



COOPERTIRES®

2017 ANNUAL REPORT

Focused on Growth





To our stockholders:

Despite a year that presented challenges to the tire industry and to Cooper, we were pleased to end 2017 with operating profit of \$272 million, or 9.5 percent of net sales, which is near the high end of our previously stated mid-term target range of 8 to 10 percent. Cooper ended 2017 with consolidated sales of \$2.85 billion, a 2.4 decrease from 2016. Full year net income was \$95 million or diluted earnings per share of \$1.81. This included charges of \$68 million of discrete tax items in the fourth quarter primarily related to the impact of tax reform in the United States. We expect tax reform to drive significant benefits for us in the future, allowing Cooper to accelerate our future initiatives and invest more in our business. We continued our strong record of share repurchases and dividend payments. In 2017, Cooper repurchased 2.5 million shares of the company's common stock for \$90.9 million and we recently announced the company's 184th consecutive quarterly dividend.

The challenges of 2017 emerged in late 2016, when raw material prices began to rise sharply, and throughout 2017, there was significant price volatility. Raw material costs for Cooper were \$163 million higher in 2017 than in 2016.

Cooper ended 2017 with a small decrease in global unit volume of approximately one-half percent as strong unit volume growth in Asia nearly offset a decline in U.S. unit volume. In the U.S. market, there was soft consumer demand for tires industry-wide throughout the year, which resulted in heavy promotional and pricing activity among competitors. This, combined with our decision to exit some non-strategic private brand distributor business—a process which is largely behind us—led to a decline in unit volume of 8.6 percent in the U.S. Today, Cooper's private brand distributor business is down almost 5 million units compared to 2012 as we have undertaken this important initiative. While this has resulted in short-term unit volume reductions, we are in the process of replacing those units with more strategic, generally higher margin business.

In addition to strong unit volume growth, the Asia team also did a great job with the integration and ramp up of our GRT joint venture in China, which produces truck and bus radial tires. In 2017, GRT was accretive to earnings, one year ahead of our projections.

We have launched several initiatives to improve unit volume, including:

- Entering new sales channels including e-commerce, auto dealerships and others. We've made good progress in recent months on this objective. Cooper needs to be where consumers are buying tires today and participating in growing channels.
- Making inroads into the global original equipment (OE) business beyond the strong presence Cooper already has with OE vehicle manufacturers in Asia. We will remain primarily a replacement tire company, but there are many benefits—including brand awareness and staying abreast of technology advancements—that come along with strategic OE relationships.
- Speeding the cadence of new product introductions, launching products more often and making consumers a bigger part of the product design and testing process so that Cooper brings to market exciting tires that consumers want to buy.

In addition to the volume opportunity, we are focused on driving profit margin improvement through efforts underway to enhance efficiencies and reduce costs, including the continued balancing of production capacity within our network, automation in our plants, and making our corporate structure as efficient and effective as possible. These efforts will take time to manifest, but we are encouraged by early progress.

Moving forward, we expect our growth and profit margin improvement initiatives, combined with positive underlying macro-conditions in the tire industry, such as miles driven, vehicle age, low unemployment and others, to positively affect our business.

Our people are at the center of Cooper's growth efforts and we value their hard work and contributions as well as the loyalty of our customers. We are excited about the future and thank you, our stockholders, for your support of Cooper.



Bradley E. Hughes
President & Chief Executive Officer



Thomas P. Capo
Chairman

STOCKHOLDER INFORMATION

Executive Offices

Cooper Tire & Rubber Company
701 Lima Avenue
Findlay, OH 45840
419-423-1321

For Information

Tire products	800-854-6288
Investor Relations	419-424-4165
Website	www.coopertire.com

Annual Meeting

The 2018 Annual Meeting of Stockholders of Cooper Tire & Rubber Company will be held at The Westin Detroit Metropolitan Airport, McNamara Terminal, 2501 Worldgateway Place, Detroit, Michigan 48242, Friday, May 4, 2018 at 10:00 a.m. Eastern Daylight Time. All stockholders are cordially invited to attend. Proxy material is sent or made available to stockholders.

Transfer Agent & Registrar

Computershare Inc.
PO Box 30170
College Station, TX 77842-3170

888-294-8217 (toll free)
24 hours automated or Mon. - Fri.
8:30 a.m. to 5:30 p.m. (Central Time)
www.computershare.com/investor
<https://www-us.computershare.com/investor/contact>

Stockholders requiring a change of name, address or ownership of shares, as well as information about stockholder records, lost or stolen certificates, dividend checks, dividend direct deposit and dividend reinvestment should contact our transfer agent by mail, by telephone or through its web site.

Filing Certifications

The Company has filed the certification required by Section 302 of the Sarbanes-Oxley Act of 2002 as an exhibit to its Form 10-K for the fiscal year ending December 31, 2017, filed with the Securities and Exchange Commission. On May 16, 2017, the Company filed with the New York Stock Exchange its Annual CEO Certification.

Direct Investment Plan

Computershare Investor Services serves as Administrator for a direct investment plan for the purchase, sale and/or dividend reinvestment of Cooper Tire & Rubber Company common stock. For information, call Computershare Investor Services at 888-294-8217.

Board of Directors

Thomas P. Capo^{1, 2}
Non-Executive Chairman of the Board,
Former Chairman of the Board
Dollar Thrifty Automotive Group, Inc.

Steven M. Chapman³
Group Vice President, China and Russia
Cummins, Inc.

Susan F. Davis³
Former Executive Vice President,
Asia-Pacific Region
Johnson Controls

John J. Holland²
President
Greentree Advisors LLC

Bradley E. Hughes
President & Chief Executive Officer
Cooper Tire & Rubber Company

Tracey I. Joubert
Chief Financial Officer
Molson Coors Brewing Company

Gary S. Michel²
President and Chief Executive Officer
Home & Building Technologies
Strategic Business Group
Honeywell International Inc.

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Former Chairman of the Board,
President and Chief Executive Officer
Amcast Industrial Corporation

Robert D. Welding^{1, 3}
Former Non-Executive Chairman
Public Safety Equipment (Int'l) Limited

¹ Member of the Nominating and Governance Committee

² Member of the Audit Committee

³ Member of the Compensation Committee

Executive Officers

Bradley E. Hughes
President & Chief Executive Officer

John J. Bollman
Senior Vice President and
Chief Human Resources Officer

Ginger M. Jones
Senior Vice President and
Chief Financial Officer

Stephen Zamansky
Senior Vice President,
General Counsel and Secretary

Other Corporate Officers

Gerald C. Bialek
Vice President and Treasurer

James P. Keller
Senior Vice President

Philip F. Kortokrax
Senior Vice President

Jack J. McCracken
Assistant General Counsel
and Assistant Secretary



COOPERTIRES[®]

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