COOPER TIRE & RUBBER CO
Form DEF 14A
March 27, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

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

Cooper Tire & Rubber Company

(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.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

COOPER TIRE & RUBBER COMPANY

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO THE STOCKHOLDERS:

The 2012 Annual Meeting of Stockholders of Cooper Tire & Rubber Company (the Company) will be held at The Westin Detroit Metropolitan Airport, McNamara Terminal, 2501 Worldgateway Place, Detroit, Michigan 48242 on Friday, May 11, 2012, at 10:00 a.m., Eastern Daylight Time, for the following purposes:

(1) To elect six Directors of the Company for the ensuing year.

(2) To ratify the selection of the Company s independent registered public accounting firm for the year ending December 31, 2012.

(3) To hold an advisory vote to approve named executive compensation.

(4) To transact such other business as may properly come before the Annual Meeting or any postponement(s) or adjournment(s) thereof.

Only holders of Common Stock of record at the close of business on March 15, 2012, are entitled to notice of and to vote at the Annual Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Stephen Zamansky,

Vice President,

General Counsel and Secretary

Findlay, Ohio

March 27, 2012

Please mark, date, and sign the enclosed proxy and return it promptly in the enclosed addressed envelope, which requires no postage. In the alternative, you may vote by Internet or telephone. See page 2 of the proxy statement for additional information on voting by Internet or telephone. If you are present and vote in person at the Annual Meeting, the enclosed proxy card will not be used.

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COOPER TIRE & RUBBER COMPANY

701 Lima Avenue, Findlay, Ohio 45840

March 27, 2012

PROXY STATEMENT

GENERAL INFORMATION AND VOTING

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Cooper Tire & Rubber Company (the Company, Cooper Tire, our, we, or us) to be used at the Annual Meeting of Stockholders of the Company to be held on May 11, 2012, a 10:00 a.m., Eastern Daylight Time, at The Westin Detroit Metropolitan Airport, McNamara Terminal, 2501 Worldgateway Place, Detroit, Michigan 48242. This proxy statement and the related form of proxy were first mailed or made available to stockholders on or about March 27, 2012.

Purpose of Annual Meeting

The purpose of the Annual Meeting is for stockholders to act on the matters outlined in the notice of Annual Meeting on the cover page of this proxy statement. These matters consist of (1) the election of six Directors, (2) the ratification of the selection of the Company s independent registered public accounting firm for the year ending December 31, 2012, (3) an advisory vote to approve named executive compensation, and (4) the transaction of such other business as may properly come before the Annual Meeting or any postponement(s) or adjournment(s) thereof.

Voting

Each share of the Company s Common Stock will be entitled to one vote on each matter. Only stockholders of record at the close of business on March 15, 2012, (the record date) will be eligible to vote at the Annual Meeting. As of the record date, there were 62,313,881 shares of Common Stock outstanding. The holders of a majority of the shares of Common Stock issued and outstanding, and present in person or represented by proxy, constitute a quorum. Abstentions and broker non-votes with respect to a proposal will be counted to determine whether a quorum is present at the Annual Meeting.

If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name, and the organization holding your account is considered the stockholder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to instruct that organization on how to vote the shares held in your account. Broker non-votes occur when an organization that holds shares for a beneficial owner has not received voting instructions with respect to the proposal from the beneficial owner. Whether such organization has the discretion to vote those shares on a particular proposal depends on the ballot item. If the organization that holds your shares does not have discretion and you do not give the organization instructions, the votes will be broker non-votes, which may have the same effect as votes against the proposal.

Below is a summary of the vote threshold required for passage of each agenda item and the effect of abstentions and broker non-votes.

Agenda Item 1. Except in the case of a contested election, each nominee for election as a Director who receives a majority of the votes cast with respect to such Director s election by stockholders will be elected as a Director. In the case of a contested election, the nominees for election as Directors who receive the greatest number of votes will be elected as Directors. Abstentions and broker non-votes are not counted for purposes of the election of Directors.

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Agenda Item 2. Although the Company s independent registered public accounting firm may be selected by the Audit Committee of the Board of Directors without stockholder approval, the Audit Committee will consider the affirmative vote of a majority of the shares of Common Stock having voting power present in person or represented by proxy at the Annual Meeting to be a ratification by the stockholders of the selection of Ernst & Young LLP as the Company s independent registered public accounting firm for the year ending December 31, 2012. As a result, abstentions will have the same effect as a vote cast against the proposal, but broker non-votes will have no effect on the outcome of this proposal.

Agenda Item 3. Although the advisory vote to approve named executive compensation is non-binding, the advisory votes allow our stockholders to express their opinions regarding executive compensation. Abstentions and broker non-votes are not counted for purposes of the advisory vote to approve named executive compensation. As a result, if you own shares through a bank, broker-dealer or similar organization, you must instruct your bank, broker-dealer or other similar organization to vote in order for them to vote your shares.

Proxy Matters

Stockholders may vote by completing, properly signing, and returning the accompanying proxy card, or by attending and voting at the Annual Meeting. If you properly complete and return your proxy card in time to vote, your proxy (one of the individuals named in the proxy card) will vote your shares as you have directed. If you sign and return the proxy card but do not indicate specific choices as to your vote, your proxy will vote your shares (i) to elect the nominees listed under Nominees for Director, (ii) for the ratification of the selection of the Company s independent registered public accounting firm and, (iii) for approval of the compensation of the Company s named executive officers for fiscal year 2011.

Stockholders of record and participants in certain defined contribution plans sponsored by the Company (see below) may also vote by using a touch-tone telephone to call 1-800-690-6903, or by the Internet by accessing the following website: http://www.proxyvote.com.

Voting instructions, including your stockholder account number and personal proxy control number, are contained on the accompanying proxy card. You will also use this accompanying proxy card if you are a participant in the following defined contribution plans sponsored by the Company:

Spectrum Investment Savings Plan

Pre-Tax Savings Plan (Texarkana)

Pre-Tax Savings Plan (Findlay)

Those stockholders of record who choose to vote by telephone or Internet must do so no later than 11:59 p.m., Eastern Daylight Time, on May 10, 2012. All voting instructions from participants in the defined contribution plans sponsored by the Company and listed above must be received no later than 5:00 p.m., Eastern Daylight Time, on May 9, 2012.

A stockholder may revoke a proxy by filing a notice of revocation with the Secretary of the Company, or by submitting a properly executed proxy card bearing a later date. A stockholder may also revoke a previously executed proxy (including one submitted by Internet or telephone) by attending and voting at the Annual Meeting, after requesting that the earlier proxy be revoked. Attendance at the Annual Meeting, without further action on the part of the stockholder, will not operate to revoke a previously granted proxy card. If the shares are held in the name of a bank, broker or other holder of record, the stockholder must obtain a proxy executed in his or her favor from the holder of record to be able to vote at the Annual Meeting.

AGENDA ITEM 1

ELECTION OF DIRECTORS

On May 4, 2010, the Board of Directors adopted an amendment to the Bylaws of the Company to declassify the Board of Directors and provide for the annual election of each Director. The amendment to the Bylaws is consistent with a similar amendment to the Company s Restated Certificate of Incorporation that was approved at the 2010 Annual Meeting of Stockholders. Prior to the amendment, the Bylaws of the Company provided for the Board of Directors to be divided into three classes, with each class of Directors serving for a term of three years. The amendment to the Bylaws provides for the annual election of all Directors beginning at the May 6, 2011 Annual Meeting, provided, however, that prior to that Annual Meeting, any director elected by the stockholders of the Company to a three-year term may complete the term to which he or she has been elected.

Six Directors have a term that expires at this Annual Meeting.

In accordance with the Restated Certificate of Incorporation of the Company, the Board of Directors has fixed the total number of Directors at nine. At this Annual Meeting, six Directors are being elected to serve for a term of office that will expire at the Annual Meeting of Stockholders in 2013. Each of the nominees is a Director standing for re-election and has consented to stand for election to a term as described above. In the event that any of the nominees becomes unavailable to serve as a Director before the Annual Meeting, the Board of Directors will designate a new nominee, and the persons named as proxies will vote for that substitute nominee.

The Board of Directors recommends that stockholders vote FOR the six nominees for Director.

NOMINEES FOR DIRECTOR

	Group Vice President,
	China and Russia,
STEVEN M. CHAPMAN	Cummins, Inc.

Mr. Chapman, age 58, is Group Vice President, China and Russia, for Cummins, Inc. Cummins designs, manufactures, and markets diesel engines and related components and power systems. Mr. Chapman has been with Cummins since 1985 and served in various capacities, including as Group Vice President, Emerging Markets & Businesses, President of Cummins International Distribution Business, Vice President of International, and Vice President of Southeast Asia and China. Mr. Chapman graduated from St. Olaf College with a B.A. in Asian Studies and from Yale University with a M.P.P.M. in Management. Mr. Chapman s education, board member experience, and business management experience in operations and international operations qualify him to continue serving as a member of the Board of Directors.

Director Since	2006
Nominee for Term to Expire	2013

NOMINEES FOR DIRECTOR (CONT.)

JOHN J. HOLLAND	President, The International Copper Association

Mr. Holland, age 62, is President of The International Copper Association since February 6, 2012. The International Copper Association is a marketing organization for the copper industry. Prior to that, Mr. Holland was the President of Greentree Advisors LLC from 2005. Greentree Advisors LLC provides business advisory services. Mr. Holland served as President, Chief Operating Officer, and Chief Financial Officer of MMFX Technologies Corporation from September 2008 until October 2009. MMFX Technologies is an inventor and manufacturer of nano technology steel. Prior to that, he was Executive Vice President and Chief Financial Officer of Alternative Energy Sources, Inc., an ethanol producer, from August 2006 until June 2008. Mr. Holland previously was employed by Butler Manufacturing Company, a producer of pre-engineered building systems, supplier of architectural aluminum systems and components, and provider of construction and real estate services for the non-residential construction market, from 1980 until his retirement in 2004. Prior to his retirement from Butler, Mr. Holland served as Chairman of the Board from 2001 to 2004, as Chief Executive Officer from 1999 to 2004, and as President from 1999 to 2001. Mr. Holland is also a director of SAIA, Inc. (formerly SCS Transportation, Inc.) and NCI Buildings Systems Inc. Mr. Holland holds B.S. and M.B.A. degrees from the University of Kansas. Mr. Holland s education, board member experience, and business management experience in operations and accounting, including his service as a chief executive officer and chief financial officer, qualify him to continue serving as a member of the Board of Directors.

Director Since	2003
Nominee for Term to Expire	2013

JOHN F. MEIER	Chairman of the Board, Applied Industrial Technologies

Mr. Meier, age 64, was elected as Chairman of the Board of Applied Industrial Technologies, Inc., in December 2011. Applied Industrial Technologies, Inc., is an industrial distributor. Mr. Meier was the Chairman of the Board and Chief Executive Officer of Libbey Inc., a producer of glass tableware and china, from June 1993 until July 2011. Mr. Meier received a B.S. degree in Business Administration from Wittenberg University and an M.B.A. degree from Bowling Green State University. He is trustee emeritus of Wittenberg University. Mr. Meier s education, board member experience, and business management experience, including his service as a chief executive officer, qualify him to continue serving as a member of the Board of Directors.

Director Since	1997
Nominee for Term to Expire	2013

NOMINEES FOR DIRECTOR (CONT.)

	Senior Vice President,
	Automotive Coatings,
CYNTHIA A. NIEKAMP	PPG Industries, Inc.

Ms. Niekamp, age 52, is Senior Vice President, Automotive Coatings, PPG Industries, Inc. PPG Industries is a leading global coatings and specialty products company. Ms. Niekamp joined PPG in 2009 as Vice President of the Automotive OEM Coatings business. Ms. Niekamp served as Vice President, President and General Manager of BorgWarner TorqTransfer Systems from 2004 to 2008. BorgWarner is a global technology leader in powertrain solutions. Prior to joining BorgWarner, she served as Senior Vice President and Chief Financial Officer of MeadWestvaco Corporation. MeadWestvaco manufactures packaging products, consumer office products, and specialty chemicals. During her nine years with MeadWestvaco, Niekamp held a variety of positions of increasing responsibility, including the President of the Specialty Paper Division and Vice President of Corporate Strategy and Planning. Ms. Niekamp graduated from Purdue University with a B.S. degree in Industrial Engineering and from Harvard University with an M.B.A. Ms. Niekamp is a former Director of Delphi Automotive and Rockwood Specialty Chemicals. Ms. Niekamp s experience in the global automotive supply and industrial specialty businesses, along with her education, board experience, business management experience; especially in operations leadership, finance and corporate strategy and planning qualify her to continue serving as a member of the Board of Directors.

Director Since	2011
Nominee for Term to Expire	2013

	Former Chairman of the Board,
	President and Chief Executive Officer,
JOHN H. SHUEY	Amcast Industrial Corporation

Mr. Shuey, age 66, joined Amcast Industrial Corporation, a producer of aluminum components for the automotive industry and plumbing products for the construction industry, in 1991 as Executive Vice President. He was elected President and Chief Operating Officer in 1993, a director in 1994, Chief Executive Officer in 1995, and Chairman in 1997. Mr. Shuey served as Chairman of the Board, President and Chief Executive Officer through February 2001. Prior to joining Amcast, Mr. Shuey served as chief financial officer for two Fortune 500 companies. Mr. Shuey has been a private investor since February 2001. Mr. Shuey has a B.S. degree in Industrial Engineering and an M.B.A. degree, both from the University of Michigan. Mr. Shuey s education, board member experiences, and business and financial management experience, including service as chief financial officer for two Fortune 500 companies, as well as his service as a chief executive officer and in numerous leadership positions for many organizations, qualify him to continue serving as a member of the Board of Directors.

Director Since	1996
Nominee for Term to Expire	2013

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NOMINEES FOR DIRECTOR (CONT.)

RICHARD L. WAMBOLD	Former Chairman of the Board and Chief Executive Officer Of Pactiv Corporation

Mr. Wambold, age 60, was Chief Executive Officer of Reynolds/Pactiv Foodservice and Consumer Products, a global manufacturer and supplier of consumer food and beverage packaging and store products from November 2010 until January 2011 when he retired. Mr. Wambold was Chief Executive Officer of Pactiv from November 1999 until November 2010 and was Chairman of the Board from 2000 until November 2010. Mr. Wambold is also a director of Precision Castparts Corp., and Sealed Air Corporation. Mr. Wambold holds a B.A. in Government and an M.B.A. from the University of Texas. Mr. Wambold s education, board member experience, and business management experience, including his service as a Chief Executive Officer, qualify him to continue serving as a member of the Board of Directors.

Director Since	2003
Nominee for Term to Expire	2013

DIRECTORS WHO ARE NOT NOMINEES

ROY V. ARMES	Chairman of the Board, President, and Chief Executive Officer

Mr. Armes, age 59, has served as President and Chief Executive Officer of the Company since January 2007 and as Chairman of the Board since December 2007. He was previously employed at Whirlpool Corporation, a manufacturer and marketer of major home appliances, for 31 years, where he gained experience in engineering, manufacturing, global procurement, and international operations management. Mr. Armes also developed a successful track record at Whirlpool Corporation of developing customer relationships and consumer oriented products. During his career at Whirlpool Corporation, Mr. Armes served in positions including: Senior Vice President, Project Management Office; Corporate Vice President and General Director, Whirlpool Mexico; Corporate Vice President, Global Procurement Operations; President/Managing Director, Whirlpool Greater China; Vice President, Manufacturing Technology, Whirlpool Asia (Singapore); and Vice President, Manufacturing & Technology, Refrigeration Products, Whirlpool Europe (Italy). Mr. Armes is also a director of The Manitowoc Company, Inc. Mr. Armes has a B.S. in Mechanical Engineering from The University of Toledo. Mr. Armes education, board member experience, and business management experience in manufacturing, technology, and sales and marketing, including eight years of international business experience, qualify him to continue serving as a member of the Board of Directors.

Director Since	2007

Expiration of Term	2013

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DIRECTORS WHO ARE NOT NOMINEES (CONT.)

THOMAS P. CAPO — Former Chairman of the Board, Dollar Thrifty Automotive Group, Inc.

Mr. Capo, age 61, served as Chairman of the Board of Dollar Thrifty Automotive Group, Inc., a vehicle rental company, from October 2003 to November 2010. Mr. Capo was a Senior Vice President and Treasurer of DaimlerChrysler Corporation, an automobile manufacturer, from November 1998 until August 2000. From November 1991 to October 1998, he was Treasurer of Chrysler Corporation, an automobile manufacturer. Prior to holding these positions, Mr. Capo served as Vice President and Controller of Chrysler Financial Corporation, a finance company. Mr. Capo also serves as a director of Dollar Thrifty Automotive Group, Inc., and Lear Corporation. Mr. Capo has a B.S. in Accounting and Finance, an M.A. in Economics, and an M.B.A. in Finance, each from the University of Detroit Mercy. Mr. Capo s public company board and committee experience, including at board chairman level, executive management and leadership experience, especially in finance, treasury, and accounting, including his service as a public company treasurer and controller, and education qualify him to continue serving as a member of the Board of Directors.

Director Since	2007
Expiration of Term	2013

ROBERT D. WELDING — Former Non-Executive Chairman, Public Safety Equipment (Int l) Limited

Mr. Welding, age 63, served as the Non-Executive Chairman of Public Safety Equipment (Int l) Limited, a manufacturer of highway safety and enforcement products, from January 2009 until his retirement in May 2010. Prior to that, he was President, Chief Executive Officer, and a director of Federal Signal Corporation, a manufacturer of capital equipment, from November 2003 until his retirement in 2007. Prior to holding those positions, Mr. Welding was Executive Vice President of BorgWarner, Inc., a U.S. automotive parts supplier, and Group President of BorgWarner s Driveline Group from November 2002 until November 2003, and was President of BorgWarner s Transmission Systems Division from 1996 to November 2002. Mr. Welding graduated from the University of Nebraska with a B.S. in Mechanical Engineering, holds an M.B.A. from the University of Michigan, and is a graduate of Harvard Business School s Advanced Management Program. Mr. Welding s education, board member experience, and business management experience in strategy development, operations leadership, continuous improvement, product development, technology, and corporate leadership qualify him to continue serving as a member of the Board of Directors.

Director Since	2007
Expiration of Term	2013

Note: The beneficial ownership of the Directors and nominees in the Common Stock of the Company is shown in the table presented under the heading Security Ownership of Management in this proxy statement.

AGENDA ITEM 2

RATIFICATION OF THE SELECTION OF THE COMPANY S INDEPENDENT

REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP served as the independent registered public accounting firm of the Company in 2011 and has been retained by the Audit Committee to do so in 2012. In connection with the audit of the 2012 financial statements, the Company has engaged Ernst & Young LLP to perform audit services for the Company. The Board of Directors has directed that management submit the selection of the independent registered public accounting firm for ratification by the stockholders at the Annual Meeting.

Stockholder ratification of the selection of Ernst & Young LLP as the Company s independent registered public accounting firm is not required by the Company s Bylaws or otherwise. However, the Board of Directors is submitting the selection of Ernst & Young LLP to the stockholders for ratification. If the stockholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain the firm. In such event, the Audit Committee may retain Ernst & Young LLP, notwithstanding the fact that the stockholders did not ratify the selection, or select another nationally recognized public accounting firm without resubmitting the matter to the stockholders. Even if the selection is ratified, the Audit Committee reserves the right in its discretion to select a different nationally recognized public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

The Board of Directors recommends that stockholders vote FOR the ratification of the selection of the Company s independent registered public accounting firm.

AGENDA ITEM 3

ADVISORY VOTE TO APPROVE NAMED EXECUTIVE COMPENSATION

The Board of Directors is aware of the significant interest in executive compensation matters by investors and the general public. Consistent with recently enacted legislation by Congress requiring a non-binding, advisory vote on the compensation of the Company s named executive officers, the Company is submitting this proposal, commonly known as a say-on-pay proposal, to stockholders. The Company is currently conducting say-on-pay votes every year and expects to hold the next say-on-pay vote in connection with its 2013 Annual Meeting of Stockholders. As required under the Dodd-Frank Wall Street Reform and Consumer Protection Act and Section 14A of the Securities Exchange Act of 1934, or the Exchange Act, we are asking you to cast a non-binding advisory vote to approve the Company s named executive compensation through the consideration of the following resolution:

RESOLVED, that the compensation paid to the Company s named executive officers, as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussion, is hereby APPROVED.

Our Compensation Committee has overseen the development and implementation of a compensation program that is discussed more fully in Compensation Discussion and Analysis and Executive Compensation, including the summary tables and narrative sections of this proxy statement.

The Company compensation program emphasizes a pay-for-performance philosophy. Performance-based annual cash incentive and long-term incentive programs, collectively, are the majority of our named executive officers targeted annual compensation. These programs are designed to:

- Drive the long-term financial and operational performance of the Company;
- Deliver value to our stockholders;
- Recognize and reward corporate, group and individual performance;
- Provide a pay package that reflects our judgment of the value of each officer s position in the marketplace and the Company; and
- Attract and retain strong executive leadership.

In executing a philosophy which begins with creating long-term value to stockholders, the Compensation Committee has established a framework for executive compensation that promotes a culture of performance and accountability with due consideration to risk management, transparency, and the need to adjust to rapidly changing market conditions. The program is heavily weighted toward pay at risk, with limited executive perquisites and benefits and clear line of sight to the link between important Company strategic goals and the rewards for achieving those objectives.

To further promote alignment with the interests of stockholders and a culture of enduring performance and accountability, the Company s executives have stock ownership requirements and are bound by a Clawback Policy which allows for the recoupment of incentive payments in certain circumstances. The fully independent Compensation Committee believes that the executive compensation program is an essential factor in the Company s strengthening of its leadership team and competitive position in the marketplace, both of which lead to business continuity and long-term value creation.

Because your vote is advisory, it will not be binding upon the Company, the Compensation Committee or the Board of Directors. However, we value stockholders opinions, and the Board will carefully consider the outcome of the advisory vote on executive compensation.

The Board of Directors recommends that the stockholders vote FOR approval of the compensation of the Company s named executive officers for fiscal year 2011.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

Cooper Tire s executive compensation program for its named executive officers is driven by our financial and strategic goals and the primary principle of pay for performance. The compensation program primarily consists of a base salary and performance-based cash incentive and equity awards.

2011 Financial Results

The actual achievement fell below the targets for 2011 due to challenging economic and industry conditions.

Corporate Performance Metrics*	2011 Targets	2011 Performance Results
Operating Profit	$ 350,000,000	$ 154,758,000
Free Cash Flow	$ 59,200,000	$ (52,748,000)
Net Income	$ 206,200,000	$ 84,430,000
Return on Invested Capital	18.00%	10.58%

* For more information about how these performance metrics are calculated, see Incentive Compensation Performance Metrics Methodology and Explanation below.

Executive Compensation Practices

Highlighted below is a summary of our executive compensation practices:

- _Pay is tied to performance_.
  - The annual incentive plan is based upon the achievement of established corporate or business unit performance metrics, *e.g.*, for corporate, the 2011 goals are corporate operating profit and free cash flow.
  - The 2011-2013 long-term performance plan is based upon the achievement of net income and return on invested capital goals.
  - Dividend equivalents are not earned or paid on performance awards that are not notionally earned.
  - The annual incentive plan and the long-term performance plan are designed to challenge the named executive officers to meet aggressive performance goals.
  - The majority of each named executive officer s total compensation is at-risk, and the design is intended to focus executives on the metrics that create long-term stockholder value.
- _Stock ownership_. Executives are required to achieve and maintain minimum levels of stock ownership.
- _Clawback policy._ The Board has established a policy that permits the recoupment of annual and long-term incentive compensation in the event of a restatement of reported financial results or if an employee has engaged in unethical conduct that is detrimental to the

Company.

Welfare and retirement benefits. With the exception of a plan designed to restore benefits lost due to limits under the Internal Revenue Code and a deferred compensation plan which allows executives to invest in Company stock and investments which mirror those in the qualified 401(k) plan, the named executive officers participate in the same group benefit plans and at the same level as all other employees. We do not credit additional years of service beyond years actually worked.

Employment agreements. Except for Mr. Armes, none of the named executive officers have an employment agreement.

Risk assessment. The process used to evaluate risks associated with our compensation programs is formalized, and the Compensation Committee has concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Executive compensation consultant. Our executive compensation consultant is retained directly by and reports to the Compensation Committee. Our executive compensation consultant does not provide any services to management and had no prior relationship with our Chief Executive Officer or any other named executive officer.

Executive Compensation Philosophy and Approach

Our Philosophy is to Provide Market Competitive Pay for Achieving Targeted Results

The Cooper Tire executive officer compensation program is designed to deliver value to our stockholders by driving long-term financial and operational performance. To accomplish this goal**,** we have structured our executive compensation program to attract, motivate and retain outstanding executives around the following principles:

Pay for performance. A significant portion of the value that our executives realize as compensation is based on performance, which motivates our executives to achieve annual and long-term goals. As such, the majority of the annual compensation opportunity is variable and at-risk, which means it is earned based on our achievement of financial goals that we believe create stockholder value. Payouts from the Annual Incentive Plan and the Long-Term Incentive Plan are based on objectives that must be achieved to earn a payout. The value realized from earned equity awards is also based on changes in the price of our stock over the performance period.

Be competitive. We establish our executive compensation opportunities, in part, based on a review of the practices for comparable positions at companies with annual revenues comparable to ours.

Align the interests of management and stockholders. We deliver a substantial portion of the long-term incentive opportunity by granting equity awards. In order to align our key executives with stockholder interests, ongoing stock retention is required of our named executive officers and senior executives, all of whom are subject to minimum ownership guidelines.

Encourage management continuity and enduring value creation. Our executive compensation program includes long-term incentives and other benefits which are earned or vested over several years, promoting retention and performance improvement. The program is regularly benchmarked and refined to assure that the Company can attract, retain, and motivate the caliber of leadership which can deliver value to our stockholders and other key constituents of Cooper s success.

Our Executive Officer Compensation Program is Administered by the Compensation Committee

The Compensation Committee is responsible for performing the duties of the Board of Directors relating to the compensation of our executive officers and other senior management. During 2011, our named executive officers were Mr. Roy V. Armes, Chairman, President, and Chief Executive Officer; Mr. Bradley E. Hughes, Vice President and Chief Financial Officer; Ms. Brenda S. Harmon, Senior Vice President and Chief Human Resources Officer; Mr. Harold C. Miller, Vice President and President International Tire Operations; and Mr. Christopher E. Ostrander, Vice President and President North American Tire Operations.

With input, as appropriate, from management and our outside executive compensation consultants, the Compensation Committee reviews and approves all elements of our executive compensation program. Management is responsible for making recommendations to the Compensation Committee regarding executive officer compensation (except with respect to Mr. Armes compensation) and effectively implementing our executive compensation program, as approved by the Compensation Committee.

The Compensation Committee is authorized by the Board of Directors to determine the compensation package for Mr. Armes. In making this determination, the Committee considers a formal assessment of Mr. Armes performance by the Board of Directors, overall business results, competitive market practices, strategic objectives, recent compensation paid to Mr. Armes, and other relevant factors.

The Compensation Committee annually analyzes market benchmark data provided by a compensation consultant regarding base salary and annual and long-term incentive opportunities and periodically evaluates market benchmark data regarding other compensation elements. The Compensation Committee retained Exequity LLP as its executive compensation consultant. Data from Aon Hewitt, an outside compensation consultant, was used to provide pay benchmarking in 2011.

Additional information about the role and processes of the Compensation Committee is presented under the heading Executive Compensation Consultant Disclosure and Meetings of the Board of Directors and its Committees-Compensation Committee in this proxy statement.

Compensation Peer Group

The Compensation Committee uses benchmarking data to assess market pay levels and program design. The peer group represents the kinds of companies that have similar characteristics and may compete with Cooper Tire for executive leadership positions. For each element of compensation and in the aggregate, the Committee sets target compensation levels that are near the middle of the range offered by comparable companies.

For officer pay level comparisons, Aon Hewitt general industry data on 183 companies with revenues between $1.5 billion and $7.0 billion was used. The median revenues of these 183 companies was approximately $3.1 billion.

For purposes of benchmarking executive program design, but not pay levels, a peer group of 15 companies with annual revenues in the range of 50% to 200% of our revenues was used. The companies in the peer group were selected because they were comparable in revenues, but also in terms of being a durable goods or capital intensive manufacturer, offering a consumer-branded product, focusing on technology-driven product development, and managing international operations. Each of the following peer group companies had to meet four of the five criteria.

Briggs & Stratton Corporation	Lennox International
Exide Technologies	NACCO Industries, Inc.
Flowserve Corporation	The Scotts Miracle-Gro Company
Harley-Davidson, Inc.	Snap-on Incorporated
Harsco Corporation	Stanley Black & Decker
HNI Corporation	Steelcase Inc.
Kennametal Inc.	The Toro Company
Leggett & Platt Incorporated	

Our Compensation Levels Are Set Considering Business Needs, Market Data and Other Factors

We use a comprehensive and structured approach in setting the compensation framework for all executive positions. We begin with a review of the Company s overall strategy and the particular role each position is expected to play in achieving the goals of the Company. With this baseline understanding and the assistance of the Compensation Committee s executive compensation consultant, we obtain and review relevant market benchmark data for each position regarding base salary, annual cash incentive opportunities, and long-term incentive award levels. We then determine an appropriate range of compensation for each position by assessing the market data in conjunction with the valuation of the position s impact and importance in setting and achieving the strategic objectives of the Company.

To facilitate a comprehensive view of all current and previously granted forms of compensation for each named executive officer, tally sheets are used by the Compensation Committee. Informed by tally sheet data, competitive market data, organization strategies, and individual performance assessments, the Compensation Committee uses its judgment in setting target compensation for each named executive officer each year. A formulaic approach is not solely relied upon to determine executive pay. Actual individual total compensation levels may vary from target levels based upon Company, business unit and individual performance, long-term organizational strategy, and other factors.

Structure of Compensation Program

We believe that our executive compensation program, by element and in total, best achieves our objectives. The majority of each named executive officer s compensation opportunity is based on the achievement of financial and strategic goals established at the beginning of the respective performance period. The primary elements of our executive compensation program, all key to the attraction, retention, and motivation of our named executive officers, are shown in the following table:

Element	Purpose	Nature of Component
Base Salary	To value the competencies, skills, experience, and performance of individual executives.	Cash. Not at risk. Reviewed annually.
Annual Incentive Compensation	To motivate and reward executives for the achievement of targeted financial and strategic operational goals.	Cash award. Performance-based and at risk. Amount earned will vary based upon actual results achieved.
Long-Term Incentive Compensation	To motivate and reward executives for the achievement of long-term financial goals and creation of stockholder value.	Equity-based and cash awards. Performance-based and at risk. Amount earned will vary depending upon financial results achieved and stockholder value created.
Benefits	To attract the level of talent required to achieve strategic objectives and to promote continuity of leadership.	Group medical and retirement benefits offered to all employees and a supplementary benefit plan to make up for Company contributions capped due to limits of the Internal Revenue Code. Opportunity to participate in a non-qualified deferred compensation plan.

Base Salaries

We provide market competitive base salaries to attract and retain outstanding talent and to provide a fixed component of pay for our named executive officers. Base salaries are reviewed annually and are determined according to the role of the executive, competitive median market data regarding similar roles in similar organizations, individual performance, budget, and other considerations. The Compensation Committee uses the median of market data as the reference point for base salary decisions because it believes that the median is the best representation of competitive salaries in the market for similar roles and talent.

In setting base salaries for 2011, the Compensation Committee considered how long the officer had been in his or her current role with the Company, the impact of his or her role on the Company s results, the overall quality and manner in which the officer performs his or her role, and the financial position of the Company.

Incentive Compensation

The Compensation Committee, with input from the executive compensation consultant, sets annual incentive performance targets at the beginning of each year based on its review of the operating plan as approved by the Board and its determination of what would constitute appropriate incentive performance goals for the Company and for individual business units. Our Chief Executive Officer, Chief Financial Officer, and Chief Human Resources Officer establish specific recommendations to our Compensation Committee regarding the annual performance targets. Management and the Compensation Committee analyze and discuss these recommendations. Modifications may be made by the Compensation Committee before it approves the annual performance targets. In setting the performance targets, the following primary factors are considered:

- Expected performance based upon the annual operating plan as approved by the Board;
- The economic environment in which we expect to operate during the year;
- The achievement of financial results expected to enhance stockholder value; and
- The strategic goals of the Company.

Performance Metrics Methodology and Explanation

The opportunity for incentive compensation is based on Company performance against key metrics, including operating profit, free cash flow, net income, and return on invested capital. The performance metrics are set by the Compensation Committee at the beginning of the fiscal year.

For purposes of the corporate performance metrics, operating profit is equal to operating profit from the Company s financial statements. For 2011, adjustments were made to recognize certain amounts related to the increased investment in Corporacion de Occidente S.A. de C.V. (COOCSA).

The following is a calculation of corporate operating profit for 2011:

Operating Profit	$ 163,301,000
Less: COOCSA Plant Operating Profit	(10,977,000)
Plus: COOCSA Step-Up Company Depreciation	2,434,000
Corporate Operating Profit	$ 154,758,000

For purposes of the corporate performance metrics, free cash flow is defined as cash provided by continuing operations from the Company s financial statements, less capital expenditures and dividends, plus or minus agreed upon adjustments.

The following is a calculation of corporate free cash flow for 2011:

Cash Provided by Continuing Operations	$ 125,517,000
Less: Capital Expenditures	(155,406,000)
Less: Dividends	(31,858,000)
Plus: Consolidated COOCSA Use of Cash	5,548,000
Plus: Proceeds From Sale of Assets	3,451,000
Corporate Cash Flow	$ (52,748,000)

For purposes of the corporate performance metrics, net income is equal to net income from the Company s financial statements, including adjustments shown below.

The following is a calculation of corporate net income for 2011:

Net income	$ 253,503,000
Less: Tax Valuation Release	(167,223,000)
Less: Consolidated COOCSA Net Income	(1,850,000)
Corporate Net Income	$ 84,430,000

For purposes of the corporate performance metrics, return on invested capital is calculated by dividing the sum of operating profit from the Company s financial statements, less income tax and the tax impact of net interest expense by an average of debt and equity calculated by taking the sum of the balance at the end of fiscal year 2010 and the balance at the end of each quarter in fiscal year 2011 divided by five.

The following is a calculation of corporate return on invested capital for 2011:

Numerator:	
Operating Profit	$ 163,301,000
Less: Income Tax Expenses	(31,777,000)
Less: Tax Impact of Net Interest Expense	(7,817,000)
	$ 123,707,000
Denominator:	
Average of Debt and Equity	$ 1,169,307,000
Corporate Return on Invested Capital	10.58%

Annual Incentive Compensation

<u>*Target Opportunity*</u>

At target levels of achievement, the Annual Incentive Plan is designed to approximate the market median of awards for executives in similar roles in similar organizations. At the highest level of achievement, the annual cash incentive opportunity for our named executive officers was 200% of the target opportunity in 2011. At a threshold level of performance, the incentive opportunity was 70% of the target in 2011, with no incentive earned if performance was below threshold.

The Compensation Committee uses the median of general industry market data as the reference point for target annual cash incentive opportunities because it believes that the median is the best representation of competitive annual cash incentive levels in the market for similar roles and talent. With regard to setting individual annual cash incentive opportunity levels, the Compensation Committee has the discretion to adjust the target opportunity levels as it sees fit. Typical reasons for adjusting an individual officer s target annual cash incentive opportunity level above or below the market median include how long the officer has been in his or her current role, the impact of the role upon the organization, and the multiple of salary needed to bring the total cash compensation of the executive to a competitive level.

Presented below are the target incentive awards for the named executive officers in 2011:

	2011 Target Incentive	
Executive	$	(% of Salary)
Mr. Armes	$ 949,750	100%
Mr. Hughes	$ 255,900	60%
Ms. Harmon	$ 181,375	50%
Mr. Miller	$ 216,300	60%
Mr. Ostrander	$ 219,231	60%

Performance Metrics for 2011

The performance metrics under the 2011 Annual Incentive Plan for Messrs. Armes and Hughes and Ms. Harmon were: 60% Corporate Operating Profit and 40% Corporate Free Cash Flow. For Mr. Miller, the 2011 performance metrics were 45% International Tire Division Operating Profit, 35% Corporate Free Cash Flow, and 20% Corporate Operating Profit. For Mr. Ostrander, the 2011 performance metrics were 45% North America Tire Division Operating Profit, 35% Corporate Free Cash Flow, and 20% Corporate Operating Profit. The potential payout on each of the financial metrics ranged from 0% to 200% of target.

For 2011, the Corporate Operating Profit goal was set at $350,000,000; the Corporate Free Cash Flow goal was set at $59,200,000; the North America Tire Division Operating Profit goal was set at $271,800,000; and the International Tire Division Operating Profit goal was set at $104,300,000. In light of the overall market forecasts and projections for Cooper Tire at the time the 2011 targets were set, the Compensation Committee determined that these goals would be a challenge to achieve and that they were reflective of the Company s potential earnings performance, financial health, and value creation.

2011 Annual Cash Incentive Awards Reflect Our Financial Performance

The annual cash incentive payout for 2011 for each named executive officer except for Mr. Miller was 0% of their target annual cash incentive opportunity. For Mr. Miller, who has responsibility for International Tire Operations, the annual incentive payout for 2011 was 44.8% of his target annual cash incentive opportunity. Presented below are the actual incentive awards for the named executive officers in 2011:

	Actual 2011 Incentive	
Executive	$	(% of Salary)
Mr. Armes	0	0.0
Mr. Hughes	0	0.0
Ms. Harmon	0	0.0
Mr. Miller	$ 97,597	26.9%
Mr. Ostrander	0	0.0

Long-Term Incentives

Long-term incentive awards are granted under the Cooper Tire & Rubber Company 2010 Incentive Compensation Plan. The Plan allows for a variety of forms of long-term incentives, including stock options, restricted stock units, performance-based stock units and performance-based cash. The Compensation Committee approves long-term incentive award opportunities for each senior executive, including the named executive officers.

Award Grant Timing and Pricing

For current executives, the grant date is typically the date of our February Compensation Committee meeting. For new executives, the grant date is as of, or shortly after, the hiring date of the new eligible executive. Our standard methodology is to set the grant/exercise price of equity-based awards at the average of the high and low trading price of our common stock, as quoted on the New York Stock Exchange, on the date of grant.

Cycles for Performance-Based Grants

Key design features of performance-based stock units and performance-based cash grants include:

- Three-year cycle with one-year measurement periods;
- At the start of each year, specific financial metrics are set;
- At the end of each year in a three-year performance cycle, performance-based stock units and performance-based cash can be notionally earned if financial metrics for the awards have been achieved;
- Payout opportunities can range from 0% to 200% of the target award opportunity;
- Notionally earned performance-based stock units and performance-based cash, if any, vest and are payable at the end of the three-year cycle, with performance-based stock units payable in shares of common stock and performance-based cash settled in cash; and
- Dividend equivalents, which are credited to notionally earned performance-based stock units, only are reinvested into additional stock units and paid at the end of the three-year cycle with the underlying and vested performance-based stock units. Performance-based stock units that have not been notionally earned do not receive dividend equivalents.

Since the performance cycle for each performance-based grant is three years, participants can have overlapping three-year award opportunities active at any time.

2011 Long-Term Incentives

The long-term award opportunity for 2011 was in the form of stock options, performance-based stock units and performance-based cash, with each weighted approximately 33%. In determining the appropriate form or mix of long-term performance awards, the Compensation Committee considers such factors as the motivational impact of various components, alignment with stockholder interests, the affordability of certain awards, and other business objectives which may prescribe or suggest the form or mix of awards at a particular time in the business cycle.

Performance-Based Stock Units

For the 2011-2013 performance cycle, the Compensation Committee granted individual award opportunities for performance-based stock units, a portion of which could be notionally earned in 2011. In 2011, there was also an opportunity to earn performance-based stock units which were granted under the 2010-2012 long-term incentive plan. In 2009, all long-term incentives were in the form of stock options, so there was no 2009-2011 long-term incentive plan under which performance-based stock units could be earned. Mr. Ostrander joined the Company January 17, 2011 and, thus, was not eligible to participate in the 2010-2012 Long-Term Incentive Performance Cycle.

Presented below are the target numbers of performance-based stock units for the 2011 tranche of the 2010-2012 and the 2011-2013 performance cycles:

	Target Performance-Based Stock Unit Award For 2011	
Officer	2010-2012 Long-Term Incentive Performance Cycle	2011-2013 Long-Term Incentive Performance Cycle
Mr. Armes	17,259	14,711
Mr. Hughes	3,571	3,004
Ms. Harmon	3,035	2,569
Mr. Miller	2,982	2,525
Mr. Ostrander	0	2,757

Performance-Based Cash

For the 2011-2013 performance cycle, the Compensation Committee also granted individual award opportunities for performance-based cash, a portion of which could be notionally earned in 2011. In 2011, there was also an opportunity to earn performance-based cash which were granted under the 2010-2012 long-term incentive plan.

Presented below are the target performance-based cash awards, denominated in cash dollar amounts based upon percentage of salary, for the 2011 measurement tranche of the 2010-2012 and the 2011-2013 performance cycles:

	Target Performance-Based Cash Award for 2011	
Officer	2010-2012	2011-2013
Mr. Armes	$ 322,222	$ 337,902
Mr. Hughes	$ 66,667	$ 69,000
Ms. Harmon	$ 56,667	$ 59,000
Mr. Miller	$ 55,667	$ 58,000
Mr. Ostrander	$ 0	$ 63,333

2011 Performance Metrics for Performance-Based Stock Units and Performance-Based Cash

The financial metrics for the 2011 measurement period of the 2011-2013 and 2010-2012 performance cycles approved by the Compensation Committee at the beginning of 2011 were as follows:

Metric Weighting	Metric Weighting
Net Income (80%)	Return on Invested Capital (20%)

The Compensation Committee selected these performance metrics because improvement in the Company s earnings and prudent management of capital were imperative over the three-year period. The ultimate value of earned performance-based stock units is based on the Company s financial results and the stock price, which aligns with long-term stockholder value creation. The ultimate value of earned performance-based cash is based on the Company s financial results.

The performance goals for each of the 2011 metrics noted above are based on the annual operating plan and were as follows for the 2011 performance period:

Net Income	$ 206,200,000
Return on Invested Capital	18.00%

Amounts Notionally Earned for 2011 Performance Period Reflect Our Performance

The Compensation Committee reviewed the performance for the 2011 measurement period under the 2010-2012 performance cycle and the 2011-2013 performance cycle. Because actual performance in 2011 did not exceed applicable performance thresholds, no performance-based stock units and performance-based cash were notionally earned for the 2011 measurement period.

Presented below are the number of performance-based stock units and the amount of performance-based cash notionally earned for each of the named executive officers during 2011:

	2010-2012 Long-Term Incentive Performance Cycle		2011-2013 Long-Term Incentive Performance Cycle	
	Stock Units	Cash	Stock Units	Cash
Mr. Armes	0	$ 0	0	$ 0
Mr. Hughes	0	$ 0	0	$ 0
Ms. Harmon	0	$ 0	0	$ 0
Mr. Miller	0	$ 0	0	$ 0
Mr. Ostrander	0	$ 0	0	$ 0

Awards earned in 2010 and 2012, if any, for the 2010-2012 performance cycle will be paid in shares of common stock and cash in early 2013. In accordance with the regulations established by the Securities and Exchange Commission for the Summary Compensation Table, the Stock Awards column shows only the tranches granted each calendar year. For example, the 2011 values for the Stock Awards include the 2011 measurement period of the 2010-2012 performance cycle and the 2011-2013 performance cycle.

Stock Options

The size of the stock option grant was determined with reference to competitive median levels for executives in similar roles in similar organizations, the historic and recent price for the Company s stock, as well as individual performance and other long-term considerations.

The stock options granted in 2011 vest in equal installments of one-third per year beginning one year after the date of grant and are presented in the 2011 Grants of Plan-Based Awards Table that is included below. The option term is 10 years, after which, if not exercised, the option expires.

Retirement Benefits

In order to attract high caliber leadership and promote management continuity among our named executive officers, we provide the following retirement benefits:

401(k) Plan. The Company provides a 401(k) retirement savings plan for eligible employees, including the named executive officers. Under the Spectrum Retirement Savings Plan, in which the named executive officers participate, participants may choose to contribute up to 99% of their pay, up to the annual limit determined by the Internal Revenue Service. The Company provides each participant a matching contribution of 100% of the first 1% of pay contributed by the employee and 50% of the next 5% of pay contributed by the employee. In addition, the Company may make a discretionary contribution into the Plan on behalf of all eligible employees for the Spectrum Retirement Savings Plan, up to the limits determined annually by the Internal Revenue Service.

Pension Plan. The Company also has a cash balance pension plan that was frozen as of June 30, 2009. Because they were active employees on June 30, 2009, Messrs. Armes and Miller have a balance under the cash balance pension plan. Because the plan was closed to new participants after June 30, 2009, Mr. Hughes, Ms. Harmon, and Mr. Ostrander are not participants in this plan. Upon retirement, a participant s benefit under the cash balance plan will be paid in the form of an annuity, or in a lump sum, upon the election of the participant. A participant may receive the amount of his or her benefit in a lump sum payment upon termination of employment within one year of termination; otherwise the benefit is paid in the form of an annuity when the participant is eligible. Detailed information about these pension plans is presented in the 2011 Pension Benefits Table and related disclosures on page 30.

Non-Qualified Supplementary Benefit Plan. This plan was designed to make-up for any benefits not accrued under the now frozen pension plan and/or the 401(k) plan due to Internal Revenue Code limits on qualified benefits. This plan allows executives, including our named executive officers, to participate at the same level as other employees who are not subject to the limitations under the Internal Revenue Code, albeit through a non-qualified plan.

The actuarial change from 2010 in our named executive officers pension benefit is presented in the 2011 Summary Compensation Table on page 24. Detailed information about these pension plans is also presented in the 2011 Pension Benefits Table and related disclosures on page 30.

Executive Deferred Compensation

In order to provide executives an opportunity to defer earned salary or cash incentive awards, the Company offers a non-qualified deferred compensation plan. The plan allows selected senior management employees (including our named executive officers) to elect to defer receipt of up to 80% of their base salary and up to 100% of their annual and long-term incentive cash compensation each year (subject to an aggregate $10,000 minimum per year), until a date or dates chosen by the participant. We do not make matching or other employer contributions to the Executive Deferred Compensation Plan. Amounts deferred into this plan are credited to a notional account that is notionally invested in investment vehicles similar to those offered in the Company s 401(k) Plan. These investment choices include the opportunity to invest in our Common Stock. The plan does not provide any fixed, above-market earnings opportunity. Detailed information about this plan is presented in the 2011 Non-Qualified Deferred Compensation Table and related disclosures below. This plan is compliant with and administered in accordance with the rules and regulations of Section 409A of the Code, as are all other plans of the Company that have an element of deferred compensation.

Perquisites and Other Compensation

We provide a limited annual allowance of $15,000 to cover the cost of financial planning services and an annual executive physical for our named executive officers. We also pay for relocation costs for our named executive officers. In addition, it is our policy to cover travel costs of spouses to accompany the executives and participate in business-related activities. There is minimal use of the Company plane for personal use, and we do not provide for a tax gross-up of the imputed income for the executives personal use of the Company plane. For certain of these other items, including business-related travel costs for spouses, we provide for a tax gross-up of the imputed income. The value of these perquisites and other compensation is presented in the All Other Compensation column of the 2011 Summary Compensation Table.

Other Program Design Elements

Requirements to Maintain a Minimum Level of Stock Ownership

We believe that our named executive officers, whose business decisions impact our operations and results, should obtain and maintain a reasonable equity ownership in the Company. As such, the Compensation Committee has established minimum stock ownership guidelines for our named executive officers. At present, the individuals listed below must achieve the ownership guidelines as follows:

Officer	Ownership Guideline	Targeted Achievement Date
Mr. Armes	5 x Base Salary	January 1, 2013
Mr. Hughes	3 x Base Salary	November 18, 2014
Ms. Harmon	3 x Base Salary	December 16, 2014
Mr. Miller	3 x Base Salary	January 1, 2013
Mr. Ostrander	3 x Base Salary	January 17, 2016

If any of our named executive officers do not in a timely manner satisfy the stock ownership guidelines, then the Compensation Committee may take further action including requiring that 50% of an executive s annual cash incentive be paid in stock; requiring that the executive retain 50% of the net after-tax shares following the exercise of any stock options or upon the vesting of other equity awards; requiring that 50% of the executive s long-term incentive awards be paid in stock; or reducing the executive s long-term incentive grants.

Employment Agreement and Change in Control Plan

The Company has an employment agreement with Mr. Armes that specifies minimum pay levels and provides severance benefits in certain circumstances (both with and without a change in control). The terms of Mr. Armes employment agreement were negotiated in the light of market benchmark data for similar companies provided by Towers Watson, cost and other considerations, and were set to attract him to join the Company. The terms of the original agreement dated December 19, 2006, were amended and restated on December 22, 2008, to be in full compliance with Section 409A of the Code. Mr. Armes current base salary is $970,000.

As a tool to facilitate attraction and retention of key executive talent, the Company also has a change in control plan that covers each of the other named executives. Under this plan, benefits are received only in the event that an actual change in control and termination occurs, or termination occurs during a time when the Company is party to a definitive agreement, the consummation of which would result in a change in control, and thus are not considered part of annual compensation. We believe that a change in control plan maintains productivity, facilitates a long-term commitment, and encourages retention when, and if, we are confronted with the potential disruptive impact of a change in control of the Company.

See Potential Payments Upon Termination or Change in Control for more information regarding these arrangements.

Other Considerations

Clawback Policy

Our Board has adopted a policy that permits us to recoup the annual and long-term incentive compensation paid to our executives in certain circumstances. Under this policy, if the Company significantly restates its reported financial results, the Board will review the circumstances that caused such restatement, consider issues of accountability and oversight, and analyze the impact of such restatement on compensation paid or awarded to Company employees. If the restatement is the result of fraud or misconduct, the Board may elect to recover all annual cash incentive awards, long-term incentive pay (LTIP), and other incentive-based compensation paid to the employees who engaged in such fraud or misconduct. Additionally, for participants in the LTIP, the Board may elect to recover LTIP paid out to the extent the Company s performance goals were over-stated as a result of such restatement, and, for all employees, the Board may adjust any unvested or notionally earned LTIP amounts related to the relevant performance period(s) to reflect the restatement. If the restatement is not the result of fraud or misconduct, the Board may adjust any unvested or notionally earned LTIP amounts related to the relevant performance period(s) to reflect the restatement. The policy also provides that if the Board determines that any employee has engaged in unethical conduct detrimental to the Company, the Board may seek recoupment of all annual cash incentives, LTIP, or other incentive-based compensation paid to such employee during the period(s) of such unethical behavior, and cancel all unvested or notionally earned incentive-based compensation related to such period(s). Recovery under the Clawback Policy is in addition to any recoupment required or permitted by law, including the Sarbanes-Oxley Act of 2002 and common law, or by contract.

Tax Deductibility of Executive Compensation

The financial reporting and income tax consequences of the compensation elements are considered by the Compensation Committee when it analyzes the design and level of compensation. The Compensation Committee balances its objective of ensuring effective and competitive compensation packages with the desire to maximize the tax deductibility of compensation.

Regulations issued under Section 162(m) of the Code provide that compensation in excess of $1 million paid to the Chief Executive Officer and certain other named executive officers will not be deductible unless it meets specified criteria for being performance-based. The Compensation Committee generally designs and administers the executive incentive programs of the Company to qualify for the performance-based exemption. It also reserves the right to provide compensation that does not meet the exemption criteria if, in its sole discretion, it determines that doing so advances the business objectives of the Company.

Compensation Plan for 2012

When setting executive compensation for 2012, the Compensation Committee took into account the results of the stockholder advisory vote on executive compensation that occurred at the 2011 Annual Meeting of Stockholders. Because a substantial majority (over 92%) of the votes cast approved the compensation program described in our 2011 proxy statement, the Compensation Committee applied the same principles in determining the amounts and types of executive compensation for 2012. Therefore, our executive compensation program for 2012 will be structured in a manner similar to the 2011 program.

Base pay levels are set with reference to individual roles, impact, individual performance, and median levels of competitive market pay as determined by peer group and general market comparisons.

Annual cash incentive opportunity levels are benchmarked against competitive norms as measured against general industry data for similar executive positions as provided by our executive compensation consultant. Individual annual cash incentive opportunity levels are adjusted, if warranted, to maintain competitive compensation packages for our named executive officers. The Annual Incentive Plan performance measures are based on financial (operating profits and free cash flow) goals.

The long-term incentive opportunity for 2012 includes a mix of stock options, performance-based stock units and performance-based cash. The stock options vest in equal installments of one-third per year beginning one year after grant. The performance-based stock units and performance-based cash awards are measured against net income and return on invested capital.

Executive Compensation Consultant Disclosure

In July 2010, the Compensation Committee engaged Exequity LLP to serve as an executive compensation consultant. Exequity LLP continued to be the executive compensation consultant for the fiscal year 2011. Exequity provides research data analysis, survey information and design expertise in developing compensation programs for executives. In addition, Exequity keeps the Compensation Committee apprised of regulatory developments and market trends related to executive compensation practices. A representative of Exequity generally attends meetings of the Compensation Committee and is available to participate in executive sessions.

COMPENSATION COMMITTEE REPORT

The following report has been submitted by the Compensation Committee of the Board of Directors:

The Compensation Committee of the Board of Directors has reviewed and discussed the Company s Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company s definitive proxy statement on Schedule 14A for its 2012 Annual Meeting, which is incorporated by reference in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2011, each as filed with the Securities and Exchange Commission.

The foregoing report was submitted by the Compensation Committee of the Board and shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission or subject to Regulation 14A promulgated by the Securities Exchange Commission or Section 18 of the Exchange Act.

Respectfully submitted,

Richard L. Wambold, Chairman

John J. Holland

John F. Meier

Robert D. Welding

EXECUTIVE COMPENSATION

The following tables and narratives provide, for the fiscal year ended December 31, 2011, descriptions of the cash compensation paid by the Company, as well as certain other compensation awarded, paid or accrued, during 2011 to our named executive officers, including:

- Mr. Roy V. Armes, Chairman, President, and Chief Executive Officer;

- Mr. Bradley E. Hughes, Vice President and Chief Financial Officer; and

- Ms. Brenda S. Harmon, Senior Vice President and Chief Human Resources Officer; Mr. Harold C. Miller, Vice President and President International Tire Operations; and Mr. Christopher E. Ostrander, Vice President and President North American Tire Operations, who were our three other most-highly compensated executive officers other than Messrs. Armes and Hughes who were serving as of December 31, 2011.

2011 SUMMARY COMPENSATION TABLE

The following table shows compensation information for 2009, 2010 and 2011 for our named executive officers.

Name and Principal Position(1)	Year	Salary	Bonus	Stock Awards(3)	Option Awards(4)	Non-Equity Incentive Plan Compensation(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(6)	All Other Compensation(8)	Total Compensation
Roy V. Armes	2011	$ 949,750		$ 734,351	$ 1,191,710	$ 0	$ 7,631	$ 133,509(9)	$ 3,016,951
Chairman, President, and	2010	$ 888,038		$ 1,334,882					