# COOPER TIRE & RUBBER CO

## FORM 10-K
(Annual Report)

Filed 02/27/12 for the Period Ending 12/31/11

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|---|---|
| Address | LIMA & WESTERN AVENUES<br>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 |

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

# FORM 10-K

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

**(Mark One)**

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
**for the fiscal year ended December 31, 2011**

**or**

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
**for the transition period from to**

**Commission File Number 001-04329**

# COOPER TIRE & RUBBER COMPANY

**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **DELAWARE** (State of incorporation) | **34-4297750** (I.R.S. employer identification no.) |
| **701 Lima Avenue, Findlay, Ohio** (Address of principal executive offices) | **45840** (Zip Code) |

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

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

| (Title of each class) | (Name of each exchange on which registered) |
|---|---|
| Common Stock, $1 par value per share | New York Stock Exchange |

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes ☒ No ☐

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

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-Accelerated Filer | ☐ (Do not check if a small reporting company) | Smaller Reporting Company | ☐ |

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

The aggregate market value of the voting common stock held by non-affiliates of the registrant at June 30, 2011 was $1,201,079,855.

The number of shares outstanding of the registrant's common stock as of January 31, 2012 was 62,302,306.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information from the registrant's definitive proxy statement for its 2012 Annual Meeting of Stockholders is hereby incorporated by reference into Part III, Items 10 – 14, of this report.

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FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011



## PART I

### Item 1. BUSINESS

Cooper Tire & Rubber Company with its subsidiaries (“Cooper” or the “Company”) is a leading manufacturer and marketer of replacement tires. It is the fourth largest tire manufacturer in North America and, according to a recognized trade source, the Cooper family of companies is the ninth largest tire company in the world based on sales. Cooper focuses on the manufacture and sale of passenger and light and medium truck replacement tires.

The Company is organized into two separate, reportable business segments: North American Tire Operations and International Tire Operations. Each segment is managed separately. Additional information on the Company’s segments, including their financial results, total assets, products, markets and presence in particular geographic areas, appears in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the “Business Segments” note to the consolidated financial statements.

Cooper Tire & Rubber Company was incorporated in the state of Delaware in 1930 as the successor to a business originally founded in 1914. Based in Findlay, Ohio, Cooper and its family of companies currently operate 9 manufacturing facilities and 38 distribution centers in 11 countries. As of December 31, 2011, it employed 12,890 persons worldwide.

## Business Segments

### North American Tire Operations Segment

The North American Tire Operations segment manufactures and markets passenger car and light truck tires, primarily for sale in the United States ("U.S.") replacement market. The segment also distributes tires for racing, medium truck and motorcycles that are manufactured in the Company's International Tire Operations segment. 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 currently manufacture or sell a significant number of tires to original equipment manufacturers ("OEMs").

The segment operates in a highly competitive industry, which includes Bridgestone Corporation, Goodyear Tire & Rubber Company and Groupe Michelin. These competitors are substantially larger than the Company and serve OEMs as well as the replacement tire market. The segment also faces competition from low-cost producers in Asia, Mexico, South America and Central Europe. Some of those producers are foreign subsidiaries of the segment's competitors in North America. The segment had a market share in 2011 of over 13 percent of all light vehicle replacement tire sales in the U.S. The segment also participates in the U.S. medium truck replacement market. In addition to manufacturing tires in the U.S., the segment has a joint venture manufacturing operation in Mexico, Corporacion de Occidente SA de CV ("COOCSA"). A portion of the products manufactured by the segment are exported throughout the world.

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

The segment's replacement tire business has a broad customer base that includes purchasers of proprietary brand tires that are marketed and distributed by the Company and private label tires which are manufactured by the Company but marketed and distributed by the Company's customers. This mix of customers helps to protect the segment from the effects that could result from the loss of a major customer. The segment is the leading supplier of private label tires in the U.S.

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

### International Tire Operations Segment

The International Tire Operations segment has operations in the United Kingdom ("U.K."), the Republic of Serbia and the People's Republic of China ("PRC"). The U.K. entity manufactures and markets passenger car, light truck, motorcycle and racing tires and tire retread material for the global market. In late 2011, the Company reached agreement to purchase the assets of a light vehicle tire manufacturing facility in the Republic of Serbia. This transaction was completed in early 2012. The segment's Cooper Kunshan entity in the PRC currently manufactures light vehicle tires. Under an agreement with the government of the PRC, until May 2012, all of the tires produced at this facility will be exported. The segment also has a joint venture in the PRC, Cooper Chengshan Tire, which manufactures and markets radial and bias medium truck tires as well as passenger and light truck tires for the global market. Only a small percentage of the tires manufactured by the segment are sold to OEMs.

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

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

## Raw Materials

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

During 2011, the Company experienced higher raw material costs compared to 2010. The pricing volatility of natural rubber and petroleum-based materials contributes to the difficulty in accurately predicting and managing the costs of raw materials.

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

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

**Working Capital**

The Company's working capital consists mainly of inventory, accounts receivable and accounts payable. These working capital accounts are closely managed by the Company. Inventory balances are primarily valued at a Last In First Out (LIFO) basis for the North American entities and under the first-in first-out ("FIFO") or average cost method for entities in the International Tire Operations segment. Inventories turn regularly, but balances typically increase during the first half of the year before declining as a result of increased sales in the second half. Accounts receivable and accounts payable are also affected by this business cycle, typically requiring the Company to have greater working capital needs during the second and third quarters. The Company engages in a rigorous credit analysis of its customers and monitors their financial positions. The Company offers incentives to certain customers to encourage the payment of account balances prior to their scheduled due dates.

At December 31, 2011, the Company held cash and cash equivalents of $234 million. The Company's finished goods inventory at December 31, 2011 is higher than in the prior year as a result of increased units and higher raw material costs. The Company's inventory levels are within the targeted range to meet projected demand. The mix of inventory is critical to inventory turnover and meeting customer demand.

**Research, Development and Product Improvement**

The Company directs its research activities toward product development, performance and operating efficiency. The Company conducts extensive testing of current tire lines, as well as new concepts in tire design, construction and materials. During 2011, approximately 56 million miles of tests were performed on indoor test wheels and in monitored road tests. The Company has a tire and vehicle test track in Texas that assists with the Company's testing activities. Uniformity equipment is used to physically monitor manufactured tires for high standards of ride quality. The Company continues to design and develop specialized equipment to fit the precise needs of its manufacturing and quality control requirements. Research and development expenditures were $35.7 million, $39.7 million and $44.6 million during 2009, 2010 and 2011, respectively.

**Patents, Intellectual Property and Trademarks**

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

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

**Seasonal Trends**

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

**Environmental Matters**

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

The Company's manufacturing facilities, like those of the industry generally, are subject to numerous laws and regulations designed to protect the environment. In general, the Company has not experienced difficulty in complying with these requirements and believes they have not had a material adverse effect on its financial condition or the results of its operations. The Company expects additional requirements with respect to environmental matters will be imposed in the future. The Company's 2011 expense and capital expenditures for environmental matters at its facilities were not material, nor is it expected that expenditures in 2012 for such uses will be material.

**Foreign Operations**

The Company has a manufacturing facility, a technical center, a distribution center and its European headquarters office located in the U.K. There are five distribution centers and five sales offices in Europe. The Company has a manufacturing facility and a joint venture manufacturing facility, 19 distribution centers, a technical center, two sales offices and an administrative office in the PRC. The Company also has a purchasing office in Singapore. In Mexico, the Company has a joint venture manufacturing facility, a sales office and one distribution center. In late 2011, the Company reached agreement to purchase the assets of a light vehicle tire manufacturing facility in the Republic of Serbia. This transaction was completed in early 2012.

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

**Available Information**

The Company makes available free of charge, on or through its website, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the U.S. Securities and Exchange Commission ("SEC"). The Company's internet address is http://www.coopertire.com. The Company has adopted charters for each of its Audit, Compensation and Nominating and Governance Committees, corporate governance guidelines and a code of business ethics and conduct, which are available on the Company's website and will be available to any stockholder who requests them from the Company's Director of Investor Relations. The information contained on the Company's website is not incorporated by reference in this annual report on Form 10-K and should not be considered a part of this report.

**Item 1A. RISK FACTORS**

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

***Pricing volatility for raw materials or commodities or an inadequate supply of key raw materials could result in increased costs and may 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 or otherwise adversely affected.

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

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

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

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

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

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

The replacement tire industry is a highly competitive, global industry. Some of the Company's competitors are larger companies with greater financial resources. 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.

***Any interruption in the Company's skilled workforce, including labor disruptions, could impair its operations and harm its earnings and results of operations.***

The Company's operations depend on maintaining a skilled workforce and any interruption of its workforce due to shortages of skilled technical, production or professional workers, work disruptions, or other events could interrupt the Company's operations and affect its operating results. Further, a significant number of the Company's U.S. and U.K. employees are currently represented by unions. The Company's labor agreement with the United Steelworkers at its Findlay, Ohio operations expired on October 31, 2011, and the Company locked out its unionized workforce at that location on November 28, 2011. The Company's labor agreement in Melksham, England expires in March 2012. If the Company fails to extend or renegotiate its collective bargaining agreements with the labor unions on satisfactory terms, is unable to resolve the current labor dispute in Findlay or if there were to be an additional work stoppage or other work disruption, the Company's business and operating results could suffer.

***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, manufactures and sells. 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. The Company is largely self-insured against these claims. These claims could have a negative effect on the Company's financial position, cash flows and results of operations.

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

***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.

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

***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 and sell tires can be significantly impacted by changes in tariffs imposed by various governments. Other effects, including impacts on the price of tires, responsive actions from other governments and the opportunity for other low-cost competitors to establish a presence in markets where the Company participates could also have significant impacts on the Company's results. In September, 2012 a special tariff on light vehicle tires from the PRC to the U.S. is currently scheduled to expire. The Company's sales and profit in related segments could be significantly impacted.

***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.

Several countries have or may implement labeling requirements for tires. This legislation could cause the Company's products to be at a disadvantage in the market place resulting in a loss of market share.

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

The Company's ability to sell tires may be significantly impacted if it does not develop or make available technologies, processes, or products that competitors may be developing and consumers demanding. This includes but is not limited to changes in the design of and materials used to manufacture tires. Technologies may also be developed by competitors that better distribute tires to consumers, which could affect the Company's customers.

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

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

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

The Company also can be at risk of legal action, loss of business or other loss if it fails to protect sensitive data or technology systems that help it to operate.

The Company is implementing an ERP system that will require significant amounts of capital and human resources to deploy. These requirements may exceed the Company's initial projections. If for any reason this implementation is not successful, the Company could be required to expense rather than capitalize related amounts. Throughout implementation of the system there are also risks created to the Company's ability to successfully and efficiently operate.

***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, and has established an operation in Serbia. There are a number of risks in doing business abroad, including political and economic uncertainty, social unrest, sudden changes in laws and regulations, shortages of trained labor and the uncertainties associated with entering into joint ventures or similar arrangements in foreign countries. These risks may impact the Company's ability to expand its operations in different regions and otherwise achieve its objectives relating to its foreign operations including utilizing these locations as suppliers to other markets. In addition, compliance with multiple and potentially conflicting foreign laws and regulations, import and export limitations and exchange controls is burdensome and expensive. 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.

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

The Company's business depends on the continued service of key members of its management. The loss of the services of a significant number of members of its management team could have a material adverse effect on its business. The Company's future success will also depend on its ability to attract, retain and develop highly skilled personnel, such as engineering, marketing and senior management professionals. Competition for these employees is intense, especially in the PRC, and the Company could experience difficulty 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.

***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 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. In addition, the Company recently completed the acquisition of a manufacturing facility in Serbia. The Company may encounter various risks in any acquisitions, including:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company has $239 million of net deferred tax assets recorded on the balance sheet at December 31, 2011. The Company maintains a valuation allowance pursuant to ASC 740, "Accounting for Income Taxes," on a portion of its 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. In the fourth quarter of 2012 the Company released most of its valuation allowance on U.S. deferred tax assets. Based upon this assessment, the Company maintains a valuation allowance for the portion of its U.S. deferred tax assets primarily associated with a capital loss carryforward. In addition, the Company has recorded valuation allowances for deferred tax assets primarily associated with losses in non-U.S. subsidiaries. The Company's assessment is based on certain assumptions and adverse conditions could have a negative impact on the Company's operating results or financial position.

## Item 1B. UNRESOLVED STAFF COMMENTS

None.

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## Item 2. PROPERTIES

As shown in the following table, at December 31, 2011 the Company maintained 68 manufacturing, distribution, retail stores and office facilities worldwide. The Company owns a majority of the manufacturing facilities while some manufacturing, distribution and office facilities are leased.

| | North American Tire Operations | | International Tire Operations | | |
|---|---|---|---|---|---|
| Type of Facility | United States | Mexico | Europe | Asia | Total |
| Manufacturing | 4 | 1* | 1 | 2* | 8 |
| Distribution | 12 | 1 | 6 | 19 | 38 |
| Retail Stores | 3 | — | — | — | 3 |
| Technical centers and offices | 6 | 1 | 7 | 5 | 19 |
| Total | 25 | 3 | 14 | 26 | 68 |

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

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

In late 2011, the Company reached agreement to purchase the assets of a light vehicle tire manufacturing facility in the Republic of Serbia. This transaction was completed in early 2012.

## Item 3. LEGAL PROCEEDINGS

The Company is a defendant in various judicial proceedings arising in the ordinary course of business. A significant portion of these proceedings are products liability cases in which individuals involved in vehicle accidents seek damages resulting from allegedly defective tires manufactured by the Company. In the future, products liability costs could have a materially greater impact on the consolidated results of operations and financial position of the Company than in the past. After reviewing all of these proceedings, and taking into account all relevant factors concerning them, the Company does not believe that any liabilities resulting from these proceedings are reasonably likely to have a material adverse effect on its liquidity, financial condition or results of operations in excess of amounts recorded at December 31, 2011.

On February 2, 2010, in the case of *Cates, et al. v. Cooper Tire & Rubber Company* , the U.S. District Court for the Northern District of Ohio entered an order approving the settlement agreement negotiated by the parties in April 2009, in its entirety, as being fair, reasonable and adequate and dismissed, with prejudice, the case and a related lawsuit, *Johnson, et al. v. Cooper Tire & Rubber Company* . The settlement agreement provided for 1) a cash payment of $7 million to the Plaintiffs for reimbursement of costs; and 2) modification to the Company's approach and costs of providing future health care to specified current retiree groups which resulted in an amendment to the Company's retiree medical plan.

A group of the Company's union retirees and surviving spouses filed the Cates lawsuit on behalf of a purported class claiming that the Company was not entitled to impose any contribution requirement for the cost of their health care coverage pursuant to a series of letter agreements entered into by the Company and the United Steelworkers and that Plaintiffs were promised lifetime benefits, at no cost, after retirement. As a result of settlement discussions, the related Johnson case was filed with the Court on behalf of a different, smaller group of hourly union-represented retirees.

As a consequence of the settlement agreement, the Company recorded $7 million of expense during the first quarter of 2009 relating to the specified cash payments. The estimated present value of the plan amendment has been reflected in the accrual for Other Post-employment Benefits with an offset to the Cumulative other comprehensive loss component of Shareholders' Equity and will be amortized as a charge to operations over the remaining life expectancy of the affected plan participants.

The United Steelworkers International ("USW") and its Local 207L filed unfair labor practice charges with the National Labor Relations Board ("NLRB") against the Company. The Union asserts that the unfair labor practices arose during negotiations for a new labor contract at the Company's Findlay, Ohio facility. The Company also filed unfair labor practice charges against the Union. The Company believes none of the charges by the Union have merit, but that facts support the Company's charges against the Union.

## Item 4. RESERVED

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## EXECUTIVE OFFICERS OF THE REGISTRANT

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

| Name | Age | Executive Office Held | Business Experience |
|---|---|---|---|
| Roy V. Armes | 59 | Chairman of the Board, President, Chief Executive Officer and Director | Chairman of the Board since December 2007, President, Chief Executive Officer and Director since January 2007. |
| Brenda S. Harmon | 60 | Senior Vice President and Chief Human Resources Officer | Senior Vice President, Chief Human Resources Officer since December 2009. Previously Owner of Harmon Consulting Services since November 2008. Vice President – Human Resources of Contech Construction Products, Inc., a privately held construction products and environmental solutions company from 2004 to 2008. |
| Bradley E. Hughes | 50 | Vice President and Chief Financial Officer | Vice President and Chief Financial Officer since November 2009. Previously Global Product Development Controller with Ford Motor Corporation, an automobile manufacturer, since 2008; Finance Director, Ford South America Operations from 2005 to 2008. |
| Harold C. Miller | 59 | Vice President and President International Tire Operations | Vice President since March 2002. |
| Christopher E. Ostrander | 43 | Vice President and President, North American Tire Operations | Vice president since January 2011. Previously Vice President and General Manager of the Torque Control Products Division at Eaton Corporation from 2008 to 2010; General Manager from 2007 to 2008; Multi-Business Unit Manager from 2006 to 2007. |
| Stephen Zamansky | 41 | Vice President, General Counsel and Secretary | Vice President, General Counsel & Secretary since April 2011. Previously Senior Vice President, General Counsel & Secretary of Trinity Coal Corporation (now known as Essar Minerals Americas), a privately held mining company, from 2008 to 2011; served as a private consultant in his own consulting practice from 2007 to 2008. |

## PART II

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

(a) Market information

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

| Year Ended December 31, 2010 | High | Low |
|---|---|---|
| First Quarter | $21.47 | $16.16 |
| Second Quarter | 22.40 | 17.26 |
| Third Quarter | 23.21 | 16.05 |
| Fourth Quarter | 24.99 | 18.72 |

| **Year Ended December 31, 2011** | **High** | **Low** |
|---|---|---|
| **First Quarter** | **$26.23** | **$21.68** |
| **Second Quarter** | **27.73** | **18.57** |
| **Third Quarter** | **20.92** | **9.86** |
| **Fourth Quarter** | **15.00** | **9.64** |

**Five-Year Stockholder Return Comparison**

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

The following chart assumes three hypothetical $100 investments on December 31, 2006, and shows the cumulative values at the end of each succeeding year resulting from appreciation or depreciation in the stock market price, assuming dividend reinvestment.

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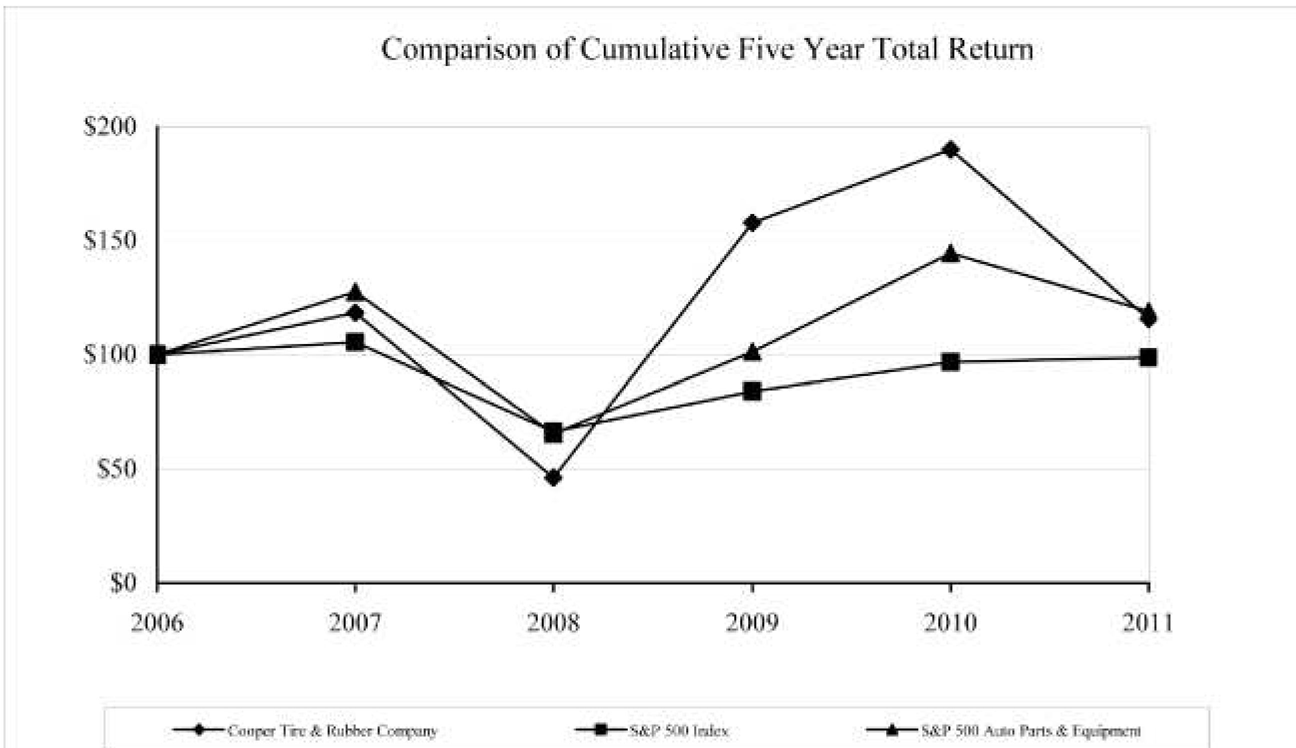
**Total Return To Shareholders**
**(Includes reinvestment of dividends)**

| | ANNUAL RETURN PERCENTAGE Years Ending | | | | |
|---|---|---|---|---|---|
| **Company / Index** | **Dec07** | **Dec08** | **Dec09** | **Dec10** | **Dec11** |
| **Cooper Tire & Rubber Company** | 18.42 | -60.98 | 241.72 | 20.34 | -39.09 |
| **S&P 500 Index** | 5.49 | -37.00 | 26.46 | 15.06 | 2.11 |
| **S&P 500 Auto Parts & Equipment** | 27.49 | -48.66 | 54.68 | 42.78 | -17.74 |

| | Base Period | INDEXED RETURNS Years Ending | | | | |
|---|---|---|---|---|---|---|
| **Company / Index** | **Dec07** | **Dec07** | **Dec08** | **Dec09** | **Dec10** | **Dec11** |
| **Cooper Tire & Rubber Company** | **100** | 118.42 | 46.21 | 157.92 | 190.04 | 115.75 |
| **S&P 500 Index** | **100** | 105.49 | 66.46 | 84.05 | 96.71 | 98.76 |
| **S&P 500 Auto Parts & Equipment** | **100** | 127.49 | 65.45 | 101.24 | 144.55 | 118.91 |



(b) Holders

The number of holders of record at December 31, 2011 was 2,500

(c) Dividends

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

| | 2010 | | 2011 |
|---|---|---|---|
| March 31 | $0.105 | **March 31** | **$0.105** |
| June 30 | 0.105 | **June 30** | **0.105** |
| September 30 | 0.105 | **September 30** | **0.105** |
| December 30 | 0.105 | **December 30** | **0.105** |
| Total: | $0.420 | **Total:** | **$0.420** |

(d) Issuer purchases of equity securities

There were no repurchases of Company stock during the fourth quarter of the year ended December 31, 2011.

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## Item 6. SELECTED FINANCIAL DATA

The following Selected Financial Data of the Company reflects its continuing operations after the sale of its automotive operations, known as Cooper-Standard Automotive, Inc., (“CSA”) in a transaction which closed on December 23, 2004 and the sale of the Oliver Rubber Company in a transaction which closed on October 5, 2007.

(Dollar amounts in thousands except for per share amounts)

| | Net Sales | Operating Profit (Loss) | Income (loss) from Continuing Operations Before Income taxes | Income (loss) from Continuing Operations available to Cooper Tire & Rubber Company common stockholders | Earnings (Loss) Per Share from Continuing Operations available to Cooper Tire & Rubber Company common stockholders | |
|---|---|---|---|---|---|---|
| | | | | | Basic | Diluted |
| 2007 | 2,932,575 | 134,392 | 116,030 | 91,435 | 1.48 | 1.46 |
| 2008 | 2,881,811 | (216,633) | (257,775) | (229,383) | (3.88) | (3.88) |
| 2009 | 2,778,990 | 156,269 | 115,523 | 93,359 | 1.57 | 1.54 |
| 2010 | 3,360,984 | 188,374 | 159,826 | 116,331 | 1.90 | 1.86 |
| 2011 | 3,927,158 | 163,301 | 134,146 | 253,503 | 4.08 | 4.02 |

| | Stockholders’ Equity | Redeemable Noncontrolling Shareholders’ Interests | Long-term Debt | Total Assets | Net Property, Plant & Equipment |
|---|---|---|---|---|---|
| 2007 | 826,262 | 56,686 | 464,608 | 2,298,490 | 992,215 |
| 2008 | 318,246 | 62,720 | 325,749 | 2,042,896 | 901,274 |
| 2009 | 380,524 | 83,528 | 330,971 | 2,100,340 | 850,971 |
| 2010 | 523,050 | 71,442 | 320,724 | 2,305,537 | 852,442 |
| 2011 | 697,890 | — | 329,496 | 2,501,005 | 969,103 |

| | Capital Expenditures | Depreciation | Dividends Per Share | Average Common Shares (000s) | Number of Employees |
|---|---|---|---|---|---|
| 2007 | 140,972 | 131,007 | 0.42 | 61,938 | 13,355 |
| 2008 | 128,773 | 138,805 | 0.42 | 59,048 | 13,311 |
| 2009 | 79,333 | 121,483 | 0.42 | 59,439 | 12,568 |
| 2010 | 119,738 | 121,785 | 0.42 | 61,299 | 12,898 |
| 2011 | 155,406 | 121,556 | 0.42 | 62,150 | — |

The Company’s continuing operations recorded an impairment charge during 2008 of $31,340 related to goodwill.

The Company’s continuing operations recorded $76,402, $48,718 and $20,649 of restructuring charges in 2008, 2009 and 2010 respectively, associated with the closures of its Albany, Georgia manufacturing facility and other initiatives as described in Note 17 – Restructuring.

The Company’s continuing operations recorded the partial release of a valuation allowance on deferred tax assets of $167,224 during 2011. The Redeemable noncontrolling shareholders’ interests were moved to Noncontrolling shareholders’ interests in consolidated subsidiaries within Equity at December 31, 2011 when the put option held by the Company’s joint venture partner in Cooper Chengshan Tire expired unexercised.

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

### Business of the Company

The Company manufactures and markets passenger car, light and medium truck, motorsport and motorcycle tires which are sold globally, primarily in the replacement tire market to independent tire dealers, wholesale distributors, regional and national retail tire chains and large retail chains that sell tires as well as other automotive products.

The Company continues to face both general industry and company-specific challenges. These include volatile raw material costs, increasing product complexity and pressure from competitors with manufacturing in lower-cost regions. To address these challenges and position the Company for future success, the Company continues to execute towards strategic imperatives outlined in its Strategic Plan. The three strategic imperatives, originally communicated in February 2008, are building a sustainable cost competitive position, driving top-line profitable growth and building bold organizational capabilities and enablers to support strategic goals.

In recent years, the Company expanded operations in what are considered lower-cost countries. These initiatives include the Cooper Kunshan Tire manufacturing operation in the PRC (now fully-owned by the Company), the Cooper Chengshan joint venture in the PRC and a joint venture manufacturing operation in Mexico. Products from these operations provide a lower-cost source of tires for existing markets and have been used to expand the Company’s market share in Mexico and the PRC. In early 2012, the Company completed an asset acquisition to establish a manufacturing facility in Serbia. Through a variety of other projects the Company also has improved the competitiveness of its manufacturing operations in the United States.

The Company continues to develop new products to meet changing demands in the market, including improved fuel efficiency and consumer value. During 2011, among other new products, the Company successfully launched highly rated products in the ultra-high performance and light truck categories. It also grew medium truck tire sales to earn a five percent share of the U.S. market.

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

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

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**Consolidated Results of Continuing Operations**

| (Dollar amounts in millions except per share amounts) | 2009 | % Change | 2010 | % Change | 2011 |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| North American Tire | $2,006.2 | 20.8% | $2,423.8 | 17.9% | $2,857.0 |
| International Tire | 993.8 | 28.0% | 1,272.2 | 22.4% | 1,557.1 |
| Eliminations | (221.0) | 51.6% | (335.0) | 45.3% | (486.9) |
| Net sales | $2,779.0 | 20.9% | $3,361.0 | 16.8% | $3,927.2 |
| Operating profit (loss): | | | | | |
| North American Tire | $ 111.0 | 17.7% | $ 130.7 | -40.8% | $ 77.4 |
| International Tire | 72.8 | 12.8% | 82.1 | 25.1% | 102.7 |
| Eliminations | (1.6) | -81.3% | (0.3) | 366.7% | (1.4) |
| Unallocated corporate charges | (25.9) | -6.9% | (24.1) | -36.1% | (15.4) |
| Operating profit | 156.3 | 20.5% | 188.4 | -13.3% | 163.3 |
| Interest expense | 47.2 | -22.5% | 36.6 | -1.1% | 36.2 |
| Interest income | (5.2) | 0.0% | (5.2) | -38.5% | (3.2) |
| Other—net | (1.2) | 133.3% | (2.8) | 35.7% | (3.8) |
| Income from continuing operations before income taxes | 115.5 | 38.4% | 159.8 | -16.1% | 134.1 |
| Provision (benefit) for income taxes | 0.2 | n/m | 20.1 | -774.1% | (135.5) |
| Income from continuing operations | 115.3 | 21.2% | 139.7 | 93.0% | 269.6 |
| Noncontrolling shareholders’ interests | (31.9) | -26.6% | (23.4) | -31.2% | (16.1) |
| Income from continuing operations attributable to Cooper Tire & Rubber Company | $ 83.4 | 39.4% | $ 116.3 | 118.0% | $ 253.5 |
| Basic earnings per share | $ 1.57 | 21.0% | $ 1.90 | 114.7% | $ 4.08 |
| Diluted earnings per share | $ 1.54 | 20.8% | $ 1.86 | 116.1% | $ 4.02 |

**2011 versus 2010**

Consolidated net sales for 2011 were $3.927 million, $566 million higher than 2010. The increase in net sales was primarily the result of favorable pricing and mix ($543 million). The Company's unit volumes decreased ($20 million) from 2010. The International Tire Operations segment experienced favorable exchange rates in 2011 ($43 million).

The Company recorded operating profit in 2011 of $163 million, a decrease of $25 million compared with 2010. Improved pricing and mix ($601 million) were offset by higher raw material costs ($670 million). Reduced selling, general and administrative costs ($15 million) primarily reflected lower incentive compensation related expenses when compared with 2010. The non-recurrence of restructuring costs ($21 million), decreased products liability costs ($12 million) and inclusion of COOCSA operating profit ($9 million) in the North American Tire Operations segment improved operating profit. Unit volumes decreased ($2 million) and other operating costs, including currency impact, were unfavorable ($7 million) from 2010.

Manufacturing efficiencies decreased $3 million when compared with 2010. 2011 includes $11 million of cost during the fourth quarter related to the labor issues at the Findlay, Ohio manufacturing facility. The Company incurred $3 million in additional costs to mobilize and train a temporary workforce and $8 million of costs for the reduced unit volume as production was ramped up at the Findlay location. Exclusive of the labor issues, manufacturing efficiencies would have improved $8 million from 2010.

The Company experienced significant increases in the costs of certain of its principal raw materials during 2011 compared with 2010 levels. While raw material costs did begin to stabilize in the 4th quarter, they were volatile throughout the year and remained at elevated levels relative to historic prices. 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 2011, which were up $670 million from 2010. Substantially all U.S. inventories have been valued using the last-in, first-out ("LIFO") method of inventory costing.

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

Products liability expenses totaled $98 million and $110 million in 2011 and 2010, respectively, and included recoveries of legal fees of $6 million in 2010. During the first quarter of 2010, the Company recorded an additional $22 million for its self-insured portion of a jury verdict in one case. The Company is appealing the decision in that case. The absence of similar discrete items in 2011 is partially offset by continued adjustments to existing reserves based on the Company's quarterly comprehensive review of outstanding claims. Additional information related to the Company's accounting for products liability costs appears in the "Critical Accounting Policies" portion of Management's Discussion and Analysis.

Selling, general and administrative expenses were $201 million (5.1 percent of net sales) in 2011 compared with $212 million (6.3 percent of net sales) in 2010. The decrease was due primarily to reduced incentive compensation and decreases in the accrual for stock-based liabilities. These decreases were partially offset by higher advertising and selling costs to support the effort to grow the Company's brands in Asia. These costs reduced as a percentage of net sales as a result of the aforementioned net reduction combined with an increase in net sales in 2011.

During 2010, the Company recorded $21 million in restructuring costs related to the closure of its Albany, Georgia manufacturing facility and a personnel reduction at its U.K. location.

Interest expense and interest income have remained consistent with 2010.

Other income increased by $1 million in 2011 compared with 2010, primarily as a result of the change in accounting for COOCSA in 2011. COOCSA was treated as an unconsolidated subsidiary prior to the acquisition of an additional 20 percent ownership in the first quarter of 2011. 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 over the carrying value of the investment as of the transaction date. Partially offsetting this gain is the absence of equity investment earnings from COOCSA that are now included as a part of the consolidation, rather than in other income as in 2010.

For the year ended December 31, 2011, the Company recorded an income tax benefit of $135 million on income from continuing operations before income taxes of $134 million, prior to the deduction of noncontrolling shareholders' interests of $16 million. Excluding the release of the valuation allowance, the Company recorded income tax expense of $32 million. Comparable amounts for 2010 were an income tax expense of $20 million on income from continuing operations before income taxes of $160 million.

Worldwide tax expense for the current year was favorably impacted by the release of most of the U.S. valuation allowance in the amount of $167 million. The Company began to record a valuation allowance against its U.S. net deferred tax assets during the third quarter of 2006. The Company has now concluded that, due to the sustained positive operating performance of the U.S. operations, taxable income in carry back periods and the availability of expected future taxable income, it is more likely than not that the benefit of most of the U.S. deferred tax asset will be realized in support of the release of most of the U.S. valuation allowance. All prior year net operating losses have now been fully utilized. During the fourth quarter of 2011, the Company effectively settled a U.S. tax examination that covered years 2006 – 2010. The settlement resulted in a tax assessment which was offset by previously recorded tax reserves for a net benefit to tax expense of $1 million. In addition tax expense was favorably impacted by the remaining PRC tax holidays of $2 million. All current tax holidays for the PRC operations have now expired. Tax expense was unfavorably impacted by an increase to the non-US valuation allowance relating to increases in certain non-U.S. net deferred tax assets of $2 million.

The Company continues to maintain a valuation allowance against a portion of its U.S. and non-U.S. deferred tax asset position at December 31, 2011, as it cannot assure the utilization of these assets before they expire. In the U.S., the Company has offset a portion of its deferred tax asset relating primarily to a capital loss carryforward by a valuation allowance of $20 million. In addition, the Company has recorded valuation allowances of $8 million relating primarily to non-U.S. net operating losses for a total valuation allowance of $28 million. In conjunction with the Company's ongoing review of its actual results and anticipated future earnings, the Company will continue to reassess the possibility of releasing all or part of the valuation allowances currently in place when they are deemed to be realizable.

The effects of inflation in areas other than raw materials and utilities did not have a material effect on the results of operations of the Company in 2011.

**2010 versus 2009**

Consolidated net sales were $582 million higher in 2010 than in 2009. The increase in net sales in 2010 compared to 2009 was primarily the result of favorable pricing and mix ($354 million) and higher unit volumes ($221 million) in both the North American and International Tire Operations segments. The International Tire Operations segment also experienced favorable exchange rates in 2010 ($7 million).

The Company recorded operating profit in 2010 of $188 million, an increase of $32 million compared to 2009. Operating profit increased as a result of favorable pricing and mix ($335 million), higher unit volumes ($71 million) and manufacturing efficiencies ($24 million) in both segments. Additionally, lower production curtailment costs due to better capacity utilization ($47 million) and reduced restructuring costs ($29 million) in the North American Tire Operations segment contributed favorably to the increased profits. Other costs, including distribution and currency impacts, were favorable ($14 million). Partially offsetting these improvements were higher raw material costs in both segments ($463 million) and increased products liability charges ($28 million) recorded in the North American Tire Operations segment.

During 2009, the Company recognized a benefit in its North American Tire Operations segment from inventory valuations as a result of the decline in finished goods inventory and the elimination of inventory layers at historically lower costs due to the Company's LIFO accounting for cost flows in this segment. This decline in inventory levels resulted in the Company recognizing a $16 million benefit in operating profit through reduced raw material costs in 2009. In 2010, no benefit was recognized as inventory levels increased from 2009.

The Company experienced significant increases in the costs of certain of its principal raw materials during 2010 compared with the 2009 levels. The increases in the cost of natural rubber and petroleum-based materials were the most significant drivers of higher raw material costs during 2010, which were up $463 million from 2009. Natural rubber, in particular, increased during 2010 compared to 2009.

Products liability expenses totaled $110 million and $82 million in 2010 and 2009, respectively. The majority of the increase in products liability expense for the year is due to the Company recording an additional expense of $22 million for its self-insured portion of a jury verdict in one case during the first quarter of 2010. The Company is appealing the decision in that case. The remaining change in the liability primarily results from adjustments to existing reserves based on the Company's quarterly comprehensive review of outstanding claims.

Selling, general and administrative expenses were $212 million (6.3 percent of net sales) in 2010 compared to $207 million (7.4 percent of net sales) in 2009. The increase in selling, general and administrative expenses in total was due primarily to higher professional service expense, costs associated with the Company's ERP implementation and costs associated with maintaining the Company's closed facility in Albany, Georgia. These increases were partially offset by reduced incentive-based compensation. The reduced percent to net sales is a result of the Company effectively controlling its expenses coupled with an increase in net sales in 2010.

During 2010, the Company recorded $21 million in restructuring costs related to the closure of its Albany, Georgia manufacturing facility and a personnel reduction at its U.K. location. The Company recorded $49 million in restructuring costs in 2009 related to the Albany, Georgia closure and the closure of three distribution centers located in Dayton, New Jersey, Moraine, Ohio, and Cedar Rapids, Iowa.

As noted in the Notes to the Consolidated Financial Statements, the Company recorded a $7 million charge during the first quarter of 2009 related to the agreement reached in the *Cates* retiree medical legal case which is reflected as unallocated corporate charges in 2009.

Interest expense decreased $11 million in 2010 from 2009, primarily due to lower debt levels in both the parent Company and its subsidiaries. The Company repaid $97 million of its parent company Senior Notes in December 2009.

Interest income was $5 million in both 2010 and 2009.

For the year ended December 31, 2010, the Company recorded an income tax expense of $20 million on income from continuing operations before income taxes of $160 million, prior to the deduction of noncontrolling shareholders' interests of $23 million. Worldwide tax expense was favorably impacted by the decrease in the valuation allowance resulting from changes in U.S. deferred tax asset and liability balances of $2 million. It was unfavorably impacted by the increase in certain foreign deferred net tax assets of $4 million. It was favorably impacted by the continuation of tax holidays for some of the Company's operations in the PRC in the amount of $5 million. Comparable amounts for 2009 were an income tax expense of $0.2 million on income before taxes from continuing operations of $116 million.

The effects of inflation in areas other than raw materials and utilities did not have a material effect on the results of operations of the Company in 2010.

**Restructuring**

During 2010, the North American Tire Operations and the International Tire Operations segments recorded $20 million and $1 million, respectively, of restructuring expense associated with initiatives announced at various times throughout 2008, 2009 and 2010.

On October 21, 2008, the Company announced it would conduct a capacity study of its U.S. manufacturing facilities. The study was an evolution of the Strategic Plan as outlined by the Company in February 2008. All of the Company's U.S. manufacturing facilities were included in the review and were analyzed based on a combination of factors, including long-term financial benefits, labor relations and productivity.

At the conclusion of the capacity study, on December 17, 2008, the North American Tire Operations segment announced its plans to close its tire manufacturing facility in Albany, Georgia. This closure resulted in a workforce reduction of approximately 1,330 people. Certain equipment in the facility was relocated to other manufacturing facilities of the Company. The segment ceased production at the Albany facility in the third quarter of 2009 and this initiative was substantially completed as of September 30, 2010.

In the North American Tire Operations segment for 2009 and 2010, the Company recorded $47 million and $20 million, respectively, of net restructuring expense related to the Albany closure. In 2010, restructuring expense included $13 million used for equipment relocation and other costs, $5 million for employee related costs and $2 million to write the Albany land and building down to fair value. In 2009, net restructuring expense included $26 million used for equipment relocation and other costs, $20 million for employee related costs and $1 million to write the Albany land, building and equipment down to fair value. Included in employee related costs were severance and other employee related costs of $15 million, and $5 million of settlement losses partially offset by curtailment gains related to pension benefits. The Company received $3 million in government grant receipts throughout 2009, partially offsetting gross restructuring expense.

The Company has recorded $142 million of costs related to the closure of the Albany manufacturing facility. This amount includes employee related costs of $25 million and equipment related and other costs of $117 million, including impairment losses of $78 million to write the Albany land, building and equipment to fair value.

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The land, building and certain manufacturing equipment located at Albany were classified as “assets held for sale” at estimated fair value less costs to sell determined based on a signed Real Estate Purchase Agreement at December 31, 2010. On September 30, 2011, those assets were sold for $8 million, which approximated the carrying value of those assets.

During 2009, the Company also recorded restructuring expenses associated with the closure of three North American distribution centers. The closure of these distribution centers impacted approximately 73 people and had a total cost of $2 million. All of the closures were completed by the end of 2009, with any remaining severance payments made in 2010.

In the International Tire Operations segment, Cooper Europe implemented a workforce reduction program during the second quarter of 2010. This initiative impacted 67 employees and was completed during the third quarter of 2010. The Company recorded $1 million of severance cost related to this initiative and all severance amounts have been paid.

Cooper Europe also initiated a restructuring program to reduce headcount to align with production volume requirements during the second quarter of 2009. This initiative resulted in the elimination of 45 positions and was completed early in the third quarter of 2009. The Company recorded $0.4 million of severance cost related to this initiative and all severance amounts have been paid.

**North American Tire Operations Segment**

| (Dollar amounts in millions) | 2009 | Change % | 2010 | Change % | 2011 |
|---|---|---|---|---|---|
| Sales | $2,006.2 | 20.8% | $2,423.8 | 17.9% | $2,857.0 |
| Operating profit (loss) | $ 111.0 | 17.7% | $ 130.7 | -40.8% | $ 77.4 |
| Operating margin | 5.5% | (0.1) point | 5.4% | (2.7) points | 2.7% |
| United States unit shipments changes: | | | | | |
| Passenger tires | | | | | |
| Segment | | 9.4% | | -1.0% | |
| RMA members | | 5.2% | | -1.7% | |
| Total Industry | | 5.9% | | -2.5% | |
| Light truck tires | | | | | |
| Segment | | 7.1% | | 7.5% | |
| RMA members | | 7.5% | | 1.8% | |
| Total Industry | | 4.8% | | -0.1% | |
| Total light vehicle tires | | | | | |
| Segment | | 9.0% | | 0.4% | |
| RMA members | | 5.5% | | -1.3% | |
| Total Industry | | 5.7% | | -2.2% | |
| Total segment unit sales changes | | 7.4% | | 1.3% | |

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

**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 affiliated operations. 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 currently manufacture or sell tires for use as original equipment.

**2011 versus 2010**

**Sales**

Sales of the North American Tire Operations segment increased by $433 million, or 17.9 percent, compared with 2010 sales. The increase in sales was a result of favorable pricing and mix ($398 million) and increased unit volumes ($35 million). The segment's total unit sales increased by 1.3 percent over the prior year. In the United States, the segment's unit shipments of total light vehicle tires increased 0.4 percent in 2011 compared with 2010. This increase compares with a 1.3 percent decrease in total light vehicle shipments experienced by the members of the Rubber Manufacturers Association ("RMA") and a 2.2 percent decrease in total light vehicle shipments for the total industry (which includes an estimate for non-RMA members). Broadline tires, where the segment has a substantial presence, were weaker relative to other product lines for the industry. The segment was able to offset this weakness with performance above the industry in ultra-high performance, light truck and SUV tires resulting in a volume increase compared to industry shipments. Medium truck tire shipments of the Roadmaster brand, which are excluded from light vehicle shipments, were also strong during the year, up 34.8 percent compared with 2010.

**Operating Profit**

North American Tire segment operating profit decreased $53 million in 2011 compared to 2010. Improved pricing and mix ($308 million) only partially offset higher raw material costs ($410 million). Increased unit volumes ($3 million), the non-recurrence of restructuring costs ($20 million), decreased products liability charges ($13 million) and decreased selling, general and administrative costs, reflecting primarily lower incentive compensation expenses ($9 million), contributed favorably to the segment's operating profit for 2011. The inclusion of COOCSA as a wholly consolidated entity added to operating profit ($9 million). Other operating costs were higher ($4 million) compared to 2010.

Manufacturing efficiencies increased $1 million when compared with 2010, including $11 million of cost during the fourth quarter related to the labor issues at the Findlay, Ohio manufacturing facility. The Company incurred $3 million in additional costs to mobilize and train a temporary workforce and $8 million of costs for the reduced unit volume as production was ramped up at the Findlay location. Exclusive of the labor issues, manufacturing efficiencies improved $12 million from 2010.

The North American Tire Operations segment continued to experience significant increases in the costs of certain of its raw materials in 2011 compared with 2010 levels. The segment's internally calculated average raw material index of 259 during the year was an increase of 32 percent from 2010. During the third quarter of 2011 the raw material index reached an all time high of 276.

**2010 versus 2009**

Sales of the North American Tire Operations segment increased $418 million, or 20.8 percent from the sales levels achieved in 2009. The increase in sales was a result of favorable pricing and mix ($259 million) and higher unit volumes ($159 million). In the U.S., the segment's unit shipments of total light vehicle tires increased 9.0 percent in 2010 from 2009. The increase exceeded the 5.5 percent increase in total light vehicle shipments experienced by the members of the RMA, and also exceeded the 5.7 percent increase in total light vehicle shipments experienced for the total industry (which includes an estimate for non-RMA members). This improvement occurred across nearly all product segments as the Company was able to significantly increase market share.

North American Tire Operations segment operating profit increased $20 million in 2010 compared to 2009. Operating profit increased as a result of favorable pricing and mix ($202 million), reduced production curtailment costs ($47 million), higher unit volumes ($39 million), lower restructuring costs ($29 million), improved manufacturing efficiencies ($18 million) and improvement in other costs, including favorable distribution costs ($6 million). These improvements were partially offset by higher raw material costs ($293 million) and increased products liability charges ($29 million).

The segment's U.S. based operations determine cost flows using the LIFO method. During 2009, inventory levels declined as a result of the segment's inventory management as well as increases in global demand for replacement tires in the third and fourth quarters. This decline in inventory levels resulted in the segment recognizing a $16 million benefit in operating profit from inventory valued at historically lower costs. In 2010, no benefit was recognized as inventory levels increased from 2009.

The segment's internally calculated raw material index of 196 during the year was an increase of 30 percent from 2009.

During 2010, the North American Tire Operations segment recorded restructuring charges of $20 million related to the Company's decision to close its Albany, Georgia manufacturing facility. During 2009, the North American Tire Operations segment recorded restructuring expense of $48 million related to the Albany manufacturing facility and the decisions to close three distribution centers. See the discussion of these initiatives in the Restructuring section.

## International Tire Operations Segment

| (Dollar amounts in millions) | 2009 | Change % | 2010 | Change % | 2011 |
|---|---|---|---|---|---|
| Sales | $993.8 | 28.0% | $1,272.2 | 22.4% | $1,557.1 |
| Operating profit | $ 72.8 | 12.8% | $ 82.1 | 25.1% | $ 102.7 |
| Operating margin | 7.3% | (0.8) points | 6.5% | 0.1 point | 6.6% |
| Unit sales change | | 13.8% | | -5.8% | |

### 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 and under an agreement with the government of the PRC, these tires will 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. In late 2011, the Company reached agreement to purchase the assets of a light vehicle tire manufacturing facility in the Republic of Serbia. This transaction was completed in early 2012.

### 2011 versus 2010

### Sales

Sales of the International Tire Operations segment increased by $285 million, or 22.4 percent, from the sales levels achieved in 2010. The increase in sales was a result of favorable pricing and mix ($319 million), partially offset by decreased unit volumes ($77 million). The segment also experienced favorable exchange rates in 2011($43 million). Intercompany unit volumes decreased in 2011 as the Company continued to manage its inventory levels to properly reflect global market demand. The ongoing exit from bias tire production also contributed to the decreased unit volume, as the Company continued to focus on producing a more premium mix of product. The segment was successful in increasing sales of Cooper Brand tires in the Chinese market, where it increased volumes by nearly 80 percent from 2010 levels.

### Operating Profit

International Tire operating profit was $21 million higher than in 2010. The increase in operating profit was due to improved pricing and mix ($294 million) partially offset by higher raw material costs ($260 million), decreased unit volumes ($4 million), higher manufacturing costs ($4 million) and increased selling, general and administrative costs ($3 million). Other operating costs decreased operating profit ($3 million).

The International Tire Operations segment experienced significant increases in the costs of certain of its raw materials in 2011 as compared to 2010, consistent with those experienced in the North American Tire Operations segment. Raw material costs per unit sold have increased 33 percent for 2011 as compared to 2010. For inventory valuation, the segment uses FIFO and the average cost methods which are different than the North American segment and results in a longer lag between moves in the spot prices of commodities and the impact on financial statements.

### 2010 versus 2009

Sales of the International Tire Operations segment increased $278 million, or 28.0 percent, from the sales levels achieved in 2009. Contributing to the increase in sales were higher unit volumes ($176 million), primarily from the Company’s operations in Asia, favorable pricing and mix ($95 million) and favorable foreign exchange rates ($7 million). Despite the increase in unit volumes, the segment was able to actively reduce production of certain lower margin tires, including bias products.

The International Tire Operations segment operating profit in 2010 was $82 million, $9 million higher than in 2009. The increase in operating profit was due to favorable pricing and mix ($132 million), higher unit volumes ($32 million), improved production utilization and manufacturing costs ($9 million) and favorable currency impacts ($6 million). These increases were partially offset by higher raw material costs ($169 million).

**Discontinued Operations**

In 2003 the Company initiated bilateral Advance Pricing Agreement (“APA”) negotiations with the Canadian and U.S. governments to change its intercompany transfer pricing process between a formerly owned subsidiary, Cooper-Standard Automotive, Inc., (“CSA”) and its Canadian affiliate. The governments settled the APA in 2009 and on August 3, 2009, Cooper-Standard Holdings Inc. filed a Bankruptcy petition. On August 19, 2009, the Company filed an action in the United States Bankruptcy Court, District of Delaware, in response to the tax refunds owed to the Company pursuant to the September 16, 2004 sale agreement of CSA for pre-disposition periods ending December 23, 2004. On March 17, 2010, the Company entered into a settlement agreement to resolve the subject proceedings, which became non-appealable on April 29, 2010. Pursuant to the settlement agreement, CSA paid the Company approximately $17,639, in addition to the resolution of other contingent liabilities between the parties. Based upon the settlement, the Company released liabilities recorded on its books relating to the disposition of CSA in the amount of $7,400 through Discontinued Operations, net of the tax impact, in the quarter ended June 30, 2010. There has been no activity relating to this item in 2011.

The following table provides details of the Company’s discontinued operations:

| | 2009 | 2010 |
|---|---|---|
| Income (loss) related to former automotive operations, net of tax | $(31.4) | $24.1 |
| Income (loss) from Oliver Rubber subsidiary, net of tax | (0.3) | — |
| | $(31.7) | $24.1 |

**Outlook for the Company**

For 2012, the Company expects uncertainty to persist in the global economic environment. Demand for tires will vary by region and likely remain sluggish compared to historical growth rates. Demand in mature tire markets historically grows in a range of 1 to 3 percent, while developing markets including the PRC will be higher. Through its actions to launch new products and deliver exceptional value, the Company expects to exceed industry growth rates. Potential for higher volume growth exists as pent-up demand for replacement tires has continued to build. It is difficult to accurately predict when and how that demand will manifest.

The Company expects raw material costs to remain at elevated levels. The industry has demonstrated an ability to price to help offset raw material cost volatility, but these price changes typically lag the raw material cost changes.

Products liability expense is expected to be moderately higher in 2012 than 2011. This is the result of increases in legal expenses due to a more active trial docket and other activities in the coming year and increased charges to reserves consistent with the Company’s long-term trend for products liability.

The Company will also continue investing in the business and expects capital expenditures for 2012 to total $180 million to $210 million. This includes investments in an ERP system and investments to ramp up production at the Serbian plant acquired in early 2012.

The Company expects its effective tax rate for 2011 will most likely be between 26 percent and 34 percent.

If the company fails to reach a resolution with USW 207L at the Findlay, Ohio plant for an extended period, it will have a negative impact on the Company’s earnings.

The Company’s record of achievements gives it confidence that it can successfully compete in a volatile economy and industry. The Company’s focus in 2012 will continue to be guided by its Strategic Plan which calls for achieving profitable top line growth, improving its global cost structure and improving organizational capabilities. The Company is optimistic about its future and confident that successfully implementing this plan will drive increased shareholder value.

**Liquidity and Capital Resources**

*Generation and uses of cash*— Net cash provided by operating activities of continuing operations was $125 million in 2011, a decrease of $32 million from 2010. During 2011, net income attributable to continuing operations provided $270 million and other non-cash charges totaled $49 million. Partially offsetting these sources of cash were changes in working capital accounts which consumed $193 million. Inventory balances have increased from prior year levels as a result of higher finished goods unit levels and higher raw material costs. Accounts payable balances have decreased as a result of lower raw material purchases during the fourth quarter of 2011.

Net cash used in investing activities during 2011 reflects capital expenditures of $155 million, an increase of $35 million from 2010. During 2011, the Company spent $41 million related to the implementation of its global ERP system. During the first quarter of 2011, the Company invested $17 million to increase its ownership percentage in COOCSA to approximately 58 percent, and because of the increase in voting rights, now consolidates the results of those operations.

The Company's capital expenditure commitments at December 31, 2011 were $28 million and are included in the "Unconditional purchase" line of the Contractual Obligations table which appears later in this section. At December 31, 2011, the Company also had an agreement to purchase the assets of a light vehicle tire manufacturing facility in the Republic of Serbia. These commitments will be satisfied with existing cash and cash flows from operations in early 2012.

During 2011 the Company's long-term debt increased as a result of notes issued in the PRC and amounts borrowed in Mexico. In 2011, the Company paid $117 million to purchase the remaining 50-percent ownership interest in Cooper Kunshan. In 2010, the Company's Cooper Kunshan operations received capital contributions from the joint venture partner at the time. Also in 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. In December 2009, the Company repaid $97 million of its Senior Notes.

Dividends paid on the Company's common shares were $26 million in each of 2011 and 2010 compared to $25 million in 2009. The Company has maintained a quarterly dividend of 10.5 cents per share in each quarter during the three years ending December 31, 2011. The Company also paid $6 million and $12 million in dividends to noncontrolling shareholders in the Cooper Chengshan joint venture in 2011 and 2010, respectively.

During 2011, stock options were exercised to acquire 315,785 shares of common stock and the Company recorded $0.4 million of excess tax benefits on equity instruments. During 2010, stock options were exercised to acquire 508,044 shares of common stock and the Company recorded $3 million of excess tax benefits on equity instruments. During 2009, stock options were exercised to acquire 26,230 shares of common stock and the Company recorded $1.9 million of excess tax benefits on equity instruments.

*Available cash, credit facilities and contractual commitments* —At December 31, 2011, the Company had cash and cash equivalents totaling $234 million.

Domestically, the Company has a revolving credit facility with a consortium of four banks that provides up to $200 million based on available collateral. In July of 2011, the expiration of the facility was extended until July 2016. The Company also has an accounts receivable securitization facility which was amended in June 2011 to extend the maturity until June 2014. In July 2011, the limit of this facility was increased to $175 million. These credit facilities have no significant financial covenants until available credit is less than specified amounts. At December 31, 2011, the Company was in compliance with all financial covenants and the credit facilities were undrawn except for amounts used to back letters of credit. 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 December 31, 2011, was $293 million.

The Company's consolidated operations in Asia have annual renewable unsecured credit lines that provide up to $428 million of borrowings and do not contain financial covenants. The additional borrowing capacity on the Asian credit lines, based on eligible collateral and the short-term notes payable, totaled $240 million at December 31, 2011.

The Company believes that available cash from operating cash flows and credit facilities will be adequate to fund its needs, including working capital requirements, projected capital expenditures, including its portion of capital expenditures in partially-owned subsidiaries, and dividend goals. The long-term debt due within one year and the entire amount of short-term notes payable outstanding at December 31, 2011 is primarily debt of consolidated subsidiaries. The Company expects its subsidiaries to refinance or pay these amounts during 2012.

The Company established a $1.2 billion universal shelf registration in 1999 in connection with an acquisition. Fixed rate debt of $800 million was issued pursuant to the shelf registration in December 1999 to fund the acquisition. The remaining $400 million available under the shelf registration continues to be available at December 31, 2011. Securities that may be issued under this shelf registration include debt securities, preferred stock, fractional interests in preferred stock represented by depositary shares, common stock and warrants to purchase debt securities, common stock or preferred stock.

In connection with its acquisition of Cooper Chengshan, beginning January 1, 2009 and continuing through December 31, 2011, the noncontrolling shareholders had the right to sell and, if exercised, the Company had the obligation to purchase, the remaining 49 percent noncontrolling interest share at a minimum price of $63 million. In 2009, the Company received notification from a noncontrolling shareholder of its intention to exercise its put option and after receiving governmental approvals in 2010, the Company purchased the 14 percent share for $18 million. The remaining noncontrolling shareholder had the right to sell its 35 percent share to the Company at a minimum price of $45 million. This right expired on December 31, 2011.

The Company's cash requirements relating to contractual obligations at December 31, 2011 are summarized in the following table:

| (Dollar amounts in thousands) | Payment Due by Period | | | | |
|---|---|---|---|---|---|
| Contractual Obligations | Total | Less than 1 year | 1-3 years | 3-5 years | After 5 years |
| Long-term debt | $ 340,833 | $ 20,599 | $ 26,528 | $ 3,248 | $290,458 |
| Capital lease obligations and other | 9,862 | 600 | 1,200 | 1,200 | 6,862 |
| Interest on debt and capital lease obligations | 254,132 | 25,219 | 48,701 | 46,383 | 133,829 |
| Operating leases | 108,388 | 23,144 | 28,613 | 22,195 | 34,436 |
| Notes payable (a) | 131,651 | 131,651 | — | — | — |
| Unconditional purchase (b) | 161,830 | 161,830 | — | — | — |
| Commitment to acquire assets in the Republic of Serbia | 16,450 | 16,450 | — | — | — |
| Postretirement benefits other than pensions (c) | 311,069 | 17,802 | 35,721 | 37,278 | 220,268 |
| Pensions | 360,632 | 45,000 | 100,000 | 100,000 | 115,632 |
| Other long-term liabilities (d) | 168,703 | — | 103,946 | 49,985 | 14,772 |
| Total contractual cash obligations | $1,863,550 | $442,295 | $344,709 | $260,289 | $816,257 |

(a) Financing obtained from financial institutions in the PRC and Mexico to support the Company's operations there.
(b) Noncancelable purchase order commitments for capital expenditures and raw materials, principally natural rubber, made in the ordinary course of business.
(c) Represents both the current and long-term portions of postretirement benefits other than pensions liability.
(d) Products liability, nonqualified benefit plans, warranty reserve and other non-current liabilities.

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

**New Accounting Standards**

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

**Critical Accounting Policies**

"Management's Discussion and Analysis of Financial Condition and Results of Operations" discusses the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. When more than one accounting principle, or the method of its application, is generally accepted, the Company selects the principle or method that is appropriate in its specific circumstances. The Company's accounting policies are more fully described in the "Significant Accounting Policies" note to the consolidated financial statements. Application of these accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The Company believes that of its significant accounting policies, the following may involve a higher degree of judgment or estimation than other accounting policies.

*Products liability* – The Company is a defendant in various products liability claims brought in numerous jurisdictions in which individuals seek damages resulting from motor vehicle accidents allegedly caused by defective tires manufactured by the Company. Each of the 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 U.S. However, the fact that the Company is subject to claims does not indicate that there is a quality issue with the Company's tires. The Company sells approximately 30 to 40 million passenger, light truck, SUV, radial medium truck and motorcycle 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 million in one case with no "average" that is meaningful. No specific accrual is made for individual unasserted claims or for premature claims, asserted claims where the minimum information needed to evaluate the probability of a liability is not yet known. However, an accrual for such claims based, in part, on management's expectations for future litigation activity and the settled claims history is maintained. Because of the speculative nature of litigation in the U.S., the Company does not believe a meaningful aggregate range of potential loss for asserted and unasserted claims can be determined. The Company's experience has demonstrated that its estimates have been reasonably accurate and, on average, cases are settled at amounts close to the reserves established. However, it is possible an individual claim from time to time may result in an aberration from the norm and could have a material impact.

The Company determines its reserves using the number of incidents expected during a year. During 2010, the Company increased its products liability reserve by $85 million. The addition of another year of self-insured incidents accounted for $40 million of this increase. The Company revised its estimates of future settlements for unasserted and premature claims. These revisions increased the reserve by $2 million. Finally, changes in the amount of reserves for cases where sufficient information is known to estimate a liability increased by $43 million. Of this amount, $22 million was the result of the Company increasing its self-insured portion of a jury verdict in one case during the first quarter of 2010. The Company considered the impact of this case when evaluating the assumptions used in establishing reserve balances and did not adjust its assumptions based solely on this case.

During 2011, the Company increased its products liability reserve by $67 million. The addition of another year of self-insured incidents accounted for $42 million of this increase. The Company revised its estimates of future settlements for unasserted and premature claims. These revisions increased the reserve by $13 million. Finally, changes in the amount of reserves for cases where sufficient information is known to estimate a liability increased by $12 million.

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

During 2010, the Company paid $46 million and during 2011, the Company paid $50 million to resolve cases and claims. The Company's products liability reserve balance at December 31, 2010 totaled $191 million (current portion of $42 million). At December 31, 2011, the products liability reserve balance totaled $207 million (current portion of $58 million).

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. Substantially all legal fees reimbursements have been received related to these pre-April 2003 claims.

Products liability costs totaled $82 million, $110 million and $98 million in 2009, 2010 and 2011, respectively, and include recoveries of legal fees of $3 million and $6 million 2009 and 2010, respectively. Insurance policies applicable to claims occurring on April 1, 2003, and thereafter, do not provide for recovery of legal fees.

*Income Taxes* – The Company is required to make certain estimates and judgments to determine income tax expense for financial statement purposes. These estimates and judgments are made in the calculation of tax credits, tax benefits and deductions (such as the U.S. tax incentive for domestic manufacturing activities) and in the calculation of certain tax assets and liabilities which arise from differences in the timing of the recognition of revenue and expense for tax and financial statement purposes. Changes to these estimates may result in an increase or decrease to tax expense in subsequent periods.

The Company must assess the likelihood that it will be able to recover its deferred tax asset. A valuation allowance is required pursuant to Accounting Standards Codification ("ASC") when, based upon an assessment which is largely dependent upon objectively verifiable evidence, it is more likely than not that some portion of the deferred tax asset will 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 event there is a change in circumstances in the future which would affect the utilization of these deferred tax assets, tax expense in that accounting period would be adjusted by the amount of the assets then deemed to be realizable.

During 2011, the Company released the valuation allowance that was previously established related to most of its deferred tax assets in the United States, based upon its assessment of realizability of those assets. The Company continues to maintain a valuation allowance against a portion of its U.S. and non-U.S. deferred tax asset position at December 31, 2011, as it cannot assure the utilization of these assets before they expire. In the U.S. the Company has offset a portion of its deferred tax asset relating primarily to a capital loss carryforward by a valuation allowance of $20 million. In addition, the Company has recorded valuation allowances of $8 million relating primarily to non-U.S. net operating losses for a total valuation allowance of $28 million. In conjunction with the Company's ongoing review of its actual results and anticipated future earnings, the Company will continue to reassess the possibility of releasing all or part of the valuation allowances currently in place when they are deemed to be realizable.

The Company applies the rules under ASC 740-10 in its *Accounting for Uncertainty in Income Taxes* for uncertain tax positions using a "more likely than not" recognition threshold. Pursuant to these rules, the Company will initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits of the tax position, that such a position will be sustained upon examination by the relevant tax authorities. If the tax benefit meets the "more likely than not" threshold, the measurement of the tax benefit will be based on the Company's estimate of the ultimate amount to be sustained if audited by the taxing authority. The Company's liability for unrecognized tax benefits for permanent and temporary book/tax differences for continuing operations, exclusive of interest, totaled approximately $1 million at December 31, 2011. In accordance with Company policy, the liability relating to pre-2011 years was released or reclassified following the effective settlement of a U.S. federal income tax examination for pre-2011 years and the net result including estimated interest, net of prior year refunds, is reflected as an income tax receivable in the amount of $5 million.

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

The Company assesses the potential impairment of its indefinite-lived assets at least annually or when events or circumstances indicate impairment may have occurred. The carrying value of these assets is compared to their fair value. If the carrying values exceed the fair values, then a hypothetical purchase price allocation is computed and the impairment charge, if any, is then recorded.

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

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

The discount rate reflects the rate used to estimate the value of the Company's pension and other postretirement liabilities for which they could be settled at the end of the year. When determining the discount rate, the Company discounted the expected pension disbursements over the next fifty years using the Principal Financial Group's Pension Discount Yield Curve. Based upon this analysis, the Company used a discount rate of 4.80 percent to measure its U.S. pension liabilities at December 31, 2011, which is lower than the 5.35 percent used at December 31, 2010. The Company used the Citigroup Pension Discount Liability Index yield curve rates to measure its other postretirement benefit liabilities. At December 31, 2011, the Company used a rate of 4.15 percent which is lower than the 5.20 percent used at December 31, 2010. A similar analysis was completed in the U.K. and the Company decreased the discount rate used to measure its U.K. pension liabilities to 4.85 percent at December 31, 2011 from 5.5 percent at December 31, 2010.

The rate of future compensation increases is used to determine the future benefits to be paid for salaried and non-bargained employees, since the amount of a participant's pension is partially attributable to the compensation earned during his or her career. The rate reflects the Company's expectations over time for salary and wage inflation and the impacts of promotions and incentive compensation, which is typically tied to profitability. Effective July 1, 2009, the Company froze the Spectrum (salaried employees) Plan in the U.S. so this assumption is not applicable to valuing the pension liability. In the U.K., the Company used 3.0 percent for the estimated future compensation increase at December 31, 2011 compared to a rate of 3.4 percent at December 31, 2010.

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

The Company's current asset allocation for U.S. plans' assets is 61 percent in equity securities and 37 percent in debt securities. The Company investment strategy is to match assets to the cash flows of the pension obligations. The Company's investment policy for U.K. plan assets is to maintain an allocation of 60 percent in equity securities, 20 percent in fixed income securities and 20 percent in property and infrastructure funds. Equity security investments are structured to achieve a balance between growth and value stocks. The Company determines the annual rate of return on pension assets by first analyzing the composition of its asset portfolio. Historical rates of return are applied to the portfolio. This computed rate of return is reviewed by the Company's investment advisors and actuaries. Industry comparables and other outside guidance is also considered in the annual selection of the expected rates of return on pension assets.

The actual return on U.S. pension plans' assets approximated 0.40 percent in 2011 compared to an asset gain of approximately 11.3 percent in 2010. The actual return on U.K. pension plan assets approximated 0.22 percent in 2011 compared to an asset gain of 13.5 percent in 2010. The Company's estimate for the expected long-term return on its U.S. plan assets used to derive 2010 and 2011 pension expense was 8.50 percent and 7.75 percent, respectively. The expected long-term return on U.K. plan assets used to derive the 2010 and 2011 pension expense was 7.50 percent and 7.10 percent, respectively.

The Company has accumulated net deferred losses resulting from the shortfalls and excesses in actual returns on pension plan assets from expected returns and, in the measurement of pensions and other postretirement liabilities, decreases and increases in the discount rate and the rate of future compensation increases and differences between actuarial assumptions and actual experience totaling $672.8 million at December 31, 2011. These amounts are being amortized in accordance with the corridor amortization requirements of U.S. GAAP over periods ranging from 10 years to 15 years. Amortization of these net deferred losses was $33 million in 2010 and $35 million in 2011.

The Company has implemented household caps on the amounts of retiree medical benefits it will provide to certain retirees. The caps do not apply to individuals who retired prior to certain specified dates. Costs in excess of these caps will be paid by plan participants. The Company implemented increased cost sharing in 2004 in the retiree medical coverage provided to certain eligible current and future retirees. Since then cost sharing has expanded such that nearly all covered retirees pay a charge to be enrolled. See Item 1A. Risk Factors – "The Company's expenditures for pension and postretirement obligations could be materially higher than it has predicted if its underlying assumptions prove to be incorrect."

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

## It em 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

A decrease in interest rates by ten percent of the actual rates would have adversely affected the fair value of the Company's fixed-rate, long-term debt by approximately $17 million at December 31, 2010 and December 31, 2011. An increase in interest rates by ten percent of the actual rates for the Company's floating rate long-term debt obligations would not have been material to the Company's results of operations and cash flows.

To manage the volatility of currency exchange exposures related to future sales and purchases, the Company first nets the exposures on a consolidated basis to take advantage of natural offsets. Then, for the residual portion, the Company enters into forward exchange contracts and purchases options with maturities of less than 12 months pursuant to the Company's policies and hedging practices. The changes in fair value of these hedging instruments are offset, in part or in whole, by corresponding changes in the fair value of cash flows of the underlying exposures being hedged. The Company's unprotected exposures to earnings and cash flow fluctuations due to changes in foreign currency exchange rates were not significant at December 31, 2010 and 2011.

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

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**Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**CONSOLIDATED STATEMENTS OF OPERATIONS**
Years Ended December 31
(Dollar amounts in thousands except per share amounts)

| | 2009 | 2010 | **2011** |
|---|---|---|---|
| Net sales | $2,778,990 | $3,360,984 | **$3,927,158** |
| Cost of products sold | 2,359,963 | 2,940,283 | **3,562,813** |
| Gross profit | 419,027 | 420,701 | **364,345** |
| Selling, general and administrative | 206,990 | 211,678 | **201,044** |
| Restructuring | 48,718 | 20,649 | **—** |
| Settlement of retiree medical case | 7,050 | — | **—** |
| Operating profit | 156,269 | 188,374 | **163,301** |
| Interest expense | 47,211 | 36,647 | **36,191** |
| Interest income | (5,193) | (5,265) | **(3,190)** |
| Other—net | (1,272) | (2,834) | **(3,846)** |
| Income from continuing operations before income taxes | 115,523 | 159,826 | **134,146** |
| Provision (benefit) for income taxes | 231 | 20,057 | **(135,457)** |
| Income from continuing operations | 115,292 | 139,769 | **269,603** |
| Income (loss) from discontinued operations, net of income taxes | (31,653) | 24,118 | **—** |
| Net income | 83,639 | 163,887 | **269,603** |
| Net income attributable to noncontrolling shareholders' interests | 31,872 | 23,438 | **16,100** |
| Net income attributable to Cooper Tire & Rubber Company | $ 51,767 | $ 140,449 | **$ 253,503** |
| Basic earnings per share: | | | |
| Income from continuing operations available to Cooper Tire & Rubber Company common stockholders | $ 1.57 | $ 1.90 | **$ 4.08** |
| Income (loss) from discontinued operations | (0.53) | 0.39 | **—** |
| Net income available to Cooper Tire & Rubber Company common stockholders | $ 1.04 | $ 2.29 | **$ 4.08** |
| Diluted earnings per share: | | | |
| Income from continuing operations available to Cooper Tire & Rubber Company common stockholders | $ 1.54 | $ 1.86 | **$ 4.02** |
| Income (loss) from discontinued operations | (0.52) | 0.38 | **—** |
| Net income available to Cooper Tire & Rubber Company common stockholders | $ 1.02 | $ 2.24 | **$ 4.02** |

See Notes to Consolidated Financial Statements, pages 37 to 66.

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**CONSOLIDATED BALANCE SHEETS**
December 31
(Dollar amounts in thousands)

| | 2010 | **2011** |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 413,359 | **$ 233,710** |
| Notes receivable | 69,547 | **71,661** |
| Accounts receivable, less allowances of $10,811 in 2010 and $10,622 in 2011 | 414,149 | **427,782** |
| Inventories at lower of cost or market: | | |
| Finished goods | 240,107 | **294,384** |
| Work in process | 26,735 | **40,899** |
| Raw materials and supplies | 119,985 | **130,110** |
| | 386,827 | **465,393** |
| Other current assets | 56,357 | **65,434** |
| Total current assets | 1,340,239 | **1,263,980** |
| Property, plant and equipment: | | |
| Land and land improvements | 34,355 | **32,432** |
| Buildings | 320,997 | **305,581** |
| Machinery and equipment | 1,636,700 | **1,739,241** |
| Molds, cores and rings | 232,153 | **231,824** |
| | 2,224,205 | **2,309,078** |
| Less accumulated depreciation and amortization | 1,371,763 | **1,339,975** |
| Net property, plant and equipment | 852,442 | **969,103** |
| Goodwill | — | **18,851** |
| Intangibles, net of accumulated amortization of $24,455 in 2010 and $25,759 in 2011 | 17,256 | **17,352** |
| Restricted cash | 2,274 | **2,475** |
| Deferred income tax assets | 27,369 | **197,580** |
| Other assets | 65,957 | **31,664** |
| Total assets | $2,305,537 | **$2,501,005** |

See Notes to Consolidated Financial Statements, pages 37 to 66.

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**CONSOLIDATED BALANCE SHEETS**
December 31
(Dollar amounts in thousands, except par value amounts)
(Continued)

| December 31 | 2010 | 2011 |
|---|---|---|
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Notes payable | $ 146,947 | **$ 131,651** |
| Accounts payable | 384,464 | **339,215** |
| Accrued liabilities | 152,364 | **152,306** |
| Income taxes payable | 4,601 | **6,646** |
| Current portion of long-term debt | 5,885 | **21,199** |
| Total current liabilities | 694,261 | **651,017** |
| Long-term debt | 320,724 | **329,496** |
| Postretirement benefits other than pensions | 257,657 | **293,267** |
| Pension benefits | 258,321 | **360,632** |
| Other long-term liabilities | 180,082 | **168,703** |
| Redeemable noncontrolling shareholders’ interests | 71,442 | **—** |
| 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 | **1,042** |
| Retained earnings | 1,247,265 | **1,464,392** |
| Cumulative other comprehensive loss | (468,063) | **(520,878)** |
| | 928,496 | **1,032,406** |
| Less: common shares in treasury at cost (26,205,336 in 2010 and 25,551,636 in 2011) | (467,707) | **(454,605)** |
| Total parent stockholders’ equity | 460,789 | **577,801** |
| Noncontrolling shareholders’ interests in consolidated subsidiaries | 62,261 | **120,089** |
| Total equity | 523,050 | **697,890** |
| Total liabilities and equity | $2,305,537 | **$2,501,005** |

See Notes to Consolidated Financial Statements, pages 37 to 66.

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

| | Redeemable Noncontrolling Shareholders' Interests | Total Equity: Common Stock $1 Par Value | Total Equity: Capital In Excess of Par Value | Total Equity: Retained Earnings | Total Equity: Cumulative Other Comprehensive Income (Loss) | Total Equity: Common Shares in Treasury | Total Equity: Total Parent Stockholders' Equity | Total Equity: Noncontrolling Shareholders' Interests in Consolidated Subsidiaries | Total Equity: Total |
|---|---|---|---|---|---|---|---|---|---|
| Balance at January 1, 2009 | $ 62,720 | $ 86,323 | $ 43,764 | $1,096,405 | $ (464,427) | $(492,236) | $ 269,829 | $ 48,417 | $ 318,246 |
| Net income | 30,539 | | | 51,767 | | | 51,767 | 1,333 | 53,100 |
| Other comprehensive income (loss): | | | | | | | | | |
| Unrecognized postretirement benefits, net of $17,337 tax effect | | | | | (4,801) | | (4,801) | | (4,801) |
| Currency translation adjustment | 208 | | | | 3,774 | | 3,774 | (34) | 3,740 |
| Change in the fair value of derivatives and unrealized gain on marketable securities, net of $2,397 tax effect | | | | | (4,818) | | (4,818) | | (4,818) |
| Comprehensive income | 30,747 | | | | | | 45,922 | 1,299 | 47,221 |
| Accretion of redeemable noncontrolling shareholders' interests | (9,939) | | | 9,939 | | | 9,939 | | 9,939 |
| Issuance of 1,527,778 shares of stock | | 1,527 | 20,473 | | | | 22,000 | | 22,000 |
| Stock compensation plans, including tax benefit of $1,944 | | | 6,408 | (52) | | 1,688 | 8,044 | | 8,044 |
| Cash dividends—$.42 per share | | | | (24,926) | | | (24,926) | | (24,926) |
| Balance at December 31, 2009 | 83,528 | 87,850 | 70,645 | 1,133,133 | (470,272) | (490,548) | 330,808 | 49,716 | 380,524 |
| Net income | 19,376 | | | 140,449 | | | 140,449 | 4,062 | 144,511 |
| Other comprehensive income (loss): | | | | | | | | | |
| Unrecognized postretirement benefits, net of $1,488 tax effect | | | | | (2,949) | | (2,949) | | (2,949) |
| Currency translation adjustment | (521) | | | | 5,978 | | 5,978 | 1,733 | 7,711 |
| Change in the fair value of derivatives and unrealized gain on marketable securities, net of $206 tax effect | | | | | (820) | | (820) | | (820) |
| Comprehensive income | 18,855 | | | | | | 142,658 | 5,795 | 148,453 |
| Dividends payable to noncontrolling shareholder | (11,637) | | | | | | | | |
| Contribution of noncontrolling shareholder | | | | | | | | 6,750 | 6,750 |
| Acquisition of noncontrolling shareholders' interests | (19,304) | | 1,384 | | | | 1,384 | | 1,384 |
| Stock compensation plans, including tax benefit of $3,294 | | | (10,585) | (547) | | 22,841 | 11,709 | | 11,709 |
| Cash dividends—$.42 per share | | | | (25,770) | | | (25,770) | | (25,770) |
| Balance at December 31, 2010 | $ 71,442 | $ 87,850 | $ 61,444 | $1,247,265 | $ (468,063) | $(467,707) | $ 460,789 | $ 62,261 | $ 523,050 |
| **Net income** | **13,628** | | | **253,503** | | | **253,503** | **2,472** | **255,975** |
| **Other comprehensive income (loss):** | | | | | | | | | |
| **Unrecognized postretirement benefits, net of $45,283 tax effect** | | | | | **(80,715)** | | **(80,715)** | | **(80,715)** |
| **Currency translation adjustment** | **3,594** | | | | **11,955** | | **11,955** | **(3,169)** | **8,786** |
| **Change in the fair value of derivatives and unrealized gain on marketable securities, net of $899 tax effect** | | | | | **8,290** | | **8,290** | | **8,290** |
| **Comprehensive income** | **17,222** | | | | | | **193,033** | **(697)** | **192,336** |
| **Dividends payable to noncontrolling shareholder** | **(5,731)** | | | | | | | | |
| **Acquisition of business** | | | | | | | | **37,853** | **37,853** |
| **Acquisition of noncontrolling shareholders' interests** | | | **(51,812)** | **(10,082)** | **7,655** | | **(54,239)** | **(62,261)** | **(116,500)** |
| **Expiration of put option** | **(82,933)** | | | | | | | **82,933** | **82,933** |
| **Stock compensation plans, including tax benefit of $412** | | | **(8,590)** | **(167)** | | **13,102** | **4,345** | | **4,345** |
| **Cash dividends—$.42 per share** | | | | **(26,127)** | | | **(26,127)** | | **(26,127)** |
| **Balance at December 31, 2011** | **$ —** | **$ 87,850** | **$ 1,042** | **$1,464,392** | **$ (520,878)** | **$(454,605)** | **$ 577,801** | **$ 120,089** | **$ 697,890** |

See Notes to Consolidated Financial Statements, pages 37 to 66.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
Years ended December 31
(Dollar amounts in thousands)

| | 2009 | 2010 | **2011** |
|---|---|---|---|
| Operating activities: | | | |
| Net income | $ 83,639 | $ 163,887 | **$ 269,603** |
| Adjustments to reconcile net income to net cash provided by continuing operations: | | | |
| Loss (income) from discontinued operations, net of income taxes | 31,653 | (24,118) | **—** |
| Depreciation | 121,483 | 121,785 | **121,556** |
| Amortization | 2,028 | 1,936 | **1,343** |
| Deferred income taxes | (6,765) | 2,787 | **(168,690)** |
| Stock based compensation | 5,419 | 6,845 | **4,133** |
| Change in LIFO reserve | (94,790) | 64,116 | **45,352** |
| Amortization of unrecognized postretirement benefits | 32,903 | 32,522 | **35,325** |
| Loss on sale of assets | 874 | 2,797 | **2,838** |
| Restructuring asset write-down | 900 | 1,845 | **—** |
| Changes in operating assets and liabilities of continuing operations: | | | |
| Accounts and notes receivable | (42,544) | (113,197) | **(27,131)** |
| Inventories | 221,109 | (148,785) | **(105,583)** |
| Other current assets | 26,769 | (13,906) | **6,629** |
| Accounts payable | 49,548 | 78,477 | **(58,048)** |
| Accrued liabilities | 32,658 | (11,491) | **773** |
| Other items | 13,462 | (7,823) | **(2,583)** |
| Net cash provided by continuing operations | 478,346 | 157,677 | **125,517** |
| *Net cash provided by (used in) discontinued operations* | *(33,777 )* | *17,014* | — |
| Net cash provided by operating activities | 444,569 | 174,691 | **125,517** |
| Investing activities: | | | |
| Property, plant and equipment | (79,333) | (119,738) | **(155,406)** |
| Investment in unconsolidated subsidiary | (659) | — | **—** |
| Acquisition of businesses, net of cash acquired | — | — | **(17,380)** |
| Proceeds from the sale of assets | 1,535 | 2,498 | **3,450** |
| Net cash used in investing activities | (78,457) | (117,240) | **(169,336)** |
| Financing activities: | | | |
| Net payments on short-term debt | (32,965) | (12,974) | **(23,590)** |
| Additions to long-term debt | 26,510 | — | **30,017** |
| Repayments of long-term debt | (153,569) | (19,752) | **(600)** |
| Contributions by noncontrolling shareholder | — | 6,750 | **—** |
| Acquisition of noncontrolling shareholder interest | — | (17,920) | **(116,500)** |
| Payment of dividends to noncontrolling shareholders | — | (11,637) | **(5,731)** |
| Payment of dividends | (24,926) | (25,770) | **(26,127)** |
| Issuance of common shares and excess tax benefits on options | 2,301 | 10,308 | **4,470** |
| Net cash used in financing activities | (182,649) | (70,995) | **(138,061)** |
| Effects of exchange rate changes on cash of continuing operations | (4,154) | (78) | **2,231** |
| Changes in cash and cash equivalents | 179,309 | (13,622) | **(179,649)** |
| Cash and cash equivalents at beginning of year | 247,672 | 426,981 | **413,359** |
| Cash and cash equivalents at end of year | $ 426,981 | $ 413,359 | **$ 233,710** |

See Notes to Consolidated Financial Statements, pages 37 to 66.

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

**Note 1—Significant Accounting Policies**

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

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

The Company entered into a joint venture with Kenda Tire Company to construct and operate a tire manufacturing facility in the PRC which began production in 2007. Under the initial agreements for this entity, until May 2012, all of the tires produced by this joint venture are required to be exported and sold to Cooper Tire & Rubber Company and its subsidiaries at a price that would provide an acceptable return to the joint venture. Due to this requirement, the Company had 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 received all of the tires produced by this manufacturing operation. Previously known as Cooper Kenda Tire, this entity, now known as Cooper Kunshan Tire, is wholly owned by the Company effective March 1, 2011.

The Company had entered into a joint venture named Cooper de Mexico between the Company and Nemet International 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 the joint venture. The Company had determined it was the primary beneficiary of this joint venture due to its ability to control the primary economic activity. Effective January 14, 2011, this entity is virtually 100 percent owned by the Company.

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 Notes payable) of consolidated VIEs, $80,414, at December 31, 2010, represented claims against the specific assets of the VIEs.

*Cash and cash equivalents and Short-term investments* —The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Company's objectives related to the investment of cash not required for operations is to preserve capital, meet the Company's liquidity needs and earn a return consistent with these guidelines and market conditions. Investments deemed eligible for the investment of the Company's cash include: 1) U.S. Treasury securities and general obligations fully guaranteed with respect to principal and interest by the government; 2) obligations of U.S. government agencies; 3) commercial paper or other corporate notes of prime quality purchased directly from the issuer or through recognized money market dealers; 4) time deposits, certificates of deposit or bankers' acceptances of banks rated "A-" by Standard & Poor's or "A3" by Moody's; 5) collateralized mortgage obligations rated "AAA" by Standard & Poor's and "Aaa" by Moody's; 6) tax-exempt and taxable obligations of state and local governments of prime quality; and 7) mutual funds or outside managed portfolios that invest in the above investments. The Company had cash and cash equivalents totaling $413,359 and $233,710 at December 31, 2010 and December 31, 2011, respectively. The majority of the cash and cash equivalents were invested in eligible financial instruments in excess of amounts insured by the Federal Deposit Insurance Corporation and, therefore, subject to credit risk. Management believes that the probability of losses related to credit risk on investments classified as cash and cash equivalents is unlikely.

*Notes receivable* – The Company has received bank secured notes from certain of its customers in the PRC to settle trade accounts receivable. These notes generally have maturities of six months or less.

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

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

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

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

| | |
|---|---|
| Buildings and improvements | 10 to 40 years |
| Machinery and equipment | 5 to 14 years |
| Furniture and fixtures | 5 to 10 years |
| Molds, cores and rings | 4 to 10 years |

Intangibles with definite lives include trademarks, technology and intellectual property which are amortized over their useful lives, which range from five years to 30 years. The Company evaluates the recoverability of long-lived assets based on undiscounted projected cash flows excluding interest and taxes when any impairment is indicated. Goodwill and indefinite-lived intangibles are assessed for potential impairment at least annually or when events or circumstances indicate impairment may have occurred.

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

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

| | 2009 | 2010 | **2011** |
|---|---|---|---|
| Numerator | | | |
| Income from continuing operations attributable to Cooper Tire & Rubber Company | $83,420 | $116,331 | **$253,503** |
| Accretion of redeemable noncontrolling shareholders' interest | 9,939 | — | **—** |
| Numerator for basic and diluted earnings per share—income from continuing operations available to common stockholders | $93,359 | $116,331 | **$253,503** |
| Denominator | | | |
| Denominator for basic earnings per share— weighted average shares outstanding | 59,439 | 61,299 | **62,150** |
| Effect of dilutive securities—stock options and other stock units | 1,242 | 1,349 | **862** |
| Denominator for diluted earnings per share— adjusted weighted average share outstanding | 60,681 | 62,648 | **63,012** |
| Basic earnings per share: | | | |
| Income from continuing operations available to Cooper Tire & Rubber Company common stockholders | $ 1.57 | $ 1.90 | **$ 4.08** |
| Income (loss) from discontinued operations, net of income taxes | (0.53) | 0.39 | **—** |
| Net income available to Cooper Tire & Rubber Company common stockholders | $ 1.04 | $ 2.29 | **$ 4.08** |
| Diluted earnings per share: | | | |
| Income from continuing operations available to Cooper Tire & Rubber Company common stockholders | $ 1.54 | $ 1.86 | **$ 4.02** |
| Income (loss) from discontinued operations, net of income taxes | (0.52) | 0.38 | **—** |
| Net income available to Cooper Tire & Rubber Company common stockholders | $ 1.02 | $ 2.24 | **$ 4.02** |

Options to purchase shares of the Company's common stock not included in the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common shares were 503,114, 8,000 and 1,045,709 in 2009, 2010 and 2011, respectively. These options could be dilutive in the future depending on the performance of the Company's stock.

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

The Company uses foreign currency forward contracts as hedges of the fair value of certain non-U.S. dollar denominated asset and liability positions, primarily accounts receivable. Gains and losses resulting from the impact of currency exchange rate movements on these forward contracts are recognized in the accompanying consolidated statements of 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 unrealized gains and losses on such forward contracts are recorded as a separate component of stockholders' equity in the accompanying consolidated balance sheets and reclassified into earnings as the hedged transaction affects earnings.

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

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

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

*Products liability* – 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 million in one case with no "average" that is meaningful. No specific accrual is made for individual unasserted claims or for premature claims, asserted claims where the minimum information needed to evaluate the probability of a liability is not yet known. However, an accrual for such claims based, in part, on management's expectations for future litigation activity and the settled claims history is maintained. Because of the speculative nature of litigation in the U.S., the Company does not believe a meaningful aggregate range of potential loss for asserted and unasserted claims can be determined. The Company's experience has demonstrated that its estimates have been reasonably accurate and, on average, cases are settled at amounts close to the reserves established. However, it is possible an individual claim from time to time may result in an aberration from the norm and could have a material impact.

The 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. At December 31, 2011, substantially all legal fees reimbursements have been received related to these pre-April 2003 claims.

*Advertising expense* – Expenses incurred for advertising include production and media and are generally expensed when incurred. Dealer-earned cooperative advertising expense is recorded when earned. Advertising expense for 2009, 2010 and 2011 was $43,690, $48,432 and $53,735, respectively.

*Stock-based compensation* — The Company's incentive compensation plans allow the Company to grant awards to key employees in the form of stock options, stock awards, restricted stock units ("RSUs"), stock appreciation rights, performance stock units ("PSUs"), 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 RSUs and PSUs, 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. See Note 15 – Stock-Based Compensation for additional information.

*Warranties* – 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 which are recorded in Accrued liabilities and Other long-term liabilities in the Company's Consolidated Balance Sheets:

| | 2009 | 2010 | **2011** |
|---|---|---|---|
| Reserve at January 1 | $ 18,244 | $ 23,814 | **$ 24,924** |
| Additions | 23,134 | 24,791 | **34,288** |
| Payments | (17,564) | (23,681) | **(31,812)** |
| Reserve at December 31 | $ 23,814 | $ 24,924 | **$ 27,400** |

The increase in the warranty provision is due primarily to truck and bus tires in the PRC and the increased prices of tires used to compute the warranty provision.

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

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

*Research and development* —Costs are charged to cost of products sold as incurred and amounted to approximately $35,672, $39,748 and $44,586 during 2009, 2010 and 2011, respectively.

*Related Party Transactions*— The Company's CCT joint venture had notes payable to the noncontrolling shareholder of $18,120 and $14,283 as of December 31, 2010 and 2011, respectively and paid $944, $941 and $859 of interest in 2009, 2010 and 2011, respectively. The CCT joint venture also paid $35,164, $41,032 and $41,595 to the noncontrolling shareholder primarily for the purchase of utilities during 2009, 2010 and 2011, respectively.

*Accounting pronouncements* –

Goodwill Impairment Testing – In September 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2011-08, “Testing Goodwill for Impairment”, which permits an entity to first qualitatively assess the likelihood of impairment of goodwill to determine the necessity of performing the traditional two-step goodwill impairment test. The amendments in this update are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, although early adoption is permitted. The adoption of this guidance is not expected to have a material impact on the Company’s consolidated financial statements.

Other Comprehensive Income – In June 2011, the FASB issued ASU 2011-05, “Presentation of Comprehensive Income”, which requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The update eliminates the option to present components of other comprehensive income as part of the statement of equity. The amendments in this update are effective for fiscal years and interim periods beginning after December 15, 2011.

In December 2011, the FASB issued ASU 2011-12, “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05”. The amendments under this update defer only a portion of ASU 2011-05, and accordingly, the components of other comprehensive income are still required to be presented either in a single continuous statement or in two separate but consecutive statements. The effective date of ASU 2011-12 coincides with the effective date of ASU 2011-05 noted above.

Although the Company does not expect the adoption of ASU 2011-05 to have a material effect on its consolidated financial statements, it will change its financial statement presentation.

Financial and Derivative Instruments—In December 2011, the FASB issued ASU 2011-11, “Disclosures about Offsetting Assets and Liabilities”, which requires an entity to disclose information about offsetting and related arrangements. The amendments in this update are effective for annual and interim periods beginning on or after January 1, 2013, with retrospective application. Although the Company does not expect the adoption of ASU 2011-11 to have a material effect on its consolidated financial statements, it will expand disclosures relating to financial and derivative instruments.

Fair value measurements – In May 2011, the FASB issued ASU 2011-04, “Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS”. The amendments in this update clarify requirements of fair value measurements and related disclosures. The amendments in this update are effective for interim and annual periods beginning after December 15, 2011. The adoption of this accounting standards update will not have a material effect on the Company’s consolidated financial statements.

*Discontinued operations* – On December 23, 2004, the Company sold its automotive business, CSA, to an entity formed by The Cypress Group and Goldman Sachs Capital Partners. The operations of the Company’s Oliver Rubber Company subsidiary (formerly part of the North American Tire Operations segment), were sold on October 5, 2007. These operations are considered to be discontinued operations.

In 2003 the Company initiated bilateral APA negotiations with the Canadian and U.S. governments to change its intercompany transfer pricing process between a formerly owned subsidiary, CSA, and its Canadian affiliate. The governments settled the APA in 2009 and on August 3, 2009, Cooper-Standard Holdings Inc. filed a Bankruptcy petition. On August 19, 2009, the Company filed an action in the United States Bankruptcy Court, District of Delaware, in response to the tax refunds owed to the Company pursuant to the September 16, 2004 sale agreement of CSA for pre-disposition periods ending December 23, 2004. In the fourth quarter of 2009, the Company settled a tax and interest obligation in the U.S. of approximately $31,400. On March 17, 2010, the Company entered into a settlement agreement to resolve the subject proceedings, which became non-appealable on April 29, 2010. Pursuant to the settlement agreement, CSA paid the Company approximately $17,639, in addition to the resolution of other contingent liabilities between the parties. Based upon the settlement, the Company released liabilities recorded on its books relating to the disposition of CSA in the amount of $7,400 through Discontinued Operations, net of the tax impact, in the quarter ended June 30, 2010. There has been no activity relating to this item in 2011.

The Company’s consolidated financial statements reflect the accounting and disclosure requirements which mandate the segregation of operating results and the balance sheets related to the discontinued operations from those related to ongoing operations. Accordingly, the consolidated statements of operations for the years ended December 31, 2009, 2010 and 2011 reflect this segregation as income from continuing operations and income from discontinued operations.

*Reclassification* —certain amounts for prior years have been reclassified to conform to the current year presentation.

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**Note 2—Acquisition**

On January 14, 2011, the Company invested $21,775 and acquired an additional 21-percent ownership in COOCSA, a Mexican tire manufacturing entity in which the Company had previously been an equity investor. The Company's ownership share increased to approximately 58 percent and, because of the increase in voting rights, the results of the entity and 100 percent of its assets and liabilities were 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 has been 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 been allocated to the assets acquired, liabilities assumed and noncontrolling shareholder interest based on their respective fair values at January 14, 2011. The excess purchase price over the estimated fair value of the net assets acquired has been 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 the transaction.

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

| | |
|---|---|
| Assets | |
| Cash | $ 4,395 |
| Inventory | 14,105 |
| Other current assets | 3,645 |
| Property, plant & equipment | 84,069 |
| Goodwill | 18,851 |
| Liabilities | |
| Payable to Cooper Tire & Rubber Company | (4,185) |
| Accounts payable | (4,990) |
| Accrued liabilities | (2,817) |
| Deferred income taxes | (7,896) |
| Notes payable to Cooper Tire & Rubber Company | (11,269) |
| | 93,908 |
| Noncontrolling shareholder interest | (37,853) |
| Cooper Tire & Rubber Company consideration | $ 56,055 |

The Company has determined that 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 10. 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 income 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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**Note 3—Inventories**

At December 31, 2010 and 2011, approximately 37 percent and 29 percent, respectively, of the Company's inventories had been valued under the LIFO method. Increases in inventory balances in the international segment as well as the inclusion of the consolidated financial statements for COOCSA as a result of the acquisition have caused this percentage to decrease in 2011. The remaining inventories have been valued under the first-in first-out ("FIFO") or average cost method and all inventories are stated at the lower of cost or market.

Under the LIFO method, inventories have been reduced by approximately $191,180 and $236,532 at December 31, 2010 and 2011, respectively, from current cost which would be reported under the FIFO method.

**Note 4—Other Current Assets**

Other current assets at December 31 were as follows:

| | 2010 | **2011** |
|---|---|---|
| Deferred tax assets | $ — | **$41,774** |
| Income tax recoverable | 29,957 | **9,855** |
| Assets held for sale | 8,155 | **—** |
| Other | 18,245 | **13,805** |
| | $56,357 | **$65,434** |

The land, building and certain manufacturing equipment located at Albany, Georgia were classified as "assets held for sale" at estimated fair value less costs to sell based on a signed Real Estate Purchase Agreement at December 31, 2010. On September 30, 2011, those assets were sold for $8,139.

**Note 5—Goodwill and Intangibles**

Goodwill is recorded in the segment where it was generated by acquisitions. See Note 2 – Acquisition for a discussion of the goodwill recorded during 2011. Purchased goodwill and indefinite-lived intangible assets are tested annually for impairment unless indicators are present that would require an earlier test.

During the fourth quarters of 2009, 2010 and 2011, the Company completed its annual goodwill and intangible assets impairment tests and no impairment was indicated.

The following table presents intangible assets and accumulated amortization balances as of December 31, 2010 and 2011:

| | December 31, 2010 | | | **December 31, 2011** | | |
|---|---|---|---|---|---|---|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | **Gross Carrying Amount** | **Accumulated Amortization** | **Net Carrying Amount** |
| Definite-lived: | | | | | | |
| Trademarks and tradenames | $10,891 | $ (5,060) | $ 5,831 | **$10,891** | **$ (5,652)** | **$ 5,239** |
| Patents and technology | 15,038 | (14,764) | 274 | **15,038** | **(14,891)** | **147** |
| Other | 5,965 | (4,631) | 1,334 | **7,365** | **(5,216)** | **2,149** |
| | 31,894 | (24,455) | 7,439 | **33,294** | **(25,759)** | **7,535** |
| Indefinite-lived: | | | | | | |
| Trademarks | 9,817 | — | 9,817 | **9,817** | **—** | **9,817** |
| | $41,711 | $ (24,455) | $17,256 | **$43,111** | **$ (25,759)** | **$17,352** |

Estimated amortization expense over the next five years is as follows: 2012—$1,467, 2013—$1,093, 2014—$843, 2015—$823 and 2016—$778.

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**Note 6—Other Assets**

Other assets at December 31 were as follows:

| | 2010 | 2011 |
|---|---|---|
| Land use rights | $10,921 | **$11,076** |
| Tax incentives | 11,724 | **8,593** |
| Investment in unconsolidated subsidiary | 24,398 | **—** |
| Other | 18,914 | **11,995** |
| | $65,957 | **$31,664** |

At December 31, 2010, the Company had an approximate 38 percent ownership in a tire manufacturing operation in Mexico. In January of 2011, the Company acquired an additional 21% ownership and now consolidates the results of this operation.

**Note 7—Accrued Liabilities**

Accrued liabilities at December 31 were as follows:

| | 2010 | 2011 |
|---|---|---|
| Products liability | $ 41,892 | **$ 58,506** |
| Payroll and withholdings | 45,862 | **26,942** |
| Warranty | 19,669 | **22,078** |
| Other postretirement benefits | 17,692 | **17,802** |
| Foreign currency derivative instruments | 3,977 | **(5,869)** |
| Other | 23,272 | **32,847** |
| | $152,364 | **$152,306** |

**Note 8—Income Taxes**

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

| | 2009 | 2010 | 2011 |
|---|---|---|---|
| United States | $ 35,200 | $ 67,579 | **$ 21,763** |
| Foreign | 80,323 | 92,247 | **112,383** |
| Total | $115,523 | $159,826 | **$134,146** |

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

| | 2009 | 2010 | 2011 |
|---|---|---|---|
| Current: | | | |
| Federal | $ (3,990) | $ 2,823 | **$ 6,694** |
| State and local | 966 | 3,716 | **2,053** |
| Foreign | 10,020 | 10,731 | **24,486** |
| | 6,996 | 17,270 | **33,233** |
| Deferred: | | | |
| Federal | (770) | 3,921 | **(139,697)** |
| State and local | — | — | **(28,893)** |
| Foreign | (5,995) | (1,134) | **(100)** |
| | (6,765) | 2,787 | **(168,690)** |
| | $ 231 | $20,057 | **$(135,457)** |

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

| | 2009 | 2010 | 2011 |
|---|---|---|---|
| Income tax provision (benefit) at 35% | $ 40,423 | $ 55,939 | **$ 46,951** |
| State and local income tax, net of federal income tax effect | 628 | 1,913 | **1,879** |
| U.S. tax credits | (1,478) | (2,220) | **(1,732)** |
| Difference in effective tax rates of international operations | (24,078) | (22,689) | **(14,948)** |
| Interest on tax settlement | (4,239) | — | **—** |
| Valuation allowance | (14,139) | (9,423) | **—** |
| Valuation allowance—domestic release | — | — | **(167,224)** |
| Other—net | 3,114 | (3,463) | **(383)** |
| Income tax expense | $ 231 | $ 20,057 | **$(135,457)** |

The Company released most of the valuation allowance recorded against U.S. deferred tax assets in the amount of $167,224 based upon the Company's sustained positive operating performance, taxable income in carryback periods and the availability of expected future taxable income.

Payments, including discontinued operations, for income taxes in 2009, 2010 and 2011, net of refunds, were ($8,405), $30,186 and $6,988, respectively.

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

| | 2010 | 2011 |
|---|---|---|
| Deferred tax assets: | | |
| Postretirement and other employee benefits | $ 183,983 | **$ 243,222** |
| Products liability | 61,510 | **68,261** |
| Net operating loss, capital loss, and tax credits carryforwards | 37,966 | **36,924** |
| All other items | 49,129 | **41,635** |
| Total deferred tax assets | 332,588 | **390,042** |
| Deferred tax liabilities: | | |
| Property, plant and equipment | (106,716) | **(114,034)** |
| All other items | (14,591) | **(8,383)** |
| Total deferred tax liabilities | (121,307) | **(122,417)** |
| | 211,281 | **267,625** |
| Valuation allowances | (183,912) | **(28,271)** |
| Net deferred tax asset | $ 27,369 | **$ 239,354** |

At December 31, 2011, the Company has apportioned state tax losses of $118,589 and foreign tax losses of $22,422 available for carryforward. The Company also has U.S. federal tax credits of $4,520 and state tax credits of $5,045 in addition to U.S. capital losses of $53,516 available for carryforward. Valuation allowances have been provided for those items which, based upon an assessment, it is more likely than not that some portion may not be realized. The U.S. federal and state tax loss carryforwards and other tax attributes will expire from 2012 through 2030. The foreign tax losses expire no sooner than 2012. The U.S. capital loss carryforward will expire in 2015.

The Company applies the rules under ASC 740-10 in its *Accounting for Uncertainty in Income Taxes* for uncertain tax positions using a “more likely than not” recognition threshold. Pursuant to these rules, the Company will initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits of the tax position, that such a position will be sustained upon examination by the relevant tax authorities. If the tax benefit meets the “more likely than not” threshold, the measurement of the tax benefit will be based on the Company’s estimate of the ultimate amount to be sustained if audited by the taxing authority. The Company’s unrecognized tax benefits for permanent and temporary book/tax differences for continuing operations, exclusive of interest, totaled approximately $987 at December 31, 2011, as itemized in the tabular roll forward below. In accordance with Company policy, the liability relating to pre 2011 years was released or reclassified following the effective settlement of a U.S. federal income tax examination for pre 2011 years and the net result including estimated interest, net of prior year refunds, is reflected as an income tax receivable in the amount of $4,963.

| | 2009 | 2010 | **2011** |
|---|---|---|---|
| Balance at January 1 | $7,623 | $7,517 | **$ 9,237** |
| Settlements for tax positions of prior years | (164) | — | **(15,969)** |
| Additions for tax positions of the current year | 934 | 1,686 | **987** |
| Additions for tax positions of prior years | 18 | 62 | **7,837** |
| Reductions for tax positions of prior years | (894) | (28) | **(572)** |
| Reductions for lapse of statute of limitations | — | — | **(533)** |
| Balance at December 31 | $7,517 | $9,237 | **$ 987** |

Of this amount, the effective rate would change upon the recognition of approximately $812 of these unrecognized tax benefits. The Company accrued, through the tax provision, approximately $451, $79 and $226 of interest expense for 2009, 2010 and 2011 respectively. At December 31, 2011, the Company has no interest accrued as an ASC 740-10 reserve since all U.S. taxes are effectively settled with the resulting net tax receivable including estimated interest, net of prior year refunds, reflected as an income tax receivable.

U.S. income taxes were not provided on a cumulative total of approximately $287,360 of undistributed earnings, as well as a minimal amount of other comprehensive income for certain non-U.S. subsidiaries. The Company currently intends to reinvest these earnings in operations outside the U.S. and considers the non-U.S. tax implications from potential distributions between non-U.S. subsidiaries in this evaluation. It is not practicable to determine the amount of additional U.S. income taxes that could be payable upon remittance of these earnings since taxes payable would be reduced by foreign tax credits based upon income tax laws and circumstances at the time of distribution. The Company has ventures in the PRC that had been granted full and partial income tax holidays. This resulted in a $1,965 favorable impact to the Company in 2011. All remaining PRC tax holidays expired in 2011.

In 2003 the Company initiated bilateral Advance Pricing Agreement (“APA”) negotiations with the Canadian and U.S. governments to change its intercompany transfer pricing process between a formerly owned subsidiary, CSA, and its Canadian affiliate. The governments settled the APA in 2009 and on August 3, 2009, Cooper-Standard Holdings Inc. filed a Bankruptcy petition. On August 19, 2009, the Company filed an action in the United States Bankruptcy Court, District of Delaware, in response to the tax refunds owed to the Company pursuant to the September 16, 2004 sale agreement of CSA for pre-disposition periods ending December 23, 2004. On March 17, 2010, the Company entered into a settlement agreement to resolve the subject proceedings, which became non-appealable on April 29, 2010. Pursuant to the settlement agreement, CSA paid the Company approximately $17,639, in addition to the resolution of other contingent liabilities between the parties. Based upon the settlement, the Company released liabilities recorded on its books relating to the disposition of CSA in the amount of $7,400 through Discontinued Operations, net of the tax impact, in the quarter ended June 30, 2010. There has been no activity relating to this item in 2011.

The Company operates in multiple jurisdictions throughout the world. The Company has effectively settled U.S. federal tax examinations for years before 2011and state and local examinations for years before 2006, with limited exceptions. Furthermore, the Company’s non-U.S. subsidiaries are no longer subject to income tax examinations in major foreign taxing jurisdictions for years prior to 2005. The income tax returns of various subsidiaries in various jurisdictions are currently under examination and it is possible that these examinations will conclude within the next twelve months. However, it is not possible to estimate net increases or decreases to the Company’s unrecognized tax benefits during the next twelve months.

**Note 9—Debt**

The Company has an accounts receivable securitization facility of up to $175,000. Pursuant to the terms of the facility, the Company is permitted to sell certain of its domestic trade receivables on a continuous basis to its wholly-owned, bankruptcy-remote subsidiary, Cooper Receivables LLC (“CRLLC”). In turn, CRLLC may sell from time to time an undivided ownership interest in the purchased trade receivables, without recourse, to a PNC Bank administered, asset-backed commercial paper conduit. The facility has a maturity date of June 2014.

The Company and its subsidiary, Max-Trac Tire Co., Inc., have entered into a Loan and Security Agreement (New Credit Agreement) with a consortium of four banks. This New Credit Agreement provides a $200,000 credit facility to the Company and Max-Trac Tire Co., Inc. The New Credit Agreement is a revolving credit facility and is secured by the Company’s U.S. inventory, certain North American accounts receivable that have not been previously pledged and general intangibles related to the foregoing. During 2011, the maturity of this New Credit Agreement was extended until July 2016.

The New Credit Agreement and the accounts receivable securitization facility have no significant financial covenants until availability is reduced to specified levels. Borrowings under the New Credit Agreement bear a margin based on the London Interbank Offered Rate. At December 31, 2011 the Company was in compliance with all financial covenants. There were no borrowings under the New Credit Agreement or the accounts receivable securitization facility at December 31, 2010 or December 31, 2011, except amounts used to secure letters of credit totaling $38,000 and $66,800 at December 31, 2010 and 2011, respectively. 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 December 31, 2011, was $293,200.

The Company’s consolidated operations in Asia have annual renewable unsecured credit lines that provide up to $428,000 of borrowings and do not contain financial covenants. The additional borrowing capacity on the Asian credit lines, based on eligible collateral and the short-term notes payable, totaled $239,500 at December 31, 2011.

In 2010, Industrial Revenue Bonds (IRBs) were issued by the City of Texarkana to finance the design, equipping, construction and start-up of the expansion of the Texarkana manufacturing facility. Because the assets related to the expansion provide security for the bonds issued by the City of Texarkana, the City retains title to the assets. However, the Company has recorded the property in its Consolidated Statements of Financial Position, along with a capital lease obligation to repay the proceeds of the IRB because the arrangement is cancelable at any time at the Company’s request. The Company has also purchased the IRBs and therefore is the bondholder as well as the borrower/lessee of the property purchased with the IRB proceeds. The capital lease obligation and IRB asset are recorded net in the Consolidated Statements of Financial Position. At December 31, 2010 and 2011, the assets and liabilities associated with these City of Texarkana IRBs were $11,200 and $17,400, respectively.

The following table summarizes the long-term debt of the Company at December 31, 2010 and 2011 and, except for capitalized leases and other, the long-term debt is due in an aggregate principal payment on the due date:

| | 2010 | **2011** |
|---|---|---|
| Parent company | | |
| 8% unsecured notes due December 2019 | $173,578 | **$173,578** |
| 7.625% unsecured notes due March 2027 | 116,880 | **116,880** |
| Capitalized leases and other | 10,481 | **9,862** |
| | 300,939 | **300,320** |
| Subsidiaries | | |
| 5.13% unsecured notes due in 2011 | 5,285 | **—** |
| 5.795% to 6.3175% unsecured notes due in 2012 | 20,385 | **20,599** |
| 6.10% to 6.65% unsecured notes due in 2014 | — | **26,528** |
| 2.25% unsecured notes due in 2016 | — | **3,248** |
| | 25,670 | **50,375** |
| | 326,609 | **350,695** |
| Less current maturities | 5,885 | **21,199** |
| | $320,724 | **$329,496** |

Over the next five years, the Company has payments related to the above debt of: 2012—$21,199, 2013—$600, 2014—$27,128, 2015—$600 and 2016—$38,848. In addition, the Company’s partially-owned, consolidated subsidiary operations in the PRC and Mexico have short-term notes payable of $131,651 due in 2012. The weighted average interest rate of the short-term notes payable at December 31, 2010 and 2011 was 3.72 percent and 4.61 percent, respectively.

Interest paid on debt during 2009, 2010 and 2011 was $48,125, $37,758 and $38,853, respectively. The amount of interest capitalized was $663, $959 and $3,527 during 2009, 2010 and 2011, respectively. The increase in capitalized interest in 2011 is related to the Company's global ERP project.

**Note 10—Fair Value of Financial Instruments**

Derivative financial instruments are utilized by the Company to reduce foreign currency exchange risks. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. The Company does not enter into financial instruments for trading or speculative purposes. The derivative financial instruments include fair value and cash flow hedges of foreign currency exposures. Exchange rate fluctuations on the foreign currency-denominated intercompany loans and obligations are offset by the change in values of the fair value foreign currency hedges. The Company presently hedges exposures in the Euro, Canadian dollar, British pound sterling, Swiss franc, Swedish kronar, Mexican peso and Chinese yuan generally for transactions expected to occur within the next 12 months. The notional amount of these foreign currency derivative instruments at December 31, 2010 and 2011 was $234,600 and $263,944, respectively. The counterparties to each of these agreements are major commercial banks. Management believes that the probability of losses related to credit risk on derivative financial instruments is unlikely.

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

Foreign currency forward contracts are also used to hedge variable cash flows associated with forecasted sales and purchases denominated in currencies that are not the functional currency of certain entities. The forward contracts have maturities of less than twelve months pursuant to the Company's policies and hedging practices. These forward contracts meet the criteria for and have been designated as cash flow hedges. Accordingly, the effective portion of the change in fair value of such forward contracts (approximately $(3,180) and $6,009 as of December 31, 2010 and 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 earnings.

The Company assesses hedge ineffectiveness quarterly using the hypothetical derivative methodology. In doing so, the Company monitors the actual and forecasted foreign currency sales and purchases versus the amounts hedged to identify any hedge ineffectiveness. Any hedge ineffectiveness is recorded as an adjustment in the accompanying Consolidated Statements of 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 Consolidated Balance Sheets:

| | December 31, 2010 | | **December 31, 2011** | |
|---|---|---|---|---|
| Designated as hedging instruments | Accrued liabilities | $3,413 | **Accrued liabilities** | **$(6,214)** |
| Not designated as hedging instruments | Accrued liabilities | $ 564 | **Accrued liabilities** | **$ 345** |

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

| Derivatives Designated as Cash Flow Hedges | Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivative (Effective Portion) | Amount of Gain (Loss) Reclassified from Cumulative Other Comprehensive Loss into Income (Effective Portion) | Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion) |
|---|---|---|---|
| Year ended Dec. 31, 2009 | $ (7,208) | $ (4,198) | $ (458) |
| Year ended Dec. 31, 2010 | $ (1,795) | $ (692) | $ 47 |
| Year ended Dec. 31, 2011 | **$ 4,563** | **$ (4,626)** | **$ (367)** |

| Derivatives not Designated as Hedging Instruments | Location of Gain (Loss) Recognized in Income on Derivatives | Amount of Gain (Loss) Recognized in Income on Derivatives |
|---|---|---|
| Year ended Dec. 31, 2009 | Other income (expense) | $ 1,997 |
| Year ended Dec. 31, 2010 | Other income (expense) | $ (758) |
| Year ended Dec. 31, 2011 | Other income (expense) | **$ 212** |

For effective designated foreign exchange hedges, the Company reclassifies the gain (loss) from Other Comprehensive Income into Net Sales and the ineffective portion is recorded directly into Other – net.

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

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

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

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

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

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

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

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

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

The valuation of foreign exchange forward contracts was determined using widely accepted valuation techniques. This analysis reflected the contractual terms of the derivatives, including the period to maturity, and used observable market-based inputs, including forward points. The Company incorporated credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. Although the Company determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as current credit ratings, to evaluate the likelihood of default by itself and its counterparties. However, as of December 31, 2010 and December 31, 2011, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and determined that the credit valuation adjustments were not significant to the overall valuation of its derivatives. As a result, the Company determined that its derivative valuations in their entirety were classified in Level 2 of the fair value hierarchy.

The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 and 2011:

| Foreign Exchange Contracts | Total Derivative (Assets) Liabilities | Quoted Prices in Active Markets for Identical Assets Level (1) | Significant Other Observable Inputs Level (2) | Significant Unobservable Inputs Level (3) |
|---|---|---|---|---|
| December 31, 2010 | $ 3,977 | | $ 3,977 | |
| December 31, 2011 | $ (5,869) | | $ (5,869) | |

The land, building and certain manufacturing equipment located at Albany, Georgia were classified as "assets held for sale" at estimated fair value less costs to sell determined based on a signed Real Estate Purchase Agreement at December 31, 2010. The fair value of these assets, $8,155 at December 31, 2010, was considered a Level 2 valuation. These assets were sold on September 30, 2011. See Note 17 for additional details on the Albany restructuring initiative.

The fair value of the Company's debt was based upon prices of similar instruments in the marketplace. The carrying amounts and fair values of the Company's financial instruments were as follows:

| | December 31, 2010 | | **December 31, 2011** | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | **Carrying Amount** | **Fair Value** |
| Cash and cash equivalents | $ 413,359 | $ 413,359 | $ 233,710 | $ 233,710 |
| Notes receivable | 69,547 | 69,547 | 71,661 | 71,661 |
| Notes payable | (146,947) | (146,947) | (131,651) | (131,651) |
| Current portion of long-term debt | (5,885) | (5,885) | (21,199) | (21,199) |
| Long-term debt | (320,724) | (322,124) | (329,496) | (325,596) |
| Derivative financial instruments | (3,977) | (3,977) | 5,869 | 5,869 |

**Note 11—Pensions and Postretirement Benefits Other than Pensions**

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

For defined benefit plans, benefits are generally based on compensation and length of service for salaried employees and length of service for hourly employees. In 2002, a new hybrid pension plan covering all domestic salaried and non-bargained hourly employees was established. Employees at the effective date, meeting certain requirements, were grandfathered under the previous defined benefit rules. The new hybrid pension plan covering non-grandfathered employees resembles a savings account. Nominal accounts are credited based on a combination of age, years of service and percentage of earnings. A cash-out option is available upon termination or retirement. Employees of certain of the Company's foreign operations are covered by either contributory or non-contributory trusteed pension plans. During 2009, the Company froze the pension benefits in its Spectrum (salaried employees) Plan in the U.S., and in the U.K., it modified its early retirement benefits, both actions resulting in lower pension liabilities.

Participation in the Company's defined contribution plans is voluntary. The Company matches certain plan participants' contributions up to various limits. Participants' contributions are limited based on their compensation and, for certain supplemental contributions which are not eligible for company matching, based on their age. Company contributions for certain of these plans are dependent on operating performance. Expense for those plans was $9,150, $12,827 and $14,311 for 2009, 2010 and 2011, respectively.

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

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

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

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

| | 2010 Pension Benefits | | | **2011 Pension Benefits** | | | Other Postretirement Benefits | |
|---|---|---|---|---|---|---|---|---|
| | Domestic | International | Total | **Domestic** | **International** | **Total** | 2010 | **2011** |
| Change in benefit obligation: | | | | | | | | |
| Projected Benefit Obligation at January 1 | $ 826,458 | $ 313,659 | $1,140,117 | **$ 865,982** | **$ 320,618** | **$1,186,600** | $ 261,926 | **$ 275,348** |
| Service cost—employer | 4,316 | 2,327 | 6,643 | **7,700** | **2,497** | **10,197** | 3,160 | **3,103** |
| Service cost—employee | — | 2,660 | 2,660 | **—** | **2,308** | **2,308** | — | **—** |
| Interest cost | 45,653 | 16,923 | 62,576 | **45,260** | **18,009** | **63,269** | 14,115 | **13,846** |
| Amendments | — | (2,260) | (2,260) | **—** | **—** | **—** | (8,956) | **—** |
| Actuarial (gain)/loss | 53,761 | 12,729 | 66,490 | **54,022** | **13,846** | **67,868** | 15,478 | **27,928** |
| Benefits paid | (64,206) | (14,426) | (78,632) | **(48,420)** | **(12,506)** | **(60,926)** | (10,375) | **(9,156)** |
| Foreign currency translation effect | — | (10,994) | (10,994) | **—** | **(1,553)** | **(1,553)** | — | **—** |
| Projected Benefit Obligation at December 31 | $ 865,982 | $ 320,618 | $1,186,600 | **$ 924,544** | **$ 343,219** | **$1,267,763** | $ 275,348 | **$ 311,069** |
| Change in plans' assets: | | | | | | | | |
| Fair value of plans' assets at January 1 | $ 654,991 | $ 213,189 | $ 868,180 | **$ 698,827** | **$ 229,496** | **$ 928,323** | $ — | **$ —** |
| Actual return on plans' assets | 71,350 | 27,076 | 98,426 | **3,375** | **30** | **3,405** | — | **—** |
| Employer contribution | 36,692 | 8,404 | 45,096 | **26,435** | **8,420** | **34,855** | — | **—** |
| Employee contribution | — | 2,660 | 2,660 | **—** | **2,308** | **2,308** | — | **—** |
| Benefits paid | (64,206) | (14,426) | (78,632) | **(48,420)** | **(12,506)** | **(60,926)** | — | **—** |
| Foreign currency translation effect | — | (7,407) | (7,407) | **—** | **(834)** | **(834)** | — | **—** |
| Fair value of plans' assets at December 31 | $ 698,827 | $ 229,496 | $ 928,323 | **$ 680,217** | **$ 226,914** | **$ 907,131** | $ — | **$ —** |
| Funded status | $(167,155) | $ (91,122) | $ (258,277) | **$(244,327)** | **$ (116,305)** | **$ (360,632)** | $ (275,348) | **$ (311,069)** |
| Amounts recognized in the balance sheets: | | | | | | | | |
| Other assets | $ — | $ 44 | $ 44 | **$ —** | **$ —** | **$ —** | $ — | **$ —** |
| Accrued liabilities | — | — | — | **—** | **—** | **—** | (17,692) | **(17,802)** |
| Postretirement benefits other than pensions | — | — | — | **—** | **—** | **—** | (257,657) | **(293,267)** |
| Pension benefits | (167,155) | (91,166) | (258,321) | **(244,327)** | **(116,305)** | **(360,632)** | | |

Included in cumulative other comprehensive loss at December 31, 2010 are the following amounts that have not yet been recognized in net periodic benefit cost: unrecognized prior service credits of ($13,443) (($10,620) net of tax) and unrecognized actuarial losses of $560,160 ($488,682 net of tax).

Included in cumulative other comprehensive loss at December 31, 2011 are the following amounts that have not yet been recognized in net periodic benefit cost: unrecognized prior service credits of ($12,002) (($8,501) net of tax) and unrecognized actuarial losses of $684,717 ($567,278 net of tax). The prior service credit and actuarial loss included in cumulative other comprehensive loss that are expected to be recognized in net periodic benefit cost during the fiscal year-ended December 31, 2012 are ($1,412) and $47,047, respectively.

The accumulated benefit obligation for all defined benefit pension plans was $1,183,474 and $1,264,377 at December 31, 2010 and 2011, respectively.

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

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---|---|---|---|
| | 2010 | **2011** | 2010 | **2011** |
| All plans | | | | |
| Discount rate | 5.39% | **4.81%** | 5.20% | **4.15%** |
| Rate of compensation increase | 0.92% | **0.81%** | — | **—** |
| Domestic plans | | | | |
| Discount rate | 5.35% | **4.80%** | 5.20% | **4.15%** |
| Foreign plans | | | | |
| Discount rate | 5.50% | **4.85%** | — | **—** |
| Rate of compensation increase | 3.39% | **2.99%** | — | **—** |

At December 31, 2011, the weighted average assumed annual rate of increase in the cost of medical benefits was 8.20 percent for 2012 trending linearly to 5.00 percent per annum in 2020.

| | Pension Benefits - Domestic | | | Pension Benefits - International | | |
|---|---|---|---|---|---|---|
| | 2009 | 2010 | **2011** | 2009 | 2010 | **2011** |
| Components of net periodic benefit cost: | | | | | | |
| Service cost | $ 6,532 | $ 4,316 | **$ 7,700** | $ 1,852 | $ 2,327 | **$ 2,497** |
| Interest cost | 43,650 | 45,653 | **45,260** | 14,764 | 16,923 | **18,009** |
| Expected return on plan assets | (42,001) | (50,457) | **(50,206)** | (13,580) | (15,249) | **(16,646)** |
| Amortization of prior service cost | (874) | — | **—** | (177) | (600) | **(747)** |
| Amortization of actuarial loss | 31,737 | 27,741 | **30,300** | 2,524 | 5,924 | **5,772** |
| Spectrum plan freeze | (10,133) | — | **—** | — | — | **—** |
| Albany curtailment gain | (5,220) | — | **—** | — | — | **—** |
| Recognized actuarial loss (gain) | 9,956 | 4,323 | **—** | — | (673) | **—** |
| Net periodic benefit cost | $ 33,647 | $ 31,576 | **$ 33,054** | $ 5,383 | $ 8,652 | **$ 8,885** |

| | Other Post Retirement Benefits | | |
|---|---|---|---|
| | 2009 | 2010 | **2011** |
| Components of net periodic benefit cost: | | | |
| Service cost | $ 3,637 | $ 3,160 | **$ 3,103** |
| Interest cost | 14,765 | 14,115 | **13,846** |
| Amortization of prior service cost | (307) | (542) | **(688)** |
| Amortization of actuarial loss | — | — | **1,261** |
| Net periodic benefit cost | $18,095 | $16,733 | **$17,522** |

Pension benefits in the Spectrum (salaried employees) Plan were frozen effective July 1, 2009. The impact of the pension freeze was a reduction of pension expense for 2009 of $7,800.

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

| | Pension Benefits | | | Other Postretirement Benefits | | |
|---|---|---|---|---|---|---|
| | 2009 | 2010 | **2011** | 2009 | 2010 | **2011** |
| All plans | | | | | | |
| Discount rate | 6.11% | 5.74% | **5.39%** | 6.00% | 5.75% | **5.20%** |
| Expected return on plan assets | 8.22% | 8.24% | **7.58%** | — | — | **—** |
| Rate of compensation increase | 3.32% | 1.03% | **0.92%** | — | — | **—** |
| Domestic plans | | | | | | |
| Discount rate | 6.00% | 5.75% | **5.35%** | 6.00% | 5.75% | **5.20%** |
| Expected return on plan assets | 8.50% | 8.50% | **7.75%** | — | — | **—** |
| Rate of compensation increase | 3.25% | 0.00% | **0.00%** | — | — | **—** |
| Foreign plans | | | | | | |
| Discount rate | 6.49% | 5.70% | **5.50%** | — | — | **—** |
| Expected return on plan assets | 7.32% | 7.44% | **7.05%** | — | — | **—** |
| Rate of compensation increase | 3.55% | 3.74% | **3.39%** | — | — | **—** |

The following table lists the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with projected benefit obligations and accumulated benefit obligations in excess of plan assets at December 31, 2010 and 2011:

| | 2010 | | **2011** | |
|---|---|---|---|---|
| | Projected benefit obligation exceeds plan assets | Accumulated benefit obligation exceeds plan assets | **Projected benefit obligation exceeds plan assets** | **Accumulated benefit obligation exceeds plan assets** |
| Projected benefit obligation | $1,184,320 | $1,184,320 | **$1,267,763** | **$1,267,763** |
| Accumulated benefit obligation | 1,181,208 | 1,181,208 | **1,264,377** | **1,264,377** |
| Fair value of plan assets | 925,999 | 925,999 | **907,131** | **907,131** |

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

| | Percentage Point | |
|---|---|---|
| | Increase | Decrease |
| Increase (decrease) in total service and interest cost components | $ 179 | $ (161) |
| Increase (decrease) in the postretirement benefit obligation | 4,884 | (4,139) |

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The Company’s weighted average asset allocations for its domestic and U.K. pension plans’ assets at December 31, 2010 and December 31, 2011 by asset category were as follows:

| Asset Category | U.S. Plans 2010 | U.S. Plans 2011 | U.K. Plan 2010 | U.K. Plan 2011 |
|---|---|---|---|---|
| Equity securities | 57% | **61%** | 61% | **56%** |
| Debt securities | 42 | **37** | 33 | **29** |
| Other investments | 0 | **0** | 5 | **14** |
| Cash | 1 | **2** | 1 | **1** |
| Total | 100% | **100%** | 100% | **100%** |

In the U.S. the Company’s asset allocation strategy is based on a combination of factors, including the profile of the pension liability, the timing of future cash requirements, and the level of invested assets available to meet plan obligations. Our goal is to manage the assets in such a way that the cost and risk are managed through portfolio diversification which is designed to maximize returns consistent with levels of liquidity and investment risk that are prudent and reasonable. The Company’s investment policy for U.K. plan assets is to maintain an allocation of 60 percent in equity securities, 20 percent in fixed income securities and 20 percent in property and infrastructure funds. Rebalancing of asset portfolios occurs periodically if the mix differs from the target allocation. Equity security investments are structured to achieve a balance between growth and value stocks. The Company also has a pension plan in Germany and the assets of that plan consist of investments in German insurance contracts.

The fair market value of U.S. plan assets was $698,827 and $680,217 at December 31, 2010 and 2011, respectively. The fair market value of the U.K. plan assets was $227,173 and $224,626 at December 31, 2010 and 2011, respectively. The fair market value of the German pension plan assets was $2,324 and $2,288 at December 31, 2010 and 2011, respectively.

The table below classifies the assets of the U.S. and U.K. plans using the Fair Value Hierarchy described in Note 10 – Fair Value of Financial Instruments:

| | Total | Fair Value Heirarchy Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| December 31, 2010 | | | | |
| United States plans | | | | |
| Cash & Cash Equivalents | $ 22,537 | $ 22,537 | $ — | $ — |
| Equity securities | 456,213 | 171,889 | 284,324 | — |
| Fixed income securities | 220,077 | 72,984 | 147,093 | — |
| | $698,827 | $267,410 | $431,417 | $ — |
| United Kingdom plan | | | | |
| Cash & Cash Equivalents | $ 2,854 | $ 2,854 | $ — | $ — |
| Equity securities | 138,141 | 138,141 | — | — |
| Fixed income securities | 75,364 | 75,364 | — | — |
| Other investments | 10,814 | — | — | 10,814 |
| | $227,173 | $216,359 | $ — | $10,814 |
| December 31, 2011 | | | | |
| United States plans | | | | |
| Cash & Cash Equivalents | $ 16,106 | $ 16,106 | $ — | $ — |
| Equity securities | 412,809 | 168,240 | 244,569 | — |
| Fixed income securities | 251,302 | 83,274 | 168,028 | — |
| | $680,217 | $267,620 | $412,597 | $ — |
| United Kingdom plan | | | | |
| Cash & Cash Equivalents | $ 796 | $ 796 | $ — | $ — |
| Equity securities | 126,126 | 126,126 | — | — |
| Fixed income securities | 66,491 | 66,491 | — | — |
| Other investments | 31,213 | 18,379 | — | 12,834 |
| | $224,626 | $211,792 | $ — | $12,834 |

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

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

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

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

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

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

The following table details the activity in this investment for the year ended December 31, 2010 and 2011:

| | 2010 | **2011** |
|---|---|---|
| Balance at January 1 | $ 9,788 | **$10,814** |
| Contributions | 1,335 | **1,668** |
| Disbursements | (166) | **(150)** |
| Change in fair value | 187 | **538** |
| Foreign currency translation effect | (330) | **(36)** |
| Balance at December 31 | $10,814 | **$12,834** |

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

During 2011, the Company contributed $35,000 to its domestic and foreign pension plans, and during 2012, the Company expects to contribute between $40,000 and $50,000 to its domestic and foreign pension plans.

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

| | Pension Benefits | Other Postretirement Benefits |
|---|---|---|
| 2012 | $ 70,000 | $ 18,000 |
| 2013 | 70,000 | 18,000 |
| 2014 | 71,000 | 18,000 |
| 2015 | 72,000 | 18,000 |
| 2016 | 73,000 | 19,000 |
| 2017 through 2021 | 393,000 | 98,000 |

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**Note 12—Other Long-Term Liabilities**

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

| | 2010 | **2011** |
|---|---|---|
| Products liability | $149,141 | **$148,877** |
| Other | 30,941 | **19,826** |
| | $180,082 | **$168,703** |

**Note 13—Common Stock**

There were 11.7 million common shares reserved for grants under compensation plans and contributions to the Company's Spectrum Investment Savings Plan and Pre-Tax Savings plans at December 31, 2011. The Company matches contributions made by participants to these plans in accordance with a formula based upon the financial performance of the Company. Matching contributions are directed to the Company Stock Fund; however, employees may transfer these contributions to any of the other investment funds offered under the plans.

**Note 14—Cumulative Other Comprehensive Loss**

The balances of each component of cumulative other comprehensive loss in the accompanying consolidated statements of equity were as follows:

| | 2010 | **2011** |
|---|---|---|
| Cumulative currency translation adjustment | $ 12,948 | **$ 32,558** |
| Changes in the fair value of derivatives and unrealized gains/(losses) on marketable securities | (3,180) | **6,009** |
| Tax effect | 231 | **(668)** |
| Net | (2,949) | **5,341** |
| Unrecognized postretirement benefit plans | (546,717) | **(672,715)** |
| Tax effect, net of valuation allowance | 68,655 | **113,938** |
| Net | (478,062) | **(558,777)** |
| | $(468,063) | **$(520,878)** |

**Note 15—Stock-Based Compensation**

The Company's incentive compensation plans allow the Company to grant awards to key employees in the form of stock options, stock awards, RSUs, stock appreciation rights, PSUs, 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 RSUs and PSUs, 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.

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

| | Stock Based Compensation | | |
|---|---|---|---|
| | 2009 | 2010 | **2011** |
| Stock options | $ 943 | $1,414 | **$2,553** |
| Restricted stock units | 1,667 | 745 | **1,214** |
| Performance stock units | 2,809 | 4,686 | **366** |
| Total stock-based compensation | $5,419 | $6,845 | **$4,133** |

*Stock Options*

The 1998, 2001, 2006 and 2010 incentive compensation plans provide for granting options to key employees to purchase common shares at prices not less than market at the date of grant. Options under these plans may have terms of up to ten years becoming exercisable in whole or in consecutive installments, cumulative or otherwise. The plans allow the granting of nonqualified stock options which are not intended to qualify for the tax treatment applicable to incentive stock options under provisions of the Internal Revenue Code.

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

In 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. During 2011, executives participating in the 2011 – 2013 Long-Term Incentive Plan were granted 311,670 stock options, which will vest one-third each year through 2014. The fair value of these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

| | 2009 | 2010 | **2011** |
|---|---|---|---|
| Risk-free interest rate | 2.2% | 2.8% | **2.7%** |
| Dividend yield | 2.7% | 2.2% | **1.8%** |
| Expected volatility of the Company's common stock | 0.568 | 0.604 | **0.615** |
| Expected life in years | 6.0 | 6.0 | **6.0** |

The weighted average fair value of options granted in 2009, 2010 and 2011 was $2.08, $9.01 and $11.57, respectively. Compensation expense for these options is recorded over the vesting period.

Summarized information for the plans follows:

| | Number of Shares | Weighted Average Exercise Price (per share) | Aggregate Intrinsic Value (thousands) |
|---|---|---|---|
| Outstanding at January 1, 2011 | 1,779,184 | $ 12.21 | |
| Granted | 311,670 | 23.10 | |
| Exercised | (315,785) | 12.85 | |
| Expired | (3,000) | 7.70 | |
| Cancelled | (34,188) | 17.49 | |
| Outstanding at December 31, 2011 | 1,737,881 | 13.95 | $ 6,275 |
| *Exercisable at December 31, 2011* | *949,966* | *12.81* | *3,610* |
| Available for Grant at December 31, 2011 | 3,546,110 | | |

| | Year ended December 31 2009 | 2010 | 2011 |
|---|---|---|---|
| Weighted average grant-date fair value of options granted (per share) | $2.08 | $ 9.01 | $11.57 |
| Aggregate intrinsic value of options exercised (thousands) | $ 116 | $5,279 | $3,515 |
| Total fair value of shares vested (thousands) | $ 414 | $ 899 | $1,655 |

The weighted average remaining contractual life of options outstanding at December 31, 2011 is 6.5 years. Approximately 438,403 stock options will become exercisable over the next twelve months.

Segregated disclosure of options outstanding at December 31, 2011 was as follows:

| | Range of Exercise Prices | | |
|---|---|---|---|
| | Less than or equal to $12.52 | Greater than $12.52 and less than $19.33 | Greater than or equal to $19.33 |
| Options outstanding | 681,000 | 479,169 | 577,712 |
| Weighted average exercise price | $ 4.82 | $ 17.17 | $ 22.05 |
| Remaining contractual life | 7.3 | 5.8 | 6.1 |
| Options exercisable | 391,000 | 291,424 | 267,542 |
| Weighted average exercise price | $ 4.82 | $ 16.18 | $ 20.82 |

At December 31, 2011, the Company had $3,803 of unvested compensation cost related to stock options, and this cost will be recognized as expense over a weighted average period of 22 months.

*Restricted Stock Units*

Under the 1998, 2001, 2006 and 2010 Incentive Compensation Plans, RSUs may be granted to officers and other key employees. Compensation related to the RSUs is determined based on the fair value of the Company's stock on the date of grant and is amortized to expense over the vesting period. The RSUs granted in 2009 and 2011 have vesting periods ranging from one to four years. No RSUs were granted in 2010. The Company recognizes compensation expense based on the earlier of the vesting date or the date when the employee becomes eligible to retire. The following table provides details of the nonvested RSUs for 2011:

| | Number of Restricted Units | Weighted Average Grant-Date Fair Value (per share) |
|---|---|---|
| Nonvested at January 1, 2011 | 140,405 | $ 16.05 |
| Granted | 100,400 | 23.68 |
| Vested | (55,837) | 14.53 |
| Settled | — | |
| Cancelled | (3,846) | 8.47 |
| Accrued dividend equivalents | 5,683 | 14.22 |
| Nonvested at December 31, 2011 | 186,805 | $ 20.70 |

| | Year ended December 31 | | |
|---|---|---|---|
| | 2009 | 2010 | 2011 |
| Weighted average grant-date fair value of restricted shares granted (per share) | $16.62 | $ — | $23.68 |
| Total fair value of shares vested (thousands) | $ 545 | $5,117 | $ 811 |

The number of vested RSUs at December 31, 2010 and 2011 was 101,868 and 103,834, respectively. At December 31, 2011, the Company has $2,871 of unvested compensation cost related to RSUs and this cost will be recognized as expense over a weighted average period of 32 months.

*Performance Stock Units*

Compensation related to the PSUs is determined based on the fair value of the Company's stock on the date of grant combined with performance metrics and is amortized to expense over the vesting period. During 2007, executives participating in the Company's Long-Term Incentive Plan earned 283,254 PSUs based on the Company's financial performance in 2007. These units vested in February 2010 and the Company recorded $990 and $132 in compensation expense associated with these units in 2009 and 2010, respectively. No PSUs were earned in 2008. During 2009, executives participating in the Company's Long-Term Incentive Plan earned 545,930 PSUs based on the Company's financial performance in 2009 and all of these units vested in 2010. The Company recorded $1,819 and $705 of compensation expense associated with these units in 2009 and 2010, respectively. During 2010, executives participating in the Company's Long-Term Incentive Plan earned 244,043 PSUs based on the Company's financial performance in 2010. Of these units, 183,961 vested in 2010 and 60,082 will vest in 2012. No PSUs were earned in 2011. Similar to RSUs, the Company recognizes compensation expense based on the earlier of the vesting date or the date when the employee becomes eligible to retire.

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

| | |
|---|---|
| Performance stock units outstanding at January 1, 2011 | 60,082 |
| Performance stock units cancelled | (325) |
| Accrued dividend equivalents | 1,693 |
| Performance stock units outstanding at December 31, 2011 | 61,450 |

The weighted average fair value of PSUs granted in 2010 and 2011 was $18.71 and $22.97, respectively. There were no PSUs granted in 2009.

At December 31, 2011, the Company has $346 of unvested compensation cost related to PSUs and this cost will be recognized as expense over the next twelve months.

The Company's RSUs and PSUs 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. RSUs earn dividend equivalents from the time of the award until distribution is made in common shares. PSUs 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 RSUs or PSUs, accordingly, such units do not represent participating securities.

The Company recognized $1,944, $3,294 and $349 of excess tax benefits as a financing cash inflow for the years ended December 31, 2009, 2010 and 2011, respectively.

**Note 16—Lease Commitments**

The Company rents certain distribution facilities and equipment under long-term leases expiring at various dates. The total rental expense for the Company, including these long-term leases and all other rentals, was $27,713, $27,863 and $29,239 for 2009, 2010 and 2011, respectively.

Future minimum payments for all non-cancelable operating leases through the end of their terms, which in aggregate total $108,388, are listed below. Certain of these leases contain provisions for optional renewal at the end of the lease terms.

| | |
|---|---|
| 2012 | 23,144 |
| 2013 | 15,561 |
| 2014 | 13,052 |
| 2015 | 11,693 |
| Thereafter | 44,938 |

**Note 17—Restructuring**

The table below details the Company's restructuring expense for the years indicated:

| | 2009 | 2010 |
|---|---|---|
| Albany plant closure | | |
| Asset writedowns | $ 900 | $ 1,845 |
| Equipment relocation and other costs | 25,595 | 12,980 |
| Employee related costs | 20,210 | 4,751 |
| | 46,705 | 19,576 |
| Distribution centers | | |
| Equipment relocation and other costs | 672 | — |
| Employee related costs | 946 | — |
| | 1,618 | — |
| European headcount reduction | | |
| Employee related costs | 395 | 1,073 |
| Total restructuring costs | $48,718 | $20,649 |

Albany manufacturing facility closure

On October 21, 2008, the Company announced it would conduct a capacity study of its U.S. manufacturing facilities. The study was an evolution of the Strategic Plan as outlined by the Company in February 2008. All of the Company's U.S. manufacturing facilities were included for review and were analyzed based on a combination of factors, including long-term financial benefits, labor relations and productivity.

At the conclusion of the capacity study, on December 17, 2008, the North American Tire Operations segment announced its plans to close its tire manufacturing facility in Albany, Georgia. This closure resulted in a workforce reduction of approximately 1,330 people. Certain equipment in the facility has been relocated to other manufacturing facilities of the Company. This initiative was substantially completed at September 30, 2010 at a total cost of $142,265 for restructuring expense and asset impairment.

Since the inception of this initiative in December 2008, the Company has recorded $25,390 of employee related costs, $38,968 of equipment related and other costs and $77,907 of impairment losses to write down the Albany land, building and equipment to fair value.

Distribution centers

During 2009, the Company recorded restructuring expenses associated with the closure of three North American distribution centers. The closure of these distribution centers impacted approximately 70 people and had a total cost of $1,618. Personnel related costs totaled $946 and equipment related costs totaled $672. All of the closures had been completed by the end of 2009. At December 31, 2009, the accrued severance balance was $167 and this amount was paid during 2010.

International Tire Operations segment headcount reduction

The Company's International Tire Operations segment, at its U.K. location, implemented a workforce reduction program during the second quarter of 2010. This initiative impacted 67 employees with a total cost of $1,073. This initiative was completed during the third quarter of 2010 and all employee severance payments have been made.

A similar restructuring program to reduce headcount to align with production volume requirements was implemented during the second quarter of 2009. This initiative resulted in the elimination of 45 positions and was completed early in the third quarter. The Company recorded $395 of severance cost related to this initiative and all severance amounts have been paid.

**Note 18—Other—Net**

Other income increased by $1,012 in 2011 compared with 2010, primarily as a result of the change in accounting for COOCSA in 2011. COOCSA was treated as an unconsolidated subsidiary prior to the acquisition of an additional 21 percent ownership in the first quarter of 2011. 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 over the carrying value of the investment as of the transaction date. Partially offsetting this gain is the absence of equity investment earnings from COOCSA that are now included as a part of the consolidation, rather than in other income as in 2010.

Other income increased by $1,562 in 2010 compared with 2009, primarily due to increased equity earnings in COOCSA offset by the absence of proceeds from the settlement of a lawsuit in 2009.

**Note 19—Contingent Liabilities**

**Litigation**

The Company is a defendant in various products liability claims brought in numerous jurisdictions in which individuals seek damages resulting from motor vehicle accidents allegedly caused by defective tires manufactured by the Company. Each of the 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 losses because an average cost would not be meaningful since the products liability claims faced by the Company are unique and widely variable, and accordingly, the resolutions of those claims have an enormous amount of variability. The costs have ranged from zero dollars to $33 million in one case with no "average" that is meaningful. No specific accrual is made for individual unasserted claims or for premature claims, asserted claims where the minimum information needed to evaluate the probability of a liability is not yet known. However, an accrual for such claims based, in part, on management's expectations for future litigation activity and the settled claims history is maintained. Because of the speculative nature of litigation in the U.S., the Company does not believe a meaningful aggregate range of potential loss for asserted and unasserted claims can be determined. The Company's experience has demonstrated that its estimates have been reasonably accurate and, on average, cases are settled at amounts close to the reserves established. However, it is possible an individual claim from time to time may result in an aberration from the norm and could have a material impact.

The Company determines its reserves using the number of incidents expected during a year. During 2010, the Company increased its products liability reserve by $85,271. The addition of another year of self-insured incidents accounted for $39,560 of this increase. The Company revised its estimates of future settlements for unasserted and premature claims. These revisions increased the reserve by $2,270. Finally, changes in the amount of reserves for cases where sufficient information is known to estimate a liability increased by $43,441 . Of this amount, $21,800 was the result of the Company increasing its self-insured portion of a jury verdict in one case during the first quarter of 2010. The Company considered the impact of this case when evaluating the assumptions used in establishing reserve balances and did not adjust its assumptions based solely on this case.

During 2011, the Company increased its products liability reserve by $66,788. The addition of another year of self-insured incidents accounted for $42,277 of this increase. The Company revised its estimates of future settlements for unasserted and premature claims. These revisions increased the reserve by $13,131. Finally, changes in the amount of reserves for cases where sufficient information is known to estimate a liability increased by $11,380 .

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

During 2010, the Company paid $45,659 and during 2011, the Company paid $50,468 to resolve cases and claims. The Company's products liability reserve balance at December 31, 2010 totaled $191,033 (current portion of $41,892). At December 31, 2011, the products liability reserve balance totaled $207,353 (current portion of $58,476).

Products liability costs totaled $81,475, 110,103 and $97,504 in 2009, 2010 and 2011, respectively, and include recoveries of legal fees of $2,486 and $5,629 in 2009 and 2010, respectively. Insurance policies applicable to claims occurring on April 1, 2003, and thereafter, do not provide for recovery of legal fees.

**Retiree Medical Case**

On February 2, 2010 in the case of *Cates, et al. v. Cooper Tire & Rubber Company* , the U.S. District Court for the Northern District of Ohio entered an order approving the settlement agreement negotiated by the parties in April 2009, in its entirety, as being fair, reasonable and adequate and dismissed, with prejudice, the case and a related lawsuit, *Johnson, et al. v. Cooper Tire & Rubber Company* . The settlement agreement provided for 1) a cash payment of $7,000 to the Plaintiffs for reimbursement of costs; and 2) modification to the Company's approach and costs of providing future health care to specified current retiree groups which resulted in an amendment to the Company's retiree medical plan.

A group of the Company's union retirees and surviving spouses filed the Cates lawsuit on behalf of a purported class claiming that the Company was not entitled to impose any contribution requirement for the cost of their health care coverage pursuant to a series of letter agreements entered into by the Company and the United Steelworkers and that Plaintiffs were promised lifetime benefits, at no cost, after retirement. As a result of settlement discussions, the related Johnson case was filed with the Court on behalf of a different, smaller group of hourly union-represented retirees.

As a consequence of the settlement agreement, the Company recorded $7,000 of expense during the first quarter of 2009 relating to the specified cash payments. The estimated present value of the plan amendment has been reflected in the accrual for Other Post-employment Benefits with an offset to the Cumulative other comprehensive loss component of Parent stockholders' equity and will be amortized as a charge to operations over the remaining life expectancy of the affected plan participants.

**Cooper Chengshan Acquisition**

Effective February 4, 2006, the Company acquired a 51 percent ownership position in Cooper Chengshan (Shandong) Passenger Tire Company, Ltd. and Cooper Chengshan (Shandong) Tire Company, Ltd. ("Cooper Chengshan"). The new companies, which were formed upon governmental approval of the transaction, together were known as Shandong Chengshan Tire Company, Ltd. ("Chengshan") of Shandong, PRC. The two companies were formed by transferring specified assets and obligations to newly formed entities and the Company acquired a 51 percent interest in each thereafter.

In connection with this acquisition, beginning January 1, 2009 and continuing through December 31, 2011, the noncontrolling shareholders had the right to sell and, if exercised, the Company had the obligation to purchase, the remaining 49 percent noncontrolling share at a minimum price of $63,000. In 2009, the Company received notification from a noncontrolling shareholder of its intention to exercise a portion of its put option and in 2010, after receiving governmental approvals; the Company purchased the 14 percent share for $18,000. The remaining noncontrolling shareholder had the right to sell its 35 percent share to the Company at a minimum price of $45,000. At December 31, 2011, this right expired without being exercised. Accordingly, as of December 31, 2011, the Company recorded the $82,933 of noncontrolling shareholders' interests associated with Cooper Chengshan in the equity section of its Consolidated Balance Sheets at December 31, 2011.

**Employment Contracts and Agreements**

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

At December 31, 2011, approximately 24% of the Company's workforce was represented by collective bargaining units.

**Unconditional Purchase Orders**

Noncancelable purchase order commitments for capital expenditures and raw materials, principally natural rubber, made in the ordinary course of business were $161,830 at December 31, 2011.

**Labor Issues**

The USW and its Local 207L have filed unfair labor practice charges with the NLRB against the Company. The Union asserts that the unfair labor practices arose during negotiations for a new labor contract at the Company's Findlay, Ohio facility. The Company also filed unfair labor practice charges against the Union. The Company believes none of the charges by the Union have merit, but that facts support the Company's charges against the Union.

**Note 20—Business Segments**

The Company has two reportable segments – North American Tire Operations and International Tire Operations. The Company's reportable segments are each managed separately. The reportable segments are based on components of the Company that engage in business activities that earn revenue and incur expenses and (a) whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about resource allocation and performance and (b) for which discrete financial information is available.

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 affiliated operations. 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 currently manufacture or sell tires for use as original equipment.

The International Tire Operations segment has affiliated operations in the U.K., the Republic of Serbia 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 and under an agreement with the government of the PRC, these tires will 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.

The following customer of the North American Tire Operations segment contributed ten percent or more of the Company's total consolidated net sales in 2009, 2010 and 2011. Net sales and percentage of consolidated Company sales for this customer in 2009, 2010 and 2011 were as follows:

| | 2009 | | 2010 | | **2011** | |
|---|---|---|---|---|---|---|
| | | Consolidated | | Consolidated | | **Consolidated** |
| Customer | Net Sales | Net Sales | Net Sales | Net Sales | **Net Sales** | **Net Sales** |
| TBC/Treadways | $331,898 | 12% | $424,051 | 13% | **$475,586** | **12%** |

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

| | 2009 | 2010 | **2011** |
|---|---|---|---|
| Revenues | | | |
| North American Tire | | | |
| External Customers | $1,933,504 | $2,356,907 | **$2,763,462** |
| Intercompany | 72,679 | 66,901 | **93,464** |
| | 2,006,183 | 2,423,808 | **2,856,926** |
| International Tire | | | |
| External Customers | 845,486 | 1,004,077 | **1,163,696** |
| Intercompany | 148,353 | 268,147 | **393,384** |
| | 993,839 | 1,272,224 | **1,557,080** |
| Eliminations and other | (221,032) | (335,048) | **(486,848)** |
| Consolidated | 2,778,990 | 3,360,984 | **3,927,158** |
| Segment profit | | | |
| North American Tire | 110,957 | 130,694 | **77,432** |
| International Tire | 72,753 | 82,081 | **102,720** |
| Unallocated corporate charges and eliminations | (27,441) | (24,401) | **(16,851)** |
| Operating profit | 156,269 | 188,374 | **163,301** |
| Interest income | 5,193 | 5,265 | **3,190** |
| Other—net | 1,272 | 2,834 | **3,846** |
| Interest expense | (47,211) | (36,647) | **(36,191)** |
| Income from continuing operations before income taxes | 115,523 | 159,826 | **134,146** |
| Depreciation and amortization expense | | | |
| North American Tire | 76,001 | 76,065 | **72,787** |
| International Tire | 46,317 | 46,728 | **49,778** |
| Corporate | 1,193 | 928 | **334** |
| Consolidated | 123,511 | 123,721 | **122,899** |
| Segment assets | | | |
| North American Tire | 857,734 | 982,001 | **1,096,083** |
| International Tire | 770,557 | 823,011 | **884,337** |
| Corporate and other | 472,049 | 500,525 | **520,585** |
| Consolidated | 2,100,340 | 2,305,537 | **2,501,005** |
| Expenditures for long-lived assets | | | |
| North American Tire | 41,917 | 66,100 | **69,168** |
| International Tire | 37,410 | 37,395 | **32,849** |
| Corporate | 6 | 16,243 | **53,389** |
| Consolidated | 79,333 | 119,738 | **155,406** |

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

| | 2009 | 2010 | 2011 |
|---|---|---|---|
| Revenues | | | |
| United States | $1,889,829 | $2,305,020 | **$2,694,870** |
| PRC | 588,136 | 727,758 | **833,146** |
| Rest of world | 301,025 | 328,206 | **399,142** |
| Consolidated | 2,778,990 | 3,360,984 | **3,927,158** |
| Long-lived assets | | | |
| United States | 458,722 | 460,362 | **499,753** |
| PRC | 343,228 | 347,999 | **354,351** |
| Rest of world | 49,021 | 44,081 | **114,999** |
| Consolidated | 850,971 | 852,442 | **969,103** |

Shipments of domestically-produced products to customers outside the U.S. approximated ten percent of net sales in 2009 and nine percent of net sales in 2010 and 2011.

**Note 21—Subsequent Events**

On January 17, 2012, the Company acquired certain assets of Trayal Korporacija in Krusevac, Serbia for approximately €13 million ($16.45 million). The assets purchased include land, building and machinery and equipment. In conjunction with the asset acquisition, the Company established Cooper Tire & Rubber Company Serbia d.o.o. (“Cooper Serbia”). Cooper Serbia will be comprised of the assets acquired from Trayal Korporacija, coupled with those assets acquired through additional capital spending. Once operational, Cooper Serbia’s tire-making operations will complement Cooper Europe’s operations and product offerings. The newly formed Serbian entity will be included in the International Tire Operations segment. This transaction is being accounted for as an asset acquisition by the Company.

The Company reached a tentative agreement with USW Local 207L at its facility in Findlay, Ohio. A ratification vote on this agreement was scheduled to occur on February 27, 2012; the outcome of this vote is not known at the time of this filing.

**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders
Cooper Tire & Rubber Company

We have audited the accompanying consolidated balance sheets of Cooper Tire & Rubber Company (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedule listed in the index at Item 15(a) (2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cooper Tire & Rubber Company at December 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Cooper Tire & Rubber Company's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Ernst & Young LLP

Toledo, Ohio
February 27, 2012

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

| | 2010 | | | |
|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Net sales | $ 754,443 | $ 803,959 | $ 882,942 | $ 919,640 |
| Gross profit | 85,172 | 95,382 | 128,247 | 111,900 |
| Income from continuing operations available to Cooper Tire & Rubber Company common stockholders | 12,336 | 18,951 | 44,599 | 40,445 |
| Basic earnings per share from continuing operations available to Cooper Tire & Rubber Company common stockholders | 0.20 | 0.31 | 0.73 | 0.66 |
| Diluted earnings per share from continuing operations available to Cooper Tire & Rubber Company common stockholders | 0.20 | 0.30 | 0.71 | 0.64 |
| Revenues from external customers: | | | | |
| North American Tire | $ 531,717 | $ 574,968 | $ 647,787 | $ 669,336 |
| International Tire | 293,557 | 312,156 | 325,200 | 341,311 |
| Eliminations and other | (70,831) | (83,165) | (90,045) | (91,007) |
| Net sales | $ 754,443 | $ 803,959 | $ 882,942 | $ 919,640 |
| Segment profit: | | | | |
| North American Tire | $ 13,602 | $ 19,680 | $ 54,971 | $ 42,441 |
| International Tire | 22,550 | 20,528 | 20,511 | 18,492 |
| Eliminations | (509) | 42 | (1,183) | 1,400 |
| Corporate | (2,688) | (6,568) | (7,169) | (7,726) |
| Operating profit | 32,955 | 33,682 | 67,130 | 54,607 |
| Interest expense | (8,730) | (9,149) | (9,397) | (9,371) |
| Interest income | 1,213 | 771 | 2,166 | 1,115 |
| Other – net | 237 | 988 | 719 | 890 |
| Income from continuing operations before income taxes | $ 25,675 | $ 26,292 | $ 60,618 | $ 47,241 |
| Net Income | $ 17,172 | $ 50,171 | $ 50,308 | $ 46,236 |
| Net Income attributable to Cooper Tire & Rubber Company | $ 11,576 | $ 44,077 | $ 44,598 | $ 40,198 |

| | 2011 | | | |
|---|---|---|---|---|
| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
| Net sales | $ 905,962 | $ 922,207 | $1,053,503 | $1,045,486 |
| Gross profit | 85,128 | 72,743 | 92,985 | 113,489 |
| Income from continuing operations available to Cooper Tire & Rubber Company common stockholders | 15,674 | 11,523 | 17,281 | 209,025 |
| Basic earnings per share from continuing operations available to Cooper Tire & Rubber Company common stockholders | 0.25 | 0.19 | 0.28 | 3.36 |
| Diluted earnings per share from continuing operations available to Cooper Tire & Rubber Company common stockholders | 0.25 | 0.18 | 0.27 | 3.33 |
| Revenues from external customers: | | | | |
| North American Tire | $ 647,944 | $ 666,816 | $ 764,681 | $ 777,485 |
| International Tire | 363,422 | 395,620 | 421,847 | 376,191 |
| Eliminations and other | (105,404) | (140,229) | (133,025) | (108,190) |
| Net sales | $ 905,962 | $ 922,207 | $1,053,503 | $1,045,486 |
| Segment profit: | | | | |
| North American Tire | $ 21,529 | $ 3,675 | $ 17,340 | $ 34,888 |
| International Tire | 20,072 | 23,300 | 30,442 | 28,906 |
| Eliminations | (1,743) | (990) | 356 | 949 |
| Corporate | (7,675) | (1,732) | (926) | (5,090) |
| Operating profit | 32,183 | 24,253 | 47,212 | 59,653 |
| Interest expense | (9,421) | (9,229) | (8,953) | (8,588) |
| Interest income | 669 | 901 | 829 | 791 |
| Other – net | 5,505 | 143 | (124) | (1,678) |
| Income from continuing operations before income taxes | $ 28,936 | $ 16,068 | $ 38,964 | $ 50,178 |
| Net Income | $ 18,477 | $ 14,447 | $ 21,961 | $ 214,718 |
| Net Income attributable to Cooper Tire & Rubber Company | $ 15,674 | $ 11,523 | $ 17,281 | $ 209,025 |

COOPER TIRE & RUBBER COMPANY
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
Years ended December 31, 2009, 2010 and 2011

| | Balance at Beginning of Year | Additions: Charged To Income | Additions: Business Acquisitions | Deductions (a) | Balance at End of Year |
|---|---|---|---|---|---|
| Allowance for doubtful accounts | | | | | |
| 2009 | $10,679,874 | $1,990,692 | $ — | $1,742,585 | $10,927,981 |
| 2010 | $10,927,981 | $3,236,138 | $ — | $3,353,093 | $10,811,026 |
| 2011 | $10,811,026 | $2,259,690 | $ — | $2,448,442 | $10,622,274 |

(a) Accounts charged off during the year, net of recoveries of accounts previously charged off.

| | Balance at Beginning of Year | Additions: Charged To Income | Additions: Charged To Equity | Deductions (a) | Balance at End of Year |
|---|---|---|---|---|---|
| Tax valuation allowance | | | | | |
| 2009 | $231,270,010 | $ — | $ — | $ 54,503,772 | $176,766,238 |
| 2010 | $176,766,238 | $ 2,843,723 | $4,301,882 | $ — | $183,911,843 |
| 2011 | $183,911,843 | $13,812,211 | $ — | $169,453,483 | $ 28,270,571 |

(a) Net decrease in tax valuation allowance is primarily a result of net changes in cumulative book/tax timing differences, the write-off of capital loss carry forward and changes in judgment about the realizability of deferred tax assets, plus the impact of the change in the postretirement benefits component of Cumulative other comprehensive loss.

| | Balance at Beginning of Year | Additions: Charged To Income | Additions: Charged To Equity | Deductions (a) | Balance at End of Year |
|---|---|---|---|---|---|
| Lower of cost or market inventory reserve | | | | | |
| 2009 | $10,237,000 | $ — | $ — | $10,237,000 | $ — |
| 2010 | $ — | $ — | $ — | $ — | $ — |
| 2011 | $ — | $ — | $ — | $ — | $ — |

(a) Decrease in lower of cost or market reserve as a result of lower raw material costs and increased sales prices.

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

None

**Ite m 9A. CONTROLS AND PROCEDURES**

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in the reports the Company files or submits as defined in 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 December 31, 2011 ("Evaluation Date")). Based on its evaluation, its CEO and CFO have concluded that the Company's disclosure controls and procedures were effective as of the Evaluation Date.

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

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, management conducted an assessment, including testing, using the criteria in *Internal Control – Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") as of December 31, 2011. The Company's system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on its assessment, management concluded that the Company maintained effective internal control over financial reporting as of December 31, 2011, based on criteria in *Internal Control – Integrated Framework* issued by the COSO, and that the Company's internal control over financial reporting was effective.

Ernst & Young LLP, the independent registered public accounting firm that has audited the Company's consolidated financial statements included in this annual report, has issued its report on the effectiveness of the Company's internal controls over financial reporting as of December 31, 2011.

(c) Report of the Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Cooper Tire & Rubber Company

We have audited Cooper Tire & Rubber Company's internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Cooper Tire & Rubber Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, Cooper Tire & Rubber Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011 based on the COSO criteria **.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Cooper Tire & Rubber Company as of December 31, 2011 and 2010, and the related consolidated statements of operations, shareholders’ equity, and cash flows for each of the three years in the period ended December 31, 2011 and our report dated February 27, 2012 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Ernst & Young LLP

Toledo, Ohio
February 27, 2012

(d) Changes in Internal Control over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting that occurred during the fourth quarter of 2011 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

**Item 9B. OTHER INFORMATION**

None.

## PART III

**Item 10. DIRECTORS AND CORPORATE GOVERNANCE**

Information concerning the Company’s directors, corporate governance guidelines, Compensation Committee and Nominating and Governance Committee will appear in the Company’s definitive Proxy Statement for its 2012 Annual Meeting of Stockholders, which will be herein incorporated by reference.

**AUDIT COMMITTEE**

Information regarding the Audit Committee, including the identification of the Audit Committee members and the “audit committee financial expert,” will appear in the Company’s definitive Proxy Statement for its 2012 Annual Meeting of Stockholders, which will be herein incorporated by reference.

**COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT**

Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, will appear in the Company’s definitive Proxy Statement for its 2012 Annual Meeting of Stockholders, which will be herein incorporated by reference.

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**CODE OF ETHICS**

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

**Item 11. EXECUTIVE COMPENSATION**

Information regarding executive and director compensation, Compensation Committee Interlocks and Insider Participation, and the Compensation Committee Report will appear in the Company's definitive Proxy Statement for its 2012 Annual Meeting of Stockholders, which will be herein incorporated by reference.

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

Information concerning the security ownership of certain beneficial owners and management of the Company's voting securities and equity securities will appear in the Company's definitive Proxy Statement for its 2012 Annual Meeting of Stockholders, which will be herein incorporated by reference.

**Equity Compensation Plan Information**

The following table provides information as of December 31, 2011 regarding the Company's equity compensation plans, all of which were approved by the Company's security holders:

| Plan category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | Weighted-average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| Equity compensation plans approved by stockholders | 2,084,954 | $ 11.63 | 3,546,110 |
| Equity compensation plans not approved by stockholders | — | — | — |
| Total | 2,084,954 | $ 11.63 | 3,546,110 |

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

**Ite m 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

There were no transactions with related persons during 2011.

Information regarding the independence of the Company's directors will appear in the Company's definitive Proxy Statement for its 2012 Annual Meeting of Stockholders, which will be herein incorporated by reference.

**Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Information regarding the Company's independent auditor will appear in the Company's definitive Proxy Statement for its 2012 Annual Meeting of Stockholders, which will be herein incorporated by reference.

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## PART IV

### Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

1. Consolidated Financial Statements



2. Financial Statement Schedule



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

3. Exhibits

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

## SIGNATURES

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

COOPER TIRE & RUBBER COMPANY

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

Date: February 27, 2012

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

| Signature | Title | Date |
|---|---|---|
| /s/ Roy V. Armes<br>ROY V. ARMES | Chairman of the Board,<br>President, Chief Executive<br>Officer and Director<br>(Principal Executive Officer) | February 27, 2012 |
| /s/ Bradley E. Hughes<br>BRADLEY E. HUGHES | Vice President and Chief<br>Financial Officer<br>(Principal Financial Officer) | February 27, 2012 |
| /s/ Robert W. Huber<br>ROBERT W. HUBER | Director of External Reporting<br>(Principal Accounting Officer) | February 27, 2012 |
| THOMAS P. CAPO* | Director | February 27, 2012 |
| STEVEN M. CHAPMAN* | Director | February 27, 2012 |
| JOHN J. HOLLAND* | Director | February 27, 2012 |
| JOHN F. MEIER* | Director | February 27, 2012 |
| CYNTHIA A. NIEKAMP | Director | February 27, 2012 |
| JOHN H. SHUEY* | Director | February 27, 2012 |
| RICHARD L. WAMBOLD* | Director | February 27, 2012 |
| ROBERT D. WELDING* | Director | February 27, 2012 |

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

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

## EXHIBIT INDEX

| | | |
|---|---|---|
| (3) | Certificate of Incorporation and Bylaws | |
| | (i) | Restated Certificate of Incorporation, as amended and filed with the Secretary of State of Delaware on May 4, 2010, incorporated herein by reference from Exhibit 3(i) of the Company's Form 10-Q for the quarter ended March 31, 2010 |
| | (ii) | Bylaws, as amended as of May 4, 2010, are incorporated herein by reference from Exhibit 3(ii) to the Company's Form 10-Q for the quarter ended March 31, 2010 |
| (4) | (i) | Prospectus Supplement dated March 20, 1997 for the issuance of $200,000,000 notes is incorporated herein by reference from Form S-3 – Registration Statement No. 33-44159 |
| | (ii) | Prospectus Supplement dated December 8, 1999 for the issuance of an aggregate $800,000,000 notes is incorporated herein by reference from Form S-3 – Registration Statement No. 333-89149 |
| (10) | (i) | Employment Agreement Amended and Restated dated as of December 22, 2008 between Cooper Tire & Rubber Company and Roy V. Armes is incorporated herein by reference from Exhibit (10)(i) of the Company's 10-K for the year ended December 31, 2008* |
| | (ii) | Description of management contracts, compensatory plans, contracts, or arrangements will be herein incorporated by reference from the Company's definitive Proxy Statement for its 2012 Annual Meeting of Stockholders* |
| | (iii) | Purchase and Sale Agreement dated as of August 30, 2006, by and among Cooper Tire & Rubber Company, Oliver Rubber Company and Cooper Receivables LLC is incorporated herein by reference from Exhibit (10)(1) of the Company's Form 8-K dated August 30, 2006 |
| | (iv) | Receivables Purchase Agreement dated as of August 30, 2006, by and among Cooper Receivables LLC, Cooper Tire & Rubber Company, PNC Bank, National Association, and the various purchaser groups from time to time party thereto is incorporated herein by reference from Exhibit (10)(2) of the Company's Form 8-K dated August 30, 2006 |
| | (v) | First Amendment to Receivables Purchase Agreement, dated as of November 30, 2006, by and among Cooper Receivables LLC, Cooper Tire & Rubber Company and PNC Bank, National Association is incorporated herein by reference from Exhibit (10)(1) of the Company's Form 8-K dated November 30, 2006 |
| | (vi) | Second Amendment to Receivables Purchase Agreement, dated as of August 5, 2010, by and among Cooper Receivables LLC, Cooper Tire & Rubber Company and PNC Bank, National Association is incorporated herein by reference from Exhibit 10(1) of the Company's Form 8-K dated August 9, 2010 |
| | (vii) | Third Amendment to Amended and Restated Receivables Purchase Agreement, dated June 2, 2011, by and among Cooper Receivables LLC, Cooper Tire & Rubber Company, Market Street Funding LLC and PNC Bank, National Association is incorporated herein by reference from Exhibit (10)(1) of the Company's Form 8-K dated June 8, 2011 |
| | (viii) | Fourth Amendment to Amended and Restated Receivables Purchase Agreement, dated as of July 27, 2011, by and among Cooper Tire & Rubber Company, Cooper Receivables LLC, Market Street Funding LLC and PNC Bank, National Association is incorporated herein by reference from Exhibit (10)(ii) of the Company's Form 8-K dated August 2, 2011 |
| | (ix) | Second Amendment to Receivable Purchase Agreement, dated as of March 9, 2007, by and among Cooper Receivables LLC, Cooper Tire & Rubber Company, Market Street Funding LLC and PNC Bank, National Association is incorporated herein by reference from Exhibit (10)(1) of the Company's Form 8-K dated March 9, 2007 |
| | (x) | First Amendment to Purchase and Sale Agreement, dated as of September 14, 2007, by and among Cooper Receivables LLC, Cooper Tire & Rubber Company, PNC Bank, National Association, and Market Street Funding LLC is incorporated herein by reference from Exhibit (10)(1) of the Company's Form 8-K dated September 14, 2007 |
| | (xi) | Amended and Restated Receivables Purchase Agreement, dated as of September 14, 2007, by and among Cooper Receivables LLC, Cooper Tire & Rubber Company, PNC Bank, National Association and Market Street Funding LLC is incorporated herein by reference from Exhibit (10)(2) of the Company's Form 8-K dated September 14, 2007 |

(xii) Loan and Security Agreement dated as of November 9, 2007, by and among Cooper Tire & Rubber Company, Max-Trac Tire Co., Inc., Bank of America, N.A. (as Administrative Agent and Collateral Agent); PNC Bank, National Association (as Syndication Agent); Banc of America Securities LLC and PNC Capital Markets LLC (as Joint Book Managers and Joint Lead Arrangers); National City Business Credit, Inc. and JP Morgan Chase Bank, N.A. (as Co-Documentation Agents); and Bank of America, N.A.; PNC Bank, National Association; National City Business Credit, Inc.; Keybank National Association; Fifth Third Bank; and JP Morgan Chase Bank, N.A. (as Lenders) is incorporated herein by reference from Exhibit (10)(1) of the Company's Form 8-K dated November 9, 2007

(xiii) First Amendment to Loan and Security Agreement dated as of July 8, 2010, by and among Cooper Tire & Rubber Company, Max-Trac Tire Co., Inc., Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent") for the Lenders, and the Lenders party hereto is incorporated herein by reference from Exhibit 10(xi) of the Company's Form 10-K for the year ended December 31, 2010.

(xiv) Loan and Security Agreement, dated as of July 27, 2011, by and among Cooper Tire & Rubber Company, Max-Trac Tire Co., Inc., certain financial institutions named therein (as Lenders), Bank of America, N.A. (as Administrative Agent and Collateral Agent), PNC Bank, National Association (as Syndication Agent), Banc of America Securities LLC and PNC Capital Markets LLC (as Joint Book Managers and Joint Lead Arrangers) and JPMorgan Chase Bank, N.A. (as Documentation Agent) is incorporated herein by reference from Exhibit (10)(1) of the Company's Form 8-K dated August 2, 2011.

(xv) Pledge Agreement, dated as of November 9, 2007, by and among Cooper Tire & Rubber Company and Bank of America, N.A. is incorporated herein by reference from Exhibit (10)(2) of the Company's Form 8-K dated November 9, 2007

(xvi) Intercreditor Agreement, dated as of November 9, 2007, by and among Cooper Tire & Rubber Company; Cooper Receivables LLC; PNC Bank, National Association (as Administrator); and Bank of America, N.A. (as Administrative Agent and Collateral Agent) is incorporated herein by reference from Exhibit (10)(3) of the Company's Form 8-K dated November 9, 2007

(xvii) 1991 Stock Option Plan for Non-Employee Directors is incorporated herein by reference from the Appendix to the Company's Proxy Statement dated March 26, 1991*

(xviii) 1998 Incentive Compensation Plan and 1998 Employee Stock Option Plan are incorporated herein by reference from the Appendix to the Company's Proxy Statement dated March 24, 1998*

(xix) 1998 Non-Employee Directors Compensation Deferral Plan Amended and Restated as of January 1, 2011*

(xx) 2001 Incentive Compensation Plan is incorporated herein by reference from the Appendix A to the Company's Proxy Statement dated March 20, 2001*

(xxi) 2010 Incentive Compensation Plan is incorporated herein by reference from the Appendix B to the Company's Proxy Statement dated March 25, 2010*

(xxii) Executive Deferred Compensation Plan Amended and Restated as of January 1, 2008*

(xxiii) Form of Participation Agreement for Executive Deferred Compensation Plan Amended and Restated as of January 1, 2008*

(xxiv) 2002 Non-Employee Directors Stock Option Plan is incorporated herein by reference from Appendix A to the Company's Proxy Statement dated March 27, 2002*

(xxv) 2006 Incentive Compensation Plan is incorporated herein by reference from Appendix A to the Company's Proxy Statement dated March 21, 2006*

(xxvi) Change in Control Severance Pay Plan (Amended and Restated as of August 4, 2010) is incorporated by reference from Exhibit 10.1 of the Company's Form 8-K dated August 6, 2010

(xxvii) Written Description of Changes to Independent Director Compensation and Stock Ownership Guidelines (as approved by the Board of Directors on August 3, 2011) is incorporated herein by reference from Exhibit (10)(iii) of the Company's Form 10-Q for the quarter ended September 30, 2011

(xxviii) Form of Confidentiality and Non-Compete Agreement for the Cooper Tire & Rubber Company Change in Control Severance Pay Plan is incorporated herein by reference from Exhibit (10)(iii) of the Company's Form 10-Q for the quarter ended September 30, 2011

(xxix) Form of Indemnification Agreement for Directors and Officers is incorporated herein by reference from Exhibit 10.1 of the Company's Form 8-K dated December 20, 2006

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|---|---|---|
| | (xxx) | Nonqualified Key Employee Deferred Compensation Plan effective as of June 1, 1999* |
| | (xxxi) | Form of Participation Agreement for the Nonqualified Key Employee Deferred Compensation Plan effective as of June 1, 1999" |
| | (xxxii) | Stock Purchase Agreement dated as of September 16, 2004 by and among Cooper Tire & Rubber Company, Cooper Tyre & Rubber Company UK Limited and CSA Acquisition Corp. is incorporated herein by reference from Exhibit (10) of the Company's Form 10-Q for the quarter ended September 30, 2004 |
| | (xxxiii) | First Amendment to Stock Purchase Agreement dated as of December 3, 2004 by and among Cooper Tire & Rubber Company, Cooper Tyre & Rubber Company UK Limited and CSA Acquisition Corp. is herein incorporated by reference from Exhibit (xxvi) of the Company's Form 10-K for the year ended December 31, 2004 |
| | (xxxiv) | Sino-Foreign Equity Joint Venture Contract for Cooper Chengshan (Shandong) Passenger Tire Company Ltd. by and among Shandong Chengshan Tire Company Limited by Shares and Cooper Tire Investment Holding (Barbados) Ltd. and Joy Thrive Investments Limited is incorporated herein by reference from Exhibit (xxvii) of the Company's Form 10-K for the year ended December 31, 2005 |
| | (xxxv) | Asset Purchase Agreement by and among Shandong Chengshan Tire Company Limited by Shares and Cooper Chengshan (Shandong) Passenger Tire Company Ltd. and Chengshan Group Limited is incorporated herein by reference from Exhibit (xxviii) of the Company's Form 10-K for the year ended December 31, 2005 |
| | (xxxvi) | Sino-Foreign Equity Joint Venture Contract for Cooper Chengshan (Shandong) Tire Company Ltd. by and among Shandong Chengshan Tire Company Limited by Shares and Cooper Tire Investment Holding (Barbados) Ltd. and Joy Thrive Investments Limited is incorporated herein by reference from Exhibit (xxix) of the Company's Form 10-K for the year ended December 31, 2005 |
| | (xxxvii) | Asset Purchase Agreement by and among Shandong Chengshan Tire Company Limited by Shares and Cooper Chengshan (Shandong) Tire Company Limited and Chengshan Group Company Limited is incorporated herein by reference from Exhibit (xxx) of the Company's Form 10-K for the year ended December 31, 2005 |
| | (xxxviii) | Share Purchase Agreement by and among Chengshan Group Company Limited and CTB (Barbados) Investment Co. Ltd. is incorporated herein by reference from Exhibit (xxxii) of the Company's Form 10-K for the year ended December 31, 2005 |
| | (xxxix) | Supplementary Agreement by and among Shandong Chengshan Tire Company Limited by Shares, Cooper Tire Investment Holding (Barbados) Ltd., Joy Thrive Investments Limited, Chengshan Group Company Limited and CTB (Barbados) Investment Co., Ltd. Is incorporated herein by reference from Exhibit (xxxviii) of the Company's Form 10-K for the year ended December 31, 2006 |
| (21) | | Subsidiaries of the Registrant |
| (23) | | Consent of Independent Registered Public Accounting Firm |
| (24) | | Power of Attorney |
| (31.1) | | Certification of Chief Executive Officer pursuant to Rule 13a–14(a)/15d–14(a) of the Exchange Act |
| (31.2) | | Certification of Chief Financial Officer pursuant to Rule 13a–14(a)/15d–14(a) of the Exchange Act |
| (32) | | Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| (101.INS)* | | XBRL Instance Document |
| (101.SCH)* | | XBRL Taxonomy Extension Schema Document |
| (101.DEF)* | | XBRL Taxonomy Extension Definition Linkbase Document |
| (101.CAL)* | | XBRL Taxonomy Extension Calculation Linkbase Document |
| (101.LAB)* | | XBRL Taxonomy Extension Label Linkbase Document |
| (101.PRE)* | | XBRL Taxonomy Extension Presentation Linkbase Document |

* Indicates management contracts or compensatory plans or arrangements.

# COOPER TIRE & RUBBER COMPANY
# 1998 NON-EMPLOYEE DIRECTORS COMPENSATION DEFERRAL PLAN
# AMENDED AND RESTATED AS OF JANUARY 1, 2011

1. Purpose. The purpose of the Plan is to provide qualified individuals who are not employees of the Company who serve as members of the Board with equity compensation in addition to their Director's Fees and with an opportunity to defer payment of a portion of their Director's Fees in accordance with the terms and conditions set forth herein. Accordingly, the Plan originally effective as of May 5, 1998 and subsequently amended is further amended and restated as of January 1, 2011. The Plan shall be effective as of January 1, 2011 (the **"Effective Date"** ).

2. Definitions. For the purposes of the Plan, the following capitalized words shall have the meanings set forth below:

"Annual Fees" means the cash portion of (i) any annual fee payable to a Non- Employee Director for service on the Board; (ii) any other fee determined on an annual basis and payable for service on, or for acting as chairperson of, any committee of the Board, and (iii) any similar annual fee or fees payable in respect of service on the board of directors of any Subsidiary or any committee of any such board of directors.

"Annual Meeting" means an annual meeting of the Company's stockholders.

"Annual Units" means Phantom Stock Units to be awarded to Non-Employee Directors as additional compensation for service on the Board pursuant to Section 5(b).

"Beneficiary" or "Beneficiaries" means an individual or entity designated by a Non-Employee Director on a Beneficiary Designation Form to receive Deferred Benefits in the event of the Non-Employee Director's death; provided, however, that, if no such individual or entity is designated or if no such designated individual is alive at the time of the Non-Employee Director's death, Beneficiary shall mean the Non-Employee Director's estate.

"Beneficiary Designation Form" means a document, in a form approved by the Committee to be used by Non-Employee Directors to name their respective Beneficiaries. No Beneficiary Designation Form shall be effective unless it is signed by the Non-Employee Director and received by the Committee prior to the date of death of the Non-Employee Director.

"Board" means the Board of Directors of the Company.

"Change in Control" means a Change in Control or Potential Change in Control as defined in the Cooper Tire & Rubber Company Change in Control Severance Pay Plan (Amended and Restated as of August 4, 2010), as amended, and any successor or subsequent change in control plan (the "CIC").

"Code" means the Internal Revenue Code of 1986, as amended, and the applicable rules and regulations promulgated thereunder.

"Committee" means the committee of the Board that has been appointed to administer the Plan or, if no committee has been appointed, the Board.

"Common Stock" means the common stock, par value $1.00 per share, of the Company.

"Companies" means the Company and each Subsidiary.

"Company" means Cooper Tire & Rubber Company, a Delaware corporation, or any successor to substantially all of its business.

"Deferral Election Form" means a document, in a form approved by the Committee, pursuant to which a Non-Employee Director makes a deferral election under the Plan.

"Deferral Period" means each period commencing on the date of an Annual Meeting and ending on the date immediately preceding the next Annual Meeting. The first Deferral Period under the Plan shall commence on the first day of the first fiscal quarter of the Company to begin after May 5, 1998. If an individual becomes eligible to participate in the Plan after the commencement of a Deferral Period, the Deferral Period for the individual shall be the remainder of such Deferral Period.

"Deferred Benefit" means the sum of (i) any amount that will be paid on a deferred basis under the Plan to a Non-Employee Director who has made a deferral election pursuant to Section 5 plus (ii) the amount payable with respect to the Annual Units.

"Deferred Compensation Account" means the bookkeeping record established for each Non-Employee Director. A Deferred Compensation Account is established only for purposes of measuring a Deferred Benefit and not to segregate assets or to identify assets that may be used to pay a Deferred Benefit.

"Election Date" means the December 31st immediately preceding the commencement of a Deferral Period. If an individual first becomes eligible to participate in the Plan on an Annual Meeting date or after the start of a Deferral Period, the Election Date shall be the thirtieth day following such Annual Meeting date or initial participation date, as the case may be.

"Fair Market Value" means the average of the highest and the lowest quoted selling price of a share of Common Stock as reported on the composite tape for securities listed on the New York Stock Exchange, or such other national securities exchange as may be designated by the Committee, or, in the event that the Common Stock is not listed for trading on a national securities exchange but is quoted on an automated system, on such automated system, in any such case on the valuation date (or, if there were no sales on the valuation date, the average of the highest and the lowest quoted selling prices as reported on said composite tape or automated system for the most recent day during which a sale occurred).

"Investment Funds" means the investment funds available from time to time under the Company's Spectrum Investment Savings Plan.

"Non-Employee Director" means a member of the Board who is not a current employee of the Companies.

"Phantom Stock Unit" means a bookkeeping unit representing one share of Common Stock credited to a Deferred Compensation Account in accordance with Section 5(d).

"Plan" means the Cooper Tire & Rubber Company 1998 Non-Employee Director Compensation Deferral Plan as herein set forth or as duly amended.

"Subsidiary" means a corporation or other entity with respect to which the Company, directly or indirectly, has the power, whether through the ownership of voting securities, by contract or otherwise, to elect at least a majority of the members of such corporation's board of directors or analogous governing body.

"Termination of Service" or "termination of service" means a separation from service as defined under Section 409A of the Code.

3. Administration.

(a) The Plan shall be administered by the Committee, provided that the Committee may delegate any or all of its duties and responsibilites to officers and employees of the Company or to a third party administrator selected by the Company.

(b) The Committee shall be authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, to make factual determinations in connection with the administration or interpretation of the Plan, and to make any other determinations that it believes are necessary or advisable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Deferral Election Form to the extent the Committee deems desirable to carry the Plan into effect. Any decision of the Committee in the administration of the Plan, as described herein, shall be final and conclusive. The Committee may act only by a majority of its members, except that the members thereof may authorize any one or more of the Committee members to execute and deliver documents on behalf of the Committee.

(c) The Committee shall be entitled to rely in good faith upon any report or other information furnished to it by any officer or employee of the Companies or from the financial, accounting, legal or other advisers of the Companies. Each member of the Committee, each individual designated by the Committee to administer the Plan and each other person acting at the direction of or on behalf of the Committee shall not be liable for any determination or anything done or omitted to be done by him or by any other member of the Committee or any other such individual in connection with the Plan, except for his own willful misconduct or as expressly provided by statute, and to the extent permitted by law and the bylaws of the Company, shall be fully indemnified and protected by the Company with respect to such determination, act or omission.

4. Shares Available. The Company is authorized to issue shares of Common Stock under the Plan (the "Plan Limit") as provided in the Cooper Tire & Rubber Company 2010 Incentive Compensation Plan, as amended, and any successor or subsequent incentive compensation plan. The amount of any Annual Units paid in cash shall not be treated as issued under the Plan.

5. Deferral of Director's Fees and Crediting of Annual Units.

(a) Deferral Elections.

(i) General Provisions. Non-Employee Directors may elect to defer all or a specified percentage of their Director's Fees with respect to a Deferral Period in the manner provided in this Section 5. A Non-Employee Director's Deferred Benefit is at all times non-forfeitable.

(ii) Deferral Election Forms. Before the Election Date applicable to a Deferral Period, each Non-Employee Director will be provided with a Deferral Election Form and a Beneficiary Designation Form. In order for a Non-Employee Director to participate in the deferral portion of the Plan for a given Deferral Period, a Deferral Election Form, completed and signed by him, must be delivered to the Company on or prior to the applicable Election Date. A Deferral Election Form submitted by a Non-Employee Director for a Deferral Period shall be deemed to be a continuing deferral election for all subsequent Deferral Periods, unless the Non-Employee Director completes and files a subsequent Deferral Election Form with the Company prior to the Election Date applicable to that Deferral Period. A Non-Employee Director electing to participate in the Plan for a given Deferral Period shall indicate on his Deferral Election Form:

(A) the percentage of the Director's Fees earned during the Deferral Period to be deferred;

(B) if the Deferral Election Form is the first such form filed by the Non-Employee Director, the Non-Employee Director's election, in accordance with Sections 5(f) and 5(g), as to the timing, form and manner of payment of the Deferred Benefits; and

(C) the Non-Employee Director's investment election, with respect to the deemed investment of the deferred Director's Fees and Annual Units, in accordance with Section 5(d).

A Non-Employee Director's election as to the timing, form and manner of payment of Deferred Benefits in the initial Deferral Election Form shall govern the timing, form and manner of payment of all subsequent deferrals under the Plan and may not be changed or revoked without the prior written consent of the Committee, provided, however, that a Non-Employee Director, with the prior written consent of the Committee, may change the time of the commencement of payment(s) or the form of payment with regard to Deferred Benefits for a subsequent Deferral Period by completing and filing a subsequent Deferral Election Form with the Company prior to the Election Date applicable to that Deferral Period.

Notwithstanding the foregoing, the Deferral Election Form that is filed by an individual who first becomes eligible to participate in the Plan on an Annual Meeting date or after the start of a Deferral Period by the applicable Election Date shall be effective only with respect to Director's Fees earned and Annual Units awarded following the filing of such Deferral Election Form.

(iii) Effect of No Deferral Election. A Non-Employee Director who does not have a completed and signed Deferral Election Form on file with the Company on or prior to the applicable Election Date for a Deferral Period may not defer his Director's Fees for such Deferral Period.

(iv) Subsequent Payment Elections. With the prior written consent of the Committee as described in Section 5(a)(ii) of the Plan, a Non-Employee Director may make a subsequent election to change the time of the commencement of payment(s) of the portion of the Non-Employee Director's Deferred Benefit representing deferred Director's Fees, the form of payment of the Non-Employee Director's Deferred Benefit, or both, with respect to the amount of such Deferred Benefits that were previously deferred if all of the following requirements are met:

(A) Such subsequent payment election may not take effect until at least twelve months after the date on which the subsequent payment election is made;

(B) In the case of a subsequent payment election related to a payment not described in Section 5(i) of the Plan, the first payment under such subsequent payment election shall in all cases be deferred for a period of not less than five years from the date such payment would otherwise have been made (or, in the case of installment payments, which shall be treated as a single payment for purposes of this Section 5(a)(iv), five years from the date the first installment payment was scheduled to be paid); and

(C) Any subsequent payment election related to a distribution that is to be made at a specified date or pursuant to a fixed schedule pursuant to Section 5 of the Plan must be made not less than twelve months prior to the date the payment was scheduled to be made under the prior payment election (or, in the case of installment payments, which shall be treated as a single payment for purposes of this Section 5(a)(iv), twelve months prior to the date the first installment payment was scheduled to be paid).

(b) Award of Annual Units. Annual Units shall be awarded to each Non-Employee Director in December of each year (or at such other time as may be determined by the Committee) as follows:

For the calendar year beginning January 1, 2010, and for all calendar years thereafter, the number of Annual Units to be so awarded to each Non-Employee Director will be the number of Annual Units having a Fair Market Value on the day of the Annual Meeting equal to $70,000, unless and until a greater or lesser number is specified by the Committee.

(c) Establishment of Deferred Compensation Accounts. A Non-Employee Director's deferrals and the Annual Units will be credited to a Deferred Compensation Account set up for that Non-Employee Director by the Company in accordance with the provisions of this Section 5. A Participant's Deferred Compensation Account shall be further divided into the following sub-accounts: (i) a sub-account which shall be the record of the Non-Employee Director's deferrals and the Annual Units that were earned and vested prior to January 1, 2005 (the "Grandfathered Deferred Benefits") and which are governed by the law applicable to nonqualified deferred compensation prior to the addition of Section 409A of the Code and shall be subject to the terms and conditions specified in the Plan as in effect prior to January 1, 2005 and (ii) a sub-account which shall be the record of the Non-Employee Director's deferrals and the Annual Units that were earned and vested on or after January 1, 2005 (the "Non-Grandfathered Deferred Benefits") and which are subject to the requirements of Section 409A of the Code.

(d) Crediting of Deferred Director's Fees and Annual Units to Deferred Compensation Accounts.

(i) Deferred Director's Fees. The portion of the Director's Fees that a Non-Employee Director elects to defer shall be credited to the Deferred Compensation Account as of the last business day of the fiscal quarter in which such portion of the Director's Fees would otherwise have been payable to the Non-Employee Director. Amounts of Director's Fees credited to the Deferred Compensation Account of a Non-Employee Director shall be deemed invested in accordance with such Non-Employee Director's investment election among the Phantom Stock Units and the Investment Funds. Any amounts credited to a Non-Employee Director's Deferred Compensation Account with respect to which such Non-Employee Director does not provide an investment election shall be deemed invested in Phantom Stock Units. A Non-Employee Director may change his investment election either prospectively or with respect to amounts previously credited to his Deferred Compensation Account in accordance with procedures specified by the Committee; provided, however, a Non-Employee Director may not make an election to transfer or reallocate amounts deemed invested in any Investment Fund into Phantom Stock Units. The number of Phantom Stock Units to be so credited to the Deferred Compensation Account shall be determined by dividing (1) the amount of the Director's Fees over such quarter by (2) the Closing Price of a share of Common Stock as of the date of crediting. Any partial Phantom Stock Unit that results from the application of the previous sentence may be reflected and accounted for as a partial Phantom Stock Unit.

(ii) Annual Units. The Annual Units awarded to a Non-Employee Director shall be credited to the Deferred Compensation Account as of the date of grant. After the initial crediting of the Annual Units to a Non-Employee Director's Deferred Compensation Account, a Non-Employee Director may elect to reallocate any or all of such amounts from Phantom Stock Units to a deemed investment among the Phantom Stock Units and the Investment Funds. A Non-Employee Director may not make an election to transfer or reallocate amounts deemed invested in any Investment Fund into Phantom Stock Units.

(iii) Dividend Equivalents and Other Gains and Losses. In the event that the Company pays any cash or other dividend or makes any other distribution in respect of the Common Stock, with respect to any Phantom Stock Units deemed credited to the Deferred Compensation Account of a Non-Employee Director, such Deferred Compensation Account will be credited with additional Phantom Stock Units determined by dividing (A) the amount of cash, or the value (as determined by the Committee) of any securities or other property, paid or distributed in respect of a corresponding number of shares of Common Stock by (B) the Closing Price of a share of Common Stock as of the date of such payment or distribution. Any partial Phantom Stock Unit that results from the application of the previous sentence may be reflected and accounted for as a partial Phantom Stock Unit. Such credit shall be made effective as of the date of the dividend or other distribution in respect of the Common Stock. A Non-Employee Director's Deferred Compensation Account will be credited with other gains, losses, interest and other earnings based on investment elections made by such Non-Employee Director, in accordance with investment deferral crediting options and procedures established by the Committee, which shall include procedures for prospective investment elections with respect to Director's Fees that are to be deferred under the Plan and for the reallocation of Director's Fees (and gains, losses, interest and other earnings thereon) credited to a Non-Employee Director's Deferred Compensation Account. The Committee specifically retains the right in its sole discretion to change the investment deferral crediting options and procedures from time to time.

(iv) Deemed Investment. By electing to defer any amount pursuant to the Plan, each Non-Employee Director shall thereby acknowledge and agree that the Company is not and shall not be required to make any investment in connection with the Plan, nor is it required to follow the Non-Employee Director's investment directions in any actual investment it may make or acquire in connection with the Plan.

(v) No Rights as Stockholder. The crediting of Phantom Stock Units to a Non-Employee Director's Deferred Compensation Account shall not confer on the Non-Employee Director any rights as a stockholder of the Company.

(vi) Effective Date of Investment Election. Except as otherwise specified by the Committee or by the Non-Employee Director in his Deferral Election Form, the Non-Employee Director's investment election shall be effective as soon as practicable after receipt by the Committee. Without limiting the generality of the foregoing, any Non-Employee Director may provide, with respect to elections to transfer amounts invested in Phantom Stock into any Investment Fund, for future effectiveness of such investment election on a specified date or dates for the purpose of creating a Rule 10b5-l trading plan under the Securities Exchange Act of 1934, subject to compliance with the Company's insider trading policy and any further procedures the Committee may adopt from time to time.

(e) Written Statements of Account. Each Non-Employee Director will be furnished with a statement setting forth the value of such Non-Employee Director's Deferred Compensation Account as of the end of each Deferral Period and all credits to and payments from the Deferred Compensation Account during the Deferral Period. Such statement shall separately detail the portion of the Deferred Benefit representing deferred Director's Fees and the portion of the Deferred Benefit representing Annual Units and will further separately detail amounts deemed invested in Phantom Stock Units and amounts deemed invested in any Investment Fund, as provided in Section 5(d) of this Plan. Such statement shall also separately detail the portion of the Deferred Benefit representing Grandfathered Deferred Benefits (if any) and the portion of the Deferred Benefit representing Non-Grandfathered Deferred Benefits. Such statement will be furnished no later than sixty days after the end of the Deferral Period.

(f) Manner and Form of Payment of Deferred Benefit.

(i) Payment of any portion of the Deferred Benefit representing deferred Director's Fees shall be in cash. Shares of Common Stock with respect to that portion of a Non-Employee Director's Deferred Compensation Account that is deemed invested in Phantom Stock Units at the time of the distribution shall be converted into cash based upon the Fair Market Value of the Common Stock. Payment shall be made in one of the following forms as elected by the Non-Employee Director: in a single lump sum or in a series of five or fewer annual installments. The amount of each installment payment to a Non-Employee Director shall be determined in accordance with the formula B/(N — P), where "B" is the value of the Deferred Compensation Account representing deferred Director's Fees as of the installment calculation date, "N" is the number of installments elected by the Non-Employee Director and "P" is the number of installments previously paid to the Non-Employee Director. For purposes of this paragraph, the value of the Phantom Stock Units shall be the Fair Market Value of the Common Stock (i) on the installment calculation date, in the case of installment payments and (ii) on the day preceding the date of distribution, in the case of lump sum payments.

(ii) Payment of the portion of the Deferred Benefits representing Annual Units shall be in cash. Shares of Common Stock with respect to that portion of a Non-Employee Director's Deferred Compensation Account that is deemed invested in Phantom Stock Units at the time of the distribution shall be converted into cash based upon the Fair Market Value of the Common Stock. Payment shall be made in one of the following forms as elected by the Non-Employee Director: in a single lump sum or in a series of five or fewer annual installments. The amount of each installment payment to a Non-Employee Director shall be determined in accordance with the formula B/(N — P), where "B" is the value of the Deferred Compensation Account representing deferred Annual Units as of the installment calculation date, "N" is the number of installments elected by the Non-Employee Director and "P" is the number of installments previously paid to the Non-Employee Director. For purposes of this paragraph, the value of the Phantom Stock Units shall be the Fair Market Value of the Common Stock (i) on the installment calculation date, in the case of installment payments and (ii) on the day preceding the date of distribution, in the case of lump sum payments.

(g) Commencement of Payment of Deferred Benefit. Payment of a Non-Employee Director's Deferred Benefit attributable to any portion of the Deferred Benefit shall commence thirty days after the earlier to occur of:

(i) termination of service as a member of the Board; or

(ii) the date specified in the Deferral Election Form executed by the Non-Employee Director. For the avoidance of doubt, if the Non-Employee Director's termination of service as a member of the Board occurs prior to the date specified in the Deferral Election Form executed by the Non-Employee Director, payment of the portion of the Non-Employee Director's Deferred Benefit shall commence thirty days after such termination of service as a member of the Board.

(h) Death. In the event of a Non-Employee Director's death, the Non-Employee Director's entire Deferred Benefit (including any unpaid portion thereof corresponding to installments not yet paid at the time of death), to the extent not distributed earlier pursuant to Section 5(g), will be distributed in a lump sum to the Non-Employee Director's Beneficiary sixty days after the Non-Employee Director's date of death.

(i) Restrictions on Transfer. The Company shall pay all Deferred Benefits payable under the Plan only to the Non-Employee Director or Beneficiary designated under the Plan to receive such amounts. Neither a Non-Employee Director nor his Beneficiary shall have any right to anticipate, alienate, sell, transfer, assign, pledge, encumber or change any benefits to which he may become entitled under the Plan, and any attempt to do so shall be void. A Deferred Benefit shall not be subject to attachment, execution by levy, garnishment, or other legal or equitable process for a Non-Employee Director's or Beneficiary's debts or other obligations.

6. Designation of Beneficiary.

(a) Beneficiary Designations. Each Non-Employee Director may designate a Beneficiary to receive any Deferred Benefit due under the Plan on the Non-Employee Director's death by executing a Beneficiary Designation Form.

(b) Change of Beneficiary Designation. A Non-Employee Director may change an earlier Beneficiary designation by executing a later Beneficiary Designation Form and delivering it to the Committee. The execution of a Beneficiary Designation Form and its receipt by the Committee revokes and rescinds any prior Beneficiary Designation Form.

7. Recapitalization or Reorganization.

(a) Authority of the Company and Stockholders. The existence of the Plan shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks having rights superior to or affecting the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

(b) Change in Capitalization. Notwithstanding any other provision of the Plan, in the event of any change in the outstanding Common Stock by reason of a stock dividend, recapitalization, reorganization, merger, consolidation, stock split, combination or exchange of shares (a "Change in Capitalization"): (i) such proportionate adjustments as may be necessary (in the form determined by the Committee in its sole discretion) to reflect such change shall be made to prevent dilution or enlargement of the rights of Non-Employee Directors under the Plan with respect to the aggregate number of shares of Common Stock authorized to be awarded under the Plan, the number of Phantom Stock Units credited to a Non-Employee Director's Deferred Compensation Account and the number of Annual Units to be awarded pursuant to Section 5 (b), and (ii) the Committee may make such other adjustments, consistent with the foregoing, as it deems appropriate in its sole discretion.

(c) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, all Deferred Benefits credited to the Non-Employee Director's Deferred Compensation Account as of the date of the consummation of a proposed dissolution or liquidation shall be paid in cash to the Non-Employee Director or, in the event of death of the Non-Employee Director prior to payment, to the Beneficiary thereof on the date of the consummation of such proposed action. The cash amount paid for each Phantom Stock Unit shall be the Fair Market Value of a share of Common Stock as of the date of the consummation of such proposed action.

8. Termination and Amendment of the Plan.

Termination. Notwithstanding anything herein to the contrary, the Board may at any time and from time to time terminate, modify, suspend or amend the Plan in whole or in part, provided, however, that no such termination, modification, suspension or amendment shall be effective without stockholder approval if such approval is required to comply with any applicable law or stock exchange rule; and, provided further, that the Board may not, without stockholder approval, increase the maximum number of shares issuable under the Plan, except as provided in Section 7(b) above. Upon termination of the Plan, payment of Plan benefits shall be made in accordance with the provisions of the Plan; provided, however, that the Board may, in its discretion, accelerate payment of Plan benefits in strict compliance with the provisions governing plan terminations set forth in Treasury Regulation 1.409A-3(j)(4)(ix).

9. Miscellaneous.

(a) No Right to Reelection. Nothing in the Plan shall be deemed to create any obligation on the part of the Board to nominate any of its members for reelection by the Company's stockholders, nor confer upon any Non-Employee Director the right to remain a member of the Board for any period of time, or at any particular rate of compensation.

(b) Unfunded Plan.

(i) Generally. This Plan is unfunded. Amounts payable under the Plan will be satisfied solely out of the general assets of the Company subject to the claims of the Company's creditors.

(ii) Deferred Benefits. A Deferred Benefit represents at all times an unfunded and unsecured contractual obligation of the Company and each Non-Employee Director or Beneficiary will be an unsecured creditor of the Company. No Non-Employee Director, Beneficiary or any other person shall have any interest in any fund or in any specific asset of the Company by reason of any amount credited to him hereunder, nor shall any Non-Employee Director, Beneficiary or any other person have any right to receive any distribution under the Plan except as, and to the extent, expressly provided in the Plan. The Company will not segregate any funds or assets for Deferred Benefits or issue any notes or security for the payment of any Deferred Benefits. Any reserve or other asset that the Company may establish or acquire to assure itself of the funds to provide benefits under the Plan shall not serve in any way as security to any Non-Employee Director, Beneficiary or other person for the performance of the Company under the Plan.

(c) Funding upon a Change in Control. In the event of a Change in Control, all undistributed amounts in a Deferred Compensation Account for a Non-Employee Director shall be promptly deposited by the Company, to the extent it has not done so, into the Trust as that term is defined in the CIC Plan. All applicable provisions of paragraph 6 of the CIC shall apply to any funding under this Plan.

(d) Other Compensation Arrangements. Benefits received by a Non-Employee Director pursuant to the provisions of the Plan shall not be included in, nor have any effect on, the determination of benefits under any other arrangement provided by the Company.

(e) Securities Law Restrictions. All certificates for shares of Common Stock delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission or any exchange upon which the Common Stock is then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put an any such certificates to make appropriate reference to such restrictions. No shares of Common Stock shall be issued hereunder unless the Company shall have determined that such issuance is in compliance with, or pursuant to an exemption from, all applicable federal and state securities laws.

(e) Expenses. The costs and expenses of administering the Plan shall be borne by the Company.

(f) Applicable Law. Except as to matters of federal law, the Plan and all actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to conflicts of law principles.

(g) Effective Date. The Plan was originally effective as of May 5, 1998, subject to the approval thereof by the stockholders of the Company at the Annual Meeting held on such date. The Plan was amended and restated, effective November 18, 2004, without further approval by the stockholders, to provide for Annual Units. The Plan was further amended and restated, without approval by the stockholders, effective January 1, 2005, to allow Non-Employee Directors to make the investment elections provided for in Section 5(d) hereof and to allow for payment of deferred Director's Fees to be made in cash or in shares of Common Stock. The Plan was again amended and restated, without approval by the stockholders, effective May 7, 2008, to reflect amendments required pursuant to Section 409A of the Code.

(h) Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Plan comply with the provisions of Section 409A of the Code. The Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Board without the consent of Non-Employee Directors). Any reference in this Plan to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. Notwithstanding the foregoing, any Deferred Benefits under this Plan that qualify for "grandfathered status" under Section 409A of the Code because such benefits were earned and vested prior to January 1, 2005 shall continue to be governed by the law applicable to nonqualified deferred compensation prior to the addition of Section 409A to the Code and, except as hereinafter provided, shall be subject to the terms and conditions specified in the Plan as in effect prior to January 1, 2005. The terms and conditions of the Plan as amended and restated as of January 1, 2005 relating to (i) the deemed investment of Director's Fees and Annual Units among Phantom Stock Units and the Investment Funds and (ii) the Non-Employee Director's election to receive payment of any portion of the Deferred Benefit representing deferred Director's Fees in cash or shares of Common Stock shall govern any Deferred Benefits under this Plan that qualify for "grandfathered status" under Section 409 A of the Code.

**IN WITNESS WHEREOF,** Cooper Tire & Rubber Company has caused this instrument to be executed in its name as of January 1, 2011.

**COOPER TIRE & RUBBER COMPANY**

By: /s/ James E. Kline
James E. Kline
Vice President, General Counsel & Secretary

# COOPER TIRE & RUBBER COMPANY
# EXECUTIVE DEFERRED COMPENSATION PLAN

## ARTICLE I. PURPOSE

Section 1.1 Statement of Purpose: Effective Date . This is the Cooper Tire & Rubber Company Executive Deferred Compensation Plan, Amended and Restated as of January 1, 2008. The Plan is a complete amendment and restatement of the Cooper Tire & Rubber Company Executive Deferred Compensation Plan previously established to provide designated management and highly compensated employees with the option to defer the receipt of a portion of their regular compensation and annual and multi-year cash incentives under an Incentive Compensation Plan including any successor to certain of such plans and any subsequent plans pursuant to which annual and multi-year cash incentives are granted. The Plan is being amended and restated to comply with the requirements of Section 409A of the Code while still fulfilling its original goal of assisting in attracting and retaining employees of exceptional ability by providing these benefits. The Plan shall be effective as the Effective Date. The terms and conditions of the Plan are set forth below.

## ARTICLE II. DEFINITIONS AND CONSTRUCTION

Section 2.1 Definitions . Whenever the following terms are used in this Plan they shall have the meanings specified below unless the context clearly indicates to the contrary:

(a) “Account” means the bookkeeping account maintained on the books of the Company pursuant to Articles IV and V for the purpose of accounting for (i) the amount of Base Salary that a Participant elects to defer under the Plan and (ii) the amount of Cash Award that a Participant elects to defer under the Plan. A Participant’s Account shall consist of (i) a cash subaccount if the Participant elects to defer the receipt of Base Salary or Cash Awards, and (ii) one or more subaccounts for Investments.

(b) “Accounting Date” means the last business day of each month and any other date selected by the Committee.

(c) “Accounting Period” means the period beginning on the day immediately following an Accounting Date and ending on the next following Accounting Date.

(d) “Administrator” means a committee consisting of one or more persons who shall be appointed by and serve at the pleasure of the Committee.

(e) “Affiliate” means any corporation, limited liability company, joint venture, partnership, or other legal entity in which the Company owns, directly or indirectly, or has previously owned at least fifty percent (50%) of the capital stock, profits, interest or capital interest.

(f) “Base Salary” means a Participant’s base earnings paid by the Company without any regard to any increases or decreases in base earnings as a result of an election to defer base earnings under this Plan, or an election between benefits or cash provided under a plan of the Company maintained pursuant to Section 125 or 401(k) of the Code.

(g) “Beneficiary” means the person or persons (natural or otherwise) designated or deemed to be designated by the Participant pursuant to Article VIII to receive benefits payable under the Plan in the event of Participant’s death.

(h) “Board” means the Board of Directors of the Company.

(i) “Cash Award” means an Employee’s awards for a Plan Year which may consist of (i) the annual cash award under an Incentive Compensation Plan which is earned with respect to services performed by the Employee during such Plan Year, whether or not such award is actually paid to the Employee during such Plan Year, and (ii) a multi-year cash incentive bonus under an Incentive Compensation Plan or successor incentive compensation plans, which is earned with respect to a period of service performed by the Employee ending in such Plan Year, whether or not such award is actually paid to the Employee during such Plan Year.

(j) “Cause” means termination of the Participant’s employment with the Company or an Affiliate by the Board because of:

(i) the willful and continued failure by the Participant to perform substantially the duties of the Participant’s position; or

(ii) the willful engaging by the Participant in conduct which is demonstrably injurious to the Company or an Affiliate, monetarily or otherwise; or

(iii) the conviction of a criminal violation involving fraud, embezzlement or theft in connection with Participant’s duties or in the course of Participant’s employment with the Company or an Affiliate.

(k) “Change in Control” means the occurrence of any of the following events:

(a) one or more persons acting as a group acquires ownership of stock that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company by direct purchase or by way of merger or consolidation with another entity;

(b) one or more persons acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total gross fair market value equal to or more than 50 percent of the total gross fair market value of all of the assets of the corporation immediately before such acquisition or acquisitions;

(c) a person, within the meaning of Section 3(a)(9) or 13(d)(3) (as in effect on the date of this Agreement) of the Exchange Act becomes the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Exchange Act) of (i) 30% or more but less than 35% of the voting power of the then outstanding voting securities of the Company without prior approval of the Board, or (ii) 35% or more of the voting power of the then-outstanding voting securities of the Company; provided, however, that the foregoing does not apply to any such acquisition that is made by (w) any Affiliate of the Company; (x) any employee benefit plan of the Company or any Affiliate; or (y) any person or group of which employees of the Company or of any Affiliate control a greater than 30% 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

(d) a majority of the members of the Board is replaced during any 12-month period by members whose appointment or election is not endorsed by a majority of the members before the date of appointment.

(l) “Claimant” has the meaning set forth in Section 9.6(a).

(m) “Code” means the Internal Revenue Code of 1986, as amended from time to time; any reference to a provision of the Code shall also include any successor provision thereto.

(n) “Committee” means the Compensation Committee of the Board.

(o) “Common Stock Fund” means the Cooper Tire & Rubber Company Stock Fund under the Cooper Tire & Rubber Company Spectrum Investment Savings Plan, as amended.

(p) “Company” means Cooper Tire & Rubber Company and any successor or successors thereto.

(q) “Disability” means the occurrence of any of the following events:

(i) a Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months;

(ii) a Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can by expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under a Company accident and health plan;

(iii) a Participant is determined to be totally disabled by the Social Security Administration.

(r) "Effective Date" means January 1, 2008.

(s) "Employee" means any employee of the Company or an Affiliate who is, as determined by the Committee, a member of a "select group of management or highly compensated employees" of the Company, within the meaning of Sections 201, 301 and 401 of ERISA, and who is designated by the Committee as an Employee eligible to participate in the Plan.

(t) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time; any reference to a provision of ERISA shall also include any successor provision thereto.

(u) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any rules promulgated thereunder (or any successor provision thereto).

(v) "Financial Hardship" means an unforeseeable financial emergency of the Participant, determined by the Administrator as provided in Section 7.6 on the basis of information supplied by the Participant, arising from an illness, disability, 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.

(w) "Incentive Compensation Plan" means Cooper Tire & Rubber Company's 2006 Incentive Compensation Plan, the 2001 Incentive Compensation Plan and the 1998 Incentive Compensation Plan which include the Senior Manager's Annual Incentive Plan and the Long-Term Incentive Plan, as amended, and any successor and subsequent incentive compensation plans pursuant to which annual and multi-year cash incentives are granted.

(x) "Insider Participant" means any Participant who is required to file reports with the Securities and Exchange Commission pursuant to Section 16(a) of the Exchange Act.

(y) "Investments" has the meaning set forth in Section 6.1 (a).

(z) "Participant" means an Employee participating in the Plan in accordance with the provisions of Section 3.1, or a former Employee retaining benefits under the Plan that have not been fully paid.

(aa) "Participation Agreement" means the agreement(s) submitted by a Participant to the Administrator as provided in Section 3.1(b) in the form approved by the Administrator.

(bb) "Plan" means the Cooper Tire & Rubber Company Executive Deferred Compensation Plan, amended and restated as of January 1, 2008 as it may, from time to time, be amended.

(cc) "Plan Year" means the 12-month period beginning January 1 and ending the following December 31.

(dd) "Request" has the meaning set forth in Section 6.1(b).

(ee) "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act (or any successor rule to the same effect), as in effect from time to time.

(ff) "Settlement Date" means the date on which a Participant terminates employment with the Company. Leaves of absence granted by the Company will not be considered as termination of employment during the term of such leave. Settlement Date shall also include with respect to any deferral the date prior or subsequent to termination of employment selected by a Participant in a Participation Agreement for distribution of all or a portion of the amounts deferred during a Plan Year as provided in Section 7.5.

(gg) “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 Plan Year.

(hh) “Terminated Participant” has the meaning set forth in Section 11.3(a).

(ii) “Trust” has the meaning set forth in Section 6.3(a).

(jj) “Trust Agreement” has the meaning set forth in Section 6.3(a).

(kk) “Trustee” has the meaning set forth in Section 6.3(a).

Section 2.2. Construction . The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may include the plural, unless the context clearly indicates to the contrary. The words “hereof,” “herein,” “hereunder,” and other similar compounds of the word “here” shall mean and refer to the entire Plan, and not to any particular provision or Section.

## ARTICLE III. PARTICIPATION AND DEFERRALS

Section 3.1. Eligibility and Participation .

(a) Eligibility. Eligibility to participate in the Plan for any Plan Year is limited to Employees.

(b) Participation. Participation in the Plan shall be limited to Employees who elect to participate in the Plan by properly completing, executing and filing a Participation Agreement with the Administrator. A properly completed and executed Participation Agreement shall be filed (i) on or prior to the December 31 immediately preceding each Plan Year in which the Participant’s participation in the Plan will commence with respect to deferral of Base Salary, (ii) on or prior to the December 31 immediately preceding the Plan Year with respect to which an annual Cash Award will be earned or (iii) on or prior to the December 31 immediately preceding each Plan Year which will be applicable for each subsequent Plan Year with respect to which a multi-year Cash Award will be earned. The election to participate shall be effective as provided therein following receipt by the Administrator of the Participation Agreement. Each Participation Agreement for the Plan shall be effective only with regard to Base Salary and Cash Awards earned and payable following the later of the effective date of the Participation Agreement or the date the Participation Agreement is filed with the Administrator.

(c) Initial Year of Participation. Notwithstanding Section 3.1(b), a Participant who first becomes an Employee during a Plan Year may, within 30 days after he becomes an eligible Employee, elect to participate in the Plan for such Plan Year and any Plan Year thereafter by filing a Participation Agreement with the Administrator, and his Participation Agreement shall be effective only with regard to Base Salary and Cash Awards earned following the filing of the Participation Agreement with the Administrator.

(d) Termination of Participation. Participation in the Plan shall continue as long as the Participant is eligible to receive benefits under the Plan. A Participant may elect to terminate his or her participation in the Plan by filing a written notice thereof with the Committee. The termination shall be effective at any time specified by the Participant in the notice, but not earlier than the first day of the next Plan Year following receipt by the Administrator. Amounts credited to such Participant’s Account with respect to periods prior to the effective date of such termination shall continue to be payable pursuant to, receive earnings and be credited with gains and debited with losses thereon (where applicable), and otherwise governed by, the terms of the Plan.

Section 3.2. Ineligible Participant . Notwithstanding any other provisions of this Plan to the contrary, if the Administrator determines that any Participant may not qualify as a “management or highly compensated employee” within the meaning of ERISA or regulations thereunder, the Administrator may determine, in its sole discretion, that such Participant shall cease to be eligible to participate in this Plan. Amounts credited to such Participant’s Account with respect to periods prior to the effective date of such determination shall continue to be payable pursuant to, receive earnings and be credited with gains and debited with losses thereon (where applicable), and otherwise governed by, the terms of the Plan.

## ARTICLE IV. DEFERRAL OF BASE SALARY AND CASH AWARDS

Section 4.1. Deferral of Base Salary . With respect to each Plan Year, a Participant may elect to defer a specified dollar amount or percentage of Base Salary, up to 80% of the Participant's Base Salary, provided the total amount of Base Salary the Participant elects to defer under this Plan shall not be less than $10,000 annually. A Participant may change the dollar amount or percentage of Participant's Base Salary to be deferred by filing a written notice thereof with the Administrator. Any such change shall be effective as of the first day of the Plan Year following the Plan Year in which such notice is filed with the Administrator.

Section 4.2. Deferral of Cash Awards . With respect to each Plan Year, a Participant may elect to defer a specified dollar amount or percentage of Participant's annual and/or multi-year Cash Awards, up to the full amount of the Participant's annual and multi-year Cash Awards, provided that the total amount of annual or multi-year Cash Awards the Participant elects to defer under this Plan shall not be less than $10,000 annually. A Participant may change the dollar amount or percentage of Participant's annual or multi-year Cash Award to be deferred by filing a written notice thereof with the Administrator. Any such change shall be effective with respect to any Plan Year following the receipt by the Administrator of such notice, if such notice is filed not later than the dates specified in Section 3.1(b).

## ARTICLE V. PARTICIPANTS' ACCOUNTS

Section 5.1. Establishment of Accounts . The Company, through its accounting records, shall establish an Account for each Participant. In addition, the Company may establish one or more subaccounts of a Participant's Account, if the Company determines that such subaccounts are necessary or appropriate in administering the Plan.

Section 5.2. Crediting of Base Salary and Cash Awards Deferrals . The portion of a Participant's Base Salary or Cash Awards that is deferred pursuant to a Participation Agreement shall be initially credited to the Participant's Cash Subaccount as of the date the corresponding non-deferred portion of his award would have been paid to the Participant. Any withholding of taxes or other amounts with respect to any deferred award which is required by state, federal or local law shall be withheld from the Participant's non-deferred compensation.

Section 5.3. Determination of Accounts .

(a) Determination of Accounts. The amount credited to each Participant's Account as of a particular date shall equal the deemed balance of such Account as of such date. The balance in the Account shall equal the amount credited pursuant to Section 5.2, and shall be adjusted in the manner provided in Section 5.4.

(b) Accounting. The Company, through its accounting records, shall maintain a separate and distinct record of the amount in each Account as adjusted to reflect income, gains, losses and distributions.

Section 5.4. Adjustments to Accounts .

(a) The Participant's Account shall next be credited or debited, as the case may be, with an income (loss) and expense factor equal to an amount determined by multiplying (i) the balance credited to the Participant's Account as of the immediately preceding Accounting Date (as adjusted pursuant to Section 5.2 and Section 5.5(a) for the current Accounting Period) by (ii) the rate of return net of expenses as determined by the Administrator for the Accounting Period or portion thereof ending on such Accounting Date on deemed Investments provided for in Section 6.1.

(b) After the crediting or debiting described in subsection (a) above, each Participant's Account shall be immediately debited with the amount of any distributions under the Plan to or on behalf of the Participant or, in the event of his death, the Participant's Beneficiary.

Section 5.5. Statement of Accounts . At least annually, a statement shall be furnished to each Participant or, in the event of his death, to his Beneficiary showing the status of his Account as of the end of the most recent Accounting Period, any changes in his Account since the date of the most recent statement furnished to the Participant, and such other information as the Administrator shall determine.

Section 5.6. Vesting of Accounts . Each Participant shall at all times have a nonforfeitable interest in his Account balance.

## ARTICLE VI. FINANCING OF BENEFITS

Section 6.1. Investment of Accounts .

(a) As soon as practicable after the crediting of any amount to a Participant's Account, the Company may, in its sole discretion, direct that the Administrator invest the amount credited, in whole or in part, in one or more separate investment funds or vehicles, including, without limitation, certificates of deposit, mutual funds, money market accounts or funds, limited partnerships, real, personal, tangible or intangible property, or debt or equity securities, including equity securities of the Company (measured by market value, book value or any formula selected by the Administrator), (collectively the "Investments"), as the Administrator shall direct, or may direct that the Company retain the amount credited as cash to be added to its general assets. The Company shall be the sole owner and beneficiary of all Investments, and all contracts and other evidences of the Investments shall be registered in the name of the Company. The Company, under the direction of the Administrator, shall have the unrestricted right to sell any of the Investments included in any Participant's Account, and the unrestricted right to reinvest the proceeds of the sale in other Investments or to credit the proceeds of the sale to a Participant's Account as cash.

(b) Each Participant shall file a Request to be effective as of the beginning of the next Accounting Period with respect to the amounts credited to his Account and amounts subsequently credited to his Account. A Request will advise the Administrator as to the Participant's preference with respect to investment vehicles for all or some portion of such amounts in specified multiples of 5%. The Administrator may, but is under no obligation to, deem such amounts to be invested in accordance with the Request made by the Participant, or the Administrator may, instead, in its sole discretion, deem such amounts to be invested in any deemed Investments selected by the Administrator.

(c) A Request, unless modified as described below, shall apply to all amounts credited to a Participant's Account with respect to each subsequent Plan Year. A Request may be changed with respect to such amounts previously credited to a Participant's Account as of such date and amounts subsequently credited to his Account by giving the Administrator prior written notice. Any such modified Request shall be effective upon processing by the Administrator but not later than the fifth business day following the day the Request is received by the Administrator.

(d) Notwithstanding the foregoing, if an Insider Participant modifies his Request to have the deemed investment of any portion of the amounts previously credited to such Insider Participant's Account changed (x) to the Company's Common Stock Fund consisting of the Common Shares of the Company from any of the other investment funds or (y) from the Company's Common Stock Fund consisting of the Common Shares of the Company to any of the other investment funds, then in either such case such Request will not be processed by the Administrator if, in the sole judgment of the Administrator, the processing of such Request would result in the Insider Participant being liable to the Company under Section 16(b) of the Exchange Act, as amended. The provisions of this Section 6.1(d) with respect to Insider Participants shall apply to any Participant immediately upon the time such Participant becomes an Insider Participant and shall continue until such time as such Participant is no longer an Insider Participant.

(e) Earnings on any amounts deemed to have been invested in any Investments shall be deemed to have been reinvested in such Investments.

Section 6.2. Financing of Benefits . Benefits payable under the Plan to a Participant or, in the event of his death, to his Beneficiary shall be paid by the Company from its general assets. Notwithstanding the fact that the Participants' Accounts may be adjusted by an amount that is measured by reference to the performance of any deemed Investments as provided in Section 6.1, no person entitled to payment under the Plan shall have any claim, right, security interest or other interest in any fund, trust, account, insurance contract, or asset of the Company which may be responsible for such payment.

Section 6.3. Funding .

(a) Notwithstanding the provisions of Section 6.2, nothing in this Plan shall preclude the Company from setting aside amounts in trust (the "Trust") pursuant to one or more trust agreements between a trustee and the Company. However, Participants, their Beneficiaries, and their heirs, successors and assigns, shall have no secured interest or claim in any property or assets of the Company or the Trust. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future. Notwithstanding the foregoing, upon the earlier to occur of (i) a Change in Control or (ii) a declaration by the Board that a Change in Control is imminent, the Company shall promptly, to the extent it has not previously done so, and in any event within five (5) business days after such Change in Control (or on such fifth business day if the Board has declared that a Change in Control is imminent), create an irrevocable trust to hold funds to be used in payment of the obligations of the Company under the Plan, and the Company shall fund such trust by transferring for the Accounts of those Participants whom the Board has identified to the Trustee as having been affected by such Change in Control an amount sufficient to fund no less than the total value of such Participants' Accounts under the Plan as of the most recent Accounting Date to National City Bank or its successor (the "Trustee") to be added to the principal of the trust under the Cooper Tire & Rubber Company Master Grantor Trust Agreement, between the Company and Trustee (the "Trust Agreement"), provided that any funds contained therein or in the Trust shall remain liable for the claims of the Company's general creditors.

(b) Any payments of benefits by the Trustee to the Participant pursuant to the Trust Agreement shall, to the extent thereof, discharge the Company's obligation to pay benefits under the terms of this Plan, it being the intent of the Company that assets in the Trust be held as security for the Company's obligation to pay benefits under this Plan.

## ARTICLE VII. DISTRIBUTION OF BENEFITS

Section 7.1. Settlement Date . A Participant or, in the event of his death, his Beneficiary shall be entitled to distribution of all or a part of the balance of his Account, as provided in this Article VII, following his Settlement Date or Dates.

Section 7.2. Amount to be Distributed . The amount to which a Participant or, in the event of his death, his Beneficiary is entitled in accordance with the following provisions of this Article shall be based on the Participant's adjusted account balance determined as of the Accounting Date coincident with or next following his Settlement Date or Dates.

Section 7.3. Death or Termination for Cause Distribution . Except as provided with respect to a Specified Employee in Section 7.7 hereof, upon the earlier of (i) termination of service of the Participant as an Employee of the Company for Cause, or (ii) the death of a Participant, the Company shall, in accordance with this Article VII, pay to the Participant or his Beneficiary (or, upon the death of a Beneficiary, to the Beneficiary's estate), as the case may be, the balance of his Account in a lump sum. Such payment shall be made no later than the March 15 th of the year following the death or termination of service of the Participant and shall completely discharge the Company's obligations under this Plan.

Section 7.4. In-Service Distribution . A Participant may irrevocably elect to receive an in-service distribution of his deferred Base Salary, Cash and earnings thereon for any Plan Year on or commencing not earlier than the beginning of the third Plan Year following the Plan Year in which such Base Salary, Cash Awards otherwise would have been first payable. A Participant's election of an in-service distribution shall be made in the Participation Agreement filed as provided in Section 3.1. Any benefits paid to the Participant as an in-service distribution shall reduce the Participant's Account.

Section 7.5. Form of Distribution .

(a) As soon as practicable after the end of the Accounting Period in which a Participant's Settlement Date occurs, but in no event later than 30 days following the end of such Accounting Period, the Company shall distribute or cause to be distributed to the Participant the balance of the Participant's Account as determined under Section 7.2, under one of the forms provided in this Section. Notwithstanding the foregoing, except as provided in Section 7.3, if elected by the Participant in the Participation Agreement filed as provided in Section 3.1, the distribution of all or a portion of the Participant's Account may be made or commence on a date between the Settlement Date and the date the Participant attains age sixty-five (65).

(b) Distribution of a Participant's Cash Subaccount with respect to any Plan Year shall be made in one of the following forms as elected by the Participant:

(i) by payment in cash in a specified sum;

(ii) by payment in cash in not greater than ten annual installments, provided, however, that each installment is not less than $10,000; or

(iii) a combination of (i) and (ii) above.

The Participant shall designate the percentage payable under each option.

(c) The Participant's election of the time and form of distribution shall be made by in the Participation Agreement filed as provided in Section 3.1.

(d) The amount of each installment under Section 7.5(b) shall be equal to the quotient obtained by dividing the Participant's Account balance as of the date of such installment payment by the number of installment payments remaining to be made to or in respect of such Participant at the time of calculation.

(e) If a Participant fails to make an election in a timely manner as provided in this Section 7.5, distribution shall be made in cash as applicable, in a single lump sum no later than March 15 of the year immediately following the year of the Settlement Date.

Section 7.6. Hardship Distributions . Upon a finding by the Administrator that a Participant has suffered a Financial Hardship, the Administrator may, in its sole discretion, distribute, or direct the Trustee to distribute, to the Participant an amount which does not exceed the amount required to meet the immediate financial needs created by the Financial Hardship and not reasonably available from other sources of the Participant; provided, however, that in no event shall any amount attributable to a Participation Agreement be distributed less than six (6) months after the date of the applicable Participation Agreement. No distributions pursuant to this Section 7.6 may be made in excess of the value of the Participant's Account at the time of such distribution.

Section 7.7. Specified Employees . Notwithstanding anything herein that may be interpreted to the contrary, no distribution shall be made to a Specified Employee by reason of termination of employment until six (6) months after the date the Specified Employee's employment terminated. After such six (6) month period has elapsed, any distributions deferred by reason of this Section 7.7 shall within 30 days be distributed in a lump sum to the Participant and any additional scheduled distributions to which the Participant may be entitled shall be distributed to the Participant in accordance with this Section 7.

Section 7.8. Termination and Distribution of De Minimus Plan Balances . In the event the Committee determines that the value of a Participant's Account is $15,000 or less the Company may terminate the Participant's participation in the Plan and pay the Participant the value of the Participant's Account to the Participant in the form of a lump sum payment, notwithstanding any other provision herein that may be interpreted to the contrary.

Section 7.9. Elections to Change Time or Form of Distribution . A Participant may elect to change the time or form of any distribution as initially elected in the Participation Agreement filed with the Administrator in accordance with Section 3.1 provided (i) the election will not be effective unless it is filed with the Administrator no later than 12 months prior to the date the distribution is made or, in the case of a series of distributions, 12 months prior to the date on which the first such distribution is to be made and (ii) the election must defer distribution, or in the case of a series of distributions, the first such distribution, for a period of not less than 5 years.

## ARTICLE VIII. BENEFICIARY DESIGNATION

Section 8.1. Beneficiary Designation .

(a) As used in the Plan the term "Beneficiary" means:

(i) The person last designated as Beneficiary by the Participant in a writing on a form prescribed by the Administrator;

(ii) If there is no designated Beneficiary or if the person so designated shall not survive the Participant, such Participant's spouse; or

(iii) If no such designated Beneficiary and no such spouse is living upon the death of a Participant, or if all such persons die prior to the full distribution of the Participant's Account balance, then the legal representative of the last survivor of the Participant and such persons, or, if the Administrator shall not receive notice of the appointment of any such legal representative within one (1) year after such death, the heirs-at-law of such survivor shall be the Beneficiaries to whom the then remaining balance of the Participant's Account shall be distributed (in the proportions in which they would inherit his intestate personal property).

(b) Any Beneficiary designation may be changed from time to time by the filing of written notice with the Administrator. No notice given under this Section shall be effective unless and until the Administrator actually receives such notice.

Section 8.2. Facility of Payment . Whenever and as often as any Participant or his Beneficiary entitled to payments hereunder shall be under a Disability or, in the sole judgment of the Administrator, shall otherwise be unable to apply such payments to his own best interests and advantage, the Administrator in the exercise of its discretion may direct all or any portion of such payments to be made in any one or more of the following ways: (i) directly to the Participant; (ii) to the Participant's legal guardian or conservator; or (iii) to the Participant's spouse or to any other person, to be expended for the Participant's benefit; and the decision of the Administrator, shall in each case be final and binding upon all persons in interest.

Section 8.3. Amendments . Any Beneficiary designation may be changed by a Participant by the filing of a new Beneficiary designation, which will cancel all Beneficiary designations previously filed.

## ARTICLE IX. ADMINISTRATION

Section 9.1. Administration .

(a) The Plan shall be administered by the Administrator. The Administrator shall have total and exclusive responsibility to control, operate, manage and administer the Plan in accordance with its terms.

(b) The Administrator shall have sole and absolute discretion to interpret the provisions of the Plan (including, without limitation, by supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan), to make factual findings with respect to any issue arising under the Plan, to determine the rights and status under the Plan of Participants and other persons, to decide disputes arising under the Plan and to make any determinations and findings (including factual findings) with respect to the benefits payable thereunder and the persons entitled thereto as may be required for the purposes of the Plan. In furtherance of, but without limiting the foregoing, the Administrator is hereby granted the following specific authorities, which it shall discharge in its sole and absolute discretion in accordance with the terms of the Plan (as interpreted, to the extent necessary, by the Administrator):

(i) To determine the amount of benefits, if any, payable to any person under the Plan (including, to the extent necessary, making any factual findings with respect thereto); and

(ii) To conduct the claims procedures specified in Section 9.6.

All decisions of the Administrator as to the facts of any case, as to the interpretation of any provision of the Plan or its application to any case, and as to any other interpretative matter or other determination or question under the Plan shall be final and binding on all parties affected thereby, subject to the provisions of Section 9.6.

(c) The Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with legal counsel who may be counsel to the Company.

Section 9.2. Plan Administrator . The Company shall be the "plan administrator" under the Plan for purposes of ERISA.

Section 9.3. Binding Effect of Decisions . All decisions and determinations by the Administrator shall be final and binding on all parties. All decisions of the Administrator shall be made by the vote of the majority, including actions in writing taken without a meeting. All elections, notices and directions under the Plan by a Participant shall be made on such forms as the Administrator shall prescribe.

Section 9.4. Successors . The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business and/or assets of the Company expressly to assume and to agree to perform this Plan in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Plan shall be binding upon and inure to the benefit of the Company and any successor of or to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business and/or assets of the Company whether by sale, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Plan), and the heirs, Beneficiaries, executors and administrators of each Participant.

Section 9.5. Indemnity of Committee and Administrator . The Company shall indemnify and hold harmless the members of the Committee and the Administrator and their duly appointed agents against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to the Plan, except in the case of gross negligence or willful misconduct by any such member or agent of the Committee and the Administrator.

Section 9.6. Claims Procedure .

(a) The Participant or his designated beneficiary (the "Claimant") may file a written claim for payments under this Plan with the Administrator. Except under special circumstances, such claims shall be approved or denied within ninety (90) days. Any denial of such claim shall be by written notice from the Administrator stating:

(i) the specific reason for the denial;

(ii) the specific provisions of the Plan or related agreements on which the denial is based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, along with an explanation as to why such material or information is necessary; and

(iv) information as to how the Claimant may submit the claim to the Administrator for review.

(b) The Claimant, within ninety (90) days of such notice, may file with the Administrator a written request for a review of the denial. Except under special circumstances, the Administrator's decision on review shall be made within sixty (60) days of the request. Such decision shall be by a written notice stating the reasons for the decision, and such decision shall be final.

Section 9.7. Expenses . All direct expenses of the Plan shall be paid by the Company.

## ARTICLE X AMENDMENT AND TERMINATION OF PLAN

Section 10.1. Amendment . The Company may at any time amend, suspend or reinstate any or all of the provisions of the Plan, except that no such amendment, suspension or reinstatement may adversely affect any Participant's Account, as it existed as of the effective date of such amendment, suspension or reinstatement, without such Participant's prior written consent. Written notice of any amendment or other action with respect to the Plan shall be given to each Participant.

Section 10.2. Termination . The Company, in its sole discretion, may terminate this Plan at any time and for any reason whatsoever. Upon termination of the Plan, the Administrator shall take those actions necessary to administer any Accounts existing prior to the effective date of such termination; provided, however, that a termination of the Plan shall not adversely affect the value of a Participant's Account, the earnings credited to a Participant's Account under Section 5.5(b) or the timing or method of distribution of a Participant's Account.

## ARTICLE XL MISCELLANEOUS

Section 11.1. No Guarantee of Employment . Nothing contained in the Plan shall be construed as a contract of employment between the Company and any Employee or Participant, or as a right of any Employee or Participant, to be continued in the employment of the Company, or as a limitation of the right of the Company to discharge any of its Employees or Participants, with or without Cause.

Section 11.2. Governing Law . All questions arising in respect of the Plan, including those pertaining to its validity, interpretation and administration, shall be governed, controlled and determined in accordance with the applicable provisions of federal law and, to the extent not preempted by federal law, the laws of the State of Ohio.

Section 11.3 Nonassignability .

(a) No right or interest under the Plan of a Participant or his or her Beneficiary (or any person claiming through or under any of them), other than the surviving spouse of any deceased Participant, shall be assignable or transferable in any manner or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of any such Participant or Beneficiary. If any Participant or Beneficiary (other than the surviving spouse of any deceased Participant) shall attempt to or shall transfer, assign, alienate, anticipate, sell, pledge or otherwise encumber his or her benefits hereunder or any part thereof, or if by reason of his or her bankruptcy or other event happening at any time such benefits would devolve upon anyone else or would not be enjoyed by him or her, then the Committee, in its discretion, may terminate his or her interest in any such benefit to the extent the Committee considers necessary or advisable to prevent or limit the effects of such occurrence. Termination shall be effected by filing a written "termination declaration" with the General Counsel of the Company and making reasonable efforts to deliver a copy to the Participant or Beneficiary whose interest is adversely affected (the "Terminated Participant").

(b) As long as the Terminated Participant is alive, any benefits affected by the termination shall be retained by the Company and, in the Committee's shall be paid to or expended for the benefit of the Terminated Participant, his or her spouse, his or her children or any other person or persons in accordance with the provisions of the Plan.

Section 11.4. Severability . Each section, subsection and lesser section of this Plan constitutes a separate and distinct undertaking, covenant and/or provision hereof. Whenever possible, each provision of this Plan shall be interpreted in such manner as to be effective and valid under applicable law. In the event that any provision of this Plan shall finally be determined to be unlawful, such provision shall be deemed severed from this Plan, but every other provision of this Plan shall remain in full force and effect, and in substitution for any such provision held unlawful, there shall be substituted a provision of similar import reflecting the original intention of the parties hereto to the extent permissible under law.

Section 11.5. Withholding Taxes . If the Company is required to withhold any taxes or other amounts from a Participant's Account pursuant to any state, federal or local law, such amounts shall be withheld from the amounts paid under the Plan.

Section 11.6. Legal Fees, Expenses Following a Change in Control . It is the intent of the Company that following a Change in Control no Employee or former Employee be required to incur the expenses associated with the enforcement of his or her rights under this Plan by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to an Employee hereunder. Accordingly, if following a Change in Control it should appear that the Company has failed to comply with any of its obligations under this Plan or in the event that the Company or any other person takes any action to declare this Plan void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Employee the benefits intended to be provided to such Employee hereunder, the Company irrevocably authorizes such Employee from time to time to retain counsel of his or her choice, at the expense of the Company, as hereafter provided, to represent such Employee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder or other person affiliated with the Company in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to such Employee's entering into an attorney-client relationship with such counsel, and in that connection the Company and such Employee agree that a confidential relationship shall exist between such Employee and such counsel. Following a Change in Control, the Company shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by such Employee as a result of the Company's failure to perform under this Plan or any provision thereof; or as a result of the Company or any person contesting the validity or enforceability of this Plan or any provision thereof.

Section 11.7. Top-Hat Plan . The Plan is intended to be a plan which is unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of Sections 201, 301 and 401 of ERISA, and therefore to be exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. Accordingly, notwithstanding any other provision of the Plan, the Plan will terminate and no further benefits will accrue hereunder in the event it is determined by a court of competent jurisdiction or by an opinion of counsel based upon a change in law that the Plan constitutes an employee pension benefit plan within the meaning of Section 3(2) of ERISA, which is not so exempt. In addition and notwithstanding any other provision of the Plan, in the absolute discretion of the Committee, the amount credited to each Participant's Account under the Plan as of the date of termination, which shall be an Accounting Date for purposes of the Plan, will be paid immediately to such Participant in a single lump sum cash payment. Such payment shall completely discharge the Company's obligations under this Plan.

**IN WITNESS WHEREOF,** Cooper Tire & Rubber Company has caused this instrument to be executed in its name as of the Effective Date.

**COOPER TIRE & RUBBER COMPANY**

By: /s/ Mark W. Krivoruchka
Mark W. Krivoruchka
Senior Vice President
Global Human Resources

**Exhibit (10) (xxiii)**

# COOPER TIRE & RUBBER COMPANY
# EXECUTIVE DEFERRED COMPENSATION PLAN
# PARTICIPATION AGREEMENT

This Participation Agreement (the " **Participation Agreement** ") is between the undersigned, (the " **Participant** ") and Cooper Tire & Rubber Company (the " **Company** "), and is subject to all of the terms and conditions of the Cooper Tire & Rubber Company Executive Deferred Compensation Plan (the " **Plan** ") including required amendments to conform to the newly enacted Internal Revenue Code Section 409A deferred compensation law and regulations. By signing this Participation Agreement, the Participant is expressing a desire to participate in the Plan and agrees to be bound by the provisions of the Plan. CAPITALIZED TERMS NOT DEFINED HEREIN SHALL HAVE THE MEANINGS SET FORTH IN THE PLAN.

I DO WISH TO PARTICIPATE IN THE PLAN, AND I HEREBY MAKE THE FOLLOWING ELECTIONS IN ACCORDANCE WITH THE TERMS OF THE PLAN:

This Participation Agreement is effective for the 2012 Plan Year, ending December 31, 2012 and each subsequent Plan Year, unless changed or terminated by the Participant in accordance with the terms of the Plan.

1. Deferral Election . The Participant elects to defer:

(a) $ (per pay period) or % of Base Salary;

(b) $ or % of any annual cash incentive award, beginning with the cash incentive award for the year 2011, or if any annual cash incentive award is in excess of $ (" **Annual Floor Amount** "), then $ or % of any award in excess of such Annual Floor Amount; and

(c) $ or % of any multi-year cash incentive bonus, beginning with the multi-year cash incentive bonus for the XXXX-XXXX plan performance periods, or if any multi-year cash incentive bonus is in excess of $ (" **Multi-Year Floor Amount** "), then $ or % of any award in excess of such Multi-Year Floor Amount,

which would otherwise be earned by and payable to the Participant (the amounts deferred under subparagraphs (a), (b) and (c), together with income or losses on such amounts, shall collectively be referred to as the " **Deferral** "), and further agrees that each election made under this Section 1 shall not be less than $10,000 annually, as required by Section 4 of the Plan.

Except as provided in Appendix I or Appendix II to this Participation Agreement, the Participant elects to receive distribution of such Deferral in the form specified in Section 2. Such distribution will be made or will commence within thirty (30) days following the end of the Accounting Period for the Plan in which his Settlement Date occurs. (A Participant's Settlement Date is the date on which his or her employment with the Company terminates.) If Participant is a "Key Employee" under the Plan, distributions based upon a separation from service may be subject to a six month delay in distributions.

2. Form of Distribution. The Participant elects that the Deferral shall be distributed:

- ❑ In a single payment;
- ❑ In ______ annual installments (may not exceed 10); or
- ❑ A combination of ______ % in a single payment and ______ % in ______ annual installments (may not exceed 10).

Provided, however, that each installment payment is not less than $10,000.

3. Investment Preference Request. By completing the table set forth below, the Participant advises the Administrator that he or she desires to be credited with earnings as if the amounts deferred under the Plan were invested in accordance with the investment funds set forth in the table below. These are the same funds as are available under the Company's Spectrum Investment Savings Plan. The percentages selected must be in multiples of 5%.

| Future Deferral | Investment Fund |
| --- | --- |
| | **PRIMCO** |
| ___________% | PRIMCO Stable Value Fund |
| | **Multiple-Sub Advisors** |
| ___________% | Principal Life Time Strategic Income Separate Account |
| | **Multiple-Sub Advisors** |
| ___________% | Principal Life Time 2010 Separate Account |
| | **Multiple-Sub Advisors** |
| ___________% | Principal Life Time 2020 Separate Account |
| | **Multiple-Sub Advisors** |
| ___________% | Principal Life Time 2030 Separate Account |
| | **Multiple-Sub Advisors** |
| ___________% | Principal Life Time 2040 Separate Account |
| | **Multiple-Sub Advisors** |
| ___________% | Principal Life Time 2050 Separate Account |
| | **Allegiant** |
| ___________% | PNC Large Cap Value I Fund |
| | **Alliance Bernstein LP** |
| ___________% | LargeCap Value III Separate Account |
| | **Columbus Circle Investors** |
| ___________% | LargeCap Growth Separate Account |
| | **Principal Global Investors** |
| ___________% | LargeCap S&P 500 Index Sep Acct-Instl |

| Future Deferral | Investment Fund |
|---|---|
| ___________% | **Turner Mellon Jacobs Levy**<br>Mid Cap Growth III Separate Account |
| ___________% | **Fidelity (Pyramis Global Adv)**<br>International I Separate Account |
| ___________% | **Principal Global Investors**<br>Diversified International Separate Account |
| ___________% | Cooper Tire & Rubber Company Stock Fund |
| **100%** | **TOTAL** |

The Participant acknowledges that the Committee may, but is under no obligation to, direct the amount credited to his Account in accordance with his Request.

The Participant acknowledges that, pursuant to the terms of the Plan,

(a) If the Participant, during any time that such Participant is an Insider Participant (meaning that he or she is required to report his or her stock transactions pursuant to the requirements of Section 16 of the Securities Exchange Act of 1934), chooses pursuant to a Request to have any portion of the amounts subsequently credited to his or her Account deemed to be invested in the Cooper Tire & Rubber Company Stock Fund (the "Common Stock Fund"), such amount will be deemed invested in the PRIMCO Stable Value Fund until six (6) months after the date such Request is first effective, at which time such amount (together with the earnings accrued thereon) will automatically be deemed to be invested in the Common Stock Fund;

(b) A Request, unless modified as described below, shall apply to all amounts credited to his or her Account for the Plan Year for which the Request is first made and for each subsequent Plan Year. A Request may be changed with respect to amounts previously credited to his or her Account as of the date of the Request and/or amounts subsequently credited to the Account, by giving the Administrator appropriate written notice in such manner as is determined by the Administrator. The allocations contained in a Request made with respect to previously-credited amounts need not be the same as those made with respect to amounts subsequently credited to a Participant's Account. Any such modified Request shall be effective upon processing by the Administrator, which shall be not later than the fifth business day following the day the Request is received by the Administrator; provided, however, that

(i) if the Request is modified during any time that the Participant is an Insider Participant, such that the deemed investment of any portion of the amounts previously credited to his or her

Account is changed from any of the other Investment Funds to the Common Stock Fund, such portion will be deemed to be invested in the PRIMCO Stable Value Fund until six (6) months after the date such modified Request is first effective, at which time such portion (together with the earnings accrued thereon) will automatically be deemed to be invested in the Common Stock Fund, and

(ii) if the Request is modified during any time that the Participant is an Insider Participant, such that the deemed investment of any portion of the amounts previously credited to his or her Account is changed from the Common Stock Fund to any of the other Investment Funds, such portion will continue to be deemed to be invested in the Common Stock Fund until six (6) months after the date such modified Request is first effective, at which time such portion (together with any dividends accrued or paid thereon) will automatically be deemed to be invested in accordance with such modified Request.

4. Beneficiary Designation . The Participant elects to have any undistributed balance credited to his or her Account under the Plan upon death paid in a lump sum to the following Beneficiary:

Name: ____________________________
Relationship: ______________________
Address: __________________________

______________________________

If the Beneficiary is a trust or other legal entity, please so indicate.

A Participant who would like to name more than one Beneficiary should contact the Administrator regarding such request.

If the Beneficiary predeceases the Participant, the following person is designated as contingent Beneficiary to receive any such unpaid balance:

Name: ____________________________
Relationship: ______________________
Address: __________________________

______________________________

5. Participant Acknowledgment and Signature . The Participant understands that participation in the Plan is subject to the terms and conditions contained in the Plan, and acknowledges having received a copy of the Plan and a summary of its provisions. The Participant understands that (i) the Deferral Election made in Section 1 of this Agreement is irrevocable during a Plan Year and will remain in effect from Plan Year to Plan Year unless and until it is changed or terminated in accordance with the terms of the Plan; (ii) subject to Section 3, the amounts which are credited to his or her Account under the Plan will be, for purposes of crediting earnings and losses to such amounts, deemed to be allocated among the Investment Funds designated by the Committee under the Plan in the same manner as indicated in his or her investment Request under the Plan; and (iii) the Beneficiary designation may be changed at any time by filing a subsequent designation with the Administrator.

**The Participant understands that any Deferrals under the Plan are assets of the Company, are not segregated in a separate account solely for the Participant's benefit, are not actually invested in the investment funds selected by the Participant, and may be subject to the claims of the Company's creditors or used to discharge other legal obligations in the event the Company is declared insolvent or in the event of a bankruptcy.**

IN WITNESS WHEREOF, the Participant has executed this Participation Agreement on the day of , 20 .

| | |
|---|---|
| Print Name of Participant | Signature of Participant |

Received and accepted by the Administrator of the Cooper Tire & Rubber Company Executive Deferred Compensation Plan this day of , 20 .

Signature of Administrator or Authorized Representative

**COOPER TIRE & RUBBER COMPANY**

**INVESTOR CERTIFICATE**

A. **Name:** ______________________

**Title:** ______________________

B. **State of Resident**

Please identify the state in which you currently reside:

C. **Signature**

BY SIGNING BELOW I AM CERTIFYING THAT THE ABOVE FACTS AS WELL AS THE REPRESENTATIONS AND WARRANTIES SET FORTH ON THE BACK HEREOF ARE TRUE AND ACCURATE AS OF THE DATE OF MY SIGNATURE.

Date:

______________________________
Signature of Investor

## REPRESENTATION AND WARRANTIES

In signing the front hereof I represent and warrant as follows:

a. I am a bona fide resident of the State indicated on the front hereof.

b. I have such knowledge and experience in financial and business matters that I am capable of protecting my own interest in connection with my decision to participate in the Cooper Tire & Rubber Company Executive Deferred Compensation Plan (the " **Plan** ") and to invest and re-invest amounts credited to my account under the Plan and in evaluating the merits and risks of participation in the Plan. I will advise you if in the future I believe this representation is no longer correct.

c. I have received Cooper Tire & Rubber Company's (the " **Company** ") most recent Annual Report to Stockholders, Proxy Statement and Form 10-K and any Forms 10-Q or 8-K filed since issuance of the last Annual Report or Form 10-K. I have been provided, to my satisfaction, the opportunity to ask questions concerning the terms and conditions of participating in the Plan and the documents provided in connection therewith, have had all such questions answered to my satisfaction and have been supplied all additional information as I have deemed necessary to evaluate this investment. I am satisfied that, whether or not I chose to utilize it, I have effective access to all material information about the Company by reason of my relationship to the Company and one or more of its officers, directors, or other participants.

d. I understand that participation in the Plan and investments and re-investments of amounts credited to my account thereunder involves a degree of risk and I am familiar with the type of investment which the same constitutes, and have reviewed such investment with tax and legal counsel to the extent that I deemed such review to be advisable. I specifically recognize that amounts credited to my account pursuant to the Plan constitute unfunded obligations of the Company.

e. I am aware that during my lifetime my right to participate and my interests in the Plan may not be transferred. I am also aware that there are very significant limitations on my ability to receive any part of my account balances. Therefore, I specifically recognize that it may not be possible to liquidate this investment readily and that it may be necessary to hold this investment for an indefinite period.

f. My participation in the offered Plan interests and investments and re-investments under the Plan are solely for my own account, for investment, and not with a view to or for any distribution, resale, subdivision or fractionalization thereof in connection with any distribution of securities within the meaning of the Securities Act of 1933, as amended. I am the sole and true party in interest and I am not participating or purchasing for the benefit of any other person, nor in a fiduciary capacity for any other person.

g. I recognize that if I have any questions or inquiries relating to the Plan, my participation in the Plan or if I need to update any of the representations or warranties here made, I may contact the Administrator of the Plan c/o the Company's Human Resources Department or Treasurer. I am also aware that I may have a purchaser representative assist me now or at any time during my participation in the Plan.

**EXECUTIVE DEFERRED COMPENSATION PLAN**
**PARTICIPATION AGREEMENT**

**APPENDIX I**

**IN-SERVICE DISTRIBUTION OF 2011 DEFERRALS**

I hereby irrevocably elect to receive % of the value of any compensation deferred by me that would otherwise have been paid to me in 2011 (including investment gains and losses on such amounts) as follows:

in one lump sum on ______________________________
(Date)

in equal annual installments (two through ten),
commencing on ____________________________
(Date)

**Payment of amounts deferred in 2011 cannot be made or commence prior to January 1, 2014.**

If my employment terminates for Cause, or due to my death, prior to the making or commencement of the foregoing payment to me, the entire amount will be paid in a lump sum within 30 days after the end of the Accounting Period in which the termination of employment occurs, subject to the "Key Employee" rules under the Plan and Internal Revenue Code Section 409A.

| | |
|---|---|
| Print Name of Participant | Signature |
| Date | |

**EXECUTIVE DEFERRED COMPENSATION PLAN**
**PARTICIPATION AGREEMENT**

## APPENDIX II

## DELAYED DEFERRAL DISTRIBUTION

I hereby elect to delay beyond the date on which my employment terminates distribution of the percentage of my Deferral (including investment gains and losses) set forth below, as follows:

Percentage of Deferral to be delayed: %

❑ I would like payment of the above amount to be made in one lump sum on ____________________.
(Date)

❑ I would like payment of the above amount to be made in equal annual installments (two through ten), commencing on ________________.
(Date)

I understand that the date selected under either of the options set forth above cannot be later than my 65th birthday.

If my employment terminates for Cause, or due to my death, prior to the making or commencement of the foregoing payment to me, the entire amount will be paid in a lump sum within 30 days after the end of the Accounting Period in which the termination of employment occurs, subject to the "Key Employee" rules under the Plan and Internal Revenue Code Section 409A.

________________________________ ________________________________
Name of Participant Signature

________________________________
(Date)

# COOPER TIRE & RUBBER COMPANY
# NONQUALIFIED KEY EMPLOYEE DEFERRED COMPENSATION PLAN

## ARTICLE I—PURPOSE

Section 1.1 Statement of Purpose: This is the Cooper Tire & Rubber Company Nonqualified Key Employee Deferred Compensation Plan, effective as of June 1, 2009. The purpose of this Plan is to provide additional compensation to certain designated key employees on a deferred basis as an incentive to retain their services for an extended period of time. The terms and conditions of the Plan are set forth below.

## ARTICLE II—DEFINITIONS AND CONSTRUCTION

Section 2.1 Definitions . Whenever the following terms are used in this Plan they shall have the meanings specified below unless the context clearly indicates to the contrary:

(ll) "Account" means the bookkeeping account maintained by the Company pursuant to Article IV of the Plan for the purpose of accounting for the deferred incentive compensation plus earnings thereon.

(mm) "Administrator" means a committee consisting of one or more persons who shall be appointed by and serve at the pleasure of the Committee.

(nn) "Board" means the Board of Directors of the Company.

(oo) "Code" means the Internal Revenue Code of 1986, as amended from time to time; any reference to a provision of the Code shall also include any successor provision thereto.

(pp) "Committee" means the Compensation Committee of the Board.

(qq) "Company" means Cooper Tire & Rubber Company and any successor or successors thereto, and any affiliate or subsidiary of the Company which shall be included in the Plan by action of the Committee.

(rr) "Deferred Pay" means the amount of compensation the Company has designated in writing to a Participant in a Participation Agreement to be deferred pursuant to this Plan and contingent upon satisfaction of the requirements to earn the additional compensation as specified in the Participation Agreement.

(ss) "Disability" means the occurrence of any of the following events:

(iv) a Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months;

(v) a Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can by expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under a Company accident and health plan;

(vi) a Participant is determined to be totally disabled by the Social Security Administration.

(tt) "Effective Date" means June 1, 2009.

(uu) "Employee" means any key employee of the Company who is designated by the Committee as an Employee eligible to participate in the Plan.

(vv) “Interest Rate” means the daily Money Market Annual Yield rate as reported in the Wall Street Journal.

(ww) “Participant” means any Employee who has been designated by the Committee as eligible to participate in the Plan, has been advised in writing by the Administrator that he is a Participant in the Plan and has executed and returned a Participation Agreement to the Administrator in accordance with the provisions of Section 3.1, or a former Employee retaining benefits under the Plan that have not been fully paid.

(xx) “Participation Agreement” means the agreement provided to a Participant by the Administrator in the form set forth in Section 3.1(b) and executed by the Participant.

(yy) “Plan” means the Cooper Tire & Rubber Company Nonqualified Key Employee Deferred Compensation Plan effective as of June 1, 2009 as it may, from time to time, be amended.

(zz) “Plan Year” means the 12-month period beginning January 1 and ending the following December 31.

(aaa) “Retirement” means retirement from the Company under the Company’s Spectrum Retirement Plan or retirement from a Non-US subsidiary or affiliate under local law.

(bbb) “Settlement Date” means the date on which Participant shall be entitled to Deferred Pay pursuant to the terms stated in the Participation Agreement.

(ccc) “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.

(ddd) “Spectrum Retirement Plan” means the Cooper Tire & Rubber Company Spectrum Retirement Plan, as amended or restated from time to time.

(eee) “Trust” has the meaning set forth in Section 5.2(a).

(fff) “Trust Agreement” has the meaning set forth in Section 5.2(a).

(ggg) “Trustee” has the meaning set forth in Section 5.32a).

Section 2.2. Construction . The masculine gender, where appearing in the Plan, shall be deemed to include the feminine gender, and the singular may include the plural, unless the context clearly indicates to the contrary. The words “hereof,” “herein,” “hereunder,” and other similar compounds of the word “here” shall mean and refer to the entire Plan, and not to any particular provision or Section.

## ARTICLE III—PARTICIPATION

Section 3.1. Eligibility and Participation .

(e) Eligibility. Eligibility to participate in the Plan for any Plan Year is limited to key Employees designated by the Committee.

(f) Participation. Participation in this Plan shall be limited to Employees who are notified in writing by the Administrator that they are a Participant in the Plan and who have properly completed, executed and filed their Participation Agreement with the Administrator. A properly completed and executed Participation Agreement shall be filed with the Administrator on or prior to the commencement of the deferral. Each Participation Agreement shall be effective only with regard to the amount designated as Deferred Pay in the Participation Agreement including earnings thereon.

## ARTICLE IV—PARTICIPANT ACCOUNTS

Section 4.1. Establishment of Accounts . The Company shall establish an Account for each Participant.

Section 4.2. Crediting of Deferred Pay . The Deferred Pay shall be credited to the Participant's Account as of the date of the Participation Agreement and shall remain in the Account until the Settlement Date. Any withholding of taxes or other amounts with respect to the crediting of the Deferred Pay to the Account which is required by state, federal or local law shall be withheld from the Participant's non-deferred compensation.

Section 4.3. Adjustments to Accounts . The Participant's Account shall be credited with interest with respect to the Account balance to be calculated not less frequently than monthly based upon the average of the daily Interest Rates until the Account is terminated.

Section 4.4. Statement of Accounts . At least annually, a statement shall be furnished to each Participant or, in the event of his death, to his Beneficiary showing the status of his Account as of the end of the most recent period, any changes in his Account since the date of the most recent statement furnished to the Participant, and such other information as the Administrator shall determine.

Section 4.5. Vesting of Accounts . A Participant shall at all times have an unvested and forfeitable interest in his Account balance until such time as the commitments and requirements of the Participation Agreement are fully met which shall result in Participant's entitlement to the Deferred Pay Account balance.

## ARTICLE V—FINANCING OF BENEFITS

Section 5.1. Financing of Benefits . Benefits payable under the Plan to a Participant or, in the event of his death, to his Beneficiary shall be paid by the Company from its general assets. Notwithstanding the fact that the Participants' Accounts may be adjusted by an amount that is measured by reference to the earnings as provided in Section 4.3, no person entitled to payment under the Plan shall have any claim, right, security interest or other interest in any fund, trust, account, insurance contract, or asset of the Company which may be responsible for such payment.

Section 5.2. Funding if a Change in Control .

(c) Upon the earlier to occur of (i) a Change in Control or (ii) a declaration by the Board that a Change in Control is imminent, the Company shall promptly, to the extent it has not previously done so, and in any event within five (5) business days after such Change in Control (or on such fifth business day if the Board has declared that a Change in Control is imminent), create an irrevocable trust to hold funds to be used in payment of the obligations of the Company under the Plan, and the Company shall fund such trust by transferring for the Accounts of those Participants whom the Board has identified to the Trustee as having been affected by such Change in Control an amount sufficient to fund no less than the total value of such Participants' Accounts under the Plan as of the most recent period to National City Bank or its successor (the "Trustee") to be added to the principal of the trust under the Cooper Tire & Rubber Company Master Grantor Trust Agreement, between the Company and Trustee (the "Trust Agreement"), provided that any funds contained therein or in the Trust shall remain liable for the claims of the Company's general creditors.

(d) Any payments of benefits by the Trustee to the Participant pursuant to the Trust Agreement shall, to the extent thereof, discharge the Company's obligation to pay benefits under the terms of this Plan, it being the intent of the Company that assets in the Trust be held as security for the Company's obligation to pay benefits under this Plan.

## ARTICLE VI—DISTRIBUTION OF BENEFITS

Section 6.1. Settlement Date . A Participant or, in the event of his death, his Beneficiary shall be entitled to distribution of the balance of his Account, as provided in this Article VI, following his Settlement Date.

Section 6.2. Amount to be Distributed . The amount to which a Participant or, in the event of his death, his Beneficiary is entitled in accordance with the following provisions of this Article shall be based on the Participant's Account balance determined as of his Settlement Date.

Section 6.3. Death . Except as provided with respect to a Specified Employee in Section 6.6 hereof, upon the death of a Participant, the Company shall, in accordance with this Article VI, pay to his Beneficiary as designated in the Participation Agreement (or, in the event there is no Beneficiary, to the estate of the Participant), as the case may be, the balance of his Account in a lump sum. Such payment shall be made as soon as possible and no later than the March 15th of the year following the death of the Participant and shall completely discharge the Company's obligations under this Plan.

Section 6.4 Distribution in case of Death, Disability, or Retirement . Should a distribution be made under the Plan by reason of death, Disability, or Retirement, the amount of the Deferred Pay designated in the Participation Agreement to be distributed shall be pro-rated based upon the period from the date of the Participation Agreement until the date of death, Disability, or Retirement.

Section 6.5. Form of Distribution .

(f) As soon as practicable after the Participant's Settlement Date occurs, but in no event later than 30 days following the Settlement Date, the Company shall distribute or cause to be distributed to the Participant the balance of the Participant's Account as determined under Section 6.2.

(g) Distribution of a Participant's Account shall be made by payment in cash in a lump sum unless the Participant has elected at least 12 months prior to the scheduled distribution to defer the payment pursuant to the provisions of the Company's Executive Deferred Compensation Plan.

Section 6.6. Specified Employees . Notwithstanding anything herein that may be interpreted to the contrary, no distribution subject to Code Section 409(A) shall be made to a Specified Employee by reason of termination of employment until six (6) months after the date the Specified Employee's employment terminated. After such six (6) month period has elapsed, any distributions deferred by reason of this Section 6.6 shall be distributed as soon as possible and no later than 30 days in a lump sum to the Participant and any additional scheduled distributions to which the Participant may be entitled shall be distributed to the Participant in accordance with this Section 6.

## ARTICLE VII—ADMINISTRATION

Section 7.1. Administration .

(d) The Plan shall be administered by the Administrator. The Administrator shall have total and exclusive responsibility to control, operate, manage and administer the Plan in accordance with its terms.

(e) The Administrator shall have sole and absolute discretion to interpret the provisions of the Plan (including, without limitation, by supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan), to make factual findings with respect to any issue arising under the Plan, to determine the rights and status under the Plan of Participants and other persons, to decide disputes arising under the Plan and to make any determinations and findings (including factual findings) with respect to the benefits payable thereunder and the persons entitled thereto as may be required for the purposes of the Plan. In furtherance of, but without limiting the foregoing, the Administrator is hereby granted the following specific authorities, which it shall discharge in its sole and absolute discretion in accordance with the terms of the Plan (as interpreted, to the extent necessary, by the Administrator):

(iii) To determine the amount of benefits, if any, payable to any person under the Plan (including, to the extent necessary, making any factual findings with respect thereto);

All decisions of the Administrator as to the facts of any case, as to the interpretation of any provision of the Plan or its application to any case, and as to any other interpretative matter or other determination or question under the Plan shall be final and binding on all parties affected thereby.

(f) The Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with legal counsel who may be counsel to the Company.

Section 7.2. Binding Effect of Decisions . All decisions and determinations by the Administrator shall be final and binding on all parties. All decisions of the Administrator shall be made by the vote of the majority, including actions in writing taken without a meeting. All elections, notices and directions under the Plan by a Participant shall be made on such forms as the Administrator shall prescribe.

Section 7.3. Successors . The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business and/or assets of the Company expressly to assume and to agree to perform this Plan in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Plan shall be binding upon and inure to the benefit of the Company and any successor of or to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business and/or assets of the Company whether by sale, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the Company for the purposes of this Plan), and the heirs, Beneficiaries, executors and administrators of each Participant.

Section 7.4. Indemnity of Committee and Administrator . The Company shall indemnify and hold harmless the members of the Committee and the Administrator and their duly appointed agents against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to the Plan, except in the case of gross negligence or willful misconduct by any such member or agent of the Committee and the Administrator.

Section 7.5. Expenses . All direct expenses of the Plan shall be paid by the Company.

## ARTICLE VIII—MISCELLANEOUS

Section 8.1. No Guarantee of Employment . Nothing contained in the Plan shall be construed as a contract of employment between the Company and any Employee or Participant, or as a right of any Employee or Participant, to be continued in the employment of the Company, or as a limitation of the right of the Company to discharge any of its Employees or Participants, with or without cause

Section 8.2. Governing Law . All questions arising in respect of the Plan, including those pertaining to its validity, interpretation and administration, shall be governed, controlled and determined in accordance with the applicable provisions of federal law and, to the extent not preempted by federal law, the laws of the State of Ohio.

Section 8.3. Severability . Each section, subsection and lesser section of this Plan constitutes a separate and distinct undertaking, covenant and/or provision hereof. Whenever possible, each provision of this Plan shall be interpreted in such manner as to be effective and valid under applicable law. In the event that any provision of this Plan shall finally be determined to be unlawful, such provision shall be deemed severed from this Plan, but every other provision of this Plan shall remain in full force and effect, and in substitution for any such provision held unlawful, there shall be substituted a provision of similar import reflecting the original intention of the parties hereto to the extent permissible under law.

Section 8.4. Withholding Taxes . If the Company is required to withhold any taxes or other amounts from a Participant's Account upon settlement pursuant to any state, federal or local law, such amounts shall be withheld from the amounts paid under the Plan.

Section 8.5. Legal Fees, Expenses Following a Change in Control . If following a Change in Control it should appear that the Company has failed to comply with any of its obligations under this Plan or in the event that the Company or any other person takes any action to declare this Plan void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Employee the benefits intended to be provided to such Employee hereunder, the Company irrevocably authorizes such Employee to retain counsel of his or her choice, at the expense of the Company, as hereafter provided, to represent such Employee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder or other person affiliated with the Company in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to such Employee's entering into an attorney-client relationship with such counsel, and in that connection the Company and such Employee agree that a confidential relationship shall exist between such Employee and such counsel. Following a Change in Control, the Company shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by such Employee as a result of the Company's failure to perform under this Plan or any provision thereof; or as a result of the Company or any person contesting the validity or enforceability of this Plan or any provision thereof.

**IN WITNESS WHEREOF,** Cooper Tire & Rubber Company has caused this instrument to be executed in its name as of the Effective Date.

**COOPER TIRE & RUBBER COMPANY**

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

# COOPER TIRE & RUBBER COMPANY
# NONQUALIFIED KEY EMPLOYEE DEFERRED COMPENSATION PLAN
# PARTICIPATION AGREEMENT

This Nonqualified Key Employee Deferred Compensation Plan Participation Agreement (the " **Participation Agreement** ") is between the undersigned, (the " **Participant** ") and Cooper Tire & Rubber Company (the " **Company** "), and is subject to all of the terms and conditions of the Company's Nonqualified Key Employee Deferred Compensation Plan (the " **Plan** "). By signing this Participation Agreement, the Participant is acknowledging participation in the Plan and agrees to be bound by the provisions of the Plan. Capitalized terms not defined herein shall have the meanings set forth in the Plan.

The undersigned acknowledges participation in the Plan and hereby makes the following required elections and commitments in order to receive the deferred compensation in accordance with the terms of the Plan.

This Participation Agreement is effective as of for the current Plan Year, ending December 31, 2009, and each subsequent Plan Year, until terminated in accordance with the terms of the Plan.

1. Deferra l. The Participant acknowledges the designation by the Company that he is a Participant in the Plan and the grant of deferred compensation in the amount of $ which will be earned and payable to Participant, together with income earned on such amount, to be collectively referred to as Deferred Pay, pursuant to the terms and conditions of the Plan and this Participation Agreement.

2. Entitlement to Deferred Pay .

    a. The Participant shall be entitled to receive the Deferred Pay, provided the Participant remains in the continuous employ of the Company for a period of years from the date of this Participation Agreement. For purposes of this Participation Agreement, the Settlement Date, which is the date Participant shall be entitled to Deferred Pay, is .

    b. Notwithstanding the provisions of Section 2(a) above, Participant shall be entitled to receive a pro-rated amount of the Deferred Pay as of the date on which the Participant ceases to be employed by the Company due to death, Disability or Retirement.

3. Forfeiture of Deferred Pay . Except as provided in Section 2(b) above, Participant's right to receive the Deferred Pay that has not theretofore become nonforfeitable pursuant to Section 2(a) above shall be forfeited automatically and without further notice on the date that the Participant's employment terminates for any reason, whether voluntarily or involuntarily.

4. Distribution of Deferred Pay . The Participant may elect to receive distribution of Deferred Pay in the form specified below. Such distribution election must be made within thirty (30) days following the Settlement Date If Participant is a Specified Employee, distributions based upon a separation from service may be subject to a six month delay in distributions as described in the Plan.

Form of Distribution . The Participant may elect Deferral Pay be distributed either:

- ❑ In a single payment; or
- ❑ Deferred pursuant to the terms and conditions of the Company's Executive Deferred Compensation Plan in accordance with the provisions of said plan, provided Participant has elected to defer payment pursuant to the provisions of said plan at least 12 months prior to the scheduled distribution hereunder.

5. Beneficiary Designation . Pursuant to the terms and conditions of the Plan, the Participant may elect to have any undistributed balance credited in his or her Account paid in a lump sum to the following Beneficiary upon Participant's death:

Name: ______________________________
Relationship: ______________________________
Address: ______________________________
______________________________

If the Beneficiary is a trust or other legal entity, please so indicate.

A Participant who would like to name more than one Beneficiary should contact the Administrator regarding such request.

If the Beneficiary predeceases the Participant, the following person is designated as contingent Beneficiary to receive any such unpaid balance:

Name: ______________________________
Relationship: ______________________________
Address: ______________________________
______________________________

6. Participant Acknowledgment and Signature . The Participant understands that participation in the Plan is subject to the terms and conditions contained in the Plan, and acknowledges having received a copy of the Plan. The Participant understands that (i) the Deferred Pay made in Section 1 of this Participation Agreement will remain in effect until the Settlement Date; and (ii) the Beneficiary designation may be changed at any time by filing a subsequent designation with the Administrator.

**The Participant understands that any Deferred Pay under the Plan are assets of the Company, are not segregated in a separate account solely for the Participant's benefit, and may be subject to the claims of the Company's creditors or used to discharge other legal obligations in the event the Company is declared insolvent or in the event of a bankruptcy.**

IN WITNESS WHEREOF, the Participant has executed this Participation Agreement on the day of , 200 .

______________________________
Print Name of Participant

______________________________
Signature of Participant

Received and accepted by the Administrator of the Cooper Tire & Rubber Company Nonqualified Key Employee Deferred Compensation Plan this day of , 200 .

______________________________
Signature of Administrator or Authorized Representative

COOPER TIRE & RUBBER COMPANY
SUBSIDIARIES & AFFILIATES
AS OF December 31, 2011

- Cooper Tire & Rubber Company (Parent) (Delaware)
  - Cooper International Holding Corporation (Delaware)
    - Cooper International Rubber, Limited (Jamaica) (Inactive)
    - Pneus International SA de CV (Mexico)
      - Nemet International SA de CV (Mexico) (60 %)
        - Cooper Tire & Rubber Company de Mexico S.A. de CV (Mexico) (3.37%)
      - Cooper Tire & Rubber Company de Mexico S.A. de C.V. (Mexico) (96.63%—see above for additional 2.02% for a total of 98.65 %)
    - Corporación de Occidente SA de CV (Mexico) (16.86 % – see below for additional 41.57% for a total of 58.43 %)
    - Inversionistas del Bajío SA de CV (Mexico)
      - Corporación de Occidente SA de CV (Mexico) (41.57 %)
  - Cooper Receivables LLC (Delaware)
  - Cooper Tire Holding Company (Ohio)
  - Cooper Tire International Trading Company (Cayman Islands)
      - Registered Branch Office (Singapore)
    - Cooper Tire & Rubber International Trading Limited (Cayman Islands)
  - Cooper Tire & Rubber Company (Barbados) Ltd. (Barbados)
    - Cooper Global Holding Co. Ltd. (Barbados) (50 %—see below for additional 50% for a total of 100%)
      - Cooper (Kunshan) Tire Co., Ltd. (PRC)
    - Cooper Tire Asia-Pacific (Shanghai) Trading Co., Ltd. (PRC)
    - Cooper Tire (China) Investment Co., Ltd. (PRC)
  - Cooper Tire & Rubber Co. Shanghai Rep Office (PRC-Branch)
  - Cooper Tire & Rubber Foundation (Ohio)
  - Cooper Tyre & Rubber Company UK Limited (England)
    - Cooper Tire & Rubber Company Deutschland GmbH (Germany)
    - Cooper Tire & Rubber Company Espana S.L. (Spain)
    - Cooper Tire & Rubber Company Europe Limited (England)
      - Cooper Tire & Rubber Company International Development Limited (England)
    - Cooper Tire & Rubber Company France Sarl (France)
    - Cooper Tire & Rubber Company Italia S.r.l. (Italy)
    - Cooper Tire & Rubber Company Suisse SA (Switzerland)
    - CTB (Barbados) Investment Co. Ltd. (Barbados)
      - Cooper Global Holding Co. Ltd. (Barbados) (50 %—see above for additional 50% for a total of 100%)
        - Cooper (Kunshan) Tire Co., Ltd. (PRC)
      - Cooper Tire Investment Holding (Barbados) Ltd. (Barbados)
        - Cooper Chengshan (Shandong) Tire Company Ltd. (PRC) (65%)
  - Cooper Tire & Rubber Holding B.V. (The Netherlands)
    - Cooper Tire & Rubber Company Serbia d.o.o. (Republic of Serbia)
  - CTBX Company (Ohio)
  - CTTG Inc. (Ohio) (Inactive)
  - Elemica, Inc. (2.031%)
  - Ilpea Equity, LLC (0.6264 %)
  - Master Assurance & Indemnity Ltd (Bermuda)
  - Max-Trac Tire Co., Inc. (Ohio)
    - Mickey Thompson Performance Racing Inc. (Ohio)
    - Mickey Thompson International, Inc. (Virgin Islands) (Inactive)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements of Cooper Tire & Rubber Company of our reports dated February 27, 2012, with respect to the consolidated financial statements and schedule of Cooper Tire & Rubber Company and the effectiveness of internal control over financial reporting of Cooper Tire & Rubber Company included in this Annual Report (Form 10-K) for the year ended December 31, 2011:

**Forms S-3:**

| | |
|---|---|
| No. 33-44159 | $200,000,000 aggregate principal amount of the Company's Debt Securities |
| No. 333-89149 | Registration of securities not to exceed an initial public offering price of $1,200,000,000 |
| No. 333-161870 | Registration of 1,527,778 shares of the Company's common stock |
| No. 333-166745 | Shelf Registration of 4,000,000 shares of the Company's common stock |

**Forms S-8:**

| | |
|---|---|
| No. 2-58577 | Thrift and Profit Sharing Plan |
| No. 33-35071 | Texarkana Pre-Tax Savings Plan |
| No. 33-47980 | 1991 Stock Option Plan for Non-Employee Directors |
| No. 33-47981 | Pre-Tax Savings Plan at the Findlay Plant |
| No. 333-09619 | 1996 Stock Option Plan |
| No. 333-83311 | Pre-Tax Savings Plan (Clarksdale) |
| No. 333-83309 | 1998 Employee Stock Option Plan |
| | 1998 Incentive Compensation Plan |
| No. 333-83589 | 1998 Non-Employee Directors Compensation Deferral Plan |
| No. 333-84815 | Thrift & Profit Sharing Plan |
| No. 333-84813 | Texarkana Pre-Tax Savings Plan |
| No. 333-84811 | Pre-Tax Savings Plan at the Findlay Plant |
| No. 333-103007 | 2001 Incentive Compensation Plan |
| No. 333-113315 | Pre-Tax Savings Plan (Clarksdale) |
| | Pre-Tax Savings Plan at the Findlay Plant |
| | Texarkana Pre-Tax Savings Plan |
| No. 333-138811 | Pre-Tax Savings Plan (Findlay) |
| | Pre-Tax Savings Plan (Texarkana) |
| No. 333-142136 | 2006 Incentive Compensation Plan |
| No. 333-157778 | Spectrum Investment Plan |
| | Pre-Tax Savings Plan (Findlay) |
| | Pre-Tax Savings Plan (Texarkana) |
| No. 333-167231 | 2010 Incentive Compensation Plan |

/s/ Ernst & Young LLP
ERNST & YOUNG LLP

Toledo, Ohio
February 27, 2012

Exhibit (24)

# POWER OF ATTORNEY

## FOR EXECUTION OF ANNUAL REPORT ON FORM 10-K FOR FISCAL YEAR ENDED DECEMBER 31, 2011

KNOW ALL BY THESE PRESENTS, that each of the undersigned hereby constitutes and appoints Stephen Zamansky as a true and lawful attorney-in-fact of the undersigned for the purpose of executing for and on behalf of all of the undersigned members of the Board of Directors of Cooper Tire & Rubber Company, the Company's Annual Report on Form 10-K for the fiscal year of the Company ended December 31, 2011.

The undersigned hereby grants such attorney-in-fact full power and authority to do and perform all and every act and thing whatsoever requisite, necessary and proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact shall lawfully do or cause to be done by virtue of this Power of Attorney and the rights and powers herein granted.

This Power of Attorney shall remain in full force and effect until the filing by the Company of the Annual Report on Form 10-K for fiscal year 2011 with the Securities and Exchange Commission, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorney-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed as of this 17th day of January, 2012.

/s/ Steven M. Chapman
Steven M. Chapman

/s/ Thomas P. Capo
Thomas P. Capo

/s/ John J. Holland
John J. Holland

/s/ John F. Meier
John F. Meier

/s/ Cynthia A. Niekamp
Cynthia A. Niekamp

/s/ John H. Shuey
John H. Shuey

/s/ Richard L. Wambold
Richard L. Wambold

/s/ Robert D. Welding
Robert D. Welding

CERTIFICATIONS

I, Roy V. Armes, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cooper Tire & Rubber Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 27, 2012

/s/ Roy V. Armes

Roy V. Armes, Chairman of the Board,
President and Chief Executive Officer

CERTIFICATIONS

I, Bradley E. Hughes, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cooper Tire & Rubber Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a – 15(f) and 15d – 15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2012

/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 Annual Report of Cooper Tire & Rubber Company (the “Company”) on Form 10-K for the period ended December 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: February 27, 2012

/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.