

# COOPER TIRE & RUBBER CO

## FORM 10-Q (Quarterly Report)

Filed 04/26/11 for the Period Ending 03/31/11

Address	LIMA & WESTERN AVENUES FINDLAY, OH 45840
Telephone	4194231321
CIK	0000024491
Symbol	CTB
SIC Code	3011 - Tires and Inner Tubes
Industry	Tires
Sector	Consumer Cyclical
Fiscal Year	12/31

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

FORM 10-Q

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

For the quarterly period ended March 31, 2011

OR

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

Commission File No. 1-4329



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 45840  
(Address of principal executive offices)  
(Zip code)

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

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, 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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a 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

Number of shares of common stock of registrant outstanding  
at March 31, 2011: 62,097,159



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### Part I. FINANCIAL INFORMATION Item 1. FINANCIAL STATEMENTS

#### COOPER TIRE & RUBBER COMPANY CONDENSED CONSOLIDATED BALANCE SHEETS (Dollar amounts in thousands except per-share amounts)

	December 31, 2010 (Note 1)	March 31, 2011 (Unaudited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 413,359	\$ 188,485
Notes receivable	69,547	36,172
Accounts receivable, less allowances of \$10,811 in 2010 and \$11,170 in 2011	414,149	480,253
Inventories at lower of cost or market:		
Finished goods	240,107	269,115
Work in process	26,735	41,425
Raw materials and supplies	119,985	169,514
	<u>386,827</u>	<u>480,054</u>
Other current assets	56,357	52,186
Total current assets	1,340,239	1,237,150
Property, plant and equipment:		
Land and land improvements	34,355	34,392
Buildings	320,997	323,520
Machinery and equipment	1,636,700	1,748,346
Molds, cores and rings	232,153	236,776
	<u>2,224,205</u>	<u>2,343,034</u>
Less accumulated depreciation and amortization	1,371,763	1,403,763
Net property, plant and equipment	852,442	939,271
Goodwill	—	21,210
Intangibles, net of accumulated amortization of \$24,455 in 2010 and \$24,771 in 2011	17,256	16,940
Restricted cash	2,274	2,301
Other assets	93,326	68,744
<b>Total assets</b>	<u><u>\$2,305,537</u></u>	<u><u>\$2,285,616</u></u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Notes payable	\$ 146,947	\$ 127,051
Accounts payable	384,464	404,788
Accrued liabilities	152,364	182,253
Income taxes	4,601	6,217
Current portion of long-term debt	5,885	16,613
Total current liabilities	<u>694,261</u>	<u>736,922</u>
Long-term debt	320,724	317,276
Postretirement benefits other than pensions	257,657	259,549
Pension benefits	258,321	247,932
Other long-term liabilities	180,082	172,155
Redeemable noncontrolling shareholders' interests	71,442	68,419
Deferred income taxes	—	12,027
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 in 2010 and in 2011	87,850	87,850
Capital in excess of par value	61,444	—
Retained earnings	1,247,265	1,246,782
Cumulative other comprehensive loss	(468,063)	(444,237)
	<u>928,496</u>	<u>890,395</u>
Less: common shares in treasury at cost (26,205,336 in 2010 and 25,753,133 in 2011)	(467,707)	(458,636)
Total parent stockholders' equity	460,789	431,759
Noncontrolling shareholders' interests in consolidated subsidiaries	62,261	39,577
Total equity	<u>523,050</u>	<u>471,336</u>
<b>Total liabilities and equity</b>	<u><u>\$2,305,537</u></u>	<u><u>\$2,285,616</u></u>

See accompanying notes.

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COOPER TIRE & RUBBER COMPANY  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
THREE MONTHS ENDED MARCH 31, 2010 AND 2011  
(UNAUDITED)  
(Dollar amounts in thousands except per-share amounts)

	<u>2010</u>	<u>2011</u>
Net sales	\$754,443	<b>\$905,962</b>
Cost of products sold	<u>669,271</u>	<u><b>820,834</b></u>
Gross profit	85,172	<b>85,128</b>
Selling, general and administrative	44,605	<b>52,945</b>
Restructuring	7,612	—
Operating profit	<u>32,955</u>	<u><b>32,183</b></u>
Interest expense	8,730	<b>9,421</b>
Interest income	(1,213)	<b>(669)</b>
Other income	<u>(237)</u>	<u><b>(5,505)</b></u>
Income from continuing operations before income taxes	25,675	<b>28,936</b>
Income tax expense	<u>7,743</u>	<u><b>10,459</b></u>
Income from continuing operations	17,932	<b>18,477</b>
Loss from discontinued operations, net of income taxes	<u>(760)</u>	<u>—</u>
Net income	17,172	<b>18,477</b>
Net income attributable to noncontrolling shareholders' interests	<u>5,596</u>	<u><b>2,803</b></u>
Net income attributable to Cooper Tire & Rubber Company	<u>\$ 11,576</u>	<u><b>\$ 15,674</b></u>
Basic earnings per share:		
Income from continuing operations attributable to Cooper Tire & Rubber Company	\$ 0.20	<b>\$ 0.25</b>
Loss from discontinued operations	<u>(0.01)</u>	<u>—</u>
Net income attributable to Cooper Tire & Rubber Company common stockholders	<u>\$ 0.19</u>	<u><b>\$ 0.25</b></u>
Diluted earnings per share:		
Income from continuing operations attributable to Cooper Tire & Rubber Company	\$ 0.20	<b>\$ 0.25</b>
Loss from discontinued operations	<u>(0.01)</u>	<u>—</u>
Net income attributable to Cooper Tire & Rubber Company common stockholders	<u>\$ 0.19</u>	<u><b>\$ 0.25</b></u>
Dividends per share	<u>\$ 0.105</u>	<u><b>\$ 0.105</b></u>

See accompanying notes.

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COOPER TIRE & RUBBER COMPANY  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 THREE MONTHS ENDED MARCH 31, 2010 AND 2011  
 (UNAUDITED)  
 (Dollar amounts in thousands)

	2010	2011
<b>Operating activities:</b>		
Net income	\$ 17,172	\$ 18,477
Adjustments to reconcile net income to net cash used in continuing operations:		
Loss from discontinued operations, net of income taxes	760	-
Depreciation	29,859	29,658
Amortization	501	337
Deferred income taxes	(154)	993
Stock based compensation	1,087	979
Change in LIFO inventory reserve	15,021	60,448
Amortization of unrecognized postretirement benefits	8,282	8,829
Loss on sale of assets	211	2,694
Changes in operating assets and liabilities of continuing operations:		
Accounts and notes receivable	(107,397)	(43,827)
Inventories	(80,030)	(136,086)
Other current assets	2,880	4,914
Accounts payable	52,914	12,506
Accrued liabilities	8,496	29,485
Other items	21,062	(30,866)
Net cash used in continuing operations	(29,336)	(41,459)
Net cash used in discontinued operations	(924)	—
Net cash used in operating activities	(30,260)	(41,459)
<b>Investing activities:</b>		
Additions to property, plant and equipment	(15,464)	(35,903)
Acquisition of business, net of cash acquired	—	(17,380)
Proceeds from the sale of assets	80	3,450
Net cash used in investing activities	(15,384)	(49,833)
<b>Financing activities:</b>		
Payments on short-term debt	(14,466)	(20,822)
Issuance of long-term debt	—	7,625
Payments on long-term debt	(10,600)	—
Contributions by noncontrolling shareholder	5,250	—
Acquisition of noncontrolling shareholder interest	(17,920)	(116,500)
Payment of dividends	(6,416)	(6,514)
Issuance of common shares and excess tax benefits on options	2,167	2,790
Net cash used in financing activities	(41,985)	(133,421)
Effects of exchange rate changes on cash of continuing operations	(1,852)	(161)
Changes in cash and cash equivalents	(89,481)	(224,874)
Cash and cash equivalents at beginning of year	426,981	413,359
Cash and cash equivalents at end of period	<u>\$ 337,500</u>	<u>\$ 188,485</u>

See accompanying notes.

COOPER TIRE & RUBBER COMPANY  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Dollar amounts in thousands except per-share amounts)

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. There is a year-round demand for the Company's passenger and truck replacement tires, but sales of light vehicle replacement tires are generally strongest during the third and fourth quarters of the year. Winter tires are sold principally during the months of June through November. Operating results for the three-month period ended March 31, 2011 are not necessarily indicative of the results that may be expected for the year ended December 31, 2011.

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% owned are consolidated, investments in affiliates of 50% or less but greater than 20% are accounted for using the equity method, and investments in affiliates of 20% 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. All intercompany transactions and balances have been eliminated.

The Company's investment in Corporacion de Occidente ("COOCSA"), a Mexican tire manufacturing entity, represented an approximate 38 percent ownership interest at December 31, 2010. On January 14, 2011, the Company invested \$21,775 and acquired an additional 20 percent ownership share. The Company's ownership share is now approximately 58 percent and because of the increase in voting rights, the results of the entity will be consolidated from the date of this transaction.

The Company had entered into a joint venture, Cooper de Mexico, to market and distribute Cooper, Pneustone and associated brand tires in Mexico. The Company had determined it had the power to control the purchasing and marketing of tires for this joint venture. The Company had also provided additional financial support to this joint venture in order to allow it to finance its business activities. The joint venture partner had not provided such additional support. The Company had determined it was the primary beneficiary of this joint venture due to its ability to control the primary economic activity and to the subordinated financial support it had provided to the entity which would require the Company to absorb more than 50 percent of expected losses. On January 14, 2011, as a result of a \$12,000 capital call, the Company achieved virtually 100 percent ownership in this Mexican marketing entity. The additional ownership was accounted for by reclassification of the negative balance of noncontrolling shareholder interest of \$4,576 to Capital in excess of par value. This entity was also previously consolidated in the Company's financial results.

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The Company entered into a joint venture with Kenda Tire Company to construct and operate a tire manufacturing facility in the People's Republic of China ("PRC") which began production in 2007. Until May 2012, all of the tires produced by this joint venture are required to be exported and sold by Cooper Tire & Rubber Company and its affiliates. Due to this requirement, the Company has the power to direct the manufacturing operations of the joint venture to produce the types of tires required by the Company to meet its global demands. The Company had determined it was the primary beneficiary of this joint venture because of the operational control and the fact it currently receives all of the tires produced by this manufacturing operation. On March 2, 2011, the Company announced an agreement had been reached to increase the Company's ownership in its affiliated Cooper Kenda Tire operations to 100 percent from 50 percent for cash consideration of \$116,500. In accordance with Accounting Standards Codification ("ASC") 810, "Consolidation", the excess of the \$116,500 over the non-controlling shareholder interest was recorded as a decrease to Capital in excess of par value, limited by the amount of Capital in excess of par value at the transaction date and to Retained earnings to reflect the additional ownership. The entity has been renamed Cooper Kunshan Tire. This entity was previously consolidated in the Company's financial results.

Since the Company had determined as of December 31, 2010 that both Cooper Kenda and Cooper de Mexico were Variable Interest Entities (VIEs) and it was the primary beneficiary, it had included their assets, liabilities and operating results in its consolidated financial statements. At December 31, 2010, the assets (principally Property, plant and equipment) of these VIEs, \$204,535, could only be used to settle obligations of those VIEs. Similarly, liabilities (principally Note payable) of consolidated VIEs, \$80,414, at December 31, 2010 represented claims against the specific assets of the VIEs. Because of the increased ownership in these two entities, at March 31, 2011, these restrictions are no longer applicable.

2. On January 14, 2011, the Company invested \$21,775 and acquired an additional 20 percent ownership in COOCSA, a Mexican tire manufacturing entity in which it had previously been an equity investor. The Company's ownership share is now approximately 58 percent and because of the increase in voting rights, the results of the entity and 100 percent of its assets and liabilities will be consolidated from the date of this transaction. The Company made this additional investment as part of its strategic plan to build a sustainable, competitive cost position.

The COOCSA acquisition is being accounted for as a purchase transaction. The total consideration (including the \$21,775 paid and the fair value of the original 38 percent ownership interest) has preliminarily been allocated to the assets acquired, liabilities assumed and noncontrolling shareholder interest based on their respective fair values at January 14, 2011. This initial purchase price allocation may be adjusted within one year of the purchase date for changes in estimates of the fair value of assets acquired and liabilities assumed. Adjustments to this preliminary allocation will be made when the asset valuations have been completed. The Company expects the valuation process to be completed no later than September 30, 2011. The excess purchase price over the estimated fair value of the net assets acquired is allocated to goodwill. Goodwill consists of anticipated growth opportunities for COOCSA and is recorded in the North American Tire Operations segment. Goodwill is not deductible for federal income tax purposes. The operating results of COOCSA have been included in the consolidated financial statements of the Company since the date of acquisition.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed on January 14, 2011, translated into dollars at the exchange rate on that date.

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Assets	
Cash	\$ 4,395
Inventory	14,105
Other current assets	3,400
Property, plant & equipment	83,321
Goodwill	21,210
Liabilities	
Payable to Cooper Tire & Rubber Company	(4,185)
Accounts payable	(4,990)
Accrued liabilities	(2,436)
Deferred income taxes	(9,643)
Notes payable to Cooper Tire & Rubber Company	<u>(11,269)</u>
	93,908
Noncontrolling shareholder interest	<u>(37,853)</u>
Cooper Tire & Rubber Company consideration	<u>\$ 56,055</u>

The Company has determined the nonrecurring fair value measurements related to each of these assets and liabilities rely primarily on Company-specific inputs and the Company's assumptions about the use of the assets and settlement of liabilities, as observable inputs are not available and, as such, reside within Level 3 of the fair value hierarchy as defined in Footnote 4. The Company utilized a third party to assist in the fair value determination of certain components of the purchase price allocation, namely property, plant and equipment. The valuation of Property, plant and equipment was developed using primarily the cost approach. The fair value of the Company's investment was determined based upon internal and external inputs considering various relevant market transactions and discounted cash flow valuation methods, among other factors. The fair value of noncontrolling shareholder interest was valued using the same method used to value the investment.

At December 31, 2010, the Company's previously recorded investment in COOCSA was recorded as an Investment in unconsolidated subsidiary of \$24,398 which was included in Other assets on its Consolidated Balance Sheets. The Company had also recorded a Cumulative currency loss of \$4,893 associated with this investment which was included in Cumulative other comprehensive loss on the Consolidated Balance Sheets.

In connection with its increased investment in COOCSA, the Company recorded a gain of \$4,989 on its original investment, which represents the excess of the fair value of approximately \$34,280 over the January 14, 2011 carrying value and previously unrecognized currency losses. The gain was recorded in Other —net in the financial statements.

The Cooper Tire & Rubber Company consideration from the table above of \$56,055 represents the \$21,775 additional investment made by the Company plus the fair value of the original investment of \$34,280.

The acquisition does not meet the thresholds for a significant acquisition and therefore no pro forma financial information is presented.

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3. Net income per share is computed on the basis of the weighted average number of common shares outstanding each year. Diluted earnings per share from continuing operations 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:

	Three months ended March 31,	
	2010	2011
<b>Numerator</b>		
Numerator for basic and diluted earnings per share — income from continuing operations attributable to common stockholders	<u>\$ 12,336</u>	<u>\$ 15,674</u>
<b>Denominator</b>		
Denominator for basic earnings per share — weighted average shares outstanding	<u>60,914</u>	<u>61,850</u>
Effect of dilutive securities — stock options and other stock units	<u>1,380</u>	<u>1,335</u>
Denominator for diluted earnings per share — adjusted weighted average share outstanding	<u>62,294</u>	<u>63,185</u>
<b>Basic earnings per share:</b>		
Income from continuing operations	\$ 0.20	\$ 0.25
Loss from discontinued operations, net of income taxes	(0.01)	—
Net income attributable to Cooper Tire & Rubber Company common stockholders	<u>\$ 0.19</u>	<u>\$ 0.25</u>
<b>Diluted earnings per share:</b>		
Income from continuing operations	\$ 0.20	\$ 0.25
Loss from discontinued operations, net of income taxes	(0.01)	—
Net income attributable to Cooper Tire & Rubber Company common stockholders	<u>\$ 0.19</u>	<u>\$ 0.25</u>

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4. 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. The change in values of the fair value foreign currency hedges offset exchange rate fluctuations on the foreign currency-denominated intercompany loans and obligations. The Company presently hedges exposures in the Euro, Canadian dollar, British pound sterling, Swiss franc, Swedish krona, Norwegian krone, 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, 2010 and March 31, 2011 was \$234,600 and \$222,000, respectively. The counterparties to each of these agreements are major commercial banks.

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 operations 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 \$(3,263) and \$(6,416) as of December 31, 2010 and March 31, 2011, 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 net sales.

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 financial statements of operations 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 following table presents the location and amounts of derivative instrument fair values in the Statement of Financial Position:

(assets)/liabilities	December 31, 2010		March 31, 2011	
Derivatives designated as hedging instruments	Accrued liabilities	\$3,413	<b>Accrued liabilities</b>	<b>\$6,688</b>
Derivatives not designated as hedging instruments	Accrued liabilities	\$ 564	<b>Accrued liabilities</b>	<b>\$ 429</b>

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The following table presents the location and amount of gains and losses on derivative instruments in the consolidated statement of operations:

Derivatives Designated as Cash Flow Hedges	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives (Effective Portion)		Amount of (Loss) Gain Reclassified from Cumulative Other Comprehensive Loss into Income (Effective Portion)		Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion)	
	Three Months Ended March 31, 2010	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Three Months Ended March 31, 2011
Foreign exchange contracts	\$ 2,550	\$ (4,471)	\$ 1,329	\$ (1,318)	\$ (29)	\$ (114)
Derivatives not Designated as Hedging Instruments			Location of Gain (Loss) Recognized in Income on Derivatives		Amount of Gain (Loss) Recognized in Income on Derivatives Three Months Ended March 31,	
Foreign exchange contracts			Other income		2010	2011
					\$ (613)	\$ 129

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 Sheet 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:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in non-active markets;
- Pricing models whose inputs are observable for substantially the full term of the asset or liability; and
- 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.

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The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis:

	Total Derivative (Assets) Liabilities	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
<b>Foreign Exchange Contracts</b>				
March 31, 2011	\$ 7,117	—	\$ 7,117	—
December 31, 2010	\$ 3,977	—	\$ 3,977	—

The land, building and certain manufacturing equipment located at Albany, Georgia are classified as "assets held for sale" at estimated fair value less costs to sell determined based on letters of intent and negotiations with interested third parties. The fair value of these assets, \$8,155 at March 31, 2011, is considered a Level 2 valuation.

The fair value of the Company's debt is based upon prices of similar instruments in the market place. The carrying amounts and fair values of the Company's financial instruments are as follows:

	December 31, 2010		March 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 413,359	\$ 413,359	\$ 188,485	\$ 188,485
Notes receivable	69,547	69,547	36,172	36,172
Notes payable	(146,947)	(146,947)	(127,051)	(127,051)
Current portion of long-term debt	(5,885)	(5,885)	(16,613)	(16,613)
Long-term debt	(320,724)	(322,124)	(317,276)	(311,276)
Derivative financial instruments	(3,977)	(3,977)	(7,117)	(7,117)

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5. The following table details information on the Company's operating segments.

	Three months ended March 31	
	2010	2011
Revenues from external customers:		
North American Tire	\$531,717	\$ 647,944
International Tire	293,557	363,422
Eliminations	(70,831)	(105,404)
Net sales	<u>\$754,443</u>	<u>\$ 905,962</u>
Segment profit (loss):		
North American Tire	\$ 13,602	\$ 21,529
International Tire	22,550	20,072
Eliminations	(509)	(1,743)
Unallocated corporate charges	<u>(2,688)</u>	<u>(7,675)</u>
Operating profit	32,955	32,183
Interest expense	8,730	9,421
Interest income	(1,213)	(669)
Other income	<u>(237)</u>	<u>(5,505)</u>
Income from continuing operations before income taxes	<u>\$ 25,675</u>	<u>\$ 28,936</u>

6. At December 31, 2010, approximately 37 percent of the Company's inventories had been valued under the LIFO method. At March 31, 2011, approximately 34 percent of the Company's inventories are valued under the LIFO method. The remaining inventories have been valued under the FIFO method or average cost method. All inventories are stated at the lower of cost or market.

Under the LIFO method, inventories have been reduced by approximately \$191,180 and \$251,628 at December 31, 2010 and March 31, 2011, respectively, from current cost which would be reported under the first-in, first-out method.

7. 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 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. For restricted stock units and performance based units, the Company recognizes compensation expense based on the earlier of the vesting date or the date when the employee becomes eligible to retire. If awards can be settled in cash, these awards are recorded as liabilities and marked to market.

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The following table discloses the amount of stock based compensation expense for the three-month period ended March 31, 2010 and 2011:

	Three months ended March 31	
	2010	2011
Stock options	\$ 221	\$ 493
Restricted stock units	167	282
Performance based units	699	204
Total stock based compensation	<u>\$ 1,087</u>	<u>\$ 979</u>

### Stock Options

In April 2009, executives participating in the 2009 — 2011 Long-Term Incentive Plan were granted 1,155,000 stock options which will vest one third each year through April 2012. This plan does not contain any performance based criteria. In March 2010, executives participating in the 2010 — 2012 Long-Term Incentive Plan were granted 303,120 stock options which will vest one third each year through March 2013. In February 2011, executives participating in the 2011 — 2013 Long-Term Incentive Plan were granted 297,820 stock options which will vest one third each year through March 2014. The fair value of these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weight-average assumptions:

	2010	2011
Risk-free interest rate	2.8%	2.7%
Dividend yield	2.2%	1.8%
Expected volatility of the Company's common stock	0.604	0.615
Expected life in years	6.0	6.0

The weighted average fair value of options granted in 2010 and 2011 was \$9.01 and \$11.57, respectively.

The following table provides details of the stock option activity for the three months ended March 31, 2011:

	Long-Term Incentive Plan Years		
	2009 — 2011	2010 — 2012	2011 — 2013
January 1, 2011			
Outstanding	816,500	303,120	—
Exercisable	164,500	—	—
Granted		—	297,570
Cancelled	(2,000)	—	—
Exercised	<u>(2,000)</u>	<u>(6,500)</u>	<u>—</u>
March 31, 2011			
Outstanding	812,500	296,620	297,570
Exercisable	164,500	94,542	—

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### *Restricted Stock Units*

The following table provides details of the restricted stock unit activity for the three months ended March 31:

	<u>2010</u>	<u>2011</u>
Restricted stock units outstanding at January 1	526,809	<b>242,273</b>
Restricted stock units granted	—	<b>70,000</b>
Accrued dividend equivalents	1,506	<b>1,246</b>
Restricted stock units settled	(248,818)	<b>(6,622)</b>
Restricted stock units cancelled	<u>(4,149)</u>	<u><b>(1,638)</b></u>
Restricted stock units outstanding at March 31	<u>275,348</u>	<u><b>305,259</b></u>

### *Performance Stock Units (PSUs)*

Executives participating in the Company's Long-Term Incentive Plan for the plan year 2007 — 2009 and 2008 — 2010, earn performance stock units based on the Company's financial performance. As part of the 2007 — 2009 plan, the units earned in 2007 and 2009 vested in February 2010. As part of the 2008 — 2010 plan, the units earned in 2009 and 2010 vested at December 31, 2010. No units were earned in 2008.

Executives participating in the Company's Long-Term Incentive Plan for the plan year 2010 — 2012, earn performance stock units and cash. Units and cash earned during 2010 and any units and cash earned during 2011 will vest at December 31, 2012.

Executives participating in the Company's Long-Term Incentive Plan for the plan year 2011 — 2013, earn performance stock units and cash. Any units and cash earned during 2011 will vest at December 31, 2013.

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The following table provides details of the performance stock units earned under the Company's Long-Term Incentive Plans for the three months ended March 31:

	Long-Term Incentive Plan Years	
	2007-2009	2008-2010
Performance stock units outstanding at January 1, 2010	559,951	290,860
Accrued dividend equivalents	—	1,578
Performance stock units settled	(559,951)	—
Performance stock units outstanding at March 31, 2010	—	292,438
	<b>2008-2010</b>	<b>2010-2012</b>
Performance stock units outstanding at January 1, 2011	480,858	60,082
Accrued dividend equivalents	—	262
Performance stock units settled	(480,858)	—
Performance stock units outstanding at March 31, 2011	—	60,344

The Company's 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 based units, accordingly, such units do not represent participating securities.

8. The following table discloses the amount of net periodic benefit costs for the three months ended March 31, 2010 and 2011 for the Company's defined benefit plans and other postretirement benefits relating to continuing operations:

	Pension Benefits — Domestic		Pension Benefits — International	
	2010	2011	2010	2011
Components of net periodic benefit cost:				
Service cost	\$ 1,079	\$ 1,925	\$ 588	\$ 624
Interest cost	11,348	11,250	4,276	4,498
Expected return on plan assets	(12,527)	(12,526)	(3,852)	(4,158)
Amortization of prior service cost	—	—	(158)	(188)
Amortization of actuarial loss	6,943	7,575	1,497	1,442
Recognized actuarial loss	3,330	—	—	—
Net periodic benefit cost	\$ 10,173	\$ 8,224	\$ 2,351	\$ 2,218
			Other Post Retirement Benefits	
			2010	2011
Components of net periodic benefit cost:				
Service cost			\$ 790	\$ 776
Interest cost			3,529	3,462
Amortization of prior service cost			(136)	(172)
Amortization of actuarial loss			—	315
Net periodic benefit cost			\$ 4,183	\$ 4,381

During 2011, the Company expects to contribute between \$40,000 and \$45,000 to its domestic and foreign pension plans.

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9. The following table reconciles the beginning and end of the period equity accounts attributable to Cooper Tire & Rubber Company and to the noncontrolling shareholder interests:

	Total Parent Stockholders' Equity	Noncontrolling Shareholders' Interests in Consolidated Subsidiaries	Total Stockholders' Equity	Redeemable Noncontrolling Shareholders' Interests
Balance at December 31, 2010	\$ 460,789	\$ 62,261	\$ 523,050	\$ 71,442
Net income	15,674	774	16,448	2,029
Other comprehensive income	16,171	950	17,121	679
Dividends payable to noncontrolling shareholders	—	—	—	(5,731)
Acquisition of business	—	37,853	37,853	—
Acquisition of noncontrolling shareholder interest	(54,239)	(62,261)	(116,500)	—
Stock compensation plans, including tax benefit of \$105	(122)	—	(122)	—
Cash dividends — \$.105 per share	(6,514)	—	(6,514)	—
Balance at March 31, 2011	<u>\$ 431,759</u>	<u>\$ 39,577</u>	<u>\$ 471,336</u>	<u>\$ 68,419</u>

The following table provides the details of the Company's comprehensive income (loss). Comprehensive income includes net income and components of other comprehensive income, such as foreign currency translation adjustments, unrealized gains or losses on certain marketable securities and derivative instruments and unrecognized postretirement benefits plans.

The Company's comprehensive income is as follows:

	Three months ended March 31	
	2010	2011
Net income attributable to		
Cooper Tire & Rubber Company	\$ 11,576	<b>\$ 15,674</b>
Other comprehensive income (loss):		
Currency translation adjustments	(4,572)	<b>12,734</b>
Unrealized net gains (losses) on derivative instruments and marketable securities, net of tax effect	1,362	<b>(2,812)</b>
Unrecognized postretirement benefit plans, net of tax effect	16,666	<b>6,249</b>
Comprehensive income attributable to Cooper Tire & Rubber Company	25,032	<b>31,845</b>
Net income attributable to noncontrolling shareholders' interests	5,596	<b>2,803</b>
Other comprehensive income (loss):		
Currency translation adjustments	(2,652)	<b>1,629</b>
Comprehensive income attributable to noncontrolling shareholders' interests	2,944	<b>4,432</b>
Total comprehensive income	<u>\$ 27,976</u>	<u><b>\$ 36,277</b></u>

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10. The Company provides for the estimated cost of product warranties at the time revenue is recognized 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:

	2010	2011
Reserve at January 1	\$23,814	<b>\$24,924</b>
Additions	4,223	<b>8,751</b>
Payments	(3,902)	<b>(5,756)</b>
Reserve at March 31	<u>\$24,135</u>	<u><b>\$27,919</b></u>

11. The Company is a defendant in various products liability claims brought in numerous jurisdictions in which individuals seek damages resulting from automobile accidents allegedly caused by defective tires manufactured by the Company. Each of the products 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 products 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 products 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 35 to 40 million passenger, light truck, SUV, high performance, ultra high performance and radial medium truck tires per year in North America. The Company estimates that approximately 300 million Cooper-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's exposure for each claim occurring prior to April 1, 2003 is limited by the coverage provided by its excess liability insurance program. The program for that period includes a relatively low per claim retention and a policy year aggregate retention limit on claims arising from occurrences which took place during a particular policy year. Effective April 1, 2003, the Company established a new excess liability insurance program. The new program covers the Company's products liability claims occurring on or after April 1, 2003 and is occurrence-based insurance coverage which includes an increased per claim retention limit, increased policy limits and the establishment of a captive insurance company.

The Company accrues costs for products 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 products 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 products 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 products 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 \$33,000 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 United States, 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 Company determines its reserves using the number of incidents expected during a year. During the first quarter of 2011, the Company increased its products liability reserve by \$17,650. The addition of another quarter of self-insured incidents accounted for \$10,149 of this increase. The Company revised its estimates of future settlements for unasserted and premature claims increasing the reserve by \$1,780. Finally, changes in the amount of reserves for cases where sufficient information is known to estimate a liability increased by \$5,721.

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.

The Company paid \$15,075 during the first quarter of 2011 to resolve cases and claims. The Company's products liability reserve balance at December 31, 2010 totaled \$191,033 (current portion of \$41,892) and the balance at March 31, 2011 totaled \$193,608 (current portion of \$53,389).

The products 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 offset by recoveries of legal fees. Legal costs are expensed as incurred and products liability insurance premiums are amortized over coverage periods. The Company is entitled to reimbursement, under certain insurance contracts in place for periods ending prior to April 1, 2003, of legal fees expensed in prior periods based on events occurring in those periods. The Company records the reimbursements under such policies in the period the conditions for reimbursement are met. Products liability expense totaled \$44,598 and \$25,417 for the periods ended March 31, 2010 and 2011, respectively. Of the expense recorded in the first quarter of 2010, \$21,800 was the result of the Company increasing its self-insured portion of a jury verdict in one case.

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12. For the quarter ended March 31, 2011, the Company recorded an income tax expense for continuing operations of \$10,459 as compared to \$7,743 for the comparable period in 2010. The provision includes a tax expense for discrete items of \$2,667 relating primarily to increased deferred taxes resulting from consolidation of the increased investment in Mexico (\$1,691) and the impact on deferred taxes from the 1% reduction in the United Kingdom statutory rate (\$795). The effective tax rate for the three-month period for continuing operations is 26.9 percent, exclusive of discrete items, using the applicable effective tax rate determined using the forecasted multi-jurisdictional annual effective tax rates. For comparable periods in 2010, the effective tax rate for continuing operations, exclusive of discrete items, was 18.9 percent.

The \$2,716 increase in tax expense for the quarter relates primarily to the reduction in the impact of the release of U.S. valuation allowances of \$217; differences in the effective tax rates of international operations and the impact of the changes in the mix of earnings or loss by jurisdiction of \$1,591; increased earnings impact of \$1,143; and decreased discrete tax expense of \$(235).

The Company maintains a valuation allowance on its net U.S. deferred tax asset position. A valuation allowance is required pursuant to ASC 740 relating to Accounting for Income Taxes, when, based upon an assessment which is largely dependent upon objectively verifiable evidence including recent operating loss history, expected reversal of existing deferred tax liabilities and tax loss carry back capacity, it is more likely than not that some portion of the deferred tax assets will not be realized. The valuation allowance will be maintained as long as it is more likely than not that some portion of the deferred tax asset may not be realized. Deferred tax assets and liabilities are determined separately for each taxing jurisdiction in which the Company conducts its operations or otherwise generates taxable income or losses. In the U.S., the Company has recorded significant deferred tax assets, the largest of which relate to products liability, pension and other postretirement benefit obligations. These deferred tax assets are partially offset by deferred tax liabilities, the most significant of which relates to accelerated depreciation. Based upon this assessment, the Company maintains a \$172,740 valuation allowance for the portion of U.S. deferred tax assets exceeding its U.S. deferred tax liabilities. In addition, the Company has recorded valuation allowances of \$6,925 for deferred tax assets associated with the portion of non-U.S. deferred tax assets exceeding the non-U.S. deferred tax liabilities for a total valuation allowance of \$179,665.

In conjunction with the Company's ongoing review of its actual results and anticipated future earnings, the Company reassesses the possibility of releasing the Valuation Allowance currently in place on its U.S. deferred tax assets. Based upon this assessment, the release of the Valuation Allowance will likely occur during 2011. The required accounting for the release will involve significant tax amounts and it will impact earnings in the quarter in which it is deemed appropriate to release the reserve.

The Company maintains an ASC 740-10, "*Accounting for Uncertainty in Income Taxes*" liability for unrecognized tax benefits for permanent and temporary book/tax differences for continuing operations. At March 31, 2011, the Company's liability, exclusive of interest, totals approximately \$9,180. The Company accrued approximately \$15 of interest expense for the quarter which has been recorded as a discrete item in its tax provision.

At March 31, 2011, the Company has a receivable for approximately \$31,477 of U.S. cash tax refunds, including interest. It is anticipated that we will collect or apply \$18,565 of these receivables in 2011 with the balance to be collected upon the completion of the IRS audit currently in process.

The Company and its subsidiaries are subject to income taxes in the U.S. federal jurisdiction and various state and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and foreign tax examinations by tax authorities for years prior to 2002.

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13. In connection with the investment in Cooper Chengshan, beginning January 1, 2009 and continuing through December 31, 2011, the noncontrolling shareholders have the option, which is embedded in the noncontrolling interest, to require the Company to purchase the remaining 49 percent noncontrolling share at the greater of a minimum price of \$62,700 or a formula price that varies based on operating results of the entity. The combination of a noncontrolling interest and a put option resulted in a redeemable noncontrolling shareholder interest. The put option is not separated from the shares as an embedded derivative because the underlying shares are not readily convertible into cash.

The noncontrolling interest is redeemable at other than fair value as the put value is determined based on a specified formula as described above. The Company records the noncontrolling shareholders' interests in Cooper Chengshan at the greater of 1) the initial carrying amount, increased or decreased for the noncontrolling shareholders' share of net income or loss and its share of other comprehensive income or loss and dividends ("carrying amount") or 2) the value of the put option which is determined based on the greater of the minimum amount or the formula derived amount. According to authoritative accounting guidance, the redeemable noncontrolling shareholders' interests are classified outside of permanent equity, as a mezzanine item, on the Company's Condensed Consolidated Balance Sheets.

In 2009, the Company was notified by a noncontrolling shareholder that it had exercised its put option and after governmental approval, the Company purchased the 14 percent share for \$17,920 on March 31, 2010. The remaining noncontrolling shareholder has the right to sell its 35 percent share to the Company at a minimum price of \$44,780. At March 31, 2011, the formula price exceeds the minimum price, however, the carrying value exceeds the formula price and the carrying value is the amount shown on the Company's Condensed Consolidated Balance Sheets.

If the put option is not exercised and expires on December 31, 2011, the amount of Redeemable noncontrolling shareholder interest will be reclassified into equity and included as part of Noncontrolling shareholders' interests in consolidated subsidiaries.

**Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

This Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) presents information related to the consolidated results of the operations of the Company, a discussion of past results and future outlook of each of the Company’s segments, and information concerning both the liquidity and capital resources of the Company. The Company’s actual results may differ materially from those indicated under the forward-looking statements heading below.

**Consolidated Results of Operations**

(Dollar amounts in millions except per share amounts)

	2010	Three months ended March 31 Change	2011
<b>Revenues:</b>			
North American Tire	\$ 531.7	21.9%	\$ 647.9
International Tire	293.6	23.8%	363.4
Eliminations	<u>(70.9)</u>	48.5%	<u>(105.3)</u>
<b>Net sales</b>	<b><u>\$ 754.4</u></b>	<b>20.1%</b>	<b><u>\$ 906.0</u></b>
<b>Segment profit (loss):</b>			
North American Tire	\$ 13.6	58.1%	\$ 21.5
International Tire	22.6	-11.5%	20.0
Unallocated corporate charges	(2.7)	n/m	(7.7)
Eliminations	<u>(0.5)</u>	n/m	<u>(1.6)</u>
<b>Operating profit</b>	<b>33.0</b>	<b>-2.4%</b>	<b>32.2</b>
Interest expense	8.7	8.0%	9.4
Interest income	(1.2)	-41.7%	(0.7)
Other income	<u>(0.2)</u>	n/m	<u>(5.5)</u>
<b>Income from continuing operations before income taxes</b>	<b>25.7</b>	<b>12.8%</b>	<b>29.0</b>
Income tax expense (benefit)	<u>7.7</u>	36.4%	<u>10.5</u>
<b>Income from continuing operations</b>	<b>18.0</b>	<b>2.8%</b>	<b>18.5</b>
Income (loss) from discontinued operations, net of income taxes	(0.8)	-100.0%	—
Noncontrolling shareholders’ interests	<u>5.6</u>	-50.0%	<u>2.8</u>
<b>Net income attributable to Cooper Tire &amp; Rubber Company</b>	<b><u>\$ 11.6</u></b>	<b>35.3%</b>	<b><u>\$ 15.7</u></b>
<b>Basic earnings per share attributable to Cooper Tire &amp; Rubber Company</b>	<b><u>\$ 0.19</u></b>		<b><u>\$ 0.25</u></b>
<b>Diluted earnings per share attributable to Cooper Tire &amp; Rubber Company</b>	<b><u>\$ 0.19</u></b>		<b><u>\$ 0.25</u></b>

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Consolidated net sales for the three-month period ended March 31, 2011 were \$152 million higher than the comparable period one year ago. The increase in net sales for the first quarter of 2011 compared with the first quarter of 2010 was primarily the result of favorable pricing and mix (\$145 million) in both the North American and International Tire Operations segments. Also contributing to the increase in net sales in the first quarter of 2011 were favorable exchange rates in the International Tire Operations segment (\$7 million).

Operating profit in the first quarter of 2011 decreased by \$1 million from the first quarter of 2010. Higher raw material costs in the North American and International Tire Operations segments (\$164 million) were partially offset by improved pricing and mix (\$128 million) and manufacturing efficiencies (\$5 million) in both segments. Additionally, higher unit volumes (\$11 million), decreased products liability expenses (\$19 million) and the non-recurrence of restructuring costs (\$8 million) in the North American Tire Operations segment contributed favorably to the Company's operating profit. Selling, general and administrative costs, including costs associated with the Company's aircraft and increases in accruals for stock-based liabilities, were unfavorable (\$8 million).

In the first quarter of 2011, the Company acquired an additional 20 percent ownership in COOCSA, a Mexican tire manufacturing entity in which it had previously been an equity investor. The Company's ownership share is now approximately 58 percent and, because of the increase in voting rights, the results of the entity will be consolidated from the date of the transaction. The Company made this additional investment as part of its strategic plan to build a sustainable, competitive cost position. The inclusion of the operating profit of COOCSA was incremental to the operating profit of the North American Tire Operations segment in the first quarter of 2011 (\$1 million).

The Company continued to experience significant increases in the costs of certain of its principal raw materials in the first quarter of 2011 compared with the first quarter 2010 levels. 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. The increases in the cost of natural rubber and petroleum-based materials were the most significant drivers of higher raw material costs during the first quarter of 2011, which were \$164 million higher than the same period in 2010.

The Company strives to assure raw material 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.

Products liability expenses totaled \$25 million and \$44 million in the first quarter of 2011 and 2010, respectively. The majority of the decrease is due to the Company recording an additional \$22 million of charges for its self-insured portion of an adverse jury verdict in one case during the first quarter of 2010. The Company intends to appeal this case. The remaining change in the liability primarily results from adjustments to existing reserves based on a comprehensive review of outstanding claims. Additional information related to the Company's accounting for products liability costs appears in the Notes to the Condensed Consolidated Financial Statements.

Selling, general and administrative expenses were \$53 million in the first quarter of 2011 (5.8 percent of net sales) and \$45 million in the first quarter of 2010 (5.9 percent of net sales). The increase in selling, general and administrative expenses in total was due primarily to costs associated with the Company's aircraft, liabilities tied to the Company's stock price and increased advertising and selling costs associated with the higher sales levels.

During the first quarter of 2010, the Company recorded \$8 million in restructuring costs related to the closure of its Albany, Georgia manufacturing facility.

Interest expense increased \$1 million in the first quarter of 2011 from the first quarter of 2010, primarily due to higher borrowing rates incurred at the Company's subsidiaries.

Interest income was \$1 million in both the first quarter of 2011 and the first quarter of 2010.

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Other income increased \$5 million in the first quarter of 2011 compared to 2010. In connection with its increased investment in COOCSA, the Company recorded a gain of \$5 million on its original investment, which represents the excess of the fair value of approximately \$34 million over the carrying value of the investment as of the transaction date.

For the quarter ended March 31, 2011, the Company recorded an income tax expense for continuing operations of \$10.5 million as compared to \$7.7 million for the comparable period in 2010. The provision includes a tax expense for discrete items of \$2.7 million relating primarily to increased deferred taxes resulting from consolidation of the increased investment in Mexico of \$1.7 million and the impact on deferred taxes from the 1% reduction in the United Kingdom statutory rate of \$0.8 million. The effective tax rate for the three-month period for continuing operations is 26.9 percent, exclusive of discrete items, using the applicable effective tax rate determined using the forecasted multi-jurisdictional annual effective tax rates. For comparable periods in 2010, the effective tax rate for continuing operations, exclusive of discrete items, was 18.9 percent.

The \$2.7 million increase in tax expense for the quarter relates primarily to the reduction in the impact of the release of U.S. valuation allowances of \$0.2 million; differences in the effective tax rates of international operations and the impact of the changes in the mix of earnings or loss by jurisdiction of \$1.6 million; increased earnings impact of \$1.1 million; and decreased discrete tax expense of \$(0.2) million.

The Company maintains a valuation allowance on its net U.S. deferred tax asset position. A valuation allowance is required pursuant to ASC 740 relating to Accounting for Income Taxes, when, based upon an assessment which is largely dependent upon objectively verifiable evidence including recent operating loss history, expected reversal of existing deferred tax liabilities and tax loss carry back capacity, it is more likely than not that some portion of the deferred tax assets will not be realized. The valuation allowance will be maintained as long as it is more likely than not that some portion of the deferred tax asset may not be realized. Deferred tax assets and liabilities are determined separately for each taxing jurisdiction in which the Company conducts its operations or otherwise generates taxable income or losses. In the U.S., the Company has recorded significant deferred tax assets, the largest of which relate to products liability, pension and other postretirement benefit obligations. These deferred tax assets are partially offset by deferred tax liabilities, the most significant of which relates to accelerated depreciation. Based upon this assessment, the Company maintains a \$172.7 million valuation allowance for the portion of U.S. deferred tax assets exceeding its U.S. deferred tax liabilities. In addition, the Company has recorded valuation allowances of \$6.9 million for deferred tax assets associated with the portion of non-U.S. deferred tax assets exceeding the non-U.S. deferred tax liabilities for a total valuation allowance of \$179.7 million.

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### North American Tire Operations Segment

(Dollar amounts in millions)	Three months ended March 31		
	<u>2010</u>	<u>Change</u>	<u>2011</u>
Sales	\$ 531.7	21.9%	\$ 647.9
Operating profit	\$ 13.6	58.1%	\$ 21.5
Operating margin	2.5%	.8 points	3.3%
United States unit shipments changes:			
Passenger tires			
Segment		8.8%	
RMA members		5.7%	
Total Industry		7.8%	
Light truck tires			
Segment		10.8%	
RMA members		14.8%	
Total Industry		15.7%	
Total light vehicle tires			
Segment		9.2%	
RMA members		6.8%	
Total Industry		8.8%	
Total segment unit sales change		8.6%	

The source of this information is the Rubber Manufacturers Association and internal sources.

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### Overview

The North American Tire Operations segment manufactures and markets passenger car and light truck tires, primarily for sale in the U.S. replacement market. The segment also distributes tires for racing, medium truck and motorcycles that are manufactured at the Company's subsidiaries. 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, and does not manufacture tires for sale to the automobile OEMs.

### Sales

Sales of the North American Tire Operations segment increased \$116 million, or 21.9 percent from the sales levels achieved in the first quarter of 2010. The increase in sales was a result of favorable pricing and mix (\$71 million) and higher unit volumes (\$46 million). In the U.S., the segment's unit shipments of total light vehicle tires increased 9.2 percent in 2011 from 2010. The increase exceeded the 6.8 percent increase in total light vehicle shipments experienced by the members of the Rubber Manufacturers Association ("RMA"), and also exceeded the 8.8 percent increase in total light vehicle shipments experienced for the total industry (which includes an estimate for non-RMA members). The segment saw increases in market share for passenger and commercial vehicles, and a decline in its market share of light truck tires in the United States.

### Operating Profit

North American Tire Operations segment operating profit increased \$8 million in the first quarter of 2011 compared to the first quarter of 2010. Operating profit increased as a result of favorable pricing and mix (\$57 million), decreased products liability charges (\$19 million), higher unit volumes (\$12 million), the non-recurrence of restructuring costs (\$8 million) and improved manufacturing efficiencies (\$4 million). The inclusion of the operating profit of COOCSA was incremental to the operating profit of the segment in the first quarter of 2011 (\$1 million). These improvements were partially offset by higher raw material costs (\$90 million) and increased selling, general and administrative expenses (\$2 million).

The North American Tire Operations segment continued to experience significant increases in the costs of certain of its principal raw materials in the first quarter of 2011 compared with the first quarter 2010 levels. The segment's internally calculated raw material index of 238 during the quarter was an increase of 31 percent for the three months ended March 31, 2011 from the same period of 2010. The raw material index increased 16 percent from the fourth quarter of 2010.

### International Tire Operations Segment

(Dollar amounts in millions)	Three months ended March 31		
	<u>2010</u>	<u>Change</u>	<u>2011</u>
Sales	\$ 293.6	23.8%	\$ 363.4
Operating profit	\$ 22.6	-11.5%	\$ 20.0
Operating margin	7.7%	(2.2) points	5.5%
Unit sales change		-4.2%	

### Overview

The International Tire Operations segment has affiliated operations in the U.K. and the PRC. The U.K. entity manufactures and markets passenger car, light truck, motorcycle and racing tires and tire retread material for the global market. The Cooper Chengshan Tire joint venture manufactures and markets radial and bias medium truck tires as well as passenger and light truck tires for the global market. Cooper Kunshan Tire currently manufactures light vehicle tires to be exported to markets outside of the PRC until May 2012. Only a small percentage of the tires manufactured by the segment are sold to OEMs.

### Sales

Sales of the International Tire Operations segment increased \$70 million, or 23.1 percent, in the first quarter of 2011 compared with the first quarter of 2010. Contributing to the increase in sales were favorable pricing and mix (\$75 million) and favorable foreign exchange rates (\$7 million). Partially offsetting these increases were lower unit volumes (\$12 million). The segment implemented a variety of price increases in the regions it operates in during the quarter.

### Operating Profit

The International Tire Operations segment operating profit in the first quarter of 2011 was \$20 million, \$3 million lower than in the same period of 2010. The decrease in operating profit was due primarily to higher raw material costs (\$73 million), lower unit volumes (\$1 million) and higher other costs (\$1 million). This decrease was partially offset by favorable pricing and mix (\$72 million).

### Outlook for Company

The Company expects industry demand for tires will continue to vary by region. Demand in developing markets, including the PRC, should remain robust while more mature tire markets should grow in a range similar to normal historical rates of 2 to 3 percent. The Company intends to manufacture ten percent more tires in 2011 than in 2010 to meet the strong demand for its products, and to rebuild inventory levels to improve customer service. The increase will occur across the supply network. Capital investments are expected to be between \$150 million and \$170 million in 2011. The Company will also continue to search for alternative tire sources that are a good fit for its long term strategic direction while providing necessary short term economic benefits.

Raw material costs are forecasted to remain at elevated levels in the future, but persistent volatility can make it difficult to accurately predict these movements in raw material prices. The Company's raw material index is likely to be sequentially higher between 10 percent and 15 percent during the second quarter from the first quarter of 2011. The increases in the raw material index are expected to decelerate beginning in the third quarter of 2011. The industry recently has shown an ability to demonstrate pricing discipline, but these changes in sales prices typically lag the changes in raw material costs, and there is no guarantee the ability to maintain pricing discipline will continue.

The Company expects its effective tax rate for 2011 will most likely be between 20 percent and 30 percent.

The Company's focus is on efforts that will continue to better position the Company to improve shareholder returns. The Company remains optimistic about opportunities to further improve results as it successfully implements tactics that will profitably grow the top line, improve its global cost structure and improve organizational capabilities.

### Liquidity and Capital Resources

*Generation and uses of cash* — Net cash used in operating activities of continuing operations was \$42 million during the first three months of 2011 compared to \$29 million in the first three months of 2010. Accounts receivable balances have increased as a result of strong sales while the notes receivable balance has decreased as the Company has redeemed the notes to satisfy cash needs in the PRC. Inventory balances continue to increase as a result of higher raw material costs. The increase in accrued liabilities is the result of increased balances for taxes and products liability. The increase in current portion of products liability is offset by a decrease in the long-term portion which is a component of Other items. The Company's pension contributions are also included as part of Other items.

Net cash used in investing activities during the first quarters of 2010 and 2011 reflect capital expenditures of \$15 million and \$36 million, respectively. During the first quarter of 2011, the Company invested \$17 million in COOCSA, increasing its ownership percentage to approximately 58 percent, and because of the increase in voting rights, now consolidates the results of those operations.

During the first quarters of 2010 and 2011, the Company repaid \$25 million and \$21 million of debt, respectively. In 2011, the Company issued \$8 million of long-term notes in the PRC. In 2010, the Company's Cooper Kenda Tire joint venture received \$5 million of capital contributions from its joint venture partner. In 2011, the Company paid \$117 million to purchase the remaining 50 percent ownership interest in this joint venture. In 2010, the Company's Cooper Kunshan Tire joint venture received \$5 million of capital contributions from its joint venture partner. Also in the first quarter of 2010, the Company paid \$18 million to purchase an additional 14 percent interest in its Cooper Chengshan joint venture increasing its ownership share to 65 percent.

Dividends paid on the Company's common shares in the first quarter of 2010 were \$6 million and in the first quarter of 2011 were \$7 million.

*Available credit facilities* — Domestically, the Company has a revolving credit facility with a consortium of six banks that provides up to \$200 million based on available collateral and expires November 9, 2012. The Company also has an accounts receivable securitization facility with a \$125 million limit with an August 2011 maturity. These credit facilities remain undrawn, other than to secure letters of credit, and have no significant financial covenants until available credit is less than specified amounts.

The Company's affiliated operations in Asia have annual renewable unsecured credit lines that provide up to \$350 million of borrowings and do not contain financial covenants.

*Available cash and contractual commitments* — At March 31, 2011, the Company had cash and cash equivalents of \$188 million. The Company's additional borrowing capacity based on eligible collateral through use of its credit facility with its bank group and its accounts receivable securitization facility at March 31, 2011 was \$260 million. The additional borrowing capacity on the Asian credit lines totaled \$187 million.

The Company expects capital expenditures for 2011 to be in the \$150 to \$170 million range of which approximately \$40 million will be in consolidated entities where the Company's ownership is between 50 and 100 percent.

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The following table summarizes long-term debt at March 31, 2011:

Parent company	
8% unsecured notes due December 2019	\$ 173.6
7.625% unsecured notes due March 2027	116.9
Capitalized leases and other	9.9
	<u>300.4</u>
Subsidiaries	
5.13% unsecured notes due in 2011	5.3
5.13% unsecured notes due in 2012	20.6
6.10% unsecured notes due in 2014	7.6
	<u>33.5</u>
Total long-term debt	333.9
Less current maturities	16.6
	<u>\$ 317.3</u>

## Contingencies

The Company is a defendant in various products liability claims brought in numerous jurisdictions in which individuals seek damages resulting from automobile accidents allegedly caused by defective tires manufactured by the Company. Each of the products 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 products 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.

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 products 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 products 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 United States, 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.

### Forward-Looking Statements

This report contains what the Company believes are “forward-looking statements,” as that term is defined under the Private Securities Litigation Reform Act of 1995, regarding projections, expectations or matters that the Company anticipates may happen with respect to the future performance of the industries in which the Company operates, the economies of the United States and other countries, or the performance of the Company itself, which involve uncertainty and risk. Such “forward-looking statements” are generally, though not always, preceded by words such as “anticipates,” “expects,” “will,” “should,” “believes,” “projects,” “intends,” “plans,” “estimates,” and similar terms that connote a view to the future and are not merely recitations of historical fact. Such statements are made solely on the basis of the Company’s current views and perceptions of future events, and there can be no assurance that such statements will prove to be true. It is possible that actual results may differ materially from those projections or expectations due to a variety of factors, including but not limited to:

- changes in economic and business conditions in the world;
- the failure to achieve expected sales levels;
- consolidation among the Company’s competitors and customers;
- technology advancements;
- the failure of the Company’s suppliers to timely deliver products in accordance with contract specifications;
- changes in interest and foreign exchange rates;
- changes in the Company’s customer relationships, including loss of particular business for competitive or other reasons;
- the impact of reductions in the insurance program covering the principal risks to the Company, and other unanticipated events and conditions;
- volatility in raw material and energy prices, including those of rubber, steel, petroleum based products and natural gas and the unavailability of such raw materials or energy sources;
- the inability to obtain and maintain price increases to offset higher production or material costs;
- increased competitive activity including actions by larger competitors or low-cost producers;
- the inability to recover the costs to develop and test new products or processes;
- the risks associated with doing business outside of the United States;
- changes in pension expense and/or funding resulting from investment performance of the Company’s pension plan assets and changes in discount rate, salary increase rate, and expected return on plan assets assumptions, or changes to related accounting regulations;
- government regulatory initiatives;
- the impact of labor problems, including a strike brought against the Company or against one or more of its large customers or suppliers;
- litigation brought against the Company including products liability;
- an adverse change in the Company’s credit ratings, which could increase its borrowing costs and/or hamper its access to the credit markets;
- changes to the credit markets and/or access to those markets;
- inaccurate assumptions used in developing the Company’s strategic plan or operating plans or the inability or failure to successfully implement such plans;
- inability to adequately protect the Company’s intellectual property rights;
- failure to successfully integrate acquisitions into operations or their related financings may impact liquidity and capital resources;
- inability to use deferred tax assets;
- changes to tariffs on certain tires imported into the United States from the PRC or the imposition of new tariffs or trade restrictions and;
- changes in the Company’s relationship with joint venture partners.

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It is not possible to foresee or identify all such factors. Any forward-looking statements in this report are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. Prospective investors are cautioned that any such statements are not a guarantee of future performance and actual results or developments may differ materially from those projected.

The Company makes no commitment to update any forward-looking statement included herein or to disclose any facts, events or circumstances that may affect the accuracy of any forward-looking statement.

Further information covering issues that could materially affect financial performance is contained in the Company's other periodic filings with the U. S. Securities and Exchange Commission ("SEC").

### **Item 4. 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 Rules 13a-15(e) of the Securities and Exchange Act of 1934, as amended ("Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission ("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 March 31, 2011 ("Evaluation Date")). Based on its initial evaluation, the Company's CEO and CFO concluded that its disclosure controls and procedures were effective as of the Evaluation Date.

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

**Part II. OTHER INFORMATION**

**Item 1A. RISK FACTORS**

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

***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.

A 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.

This may also be the result of increased price competition and product discounts, resulting in lower margins in the business.

***Pricing volatility for raw materials and an inadequate supply of key raw materials could result in increased costs and may 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 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. 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.

***If the price of natural gas or other energy sources increases, the Company's operating expenses could increase significantly.***

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.

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

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

The replacement tire industry is a highly competitive, global industry. Some of the Company's competitors are large companies with relatively greater financial resources. Most of the Company's competitors have operations in lower-cost countries. 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.

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***The Company may be unable to recover new product and process development and testing costs, which could increase the cost of operating its business.***

The Company's business strategy emphasizes the development of new equipment and new products and using new technology to improve quality, performance and operating efficiency. 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 is implementing an Enterprise Resource Planning ("ERP") system that will require significant amounts of capital and human resources to deploy. 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.

***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 two manufacturing entities, the Cooper Chengshan joint venture and Cooper Kunshan, in the PRC and has continued to expand operations in that country. The Company has also recently increased its investment in COOCSA, a tire manufacturing entity in Mexico. There are a number of risks in doing business abroad, including political and economic uncertainty, social unrest, 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 the PRC and elsewhere 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. 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.

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

The Company's ability to competitively source 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 other low cost competitors to establish a presence in markets where the Company participates could also have significant impacts on the Company's results.

***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 and changes in its assumptions relating to the expected return on plan assets. 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.

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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.

### ***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 enacted 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.

### ***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.

Clean oil directive number 2005/69/EC in the European Union ("EU") was effective January 1, 2010, and requires all tires manufactured after this date and sold in the EU to use non-aromatic oils. The Company is in compliance with this directive. Additional countries may legislate similar clean oil requirements which could increase the cost of manufacturing the Company's products.

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 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, be found liable and be subject to additional costs because of this legislation.

### ***Any interruption in the Company's skilled workforce 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 and professional workers could interrupt the Company's operations and affect its operating results. Further, a significant number of the Company's U.S. and U.K. employees are currently represented by unions. The labor agreement at the Findlay, Ohio operation expires October 2011 and the labor agreement at the Texarkana, Arkansas operations expires January 2012. The labor agreement in Melksham, England expires March 2012. Although the Company believes that its relations with its employees are generally good, the Company cannot provide assurance that it will be able to successfully maintain its relations with its employees. If the Company fails to extend or renegotiate its collective bargaining agreements with the labor unions on satisfactory terms, or if its unionized employees were to engage in a strike or other work disruptions, the Company's business and operating results could suffer.

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### ***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 and the Company could experience difficulty from time to time 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.

### ***The Company has a risk of exposure to products 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 potential liability for personal injury or death as an alleged result of the failure of or conditions in the products that it designs and manufactures. Specifically, the Company is a party to a number of products liability cases in which individuals involved in motor vehicle accidents seek damages resulting from allegedly defective tires that it manufactured. Products 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. Those claims could have a negative effect on the Company's financial position, cash flows and results of operations.

The Company is largely self insured against these claims.

### ***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. See also related comments under "There are risks associated with the Company's global strategy of using joint ventures and partially owned subsidiaries."

Additionally, any inability to access the capital markets, 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.

### ***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.***

In February 2008, the Company announced its strategic plan which contains three imperatives:

- Build a sustainable, competitive cost position,
- Drive profitable top line growth, and
- Build bold organizational capabilities and enablers to support strategic goals.

If the assumptions used in developing the strategic plan 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 strategic plan it can also be negatively impacted.

***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.

***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. The Company cannot provide assurance whether it will be successful in pursuing any acquisition opportunities or what the consequences of any acquisition would be. Additionally, in any future acquisitions, the Company may encounter various risks, 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. Future acquisitions may involve the expenditure of significant funds and management time. Future 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.

***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 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. Material future expenditures may be necessary if compliance standards change or material unknown conditions that require remediation are discovered. 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 realizability of deferred tax assets may affect the Company's profitability and cash flows.***

The Company maintains a valuation allowance pursuant to ASC 740, "Accounting for Income Taxes," on its net U.S. deferred tax asset position. The valuation allowance will be maintained as long as it is more likely than not that some portion of the deferred tax asset may not be realized. Deferred tax assets and liabilities are determined separately for each taxing jurisdiction in which the Company conducts its operations or otherwise generates taxable income or losses. In the U.S., the Company has recorded significant deferred tax assets, the largest of which relate to products liability, pension and other postretirement benefit obligations. These deferred tax assets are partially offset by deferred tax liabilities, the most significant of which relates to accelerated depreciation. Based upon this assessment, the Company maintains a valuation allowance for the portion of U.S. deferred tax assets exceeding its U.S. deferred tax liabilities. In addition, the Company has recorded valuation allowances for deferred tax assets associated with losses in certain foreign jurisdictions.

***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 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.

***There are risks associated with the Company's global strategy of using joint ventures and partially owned subsidiaries.***

The Company's strategy includes expanding its global footprint through 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. However, there are specific additional risks applicable to these subsidiaries and these risks, in turn, add potential risks to the Company. Such risks include: greater risk of sudden changes in laws and regulations which could impact their competitiveness, risk of joint venture partners or other investors failing to meet their obligations under related shareholders' agreements 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, including certain of the agreements with the Company's joint venture partners or other investors. In the event joint venture partners or other investors do not satisfy their funding or other obligations and the Company does not or cannot satisfy such obligations, the Company could be in default under its outstanding notes and primary credit facility and, accordingly, be required to repay or refinance such obligations. There is no assurance that the Company would be able to repay such obligations or that the current noteholders or creditors would agree to refinance or to modify the existing arrangements on acceptable terms or at all. 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."

The affiliated 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 is crucial to their ability to maintain sufficient liquidity to support their operations.

In connection with its acquisition of a controlling interest in Cooper Chengshan, beginning January 1, 2009, and continuing through December 31, 2011, the noncontrolling shareholders have the right to sell and, if exercised, the Company has the obligation to purchase, the remaining 49 percent at a minimum price of \$63 million. In 2009, the Company received notification from one of its noncontrolling shareholders of its intention to exercise its put option and after receiving governmental approvals, the Company purchased the 14 percent share for \$18 million on March 31, 2010. The remaining shares may be sold to the Company under the put option through December 31, 2011.

## **Table of Contents**

### **Item 6. EXHIBITS**

#### (a) Exhibits

- (10.1) Form of Performance Stock Unit and Cash Award Agreement
- (10.2) Form of Restricted Stock Unit Award Agreement
- (10.3) Form of Nonqualified Stock Option Award Agreement
- (31.1) Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- (31.2) Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- (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

SIGNATURES

Pursuant to the requirements 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/ B. E. Hughes

B. E. Hughes

Vice President and Chief Financial Officer  
(Principal Financial Officer)

/s/ R. W. Huber

R. W. Huber

Director of External Reporting  
(Principal Accounting Officer)

April 26, 2011

(Date)

**COOPER TIRE & RUBBER COMPANY**

**Performance Stock Unit and Cash Unit Award Agreement**

**WHEREAS**, [NAME] (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”) approved the terms and authorized on [DATE] (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 2010 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, a grant of an Award of [INSERT NO.] Performance Stock Units and [INSERT \$] Performance Cash Units, each representing the opportunity to earn Target Payments.

**1. Performance and Measurement Periods.** The Performance Period shall be from January 1, 20[ ] through December 31, 20[ ] 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):

The “First Measurement Period” shall be from January 1, 20[ ] through December 31, 20[ ] and [Insert 1/3 amount] of the Performance Stock Units and [Insert 1/3 amount] of the Performance Cash Units shall be allocated thereto.

The “Second Measurement Period” shall be from January 1, 20[ ] through December 31, 20[ ] and [Insert 1/3 amount] of the Performance Stock Units and [Insert 1/3 amount] of the Performance Cash Units shall be allocated thereto.

The “Third Measurement Period” shall be from January 1, 20[ ] through December 31, 20[ ] and [Insert 1/3 amount] of the Performance Stock Units and [Insert 1/3 amount] 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 levels of performance of the [ ] goals as set forth in the Statement of Performance Goals attached hereto as Exhibit A. The Performance Units that the Participant will have the opportunity to earn upon the achievement of each Performance Goal shall be allocated in accordance with the weighting percentages specified for each such Performance Goal in Exhibit A.

**3. Crediting of Notionally Earned Performance Units.**

(a) Below Threshold. If, upon the conclusion of a Measurement Period, achievement for a particular Performance Goal falls below the threshold level, as set forth in the Statement of Performance Goals, 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, as set forth in the Statement of Performance Goals, [ ]% 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, as set forth in the Statement of Performance Goals, between [ ]% and [ ]0% of Performance Units allocated to such Performance Goal for the Measurement Period shall become notionally earned as determined by mathematical straight-line interpolation.

(d) Target. If, upon the conclusion of a Measurement Period, the achievement for a particular Performance Goal equals the Target, as set forth in the Statement of Performance Goals, [ ]% 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, as set forth in the Statement of Performance Goals, between [ ]% and [ ]% of the Performance Units allocated to such Performance Goal for the Measurement Period shall become notionally earned, as determined by mathematical straight-line interpolation.

(f) Maximum. If, upon the conclusion of a Measurement Period, achievement for a particular Performance Goal equals or exceeds the maximum level, as set forth in the Statement of Performance Goals, [ ]% 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 [ ]% of the Performance Units allocated to any Performance Goal or [ ]% 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. However, except as otherwise provided herein, the Participant's right to receive payment of notionally earned Performance Units shall be contingent upon the Participant remaining in the continuous employ of the Company throughout the entire Performance Period.

#### **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 Stock 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 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 Performance Stock Units 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 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 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) Statements. As soon as practicable following the close of a calendar year, the Company shall furnish to the Participant a statement setting forth the number of notionally earned Performance Units in the Participant's Account at the close of such calendar year.

(d) **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.

(e) **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.

(f) **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.** 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 upon 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 certification by the Committee and/or payment of Participant's Account, the Performance Units notionally earned and 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 a participant in Cooper Tire & Rubber Company's Change in Control Severance Pay Plan (the "Severance Plan"), the Performance Units shall also become vested only as provided in the Severance Plan.

(b) If the Participant is not a participant in the Severance Plan upon the occurrence of a Change in Control, the Participant shall receive: (i) any outstanding Performance Units which have been notionally earned by or allocated or awarded to the Participant for a calendar year or Performance Period or 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 calendar year, Performance Period, or Measurement Period; and (ii) any outstanding Performance Units which have not been notionally earned by or allocated or awarded to the Participant for an uncompleted calendar year, Performance Period, or 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 calendar year, Performance Period, or Measurement Period and ending on the date of the Change in Control. 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 merger consideration to holders of its Common Shares.

**7. Effect of Death, Disability, Retirement.** If the Participant's employment with the Company terminates during the Performance Period while the Participant is employed by the Company, 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 (x) notionally earned Performance Units for completed Measurement Periods will

vest in full and (y) a pro rata number of Performance Units allocated to any uncompleted Measurement Period shall become vested. The pro rata portion that shall become vested shall be 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. The payment of such Performance Units will be in accordance with Section 10 of this Award Agreement.

**8. Effect of Voluntary or Involuntary Termination, except for Death, Disability, or Cause.** If the Participant's employment with the Company terminates during a Performance Period while the Participant is employed by the Company, but before the occurrence of a Change in Control, due to the Participant's voluntary or involuntary termination of employment, other than for death, Disability, or Cause, then notionally earned Performance Units for completed Measurement Periods will vest in full and will be paid in accordance with Section 10 of this Award Agreement. The Performance Units allocated to any uncompleted Measurement Period shall be forfeited.

**9. Effect of Termination for Cause.** If the Participant's employment with the Company terminates before the end of the Performance Period, or prior to certification by the Committee and/or payment of Participant's Account for Cause, but before the occurrence of a Change in Control, all Performance Units, whether or not notionally earned, will 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. Payments for any Performance Cash Units that become vested as set forth herein will be made in the form of cash. 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. In the event of a termination of employment due to Retirement pursuant to Section 7 or a termination due to Section 8, 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 1/2) months after the end of the Performance Period. Performance Units will be forfeited if they are not vested as of the end of the Performance Period and, except as otherwise provided in this Award Agreement, if the Participant ceases to be employed by the Company at any time prior to such Performance Units becoming earned and vested as of 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, 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, 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.

**13. Transferability.** The Participant's right to receive the Performance Units shall not be transferable by the Participant except by will or 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 Company 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 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.

**20. 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.

**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.**

(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 Participant shall have committed:

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

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

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(a)(i) or 22(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 22(a)(i) or Section 22(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:

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;

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;

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

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).

“**Performance Cash Unit**” has the value of \$1 each.

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

“ **Retirement** ” means termination of employment with the Company after the Participant’s continuous years of employment with the Company and the Participant’s age equal at least 75 years.

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

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.

Date: \_\_\_\_\_

\_\_\_\_\_  
PARTICIPANT NAME

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Social Security No./Tax Identification No.

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
City            State            Zip

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

**COOPER TIRE & RUBBER COMPANY**

By: \_\_\_\_\_

[Name]

[Title]

**COOPER TIRE & RUBBER COMPANY**  
**Performance Units**  
**Statement of Performance Goals**  
**[ ] Measurement Period of the [ ] Performance Period**

1. The Performance criteria are:
2. The Performance Goals for the First Measurement Period and their respective weights are as set forth below:
3. Performance Goals for the Second Measurement Period and Third Measurement Period will be established by the Committee in its discretion and communicated to the Participant not later than ninety (90) days after the beginning of each such Measurement Period.

**COOPER TIRE & RUBBER COMPANY**  
**Restricted Stock Unit Award Agreement**

**WHEREAS**, [PARTICIPANT NAME] (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”) on [DATE] (the “Date of Grant”) 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 2010 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.**

The Participant’s right to receive Common Shares equal to the number of RSUs granted will become fully vested and nonforfeitable if the Participant remains in the continuous employ of the Company for a period of \_\_\_\_ (\_\_) years from the Date of Grant.

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 [ ] anniversary of the Date of Grant, the RSUs shall become vested and nonforfeitable as follows:

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.

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.

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).

Notwithstanding the provisions of Section 1(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 1(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 1(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) Statements. As soon as practicable following the close of a calendar year, the Company shall furnish to the Participant a statement setting forth the number of RSUs in his Account at the close of such calendar year.

(d) 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.

(e) 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.

(f) **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 on the earlier of \_\_\_\_\_ or \_\_\_\_\_. Distributions for which an election hereunder is made by Participant pursuant to this Section to defer the distribution beyond March 15 of the year following the year in which the RSUs become nonforfeitable under the terms of Section 1 must be done in accordance with the rules and regulations established by §409A of the Internal Revenue Code. These include the required six (6) month delay in a distribution for a Specified Employee upon a "separation from service". Further, any subsequent change to an election to delay the distribution date must be for at least five (5) years beyond the initial deferred distribution date and the modified election must be made at least twelve (12) months prior to the original distribution date. There can be no acceleration of a distribution date other than as described in Section 4(b).

#### **(b) Accelerated Distributions.**

(i) **Death of Participant.** Notwithstanding the election made under Section 4(a), if the Participant dies, the amount of the RSUs credited to his Account shall, to the extent vested under the terms of Section 1, including Section 1(b) and 1(c), be distributed in an equivalent number of Common Shares as soon as practicable to the designated beneficiary of the Participant, or if there is no designated beneficiary or such beneficiary does not survive the Participant, such distribution shall be made to the estate of the Participant.

(ii) **Financial Hardship.** Upon a finding by the Committee that the Participant has suffered a Financial Hardship, the Committee may, in its sole discretion, distribute or direct distribution of equivalent Common Shares equal to the number of vested RSUs to the Participant in such amount that does not exceed the amount required to meet the immediate financial needs created by the Financial Hardship and not reasonably available from other sources available to the Participant. No distribution pursuant to this Section 4(b)(ii) may be made in excess of the vested equivalent shares under the terms of Section 1 at the time of such distribution.

(c) **Designation of Beneficiary.** The Participant shall have the right to designate a beneficiary for the purposes of receiving an accelerated distribution as provided in Section 4(b) above 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.

**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 Company 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 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.

**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:

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

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

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:

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;

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;

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

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).

“**Financial Hardship**” means within the meaning of Treasury Regulation 1.409A-3(i)(3) an unforeseeable financial emergency of the Participant determined by the Committee as provided in Section 4(b)(ii) on the basis of information supplied by the Participant, arising from an illness, casualty loss, sudden financial reversal or other such unforeseeable occurrence beyond the control of the Participant, but not including foreseeable events such as the purchase of a house or education expenses for children. The Participant shall furnish the Committee, in writing and in reasonable detail, with the relevant facts and information, and the determination of the Committee as to whether a distribution is warranted pursuant to Section 4(b)(ii) and the amount of any such distribution shall be binding and conclusive.

“ **Retirement** ” means termination of employment with the Company after the sum of the Participant’s years of continuous employment with the Company and the Participant’s age equal at least 75 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 as defined in the Plan.

The undersigned Participant hereby acknowledges receipt 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.

Date: \_\_\_\_\_

\_\_\_\_\_  
[PARTICIPANT NAME]

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Social Security No./Tax Identification No.

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
City State Zip

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

**COOPER TIRE & RUBBER COMPANY**

By: \_\_\_\_\_  
[Name]  
[Title]

**COOPER TIRE & RUBBER COMPANY**

**Nonqualified Stock Option Award Agreement**

**WHEREAS** , [OPTIONEE 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 [DATE] the grant of an Award of Options pursuant to Section 8 of the Cooper Tire & Rubber Company 2010 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:

**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 \_\_\_\_\_ 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.

**Right to Exercise .**

The Option (until terminated as hereinafter provided) will become exercisable to the extent of [ ] of the total number of Common Shares underlying the Option on each of the first \_\_\_\_\_ (\_\_) 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.

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:

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.

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).

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.

**Exercise and Payment .**

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.

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.

**Termination .** Notwithstanding Section 2 above, the Option shall terminate on the earliest of the following dates:

The date on which the Optionee ceases to be an employee of the Company, if the Optionee's employment with the Company is terminated for Cause;

Thirty (30) days after the Optionee ceases to be an employee of the Company by reason of a voluntary quit (in which case, the Option is exercisable during such 30 day period only to the extent the Option was exercisable on the date of termination of employment);

Ninety (90) days after the Optionee ceases to be an employee of the Company by reason of an involuntary termination by the Company, other than for Cause (in which case, the Option is exercisable during such 90 day period only to the extent the Option was exercisable on the date of termination of employment);

One (1) year after the death of the Optionee if the Optionee dies 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 have the right to 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 beneficiary designation at any time by furnishing a revised beneficiary designation form to the Company.);

One (1) year after the Optionee's employment terminates due to the Optionee's Disability while an employee of the Company (in which case the Option becomes immediately exercisable in full);

Five (5) years after Optionee's employment terminates other than for Cause by reason of the Optionee's Retirement (in which case the Option shall remain exercisable pursuant to Section 2(a) during such five (5) year period); and

Ten (10) years from the Date of Grant which is the close of business on \_\_\_\_\_.

**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.

**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.

**No Dividend Equivalents** . The Optionee shall not be entitled to dividend equivalents.

**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.

**17. 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 Company 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.

**18. 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.

**19. 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.

**20. 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 .

**21. 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.

**22. 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.

**23. 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.

**24. 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.

**25. 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.

**26. Defined Terms** .

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:

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

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

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:

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;

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;

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

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 after the sum of the Optionee’s years of continuous employment with the Company and the Optionee’s age equal at least 75 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.

Capitalized terms that are used but not defined herein are 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.

Date: \_\_\_\_\_

\_\_\_\_\_  
[OPTIONEE NAME]

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Social Security No./Tax Identification No.

\_\_\_\_\_  
Home Address

\_\_\_\_\_  
City State Zip

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

**COOPER TIRE & RUBBER COMPANY**

By: \_\_\_\_\_  
[Name]  
[Title]

## CERTIFICATIONS

I, Roy V. Armes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: April 26, 2011

/s/ Roy V. Armes

Roy V. Armes  
President and Chief Executive Officer

## CERTIFICATIONS

I, Bradley E. Hughes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: April 26, 2011

/s/ Bradley E. Hughes

Bradley E. Hughes  
Vice President and Chief Financial Officer

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 Quarterly Report of Cooper Tire & Rubber Company (the "Company") on Form 10-Q for the period ended March 31, 2011, 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: April 26, 2011

/s/ Roy V. Armes

Name: Roy V. Armes

Title: Chief Executive Officer

/s/ Bradley E. Hughes

Name: Bradley E. Hughes

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.