Zumiez Inc
Form DEF 14A
April 15, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

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

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Zumiez Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

6300 Merrill Creek Parkway Suite B

Everett, Washington 98203

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held On May 26, 2010

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Zumiez Inc., a Washington corporation. Zumiez is also referred to as we, our, us, and the Company. The meeting will be held on Wednesday, May 26, 2010 at 1:00 p.m. (Pacific Time) at our headquarters located a 6300 Merrill Creek Parkway, Suite B, Everett, Washington 98203 for the following purposes:

1. To elect two directors to hold office until our 2013 annual meeting of shareholders;

2. To consider and act upon a proposal to ratify the selection of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending January 29, 2011 (fiscal 2010); and

3. To conduct any other business properly brought before the meeting.

These items of business are more fully described in the Proxy Statement accompanying this Notice.

Our board of directors recommends a vote **For** Items 1 and 2. The record date for the annual meeting is April 1, 2010. Only shareholders of record at the close of business on that date may vote at the meeting or any adjournment or postponement thereof.

Under the Securities and Exchange Commission (the SEC) rules that allow companies to furnish proxy materials to shareholders over the Internet, Zumiez has elected to deliver our proxy materials to the majority of our shareholders over the Internet. The new delivery process will allow us to provide shareholders with the information they need, while at the same time conserving natural resources and lowering the cost of delivery. On or about April 15, 2010, we mailed to our shareholders a Notice of Internet Availability of Proxy Materials (the Notice) containing instructions on how to access our Fiscal 2009 Proxy Statement and 2009 Annual Report to Shareholders. The Notice also provides instructions on how to vote online or by telephone and includes instructions on how to receive a paper copy of the proxy materials by mail.

YOUR VOTE IS IMPORTANT!

Whether or not you attend the annual meeting, it is important that your shares be represented and voted at the meeting. Therefore, we urge you to promptly vote online, by telephone, or if you received a paper copy of the voting card, submit your proxy by signing, dating and returning the accompanying proxy card in the enclosed prepaid return envelope. If you decide to attend the annual meeting and you are a shareholder of record, you will be able to vote in person even if you have previously submitted your proxy.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 26, 2010: The Notice of Annual Meeting of Shareholders, Proxy Statement and the Annual Report to Shareholders are available on the internet at http://ir.zumiez.com./phoenix.zhtml?c=188692&p=irol-reports.

By Order of the Board of Directors
Trevor S. Lang
Chief Financial Officer and Secretary

Everett, Washington

April 15, 2010

6300 Merrill Creek Parkway Suite B

Everett, Washington 98203

PROXY STATEMENT

FOR THE ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD MAY 26, 2010

Questions and Answers

Why am I receiving these proxy materials?

We are making available to you this proxy statement and the accompanying proxy card because the board of directors of Zumiez Inc. is soliciting your proxy to vote at its 2010 annual meeting of shareholders. You are invited to attend the annual meeting to vote on the proposals described in this proxy statement. Should you choose to attend, you must be ready to present proof of your ownership of Zumiez stock as of the record date, April 1, 2010, to attend the meeting. However, you do not need to attend the meeting to vote your shares. Instead, you may simply complete, sign and return the accompanying proxy card.

We intend to mail or otherwise make available this proxy statement and the accompanying proxy card on or about April 19, 2010 to all shareholders of record entitled to vote at the annual meeting.

Who can vote at the annual meeting?

Only shareholders of record at the close of business on April 1, 2010, the record date for the annual meeting, will be entitled to vote at the annual meeting. At the close of business on the record date, there were 30,443,965 shares of common stock outstanding and entitled to vote.

Shareholder of Record: Shares Registered in Your Name

If at the close of business on the record date, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, then you are a shareholder of record. As a shareholder of record, you may vote in person at the meeting or vote by proxy. Whether or not you plan to attend the meeting, we urge you vote your proxy to ensure your vote is counted.

Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Other Agent

If at the close of business on the record date your shares were not held in your name, but rather in an account at a brokerage firm, bank or other agent, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by your broker, bank or other agent. The broker, bank or other agent holding your account is considered to be the shareholder of record for purposes of voting at the annual meeting. As a beneficial owner, you have the right to direct your broker, bank or other agent on how to vote the shares in your account. You are also invited to attend the annual meeting. Should you choose to attend, you must be ready to present proof of your ownership of Zumiez stock as of the record date, April 1, 2010, in order to attend the meeting. However, since you are not the shareholder of record, you may not vote your shares in person at the meeting unless you request and obtain a valid legal proxy issued in your name from your broker, bank or other agent. For more information about a legal proxy, see the information, below, under the section heading *Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent.*

What am I voting on?

You are being asked to vote on the election of two directors (Proposal 1) and to consider and act on a proposal to ratify the selection of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending January 29, 2011 (Proposal 2). When you vote your proxy, you appoint Trevor S. Lang and Richard M. Brooks as your representatives at the meeting. (When we refer to the named proxies, we are referring to Mr. Lang and Mr. Brooks.) This way, your shares will be voted even if you cannot attend the meeting.

How do I vote?

For any matter to be voted on, you may vote For , Against or Abstain from voting (for the election of directors, you may do this for any director nominee that you specify). The procedures for voting are as follows:

Shareholder of Record: Shares Registered in Your Name

If you are a shareholder of record, you may vote in person at the annual meeting, via the internet, by telephone or by proxy card. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy.

To vote in person, come to the annual meeting and we will give you a ballot when you arrive. Please be prepared to present proof of your ownership of Zumiez stock as of April 1, 2010.

To vote via the internet You may vote online at www.proxyvote.com. Voting on the internet has the same effect as voting by mail or by telephone. If you vote via the internet, do not return your proxy card and do not vote via telephone. Internet voting will be available until 11:59 p.m. PST May 25, 2010.

To vote via telephone Shareholders may vote by telephone by calling 1-800-690-6903 and following the automated voicemail instructions. Voting by telephone has the same effect as voting by mail or via the internet. If you vote by telephone, do not return your proxy card or vote via the internet. Telephone voting will be available until 11:59 p.m. PST, May 25, 2010.

To vote using the proxy card, simply complete, sign and date the proxy card and return it promptly in the envelope provided. If you return your signed proxy card to us before the annual meeting, we will vote your shares as you direct.

Beneficial Owner: Shares Registered in the Name of Broker, Bank or Other Agent

If you are a beneficial owner of shares registered in the name of your broker, bank or other agent, you should have received a proxy or voting instruction form with these proxy materials from that organization rather than from us. You can vote by using the proxy or voting information form provided by your broker, bank or other agent or, if made available, vote by telephone or the internet. To vote in person at the annual meeting, you must obtain a legal proxy from your broker, bank, or other agent. Under a legal proxy, the bank, broker, or other agent confers all of its rights as a record holder (which may in turn have been passed on to it by the ultimate record holder) to grant proxies or to vote at the meeting. Follow the instructions from your broker, bank or other agent included with these proxy materials, or contact your broker, bank or other agent to request a legal proxy. Please allow sufficient time to receive a legal proxy through the mail after your broker, bank, or other agent receives your request.

How many votes do I have?

On each matter to be voted upon, you have one vote for each share of common stock you own as of the close of business on April 1, 2010, the record date for the annual meeting.

What if I return a proxy card but do not make specific choices?

If you return a signed and dated proxy card without marking any voting selections, your shares will be voted For the election of all nominees for director and For the ratification of the selection of Moss Adams LLP as our independent registered public accounting firm for the fiscal year ending January 29, 2011 (fiscal 2010). If any other matter is properly presented at the meeting, one of the named proxies on your proxy card as your proxy will vote your shares using his discretion.

Who is paying for this proxy solicitation?

We will pay for the entire cost of soliciting proxies. In addition to mailed proxy materials, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners. We have retained Advantage Proxy to act as a proxy solicitor in conjunction with the annual meeting. We have agreed to pay Advantage Proxy a nominal fee for proxy solicitation services.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return **each** proxy card to ensure that all of your shares are voted. Alternatively, if you vote by telephone or via the Internet, you will need to vote once for each proxy card and voting instruction card you receive.

Can I change my vote after voting my proxy?

Yes. You can revoke your proxy at any time before the applicable vote at the meeting. If you are the record holder of your shares, you may revoke your proxy in any one of three ways:

- You may submit another properly completed proxy with a later date.
- You may send a written notice that you are revoking your proxy to our Secretary, Trevor Lang, at 6300 Merrill Creek Parkway, Suite B, Everett, Washington 98203.
- You may attend the annual meeting and vote in person (if you hold your shares beneficially through a broker, you must bring a legal proxy from the record holder in order to vote at the meeting).

If your shares are held by your broker, bank or other agent, you should follow the instructions provided by them.

What is the quorum requirement?

A quorum of shareholders is necessary to hold a valid meeting. A quorum will be present if at least a majority of the outstanding shares as of the close of business on the record date are represented by shareholders present at the meeting or by proxy.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker, bank or other agent) or if you vote in person at the meeting. Generally, abstentions and broker non-votes (discussed below in How are votes counted?) will be counted towards the quorum requirement. If there is no quorum, a majority of the votes present at the meeting may adjourn the meeting to another date. **Your vote is extremely important, so please vote.**

How are votes counted?

Votes will be counted by the inspector of election appointed for the meeting, who will separately count For, Against and Abstain and broker non-votes (if applicable). Abstentions and broker non-votes (described below) will not be counted as votes cast for any proposal.

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If your shares are held by your broker, bank or other agent as your nominee (that is, in street name), you will need to obtain a voting instruction form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker, bank or other agent to vote your shares. If you do not give instructions to your broker, bank or other agent, they can vote your shares with respect to discretionary items, but not with respect to non-discretionary items. Under the rules of the New York Stock Exchange (NYSE), the election of directors (Proposal 1) is considered a non-discretionary item while the ratification of the selection of Moss Adams LLP as our auditor (Proposal 2) is considered a discretionary item. Please note that this year the NYSE rules that govern how brokers vote your shares have changed and brokers may no longer use discretionary authority to vote shares on the election of directors if they have not received instructions from their clients. Accordingly, if your broker holds your shares in its name, the broker is not permitted to vote your shares on the election of directors (Proposal 1) but is permitted to vote your shares on the ratification of the selection of Moss Adams LLP (Proposal 2) even if it does not receive voting instructions from you because Proposal 2 is considered discretionary. When a broker votes a client s shares on some but not all of the proposals at the annual meeting, the missing votes are referred to as broker non-votes. Broker non-votes will be included in determining the presence of a quorum at the annual meeting but are not considered present or a vote cast for purposes of voting on the non-discretionary items. Please vote your proxy so your vote can be counted.

How many votes are needed to approve each proposal?

Under Washington corporation law, our Articles of Incorporation and our bylaws, if a quorum exists, the approval of any corporate action taken at a shareholder meeting is based on votes cast. Votes cast means votes actually cast For or Against a particular proposal, whether by proxy or in person. Abstentions and broker non-votes (discussed previously) are not considered votes cast. Each outstanding share entitled to vote with respect to the subject matter of an issue submitted to a meeting of the shareholders shall be entitled to one vote per share.

Election of Directors. As described in more detail below under Election of Directors, we have adopted majority voting procedures for the election of directors in uncontested elections. As this is an uncontested election, the director nominees will be elected if the votes cast For a nominee s election exceed the votes cast Against the director nominee. There is no cumulative voting for the election of directors.

If a director nominee does not receive the requisite votes to be elected, that director s term will end on the date on which an individual is selected by the board to fill the position held by such director or ninety (90) days after the date the election results are determined, or the date the director nominee resigns, whichever occurs first.

Other Proposals. For the ratification of the selection of our independent registered public accounting firm for fiscal 2010 (Proposal 2), if the number of For votes exceeds the number of Against votes, then Proposal 2 will be ratified.

If you abstain from voting on any of the proposals, or if a broker or bank indicates it does not have discretionary authority to vote on any particular proposal, the shares will be counted for the purpose of determining if a quorum is present, but will not be included in the vote totals as a vote cast with respect to the proposal in question. Furthermore, any abstention or broker non-vote (a broker non-vote is explained previously in How are votes counted) will have no effect on the proposals to be considered at the meeting since these actions do not represent votes cast by shareholders.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Final voting results will be published on report Form 8-K with the Securities and Exchange Commission (SEC) within four business days after the annual meeting.

Director Qualifications

The board of directors believes that it is necessary for each of the Company s directors to possess many qualities and skills and the composition of our board of directors has been designed to allow for expertise in differing skill sets. The governance and nominating committee is responsible for assisting the board in matters of board organization and composition and in establishing criteria for board membership. A detailed discussion of these criteria and how they are utilized is set forth below under Membership Criteria for Board Members. Also, the procedures for nominating directors is set forth below under Director Nomination Procedures.

Information as of the date of this proxy statement about each nominee for election this year and each other current director is included below under Election of Directors. The information presented includes information each director has given us about his age, all positions he holds, his principal occupation and business experience for the past five years, and the names of other publicly-held companies of which he currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding each nominee s and current director s specific experience, qualifications, attributes and skills that led our board to the conclusion that he should serve as a director, we also believe that all of our director nominees and current directors have a reputation for integrity, honesty and adherence to high ethical standards.

Information about the number of shares of common stock beneficially owned by each director appears under the heading Security Ownership of Certain Beneficial Owners and Management. There are no family relationships among any of the directors and executive officers of the Company.

Board Leadership

We separate the roles of Chief Executive Officer (CEO) and Chairman of the Board in recognition of the differences between the two roles. Our CEO, Richard M. Brooks, is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company, while our Chairman of the Board, Thomas D. Campion, provides guidance to the CEO and sets the agenda for board meetings and presides over meetings of the full board. Because Mr. Campion is an employee of the Company and is therefore not independent, our board has appointed the chairman of our governance and nominating committee, Matthew L. Hyde, as the Company s lead independent director. The lead independent director has responsibility to:

- call, lead and preside over meetings of the independent directors, which meet in private executive sessions at each board meeting;
- call special meetings of the board of directors on an as-needed basis;
- set the agenda for executive sessions of meetings of the independent directors;
- facilitate discussions among the independent directors on key risks and issues and concerns outside of board meetings;
- brief the Chairman and CEO on issues that arise in executive session meetings;
- serve as a non-exclusive conduit to the Chairman and CEO of views, concerns and issues of the independent directors; and
- collaborate with the Chairman and CEO on setting the agenda for board meetings.

Membership Criteria for Board Members

The governance and nominating committee of the board is responsible for establishing criteria for board membership. This criteria includes, but is not limited to, personal and professional ethics, training, commitment to fulfill the duties of the board of directors, commitment to understanding the Company s business, commitment to engage in activities in the best interest of the Company, independence, industry knowledge and contacts, financial and accounting expertise, leadership qualities, public company board of director and committee

experience and other relevant experience and qualifications. These criteria are referenced in the Company s Corporate Governance Guidelines and in Exhibit A to the governance and nominating committee s charter. The board also has the ability to review and add other criteria, from time to time, that it deems relevant. Specific weights are not assigned to particular criteria and no particular criterion is necessarily applicable to all prospective nominees.

The criteria referenced above are used as guidelines to help evaluate the experience, qualifications, skills and diversity of current and potential board members. With respect to diversity, we broadly construe it to mean diversity of race, gender, age, geographic orientation and ethnicity, as well as diversity of opinions, perspectives, and professional and personal experiences. Nominees are not discriminated against on the basis of race, religion, national origin, sexual orientation, disability or any other basis proscribed by law. The board believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge and abilities that will allow the board to fulfill its responsibilities and help achieve the goal of the Company becoming one of the country s best specialty retail companies.

Risk Oversight

The board takes an active role, as a whole and also at the committee level, in helping the Company evaluate and plan for the material risks it faces, including operational, financial, legal and regulatory, and strategic and reputational risks. As part of its charter, the audit committee discusses with management the Company s major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company s risk assessment and risk management policies. The compensation committee is responsible for overseeing the management of risks relating to the Company s executive compensation plans and arrangements. The governance and nominating committee manages risks associated with corporate governance, including risks associated with the independence of the board and reviews risks associated with potential conflicts of interest affecting directors and executive officers of the Company. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire board is regularly informed through committee reports about such risks. Furthermore, at least annually, the board conducts an independent session where they outline the risks that they believe exist for the Company and the broader retail industry and compares these with the risks outlined by management. Subsequent to this evaluation, management prioritizes the identified risks along with strategies to manage them or address how the Company intends to mitigate these risks. Additionally, the board exercises its risk oversight function in approving the annual budget and quarterly re-forecasts and in reviewing the Company s long-range strategic and financial plans with management.

PROPOSAL 1

Election Of Directors

The Company currently has six director positions. The directors are divided into three classes so that approximately one-third of the directors are elected each year for three-year terms. Directors are elected to hold office until their successors are elected and qualified, or until resignation or removal in the manner provided in our bylaws. Two directors are nominees for election this year and each has consented to serve a three-year term ending in 2013. The remaining directors will continue to serve the terms set out below.

The nominees for director in an uncontested election, such as this one, will be elected if the votes cast in favor of a nominee s election exceed the votes cast opposing such nominee s election. Abstentions and broker non-votes are not considered votes cast. Likewise, a share otherwise present at the meeting as to which a shareholder gives no authority or direction to vote is also not considered a vote cast.

In a contested election, the directors shall be elected by a plurality of the votes cast. A contested election means an election of directors of the Corporation in which the number of nominees for any election of directors nominated by (i) the board of directors, or (ii) any shareholder pursuant to Article 1, Section 10 of the Company s bylaws, or (iii) a combination of nominees by the board of directors and any shareholder pursuant to Article I, Section 10 of the Company s bylaws, exceed the number of directors to be elected.

A nominee for director in an uncontested election who does not receive the requisite votes for election, but who was a director at the time of the election, shall continue to serve as a director for a term that shall terminate on the date that is the earlier of: (i) ninety (90) days from the date on which the voting results of the election are certified, (ii) the date on which an individual is selected by the board of directors to fill the office held by such director, which selection shall be deemed to constitute the filling of a vacancy by the board of directors, or (iii) the date the director resigns. Except in the foregoing sentence, a director who failed to receive a majority vote for election will not participate in the filling of his or her office. If none of the directors receive a majority vote in an uncontested election, then the incumbent directors (a) will nominate a slate of directors and hold a special meeting for the purpose of electing those nominees as soon as practicable, and (b) may in the interim fill one or more offices with the same director(s) who will continue in office until their successors are elected. If, for any reason, the directors shall not have been elected at any annual meeting, they may be elected at a special meeting of shareholders called for that purpose in the manner provided by the Company s bylaws.

We invite and recommend all of our directors and the nominees for director to attend our annual meeting of shareholders. There was one annual meeting of shareholders during the last fiscal year.

Nominees for Election to Terms Expiring in 2013

William M. Barnum, Jr., 56, has served on our board of directors since November 2002. Since 1984, Mr. Barnum has been with Brentwood Private Equity where he co-founded the firm s private equity effort, and is currently its General Partner. Prior to joining Brentwood Private Equity, Mr. Barnum worked at Morgan Stanley & Co. in the investment banking division. He is a graduate of Stanford University, and a graduate of Stanford Law School and Stanford Graduate School of Business. Presently, Mr. Barnum is a director of Filson Holdings, Inc., Oriental Trading Company, Inc., Quiksilver Corporation, The Teaching Company Holdings, Inc., Ariat International, Inc., ThreeSixty Asia Ltd and Zoe s Kitchen Inc.

Mr. Barnum s background in private equity and his public company board experience is invaluable to our board s discussions of financial and capital market matters. As the Company formulates and executes its growth strategies, Mr. Barnum provides valuable insights and experiences regarding mergers and acquisitions and international expansion. Additionally, Mr. Barnum has been engaged in the retail and action sports industry for many years and his experience provides valuable guidance to the Company.

Gerald F. Ryles, 73, has served on our board of directors since August 2005. Until it was acquired in September 2003, Mr. Ryles was Chairman of the Board and a major shareholder of Microserv Technology Services, a privately held information technology services company. From January 1994 through January 2001, Mr. Ryles was also the Chief Executive Officer. He also has over 40 years of management experience in several different industries as well as management consulting experience with McKinsey & Company. He is a graduate of the University of Washington, and earned an M.B.A. from Harvard University. He also serves on the board of directors of Giant Campus an educational software company, and the State of Washington s Board of Accountancy, where he is the Chairman.

Mr. Ryles extensive prior business experiences as a chief executive officer and his financial expertise are critical to our board and the audit committee in particular. Mr. Ryles consulting background and chief executive experience provides the Company with perspective regarding a number of different successful business strategies that help the Company formulate its operating and growth plans.

The Board Of Directors Recommends A Vote For the Election of Each Nominee

Previously Named

Continuing Director Whose Term Expires in 2011

Thomas D. Campion, 61, was one of our co-founders and has served on our board of directors since our inception in 1978. Mr. Campion has held various senior management positions during this time, including serving as our Chairman since June 2000. From November 1970 until August 1978, he held various management positions with JC Penney Company. Mr. Campion holds a B.A. in Political Science from Seattle University. Mr. Campion serves as the Board Chair of the Alaska Wilderness League, a Washington, D.C. based environmental group, and is on the board of Conservation Northwest, a Bellingham, Washington based environmental group. He is also the trustee of the Campion Foundation, a nonprofit organization focused on ensuring that biologically important ecosystems in Northwestern North American are preserved. The Foundation also works on homelessness issues in the Pacific Northwest.

Mr. Campion s knowledge as a retailer and as the co-founder of the Company provide the board with invaluable insight into the Company s business and its unique culture. Mr. Campion provides generational leadership, sales, marketing, merchandising and brand building experience and expertise. Mr. Campion s particular knowledge and experience with Zumiez and its competition helps the Company formulate short and long-term strategies that have contributed to Zumiez differentiating itself in the specialty niche of action sports retailing. As the Company s largest shareholder, Mr. Campion s interests are aligned with other Zumiez shareholders interests to increase the long-term value of the Company.

Continuing Directors Whose Terms Expire in 2012

Richard M. Brooks, 50, has served as our CEO since June 2000. From August 1993 through June 2000, he served as a Vice President and our Chief Financial Officer (CFO). From November 1989 until February 1992, Mr. Brooks was with Interchecks, Inc., a subsidiary of Bowater PLC, as a finance officer. Mr. Brooks was with Deloitte, Haskins & Sells, currently known as Deloitte & Touche, from July 1982 to March 1989. Mr. Brooks holds a B.A. in Business from the University of Puget Sound. Mr. Brooks has served on the University of Puget Sound Board of Trustees from May 2002 to the present, where he serves as the Chairman of the Board of Trustees as well as serving on its Executive Committee, Development and Alumni Relations Committee, Compensation Committee and chairs its Audit Committee.

Mr. Brooks day to day leadership as our CEO provides him with detailed knowledge of our business and operations. Mr. Brooks provides generational leadership, sales, marketing, merchandising and brand building experience and expertise. Mr. Brook s particular knowledge and experience with Zumiez and its competition helps the Company formulate short and long-term strategies that have helped Zumiez differentiate itself in the specialty niche of the action sports retail business. As the Company s third largest shareholder, Mr. Brooks interest is aligned with other Zumiez shareholders interest to increase the long-term value of the Company.

Matthew L. Hyde, 47, was appointed to our board in December 2005 and is the Executive Vice President of Recreational Equipment Inc. (REI), which he joined in 1986. He currently oversees Marketing, Retail, Ecommerce & Direct Sales, Public Affairs and Customer Experience functions at REI. Mr. Hyde previously led REI s online division, championing its award-winning multi-channel strategy. He currently serves on the board of the YMCA of the USA, and holds a Bachelor s of Science degree from Oregon State University in Corvallis.

Mr. Hyde s background in a retail company, including his online retail and brand marketing experience, is of critical importance to the board. Mr. Hyde also provides critical merchandising and brand building expertise because of his long tenure in specialty retail. Mr. Hyde s successful expertise in building a retail brick and mortar, direct and multi-channel strategy provides insight and experience as the Company plans its growth in these channels of distribution.

James M. Weber, 50, was appointed to our board in April 2006 and is the President and CEO of Brooks Sports, a leading running shoe and apparel company, where he has been since 2001. Mr. Weber s experience also includes positions as Managing Director of U.S. Bancorp Piper Jaffray Seattle Investment Banking practice, Chairman and CEO of Sims Sports, President of O Brien International, Vice President of The Coleman Company and various roles with the Pillsbury Company. Mr. Weber earned an M.B.A., with distinction, from the Tuck School at Dartmouth College and is a graduate of the University of Minnesota. Presently, Mr. Weber is a director at the Seattle Sports Commission and at Bensussen, Deutsche and Associates.

Mr. Weber s role as the chief executive officer of a sports related company and his extensive brand building, marketing and chief executive officer experience provide our boardwith a very useful perspective as the Company plans its growth strategies.

CORPORATE GOVERNANCE

Independence of the Board of Directors and its Committees

As required under NASDAQ Stock Market listing standards, a majority of the members of a listed company s board of directors must qualify as independent, as affirmatively determined by the board of directors. Our board of directors consults with our counsel to ensure that the board s determinations are consistent with all relevant securities and other laws and regulations regarding the definition of independent, including those set forth in applicable NASDAQ listing standards, as in effect from time to time.

Consistent with these considerations, after review of all relevant transactions or relationships between each director or any of his family members and the Company, our senior management and our independent auditors, our board of directors has affirmatively determined that all of our directors are independent directors within the meaning of the applicable NASDAQ listing standards, except for our Chairman Mr. Campion, and CEO Mr. Brooks.

As required under applicable NASDAQ listing standards, our independent directors meet in regularly scheduled executive sessions at which only independent directors are present. All of the committees of our board of directors are comprised of directors determined by the board to be independent within the meaning of the applicable NASDAQ listing standards.

Certain Relationships and Related Transactions

The Company made charitable contributions to the Zumiez Foundation in fiscal 2009 and fiscal 2008 of approximately of $331,000 and $368,000. Our Chairman, Thomas D. Campion, is a trustee of the Zumiez Foundation.

Policy and Procedures with Respect to Related Person Transactions

The Company recognizes that Related Person Transactions (defined as transactions, arrangements or relationships in which the Company was, is or will be a participant and the amount involved exceeds $10,000, and in which any Related Person (defined below) had, has or will have a direct or indirect interest) may raise questions among shareholders as to whether those transactions are consistent with the best interests of the Company and its shareholders. It is the Company s policy to enter into or ratify Related Person Transactions only when the board of directors, acting through the audit committee of the board of directors determines that the Related Person Transaction in question is in, or is not inconsistent with, the best interests of the Company and its shareholders, including but not limited to situations where the Company may obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or services to Related Persons on an arm s length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. A summary of the Company s policies and procedures with respect to review and approval of related person transactions are set forth below

Related Persons are defined as follows:

1. any person who is, or at any time since the beginning of the Company s last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;

2. any person who is known to be the beneficial owner of more than 5% of any class of the Company s voting securities;

3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and

4. any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

Directors and executive officers are required to submit to the audit committee a list of immediate family members and a description of any current or proposed Related Person Transactions on an annual basis and provide updates during the year.

In its review of any Related Person Transactions, the audit committee shall consider all of the relevant facts and circumstances available to the audit committee, including (if applicable) but not limited to: the benefits to the Company; the impact on a director s independence in the event the Related Person is a director, an immediate family member of a director or an entity in which a director is a partner, shareholder or executive officer; the availability of other sources for comparable products or services; the terms of the transaction; and the terms available to unrelated third parties or to employees generally. No member of the audit committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The audit committee shall approve or ratify only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders as the audit committee determines in good faith. The audit committee shall convey the decision to the CEO or the CFO, who shall convey the decision to the appropriate persons within the Company.

Information Regarding the Board of Directors and its Committees

Our board has established an audit committee, compensation committee and governance and nominating committee. The board has adopted a written charter for each committee. The charters of these three committees are posted on the Company s website and can be accessed free of charge at http://ir.zumiez.com and are available in print to any shareholder who requests them. The composition of our board committees complies with the applicable rules of the SEC and The NASDAQ Stock Market. The board has determined that Gerald F. Ryles is an audit committee financial expert as defined in the rules of the SEC.

Chairperson	Member	Lead Independent Director	Audit Committee Financial Expert

	Audit Committee	**Governance & Nominating Committee**	**Compensation Committee**
James M. Weber			
Matthew L. Hyde			
Gerald F. Ryles			
William M. Barnum			

Audit Committee

As more fully described in its charter, our audit committee has responsibility for, among other things:

- the sole authority to appoint, determine the funding for, and oversee the independent registered public accounting firm;

- assisting our board in monitoring the integrity of our financial statements and other SEC filings;

- discussing with our management and our independent registered public accounting firm significant financial reporting issues and judgments and any major issues as to the adequacy of our internal controls;

- reviewing our annual and quarterly financial statements prior to their filing with the SEC and prior to the release of our results of operations;
- reviewing the independence, performance and qualifications of our independent registered public accounting firm and presenting its conclusions to our board and approving, subject to permitted exceptions, any non-audit services proposed to be performed by the independent registered public accounting firm;
- oversight of the performance of the Company s internal audit function; and
- reviewing its charter at least annually for appropriate revisions.

The audit committee has the power to investigate any matter brought to its attention within the scope of its duties and to retain counsel for this purpose where appropriate.

Governance and Nominating Committee

As more fully described in its charter, our governance and nominating committee, has the responsibility for, among other things:

- recommending persons to be selected by the board as nominees for election as directors and as chief executive officer;
- assessing our directors and our board s performance;
- making recommendations to the board regarding membership and the appointment of chairpersons of the board s committees;
- recommending director compensation and benefits policies;
- reviewing its charter at least annually for appropriate revisions; and
- recommending to the board other actions related to corporate governance principles and policies.

Compensation Committee

As more fully described in its charter, our compensation committee has responsibility for, among other things:

- establishing the Company s philosophy, policies, and strategy relative to executive compensation, including the mix of base salary, short-term and long-term incentive and equity based compensation within the context of the stated policies and philosophy including management development and succession planning practices and strategies;
- reviewing corporate goals and objectives relevant to compensation of our CEO and other senior executives including review and approval of performance measures and targets for all executive officers participating in the annual executive incentive bonus plan and certify achievement of performance goals after the annual measurement period to permit bonus payouts under the plan;

determining and approving our CEO s compensation and making recommendations to the board with respect to compensation of other executive employees, including any special discretionary compensation and benefits;

administering our incentive compensation plans and equity based plans and making recommendations to the board with respect to those plans;

making recommendations to our board with respect to the compensation of directors;

the sole authority to appoint, determine the funding for, and oversee the independent compensation consultant; and

reviewing its charter at least annually for appropriate revisions.

Succession Planning

Our CEO and board review at least annually the succession plan of our CEO and each of our named executive officers (NEO or NEOs). The compensation committee conducts an annual review of, and provides approval for, our management development and succession planning practices and strategies.

Our CEO provides an annual report to the board assessing senior management and their potential successors. As part of this process, contingency plans are presented in the event of our CEO s termination of employment for any reason (including death or disability). The report to the board also contains the CEO s recommendation as to his or her successor. The full board has the primary responsibility to develop succession plans for the CEO position.

Meetings of the Board of Directors and Board and Committee Member Attendance

Our full board of directors met seven times last year, the audit committee met four times last year, the compensation committee met five times last year and the governance and nominating committee met four times last year. The board of directors and the committees acted by unanimous written consent when required during the last fiscal year. Each board member attended 75% or more of the aggregate number of meetings of the board, and of the committees on which he served, that were held during the period for which he was a director or committee member, respectively. There were five board members in attendance at our May 27, 2009 annual shareholder meeting.

Shareholder Communications with the Board of Directors

The Company has a process by which shareholders may communicate directly with directors, including non-employee directors, by mailing such communication to the board in care of the Company s Secretary, at the Company s headquarters in Everett, Washington. The mailing envelope must contain a clear notation indicating that the enclosed letter is a Shareholder-Board Communication or Shareholder-Director Communication. All such letters must identify the author as a shareholder and clearly state whether the intended recipients are all members of the board or just certain specified individual directors. The Secretary will make copies of all such letters and circulate them to the appropriate director or directors. All such communications will be forwarded to the intended director(s) without editing or screening. If these foregoing procedures are modified, then updated procedures will be posted on the Company s corporate website.

Code of Conduct and Ethics

Our board has adopted a code of conduct and ethics applicable to our directors, executive officers, including our CFO and other of our senior financial officers, and employees, in accordance with applicable rules and regulations of the SEC and The NASDAQ Stock Market. The code of conduct is available at http://ir.zumiez.com under the governance section.

Corporate Governance Guidelines

Our board has adopted corporate governance guidelines that provide an overview of the governance structure maintained at the Company and policies related thereto. The guidelines are available at http://ir.zumiez.com under the governance section.

Executive Compensation Recovery Policy

The Company maintains an executive compensation recovery policy. Pursuant to this policy, the Company may recover incentive income that was based on the achievement of quantitative performance targets if the executive officer engaged in fraud or intentional misconduct that resulted in an increase in his or her incentive income. Incentive income includes all incentive income and compensation that the compensation committee considers to be appropriate based upon the circumstance.

The compensation committee has the sole discretion to administer this policy and take actions under it, including soliciting recommendations from the audit committee and the full board and retaining outside advisors to assist in making its determinations. The actions taken by the compensation committee are independent of any action imposed by law enforcement agencies, regulators or other authorities.

Director Nomination Procedures

The nominations to the board of directors were completed by the governance and nominating committee. The governance and nominating committee has established board membership criteria (discussed above) and the procedures for selecting new directors.

The nominations to the board of directors in our last fiscal year and through the date of this proxy statement were completed using procedures in accordance with the charter of the governance and nominating committee including the director qualifications, criteria and skills as outlined in such charter. These procedures include:

- Initial review of potential director candidates by the committee as submitted by the independent directors of the board based on our established criteria for board membership including (without limitation) experience, skill set, diversity and the ability to act effectively on behalf of the shareholders and such other criteria as the committee may deem relevant from time to time.

- Each director candidate was put forth for consideration as a director candidate independently by our independent directors based on their knowledge of the candidates. None of our independent directors had a relationship with any candidates which would impair his independence. Each candidate s biography was reviewed by each member of the committee with the intention that each candidate would bring a unique perspective to benefit our shareholders and management.

- Interviews of director candidates were conducted by members of the committee and senior management. These interviews confirmed the committee s initial conclusion that candidates met the qualifications, criteria and skills to serve as a director of the Company.

- Reference checks were conducted if further checks were required based on the level of knowledge about the candidate by members of the committee.

- Background checks were conducted, including criminal, credit and bankruptcy, SEC violations and/or sanctions, work history and education.

- Independence questionnaires were completed by candidates and then reviewed by the Company, the committee and the Company s outside legal counsel to ensure candidates meet the requirements to be an independent director for the board, audit committee, compensation committee and the governance and nominating committee. The review also ensures the candidates positions do not conflict in any material way with Company business.

- Conclusion to nominate a candidate is based on all of the procedures reviewed previously and the information attached. It is ensured through these procedures that the candidate appears to be well qualified to serve on the Company s board of directors and its committees and appears to meet The NASDAQ Stock Market and SEC requirements to be able to serve as an independent director and as a member of the audit committee and any other committee the board may assign to such director.

No fees were paid to any third party search firms in connection with any director nominations.

The governance and nominating committee of the board will consider qualified nominees recommended by shareholders who may submit recommendations to the governance and nominating committee in care of our Chairman of the Board and Secretary at the following address:

Board of Directors and Chairman of the Board

c/o Corporate Secretary

Zumiez Inc.

6300 Merrill Creek Parkway, Suite B

Everett, Washington 98203

Nominees for director who are recommended by our shareholders will be evaluated in the same manner as any other nominee for director. Shareholder recommendations for director should include the following information:

- the name, age, residence, personal address and business address of the shareholder who intends to make the nomination and of the person(s) to be nominated;
- the principal occupation or employment, the name, type of business and address of the organization in which such employment is carried on of each proposed nominee and of the shareholder who intends to make the nomination;
- a representation that the shareholder is a holder of record of stock of the Company, including the number of shares held and the period of holding;
- a description of all arrangements or understandings between the shareholder and the recommended nominee*;*
- such other information regarding the recommended nominee as would be required to be included in a proxy statement filed pursuant to Regulation 14A promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended; and
- the consent of the recommended nominee to serve as a director of the Company if so elected.

The governance and nominating committee may require that the proposed nominee furnish the committee with other information as it may reasonably request to assist it in determining the eligibility of the proposed nominee to serve as a director.

To submit a recommendation for director for an upcoming annual shareholder meeting, it is necessary that a proposing shareholder notify the Company and provide the information set forth previously, no later than 120 days prior to the corresponding date on which the Company s annual proxy statement is mailed in connection with the most recent annual meeting.

General Director Nomination Right of All Shareholders

Any shareholder of the Company may nominate one or more persons for election as a director of the Company at an annual meeting of shareholders if the shareholder complies with the notice, information and consent provisions contained in Article I, Section 10 of the Company s bylaws. Specifically, these provisions require that written notice of a shareholder s intent to make a nomination for the election of directors be received by the Secretary of the Company not fewer than 120 days and not more than 150 days prior to the anniversary date of the prior year s annual meeting of shareholders.

The Secretary will send a copy of the Company s bylaws to any interested shareholder who requests them.

Security Ownership Of Certain Beneficial Owners And Management

The following table provides information regarding the beneficial ownership of our common stock as of April 1, 2010 by: (i) each of our directors; (ii) each of our NEOs; (iii) all of our NEOs and directors as a group; and (iv) each person, or group of affiliated persons, known by us to beneficially own more than 5% percent of our common stock. The table is based upon information supplied by our officers, directors and principal shareholders and a review of Schedule 13G reports filed with the SEC. Unless otherwise indicated in the footnotes to the table and subject to community property laws where applicable, we believe that each of the shareholders named in the table has sole voting and investment power with respect to the shares indicated as beneficially owned.

Applicable percentages are based on shares outstanding on April 1, 2010, adjusted as required by rules promulgated by the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include shares of common stock issuable pursuant to the exercise of stock options that are either immediately exercisable or exercisable on or before May 31, 2010, which is 60 days after April 1, 2010. These shares are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Except as noted below, the address for each person that holds 5% or more of our common stock is c/o Zumiez Inc., 6300 Merrill Creek Parkway, Suite B, Everett, Washington 98203.

Name of Beneficial Owner	Number of Common Shares Beneficially Owned	Percentage of Common Shares Beneficially Owned
Thomas D. Campion (1)	5,614,936	18.6%
Richard M. Brooks (2)	3,713,024	12.3%
Lynn K. Kilbourne (3)	248,065	*
Trevor S. Lang (4)	113,819	*
Ford W. Wright (5)	147,701	*
William M. Barnum Jr. (6)	98,374	*
Gerald F. Ryles (7)	32,637	*
James M. Weber (8)	24,256	*
Matthew L. Hyde (9)	24,256	*
All Executive Officers and Directors as a group (10 persons)	9,997,318	33.0%
T. Rowe Price Associates, Inc. (10)	4,015,400	13.2%
Wasatch Advisors, Inc (11)	2,168,377	7.2%
FMR, LLC (12)	2,134,937	7.1%
Wadell & Reed Financial Services, Inc. (13)	2,023,196	6.7%

* Less than one percent.

(1) Includes shares of common stock held by grantor retained annuity trusts for which Thomas D. Campion is trustee. Mr. Campion is our Chairman of the Board.

(2) Mr. Brooks is our CEO and a Director.

(3) Consists of 48,010 shares of stock held by Ms. Kilbourne (of which 24,510 shares are restricted that began vesting on September 2, 2009, 11,000 shares are restricted that began vesting on March 16, 2010 and 7,000 shares are restricted that begin vesting on March 15, 2011); 198,721 vested stock options and 1,334 stock options exercisable within 60 days of April 1, 2010. Ms. Kilbourne is our President and General Merchandising Manager.

(4) Consists of 50,904 shares of stock held by Mr. Lang (of which 6,750 are restricted shares that vest through June 28, 2012, 15,500 are restricted shares that began vesting on March 16, 2010 and 6,800 are restricted shares that begin vesting on March 15, 2011); 61,249 vested stock options, and 1,666 stock options exercisable within 60 days of April 1, 2010. Mr. Lang is our CFO.

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(5) Consists of 75,051 shares of stock held by Mr. Wright (of which 11,500 shares are restricted that began vesting on March 16, 2010 and 5,950 shares are restricted that begin vesting on March 15, 2011); and 72,650 vested stock options. Mr. Wright is our Executive Vice President of Stores.

(6) Consists of 74,374 shares of stock held by Mr. Barnum of which 5,104 shares are restricted and vest on May 26, 2010; 19,000 vested stock options and 5,000 shares subject to options exercisable within 60 days of April 1, 2010. Mr. Barnum is one of our directors.

(7) Consists of 8,637 shares of stock held by Mr. Ryles of which 5,104 shares are restricted and vest on May 26, 2010; 19,000 vested stock options and 5,000 shares subject to options exercisable within 60 days of April 1, 2010. Mr. Ryles is one of our directors.

(8) Consists of 10,256 shares of stock held by Mr. Weber of which 7,923 shares are restricted that vest on May 26, 2010 and 14,000 vested stock options. Mr. Weber is one of our directors.

(9) Consists of 10,256 shares of stock held by Mr. Hyde of which 7,923 shares are restricted that vest on May 26, 2010 and 14,000 vested stock options. Mr. Hyde is one of our directors.

(10) This information is based solely on a Schedule 13G/A dated February 12, 2010 filed by T. Rowe Price Associates, Inc. (Price Associates). These securities are owned by various individual and institutional investors which Price Associates servers as investment adviser with power to direct investments and/or sole power to vote securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, Price Associates is deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. The business address of T. Rowe Price Associates, Inc. is 100 E. Pratt Street, Baltimore, Maryland 21202.

(11) This information is based solely on a Schedule 13G dated February 16, 2010 by Wasatch Advisors, Inc., registered under section 203 of the Investment Advisers Act of 1940. The business address of Wasatch Advisors, Inc. is 150 Social Hall Avenue, Salt Lake City, Utah 84111.

(12) This information is based solely on a Schedule 13G/A dated February 16, 2010 filed by FMR LLC. Fidelity Management & Research Company (Fidelity), 82 Devonshire Street, Boston, Massachusetts 02109, a wholly- owned subsidiary of FMR LLC and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 2,134,937 shares or 7.056% of the Common Stock outstanding of Zumiez Inc (the Company) as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940. Edward C. Johnson 3d and FMR LLC, through its control of Fidelity, and the funds each has sole power to dispose of the 2,134,937 shares owned by the Funds. Members of the family of Edward C. Johnson 3d, Chairman of FMR LLC, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Edward C. Johnson 3d, Chairman of FMR LLC, has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Funds Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Funds Boards of Trustees.

(13) This information is based solely on a Schedule 13G/A dated February 16, 2010 filed by Waddell & Reed Financial, Inc. The securities reported on herein are beneficially owned by one or more open-ended investment companies or other managed accounts which are advised or sub-advised by Ivy Investment Management Company (IICO), an investment advisory subsidiary of Waddell & Reed Financial, Inc. (WDR) or Waddell & Reed Investment Management Company (WRIMCO), an investment advisory subsidiary of Waddell & Reed, Inc. (WRI). WRI is a broker-dealer and underwriting subsidiary of Waddell & Reed Financial Services, Inc., a parent holding company (WRFSI). In turn, WRFSI is a

subsidiary of WDR, a publicly traded company. The investment advisory contracts grant IICO and WRIMCO all investment and/or voting power over securities owned by such advisory clients. The investment sub-advisory contracts grant IICO and WRIMCO investment power over securities owned by such sub-advisory clients and, in most cases, voting power. Any investment restriction of a sub-advisory contract does not restrict investment discretion or power in a material manner. Therefore, IICO and/or WRIMCO may be deemed the beneficial owner of the securities covered by this statement under Rule 13d-3 of the Securities Exchange Act of 1934 (the 1934 Act). IICO, WRIMCO, WRI, WRFSI and WDR are of the view that they are not acting as a group for purposes of Section 13(d) under the 1934 Act. Indirect beneficial ownership is attributed to the respective parent companies solely because of the parent companies control relationship to WRIMCO and IICO.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and greater than 10% shareholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required, during the fiscal year ended January 30, 2010, all applicable Section 16(a) filing requirements were met, and that all such filings were timely except that late Form 4 reports were filed for Lynn Kilbourne, Trevor Lang and Ford Wright on March 23, 2009, for the reporting of an annual grant of restricted stock and stock options.

Executive Officers

As of the end of fiscal 2009 the names, ages and positions of the current non-director executive officers of the Company are listed below, along with their respective business experience during the past five years. No family relationships exist among any of the directors or executive officers of the Company.

Trevor S. Lang, 39, has served as our Chief Financial Officer and Secretary since June of 2007. He had served as Vice President of Finance for Carter s, Inc. since January 2003. At Carter s, Mr. Lang was responsible for the management of the corporate accounting and finance functions. From September 1999 until joining Carter s in 2003, Mr. Lang served in a progressive series of Vice President roles in the finance area at Blockbuster Inc., culminating in his role as Vice President Operations Finance where he was responsible for accounting and reporting for over 5,000 company-owned and franchised stores. From 1994 until 1999, Mr. Lang worked in the audit division of Arthur Andersen reaching the level of audit manager. Mr. Lang is a 1993 graduate of Texas A&M University with a BBA, Accounting. He is also a Certified Public Accountant.

Lynn K. Kilbourne, 47, has served as our President and General Merchandising Manager (GMM). since September 2008. Prior to September 2008 and since September 2004, Ms. Kilbourne served as our Executive Vice President and GMM. From July 1991 until May 2001, she was with Banana Republic, a subsidiary of Gap, Inc., in various senior management positions. After leaving Banana Republic, Ms. Kilbourne served as an independent consultant in the retail industry until she joined Zumiez in September 2004. Ms. Kilbourne holds a B.A. in Economics and Political Science from Yale University and an M.B.A. from the Harvard University Graduate School of Business Administration.

Ford K. Wright, 42, has served as our Executive Vice President of Stores since March 2007. From May of 2000 through February 2007 he served as the Director of Store Systems. From June 1994 through April 2000 Mr. Wright has served in Store, District and Regional Management positions. Prior to June of 1994 Mr. Wright was employed with Nordstrom. Mr. Wright has over 20 years experience in the retail and wholesale clothing industry.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The Company s basis for competitive advantage is its culture conceived, developed and maintained as a unique and powerful basis for engendering commitment, accountability, competitiveness and creativity among all staff. The objective of the Company s compensation discussion and analysis is to describe how, for the NEOs, the Company links its culture to compensation philosophy and then to compensation strategy; and, to explain how the Company executed its compensation strategy during the last year. While the discussion and analysis focuses on the NEOs in the compensation tables in this proxy statement, the Company links culture, compensation philosophy and compensation strategy, that is pervasive throughout the organization from the seasonal sales person to each of the NEOs.

Fiscal 2009 A Review of This Past Year

When determining fiscal 2009 target compensation, the Company expected the trends that negatively impacted Zumiez in the second half of fiscal 2008 to continue into fiscal 2009. As a result, the compensation committee did not give any base salary increases to the NEOs because it believed the compensation levels were competitive, in line with historical practice and the Company s performance did not warrant increases. The compensation committee believed the compensation structure outlined in previous years was still relevant and appropriate, so the Short-term Cash Based Incentives and stock based compensation components of compensation were designed to follow the same methodology and is discussed in further detail below.

Fiscal 2009 was a difficult year for Zumiez. The global great recession affected all business, including Zumiez. Record high unemployment, coupled with an increase in consumer savings, the downturns in the housing, mortgage and credit markets, negatively impacted consumer discretionary spending. Throughout the year Zumiez focused on three main priorities:

1. Improving our value proposition with our customers through sales, merchandising and marketing efforts, while at the same time keeping true to our branded action sports niche.

2. Continuing to invest in new stores, training and hiring talented employees and infrastructure projects which we believe will allow us to be a growth company in the future.

3. Improving our capitalization with a particular emphasis on liquidity by lowering costs (both operating and capital) across targeted areas.

While the first half of fiscal 2009 was more challenging when compared to fiscal 2008, the second half of the year saw improved sales, product margin and profitability, particularly in the fourth quarter of fiscal 2009. As we moved into the back-to-school selling season in the third quarter, we saw a marked improvement in the trends relative to first half of the year s performance. These improved trends continued into the holiday season, our fourth quarter, and we experienced increased sales and profitability when compared with the fourth quarter of fiscal 2008. The table below summarizes our comparable store sales and diluted earnings per share by quarter.

	Comparable Store Sales			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2009	(15.3)%	(18.8)%	(8.0)%	(1.7)%
Fiscal 2008	(0.8)%	(1.7)%	(5.8)%	(13.4)%
Change	(14.5)%	(17.1)%	(2.2)%	11.7%

	Diluted Earnings Per Share			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 2009	$ (0.06)	$ (0.10)	$ 0.17	$ 0.29
Fiscal 2008	0.05	0.09	0.23	0.21
$ Change	$ (0.11)	$ (0.19)	$ (0.06)	$ 0.08
% Change	N/M	N/M	(26.1)%	38.1%

In summary, for the year we experienced a comparable store sales decrease of 10.0% and a reduction in diluted earnings per share of 48.3% from $0.58 in fiscal 2008 to $0.30 in fiscal 2009. However, we did see an improvement in product margin of 0.5% and this improvement in product margin resulted in the achievement of the stretch challenge in our Short-term Cash Based Incentives for our NEOs. Accordingly, the NEOs were paid the bonus payout under the plan for this component of the Short-Term Cash Based Incentives. However, total direct compensation paid to all our NEOs for fiscal 2009 fell considerably below the target levels.

Fiscal 2010 A Look At the Upcoming Year

Although the United States economy has shown some stabilization in the second half of 2009 and into the first quarter of 2010 and our business performed better in the fourth quarter of 2009, the Company recognizes the difficult economic situation many consumers face and is still planning the business in a conservative manner. The compensation committee evaluated compensation for fiscal 2010 with an eye toward balancing retention of key executive officers with our pay for performance principles and anticipated costs to the Company. With this in mind, the compensation committee kept the same elements of compensation for fiscal 2010 as the elements in place for fiscal 2009. As such, fiscal 2010 target total direct compensation consists of base salary, annual Short-Term Cash Based Incentives and long-term incentive compensation in the form of stock options and restricted stock. The compensation committee believes this combination of elements of compensation is the appropriate mix to motivate future performance, drive Company results and retain executive officers. The compensation committee will continue to evaluate both qualitative and quantitative results of the NEOs and performance relative to peers and survey studies when evaluating total direct compensation for the upcoming year.

The Zumiez Culture

While every organization has a culture, even if it is a culture by default, the Company believes that the Zumiez culture is unique. The Company believes it is well defined, understood widely and thoroughly among all staff, reinforced and exemplified by leaders held accountable for doing so and integrated into the daily practices and processes throughout the business. The Company believes the Zumiez culture is a competitive advantage and is built on a set of shared values that have been in place since the inception of the business. These shared values include:

Empowered managers The Zumiez culture pushes decision making down to the appropriate level in the organization within the context of appropriate guidelines, controls and procedures. This gives our managers throughout the organization the ability to impact their results creating increased accountability, clear measurements and a sense of ownership throughout the organization.

Teaching and learning Our culture strives to integrate quality teaching and learning experiences throughout the organization. We do this through a comprehensive training program which primarily focuses on sales and customer service training. Our training programs have been developed internally and are almost exclusively taught internally by Zumiez employees to Zumiez employees. The training programs have been developed to empower our managers to make good retail decisions.

Competition We believe that Zumiez employees enjoy competing. Our entire system is built around creating opportunities for people to compete and to be recognized for their contributions. This is reflected in everything we do including empowering managers, building competition into almost all of our training and in how we recognize the successes of our employees throughout the organization.

Fairness and honesty Along with our employees, we strive to be fair and honest in all of our relationships. This includes how we work with each other, our suppliers, our landlords and our customers.

Culture and Compensation Philosophy

The Zumiez culture guides how we manage our business and it permeates through our compensation philosophy. We believe our culture itself has value to our employees. Our culture allows our employees throughout the organization to make appropriate decisions to impact their results as well as the Company s financial results. We believe the competitive people we hire and the training we provide helps us generate strong operating results and we believe that our employees value working in this kind of environment.

The compensation committee believes the purpose of the compensation program for our NEOs is to help attract, retain, align, motivate and reward executives capable of understanding, committing to, maintaining and enhancing the culture; and, with culture as a centerpiece of our competitive advantage, establishing and accomplishing business strategies and goals that we believe makes the Company an attractive investment for shareholders. To do so, the compensation committee believes the compensation program should offer compensation opportunities that:

- are externally competitive with compensation paid by companies in the market for executive talent;
- reward performance by linking compensation to quantitative and qualitative goals that the compensation committee believes is in the best long-term interest of shareholders;
- are internally fair and consistent;
- drive long-term shareholder thinking by delivering a majority of the NEOs compensation in the form of equity that is directly linked to our stock price;
- are an effective blend of guaranteed and at-risk components, where the proportion of guaranteed pay is less than average and the proportion of at-risk pay is greater than average when compared to the competitive survey data;
- for at-risk components of pay, are an effective balance between short-term and long-term mechanisms; and
- provide nominal executive perquisites.

In structuring a competitive opportunity for each executive officer, the compensation committee evaluates and takes into account the total stock accumulated and owned by the executive as a result of equity-based award plans. The compensation committee believes that at-risk components should result in compensation for the executive only if justified by *performance*. For Zumiez executives, performance means, first of all, *doing the right things* building the culture and achieving the financial results that clearly drive the creation of shareholder value. The compensation program must align the interests and motivations of executives with those of shareholders. Secondly, performance means *doing things right* acting as strong, respected and acknowledged leaders of staff; and, as role models of leadership behavior in the community at-large. We believe that exemplary executive behavior helps to support sustainable long-term creation of shareholder value.

The compensation committee intends to continually explore, consider and introduce enhanced or new compensation approaches and elements for NEOs as appropriate. Firstly, Zumiez is a strong player in the action sports retail market. Secondly, the economic, business, industry, regulatory and competitive executive compensation environments experience continual change. Therefore, the committee believes the compensation program for NEOs must continue to evolve to help strengthen the Company s competitive business advantage in the marketplace. The current regulatory environment, specifically share based compensation guidelines, provide new or enhanced opportunities to link equity-based compensation to Company performance. In fiscal 2008, the compensation committee explored how to take advantage of these opportunities and introduced Performance

Based Restricted Stock (PBRS) to the NEOs, other than the Chairman and CEO, and to other key members of senior management. This compensation structure shows the compensation committee s commitment to initiate new compensation structures that align our executives long-term incentives to shareholder s interests. While we did not issue PBRS in fiscal 2009 nor do we intend to issue any in fiscal 2010, due to the difficult economic challenges, we do plan to revisit this type of compensation structure when a more normalized economic environment returns.

Who is Involved in Compensation Decisions for NEOs

The role of the compensation committee The compensation committee oversees and governs the compensation of the NEOs. The compensation committee is currently composed of two independent outside directors. The compensation committee was comprised of three independent outside directors until David DeMattei resigned from the board of directors on December 4, 2009. The compensation committee determines compensation considering the Company s culture and compensation philosophy, previously described, for the purpose of incentivizing and motivating the NEOs to deliver long-term value to shareholders. The compensation committee s responsibilities are to:

- Establish and articulate the philosophy, rationale and strategy for compensating all NEOs.
- Approve and oversee group and individual compensation plans designed to fulfill Company philosophy and strategy.
- Develop, recommend and justify to the board all compensation decisions and actions for the CEO.
- Review and approve all compensation decisions and actions for other NEOs.
- Review and approve any up-front performance measures, goals, standards, weightings and formulas that may be used to determine future conditional awards for NEOs.
- Ensure the ongoing success of our compensation program for NEOs by seeking, pursuing, evaluating and implementing improvements.
- Review total compensation in relation to survey analysis.
- Evaluate the enterprise risk associated with all forms of compensation.

The compensation committee meets a minimum of twice a year and in fiscal 2009 met five times. The compensation committee s charter is available on-line at http://ir.zumiez.com.

The role of NEOs The NEOs, and in particular the CEO, provide and explain information requested by the compensation committee and are present at compensation committee meetings as requested by the compensation committee. The NEOs are not present during deliberations or determination of their respective compensation.

On behalf of the compensation committee, the CEO has the following specific responsibilities:

- Develop, recommend and justify to the compensation committee compensation decisions and actions for NEOs other than the CEO.

Develop, recommend and justify to the compensation committee any up-front performance measures, goals, standards, weightings and formulas that may be used to determine future conditional awards for the compensation program for NEOs.

Report to the compensation committee experiences with the compensation program for NEOs and present any perceived opportunities for improvement.

Communicate appropriate information about the compensation committee s actions and decisions to the other NEOs.

The role of external advisors At the compensation committee s discretion, it may engage and consult with external advisors as it determines necessary to assist in the execution of its duties. External advisors have the following responsibilities:

- Provide research, analysis and expert opinions, on an as-requested basis, to assist the compensation committee in education, deliberations and decision-making.
- Maintain independence from the management of the Company.
- Interact with members of management only with the approval of the chair of the compensation committee.

All external advisors are engaged directly by the compensation committee and independently of the management of the Company.

The compensation committee periodically engages a compensation consultant to work with the compensation committee on its compensation deliberations. During the 2008 and 2009 fiscal years, the compensation committee asked the consultant to review the alignment of the Company s culture with its compensation philosophy and provide an assessment of compensation levels and advise the compensation committee on compensation strategies based on a market analysis taking into account recruiting goals, and retaining and motivating talent to build shareholder value. The compensation committee and the Company believe the compensation consultant is independent of the Company and management.

The role of outside counsel The compensation committee consults with outside legal counsel to advise on its deliberations. Outside legal counsel attends compensation committee meetings as deemed appropriate by the compensation committee and is also available between compensation committee meetings to advise the compensation committee.

Compensation Goals and Strategy for NEOs

Simplicity and Transparency. The compensation committee seeks *simplicity and transparency* in the compensation program for our NEOs. Therefore, the program focuses on easily understood components of clearly determinable value base salary, Short-Term Cash Based Incentives, and long-term equity awards. We refer to the combination of these as total direct compensation. The compensation committee does not use supplemental executive benefits and perquisites that are not also provided to all Company employees.

Attractive Compensation Opportunities. The compensation committee believes in and commits to planning for internal succession; however, the Company must be positioned to *attract and retain high-caliber executive talent in the external marketplace*. It believes it must be positioned to bring in seasoned, proven individuals from within the industry and beyond who can perform the full scope of their roles from time of hire. Establishing and maintaining the ability to attract and retain talent is a top priority for compensation of NEOs. To address this priority responsibly on behalf of shareholders, the compensation committee works each year to:

- Establish a conservative salary range for each position to guide salary hiring offers and salary increase decisions.
- Establish a competitive total annual cash compensation opportunity for each position through annual cash incentives where payout is contingent on performance.
- Provide opportunities to earn stock incentives in proportions so that the long-term opportunity for each NEO to earn total direct compensation (salary plus annual cash incentives plus stock incentives) is above average should shareholders realize above average returns.

Pay-at-Risk. The compensation committee is committed to *pay-at-risk.* Pay-at-risk means compensation that is earned only upon clear evidence that the interests of shareholders have been served. By design, the proportion of each NEOs total direct compensation that is at risk is greater than what is typically observed in the marketplace. Conservative base salaries are combined with above-average cash and stock incentives to create a total package that is competitive. We believe the *pay-at risk* philosophy is evidenced by the fact that no NEO has been paid the maximum total incentive compensation during the last three years.

Pay for Performance. The compensation committee believes pay-at-risk enables *pay for performance.* It allows major portions of total direct compensation (as described previously) to be paid only when short-term and long-term interests of shareholders have been met.

For *short-term (annual) pay-for-performance* for the NEOs as a group, the compensation committee has the following goals:

- Drive alignment around three Company-wide measures of performance: (1) comparable store sales results, (2) product margin and (3) diluted earnings per share. The compensation committee believes these are the best measures because they have the largest impact on Zumiez ability to grow profitability and provide clarity to individual executives. We calculate these performance measures as follows:

  - Comparable store sales We report comparable store sales based on net sales beginning on the first anniversary of the first day of operation of a new store. Our comparable store sales also include our ecommerce sales. Changes in our comparable store sales between two periods are based on net sales of stores which were in operation during both of the two periods being compared and, if a store is included in the calculation of comparable store sales for only a portion of one of the two periods being compared, then that store is included in the calculation for only the comparable portion of the other period. Any change in square footage of an existing comparable store, including remodels, does not eliminate that store from inclusion in the calculation of comparable store sales. There may be variations in the way in which some of our competitors and other apparel retailers calculate comparable or same store sales. As a result, data herein regarding our comparable store sales may not be comparable to similar data made available by our competitors or other retailers.

  - Product margin Product margin is calculated as cost of goods purchased from our private label vendors, including importing and inbound freight costs, and third party manufacturers, sold to our customers, divided by our net sales. Our net sales consist of revenue recognized upon purchase by our customers, net of actual sales returns, excluding shipping revenue.

  - Diluted earnings per share Diluted earnings per share is calculated in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

- Provide for the risk of zero annual Short-Term Cash Based Incentives payout should performance expectations not be met.

- Average awards upon achievement of performance measures that, in the judgment of the board are in the best long-term interests of the shareholders, would be expected in light of industry, company size, company maturity, prevailing business conditions, and any need to draw upon short-term earnings to fulfill strategic goals (such as growth, market share, or innovation).

- Provide for pay-at-risk, i.e., performance expectations that are challenging, but achievable.

- Proactively communicate to all NEOs performance expectations in order to establish clear incentive for achievement.

- Provide for upside compensation potential for earnings growth that is beyond Company expectations.

Set forth prudent limits, or caps, on upside potential to ensure no possibility of payouts that might be judged by shareholders as unjustifiable or excessive.

Allow for flexibility to attract and retain executives.

For *long-term pay-for-performance (long-term equity incentive)*, the compensation committee s goal is to link the ultimate compensation amounts realized by NEOs directly and exclusively to the Company s long-term common stock price change. To do so, the compensation committee makes use of stock-based awards for all NEOs (except as noted below).

The compensation committee has used, and intends to make use of, both gain-based stock awards (stock options) and full-value stock awards (restricted stock). The compensation committee determines on an annual basis for each NEO the total value of an award, based on a competitive range, that best reflects in the compensation committee s judgment both the individual s long-term track record of success and potential for long-term value-added future contributions.

Gain-based awards have widespread use and have upside potential that can be highly motivational however, the compensation committee; (i) is aware that gain-based awards have no downside potential similar to that of holding outright shares of stock; (ii) recognizes that the exclusive and substantial use of gain-based awards have historically been noted by the investment community as a potential contributor to misguided or unacceptable decisions on the part of executives in certain other companies; and (iii) knows that historic accounting advantages for the use of gain-based awards no longer exist. In addition, the compensation committee is aware of the executive compensation trend among publicly-held companies to utilize less gain-based awards in favor of full-value awards such as restricted stock. Therefore, the compensation committee continues to review and has deployed full-value restricted stock awards to help offset and balance the disadvantages of gain-based awards for achieving pay-for-performance and other compensation goals while retaining the advantages of gain-based awards. The mix of gain-based awards and full-value awards is evaluated annually by the compensation committee and adjusted based on input from the compensation consultant and the CEO; all in the context of the marketplace, our compensation philosophy, and what the compensation committee believes is in the best interest of the shareholders and the NEOs. The compensation committee also allows some deference to the NEOs in the allocation between stock options and restricted stock, so long as the total compensation charge to the Company is equal to what was approved by the compensation committee.

Executive Officer Continuity. Undesirable, unanticipated or untimely departure of an executive officer is a risk to the Company that the compensation committee works to avoid. The risk stems from the potentially high costs of recruiting, relocation, operational disruption, reduced morale, turnover ripple effects among staff, negative external perceptions, reduced external confidence and lost intellectual capital.

The compensation committee encourages executive officer continuity by granting stock awards to an NEO where the ultimate realization of value not only depends on stock price, but also on the NEO remaining with the Company for many years. Accordingly, if a NEO was to depart from the Company then he or she could forfeit potentially substantial amounts of unrealized compensation.

Shareholder Mentality. We believe it is in the best interests of shareholders for Zumiez leaders to feel, think and act like shareholders, and to have a shareholder mentality as they go about envisioning, planning for and executing operations. The compensation committee seeks to cultivate NEOs with a shareholder mentality by having NEOs receive, accumulate and maintain significant ownership positions in Zumiez through annual equity grants.

Within this concept, through equity awards granted over time, each NEO of the Company has the ability to establish and maintain a valuable ownership in the Company.

Enterprise Risk and Compensation

The compensation committee considers all facets of the NEOs compensation structure and believes it appropriately balances the drive for financial results and risks to the Company. The compensation committee aligns executive compensation with shareholder interests by placing a majority of total compensation at risk, and increasing the amount of pay that is at risk as the executives achieve higher levels of performance. There are no individuals subordinate to the NEOs that can earn a higher annual or long-term incentive than the NEOs. At risk means the executive will not realize value unless performance goals, which are tied directly to Company s long-term common stock price, are attained. The majority of the long-term based compensation vests over several years and is not tied to specific financial metrics. The short term incentives are tied to easily measureable financial metrics that the compensation committee believes are consistent, transparent and drive shareholder value, ie; comparable store sales, product margin and diluted earnings per share. By combining annual cash incentives tied to short-term financial performance along with the majority of the NEOs long-term wealth creation tied to stock performance, we believe an appropriate balance exists between rewarding performance without excessive risk taking. In addition we believe the short-term incentives in place that are tied to financial performance do not provide excessive risk to the Company as they are capped at no more than 150% of base pay for our President and GMM, 140% for our CFO, 110% for our Executive Vice President of Stores and 100% for our Chairman and CEO. The compensation committee believes that the overall executive compensation policy contains less than a reasonable likelihood of material risk.

Summary of the Elements of NEO Compensation

The compensation committee utilizes five primary elements for compensating NEOs:

- Base Salary
- Bonus
- Non-Equity Incentive Plan Compensation (Short-Term Cash Based Incentives)
- Stock Option Grants
- Restricted Stock Grants

Total Pay Philosophy Our Total Pay compensation philosophy is designed to recognize and reward the contributions of all employees, including executives, in achieving our strategic goals and business objectives, while aligning our compensation program with shareholder interests. We regularly assess our total pay package, and we adjust it as appropriate to remain competitive and to enable us to attract and retain our NEOs. We believe our total pay practices motivate our executives to build long-term shareholder value.

Base Salary is a pre-set fixed cash amount that is delivered regularly in equal portions through the year. Each NEOs annual base salary rate is reviewed from time to time and at least annually by the compensation committee. Outside of the CEO, the review is based on recommendations of the CEO.

Bonuses may be awarded from time to time in order to attract and retain key NEOs. These bonuses when awarded, are generally in addition to NEOs participating in Short-Term Cash Based Incentives and are considered in the executive s total direct compensation.

Short-Term Cash Based Incentives are based on pre-set opportunities for cash awards to be paid after the end of the year based on performance (Company and individual) for the year. Actual payouts may be between zero and twice the target amount, where the target amount is that established for each NEO by the compensation committee if target goals are achieved.

Stock Option Grants are opportunities granted from time to time (usually annually or at the time of hiring) to an NEO to purchase Company common stock at some future time at a pre-established fixed price set at the time of grant. This price is the actual market price of the stock at the time of grant. The right to exercise options in a particular grant is accumulated over a number of years, and is subject to vesting based upon continued employment with the Company.

Restricted Stock Grants are awards of common voting shares of stock that are granted from time to time (usually annually or at the time of hiring) to each NEO. The right to earn the stock is contingent upon continued employment over a period of time.

The compensation committee views the elements of total direct compensation for NEOs as an integrated orchestrated package to achieve all of the compensation goals described in the immediately preceding section of this discussion.

The Compensation process

Gathering information The compensation committee gathers together information to help it assess compensation for the NEOs, including:

Tally sheets The Company uses tally sheets for each of the NEOs to summarize the significant components of compensation. At Zumiez, the components of compensation generally include salary, Short-Term Cash Based Incentives, bonuses, equity incentives, 401K discretionary match and clothing discounts. The tally sheets are compared to targeted total compensation. The tally sheets are used to help prepare the tables that follow this compensation discussion and analysis.

Surveys At the compensation committees direction, the compensation consultant performed an analysis of compensation data from six surveys including: Apparel Industry Compensation Survey, ICR Ltd., U.S. Long-term Incentive and Equity Survey, Mercer Human Resources Consulting Inc., U.S. Retail Compensation and Benefits Survey, Mercer Human Resources Consulting Inc., Northwest Executive Compensation Survey, Milliman, Executive Compensation, Compdata Surveys, Regression Analysis of Compensation Survey Data, Watson Wyatt Worldwide. The consultant analyzed the survey data by considering companies of similar size nature and scope and taking into account our industry growth rate and geographic location. The consultant examined the data for aberrations, weighted observations and applied statistical methods and modeling techniques to determine the competitive market for salary, bonus and equity incentives awards. Management did not participate in any part of the survey analysis.

Fiscal 2009 results The compensation committee has access to the Company s fiscal 2009 operating plans and budgets as approved by the board of directors in March 2009. Management updates the compensation committee and the board on actual performance compared to budgets and summarizes for the compensation committee how the Company and the NEOs performed against the performance targets.

Fiscal 2010 operating and financial plans The compensation committee also receives the Company s operating plan and budgets for fiscal 2010 as approved by the Company s board of directors. The compensation committee uses this information to help establish performance targets for the upcoming fiscal year.

Audited results The compensation committee reviews the final audited results to confirm that performance targets were achieved. No incentive awards are made until audited results are received by the board.

Wealth creation schedules The compensation committee requests that management prepare wealth creation schedules for each NEO showing accumulated equity (both vested and unvested) and the amount of vested equity awards exercised and the related pre-tax proceeds.

Performance of teen specialty retailers The compensation committee requests that management prepare a schedule for a group of teen retailers comparing same-store sales results for the last four fiscal years and the percentage change in diluted earnings per share comparing the most recent year-end results to the previous year. The teen retailers include: Abercrombie & Fitch, Aeropostale, American Eagle, Hot Topic and Pacific Sunwear. The group was selected because they are generally considered to be leading lifestyle retailers in the teen market. All of the information for these retailers was summarized from publicly available date. The compensation committee compares the Company s relative performance as an additional data point understanding that all of these companies are larger and may have significantly different business models with significantly different growth profiles.

Evaluations The compensation committee receives a self-evaluation and confidential upward evaluations of the CEO and summary evaluations of the remaining NEOs. The compensation committee chair solicits the full membership of the board for feedback on the CEO s performance and prepares the CEO s annual evaluation for review by the full compensation committee.

There is discretion inherent in the compensation committee s role of establishing compensation for the NEOs. The compensation committee has attempted to minimize discretion by focusing on the three objective financial measures it considers to be the long-term drivers of the Company s business; comparable store sales, product margin, and diluted earnings per share. These three measures have historically been used exclusively to determine the Short-Term Cash Based Incentives and are also key considerations in determining changes to base salaries and long-term equity incentives. Some discretion is used by the compensation committee in evaluating the qualitative performance of the NEOs in determining base salaries and payment of discretionary bonuses. Some discretion is also used in the granting of long-term equity incentives to help NEOs build wealth through ownership of Zumiez stock. However, in all of these uses of discretion the compensation committee is also governed by the overall compensation philosophy. The compensation committee also takes into consideration survey analysis, changes in year over year compensation and total compensation.

Analysis

Once all the financial measures data is collected, the compensation committee reviews the data and asks management to clarify as appropriate. The compensation committee then works with its compensation consultant to determine fair and competitive compensation for each of the NEOs. During its deliberations the compensation committee considers many factors, including:

Focus on total compensation Historically, the Company has compensated its NEOs with a significant amount of long-term equity incentives. This approach is consistent with Zumiez culture and its compensation philosophy. Our compensation consultant reviewed the fiscal 2009 compensation structure and compared it to the survey data previously described. For companies of similar size, scope and nature the NEOs, other than the CEO and the Chairman, total cash compensation (base salary and Short-Term Cash Based Incentives) ranked at approximately the 50th percentile for comparable companies. When equity incentives were added in to arrive at total compensation the same NEOs compensation ranked approximately in the 90th percentile for comparable companies.

On an on-going basis the compensation committee currently intends to structure the compensation program to:

Provide conservative salaries (40th percentile against survey analysis).

Establish average (50th percentile) total cash compensation opportunities (base salary, bonus and Short-Term Cash Based Incentives) against survey analysis. Through the bonus and annual cash incentive opportunity, a large portion of this cash compensation is non-equity incentive subject to achieving qualitative as well as financial and operating targets.

Compensate NEOs (excluding our Chairman and CEO) at the 50th percentile when compared against survey analysis.

The compensation committee will evaluate this mix of compensation annually to reflect the maturity, complexity, and size of the business and to insure alignment with the long-term interest of shareholders.

Wealth accumulation The compensation committee considers the accumulated wealth from previous equity incentives granted to each NEO. In the case of our Chairman and our CEO who own 18.6% and 12.3% of the Company respectively, the compensation committee has concluded that each executive owns a sufficient amount of equity to align them with the long-term interests of shareholders. Because of this, neither our Chairman nor our CEO has received equity grants for the last four years. Additionally, because of our conservative cash compensation structure, both of these executives appear to be significantly under compensated when compared with the survey data of comparable companies.

Internal pay equity The compensation committee considers the relationship between the compensation of our CEO and the other NEOs for reasonableness. Because of our approach to compensation, the compensation committee believes the relatively close parity of compensation is appropriate for the CEO and the other NEOs.

Based on our compensation philosophy and all the factors and information gathered as described previously, the compensation committee reviewed each component of compensation and made the following awards during fiscal 2009.

Base Salary

In March 2009, the compensation committee met and reviewed the evaluations of the NEOs and the overall performance of the Company against three objective measures; (1) comparable store sales performance, (2) product margin and (3) diluted earnings per share. Based upon the performance of the Company in fiscal 2008, the compensation committee decided to maintain the base salaries for fiscal 2009 at the fiscal 2008 level as follows:

Executive Officer	**2009 Base Salary**	**Increase Over Prior Year**
Thomas D. Campion, Chairman of the Board	$ 262,500	0.0%
Richard M. Brooks, Chief Executive Officer	$ 262,500	0.0%
Lynn K. Kilbourne, President and General Merchandising Manager	$ 350,000	0.0%
Trevor S. Lang, Chief Financial Officer and Secretary	$ 262,500	0.0%
Ford W. Wright, Executive Vice President of Stores	$ 225,000	0.0%

(Losses) Plans Total

December 31, 2015

$(22,034) $3,454 $(491,187) $(509,767)

Other comprehensive income (loss) before reclassifications

(2,754) (2,487) (a) 2,029 (c) (3,212)

Amount reclassified from accumulated other comprehensive income (loss)

(896) (b) 6,938 (d) 6,042

Net current-period other comprehensive income (loss)

(2,754) (3,383) 8,967 2,830

March 31, 2016

$(24,788) $71 $(482,220) $(506,937)

(a) This amount represents $4,044 of unrealized losses on cash flow hedges, net of tax of $1,557 that were recognized in Other Comprehensive Loss (see Footnote 4 for additional details).
(b) This amount represents $1,412 of gains on cash flow hedges, net of tax of $516, that were reclassified out of Cumulative Other Comprehensive Loss and are included in Other non-operating income on the Condensed Consolidated Statements of Income (see Footnote 4 for additional details).
(c) This amount represents the foreign currency translation effect on the Company s postretirement benefit plans
(d) This amount represents amortization of prior service credit of $141 and amortization of actuarial losses of ($10,932) net of tax of $3,853, that were reclassified out of Cumulative Other Comprehensive Loss and are included in the computation of net periodic benefit cost (see Footnote 6 for additional details).

	Three Months Ended March 31, 2015			
	Cumulative Currency Translation Adjustment	Changes in the Fair Value of Derivatives and Unrealized Gains (Losses)	Unrecognized Postretirement Benefit Plans	Total
December 31, 2014	$ 9,059	$ 4,762	$ (544,423)	$ (530,602)
Other comprehensive income (loss) before reclassifications	(11,758)	5,492 (a)	5,227 (c)	$ (1,039)
Amount reclassified from accumulated other comprehensive income (loss)		(2,804) (b)	7,467 (d)	$ 4,663
Net current-period other comprehensive income (loss)	(11,758)	2,688	12,694	3,624
March 31, 2015	$ (2,699)	$ 7,450	$ (531,729)	$ (526,978)

(a) This amount represents $8,746 of unrealized gains on cash flow hedges, net of tax of $3,254 that were recognized in Other Comprehensive Loss (see Footnote 4 for additional details).

(b) This amount represents $4,326 of gains on cash flow hedges, net of tax of $1,522, that were reclassified out of Cumulative Other Comprehensive Loss and are included in Other non-operating income on the Condensed Consolidated Statements of Income (see Footnote 4 for additional details).

(c) This amount represents the foreign currency translation effect on the Company s postretirement benefit plans

(d) This amount represents amortization of prior service credit of $141 and amortization of actuarial losses of ($11,719) net of tax of $4,111 that were reclassified out of Cumulative Other Comprehensive Loss and are included in the computation of net periodic benefit cost (see Footnote 6 for additional details).

12. Comprehensive Income Attributable to Noncontrolling Shareholder Interests

The following table provides the details of the comprehensive income attributable to noncontrolling shareholder interests:

	Three Months Ended March 31,	
	2016	2015
Net (loss) income attributable to noncontrolling shareholder interests	**$ (233)**	$ 1,402
Other comprehensive loss:		
Currency translation adjustments	**(198)**	(1,102)
Comprehensive income attributable to noncontrolling shareholder interests	**$ (431)**	$ 300

13. Contingent Liabilities

Product Liability Claims

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

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

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

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

The Company determines its reserves using the number of incidents expected during a year. During the first three months of 2016, the Company increased its product liability reserve by $11,126. The addition of another year of self-insured incidents accounted for $12,256 of this increase. Settlements and changes in the amount of reserves for cases where sufficient information is known to estimate a liability decreased by $1,130.

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

The Company paid $4,975 during the first quarter of 2016 to resolve cases and claims. The Company s product liability reserve balance at March 31, 2016 totaled $169,743 (the current portion of $73,719 is included in Accrued liabilities and the long-term portion is included in Other long-term liabilities on the Condensed Consolidated Balance Sheets), and the balance at December 31, 2015 totaled $163,890 (current portion of $74,018).

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

For the three-month periods ended March 31, 2016 and 2015, product liability expenses totaled $16,094 and $22,472, respectively. Product liability expenses are included in Cost of goods sold in the Condensed Consolidated Statements of Income.

Federal Securities Litigation

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

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

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

Stockholder Derivative Litigation

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

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

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

14. Business Segments

The Company has four segments under ASC 280, Segments :

North America, composed of the Company s operations in the United States and Canada;

Latin America, composed of the Company s operations in Mexico, Central America and South America;

Europe; and

Asia.

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

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

The presentation of the aggregated Americas Tire Operations segment under the Company s new organizational structure is consistent with the segment reported as Americas Tire Operations in prior years. Similarly, the International Tire Operations disclosure is consistent with the Company s previously reported International Tire

Operations segment.

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

	Three Months Ended March 31, 2016	2015
Net sales		
Americas Tire		
External customers	**$ 567,163**	$ 582,044
Intercompany	**12,175**	16,470
	579,338	598,514
International Tire		
External customers	**82,612**	81,162
Intercompany	**20,614**	25,940
	103,226	107,102
Eliminations	**(32,789)**	(42,410)
Consolidated net sales	**$ 649,775**	$ 663,206
Operating profit (loss):		
Americas Tire	**$ 106,052**	$ 89,998
International Tire	**(1,772)**	(2,793)
Unallocated corporate charges	**(13,019)**	(18,886)
Eliminations	**(157)**	2,034
Operating profit	**91,104**	70,353
Interest expense	**(6,636)**	(6,356)
Interest income	**940**	562
Other non-operating income	**1,462**	80
Income before income taxes	**$ 86,870**	$ 64,639

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

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

Consolidated Results of Operations

(Dollar amounts in thousands except per share amounts)

	Three Months Ended March 31,		
	2016	% Change	2015
Net sales			
Americas Tire			
External customers	**$ 567,163**	(2.6)	$ 582,044
Intercompany	**12,175**	(26.1)	16,470
	579,338	(3.2)	598,514
International Tire			
External customers	**82,612**	1.8	81,162
Intercompany	**20,614**	(20.5)	25,940
	103,226	(3.6)	107,102
Eliminations	**(32,789)**	22.7	(42,410)
Consolidated net sales	**$ 649,775**	(2.0)	$ 663,206
Operating profit (loss):			
Americas Tire	**$ 106,052**	17.8	$ 89,998
International Tire	**(1,772)**	36.6	(2,793)
Unallocated corporate charges	**(13,019)**	31.1	(18,886)
Eliminations	**(157)**	n/m	2,034
Operating profit	**91,104**	29.5	70,353
Interest expense	**(6,636)**	4.4	(6,356)
Interest income	**940**	n/m	562
Other non-operating income	**1,462**	n/m	80
Income before income taxes	**86,870**	34.4	64,639
Provision for income taxes	**28,098**	25.0	22,476
Net income	**58,772**	39.4	42,163

Noncontrolling shareholder interests		**(233)**	n/m		1,402
Net income attributable to Cooper Tire & Rubber Company	**$**	**59,005**	44.8	$	40,761
Basic earnings per share	**$**	**1.06**	51.8	$	0.70
Diluted earnings per share	**$**	**1.05**	52.3	$	0.69

n/m not meaningful

Consolidated net sales for the three-month period ended March 31, 2016 were $650 million, a decrease of $13 million from the comparable period one year ago. Increased unit volumes ($12 million) were more than offset by less favorable pricing and mix ($17 million). The unfavorable pricing and mix was primarily due to net price reductions related to lower raw material costs. Currency impacts were unfavorable ($8 million) compared with the first quarter of 2015.

The Company recorded operating profit in the first quarter of 2016 of $91 million, an increase of $21 million compared with the first quarter of 2015. Favorable raw material costs net of pricing and mix ($23 million) and higher unit volumes ($1 million) were partially offset by increased manufacturing costs ($6 million). The increased manufacturing costs were primarily in the Americas and included higher costs related to the greater complexity of manufacturing higher value, higher margin tires in North America, as well as increases in costs in Latin America as a result of non-recurring costs in our Mexican operation related to manufacturing process changes that took place in the first quarter of 2016. Product liability charges decreased ($6 million), selling, general and administrative costs decreased ($2 million) and other operating costs increased ($5 million), including unfavorable currency impacts, compared with the first quarter of 2015.

The Company experienced decreases in the costs of certain of its principal raw materials in the first three months of 2016 compared with the first three months of 2015. The principal raw materials for the Company include natural rubber, synthetic rubber, carbon black, chemicals and steel reinforcement components. Approximately 65 percent of the Company s raw materials are petroleum-based. Substantially all U.S. inventories have been valued using the LIFO method of inventory costing which accelerates the impact to cost of goods sold from changes to raw material prices.

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

Product liability expenses totaled $16 million and $22 million in the first quarter of 2016 and 2015, respectively. The change in the expense results from claim settlements and adjustments to existing reserves based on the Company s quarterly comprehensive review of outstanding claims. Additional information related to the Company s accounting for product liability costs appears in the Notes to the Condensed Consolidated Financial Statements.

Selling, general, and administrative expenses were $59 million in the first quarter of 2016 (9.1 percent of net sales) and $62 million in the first quarter of 2015 (9.3 percent of net sales). The decrease in selling, general and administrative expenses was primarily driven by lower mark to market costs of stock based liabilities, along with lower professional fees. These reductions were partially offset by higher incentive compensation and higher brand and product marketing costs in the Americas segment.

Interest expense and interest income in the first quarter of 2016 have remained comparable to the first quarter of 2015.

Other income increased $1 million over the first quarter of 2015, due primarily to the impact of foreign currency forward contracts.

For the quarter ended March 31, 2016, the Company recorded income tax expense of $28 million (effective rate of 32.3 percent) as compared with $22 million (effective rate of 34.8 percent) for the comparable period in 2015. The 2016 three-month period income tax expense is calculated using the forecasted multi-jurisdictional annual effective tax rates to determine a blended annual effective tax rate. This is impacted by the projected mix of earnings in the U.S. and in international jurisdictions with lower tax rates, partially offset by losses in jurisdictions with no tax benefit due to valuation allowances. Additionally, the effective rate for the quarter was lower than prior year primarily due to a reduction in the Company s liability for unrecognized tax benefits as a result of lapses in statutes. Income tax expense for the period is higher due to increased earnings, primarily in the U.S, compared with the same period of the prior year.

The Company continues to maintain a valuation allowance pursuant to ASC 740, Accounting for Income Taxes, against a portion of its U.S. and non-U.S. deferred tax asset position, as it cannot assure the utilization of these assets before they expire. In the U.S., the Company has offset a portion of its deferred tax asset relating primarily to a loss carryforward by a valuation allowance of $2 million. In addition, the Company has recorded valuation allowances of $13 million relating to non-U.S. net operating losses for a total valuation allowance of $15 million. In conjunction with the Company s ongoing review of its actual results and anticipated future earnings, the Company will continue to reassess the possibility of releasing all or part of the valuation allowances currently in place when they are deemed to be realizable.

Segment Operating Results

The Company has four segments under ASC 280:

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

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

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

Americas Tire Operations Segment

	Three Months Ended March 31,		
(Dollar amounts in thousands)	2016	Change	2015
Net sales	$ 579,338	-3.2%	$ 598,514
Operating profit	$ 106,052	17.8%	$ 89,998
Operating margin	18.3%	3.3 points	15.0%
Total unit sales change		-0.5%	
United States replacement market unit shipment changes:			
Total light vehicle tires			
Segment		-1.4%	
RMA members		0.6%	
Total Industry		6.2%	

Overview

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

Sales

Net sales of the Americas Tire Operations segment for the first quarter of 2016 decreased from $599 million to $579 million, or 3.2 percent, from the first quarter of 2015. The decrease in sales was a result of decreased unit volumes ($3 million), unfavorable pricing and mix ($11 million) and unfavorable exchange rates ($6 million). Unit shipments for the segment decreased 0.5 percent compared with the first quarter of 2015. In the U.S., the segment s unit shipments of total light vehicle tires decreased 1.4 percent in the first quarter of 2016 compared with the first quarter of 2015. This decrease compares with a 0.6 percent increase in total light vehicle tire shipments experienced by the members of the Rubber Manufacturers Association (RMA), and a 6.2 percent increase in total light vehicle tire shipments experienced for the total industry (which includes an estimate for non-RMA members). The decline in the quarter was driven by reduced private label shipments. This decline was partially offset by strong performance by the segment in light truck and SUV tire shipments.

Operating Profit

Operating profit for the segment increased $16 million to $106 million in the first quarter of 2016. Favorable raw material costs net of pricing and mix ($27 million) and lower product liability expense ($6 million) were partially offset by lower unit volumes ($2 million). Manufacturing costs increased ($5 million), which included costs related to the greater complexity of manufacturing higher value, higher margin tires in North America, as well as increases in costs in Latin America as a result of non-recurring costs in our Mexican operation related to manufacturing process changes that took place in the first quarter of 2016. Selling, general and administrative costs ($5 million) were higher in the first quarter of 2016 as a result of higher brand and marketing costs. Other operating costs, including unfavorable currency impacts, increased ($5 million) compared with the same period in 2015.

The segment s internally calculated raw material index of 132 during the quarter was a decrease of 17.3 percent from the first quarter of 2015. The raw material index decreased 10.1 percent from the quarter ended December 31, 2015.

International Tire Operations Segment

(Dollar amounts in thousands)	Three Months Ended March 31, 2016	Change	2015
Net sales	$ 103,226	-3.6%	$ 107,102
Operating profit	$ (1,772)	36.6%	$ (2,793)
Operating margin	-1.7%	0.9 points	-2.6%
Total unit sales change		4.6%	

Overview

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

Sales

Net sales of the International Tire Operations segment for the first quarter of 2016 decreased $4 million, or 3.6 percent, from the first quarter of 2015. The segment experienced increased unit volumes ($5 million), which were more than offset by unfavorable price and mix ($6 million) and unfavorable exchange rates ($3 million) compared with the first quarter of 2015. Unit volumes increased in Europe due to higher exports into the United States. Unit volume in Asia declined, driven by a reduction in exports to the United States, partially offset by increased sales in the domestic China market for both original equipment and replacement tires. Net exports to the US decreased compared with the first quarter of 2015.

Operating Loss

Operating loss for the segment improved $1 million to an operating loss of $2 million in the first quarter of 2016. Raw material costs net of pricing and mix were comparable to the first quarter of 2015. Selling, general and administrative expenses decreased ($2 million) and unit volumes increased ($1 million). Other costs ($2 million), including unfavorable currency impacts, increased compared with the first quarter of 2015.

Outlook for Company

For the full year, the Company expects unit volume growth in each of its segments.

The Company expects the full year 2016 operating margin, excluding the impact of acquisitions, to be modestly above 2015 levels. The International segment, excluding the impact of acquisitions, is expected to generate continued improvement in operating profit in 2016 and approach break-even operating profit by the fourth quarter of 2016.

First quarter raw material costs decreased approximately 10.1 percent from the fourth quarter of 2015. The Company anticipates a modest increase in raw material costs in the second quarter of 2016.

The Company expects capital expenditures to range between $210 million and $240 million for the full year. The Company projects its effective tax rate for 2016 to be between 33 percent and 35 percent.

Liquidity and Capital Resources

Sources and uses of cash in operating activities - Net cash provided by operating activities of continuing operations was $2 million in the first quarter of 2016. Net income provided $59 million and other non-cash charges contributed $17 million, which were largely offset by changes in working capital accounts, which consumed $74 million.

Net cash used by operating activities of continuing operations was $8 million in the first quarter of 2015. Net income provided $42 million, which was more than offset by other non-cash charges usage of $4 million and changes in working capital accounts, which consumed $46 million.

Use of cash in investing activities Net cash used in investing activities during 2016 and 2015 reflect capital expenditures of $36 million and $48 million, respectively.

Sources and uses of cash in financing activities The Company repurchased $25 million and $12 million of its common stock in the first quarter of 2016 and 2015, respectively. During the first quarter of 2016, the Company repaid $8 million on short-term debt. In the first quarter of 2015, the Company repaid $41 million of short-term debt, including the repayment of $40 million of 2014 borrowings on its domestic credit lines.

Dividends paid on the Company s common shares were $6 million in the first quarter of both 2016 and 2015, respectively. During 2016, stock options were exercised to acquire 138,486 shares of common stock with a cash impact of $3 million, including $139 thousand of excess tax benefits on equity instruments. During 2015, stock options were exercised to acquire 745,665 shares of common stock with a cash impact of $17 million, including $3 million of excess tax benefits on equity instruments.

Available cash, credit facilities and contractual commitments At March 31, 2016, the Company had cash and cash equivalents of $434 million.

Domestically, the Company has a revolving credit facility with a consortium of banks that provides up to $400 million based on available collateral, including a $110 million letter of credit subfacility, and expires in May 2020. The Company also has an accounts receivable securitization facility with a borrowing limit of up to $150 million, based on available collateral, which expires in May 2018.

These credit facilities are undrawn, other than to secure letters of credit, at March 31, 2016. The Company s additional borrowing capacity, net of amounts used to back letters of credit and based on available collateral at March 31, 2016, was $504 million.

The Company s operations in Asia have annual renewable unsecured credit lines that provide up to $107 million of borrowings and do not contain significant financial covenants. The additional borrowing capacity on the Asian credit lines totaled $101 million at March 31, 2016.

The Company believes that its cash and cash equivalent balances along with available cash from operating cash flows and credit facilities will be adequate to fund its typical needs, including working capital requirements, projected capital expenditures, including its portion of capital expenditures in its partially-owned subsidiary, and dividend and share repurchase goals. The Company also believes it has access to additional funds from capital markets to fund potential strategic initiatives. The entire amount of short-term notes payable outstanding at March 31, 2016 is debt of consolidated subsidiaries. The Company expects its subsidiaries to refinance or pay these amounts within the next twelve months.

The following table summarizes long-term debt at March 31, 2016:

Parent company	
8% unsecured notes due December 2019	**$ 173,578**
7.625% unsecured notes due March 2027	**116,880**
Capitalized leases and other	**6,862**
	297,320
Less: unamortized debt issuance costs	**883**
	296,437
Less: current maturities	**600**
	$ 295,837

Contingencies

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

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

In addition to the product liability cases described above, the Company is involved in various other legal proceedings arising in the ordinary course of business. The Company regularly reviews the probable outcome of these proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage, and accrues for these proceedings at the time a loss is probable and the amount of the loss can be estimated. Although the outcome of these pending proceedings cannot be predicted with certainty and an estimate of any such loss cannot be made, the Company believes that any liabilities that may result from these proceedings are not reasonably likely to have a material adverse effect on the Company s liquidity, financial condition or results of operations. Additional information regarding the Company s legal proceedings is included in Item 1 of Part II of this Form 10-Q titled, Legal Proceedings.

Forward Looking Statements

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

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It is possible that actual results may differ materially from projections or expectations due to a variety of factors, including but not limited to:

volatility in raw material and energy prices, including those of rubber, steel, petroleum-based products and natural gas or the unavailability of such raw materials or energy sources;

the failure of the Company s suppliers to timely deliver products in accordance with contract specifications;

changes to tariffs or the imposition of new tariffs or trade restrictions, including changes related to the anti-dumping and countervailing duties for passenger car and light truck tires imported into the United States from China; and any duties from the recent open investigation into truck and bus tires imported into the United States from China

changes in economic and business conditions in the world;

increased competitive activity including actions by larger competitors or lower-cost producers;

the failure to achieve expected sales levels;

changes in the Company s customer relationships, including loss of particular business for competitive or other reasons;

the ultimate outcome of litigation brought against the Company, including stockholders lawsuits relating to the terminated Apollo merger as well as product liability claims, in each case which could result in commitment of significant resources and time to defend and possible material damages against the Company or other unfavorable outcomes;

a disruption in, or failure of, the Company s information technology systems, including those related to cyber security, could adversely affect the Company s business operations and financial performance;

changes in pension expense and/or funding resulting from investment performance of the Company s pension plan assets and changes in discount rate, salary increase rate, and expected return on plan assets assumptions, or changes to related accounting regulations;

government regulatory and legislative initiatives including environmental and healthcare matters;

volatility in the capital and financial markets or changes to the credit markets and/or access to those markets;

changes in interest or foreign exchange rates;

an adverse change in the Company s credit ratings, which could increase borrowing costs and/or hamper access to the credit markets;

failure to implement information technologies or related systems, including failure by the Company to successfully implement an ERP system;

the risks associated with doing business outside of the United States;

the failure to develop technologies, processes or products needed to support consumer demand;

technology advancements;

the inability to recover the costs to develop and test new products or processes;

the impact of labor problems, including labor disruptions at the Company, its joint venture, or at one or more of its large customers or suppliers;

failure to attract or retain key personnel;

consolidation among the Company s competitors or customers;

inaccurate assumptions used in developing the Company s strategic plan or operating plans or the inability or failure to successfully implement such plans;

any unforeseen circumstances that arise that cause the Board of Directors to alter its succession plans for the leadership of the Company;

risks relating to acquisitions, such as the proposed acquisition of a majority interest in China based Qingdao Ge Rui Da Rubber Co., Ltd., including the failure to successfully complete acquisitions or integrate them into operations or their related financings may impact liquidity and capital resources;

changes in the Company s relationship with its joint-venture partner or suppliers, including any changes with respect to the production of Cooper-branded products by CCT, the Company s former joint venture in China;

the ability to find alternative sources for products supplied by CCT;

the inability to obtain and maintain price increases to offset higher production or material costs;

inability to adequately protect the Company s intellectual property rights; and

inability to use deferred tax assets.

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

The Company makes no commitment to update any forward-looking statement included herein or to disclose any facts, events or circumstances that may affect the accuracy of any forward-looking statement. Further information covering issues that could materially affect financial performance is contained under Risk Factors below and in the Company s other filings with the U. S. Securities and Exchange Commission (SEC).

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk at March 31, 2016, from those detailed in the Company s Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2015.

Item 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures designed to ensure that information required to be disclosed in the reports the Company files or submits as defined in Rule 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 SEC rules and forms, and that such information is accumulated and communicated to the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to allow timely decisions regarding required disclosures.

The Company, under the supervision and with the participation of management, including the CEO and CFO, evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 as of March 31, 2016 (Evaluation Date)). Based on its initial evaluation, the Company s CEO and CFO concluded that its disclosure controls and procedures were effective as of the Evaluation Date.

There were no changes in the Company s internal control over financial reporting that occurred during the quarter ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Part II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

The Company is a defendant in various judicial proceedings arising in the ordinary course of business. A significant portion of these proceedings are product liability cases in which individuals involved in motor vehicle accidents seek damages resulting from allegedly defective tires manufactured by the Company. After reviewing all of these proceedings, and taking into account all relevant factors concerning them, the Company does not believe that any liabilities resulting from these proceedings are reasonably likely to have a material adverse effect on its liquidity, financial condition or results of operations in excess of amounts recorded at March 31, 2016. In the future, such costs could have a materially greater impact on the consolidated results of operations and financial position of the Company than in the past.

Federal Securities Litigation

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

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

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

Stockholder Derivative Litigation

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

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

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

Item 1A. RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2014, the Company sold its ownership interest in CCT and entered into off-take agreements with CCT to provide the continuous supply of certain tires for the Company. The off-take agreements expire in mid-2018. If there are any disruptions in or quality issues with the supply of Cooper-branded products from CCT, it could have a material negative impact on the Company s business. In addition, the Company could be required to find an alternative source for CCT-produced tires and there can be no assurance that the Company will be able to do so in a timely manner. CCT is currently the sole supplier of medium truck tires for the Company.

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

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

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

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

- the possible inability to integrate an acquired business into its operations;
- diversion of management s attention;

loss of key management personnel;

unanticipated problems or liabilities; and

increased labor and regulatory compliance costs of acquired businesses.

Some or all of those risks could impair the Company s results of operations and impact its financial condition. The Company may finance any future acquisitions from internally generated funds, bank borrowings, public offerings or private placements of equity or debt securities, or a combination of the foregoing. Acquisitions may involve the expenditure of significant funds and management time.

Acquisitions may also require the Company to increase its borrowings under its bank credit facilities or other debt instruments, or to seek new sources of liquidity. Increased borrowings would correspondingly increase the

Company s financial leverage, and could result in lower credit ratings and increased future borrowing costs. These risks could also reduce the Company s flexibility to respond to changes in its industry or in general economic conditions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

There is no assurance that the Board of Directors will take the actions set forth in the Company s previously announced succession plans and it is possible that the Company s succession plans may differ materially from expectations due to a variety of factors, including, but not limited to: (i) re-election of the expected Non-Executive Chairman of the Board at the Company s Annual Meeting of Stockholders, (ii) the expected Non-Executive Chairman of the Board s continued independence, and (iii) any unforeseen circumstances that arise that cause the Board of Directors to alter its succession plans for the leadership of the Company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 2. ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth a summary of the Company s purchases during the quarter ended March 31, 2016 of equity securities registered by the Company pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (in thousands, except number of shares and per share amounts):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
January 1, 2016 through January 31, 2016 (1)	261,263	$ 35.46	261,263	$ 82,004
February 1, 2016 through February 29, 2016 (1)	235,831	$ 35.43	235,831	$ 200,000
March 1, 2016 through March 31, 2016 (2)	192,850	$ 37.35	192,850	$ 192,802
Total	689,944		689,944	

(1) On February 20, 2015, the Board of Directors authorized a program to repurchase up to $200,000, excluding commissions, of the Company s common stock through December 31, 2016 (the Repurchase Program).

(2) On February 19, 2016, the Board of Directors increased the amount authorized under and extended the duration of the Repurchase Program (as amended, the Amended Repurchase Program). The Amended Repurchase Program amended and superseded the Repurchase Program and allows the Company to repurchase up to $200,000, excluding commissions, of the Company s common stock from February 22, 2016 through December 31, 2017. The approximately $73,654 remaining under the Repurchase Program as of February 19, 2016 is included in the $200,000 maximum amount authorized by the Amended Repurchase Program. No other changes were made. The Amended Repurchase Program does not obligate the Company to acquire any specific number of shares and can be suspended or discontinued at any time without notice. Under the Amended Repurchase Program, shares can be repurchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

Item 6. EXHIBITS

(a) Exhibits

(10.1)	Equity Joint Venture Contract for Cooper (Qingdao) Tire Co. Ltd., dated as of January 4, 2016, by and between Qingdao Yiyuan Investment Co., Ltd. and Cooper Tire (China) Investment Co., Ltd. and Cooper Tire Holding Company
(10.2)	Agreement for Transfer of Equity Interests in Qingdao Ge Rui Da Rubber Co., Ltd., dated as of January 4, 2016, by and among Qingdao Yiyuan Investment Co., Ltd. and Li Xinhu and Cooper Tire (China) Investment Co., Ltd. and Cooper Tire Holding Company and Qingdao Ge Rui Da Rubber Co., Ltd.
(10.3)	Cooper (Qingdao) Tire Co., Ltd. Capital Increase Agreement, dated as of January 4, 2016
(31.1)	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(31.2)	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(32)	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COOPER TIRE & RUBBER COMPANY

/s/ Ginger M. Jones
Ginger M. Jones
Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Mark A. Young
Mark A. Young
Director of External Reporting
(Principal Accounting Officer)

April 29, 2016
(Date)