waiver by the Board of any such breach, failure, refusal, act or omission by the Optionee and any such breach, failure, refusal, act or omission by the Optionee shall not then be determined to be a breach of this Award Agreement. For the avoidance of doubt and for the purpose of determining Cause, the exercise of business judgment by the Optionee shall not be determined to be Cause, even if such business judgment materially injures the financial condition or business reputation of, or is otherwise materially injurious to, the Company, unless such business judgment by the Optionee was not made in good faith, or constitutes willful or wanton misconduct, or was an intentional violation of state or federal law.

"**Change in Control**" means the occurrence of any of the following events:

(iv) Cooper Tire & Rubber Company merges into itself, or is merged or consolidated with, another entity and as a result of such merger or consolidation less than 51% of the voting power of the then-outstanding voting securities of the surviving or resulting entity immediately after such transaction are directly or indirectly beneficially owned in the aggregate by the former stockholders of Cooper Tire & Rubber Company immediately prior to such transaction;

(v) all or substantially all the assets accounted for on the consolidated balance sheet of Cooper Tire & Rubber Company are sold or transferred to one or more entities or persons, and as a result of such sale or transfer less than 51% of the voting power of the then-outstanding voting securities of such entity or person immediately after such sale or transfer is directly or indirectly beneficially held in the aggregate by the stockholders of Cooper Tire & Rubber Company immediately prior to such transaction or series of transactions;

(vi) a person, within the meaning of Section 3(a)(9) or 13(d)(3) (as in effect on the effective date of the Severance Plan) of the Securities Exchange Act of 1934, (the "Exchange Act") (a "Person") becomes the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Exchange Act) (a "Beneficial Owner") of 35% or more of the voting power of the then-outstanding voting securities of Cooper Tire & Rubber Company; provided, however, that the foregoing does not apply to any such acquisition that is made by (w) any Affiliated Employer; (x) any employee benefit plan of Cooper Tire & Rubber Company or any Affiliated Employer; or (y) any person or group of which employees of Cooper Tire & Rubber Company or of any Affiliated Employer control a greater than 25% interest unless the Board determines that such person or group is making a "hostile acquisition;" or (z) any person or group that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Optionee; or

(vii) a majority of the members of the Board are not Continuing Directors, where a "Continuing Director" is any member of the Board who (x) was a member of the Board on the effective date of the Severance Plan or (y) was nominated for election or elected to such Board with the affirmative vote of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election, provided that any director appointed or elected to the Board to avoid or settle a threatened or actual proxy contest (including but not limited to a consent solicitation) shall in no event be deemed to be a Continuing Director.

"**Disability**" means the Optionee becomes disabled and qualifies, or would have qualified, to receive disability benefits pursuant to the Company's long-term disability plan in effect, provided the Optionee is eligible to participate in such long-term disability plan (regardless of whether or not the Optionee has elected to participate in such long-term disability plan).

"**Retirement**" means termination of employment with the Company on or after the earlier of (i) the date the Optionee becomes age 65, or (ii) the date the sum of the Optionee's years of continuous employment with the Company and the Optionee's age equals at least 70 years.

"**Severance Period**" means the period of time commencing on the date of the first occurrence of a Change in Control and continuing until the earlier of (i) the second anniversary of the occurrence of the Change in Control; (ii) the Optionee's death; or (iii) the date the Optionee's employment is terminated due to Disability.

(b) Capitalized terms that are used but not defined herein are used herein as defined in the Plan.

The undersigned Optionee hereby acknowledges receipt of this Award Agreement and accepts the Option granted thereunder, subject to the terms and conditions of the Plan and the terms and conditions hereinabove set forth.

«Name»

Signature

Social Security No./Tax Identification No.

Home Address

City State Zip

The undersigned officer executes this Award Agreement on behalf of Cooper Tire & Rubber Company.

COOPER TIRE & RUBBER COMPANY

By:

Brenda S. Harmon
Sr. Vice President and CHRO

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Section 7: EX-21 (EX-21)

Exhibit (21)

COOPER TIRE & RUBBER COMPANY
SUBSIDIARIES & AFFILIATES
As Of December 31, 2015

Cooper Tire & Rubber Company (Parent) (Delaware)
- Cooper International Holding Corporation (Delaware)
  - Cooper International Rubber, Limited (Jamaica) (Inactive)
  - Pneus International SA de CV (Mexico)
    - Nemet International SA de CV (Mexico) (60% see below for additional 40% for a total of 100%)
      - Cooper Tire & Rubber Company de Mexico S.A. de CV (Mexico) (3.37%)
    - Cooper Tire & Rubber Company de Mexico S.A. de C.V. (Mexico) (96.63%)
      - Cooper Tire & Rubber Company Brazil Ltda. (Brazil)
  - Corporación de Occidente SA de CV (Mexico) (16.86% - see below for additional 41.57% for a total of 58.43%)
  - Inversionistas del Bajío SA de CV (Mexico)
    - Corporación de Occidente SA de CV (Mexico) (41.57% - see above for additional 16.86% for a total of 58.43%)
  - Cooper Latin America Services, SRL de CV (Mexico)
  - Cooper de Mexico Servicios Adminstrativos, SRL de CV (Mexico)
- Cooper Receivables LLC (Delaware)
- Cooper Tire Holding Company (Ohio)
    - Nemet International SA de CV (Mexico) (40%)
- Cooper Tire International Trading Company (Cayman Islands)
    - Registered Branch Office (Singapore)
  - Cooper Tire & Rubber International Trading Limited (Cayman Islands)
- Cooper Tire & Rubber Company (Barbados) Ltd. (Barbados)
  - Cooper Global Holding Co., Ltd. (Barbados) (50% - see below for additional 50% for a total of 100%)
    - Cooper (Kunshan) Tire Co., Ltd. (PRC)
  - Cooper Tire Asia-Pacific (Shanghai) Trading Co., Ltd. (PRC)
  - Cooper Tire (China) Investment Co., Ltd. (PRC)
- Cooper Tire & Rubber Foundation (Ohio)
- Cooper Tyre & Rubber Company UK Limited (England)
  - Cooper Tire & Rubber Company Deutschland GmbH (Germany)
  - Cooper Tire & Rubber Company Espana S.L. (Spain)
  - Cooper Tire & Rubber Company Europe Limited (England)

Cooper Tire & Rubber Company International Development Limited (England)
Cooper Tire & Rubber Company France Sarl (France)
Cooper Tire & Rubber Company Italia S.r.l. (Italy)
Cooper Tire & Rubber Company Suisse SA (Switzerland)
CTB (Barbados) Investment Co., Ltd. (Barbados)
Cooper Global Holding Co., Ltd. (Barbados) (50% - see above for additional 50% for a total of 100%)
Cooper Tire Investment Holding (Barbados) Ltd. (Barbados)
Cooper Tire & Rubber Holding B.V. (The Netherlands)
Cooper Tire & Rubber Company Serbia d.o.o. (Republic of Serbia)
Cooper Tire & Rubber Holding Netherlands 1 B.V. (The Netherlands)
Registered Branch Office (Russia)
Cooper Tire & Rubber Holding Netherlands 2 B.V. (The Netherlands)
CTBX Company (Ohio)
Registered Branch Office (Chile)
CTTG Inc. (Ohio)
Elemica, Inc. (2.031%)
Ilpea Equity, LLC (0.6264%)
Master Assurance & Indemnity Ltd. (Bermuda)
Cooper Tire & Rubber Company Canada Ltd. (Canada)
Max-Trac Tire Co., Inc. (Ohio)
Mickey Thompson Performance Racing Inc. (Ohio)

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Section 8: EX-23 (EX-23)

Exhibit (23)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements of Cooper Tire & Rubber Company:

Forms S-8:	
No. 2-58577	Thrift and Profit Sharing Plan
No. 33-35071	Texarkana Pre-Tax Savings Plan
No. 33-47981	Pre-Tax Savings Plan at the Findlay Plant
No. 333-83311	Pre-Tax Savings Plan (Clarksdale)
No. 333-83589	1998 Non-Employee Directors Compensation Deferral Plan
No. 333-84815	Thrift & Profit Sharing Plan
No. 333-84813	Texarkana Pre-Tax Savings Plan
No. 333-84811	Pre-Tax Savings Plan at the Findlay Plant
No. 333-103007	2001 Incentive Compensation Plan
No. 333-113315	Pre-Tax Savings Plan (Clarksdale) Pre-Tax Savings Plan at the Findlay Plant Texarkana Pre-Tax Savings Plan
No. 333-138811	Pre-Tax Savings Plan (Findlay) Pre-Tax Savings Plan (Texarkana)
No. 333-142136	2006 Incentive Compensation Plan
No. 333-157778	Spectrum Investment Plan Pre-Tax Savings Plan (Findlay) Pre-Tax Savings Plan (Texarkana)
No. 333-167231	2010 Incentive Compensation Plan
No. 333-196809	2014 Incentive Compensation Plan

of our reports dated February 23, 2016, with respect to the consolidated financial statements and schedule of Cooper Tire & Rubber Company and the effectiveness of internal control over financial reporting of Cooper Tire & Rubber Company included in this Annual Report (Form 10-K) of Cooper Tire & Rubber Company for the year ended December 31, 2015.

/s/ Ernst & Young LLP
ERNST & YOUNG LLP

Toledo, Ohio
February 23, 2016

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Section 9: EX-24 (EX-24)

Exhibit (24)

POWER OF ATTORNEY

**FOR EXECUTION OF ANNUAL REPORT ON FORM 10-K FOR
FISCAL YEAR ENDED DECEMBER 31, 2015**

KNOW ALL BY THESE PRESENTS, that each of the undersigned hereby constitutes and appoints Stephen Zamansky as a true and lawful attorney-in-fact of the undersigned for the purpose of executing for and on behalf of all of the undersigned members of the Board of Directors of Cooper Tire & Rubber Company, the Company's Annual Report on Form 10-K for the fiscal year of the Company ended December 31, 2015.

The undersigned hereby grants such attorney-in-fact full power and authority to do and perform all and every act and thing whatsoever requisite, necessary and proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact shall lawfully do or cause to be done by virtue of this Power of Attorney and the rights and powers herein granted.

This Power of Attorney shall remain in full force and effect until the filing by the Company of the Annual Report on Form 10-K for fiscal year 2015 with the Securities and Exchange Commission, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorney-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 19th day of February, 2016.

/s/ Roy V. Armes
Roy V. Armes

/s/ Thomas P. Capo
Thomas P. Capo

/s/ Steven M. Chapman
Steven M. Chapman

/s/ Susan F. Davis
Susan F. Davis

/s/ John J. Holland
John J. Holland

/s/ John F. Meier
John F. Meier

/s/ Gary S. Michel
Gary S. Michel

/s/ John H. Shuey
John H. Shuey

/s/ Robert D. Welding
Robert D. Welding

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Section 10: EX-31.1 (EX-31.1)

Exhibit (31.1)

CERTIFICATIONS

I, Roy V. Armes, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cooper Tire & Rubber Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2016

/s/ Roy V. Armes
Roy V. Armes, Chairman of the Board,
Chief Executive Officer and President

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Section 11: EX-31.2 (EX-31.2)

Exhibit (31.2)

CERTIFICATIONS

I, Ginger M. Jones, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cooper Tire & Rubber Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2016

/s/ Ginger M. Jones
Ginger M. Jones, Vice President and
Chief Financial Officer

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Section 12: EX-32 (EX-32)

Exhibit (32)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cooper Tire & Rubber Company (the "Company") on Form 10-K for the period ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: February 23, 2016

/s/ Roy V. Armes
Name: Roy V. Armes
Title: Chief Executive Officer

/s/ Ginger M. Jones
Name: Ginger M. Jones
Title: Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

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