Section 1: 10-Q (FORM 10-Q)

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

FORM 10-Q

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

For the quarterly period ended March 31, 2016

OR

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

Commission File No. 1-4329

COOPER TIRE & RUBBER COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	**34-4297750**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer identification no.)**

701 Lima Avenue, Findlay, Ohio 45840
(Address of principal executive offices)
(Zip code)

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such

files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

Number of shares of common stock of registrant outstanding as of April 27, 2016: 55,169,380

Part I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS

COOPER TIRE & RUBBER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(Dollar amounts in thousands except per-share amounts)

	Three Months Ended March 31,	
	2016	2015
Net sales	**$649,775**	$663,206
Cost of products sold	**499,346**	531,251
Gross profit	**150,429**	131,955
Selling, general and administrative expense	**59,325**	61,602
Operating profit	**91,104**	70,353
Interest expense	**(6,636)**	(6,356)
Interest income	**940**	562
Other non-operating income	**1,462**	80
Income before income taxes	**86,870**	64,639
Provision for income taxes	**28,098**	22,476
Net income	**58,772**	42,163
Net (loss) income attributable to noncontrolling shareholder interests	**(233)**	1,402
Net income attributable to Cooper Tire & Rubber Company	**$ 59,005**	$ 40,761
Basic earnings per share:		
Net income attributable to Cooper Tire & Rubber Company common stockholders	**$ 1.06**	$ 0.70
Diluted earnings per share:		
Net income attributable to Cooper Tire & Rubber Company common stockholders	**$ 1.05**	$ 0.69
Dividends per share	**$ 0.105**	$ 0.105

See accompanying notes to Condensed Consolidated Financial Statements.

COOPER TIRE & RUBBER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(Dollar amounts in thousands)

	Three Months Ended March 31,	
	2016	2015
Net income	**$58,772**	$ 42,163
Other comprehensive income		
Foreign currency translation adjustments	**(2,952)**	(12,860)
Financial instruments		
Change in the fair value of derivatives	**(5,456)**	4,420
Income tax benefit (provision) on derivative instruments	**2,073**	(1,732)
Financial instruments, net of tax	**(3,383)**	2,688
Postretirement benefit plans		
Amortization of actuarial loss	**10,932**	11,719
Amortization of prior service credit	**(141)**	(141)
Income tax provision on postretirement benefit plans	**(3,853)**	(4,111)
Foreign currency translation effect	**2,029**	5,227
Postretirement benefit plans, net of tax	**8,967**	12,694
Other comprehensive income	**2,632**	2,522
Comprehensive income	**61,404**	44,685
Less comprehensive (loss) income attributable to noncontrolling shareholder interests	**(431)**	300
Comprehensive income attributable to Cooper Tire & Rubber Company	**$61,835**	$ 44,385

See accompanying notes to Condensed Consolidated Financial Statements.

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

	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 433,996**	$ 505,157
Notes receivable	**5,620**	8,750
Accounts receivable, less allowances of $8,031 at 2016 and $7,533 at 2015	**418,923**	371,757
Inventories at lower of cost or market:		
Finished goods	**357,073**	297,967
Work in process	**24,856**	26,666
Raw materials and supplies	**92,752**	87,928
	474,681	412,561
Other current assets	**33,347**	36,405
Total current assets	**1,366,567**	1,334,630
Property, plant and equipment:		
Land and land improvements	**49,763**	49,782
Buildings	**278,462**	277,034
Machinery and equipment	**1,632,094**	1,637,637
Molds, cores and rings	**238,073**	236,370
	2,198,392	2,200,823
Less: accumulated depreciation	**1,399,303**	1,405,625
Net property, plant and equipment	**799,089**	795,198
Goodwill	**18,851**	18,851
Intangibles, net of accumulated amortization of $65,766 at 2016 and $62,274 at 2015	**132,782**	133,490
Restricted cash	**820**	802
Deferred income tax assets	**133,877**	136,310
Other assets	**16,487**	16,895
Total assets	**$2,468,473**	$ 2,436,176
LIABILITIES AND EQUITY		
Current liabilities:		
Notes payable	**$ 7,737**	$ 12,437
Accounts payable	**202,217**	215,850
Accrued liabilities	**192,176**	199,368
Income taxes payable	**29,427**	4,748
Current portion of long-term debt	**600**	600
Total current liabilities	**432,157**	433,003
Long-term debt	**295,837**	296,412
Postretirement benefits other than pensions	**249,917**	249,650
Pension benefits	**298,505**	304,621
Other long-term liabilities	**135,578**	132,594
Deferred income tax liabilities	**2,159**	2,285
Equity:		
Preferred stock, $1 par value; 5,000,000 shares authorized; none issued	**—**	—
Common stock, $1 par value; 300,000,000 shares authorized; 87,850,292 shares issued	**87,850**	87,850
Capital in excess of par value	**18,238**	16,306
Retained earnings	**2,149,087**	2,095,923
Cumulative other comprehensive loss	**(506,937)**	(509,767)
	1,748,238	1,690,312
Less: common shares in treasury at cost (32,477,615 at 2016 and 32,017,754 at 2015)	**(731,850)**	(711,064)
Total parent stockholders' equity	**1,016,388**	979,248
Noncontrolling shareholder interest in consolidated subsidiary	**37,932**	38,363
Total equity	**1,054,320**	1,017,611
Total liabilities and equity	**$2,468,473**	$ 2,436,176

See accompanying notes to Condensed Consolidated Financial Statements.

COOPER TIRE & RUBBER COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Dollar amounts in thousands)

	Three Months Ended March 31,	
	2016	2015
Operating activities:		
Net income	**$ 58,772**	$ 42,163
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	**31,792**	29,470
Stock-based compensation	**4,752**	2,639
Change in LIFO inventory reserve	**(29,899)**	(49,694)
Amortization of unrecognized postretirement benefits	**10,791**	11,578
Changes in operating assets and liabilities:		
Accounts and notes receivable	**(44,148)**	(22,265)
Inventories	**(32,536)**	(8,729)
Other current assets	**(274)**	2,222
Accounts payable	**(8,369)**	(18,054)
Accrued liabilities	**(11,705)**	14,779
Other items	**22,465**	(12,111)
Net cash provided by (used in) operating activities	**1,641**	(8,002)
Investing activities:		
Additions to property, plant and equipment and capitalized software	**(36,166)**	(47,698)
Proceeds from the sale of assets	**20**	1,353
Net cash used in investing activities	**(36,146)**	(46,345)
Financing activities:		
Net payments on short-term debt	**(7,586)**	(40,839)
Repayments of long-term debt	**(600)**	(1,058)
Repurchase of common stock	**(24,826)**	(12,352)
Payment of dividends to Cooper Tire & Rubber Company stockholders	**(5,817)**	(6,060)
Issuance of common shares and excess tax benefits on stock options	**3,469**	16,682
Net cash used in financing activities	**(35,360)**	(43,627)
Effects of exchange rate changes on cash	**(1,296)**	(4,533)
Net change in cash and cash equivalents	**(71,161)**	(102,507)
Cash and cash equivalents at beginning of year	**505,157**	551,652
Cash and cash equivalents at end of period	**$433,996**	$ 449,145

See accompanying notes to Condensed Consolidated Financial Statements.

1. Basis of Presentation and Consolidation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, the Condensed Consolidated Financial Statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation.

There is a year-round demand for the Company's passenger and truck replacement tires, but sales of light vehicle replacement tires are generally strongest during the third and fourth quarters of the year. Winter tires are sold principally during the months of June through November. Operating results for the three-month period ended March 31, 2016 are not necessarily indicative of the results that may be expected for the year ended December 31, 2016.

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

Joint Venture Agreement

On January 4, 2016, the Company announced that it had entered into an agreement to purchase a majority of China-based Qingdao Ge Rui Da Rubber Co., Ltd. ("GRT"). Cooper will own 65 percent of the entity for 600,000 RMB, or approximately $92,000 as of the date the agreement was signed, including the acquisition and initial investments in the operation. The transaction is expected to close in the third quarter of 2016, pending certain permits and approvals by the Chinese government.

In the first quarter, the Company made a down payment in the amount of $5,929 for this transaction in accordance with the purchase agreement. The down payment is fully refundable in the event that the transaction does not close and does not provide the Company with any power to direct the activities of the existing GRT entity prior to the transaction closing. The down payment is classified as a deposit within Other current assets on the balance sheet.

After the acquisition, GRT is expected to serve as a global source of truck and bus radial tire production for the Company. Passenger car radial tires may also be manufactured at the facility in the future.

Accounting Pronouncements

Each change to U.S. GAAP is established by the Financial Accounting Standards Board ("FASB") in the form of an accounting standards update ("ASU") to the FASB's Accounting Standards Codification ("ASC").

The Company considers the applicability and impact of all accounting standards updates. Accounting standards updates not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Company's condensed consolidated financial statements.

Accounting Pronouncements – Recently Adopted

Fair Value Measurements – In May 2015, the FASB issued ASU 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)," which removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendment also limits disclosure to investments for which the practical expedient has been elected instead of all investments eligible for the practical expedient. Application of the standard, which must be applied retrospectively, is required for the annual and interim periods beginning after December 15, 2015. The adoption of this standard did not have any impact on the Company's condensed consolidated financial statements.

Accounting Pronouncements – To Be Adopted

Revenue Recognition – In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle is that an entity will recognize revenue to depict the transfer of goods or services to customers in an amount that the entity expects to be entitled to in exchange for those goods or services. The standard provides a five-step model to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The standard also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard was proposed to be effective for annual and interim periods beginning after December 15, 2016. In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers: Deferral of the Effective Date," which deferred the effective date by one year to December 15, 2017 for interim and annual reporting periods beginning after that date and permitted early adoption of the standard, but not before the original effective date of December 15, 2016. In March 2016, the FASB issued ASU 2016-08, "Revenue from Contracts with Customers: Principal versus Agent Considerations," which clarifies that the determination of whether the reporting entity is a principal or an agent should be made for each specified good or service promised to the customer. The standard permits the use of either a retrospective or cumulative effect transition method. The Company has not yet selected a transition method and is currently evaluating the impact the new standard will have on its condensed consolidated financial statements and related disclosures.

Inventory – In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory," which is intended to simplify the subsequent measurement of inventories by replacing the current lower of cost or market test with a lower of cost and net realizable value test. The guidance applies only to inventories for which cost is determined by methods other than last-in first-out and the retail inventory method. Application of the standard, which should be applied prospectively, is required for the annual and interim periods beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the impact the new standard will have on its condensed consolidated financial statements.

Leases – In February 2016, the FASB issued ASU 2016-02, "Leases," which requires balance sheet recognition of lease liabilities and right-of-use assets for most leases having terms of twelve months or longer. Application of the standard, which should be applied using a modified retrospective approach, is required for the annual and interim periods beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact the new standard will have on its condensed consolidated financial statements.

Stock Compensation – In March 2016, the FASB issued ASU 2016-09, "Improvements to Employee Share-Based Payment Accounting," which requires all excess tax benefits or deficiencies to be recognized as income tax expense or benefit in the income statement. In addition, excess tax benefits should be classified along with other income tax cash flows as an operating activity in the statement of cash flows. Application of the standard is required for the annual and interim periods beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the impact the new standard will have on its condensed consolidated financial statements.

2. Earnings Per Share

Basic earnings per share is computed on the basis of the weighted average number of common shares outstanding during the period. Diluted earnings per share includes the dilutive effect of stock options and other stock units. The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended March 31,	
	2016	2015
Numerator		
Numerator for basic and diluted earnings per share - Net income attributable to common stockholders	**$59,005**	$40,761
Denominator		
Denominator for basic earnings per share - weighted average shares outstanding	**55,535**	58,076
Effect of dilutive securities - stock options and other stock units	**597**	1,249
Denominator for diluted earnings per share - adjusted weighted average shares outstanding	**56,132**	59,325
Basic earnings per share:		
Net income attributable to Cooper Tire & Rubber Company common stockholders	**$ 1.06**	$ 0.70
Diluted earnings per share:		
Net income attributable to Cooper Tire & Rubber Company common stockholders	**$ 1.05**	$ 0.69

All options to purchase shares of the Company's common stock were included in the computation of diluted earnings per share as the options' exercise prices were less than the average market price of the common shares at both March 31, 2016 and 2015.

3. Inventories

Inventory costs are determined using the last-in, first-out ("LIFO") method for substantially all U.S. inventories. The current cost of the U.S. inventories under the first-in, first-out ("FIFO") method was $386,821 and $361,779 at March 31, 2016 and December 31, 2015, respectively. These FIFO values have been reduced by approximately $43,224 and $73,123 at March 31, 2016 and December 31, 2015, respectively, to arrive at the LIFO value reported on the Condensed Consolidated Balance Sheets. The remaining inventories have been valued under the FIFO or average cost methods. All inventories are stated at the lower of cost or market.

4. Fair Value Measurements

Derivative financial instruments are utilized by the Company to reduce foreign currency exchange risks. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. The Company does not enter into financial instruments for trading or speculative purposes. The derivative financial instruments include fair value and cash flow hedges of foreign currency exposures. The change in values of the fair value foreign currency hedges offsets exchange rate fluctuations on the foreign currency-denominated intercompany loans and obligations. The Company presently hedges exposures in the Euro, Canadian dollar, British pound sterling, Swiss franc, Swedish krona, Norwegian krone, Mexican peso and Chinese yuan generally for transactions expected to occur within the next 12 months. The notional amount of these foreign currency derivative instruments at March 31, 2016 and December 31, 2015 was $93,399 and $68,732, respectively. The counterparties to each of these agreements are major commercial banks.

The Company uses non-designated foreign currency forward contracts to hedge its net foreign currency monetary assets and liabilities primarily resulting from non-functional currency denominated receivables and payables of certain U.S. and foreign entities.

Foreign currency forward contracts are also used to hedge variable cash flows associated with forecasted sales and purchases denominated in currencies that are not the functional currency of certain entities. The forward contracts have maturities of less than twelve months pursuant to the Company's policies and hedging practices. These forward contracts meet the criteria for and have been designated as cash flow hedges. Accordingly, the effective portion of the change in fair value of such forward contracts (approximately ($2,056) and $3,400 as of March 31, 2016 and December 31, 2015, respectively) are recorded as a separate component of stockholders' equity in the accompanying Condensed Consolidated Balance Sheets and reclassified into earnings as the hedged transactions occur.

The Company assesses hedge effectiveness, prospectively and retrospectively, based on regression of the change in foreign currency exchange rates. Time value of money is included in effectiveness testing. The Company measures ineffectiveness on a trade by trade basis, using the hypothetical derivative method. Any hedge ineffectiveness is recorded in the Condensed Consolidated Statements of Income in the period in which the ineffectiveness occurs.

The derivative instruments are subject to master netting arrangements with the counterparties to the contracts. The following table presents the location and amounts of derivative instrument fair values in the Condensed Consolidated Balance Sheets:

Assets/(liabilities)	**March 31, 2016**	December 31, 2015
Designated as hedging instruments:		
Gross amounts recognized	**$ (2,511)**	$ 3,559
Gross amounts offset	**455**	(35)
Net amounts	**$ (2,056)**	$ 3,524
Not designated as hedging instruments:		
Gross amounts recognized	**(543)**	174
Other current (liabilities) assets	**$ (2,599)**	$ 3,698

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

Derivatives Designated as Cash Flow Hedges	Three Months Ended March 31, **2016**	2015
Amount of (Loss) Gain Recognized in Other Comprehensive Income on Derivatives (Effective Portion)	**$(4,044)**	$8,746
Amount of Gain Reclassified from Cumulative Other Comprehensive Loss into Income (Effective Portion)	**1,412**	4,326
Amount of Gain Recognized in Income on Derivatives (Ineffective Portion)	**—**	208

Derivatives not Designated as Hedging Instruments	Location of (Loss) Gain Recognized in Income on Derivatives	Amount of (Loss) Gain Recognized in Income on Derivatives Three Months Ended March 31, **2016**	2015
Foreign exchange contracts	Other non-operating income	**$ (900)**	$ 232

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

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

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

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

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

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

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

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

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

The valuation of foreign exchange forward contracts was determined using widely accepted valuation techniques. This analysis reflected the contractual terms of the derivatives, including the period to maturity, and used observable market-based inputs, including forward points. The Company incorporated credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. Although the Company determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as current credit ratings, to evaluate the likelihood of default by itself and its counterparties. As of March 31, 2016 and December 31, 2015, the Company assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and determined that the credit valuation adjustments were not significant to the overall valuation of its derivatives. As a result, the Company determined that its derivative valuations in their entirety were classified in Level 2 of the fair value hierarchy.

The valuation of stock-based liabilities was determined using the Company's stock price, and as a result, these liabilities are classified in Level 1 of the fair value hierarchy.

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

	March 31, 2016			
	Total Derivative Assets (Liabilities)	**Quoted Prices in Active Markets for Identical Assets Level (1)**	**Significant Other Observable Inputs Level (2)**	**Significant Unobservable Inputs Level (3)**
Foreign Exchange Contracts	**$ (2,599)**	**$ —**	**$ (2,599)**	**$ —**
Stock-based Liabilities	**$ (18,037)**	**$ (18,037)**	**$ —**	**$ —**

	December 31, 2015			
	Total Derivative Assets (Liabilities)	Quoted Prices in Active Markets for Identical Assets Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
Foreign Exchange Contracts	$ 3,698	$ —	$ 3,698	$ —
Stock-based Liabilities	$ (18,057)	$ (18,057)	$ —	$ —

The following tables present the carrying amounts and fair values for the Company's financial instruments carried at cost on the Condensed Consolidated Balance Sheets. The fair value of the Company's debt is based upon the market price of the Company's publicly-traded debt. The carrying amounts and fair values of the Company's financial instruments are as follows:

	March 31, 2016			
		Fair Value Measurements Using		
	Carrying Amount	**Quoted Prices in Active Markets for Identical Instruments Level (1)**	**Significant Other Observable Inputs Level (2)**	**Significant Unobservable Inputs Level (3)**
Cash and cash equivalents	**$ 433,996**	**$ 433,996**	**$ —**	**$ —**
Notes receivable	**5,620**	**5,620**	**—**	**—**
Restricted cash	**820**	**820**	**—**	**—**
Notes payable	**(7,737)**	**(7,737)**	**—**	**—**
Current portion of long-term debt	**(600)**	**(600)**	**—**	**—**
Long-term debt	**(295,837)**	**(326,410)**	**—**	**—**

	December 31, 2015			
		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Instruments Level (1)	Significant Other Observable Inputs Level (2)	Significant Unobservable Inputs Level (3)
Cash and cash equivalents	$ 505,157	$ 505,157	$ —	$ —
Notes receivable	8,750	8,750	—	—
Restricted cash	802	802	—	—
Notes payable	(12,437)	(12,437)	—	—
Current portion of long-term debt	(600)	(600)	—	—
Long-term debt	(296,412)	(323,522)	—	—

5. Income Taxes

For the quarter ended March 31, 2016, the Company recorded income tax expense of $28,098 (effective rate of 32.3 percent) compared with $22,476 (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 rate differs from the U.S. federal statutory rate of 35 percent primarily because of the projected mix of earnings 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 at March 31, 2016, 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 $2,096. In addition, the Company has recorded valuation allowances of $13,148 relating to non-U.S. net operating losses for a total valuation allowance of $15,244. In conjunction with the Company's ongoing review of its actual results and anticipated future earnings, the Company will continue to reassess the possibility of releasing all or part of the valuation allowances currently in place when they are deemed to be realizable.

The Company maintains an ASC 740-10, "Accounting for Uncertainty in Income Taxes," liability for unrecognized tax benefits for permanent and temporary differences. At March 31, 2016, the Company's liability, exclusive of interest, totals approximately $4,120. The Company reduced the amount of unrecognized tax benefits during the quarter, primarily as a result of lapses in statutes. The Company accrued an immaterial amount of interest expense related to these unrecognized tax benefits during the quarter. Based upon the outcome of tax examinations, judicial proceedings, or expiration of statutes of limitations, it is reasonably possible that the ultimate resolution of these unrecognized tax benefits may result in a payment that is materially different from the current estimate of the tax liabilities.

The Company and its subsidiaries are subject to income tax examination in the U.S. federal jurisdiction and various state and foreign jurisdictions. The Company has effectively settled U.S. federal tax examinations for years before 2012 and state and local examinations for years before 2011, with limited exceptions. Non-U.S. subsidiaries of the Company are no longer subject to income tax examinations in major foreign taxing jurisdictions for years prior to 2008. The income tax returns of various subsidiaries in various jurisdictions are currently under examination and it is possible that these examinations will conclude within the next twelve months. However, it is not possible to estimate net increases or decreases to the Company's unrecognized tax benefits during the next twelve months.

6. Pensions and Postretirement Benefits Other than Pensions

The following tables disclose the amount of net periodic benefit costs for the three months ended March 31, 2016 and 2015 for the Company's defined benefit plans and other postretirement benefits:

	Pension Benefits - Domestic Three Months Ended March 31,	
	2016	2015
Components of net periodic benefit cost:		
Service cost	**$ 2,403**	$ 2,759
Interest cost	**10,617**	10,050
Expected return on plan assets	**(13,391)**	(13,665)
Amortization of actuarial loss	**9,576**	9,879
Net periodic benefit cost	**$ 9,205**	$ 9,023

	Pension Benefits - International Three Months Ended March 31,	
	2016	2015
Components of net periodic benefit cost:		
Service cost	**$ 2**	$ 3
Interest cost	**3,724**	4,040
Expected return on plan assets	**(2,991)**	(3,165)
Amortization of actuarial loss	**1,356**	1,840
Net periodic benefit cost	**$ 2,091**	$ 2,718

	Other Postretirement Benefits Three Months Ended March 31,	
	2016	2015
Components of net periodic benefit cost:		
Service cost	**$ 537**	$ 628
Interest cost	**2,705**	2,580
Amortization of prior service cost	**(141)**	(141)
Net periodic benefit cost	**$ 3,101**	$ 3,067

7. Product Warranty Liabilities

The Company provides for the estimated cost of product warranties at the time revenue is recognized based primarily on historical return rates, estimates of the eligible tire population and the value of tires to be replaced. The following table summarizes the activity in the Company's product warranty liabilities:

	2016	2015
Reserve at beginning of year	**$12,339**	$14,005
Additions	**2,709**	2,994
Payments	**(2,683)**	(3,986)
Reserve at March 31	**$12,365**	$13,013

8. Stockholders' Equity

The following table reconciles the beginning and end of the period equity accounts attributable to Cooper Tire & Rubber Company and to the noncontrolling shareholder's interest:

	Total Equity		
	Total Parent Stockholders' Equity	Noncontrolling Shareholder Interest in Consolidated Subsidiary	Total Stockholders' Equity
Balance at December 31, 2015	$ 979,248	$ 38,363	$ 1,017,611
Net income (loss)	59,005	(233)	58,772
Other comprehensive income	2,830	(198)	2,632
Share repurchase program	(24,826)	—	(24,826)
Stock compensation plans	5,948	—	5,948
Cash dividends - $0.105 per share	(5,817)	—	(5,817)
Balance at March 31, 2016	$ 1,016,388	$ 37,932	$ 1,054,320

9. Share Repurchase Programs

On August 6, 2014, the Board of Directors authorized the repurchase of up to $200,000 of the Company's outstanding common stock pursuant to an accelerated share repurchase program, and the Company entered into a $200,000 accelerated share repurchase program (the "ASR program") with J.P. Morgan Chase Bank (the "ASR Counterparty"). The Company paid $200,000 to the ASR Counterparty in August 2014 and received 5,567,154 shares of its common stock, which represented approximately 80 percent of the shares expected to be purchased pursuant to the ASR program, based on the closing price on August 6, 2014. Under the terms of the ASR program, the ASR Counterparty was permitted, in accordance with the applicable requirements of the federal securities laws, to separately trade in the Company's shares in connection with the hedging activities related to the ASR program and as part of other aspects of the ASR Counterparty's business.

On February 13, 2015, the Company completed the ASR program. Based on the terms of the ASR program, the total number of shares repurchased under the ASR program was based on the volume-weighted average price of the Company's common stock, less a discount, during the repurchase period, which resulted in the Company receiving an additional 784,694 shares of its common stock from the ASR Counterparty at maturity. As a result, under the ASR program, the Company paid a total of $200,000 to the ASR Counterparty and received a total of 6,351,848 shares (5,567,154 shares initially received, plus 784,694 shares received at maturity) of its common stock, which represents a volume weighted average price, as adjusted pursuant to the terms of the ASR program, of $31.49 over the duration of the ASR program.

On February 20, 2015, the Board of Directors authorized a new program to repurchase up to $200,000, excluding commissions, of the Company's common stock through December 31, 2016 (the "Repurchase Program"). The Repurchase Program did not obligate the Company to acquire any specific number of shares and could have been suspended or discontinued at any time without notice. Under the Repurchase Program, shares could have been 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.

During 2015, subsequent to the Board of Directors' February 20, 2015 authorization, the Company repurchased 2,751,454 shares of the Company's common stock under the Repurchase Program for $108,821, including applicable commissions, which represented an average price of $39.55 per share. As of December 31, 2015, approximately $91,261 remained of the $200,000 Repurchase Program. All repurchases under the Repurchase Program were made using cash resources.

For the period January 1, 2016 through February 19, 2016, the Company repurchased an additional 497,094 shares of the Company's common stock under the Repurchase Program for $17,622, including applicable commissions, which represented an average price of $35.45 per share.

On February 19, 2016, the Board of Directors increased the amount under and expanded 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.

For the period February 20, 2016 through March 31, 2016, the Company repurchased 192,850 shares of the Company's common stock under the Amended Repurchase Program for $7,204, including applicable commissions, which represented an average price of $37.35 per share. As of March 31, 2016, approximately $192,802 remained of the $200,000 Amended Repurchase Program. All repurchases under the Amended Repurchase Program were made using cash resources.

In total in the first quarter of 2016, the Company repurchased 689,944 shares of the Company's common stock under the Repurchase Program and the Amended Repurchase Program for $24,826, including applicable commissions, which represented an average price of $35.98.

Since the share repurchases began in August 2014 through March 31, 2016, the Company to date has repurchased 9,793,246 shares of the Company's common stock at an average cost of $34.07 per share.

10. Stock-Based Compensation

The Company's incentive compensation plans allow the Company to grant awards to certain employees in the form of stock options, stock awards, restricted stock units, stock appreciation rights, performance stock units, dividend equivalents and other awards. Compensation related to these awards is determined based on the fair value on the date of grant and is amortized to expense over the vesting period. The Company recognizes compensation expense based on the earlier of the vesting date or the date when the employee becomes eligible to retire without forfeiture of the award. If awards can be settled in cash, these awards are recorded as liabilities and marked to market.

The following table discloses the amount of stock-based compensation expense for the three-month periods ended March 31, 2016 and 2015:

	Three Months Ended March 31,	
	2016	2015
Stock options	**$ 431**	$ 1,053
Restricted stock units	**1,823**	1,259
Performance stock units	**2,498**	327
Total stock-based compensation	**$ 4,752**	$ 2,639

Stock Options

In February 2013, employees participating in the 2013-2015 Long-Term Incentive Plan were granted 330,639 stock options which vest one-third each year through February 2016. In February 2014, employees participating in the 2014-2016 Long-Term Incentive Plan were granted 380,064 stock options which vest one-third each year through February 2017. No stock options were granted in the three-month periods ended March 31, 2016 or 2015, respectively.

The following table provides details of the stock option activity for the three months ended March 31, 2016:

	Number of Shares
Outstanding at December 31, 2015	668,132
Exercised	(138,486)
Canceled	(4,398)
Outstanding at March 31, 2016	525,248
Exercisable	*411,021*

Restricted Stock Units

In February 2016, employees participating in the 2016-2018 Long-Term Incentive Plan were granted 106,287 restricted stock units which vest one-third each year through February 2019. In February 2015, employees participating in the 2015-2017 Long-Term Incentive Plan were granted 105,102 restricted stock units which vest one-third each year through February 2018. Compensation related to the restricted stock units granted is determined based on the fair value of the Company's stock on the date of grant and is amortized to expense over the vesting period. The Company recognizes compensation expense based on the earlier of the vesting date or the date when the employee becomes eligible to retire without forfeiture of the award. The weighted average fair values of restricted stock units granted in 2016 and 2015 were $36.76 and $36.78, respectively.

The following table provides details of the nonvested restricted stock unit activity for the three months ended March 31, 2016:

	Number of Restricted Stock Units
Nonvested at December 31, 2015	197,388
Granted	106,287
Vested	(33,458)
Canceled	(987)
Accrued dividend equivalents	778
Nonvested at March 31, 2016	270,008

Performance Stock Units

Employees participating in the Company's Long-Term Incentive Plan earn performance stock units. Under the Company's 2016 – 2018 Long-Term Incentive Plan, any units earned during 2016 will vest at December 31, 2018. Under the Company's 2015 – 2017 Long-Term Incentive Plan, any units earned during 2015 and 2016 will vest at December 31, 2017. Under the Company's 2014 – 2016 Long-Term Incentive Plan, any units earned during 2014, 2015 and 2016 will vest at December 31, 2016.

The following table provides details of the nonvested performance stock units under the Company's Long-Term Incentive Plan:

	Number of Performance Stock Units
Performance stock units outstanding at December 31, 2015	191,536
Granted	109,581
Canceled	(2,220)
Accrued dividend equivalents	584
Performance stock units outstanding at March 31, 2016	299,481

The Company's restricted stock units and performance stock units are not participating securities. These units will be converted into shares of Company common stock in accordance with the distribution date indicated in the agreements. Restricted stock units earn dividend equivalents from the time of the award until distribution is made in common shares. Performance stock units earn dividend equivalents from the time the units have been earned based upon Company performance metrics, until distribution is made in common shares. Dividend equivalents are only earned subject to vesting of the underlying restricted stock units and performance stock units. Accordingly, such units do not represent participating securities.

11. Changes in Cumulative Other Comprehensive Loss by Component

The following table presents the changes in Cumulative Other Comprehensive Loss by Component for the three-month periods ended March 31, 2016 and 2015, respectively. All amounts are presented net of tax. Amounts in parentheses indicate debits.

	Three Months Ended March 31, 2016			
	Cumulative Currency Translation Adjustment	Changes in the Fair Value of Derivatives and Unrealized Gains (Losses)	Unrecognized Postretirement Benefit 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

(Dollar amounts in thousands)	Three Months Ended March 31, 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 connote a view to the future and are not merely recitations of historical fact. Such statements are made solely on the basis of the Company's current views and perceptions of future events, and there can be no assurance that such statements will prove to be true.

It is possible that actual results may differ materially from 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.

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)

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Section 2: EX-10.1 (EX-10.1)

Exhibit 10.1

EQUITY JOINT VENTURE CONTRACT

FOR

COOPER (QINGDAO) TIRE CO. LTD.

(固铂（青岛）轮胎有限公司)

BY AND BETWEEN

QINGDAO YIYUAN INVESTMENT CO., LTD.

(青岛易元投资有限公司)

AND

COOPER TIRE (CHINA) INVESTMENT CO., LTD

(固铂轮胎（中国）投资有限公司)

AND

COOPER TIRE HOLDING COMPANY

January 4, 2016

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EQUITY JOINT VENTURE CONTRACT

This Equity Joint Venture Contract (this "**Contract**") is made and entered into in the People's Republic of China ("**China**" or the "**PRC**") in accordance with the Joint Venture Laws and other relevant laws and regulations of the PRC, by and between:

(1) QINGDAO YIYUAN INVESTMENT CO., LTD. (青岛易元投资有限公司), a company duly organized and existing under the laws of PRC with its legal address at No. 207 Tianxin Road, Mingcun Town, Pingdu, Qingdao, Shandong Province, PRC 266000 (青岛平度市明村镇田新路 207 号) ("**Party A**");

(2) COOPER TIRE (CHINA) INVESTMENT CO., LTD. (固铂轮胎（中国）投资有限公司), a company duly organized and existing under the laws of PRC with its legal address at F17, Kirin Plaza Building, 666 Gubei Rd, Shanghai, PRC 200336 ("**Cooper**"); and

(3) COOPER TIRE HOLDING COMPANY, a company duly organized and existing under the laws of the state of Ohio with its legal address at 701 Lima Avenue, Findlay, Ohio, USA 45840 ("**CTHC**", together with Cooper, "**Party B**")

(Each party is hereinafter individually referred to as a "**Party**" and collectively as the "**Parties**".)

WHEREAS, Party B entered into an equity transfer agreement dated January 4, 2016 ("**ETA**") and pursuant to which, it has acquired 56.18 % of the outstanding equity capital of Qingdao Ge Rui Da Rubber Co., Ltd. (青岛格锐达橡胶有限公司), a company duly organized and existing under the laws of the PRC with its legal address at No. 210 Tianjin Road, Mingcun Town, Pingdu, Qingdao (青岛平度市明村镇田新路 210 号), and thereby converted it into a joint venture company with Party A (the "**Joint Venture**");

WHEREAS, after completion of the transaction contemplated under the ETA, Party A owns 43.82% of the Company's registered capital (the "**Party A's Percentage Interest**"); and Party B owns 56.18% (the "**Party B's Percentage Interest**") among which Cooper owns 51.86% and CTHC owns 4.32%;

WHEREAS, Party B's obligations under the ETA is conditioned upon the execution and delivery of this Contract by Party A and Party B;

WHEREAS, the Parties desire to enter into this Contract in order to set out the terms governing their relationship with respect to the Joint Venture and the rights and obligations of the Parties in respect of the Joint Venture; and

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

CHAPTER 1 DEFINITIONS

Unless the terms or context of this Contract provide otherwise, capitalized terms used herein without definition have the meanings assigned to them in Appendix 1 attached to this Contract.

CHAPTER 2 PARTIES TO THE CONTRACT

2.1 The Parties. The Parties to this Contract are as follows:

(1)	Party A:	Qingdao Yiyuan Investment Co., Ltd. (青岛易元投资有限公司)
	Country of Registration:	PRC
	Legal Address:	No. 207 Tianxin Road, Mingcun Town, Pingdu, Qingdao, Shandong Province, PRC
	Current Legal Representative:	Li Zhihua
	Nationality:	China
(2)	Party B:	Cooper Tire (China) Investment Co., Ltd. (固铂轮胎（中国）投资有限公司)
	Country of Registration:	PRC
	Legal Address:	F17, Kirin Plaza Building, 666 Gubei Rd, Shanghai, PRC
	Current Legal Representative:	Allen Tsaur
	Nationality:	USA
		Cooper Tire Holding Company
	Country of Registration:	USA
	Legal Address:	701 Lima Avenue, Findlay, OH, USA
	Current Legal Representative:	Jack Jay McCracken
	Nationality:	USA

CHAPTER 3 THE JOINT VENTURE

3.1 Joint Venture. The Joint Venture shall be a Sino-foreign equity joint venture established pursuant to the terms and conditions of this Contract, the Joint Venture Laws and any required approvals or registrations in the PRC. Unless expressly agreed in writing by all Parties to this Contract and the Joint Venture, the Joint Venture shall in no case act as an agent of any Party; and the Joint Venture shall not create or impose any obligation or liability for or on any Party or otherwise bind any Party, and the Joint Venture shall not in any event make any guarantee under the names, reputation or credibility of any Party.

3.2 Joint Venture Name, Legal Address.

(1) The name of the Joint Venture in English is "Cooper (Qingdao) Tire Co., Ltd." The name of the Joint Venture in Chinese is "固铂（青岛）轮胎有限公司".

(2) The registered address of the Joint Venture is No. 210 Tianxin Road, Mingcun Town, Pingdu, Qingdao, Shandong Province, PRC.

3.3 Limited Liability Company. The Joint Venture is organized as a company with limited liability under PRC law, and shall be liable for its own debts with its own assets according to its Business License. Each Party's liability with respect to the Joint Venture shall be limited to the amount of Registered Capital contributed or subscribed by such Party; and as such, the Parties shall share the profits and losses in proportion to their respective percentage of the Registered Capital.

3.4 PRC Law. The activities of the Joint Venture shall be governed by, and its legal rights and operational autonomy shall be protected in accordance with, the laws and regulations of the PRC.

CHAPTER 4 PURPOSE, BUSINESS SCOPE AND SCALE OF THE JOINT VENTURE

4.1 Purpose of Joint Venture. The purpose of the Joint Venture is to fully bring out advantages of the Parties so as to enhance production and technical standards, to promote high quality products, to produce internationally reputable products, to strengthen overall capacity and competitiveness in the international market, to increase economic benefit, and to produce a satisfactory return to all investors; meanwhile, to boost the industrial level through an integration of the tire industry, to provide job opportunities in the locality, to introduce more foreign capital to the locality, and to ensure the fast economic development in Qingdao, China.

4.2 Scope of Business. The Joint Venture's scope of business (the "**Joint Venture Business**") shall be: production, sales and technology development of tires, rubber products and synthetic rubber; import and export of goods and technology (items prohibited by national laws and regulations can only be operated after obtaining the relevant licenses and items which need approval shall be operated after such approval is obtained). Such business scope as described in Chinese shall be: "轮胎、

橡胶制品、合成橡胶生产、销售及技术研发；货物及技术进出口（国家法律、法规禁止项目不得经营，法律、法规限制经营的项目取得许可后经营）。（依法须经批准的项目，经相关部门批准后方可开展经营活动）”.

CHAPTER 5 TOTAL INVESTMENT AND REGISTERED CAPITAL

5.1 Total Investment and Registered Capital. The Total Investment of the Joint Venture shall be Renminbi 1,050,000,000 (RMB1,050,000,000). The Registered Capital of the Joint Venture shall be Renminbi three hundred and fifty million (RMB 350,000,000).

Capital Structure of the Joint Venture.

(1) Party A has contributed or subscribed for Renminbi 153,382,947, representing 43.82 percent (43.82%) of the Registered Capital;

(2) Cooper has contributed or subscribed for Renminbi 181,492,664, representing 51.86 percent (51.86 %) of the Registered Capital; and

(3) CTHC has contributed or subscribed for Renminbi 15,124,389, representing 4.32 percent (4.32%) of the Registered Capital.

5.2 Financing. Subject to the terms and conditions of this Contract, to the greatest extent permitted by relevant law, the Joint Venture may finance its operations and capital needs by way of loans, including but not limited to shareholder loans, loans from banks, other financial institutions or qualified lenders inside or outside of China and upon such terms and subject to such conditions as may be approved by the Board.

5.3 Increase of Registered Capital.

(1) The Registered Capital of the Joint Venture may be increased by a unanimous resolution of the Board, which resolution shall stipulate the timing and other terms of such increase, with such increase subject to the approval of the Examination and Approval Authority and registration with the Registration Authority. If any Party chooses not to participate in any such additional investment in the Joint Venture, or if such Party fails to timely make its agreed contribution amount in full, the other Parties shall have the option to make the additional contribution to the Joint Venture's Registered Capital (which contribution shall be made in proportion to the contributing Parties' relative ownership of the Registered Capital, or as otherwise agreed by such contributing Parties) and the Percentages Interest of the Parties shall be adjusted accordingly.

(2) If a majority of the Board approves a proposed increase of Registered Capital but unanimous resolution with respect thereto cannot be reached by the Board, the Parties will work together to find a solution, including without limitation finding acceptable source of financing for one or more Parties to use for

subscription of the increased Registered Capital, so as to allow the Board to reach an unanimous resolution for an increase of the Registered Capital. In the event that the Parties are unable to come to an agreement and the Board is unable to reach an unanimous resolution for an increase of the Registered Capital within thirty (30) days after the first time a proposal for capital increase is voted on by the Board, the Parties hereby agree that any Party opposing such capital increase will cause its Director to vote in favor of such capital increase and waive (in writing) its right to subscribe for its pro rata share of the increased Registered Capital. Notwithstanding anything to the contrary contained herein, such Party shall in no event be obligated to subscribe for its pro rata portion of the increased Registered Capital and will not be deemed to be in breach of its obligations under this Contract or otherwise be liable to the Joint Venture or any other Party.

5.4 Party B's Right of First Offer.

(1) Right of First Offer. If Party A wishes to dispose or offer for sale all or part of Party A's Percentage Interest in the Joint Venture, it shall first give Party B an opportunity to make an offer to purchase Party A's Percentage Interest being proposed to be sold by notifying Party B in writing (the "**Sale Notice**"), which notice shall indicate the total Party A's Percentage Interest (either in part or in full) in the Joint Venture proposed to be sold (the "**Transferred Interest**"); and thereafter, Party B will have sixty (60) days after receipt of the Sale Notice to notify Party A in writing (the "**Exercise Notice**") of its intent to exercise its right to make an offer to purchase the Transferred Interest. The Exercise Notice shall set forth:

(a) the offered purchase price and its basis;

(b) the valid period of the offer; and

(c) any other material terms of such offer.

(2) Party A shall respond to Party B with respect to the Exercise Notice in writing indicating its decision to sell or not to sell (the "**Sale Response**") within thirty (30) days after receiving the Exercise Notice. If Party A indicates in the Sale Response that it refuses the offer from Party B, Party A is permitted to solicit any offer from a third party for the Transferred Interest. However, for the avoidance of doubt, Party B does not automatically waive its first right of refusal as provided in Article 5.5 upon Party A's rejection of its Exercise Notice herein.

(3) If Party A accepts Party B's offer in the Sale Response within thirty (30) days after receiving the Exercise Notice, the Parties shall proceed with the good faith discussion on the acquisition of the Transferred Interest in details, including but not limited to executing the necessary documents for the transfer of the Transferred Interest and taking necessary actions to obtain the required approvals from the Examination and Approval Authority.

5.5 Right of First Refusal

(1) If, after giving effect to Section 5.4 (to the extent applicable), a Party wishes to dispose or offer for sale all or part of its respective Percentage Interest in the Joint Venture (the "**Transferring Party**"), the Transferring Party shall notify the other Parties (the "**Non-Transferring Parties**") in writing, which notice shall contain the following information (the "**Transferring Notice**"):

(a) the name or identity of the potential third party purchaser (with sufficient clarity to identify the true purchaser);

(b) the total Percentage Interest in the Joint Venture proposed to be transferred ("**Transferred Interest of the Transferring Party**") under such offer;

(c) the offered purchase price and its basis, as well as any other material terms of such offer; and

(d) the valid period of the offer.

(2) Unless otherwise required by applicable laws, the Non-Transferring Parties shall have a right of first refusal to purchase the Transferred Interest at the same purchase price as set forth in the Transferring Notice (and otherwise on substantially the same terms and conditions as offered by the third party and set forth in the Transferring Notice). The Non-Transferring Parties shall have thirty (30) days after receipt of the Transferring Notice to notify the Transferring Party in writing ("**Purchase Notice**") of its intent to exercise its right of first refusal to purchase the Transferred Interest. If the Non-Transferring Parties fails to give such Purchase Notice pursuant to this Article 5.5(2) within the aforementioned thirty(30) day period, the Transferring Party shall have a period of sixty (60) days from the expiration of such rights (or such longer period as is necessary to get required approvals) in which to sell or transfer the Transferred Interest to the third party on terms (including price) not more favorable to the third party than those set forth in the Transferring Notice, subject to the terms of this Agreement and in accordance with the procedures provided for under the applicable laws and regulations of the PRC. In the event the Transferring Party does not consummate the sale, transfer or disposition of the Transferred Interest of the Transferring Party within such timeframe, the Non-Transferring Parties' rights under this Article 5.5 shall continue to be applicable to any subsequent proposed transfer or disposition of the Transferred Interest of the Transferring Party.

(3) It shall be a condition precedent to the right of any Party to transfer any of its Percentage Interest to a third party that (i) the transferee executes, in such form and substance as may be reasonably acceptable to the Non-Transferring Parties, a document of ratification and accession under which the transferee agrees to be bound by and entitled to the obligations and benefits of this Contract as if an original Party hereto and to be bound by the constitutional documents of the Joint Venture, and (ii) neither the business of the Joint Venture nor the performance of its contracts shall be interrupted by any such transfer.

(4) Notwithstanding anything to the contrary contained herein, the provisions on transfer set forth in this Article 5.5 shall not apply in the case of transfers of Party B's Percentage Interests, in whole or in part, to an Affiliate of Party B, including any transfers between Cooper and CTHC (all such transfers to an Affiliate of Party B, an "**Affiliated Transfer of Party B**"), and in which case the consent of Party A is not required and Party A hereby waives its right of first refusal when the Affiliated Transfer of Party B occurs. Also, for avoidance of doubt and notwithstanding anything to the contrary contained herein, Party A shall not have any right to object (and shall waive its right to consent if it has such right) and shall not object to a change of control of the direct or indirect parent company of Cooper and/or CTHC, including, without limitation, any full or partial sale, merger, consolidation, privatization or delisting of the direct or indirect parent of Cooper and/or CTHC.

(5) Subject to the satisfaction of the terms and conditions set forth in this Article 5.5, the Parties shall cause their directors appointed to the Board to approve any transfer of interest in the Registered Capital hereunder and undertake or cause to be undertaken all acts, matters and things required to ensure that the interest in the Registered Capital is vested in the relevant Party in accordance with the provisions of this Article 5.5. Any such transfer shall, to the extent required by the laws of the PRC, be submitted to the Examination and Approval Authority for approval. Upon receipt of the approval of the Examination and Approval Authority, the Joint Venture shall register the change in ownership with the Registration Authority.

(6) Notwithstanding anything to the contrary contained herein, in no event shall Party A transfer all or any part of Party A's Percentage Interest or other rights or interests in the Joint Venture, directly or indirectly, legally or beneficially, including (without limitation) through a direct sale, the transfer of the shares or equity of Party A, by contract, or otherwise, to a third party that is, or is an Affiliate of, an entity, organization or individual engaging in business within the tire industry anywhere in the world.

For the purpose of this Section 5.5, Cooper and CTHC shall be treated as a single "Party" with respect to the rights and obligations hereto.

CHAPTER 6 REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties. Each Party hereby represents and warrants that, as of the date of this Contract, it:

(1) has the capacity and authority to enter into this Contract and to perform its obligations hereunder, and is duly organized and validly existing under the laws of the jurisdiction of its incorporation;

(2) is not a party to, bound by or subject to any contract, instrument, charter or by-law provision, statute, regulation, order, judgment, decree or law which would be violated, contravened or breached by, or under which any default would occur as a result of, the execution and delivery by such Party of this Contract

or the performance by such Party of any of the terms of this Contract, or which restricts such Party from entering into this Contract or performing its obligations and abiding by the terms hereunder;

(3) has duly authorized, executed and delivered this Contract and that this Contract constitutes a legal, valid and binding obligation of such Party enforceable against it in accordance with its terms;

(4) has contributed or transferred assets in a manner which does not conflict with, violate or result in a breach of, any of the terms, conditions or provisions of any law, regulation, order, writ, injunction, decree, determination or award of any court, governmental department, board, agency or instrumentality or any arbitrator, or result in the creation or imposition of any lien, charge, security interest or encumbrance of any nature whatsoever upon such assets;

(5) freely enters into this Contract and has not and will not hereafter incur any obligations or commitments of any kind which would in any way hinder or interfere with its acceptance or performance of its obligations hereunder; and

(6) (i) has carefully read the entire Contract, including the Appendices hereto; (ii) fully understands all of the terms, conditions, restrictions and provisions set forth in this Contract, (iii) agrees that the terms, conditions, restrictions and provisions herein are necessary for the reasonable and proper protection of the business of the Joint Venture and the Parties, and (iv) acknowledges that each such term, condition, restriction and provision is fair and reasonable with respect to the subject matter thereof.

CHAPTER 7 RESPONSIBILITIES OF THE PARTIES

7.1 Party A's Responsibilities. In addition to its other obligations under this Contract, Party A shall be responsible for the following matters:

(1) cooperate with Party B and provide such assistance to the Joint Venture as Party B may request from time to time with respect to obtaining and updating governmental approvals and completing required registrations for the operation of the Joint Venture;

(2) provide such assistance to the Joint Venture as Party B may request from time to time in registering and updating with all relevant tax bureaus, opening bank accounts, and obtaining all required foreign exchange approvals;

(3) assist the Joint Venture as Party B may request from time to time in applying for and obtaining the most preferential tax, customs, foreign exchange treatment and any other beneficial treatments to which the Joint Venture may be entitled under the laws of the PRC;

(4) assist the Joint Venture as Party B may request from time to time in obtaining a reliable supply of electricity, water, heating, gas, steam and telecommunication services required for the Joint Venture Business, and to

assist the Joint Venture to ensure a continuous and uninterrupted supply of all such utilities in an amount and quality as is required by the Joint Venture Business;

(5) assist the Joint Venture as Party B may request from time to time in the recruitment of key personnel in the PRC as may be necessary for the Joint Venture Business, as well as assisting foreign workers, staff and personnel in obtaining PRC visas, work permits and residency permit;

(6) assisting the Joint Venture as Party B may request from time to time to seek and to obtain financing from banks and other financial institutions inside the PRC; and

(7) provide assistance in other matters with respect to the Joint Venture as Party B may request from time to time or to carry out other relevant matters as may be reasonably requested by the Board from time to time.

As used in this Contract, the term "**assist**" shall mean more than mere support, but rather shall mean an affirmative obligation to use commercially reasonable efforts in order to achieve the stated obligations.

7.2 Responsibilities of Party B. In addition to its other obligations under this Contract, Party B shall be responsible for (a) assisting the Joint Venture in matters relating to its corporate governance and the Joint Venture Business, (b) providing administrative support and other services for the Joint Venture from time to time as Party B and the Joint Venture may agree and (c) carrying out other relevant matters as may be reasonably requested by the Board from time to time..

CHAPTER 8 BOARD OF DIRECTORS

8.1 Formation of the Board.

(1) The management and administration of the Joint Venture shall be vested in, and controlled by, the Board, which shall perform its duties in accordance with this Contract, the Articles of Association and the laws of the PRC.

(2) The Board shall consist of three (3) Directors, of which one (1) shall be appointed by Party A and two (2) shall be appointed by Party B. At the time this Contract is executed and when replacement Directors are appointed, the Parties shall notify one another and the Joint Venture in writing of the names and addresses of their respective appointees, together with a brief curriculum vitae and a list of other official functions, if any, that the relevant appointees will concurrently carry out for the Joint Venture. The parties agree that the number of directors appointed by each Party shall be adjusted proportionately for any material changes in the shareholdings of the Parties, and, specifically, the Parties hereby agree that if Party A's Percentage Interest is less than 20% of the Registered Capital, Party A waives its rights under this Article 8.1 with respect to appointment of a director and agrees that Party B shall have the right to appoint all Directors of the Joint Venture.

(3) Each of the Parties shall cause their respective appointed Directors to take any and all actions that are necessary, in order to duly implement and comply with the provisions of this Contract and to duly implement and strictly comply with the decisions taken in compliance with the provisions contained in this Contract. The Parties shall take all reasonable measures to procure that their respective appointed Directors (i) abide by the laws of the PRC, this Contract and the Articles of Association, (ii) perform their duties and responsibilities faithfully, and (iii) protect the interests of the Joint Venture with such standard of care as a prudent person in a like position would use under similar circumstances. None of the Directors shall be allowed to use his/her position and office in the Joint Venture for personal gain, accept bribes, either by himself or with others, participate in any commercial competition by other persons against the Joint Venture, or engage in other activities detrimental to the interests of the Joint Venture. For the avoidance of doubt, nothing herein shall prohibit or restrict Directors appointed by Party B for serving as officers, directors or employees of Party B and its Affiliates and carrying out their duties in connection therewith.

(4) Directors shall each be appointed for a term of three (3) years, and may serve consecutive terms if reappointed by the Party originally appointing such Director.

(5) Any Party may, at any time with or without cause, remove and replace a Director that it has appointed by written notice to the Joint Venture and to the other Parties. If a seat on the Board is vacated due to the retirement, resignation, illness, disability or death of a Director or by the removal of such Director by the original appointing Party, the Party which originally appointed such Director shall appoint a successor to serve the remainder of such Director's term.

(6) If either Party or the Board has reason to believe that a Director no longer has the legal capacity to perform his/her duties as a Director (provided such loss of capacity is determined or accepted by a simple majority of the Board), or has been convicted of committing an act or omission constituting fraud, theft, embezzlement or other violations of relevant laws of the PRC, the Board may remove the such Director immediately. Following any such removal, the Party that originally appointed the relevant Director shall appoint a successor to serve the remainder of such Director's term.

8.2 Chairman and Vice Chairman of the Board.

(1) The Board shall have one (1) Chairman and one (1) Vice Chairman. A Director appointed by Party B shall serve as Chairman of the Board, and a Director appointed by Party A shall serve as Vice Chairman of the Board if there is a Director appointed by the Party A that is serving on the Board. If no such Director is serving on the Board, the Vice Chairman shall be elected by the Board.

(2) The Chairman of the Board shall be the sole legal representative of the Joint Venture. The Chairman shall perform his or her duties and responsibilities within the scope of authority delegated by the Board, and in accordance with

this Contract and relevant laws of the PRC. Without prejudice to Article 8.1(5) above, if the Chairman is temporarily unable to perform his or her responsibilities, he or she may designate in writing the Vice Chairman or any other Director to represent the Joint Venture in such capacity within such temporary period.

8.3 Powers of the Board.

(1) The Board shall be the highest authority of the Joint Venture and shall decide all significant or material matters of the Joint Venture. Each Director shall have one vote on any matter subject to Board vote. Neither the Chairman nor the Vice-Chairman, in their capacity as such, shall be entitled to have any extra vote in any meeting of the Board. This provision is without prejudice to Article 8.4(6) on proxies.

(2) The quorum necessary for a meeting of the Board shall be a majority of the Directors. This requires at least two (2) directors to be in attendance for a quorum.

(3) The following matters require a decision by the Board supported by the affirmative vote of all Directors present and eligible to vote (or represented in accordance with Article 8.4(6) in a duly constituted meeting of the Board or as per Article 8.4(8):

(a) any amendment to the Articles of Association;

(b) dissolution or winding up of the Joint Venture;

(c) increase or decrease of the Registered Capital of the Joint Venture;

(d) amalgamation or merger of the Joint Venture with any other company, association, partnership or legal entity; division of the Joint Venture; and

(e) the sale or transfer of all or substantially all of the assets of the Joint Venture to any third party.

(4) The Parties agree that all matters except those listed in Article 8.3(3) above can be decided by the Board supported by a simple majority of Directors present and eligible to vote (or represented in accordance with Article 8.4(6)) in a duly constituted meeting of the Board or as per Article 8.4(8).

(5) The Board shall by resolution supported by a simple majority of Directors formally authorize the General Manager and/or other Persons with necessary powers to implement decisions of the Board in accordance with this Contract, and, more generally, to conduct the day-to-day business of the Joint Venture in accordance with the then current business plan.

(6) The Board shall adopt rules and procedures regarding (a) provision of guarantee or security by the Joint Venture to any Person, (b) creation of any security interest on any property of the Joint Venture, (c) custody of the Joint Venture's chops, and (d) such other matters as the Board deems necessary.

8.4 Board Meetings.

(1) Board meetings shall be held at least once (1) a year. Meetings shall be held at the registered address of the Joint Venture or such other address in China or abroad as may be agreed by the Board.

(2) The agenda for Board meetings shall be determined by the Chairman of the Board, but shall include in any event the items proposed by other members of the Board.

(3) Board Meetings shall require prior written notice to all Directors of not less than ten (10) days (unless otherwise approved by the Board) setting forth the date, time, place and agenda. Directors may waive their right to receive prior written notice of any meeting.

(4) Upon the written notice of the Chairman of the Board or upon written request of one third (1/3) or more of the Directors of the Joint Venture specifying the matters to be discussed, the Chairman of the Board shall within thirty (30) days convene an interim meeting of the Board, in such event the above Article 8.4(3) shall not apply, provided that a quorum will be present for such an interim meeting, whether in person or by proxy.

(5) The Chairman is responsible for convening and presiding over all Board meetings. If the Chairman is unable to convene and/or preside over a Board meeting, the Vice Chairman or a Director designated in writing by the Chairman shall convene and/or preside over such Board meeting.

(6) Board meetings may be attended by Directors in person, by telephone or video conference, provided, however, that if a Director is unable to participate in a Board meeting, he/she shall issue a written proxy authorizing another Director or individual to attend the meeting on his/her behalf. A Director or other individual so entrusted shall have the same rights and powers as the Director who issued the proxy.

(7) Board meetings shall be duly convened if a quorum is constituted in attendance, in person or by proxy.

(8) Notwithstanding any other provisions herein, Board resolutions may be adopted by written consent by the Board in lieu of a meeting if the relevant resolutions are sent to all Directors and the resolutions are affirmatively signed and adopted by Director in accordance with 8.3(3) and 8.3(4) above. Such written Board resolutions may consist of several counterparts in identical form each signed by one or more of the Directors. Such written Board resolutions shall be filed with the Board meeting minutes and shall have the same force and effect as a Board resolution adopted at a duly constituted and convened Board meeting, being effective on the day the last Director signs the relevant counterpart.

(9) Board meetings shall be held in English and Chinese and all Board minutes and Board resolutions and agendas and other Board meeting documents shall be prepared and provided in both English and Chinese. The Chairman shall

cause complete and accurate minutes (in English and Chinese versions) to be kept of all meetings (including meeting notices) and of matters addressed or raised at such meetings. Minutes of all Board meetings shall be circulated to all Directors promptly after each meeting. Any Director who wishes to propose any amendment or addition to the meeting minutes shall submit the same in writing to the Chairman not later than five (5) days after receipt of the minutes, and the Chairman shall circulate such proposal to all the Directors. Any Director who wishes to object to the proposed amendment to the minutes shall submit the same in writing to the Chairman and all other Directors not later than five (5) days after receipt of the proposed amendment, otherwise such proposed amendment shall be adopted and the minutes shall be amended accordingly. If the proposed amendment and relevant objection are not resolved within thirty (30) days of the Chairman's receipt of such objection, neither the proposal nor the objection shall be adopted but both would be noted as an attachment to the minutes. All Directors shall sign each page of the final minutes within ten (10) days after receipt of same, and return such signed copy to the Joint Venture. The original minutes shall be kept on file with the Joint Venture and shall be available to any Director or their proxies for inspection or copying at any reasonable time.

(10) No remuneration shall be paid by the Joint Venture to any of its Directors in his/her capacity as such; provided, however, that in the event that a Director is concurrently an officer or employee of the Joint Venture, such Director shall be entitled to remuneration for his/her service as an officer or employee only. A Director may recover from the Joint Venture such expenses as are reasonably and properly incurred in connection with his/her attending the Board meetings or other activities of the Joint Venture where his/her presence is required. The Board shall establish a policy to implement this subsection.

8.5 Deadlock.

(1) If the Board approves a resolution in respect of any matter set forth in Article 8.3(3) above by a majority vote, but the matter fails to get the unanimous affirmative vote of the Directors present, then a subsequent meeting of the Board shall be convened by at least ten (10) days prior written notice (sent in accordance with the requirements under Article 8.4) within thirty (30) days to further discuss and vote on such matter. If no resolution is passed and no alternative solution is adopted at such subsequent meeting, or if a quorum is not met for three (3) consecutive meetings of the Board of Directors in respect of such matter, a deadlock ("**Deadlock**") shall be deemed to have occurred and shall be resolved in accordance with this Article 8.5.

(2) Upon the occurrence of a Deadlock, the Chairman shall promptly notify the senior management of each Party or its ultimate parent company (collectively referred to as "**Senior Management of the Parties**") in writing (such notice, a "**Deadlock Notice**") of such occurrence. The Deadlock Notice shall specify in reasonable details the nature of the matter giving rise to the Deadlock. The Senior Management of the Parties shall promptly arrange for a meeting among the Parties and their respective representatives for the purpose of resolving the Deadlock. Such meeting shall be held within thirty (30) days from the date of the Deadlock Notice. If a Deadlock cannot be settled between the Parties

within sixty (60) days from the date of the Deadlock Notice, either any Party may refer the matter to dispute resolution as set forth in this Contract.

CHAPTER 9 OPERATION AND MANAGEMENT

9.1 Management Organization

(1) The Joint Venture shall establish an operation and management team to be responsible for the Joint Venture's daily operation and management. Such team shall include the General Manager and such other management personnel as determined by the Board of Directors (collectively, the "**Management Personnel**").

(2) The General Manager shall be appointed by the Board upon the nomination of such person by Party B.

(3) In the event that the General Manager is found incompetent by the Board, commits graft or serious dereliction of duty, he/she shall be dismissed by the Board. A new General Manager shall then be nominated by Party B and be immediately appointed by the Board.

(4) Compensation and other terms and conditions of employment for Management Personnel shall be determined by the Board and provided in the employment contracts signed between the relevant individual and the Joint Venture.

9.2 Responsibilities of Management Personnel

(1) The General Manager shall be in charge of the day-to-day operation and management of the Joint Venture, be accountable to and report to the Board of Directors, perform and exercise his/her duties and powers strictly in accordance with this Contract and the Articles of Association, as supplemented by the authority granted to him/her by the Board, and shall be responsible for implementing the resolutions passed by the Board of Directors from time to time. Specific duties include, but are not limited to, the following:

(a) daily management of operations of the Joint Venture;

(b) organizing the preparation, submission and reporting of the documents set forth in Article 9.2(4) to the Board for its review;

(c) submitting to the Board all operational transactions and contracts for expenditures of the Joint Venture that exceeds the budget approved by the Board;

(d) supervising all day-to-day commercial matters of the Joint Venture in accordance with the policies approved by the Board;

(e) appointing other Management Personnel of the Joint Venture, including but not limited to the CFO and CTO; and

(f) complying with the corporate governance, compliance, accounting and internal control rules and policies of the Joint Venture and the laws of the PRC.

(2) If the General Manager or any other Management Personnel intends to resign from his or her position, such person shall be required to submit the resignation notice to the Board at least thirty (30) days prior to the intended effective date of such resignation.

(3) The General Manager shall, within the scope of the authority conferred upon him/her by the Board, represent the Joint Venture in dealings with other parties, and appoint and dismiss subordinates.

(4) The General Manager shall be responsible for preparation of following documents (all in both Chinese and English languages):

(a) he/she shall prepare for submission to the Board for review and approval, and upon such approval shall implement, the following:

(A) an annual operating plan, budget and performance targets for the Joint Venture;

(B) the organizational and managerial rules of the Joint Venture;

(C) any other documents or plans for the Joint Venture that are deemed necessary by the Board.

(b) he/she shall submit any major revisions to such budgets, plans or manuals for the Joint Venture to the Board for review and approval prior to their implementation.

(5) The General Manager shall submit a quarterly production and sales report and quarterly financial statements for the Joint Venture to the Board. Such reports and statements shall be submitted in both Chinese and English languages within thirty (30) days following the close of the quarter to which such a report relates.

(6) When the General Manager is unable to carry out his duties, an interim General Manager may be appointed by Party B to serve as the acting General Manager until a new General Manager is nominated by Party B and appointed by the Board.

(7) The Directors, General Manager and all other Management Personnel and working personnel of the Joint Venture shall not disclose any commercial secrets or trade secrets of the Joint Venture or of any Party (unless they are an officer, Director or employee of such Party, in which case such Party may allow such disclosure of such Party's information).

CHAPTER 10 LABOR MANAGEMENT

10.1 Governing Principle. Matters relating to the recruitment, employment, management, dismissal, resignation, wages, welfare benefits, subsidies, labor insurance, social security and other matters concerning the staff of the Joint Venture shall be determined by the Board in accordance with the labor and social security laws and regulations of the PRC. The General Manager shall implement plans approved by the Board.

10.2 Employees. Employees shall be employed by Joint Venture in accordance with the provisions of this Contract, the Articles of Association, and the terms and conditions of the individual employment contracts concluded with each respective employee.

10.3 Compensation. In accordance with PRC laws and regulations concerning labor compensation, the General Manager shall implement a compensation system whereby employees are compensated in accordance with their technical ability, education, performance and position.

10.4 Confidentiality and Non-compete. The Joint Venture shall enter into Non-Disclosure and Non-Compete Contracts and the terms of such contract shall be determined by the Board. The Board may require the Joint Venture to enter into similar contracts with any other employees. However, in any event, the obligations hereto and under the Non-Disclosure and Non-Compete Contracts shall not restrict information sharing with or between Party B and its Affiliates, or working or providing services to Party B or its Affiliates.

10.5 Labor Union. Employees of the Joint Venture may establish a labor union in accordance with the Labor Union Law of the PRC and other laws and regulations relating to labor union activities of foreign invested enterprises. The Joint Venture shall allocate a certain amount of funds to the labor union in accordance with the published and effective laws and regulations in relation to labor union, which amount shall be determined by the Board in accordance with the applicable laws and regulations in China.

CHAPTER 11 FINANCIAL AFFAIRS AND ACCOUNTING

11.1 Business Plan and Financial Budget.

The Board of Directors shall be responsible for approving a one (1) to three (3) year business plan for the Joint Venture ("**Business Plan**"). At the first meeting each year of the Joint Venture's Board of Directors, the Directors shall review the Business Plan and approve an annual budget (the "**Budget**") for the coming year.

Preparation of the Business Plan and Budget shall be overseen by the General Manager.

11.2 Accounting System.

(1) The Joint Venture shall maintain its books and records in accordance with accounting systems and procedures established in accordance with relevant

laws and regulations. Accounting systems and records shall be maintained in accordance with GAAP preferred by Party B to the full extent permitted by the laws of the PRC. The accounting systems and procedures to be adopted by the Joint Venture shall be submitted to the Board for approval. Once approved by the Board, the accounting systems and procedures shall be filed with the relevant government finance department and tax department for record as may be required. The debit and credit method, as well as the accrual basis of accounting, shall be adopted as the methods and principles for keeping accounts.

(2) Unless this Article 11.2 provides otherwise, all accounting books and financial statements of the Joint Venture, and all routine accounting records, vouchers, etc., shall be made in both English and Chinese if necessary.

(3) The Joint Venture shall adopt RMB as its standard currency for bookkeeping and shall also use US Dollar as supplementary bookkeeping currency. For purposes of preparing the Joint Venture's accounts and statements of the Parties' capital contributions, and for any other purposes where it may be necessary to effect a currency conversion, such conversion shall be made in accordance with the applicable accounting rules and relevant PRC laws and regulations.

(4) Financial statements for the Joint Venture shall be prepared in both the Chinese and English languages, and in RMB and in US Dollars. Such statements shall include at least the following: balance sheet, profit and loss statements, and cash flow statement, and shall be kept and provided to each Party, and to the relevant authorities as required by relevant authorities, with the monthly and quarterly financial statements being delivered to the Parties within five (5) days following the close of the relevant period.

(5) The Joint Venture shall also be responsible for maintaining appropriate internal controls over financial reporting as defined in Rules 13a-15(f) and 15d-af (f) under the U.S. Securities Exchange Act of 1934.

11.3 Auditing.

(1) At the expense of the Joint Venture, the Joint Venture's Auditor shall be appointed by the Board to conduct an audit of the annual financial statements and accounts of the Joint Venture. The Parties agree that the Joint Venture shall, within forty-five (45) days after the end of a fiscal year, submit to the Parties an annual statement of final accounts (including the audited profit and loss statement, balance sheet, cash flow statement, and statement for retained earnings for the fiscal year), together with the audit reports of the Joint Venture's Auditor.

(2) Each Party shall have the right at any time to audit (through such Party's internal audit organization or a third party auditor) the entire accounts of the Joint Venture, along with the control processes that support the recording of transactions to these accounts, within thirty-six (36) months from the end of the period to be audited. At the end of such audit, the Party requesting such an audit may submit queries concerning the audit to the Board. The Board shall

reply in written form within sixty (60) days after receipt of the queries concerning the audit. Reasonable access to the Joint Venture's financial records shall be given to such auditor retained by the Party and such auditor shall keep confidential all documents under his/her audit, subject to applicable legal requirements.

(3) When a Party conducts an audit pursuant to Article 11.3(2), it shall bear the expenses incurred and the responsibility for the appointed auditor in maintaining confidentiality of all the documents so audited.

11.4 Bank Account & Foreign Exchange Control. The Joint Venture shall open foreign exchange accounts and RMB accounts and handle foreign exchange transactions in accordance with relevant PRC laws and regulations. The Board shall determine the signatories required for any disbursements of funds from such accounts and shall establish internal control policies relating to these accounts.

11.5 Fiscal Year. The Joint Venture shall adopt the calendar year as its fiscal year, which shall begin on January 1 and end on December 31 of the same year.

CHAPTER 12 COMPLIANCE WITH APPLICABLE LAWS

12.1 Definitions. The following capitalized terms used in this Chapter 12 shall have the meanings assigned to them in this Article 12.1:

"**Applicable Laws**" means (a) the U.S. Foreign Corrupt Practices Act ("**FCPA**"), without regard to its jurisdictional limitations; (b) the People's Republic of China's laws and regulations including but not limited to the Criminal Law, the Anti-Unfair Competition Law and the Interim Provisions on Banning Commercial Bribery; (c) U.S. and People's Republic of China export control laws to the extent applicable; and (d) all other laws, regulations, rules, orders, decrees, or other directives carrying the force of law applicable to any activities engaged in by the Joint Venture, its subsidiaries or any of their respective Affiliated Persons in connection with this Contract or any other business matters involving the Joint Venture and its subsidiaries;

"**Affiliated Persons**" means the Joint Venture's or its subsidiaries' officers, directors, management, employees, sub-distributors, or agents, or any other person or entity acting on their behalf;

"**Government Entity**" means a government or any department, agency, or instrumentality thereof (including any commercial entity, company, or other entity controlled by a government, or in which a government holds a majority share of the equity), a political party, or a public international organization; and

"**Government Official**" means any officeholder, director, officer, employee, or other official (including any immediate family member thereof) of a Government Entity, any person acting in an official capacity for a Government Entity, or any candidate for political office.

12.2 Compliance. The Joint Venture, its subsidiaries and their Affiliated Persons shall conduct their business and affairs and otherwise act in compliance with all Applicable Laws.

12.3 No Improper Payments to Government Officials. The Joint Venture, its subsidiaries and their Affiliated Persons shall not, in a manner that violates Applicable Laws: (a) offer, pay, give, or loan; or (b) promise to pay, give, or loan; directly or indirectly, money or any other thing of value to or for the benefit of any Government Official, for the purposes of corruptly: (a) influencing any act or decision of such Government Official in his official capacity, (b) inducing such Government Official to do or omit to do any act in violation of his lawful duty or to perform improperly one of his functions or obligations, or (c) inducing such Government Official to use his influence with a Government Entity or other Government Official to affect or influence any act or decision of that Government Entity or Government Official, in each instance to direct business to or obtain an improper advantage for the Joint Venture, or any of its shareholders and their Affiliates.

12.4 No Improper Payments to Customers, Suppliers and Other Persons. The Joint Venture, its subsidiaries and their Affiliated Persons shall not, in a manner that violates Applicable Laws: (a) offer, pay, give, or loan; or (b) promise to pay, give, or loan; directly or indirectly, money or any other thing of value to or for the benefit of any customer, vendor, supplier, any person working for an actual or potential customer, vendor or supplier, or any other persons for the purposes of corruptly: (a) influencing any act or decision of such person in his official capacity, (b) inducing such person to do or omit to do any act in violation of his lawful or fiduciary duty or to perform improperly one of his functions or obligations, or (c) inducing such person to use his influence with any entity or person to affect or influence any act or decision of that entity or person, in each instance to direct business to or obtain an improper advantage for the Joint Venture, or any of its shareholders and their Affiliates.

12.5 Joint Venture Compliance Policies. The Joint Venture shall adopt Cooper's policies, code of ethics, etc. relating to conflicts of interest, anti-corruption, the provision of gifts, meals, entertainment, travel, sponsorships and other benefits, training programs, and protocols for hiring any third party with such exceptions, modifications and additions only as required to comply with applicable local laws or as approved by Party B (the "**JV Policies**").

12.6 Disclosure of Violations of Applicable Laws. The Parties further agree that should any Party learn of information regarding any violation or potential violation of the Applicable Laws or the JV Policies in connection with the Joint Venture's business or operations, they shall immediately advise the Joint Venture and the other Parties of such knowledge or suspicion to the extent permitted by the laws applicable to the relevant Party, and shall immediately take appropriate action to stop any continuing violations.

12.7 Accurate Books and Records. Each transaction of the Joint Venture and its subsidiaries shall be properly and accurately recorded on the Joint Venture's books and records such that each such entry on the books and records is complete and accurate in all respects.

12.8 Internal Controls. The Joint Venture shall devise and maintain a system of internal accounting controls adequate to ensure that it maintains no off-the-books accounts and that the assets of the Joint Venture and its subsidiaries are used in accordance with their respective management's authority, directives, controls and policies.

12.9 Audits and Remediation. The Parties and the Joint Venture shall work cooperatively in developing practical, proportionate, and effective remedial measures to ameliorate corruption risks and compliance deficiencies that may be identified during any audits or investigations of the Joint Venture and its subsidiaries. Such remedial measures shall be sufficient relative to the compliance practices typically utilized by US public companies.

12.10 Cooperation in Investigations. Either Party shall have the right to institute an investigation, at its own cost, if it suspects that the Joint Venture has potentially violated the Applicable Laws or the JV Policies. The Parties and the Joint Venture shall cooperate with any ethics or compliance related audit or investigation instituted by a Party, the Joint Venture or any regulatory authorities and governments, including but not limited to, the PRC and US governments.

12.11 Disclosure of Government Relationships and Conflicts of Interest.

(1) Each Party shall disclose to the other Parties, or cause the Joint Venture to disclose to the other Parties, if it becomes aware that the Party, its Affiliates, their respective officers, directors, management, or employees, or the Affiliated Persons of the Joint Venture is or will become a Government Entity or a Government Official (a) whose official duties include decisions to direct business to, regulate the activities of, or provide other advantages to the Joint Venture or its subsidiaries; or (b) who may otherwise control or direct the actions of, Government Officials who are in a position to direct business to, regulate the activities of, or provide other advantages to the Joint Venture or its subsidiaries.

(2) Each Party shall disclose to the other Parties, or cause the Joint Venture to disclose to the other Parties, if it becomes aware that a Party, its Affiliates, their respective officers, directors, management, or employees, or the Affiliated Persons of the Joint Venture has a conflict of interest (as defined in the JV Policies) with the Joint Venture or its businesses.

(3) Any Party shall have the right, in its sole discretion, to require that the individual who has the relevant relationship specified in this Article 12.11 recuse himself or herself from any potential conflict of interest.

(4) For the avoidance of doubt, Party A acknowledges that Party B has disclosed to it that Party B and its Affiliates operate in the same industry as the Joint Venture. The Parties agree that the conflict of interest provisions of this Contract and the JV Policies are not meant to, and shall not be used by Party A or the Joint Venture to restrict, limit, penalize or otherwise prohibit the current and future operations and businesses of Party B and its Affiliates; or any transactions or relationships between such persons and the Joint Venture, its subsidiaries or their Affiliated Persons. Party A acknowledges such operations, relationships and transactions shall not be deemed to constitute a "conflict of

interest" with the Joint Venture or its businesses, as that term is used in this Chapter 12 or the JV Policies.

12.12 Party B's Right to Prevent Violations of the FCPA.

(1) Party A confirms its understanding of the prohibited activities under the Applicable Laws, including the FCPA, and agrees to comply with those restrictions and provisions whenever it takes any actions for the benefit of, on behalf of, or in connection with the Joint Venture or Party B. Party A further agrees to take no actions that might cause the Joint Venture or Party B to be in violation of Applicable Laws, including the FCPA.

(2) In no event shall Party B be obligated or liable to Party A or the Joint Venture under or in connection with this Contract, or otherwise to act or refrain from acting if Party B has obtained substantial evidence to support a good faith and reasonable belief that such act or omission would cause Party B to be in violation of the FCPA.

CHAPTER 13 PROFIT DISTRIBUTION

13.1 Dividend Policy. After payment of all payable income tax, and the allocation to the Reserved Funds, the Board shall determine the annual dividend distribution of the Joint Venture each year. The amount of dividend to be distributed in respect of any year shall include (a) 15% (any lower percentage must be jointly agreed by the Parties) of the Joint Venture's net income after tax as reported in the audited annual financial statements of the Joint Venture for the year, and (b) such other amount if applicable determined solely by the Board based on the estimated Free Cash Flow for the following year.

13.2 No Borrowing. For the avoidance of doubt, the Joint Venture shall not, in any circumstances, obtain any additional borrowings from any bank or other third party for the purpose of financing such dividend payment.

CHAPTER 14 TAXATION AND INSURANCE

14.1 Income Tax, Customs Duties and Other Taxes. The Joint Venture and its employees shall pay taxes pursuant to relevant PRC laws and regulations. The Joint Venture shall use its best endeavors to apply for and obtain preferential treatment, including tax and customs benefits, permitted by the law.

14.2 Insurance. The Joint Venture shall maintain, in accordance with relevant laws of the PRC, insurance as determined by the Board from time to time to cover the Joint Venture's assets, operations and other business activities.

14.3 Product Liability Insurance. The Joint Venture shall secure and will maintain product liability insurance. Such insurance coverage shall name Cooper, CTHC and their Affiliates as additional insured and such policy shall not be subject to

cancellation without thirty (30) days prior written notice to Party B. A certificate of such insurance will be provided to Party B.

CHAPTER 15 PURCHASE OF MATERIALS AND SALE OF PRODUCTS

15.1 Purchase of Materials. In meeting its requirements for materials, equipment, components, transportation vehicles and articles for office use, the Joint Venture will at its discretion purchase such items inside or outside the PRC to the maximum extent consistent with the efficient operation and quality standards of the Joint Venture.

15.2 Sale of Products

(1) The Joint Venture shall formulate and, with the approval of the Board, adopt both domestic and international sales plans for the Products. The Joint Venture shall market, distribute and sell its Products according to a pricing policy approved by the Board. The Joint Venture may appoint distributors and sales agents in different regions inside or outside the PRC, subject to the general terms and conditions of such appointment.

(2) For the convenience of distributing, marketing and selling the Products, the Joint Venture may establish branch offices inside or outside the PRC subject to authorization by the Board and the approval by the relevant authorities.

15.3 Related Party Transactions. The Parties shall procure that all related party transactions with respect to, or involving, the Joint Venture shall be transparent to the Parties, be conducted on an arm's length basis and subject to the approval of the Board. For avoidance of doubt, the Parties acknowledge and agree that the transactions contemplated under the Ancillary Agreements are being entered into at arm's length and have been agreed by the Parties thereto.

15.4 Sale of Cooper Branded Products

The Parties hereby acknowledge that any products that may be produced by the Joint Venture and branded with any trademarks or trade name belonging to Party B or its Affiliates (such product being, the "**Cooper Branded Products**") will be sold and distributed solely by Party B or its Affiliates unless Party B agrees otherwise.

CHAPTER 16 CONFIDENTIALITY AND NON-COMPETE

16.1 Confidentiality.

(1) Except as otherwise specifically provided in this Article 16.1, no Party nor the Joint Venture shall divulge, disclose or communicate, or permit to be divulged, disclosed or communicated, to any unaffiliated third party in any manner, directly or indirectly, any Confidential Information, and each Party and the Joint Venture shall ensure that their respective Affiliates, officers, directors, employees (including, without limitation, individuals seconded

thereto), agents and contractors (collectively "**Representatives**") do not divulge, disclose or communicate, or permit to be divulged, disclosed or communicated, to any unaffiliated third party in any manner, directly or indirectly, any Confidential Information. Confidential Information shall remain the exclusive and sole property of the relevant disclosing party (the "**Protected Party**") and shall be promptly returned upon the request of the Protected Party.

(2) The Parties and the Joint Venture shall only disclose or permit to be disclosed Confidential Information to those of their respective Representatives who have a need to know such Confidential Information (and then shall only disclose such portion of the Confidential Information as is necessary) in order to consummate the transactions contemplated herein and to establish or conduct the Joint Venture's business and operations in the ordinary course. Each Party and the Joint Venture shall advise its Representatives of the confidentiality provisions hereunder and instruct its Representatives to keep the Confidential Information in confidence. In addition, each Party shall be responsible to the Protected Party for any noncompliance by any such Representative.

(3) In the event that any Party, the Joint Venture, or any of their respective Representatives is required by applicable law or is validly ordered by a governmental entity having proper jurisdiction to disclose any Confidential Information, the affected party shall, as soon as possible in the circumstances, provide the Protected Party with prompt prior written notice of the disclosure request or requirement, and, if requested by the Protected Party, shall furnish to the Protected Party an opinion of legal counsel that the release of all such Confidential Information is required by applicable law. The proposed disclosing party shall seek, with the reasonable cooperation of the Protected Party if necessary, a protective order or other appropriate remedy and shall exercise best efforts to obtain assurances that confidential treatment will be accorded to any Confidential Information disclosed.

(4) The Parties and the Joint Venture shall take all other necessary, appropriate or desirable steps to preserve the confidentiality of the Confidential Information.

(5) Notwithstanding anything contained herein, any Party or such Party's Representatives, may disclose the Confidential Information:

(a) to the extent necessary to satisfy its financial reporting and public disclosure obligations; and

(b) to the extent learned as counterparty to a commercial transaction with the Joint Venture (except to the extent subject to a separate confidentiality obligation).

(6) In addition, notwithstanding anything herein, any Party or such Party's Representatives, may disclose general business and financial Confidential Information (but not technical information) with potential counterparties in connection with actual and potential financings and strategic transactions, provided the counterparty signs a confidentiality agreement protecting the Confidential Information on terms similar to the terms hereof

(7) This Article 16.1 and the obligations and benefits hereunder shall survive for a period of ten (10) years after the termination or expiration of this Contract or the termination, dissolution or liquidation of the Joint Venture or any of the Parties, provided that, however, any information concerning, directly or indirectly, the proprietary trade secrets of the Joint Venture or a Party shall be preserved in confidentiality and be entitled to the obligations and benefits hereunder in perpetuity.

16.2 Non-Compete.

(1) Party A hereby specifically undertakes that it shall, and shall cause its Affiliates and/or related companies, to refrain from directly or indirectly engaging in, whether by itself or through any individual or entity, any activity that competes with any business or activities of the Joint Venture anywhere in the world, except as otherwise provided in this Contract, during the period when it holds any Interest in this Joint Venture.

(2) During the term of the Joint Venture and for a period of three and half (3.5) years after it has ceased to hold any Interest in the Joint Venture, Party A shall not, directly or indirectly (including, without limitation, through any controlled entity or Affiliate) or cause any person to directly or indirectly (i) solicit or entice away from the Joint Venture and/or Party B any person who is, at that relevant time, an employee of the Joint Venture or Party B, as the case may be, to terminate his or her employment with the Joint Venture or Party B, and (ii) employ, hire or engage any such person. Notwithstanding the foregoing, the non-solicitation obligations under this Article 16.2 (2) shall not apply where Party A, directly or indirectly, through a controlled entity, makes a general solicitation for employees to the public (without targeting specifically the employees of the Joint Venture or Party B) through advertisements or other announcements in newspapers, on websites, or any other medium, whether on paper, in electronic form, or otherwise, and an employee of the Joint Venture or Party B responded to such general solicitation and is hired as a result thereof. For avoidance of doubt, the general solicitation must be made to the public at large and shall not contain requirements or criteria that target the employees of the Joint Venture in violation of this Article 16.2.

(3) During the term of the Joint Venture and for a period of three and half (3.5) years after it has ceased to hold any Interest in the Joint Venture, Party A shall not, directly or indirectly (including without limitation, through any controlled entity or an Affiliate), or cause any person to directly or indirectly, solicit, induce, canvass or approach or endeavour to solicit, induce, canvass or approach, on behalf of any person, entity, business or group, any person, entity, business or group who or that (i) currently is, or to the best of Party A's knowledge, has been, a customer, supplier or any third party under a written, contractual relationship with the Joint Venture or Party B at any time during the twelve (12)-month period preceding the date of such solicitation, or from any successor in interest to any such persons for the purpose of securing business or contract related to any Joint Venture Business or to terminate its contract or otherwise cease doing business with the Joint Venture or Party B, or (ii) is currently not a customer, supplier or a party under a contractual

relationship with the Joint Venture or Party B or their Affiliates, but who, to the best of Party A' knowledge, is in discussions with the Joint Venture or Party B or their Affiliates in connection with the establishment of any written contractual relationship related to any Joint Venture Business at any time during the twelve (12)-month period following the date of such solicitation.

(4) During the term of the Joint Venture and for a period of three and half (3.5) years after the earlier of the date that Party B has ceased to hold any interest in the Joint Venture or the date that Party A has ceased to hold any interest in the Joint Venture, other than sales to, or offer for sale made to, Party B or its Affiliate, then Party A shall not, the Joint Venture shall not, and the Parties agree that the Joint Venture shall not, directly or indirectly, (a) sell or export tires to North America (including the United States, Canada and Mexico), (b) sell tires to a party who intends or is reasonably expected to resell the tires in or into North America, or (c) manufacture or sell tires that are certified or marked to allow sale in North America.

(5) In the event of a violation of Article 16.2, the restriction period provided hereunder shall be tolled effective the date of the first violation whether known or unknown by non-breaching Party of the provisions in Article 16.2 (the "**Non-Breaching Party**") or the Joint Venture, as the case may be, and shall commence to run only upon the grant of relief to the Non-Breaching Party or the Joint Venture, as the case may be for all damages incurred by the Non-Breaching Party or the Joint Venture, as the case may be, whether equitable or at law.

CHAPTER 17 DURATION, TERMINATION AND LIQUIDATION

17.1 Joint Venture Term and Extension. The term of the Joint Venture shall be perpetual ("**Joint Venture Term**"), and shall commence on the Establishment Date.

17.2 Mutual Termination. This Contract may be terminated at any time upon the written agreement of all of the Parties, in which case the Parties shall instruct the Directors to vote on the resolution to liquidate the Joint Venture as per this Contract and the relevant laws and regulation of the PRC.

17.3 Termination by Party B. Party B shall have the right, at its sole discretion to terminate this Contract under the following circumstances:

(1) The Parties acknowledge that Party B is subject to various U.S. laws, such as the FCPA and U.S. securities regulations, that may obligate Party B to terminate the Joint Venture under certain circumstances. Accordingly, if Party B has provided written notice to Party A, that Party A or its management or employees have engaged in any of the following conducts, and Party A has failed to remedy such conduct or breach to Party B's satisfaction within sixty (60) days of receiving such written notice, then Party B shall have the right to terminate this Contract:

(a) interfered with or refused to reasonably cooperate with the Party B's or the Joint Venture's efforts to determine whether a violation or potential violation of the Applicable Laws or JV Policies occurred at the Joint Venture;

(b) interfered with or refused to reasonably cooperate in remediating violations and potential violations of the Applicable Laws or JV Policies; or

(c) knowingly participated in, directed, or assisted in concealing any violations of Applicable Laws or JV Policies by the Joint Venture, its subsidiaries and their Affiliated Persons.

(2) In the event that the ETA is terminated or unwound due to a material breach by Party A of, or the failure by Party A to perform, its obligations and covenants thereunder, including without limitation, failure to satisfy the conditions to Closing (as defined in the ETA) before the Long Stop Date (as defined in the ETA), Party B shall have the right, in its sole discretion, to terminate this Contract.

If the events in Article 17.3 have occurred, Party B shall have the right to terminate this Contract by providing a Termination Notice to Party A, and such termination shall be the grounds for immediate cessation of any payment(s), rebate(s), dividend(s), reimbursement(s) or shipment (s) of products that Party B or the Joint Venture owes to Party A or the Joint Venture, as the case may be.

17.4 Termination by Either Party.

A Party (the "**Notifying Party**") shall have the right to terminate this Contract by providing a Termination Notice to the other Parties if any of the following events (each, an "**Event of Default**") occurs:

(a) a Party (not being the Notifying Party) is in Default under Article 18.1, and, if such Default is capable of being cured, such Default is not cured within sixty (60) days of receiving written notice of such Default from the other Parties;

(b) a Party has notified the Joint Venture that the Joint Venture has failed to fulfill those provisions of Chapter 12 applicable to the Joint Venture, and the Joint Venture has not remedied such conduct within sixty (60) days of receiving written notice of such failure;

(c) any Party (not being the Notifying Party, and for Party B, either Cooper or CTHC) becomes bankrupt, or is the subject of proceedings for liquidation or dissolution, or ceases to carry on business or becomes unable to pay its debts as they come due so as to become insolvent, in which case the relevant Party shall immediately notify the other Parties in respect of such situation;

(d) the continuation of conditions or consequences of any event of Force Majeure as provided under Article 20.4 hereunder;

(e) the Joint Venture becomes bankrupt, or is the subject of proceedings for liquidation or dissolution, or creases to carry on business or becomes unable to pay its debts as they come due; or

(f) the Business License is revoked, suspended, or amended (in a manner not agreed to in writing by the Parties) or in any other situation such that the Joint Venture is precluded or prevented from carrying out its business.

17.5 Subsequent Obligations Following Service of Termination Notice

(1) Where a Termination Notice has been served in the circumstances set out in Article 17.3(1), Party B shall have the option, but not the obligation, to purchase the Party A's Percentage Interest in the Joint Venture in accordance with the procedures below:

(a) within thirty (30) days of the issuance of the Termination Notice, the Board of Directors shall, by a majority vote, appoint one of the Big Four accounting firms (an "**Appraiser**") to determine the fair market value of the Joint Venture, which value should not take into consideration the values of the Cooper IP licensed to the Joint Venture. Such Appraiser shall complete its assessment of the fair market value of the Joint Venture and notify the Parties thereof in writing within sixty (60) days of their appointment.

(b) Upon completion of the determination of the fair market value of the Joint Venture by Appraiser, Party B shall have the option to purchase Party A's share of the Registered Capital of the Joint Venture at a price equal to:

fair market value x the Party A's share of the Registered Capital at the time of valuation

(c) Party B shall have the right to designate a third party enterprise to purchase all or part of Party A's Percentage Interest for the price (or portion thereof) set forth in Article 17.5(1)(b) hereof.

(d) The Parties agree to take all such steps as may be required to promptly effect the sale of the Party A's Interest in the Joint Venture, including obtaining all necessary government approvals for the transfer of the Interest to Party B (or its designee) and causing their respective Board appointees to approve such transfer, and executing all documents necessary or advisable to effect such transfer. The Parties shall then complete the sale of Party B's Percentage Interest to Party A within the longer of the period of ninety (90) days after receipt of the Notice or fifteen (15) days after such sale of Percentage Interest is duly approved by the Examination and Approval Authority and registered with the Registration Authority.

If such government approvals are not obtained within one hundred and eighty (180) days after the signing of the interest transfer agreement

between the Party A and Party B (or its designee), or such longer period as may be reasonably required to obtain the needed governmental approvals, the exercise of the option shall be null and void and the Joint Venture shall be liquidated, if so proposed by Party B, in accordance with the provisions of Article 17.7 hereof. Such liquidation shall not prejudice the rights that Party B may otherwise have against the Party A.

(2) Where a Termination Notice has been served in any circumstances except as set out in Article 17.3 and Article 17.4 (a), the following shall apply:

(a) Within thirty (30) days after the issuance of the Termination Notice, the Board of Directors shall, by a majority vote, appoint an Appraiser to determine the fair market value of the Joint Venture, which value should not take into consideration the value of the Cooper IP licensed to the Joint Venture. Such Appraiser shall complete its assessment of the fair market value of the Joint Venture and notify the Parties thereof in writing within sixty (60) days of their appointment.

(b) Party B shall have the right, at its sole discretion and by providing a written notice of its intention thereof ("**Notice**"), to purchase the Percentage Interest of Party A at a price equal to the fair market value as determined by the Appraiser, which value should not take into consideration the values of any Cooper IP licensed to the Joint Venture, multiplied by Party A's share of the Registered Capital at the time of the valuation. .

The Parties shall then complete the sale of Percentage Interest(s) of Party A to Party B within the longer of the period of ninety (90) days after receipt of the Notice or fifteen (15) days after such sale of Percentage Interest(s) is duly approved by the Examination and Approval Authority and registered with the Registration Authority.

If Party B elects not to exercise its right to purchase the Percentage Interest of Party A within thirty (30) days after receiving the determination of the fair market value from the Appraiser, Party A shall have the right to purchase Party B's Percentage Interest at a price equal to the fair market value multiplied by Party B's share of the Registered Capital at the time of the valuation. To exercise its right, Party A shall provide a Notice to Party B within the 30-day period starting from the thirty-first (31st) day after the determination of the fair market value. The Parties shall then complete the sale of Party B's Percentage Interest to Party A within the longer of the period of ninety (90) days after receipt of the Notice or fifteen (15) days after such sale of Percentage Interest is duly approved by the Examination and Approval Authority and registered with the Registration Authority.

(c) If no Party wishes to exercise its right to purchase the Percentage Interest(s) of other Party, the Parties shall use all reasonable efforts to sell the Joint Venture as a going concern to one or more third parties, either as a single transaction or a series of transactions. For the

purposes of this Article 17.5(2), third parties include Affiliates. The Parties shall cooperate and cause the Directors appointed by them to cooperate in any required re-structuring of the Joint Venture prior to such sale if necessary or desirable to facilitate the same or optimize the salability of the Joint Venture and the business conducted by it and the sales proceeds for the Parties. The price and terms of such sale shall be agreed between the third party (ies) concerned and the Parties.

(3) Where a Termination Notice has been served due to the occurrence of an Event of Default under Article 17.4(a), the non-breaching Part (ies) (and only the non-breaching Part(ies)) shall have the option, but not the obligation, to purchase the breaching Party's Percentage Interest in the Joint Venture in accordance with the procedures in Article 17.5(1), whereby the non-breaching Part(ies) shall have the rights and obligations of Party B therein, and the breaching Party shall have the rights and obligations of Party A therein.

(4) In the event that Party B together with any of their Affiliates ceases to have any interest in the Registered Capital of the Joint Venture, each Party shall take all steps necessary to ensure that the name of the Joint Venture is immediately changed so that it no longer contains any reference to "Cooper" in English or "固铂" in Chinese, or the local Chinese language equivalent of such name.

(5) Termination of this Contract shall not affect the rights and obligations of the Parties and the Joint Venture incurred prior to the termination or caused by such termination. If termination of this Contract is caused by a Party's breach of any of its obligations under this Contract, then such Party shall compensate the other Parties and the Joint Venture for all their losses resulting from such breach.

17.6 Divestment of Party A

In the event that Party A wishes to divest its equity interest in the Joint Venture after five (5) years commencing from the issuance of the business license of the Joint Venture (or such earlier date as agreed by the Parties), then the Parties shall discuss in good faith regarding a possible mechanism of Party A's divestment from the Joint Venture to Party B. However, for the avoidance of doubt, in no event shall this article be interpreted as Party A having any put or other option under any circumstance, nor shall Party B have any obligation or liability to purchase the equity interest from Party A or otherwise facilitate or agree to any divestiture.

17.7 Liquidation.

(1) Liquidation of the Joint Venture shall begin from the earliest of the date of liquidation approval by the relevant Examination and Approval Authority, the date on which this Contract is terminated under the terms hereof (provided a buy-sell is not effected) or by a court or arbitration order.

(2) The Board shall within fifteen (15) days from the beginning of the liquidation as provided in Article 17.7(1), appoint a liquidation committee that shall be

entitled to represent the Joint Venture in all legal matters during the period of liquidation. The liquidation committee shall value and liquidate the Joint Venture's assets in accordance with applicable PRC laws and regulations and the principles set out herein.

(3) The liquidation committee shall be made up of three (3) members appointed by the Board. The committee can retain an advisor with respect to such liquidation matters.

(4) The liquidation committee shall conduct a thorough examination of the Joint Venture's assets and liabilities, on the basis of which it shall, in accordance with the relevant provisions of this Contract, develop a liquidation plan which, if approved by the Board, shall be executed under the liquidation committee's supervision. Settlement of any claim, debt or assets under liquidation shall be approved unanimously by members of the liquidation committee; failing such unanimous approval, simple majority approval by the Board shall be required.

(5) The liquidation expenses, including remuneration to members of and advisors to the liquidation committee, shall be paid in accordance with the PRC law out of the Joint Venture's assets in priority to the claims of other creditors.

(6) After the liquidation committee has settled all legitimate debts of the Joint Venture, including, if applicable, the expenses of the liquidation committee in accordance with Article 17.7(5), any remaining assets shall be distributed to the Parties in proportion to their Percentage Interests. With respect to fixed assets distributed to the Parties, in the event that a Party intends to sell such fixed assets to a third party, the other Parties shall have the preemptive right during the liquidation period to purchase such fixed assets on the same terms and conditions and at the same price as offered to any third party.

(7) On completion of liquidation, the liquidation committee shall prepare a liquidation report and liquidation accounting statement which shall be submitted to the Board for its approval, appoint a certified public accounting firm to examine the report and statement and issue a verification report.

(8) After completion of the liquidation of the Joint Venture, unless the tax authority requires otherwise, the original accounting books and other documents of the Joint Venture shall be left in the care of Party B to reproduce and retain the original copies of all or any of such books and documents, and shall provide Party A with the copies of such books and documents upon request.

For the purpose of this Article 17, "Termination Notice" shall refer to a written notice sent by one Party to the Other Party for terminating this Contract for cause.

CHAPTER 18 DEFAULT

18.1 If any Party fails to perform any of its material obligations under this Contract (other than solely as a result of an event of Force Majeure) or if any of its representations or warranties under this Contract was materially untrue or inaccurate as of the date made or deemed to be made (a "**Default**"), such Party shall be deemed to have breached this Contract. In such event, the performing Party ("**Performing Party**") may notify the Party in breach in writing that this Contract has been breached, the nature of the breach, and that the breach, if capable of being remedied, shall be remedied within sixty (60) days of the date of such notice. If the breach is not capable of being remedied or, if so capable, has not been remedied by the end of such sixty (60) day period, any Performing Party shall have the right at any time to refer the matter to dispute resolution under this Contract.

CHAPTER 19 INDEMNIFICATION

19.1 Each Party agrees, unless otherwise provided by the laws of the PRC, to indemnify the other Parties and their successors, officers, Directors, employees, agents and shareholders (collectively, "**Indemnified Non-Defaulting Parties**"), and hold them harmless against any loss, liability, damage, expense, cost and reasonable legal expenses associated therewith, which any of the Indemnified Non-Defaulting Parties may suffer, sustain or become subject to, as a result of (i) any breach of this Contract, including but not limited to any misrepresentation or non-fulfillment of any covenant, undertaking or agreement, by the Party, and (ii) any negligent act or omission or willful misconduct by the Party in the performance of this Contract. In no event shall any Party be liable to the other Parties for any indirect, special or consequential damages.

CHAPTER 20 FORCE MAJEURE

20.1 Scope of Force Majeure. A "**Force Majeure Event**" shall mean any event, circumstance or condition that (i) directly or indirectly prevents the fulfillment of any material obligation set forth in this Contract, (ii) is beyond the reasonable control of the respective Party, and (iii) could not, by the exercise of reasonable care, have been avoided or overcome in whole or in part by such Party. Subject to the aforementioned items (i), (ii) and (iii), Force Majeure Event includes, but is not limited to, natural disasters such as acts of God, earthquake, windstorm and flood, terrifying events such as war, terrorism, civil commotion, riot, blockade or embargo, fire, explosion, off-stream or strike or other labor disputes, epidemic and pestilence, material accident or by reason of any law, order, proclamation, regulation, ordinance, demand, expropriation, requisition or requirement or any other act of any governmental authority, including military action, court orders, judgments or decrees.

20.2 Notice. Should any Party be prevented from performing the terms and conditions of this Contract due to the occurrence of a Force Majeure Event, the prevented Party

shall send notice to the other Parties within fourteen (14) days from the occurrence of the Force Majeure Event stating the details of such Force Majeure Event.

20.3 Performance. Any delay or failure in performance of this Contract caused by a Force Majeure Event shall not constitute a default by the prevented Party or give rise to any claim for damages, losses or penalties. Under such circumstances, the Parties are still under an obligation to take reasonable measures to perform this Contract, so far as is practical. The prevented Party shall send notice to the other Parties as soon as possible of the elimination of the Force Majeure Event, and confirm receipt of such notice.

20.4 Consultations and Termination. Should the Force Majeure Event continue to delay implementation of this Contract for a period of more than one (1) month, the Parties will discuss and work together to find a reasonable and equitable solution or alternative so as to resolve the Force Majeure Event or effectuate, insofar as permissible under the applicable laws, the Parties' intentions under this Contract. In the event the Parties are unable to find a reasonable or equitable solution or alternative, and such Force Majeure Event continue to delay implementation of this Contract for a period of more than six (6) months, any Party may terminate this Contract by giving notice to the other Parties in accordance with Article 17.4(d).

CHAPTER 21 DISPUTE RESOLUTION

Any disputes, controversy, difference or claim between the Parties arising out of or relating to this Agreement, including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to it ("**Disputes**") shall be settled by the Parties amicably through good faith discussions upon the written request of any Party. In the event that any such dispute cannot be resolved thereby within a period of thirty (30) days after such notice has been given, any Dispute shall be finally resolved by arbitration in Hong Kong administered by the Hong Kong International Arbitration Centre ("**HKIAC**"), using both English and Chinese languages, and in accordance with the HKIAC Administered Arbitration Rules (the "**Rules**") in force when the Notice of Arbitration is submitted by a sole arbitrator (the "**Sole Arbitrator**"). In case the Parties cannot reach to an agreement on the nomination of the Sole Arbitrator within seven (7) days when the Notice of Arbitration is submitted, the HKIAC shall appoint such Sole Arbitrator for the Parties. The award of the Sole Arbitrator shall be final and binding and may be enforced in any court of competent jurisdiction. The prevailing Party(ies) in the arbitration shall be entitled to receive reimbursement of their reasonable expenses (including attorneys' fees and translation fees) incurred in connection therewith. The arbitration award shall be enforceable under the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards; and the losing Party(ies) shall bear all the arbitration fees and costs paid to HKIAC and the arbitrators, and shall compensate the other Part(ies') costs related to the arbitration including lawyers' fees, unless the tribunal awards differently. The Parties shall agree to consolidation of arbitrations concerning the ETA, and/or where common question of law or fact arises in both or all arbitrations concerning the Parties.

CHAPTER 22 GOVERNING LAW & CHANGE OF LAW

22.1 Applicable Law. The formation of this Contract, its validity, interpretation, execution and any performance of this Contract, and the settlement of any Disputes hereunder, shall be governed by published and publicly available laws, rules and regulations of the PRC, the applicable provisions of any international treaties and conventions to which the PRC is a party, and, if there are no published or publicly available PRC laws, rules or regulations, or treaties or conventions governing a particular matter, by general international commercial practices.

22.2 Change of Law. If any Party's economic benefits as a shareholder in the Joint Venture is adversely and materially affected by the promulgation of any new PRC laws, rules or regulations or the amendment or interpretation of any existing PRC laws, rules or regulations after the Effective Date, the Parties shall promptly consult with each other and use their best endeavors to implement any adjustments necessary to maintain each Party's economic benefits derived from this Contract on a basis no less favorable than the economic benefits it would have derived if such laws, rules or regulations had not been promulgated or amended or so interpreted.

CHAPTER 23 EFFECTIVE DATE OF THE CONTRACT

23.1 Effective Date. This Contract and the Articles of Association shall become effective on the date on which this Contract and the Articles of Association are approved by the Examination and Approval Authority as evidenced by the issuance of the Certificate of Approval (referred to as the "**Effective Date**"). In case of conflict between the provisions of this Contract and the provisions of the Articles of Association or any supplemental contracts, the terms of this Contract shall prevail.

23.2 Delivery. Party A shall promptly deliver to Party B copies of all approval certificates and registration documents issued by, and written confirmation of all communications with, the relevant Examination and Approval Authority and Registration Authority and all other relevant government authorities, in respect of this Contract, the Articles of Association, the ETA and any other supplemental contracts, and the operation of the Joint Venture.

CHAPTER 24 MISCELLANEOUS PROVISIONS

24.1 Language. This Contract is written and executed in a Chinese version and in an English version. Both language versions of this Contract are of equal validity and effect.

24.2 Waiver and Preservation of Remedies. No delay on the part of any Party in exercising any right, power or privilege under this Contract shall operate as a waiver thereof, nor shall any waiver on the part of any Party of any right, power or privilege hereunder, nor any single or partial exercise of any right, power or privilege

hereunder, preclude any other or other exercise thereof hereunder. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have.

24.3 Notices. All notices or other communications under this Contract shall be in writing and shall be delivered or sent to the correspondence addresses or facsimile numbers of the Parties set forth below or to such other addresses or facsimile numbers as may be hereafter designated in writing on seven (7) days' notice by the relevant Party. All such notices and communications shall be effective: (i) when delivered personally; (ii) when sent by telex, telefacsimile or other electronic means with sending machine confirmation; (iii) ten (10) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) four (4) days after deposit with a commercial overnight courier, with evidence of delivery provided by the courier.

Party A Address: No. 207 Tianxin Road, Mingcun Town, Pingdu, Qingdao, Shandong Province, PRC

Fax: (86)532-68862860
Attn: Mr.Geng Ming

Party B

COOPER Address: F17, Kirin Plaza Building, 666 Gubei Road, Shanghai, PRC 200336
Fax: 021-62086722
Attn: Mr. Aaron Hu

CTHC Address: 701 Lima Avenue, Findlay, OH, U.S.A. 45840
Fax: 419.831.6940
Attn: Stephen Zamansky

24.4 Severability. If any provision of this Contract should be or become fully or partially invalid, illegal or unenforceable in any respect for any reason whatsoever, the validity, legality and enforceability of the remaining provisions of this Contract shall not in any way be affected or impaired thereby.

24.5 Entire Agreement. This Contract, together with its Appendices which are hereby incorporated by reference as an inseparable and integral part of this Contract, constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersede any agreements, contracts, representations and understandings, oral or written, made prior to the signing of this Contract.

24.6 Modification and Amendment. No amendment or modification of this Contract, whether by way of addition, deletion or other change of any of its terms, shall be valid or effective unless a variation is agreed to in writing and signed by authorized representatives of each of the Parties and approved by the Examination and Approval Authority.

24.7 Successors. This Contract shall inure to the benefit of and be binding upon each of the Parties and their respective permitted successors and permissible assignees.

24.8 Originals. This Contract is executed in six (6) original counterparts in Chinese, and three (3) original counterparts in English.

24.9 Costs and Expenses. Except as otherwise provided herein, each Party shall be responsible for the costs and expenses it incurred in connection with the negotiation and execution of this Contract, the Articles of Association, and any of the supplemental contracts if applicable.

IN WITNESS WHEREOF, each of the Parties has executed this Contract or has caused this Contract to be executed by its duly authorized officer or officers as of the date first above written.

Party A:

QINGDAO YIYUAN INVESTMENT CO., LTD.
(青岛易元投资有限公司)

By /s/ 李志华
Name: 李志华
Position: Legal Representative

Party B:

COOPER TIRE (CHINA) INVESTMENT CO., LTD.
（固铂轮胎（中国）投资有限公司）

By /s/ Allen Tsaur
Name: Allen Tsaur
Position: Chairman

COOPER TIRE HOLDING COMPANY

By /s/ Jack Jay McCracken
Name: Jack Jay McCracken
Position: Assistant Secretary

SIGNATURE PAGE TO EQUITY JOINT VENTURE CONTRACT

APPENDIX 1
DEFINITIONS AND INTERPRETATION

"**Affiliate**" means, with respect to any Person, any other Person controlling or controlled by or under common control with such specified Person. For purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of shares, registered capital or voting securities, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Affiliated Transfer of Party B**" shall have the meaning ascribed to it in Article 5.5(4).

"**Ancillary Agreements**" means collectively, the following agreements executed in connection with the ETA or this Contract: Service Agreement between Cooper Tire & Rubber Company and Qingdao Ge Rui Da Rubber Co., Ltd. , Technical Assistance and Technology License Agreement between Cooper Tire & Rubber Company and Qingdao Ge Rui Da Rubber Co., Ltd. ,and Services Agreement between Qingdao Ge Rui Da Rubber Co., Ltd. and Cooper (and each an "**Ancillary Agreement**").

"**Appraiser**" shall have the meaning ascribed to it in Article 17.5(a).

"**Articles of Association**" means the articles of association of the Joint Venture executed by the Parties simultaneously with this Contract, as such articles of association may be amended from time to time by the Parties.

"**Auditor**" means an accounting firm registered in the PRC and being one of the Big Four, engaged at the Joint Venture's own expense upon resolution of the Board, which shall be the auditor of the Joint Venture and which firm shall be independent of the Parties and independent of the Joint Venture.

"**Board of Directors**" or "**Board**" means the board of directors of the Joint Venture established in accordance with this Contract.

"**Budget**" shall have the meaning ascribed to it in Article 11.1.

"**Business License**" means the business license of the Joint Venture as issued, amended and replaced, as the case may be, from time to time by the Registration Authority.

"**Business Plan**" shall have the meaning ascribed to it in Article 11.1.

"**Certificate of Approval**" means the certificate of approval issued by the Examination and Approval Authority approving this Contract and the Articles of Association.

"**Confidential Information**" means all technical, financial, business, commercial, operational and strategic information and data, know-how, trade secrets and any analysis, amalgamation, market studies or compilation, whether written or unwritten and in any format or media, concerning, directly or indirectly, the business of the Joint Venture or a Party, which has been prior to the Establishment Date, or which may be during the Joint Venture Term, delivered or furnished by a Party, the Joint Venture, or any of their respective Representatives, to another Parties, the Joint Venture, or any of their respective Representatives, but shall not include any

information that: (a) at the time of disclosure is (or thereafter becomes) generally available to the public through no act of any Person in violation of a confidentiality obligation or applicable law; or (b) the receiving Party has obtained lawfully from an independent source not subject to a confidentiality obligation; or (c) the receiving Party can prove was known to it or to its Representatives prior to the receipt of such information from the disclosing party; or (d) is independently developed by the receiving Party without reference to such information.

"**Cooper Branded Products**" shall have the meaning ascribed to such term in Article 15.4.

"**Cooper IP**" shall have the meaning ascribed to it in the Ancillary Agreements.

"**Deadlock**" shall have the meaning ascribed to such term in Article 8.5(1).

"**Deadlock Notice**" shall have the meaning ascribed to such term in Article 8.5(2).

"**Default**" shall have the meaning ascribed to it in Article 18.1.

"**Director**" or "**Director of the Joint Venture**" means any member of the Board.

"**Dispute**" shall have the meaning ascribed to such term in Article 21.1.

"**Effective Date**" means the date on which this Contract comes into effect in accordance with Article 23.1.

"**Establishment Date**" means the date on which the Joint Venture's first Business License is issued by the Registration Authority after the completion of the transactions contemplated under the ETA.

"**ETA**" shall have the meaning ascribed to such term in the Recital.

"**Event of Default**" shall have the meaning ascribed to such term in Article 17.4.

"**Examination and Approval Authority**" means the Ministry of Commerce, or its authorized local division or any successor government institution or agency empowered to approve the Asset Purchase Agreement, this Contract, the Articles of Association, and any amendments, supplements, modifications or termination hereof or thereof.

"**Exercise Notice**" shall have the meaning ascribed to it in Article 5.4(1).

"**Free Cash flow**" means the after-tax income less the Reserved Funds, and increased by: (i) depreciation and amortization expenses, and (ii) any other non-cash expenses included in the after-tax income.

"**Force Majeure Event**" shall have the meaning ascribed to it in Article 20.1.

"**GAAP**" means generally accepted accounting principles.

"**HKIAC**" shall have the meaning ascribed to it in Article 21.1.

"**HKIAC Rules**" shall have the meaning ascribed to it in Article 21.1.

"**Indemnified Non-Defaulting Parties**" shall have the meaning ascribed to it in Article 19.1.

"**Joint Venture**" shall have the meaning ascribed to it in the Recital.

"**Joint Venture Business**" shall have the meaning ascribed to it in Article 4.2.

"**Joint Venture Laws**" means the PRC, Sino-foreign Joint Venture Law (adopted by the National People's Congress on July 1, 1979 and revised on March 15, 2001) and the Sino-foreign Joint Venture Law Implementing Regulations (promulgated by the State Council on September 20, 1983 and revised on July 22, 2001), and as such laws or regulations may from time to time be amended, or its successor laws.

"**Joint Venture Term**" shall have the meaning ascribed to such term in Article 17.1 hereof.

"**JV Policies**" shall have the meaning ascribed to it in Article 12.5.

"**Management Personnel**" shall have the meaning ascribed to it in Article 9.1(1).

"**Non-Breaching Party**" shall have the meaning ascribed to it in Article 16.2(5).

"**Non-Disclosure and Non-Compete Contract**" means the contract between the Joint Venture and each of its key employees (including, without limitation, the General Manager, all other management personnel, and all technical personnel), whereby such key employees undertake to keep confidential the confidential information of the Joint Venture and to refrain from engaging in any business or activities that directly or indirectly compete with any business of the Joint Venture.

"**Non-Transferring Parties**" shall have the meaning ascribed to it in Article 5.5 (1).

"**Notice**" shall have the meaning ascribed to it in Article 17.5(2).

"**Notifying Party**" shall have the meaning ascribed to such term in Article 17.4.

"**Party**" or "**Parties**" shall have the meaning ascribed to it in the heading of this Contract.

"**Party A's Percentage Interest**" shall have the meaning ascribed to it in the Recital.

"**Party B's Percentage Interest**" shall have the meaning ascribed to it in the Recital, together with "Party A's Percentage Interest", the "**Percentage Interest**".

"**Performing Party**" shall have the meaning ascribed to it in Article 18.1.

"**Person**" means any individual, company, legal person enterprise, non-legal person enterprise, joint venture, partnership, wholly owned entity, unit, trust or other entity or organization, including, without limitation, any government or political subdivision or any agency or instrumentality of a government or political subdivision and other body corporate or unincorporated; Person also includes a reference to that Person's legal representatives, assignees, successors or heirs.

"**PRC**" or "**China**" means the People's Republic of China.

"**Products**" means tires.

"**Protected Party**" shall have the meaning ascribed to such term in Article 16.1(1) hereof.

"**Purchase Notice**" shall have meaning ascribed to it in Article 5.5(2).

"**Registered Capital**" means the total amount of equity of the Joint Venture pursuant to Chapter 5 as such equity amount may be adjusted according to the relevant provisions of this Contract and relevant PRC law.

"**Registration Authority**" means the State Administration of Industry and Commerce, or its local division or any successor government institution or agency empowered to issue a Business License to the Joint Venture.

"**Renminbi**" or "**RMB**" means the lawful currency of the PRC.

"**Representatives**" shall have the meaning ascribed to such term in Article 16.1(1) hereof.

"**Reserved Funds**" means such funds reserved by the Joint Venture, including without limitation, (a) funds legally required by applicable laws to be set aside (for taxes, employee benefit contributions etc.), (b) operating reserves, (c) capital reserves, (d) contingency reserves and (e) funds reserved for debt coverage and debt pay down.

"**Sales Notice**" shall have the meaning ascribed to it in Article 5.4(1).

"**Sales Response**" shall have the meaning ascribed to it in Article 5.4(2).

"**Senior Management of the Parties**" shall have the meaning ascribed to it in Article 8.5(2).

"**Sole Arbitrator**" shall have the meaning ascribed to such term in Article 21.

"**Termination Notice**" shall have the meaning ascribed to such term in Article 17.

"**Total Investment**" means the total amount of funds required to establish and operate the Joint Venture in accordance with its business scope set forth herein, as provided in Article 5.1 and as may be adjusted according to the relevant provisions of this Contract and relevant PRC law.

"**Transferring Party**" shall have the meaning ascribed to it in Article 5.5 (1).

"**Transferred Interest**" shall have the meaning ascribed to it in Article 5.4(1).

"**Transferring Notice**" shall have the meaning ascribed to it in Article 5.5(1).

"**Transferred Interest of Transferring Party**" shall have the meaning ascribed to it in Article 5.5(1) (b).

"**and/or**" means that both cases apply, or either the first or the second case applies.

Words used in any gender in this Contract shall include references to all other genders; and words used in the singular in this Contract shall include references to the plural, and vice versa; and references to "day" refers to a calendar day.

Descriptive headings in this Contract are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Contract or any of the Appendices.

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Section 3: EX-10.2 (EX-10.2)

Exhibit 10.2

AGREEMENT FOR TRANSFER OF EQUITY INTERESTS

IN

QINGDAO GE RUI DA RUBBER CO., LTD.
(青岛格锐达橡胶有限公司)

BY AND AMONG

QINGDAO YIYUAN INVESTMENT CO., LTD.
(青岛易元投资有限公司)

AND

LI XINHU
李辛琥

AND

COOPER TIRE (CHINA) INVESTMENT CO., LTD.
(固铂轮胎（中国）投资有限公司)

AND

COOPER TIRE HOLDING COMPANY

AND

QINGDAO GE RUI DA RUBBER CO., LTD.
(青岛格锐达橡胶有限公司)

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AGREEMENT FOR THE TRANSFER OF EQUITY INTERESTS

IN

QINGDAO GE RUI DA RUBBER CO., LTD. (青岛格锐达橡胶有限公司)

THIS AGREEMENT, made as of January 4 2016, is entered into by and among:

1) QINGDAO YIYUAN INVESTMENT CO., LTD. (青岛易元投资有限公司), a company duly registered and incorporated under the laws of the PRC with its registered office at No. 207 Tianxin Road, Mingcun Town, Pingdu, Qingdao 青岛平度市明村镇田新路 207 号 ("Yiyuan");

2) LI Xinhu 李辛琥, a PRC citizen with its identification number **370213198502042O1X** , and resides at No. 27 Shangshui Road, Sifang District, Qingdao ("**LI**" and together with Yiyuan, the "**Sellers**" and each a "**Seller**");

3) COOPER TIRE (CHINA) INVESTMENT CO., LTD. (固铂轮胎（中国）投资有限公司), a company duly registered and incorporated under the laws of PRC with its registered office at F17, Kirin Plaza Building, 666 Gubei Rd, Shanghai, PRC 200336 (the "**Cooper**");

4) COOPER TIRE HOLDING COMPANY, a company duly registered and incorporated under the laws of State of Ohio, United States of America, with its registered office at 701 Lima Avenue, Findlay, OH 45840 ("**CTHC**", together with Cooper, the "**Buyers**", and each a "**Buyer**"); and

5) QINGDAO GE RUI DA RUBBER CO., LTD. (青岛格锐达橡胶有限公司), a company duly registered and incorporated under the laws of the PRC with its registered office at No. 210 Tianxin Road, Mingcun Town, Pingdu, Qingdao (青岛平度市明村镇田新路 210 号) (the "**Company**").

The Sellers and the Buyers are hereinafter collectively referred to as the "**Parties**", and individually as a "**Party**".

WHEREAS:

1. The Sellers are the registered and beneficial owners of the entire equity interests of the Company with its particulars as set out in Schedule 1 attached hereto; where Yiyuan holds 97% of the registered capital of the Company and LI holds 3%;

2. The Company engages in business activities including production, sales and technology development of tires, rubber production and synthetic rubber, import and export of goods and technology, as well as any other activities carried out by the Company (the "**Business**");

3. The registered capital of the Company is RMB350,000,000, and among which RMB200,082,699 has been fully injected in kind by Yiyuan as of the date of this Agreement;

4. Each of the Sellers wishes to sell and transfer to the each of the Buyers, and each of the Buyers wishes to purchase from each of the Sellers, its respective equity interests of the Company pursuant to the terms and conditions herein set forth; and

5. The Sellers and the Buyers further agree that Yiyuan will sell 53.18% (consisting of 39.84 percent (39.84%) share whose corresponding registered capital has not been injected and 13.34 percent (13.34%) share whose corresponding registered capital has been injected) and LI will sell 3% (corresponding registered capital has not been injected) equity interests in the Company to the Buyers, which in total constitutes 56.18% of the registered capital of the Company (the "**Acquired Equity Interests**"); among which Cooper will purchase 51.86% and CTHC will purchase 4.32% of the equity interests.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants, representations, warranties, conditions, and agreements hereinafter expressed, and for other good and valuable consideration, the receipt and sufficiency which are hereby acknowledged, the Parties agree as follows:

1. Interpretation

1.1 In this Agreement, unless the context otherwise requires, the following expressions shall have the following meanings:

"**Accounts**" shall mean the financial, management and capital accounts dated as of the Last Accounts Date which have been provided by Sellers to Buyers.

"**Accelerated Payment**" shall have the meaning ascribed to it in Article 2.3(b).

"**Acquired Equity Interests**" shall have the meaning ascribed to it in the Recital.

"**Affiliate**" means, with respect to a specified Person, a natural or legal Person that (directly, or indirectly through one or more intermediaries), Controls, is Controlled by, or is under common control with, such specified Person.

"**Aggregate Purchase Price**" shall have the meaning ascribed to it in Article 2.2.

"**Alternative Transaction**" shall have the meaning ascribed to it in Article 5.1.

"**AIC**" shall mean the State Administration of Industry and Commerce and its provincial branches.

"**AOA**" shall have the meaning ascribed to it in Article 3.1(g).

"**Applicable Laws**" means the laws and regulations of the People's Republic of China or elsewhere applicable to the Company, its Affiliates or the Sellers, including, but not limited to, the People's Republic of China's Criminal Law, the Anti-Unfair Competition Law and the Interim Provisions on Banning Commercial Bribery; (b) export control laws to the extent applicable; and (c) all other laws, regulations, rules,

orders, decrees, or other directives carrying the force of law applicable to any activities engaged in by the Company and its Affiliates or the Sellers in connection with this Agreement;

"**Assets**" shall have the meaning ascribed to it in Section 6.1.1 of Schedule 2.

"**Breaching Party**" shall have the meaning ascribed to it in Article 9.1.

"**Business**" shall have the meaning ascribed to it in the Recital.

"**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the PRC and the United States.

"**Buyers' Equity Interests**" shall have the meaning ascribed to it in Article 10.2.

"**Capital Increase Agreement**" shall have the meaning ascribed to it in Article 3.1(j).

"**Circular 10**" means "*The Provisions With Respect To The Foreign Investors Acquiring the Domestic Enterprises* 《关于外国投资者并购境内企业的规定》" issued by the Ministry of Commerce in August 8, 2006.

"**Claim**" means a claim, demand, action, suit, proceeding or cause of action brought under contract, tort, criminal or civil law, claim for indemnification or otherwise, including without limitation arising from applicable anti-bribery laws, the United States Foreign Corrupt Practices Act or similar laws.

"**Closing**" means Closing of the sale and purchase of the Acquired Equity Interests in accordance with Article 6.

"**Closing Date**" means the date as defined in Article 6.1.

"**Company**" shall have the meaning ascribed to it in the Recitals.

"**Conditions**" means collectively all the conditions set out in Article 3.1.

"**Control**" means, in relation to any Person at any time, ownership of more than 50% of the shares of another Person, or the power (whether directly or indirectly and whether by ownership of share capital, possession of voting power, contract or otherwise) to appoint the majority of the members of the governing body or management, or otherwise to control the affairs and policies of that other Person.

"**Deadline for Permits**" shall have the meaning ascribed to it in Article 5.5.

"**Disclosure Letter**" shall have the meaning ascribed to it in Article 7.1.

"**Down Payment**" shall have the meaning ascribed to it in Article 2.3(a).

"**Encumbrance**" means a mortgage, charge, pledge, lien, option, restriction, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including, without limitation, a title transfer or retention arrangement) having similar effect and any agreement or obligation to create or grant any of the aforesaid.

"**Event of Breach**" means with respect to each of the Sellers shall mean any breach of any representation or Warranty, or any breach or failure of observance or performance of this Agreement or of any agreement, undertaking, commitment, obligation, indemnity or covenant of the Sellers contained in this Agreement (including the Appendixes and Schedules) or in connection herewith at, before or after Closing or any facts or circumstances constituting such breach.

"**HKIAC**" shall have the meaning ascribed to it in Article 14.2.

"**Indemnified Persons**" shall mean and include the Buyers, their Affiliates and their respective officers, directors, employees, successors and assigns.

"**Jishang**" shall have the meaning ascribed to it in Article 3.1(o).

"**Joint Venture Company**" shall mean the joint venture company to be established by the Buyers and Yiyuan by the conversion of the Company into a sino-foreign equity joint venture in accordance with the terms and conditions of the JV Contract as set forth in Schedule 3 dated the date herein.

"**JV Contract**" shall have the meaning ascribed to it in Article 3.1(g).

"**Last Accounts Date**" shall mean May 31 2015.

"**Lender**" shall have the meaning ascribed to it in Article 3.1(l).

"**LI**" shall have the meaning ascribed to it in the Recital.

"**Liabilities**" "**Liabilities**" means any and all liabilities of any kind, including debts, other amounts owed, liabilities arising or resulting from any assessments (including Tax, environmental or such other assessments by a government authority), actions, Claims, proceedings, contracts settlements, obligations or penalties of any kind or nature that are actual or reasonably foreseeable, including, but not limited to, costs, damages, disbursements, expenses, losses, deficiencies, diminutions in value, interest or other carrying costs, penalties, legal, accounting and other professional fees and expenses reasonably incurred in the investigation, collection, prosecution and defense of Claims and amounts paid in settlement, that may be imposed on or otherwise incurred or suffered.

"**Long Stop Date**" means December 31, 2016.

"**Losses**" means all losses (including, without limitation, consequential losses and losses for profit that are reasonably foreseeable), Liabilities, costs (including without limitation, legal costs), charges and expenses.

"**Material Adverse Effect**" means an event, change, development, condition, circumstance, violation, or effect that, individually or in the aggregate with all other events, states of fact, changes, developments, conditions, circumstances or effects (each an "**Event**"), (i) has, or would be reasonably likely to result in suspension of the Company's operation, (ii) has, or would be reasonably likely to result in the Company incurring or becoming subject to Liabilities equal to or in excess of the losses in equivalent to ten per cent (10%) of the Company's value, i.e., RMB42 million, or (iii) which prevents or materially delays the transactions contemplated by this Agreement,

or impairs or materially delays the ability of the Sellers or the Buyer to consummate the transactions contemplated by this Agreement.

"**MOC**" shall mean the Ministry of Commerce and its provincial branches.

"**Non-Breaching Party**" shall have the meaning ascribed to it in Article 9.1

"**Person**" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof, and a foreign equivalent of any of the foregoing or other entity.

"**PRC**" or "**China"** means the People's Republic of China and for the purpose of this Agreement excluding (a) Taiwan, (b) the Hong Kong Special Administrative Region and (c) the Macao Special Administrative Region.

"**PRC GAAP**" means generally accepted accounting principles in China.

"**Properties**" shall have the meaning ascribed to it in Section 9.1 of Schedule 2.

"**Purchase Price Payable at Closing**" shall have the meaning ascribed to it in Article 2.3(b).

"**Put Option**" shall have the meaning ascribed to it in Article 10.2.

"**Representative**" means, in relation to any Person, such Person's directors, officers, employees, consultants, advisors, agents and such other persons duly authorized by the Person.

"**RMB**" shall mean Renminbi, the legal currency of PRC.

'Ruiyuandingshi' shall have the meaning ascribed to it in Article 3.1(o).

"**Sellers' Unpaid Registered Capital**" shall have the meaning ascribed to it in Article 2.3(b).

"**Sole Arbitrator**" shall have the meaning ascribed to it in Article 14.2.

"**Specific Permits**" shall have the meaning ascribed to it in Article 3.1(i).

"**Tax**" shall mean all taxes, charges, duties, imposts, fees, social security contributions, levies or other assessments, and all estimated payments thereof, including without limitation income, business profits, branch profits, excise, property, sales, use, value added (VAT), environmental, franchise, customs, import, payroll, transfer, gross receipts, withholding, social security, unemployment taxes, as well as stamp duties and other costs, imposed by any authority, whether governmental or local, social security agency or any subdivision or agency thereof, and any interest and penalty relating thereto. For the avoidance of doubt, "Tax" in relation to the PRC includes without limitation income tax, value added tax, customs duties, import VAT, business tax, land appreciation tax, social insurance contribution and deed tax.

"**Tax Legislation**" shall mean means all statutes, statutory instruments, orders, enactments, laws, by-laws, directives and regulations, whether domestic or foreign decrees, providing for or imposing any Tax.

"**Tax Authority**" means any local, municipal, governmental, state, federal or fiscal, revenue, customs or exercise authority, body, agency or official anywhere in the world having power or authority in relation to Tax.

"**Triggering Event for Put Option**" shall have the meaning ascribed to it in Article 10.2.

"**Waiver Letter**" shall have the meaning ascribed to it in Article 3.1(o).

"**Warranties**" means the representations, warranties and undertakings of the Sellers set out in Article 7.1 and Schedule 2.

"**Yiyuan**" shall have the meaning ascribed to it in the Recital.

1.2 A reference in this Agreement to a Party's or any other person's knowledge, information, belief or awareness (and similar expressions):

(a) shall be a reference to the best of the knowledge, information, belief or awareness of that Party or person and, in the case of body corporate, each of its officers and directors; and

(b) is deemed to include knowledge, information, belief or awareness which each such Party or person would have if such Party or person had made all reasonable enquiries.

2. Transfer of Acquired Equity Interests and Payment of Purchase Price

2.1 Subject to the terms and conditions set forth herein, the Sellers, as the sole, legal and beneficial owners of the Acquired Equity Interests, hereby agree to sell and transfer to the Buyers, and the Buyers hereby agree to purchase from the Sellers such portion of the Acquired Equity Interests as set forth opposite of the relevant Seller's name on Exhibit A attached hereto and under the column heading of "*Percentage of Acquired Equity Interests*", among which Cooper will purchase 51.86% and CTHC will purchase 4.32% of the equity interests, free and clear of any Encumbrance on the Closing Date.

2.2 In reliance upon the representations and warranties, covenants and agreements and undertakings of the Sellers made herein, and subject to the terms and conditions of this Agreement, the Buyers agree to pay as consideration for the purchase of the Acquired Equity Interests an aggregate purchase price of RMB 98,028,945 (the "**Aggregate Purchase Price**"), among which Cooper will pay RMB 90,488,257 and CTHC will pay RMB 7,540,688. For the avoidance of doubt, LI has agreed to transfer the corresponding Equity Interests under his name free of consideration, and the entire Aggregate Purchase Price shall be paid to Yiyuan. The Aggregate Purchase Price shall consist of, and shall be payable by the Buyers as follows:

(a) 40% of the Aggregate Purchase Price (RMB 39,211,578) (the "**Down Payment**") shall be paid to Yiyuan within four (4) Business Days after the

date of this Agreement by Cooper subject to the terms of this Agreement, by way of electronic transfer of immediately available funds, to the following account designated by both Sellers:

Account Name: YIYUAN INVESTMENT CO., LTD.
青岛易元投资有限公司
Account Number: 38080401040011400
Bank Name: Zhengzhou Road Branch, Qingdao, Agriculture Bank of China
SWIFT Code: ABOCCNBJ380

(b) an amount equal to the Aggregate Purchase Price less the Down Payment and any Accelerated Payments (the "**Purchase Price Payable At Closing**"), shall be paid within ten (10) Business Days after the Closing Date to Yiyuan as set forth in Exhibit A opposite such Seller's name and under the column heading of "*Purchase Price Payable at Closing*" to the account designated by the Sellers in 2.3(a):

For the avoidance of doubt, LI agrees that such portion in Aggregate Purchase Price corresponding to his 3% equity interest in the Company shall be transferred to the Buyers free of consideration. Upon the payment by the Buyers to Yiyuan at the account designated in Article 2.3(a), LI shall have no right or claim against the Buyers with respect the Aggregate Purchase Price.

The Buyers shall have the right, at their sole discretion but not the obligation, to pay all or any portion of the Purchase Price Payable At Closing at any time or times prior to the Closing Date (the "**Accelerated Payment**"). Any such Accelerated Payment shall be offset and deducted from the Purchase Price Payable at Closing.

For the avoidance of doubt, the Sellers' outstanding and unpaid registered capital of the Company in a total amount of RMB 149,917,301 (the "**Sellers' Unpaid Registered Capital**") shall be injected by the Buyers in accordance with the Capital Injection Timetable under the Capital Increase Agreement. The respective unpaid registered capital of each Seller is set forth in Exhibit A opposite such Seller's name and under the column heading of "*Sellers' Unpaid Registered Capital*".

3. Conditions for Closing

3.1 The obligations of the Buyers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, or waiver by the Buyers (in their sole discretion) in writing of the following conditions precedent (the "**Conditions**") prior to the Closing:

(a) each of the Warranties made by the Sellers in this Agreement shall be true and correct in all respects as of the date of this Agreement and as of the Closing Date as if made on the Closing Date;

(b) each of the Sellers shall have performed or complied with all agreements, obligations and covenants contained in this Agreement that are required to be performed or complied with by each of the Sellers prior to the Closing;

(c) there shall be no proceedings pending, or threatened, against any of the Buyers, the Sellers or the Company arising out of or in connection with this Agreement or its subject matter (including, without limitation, its validity, formation at issue, effect, interpretation, performance or termination);

(d) all authorization and consents of any governmental authority, and any permits in connection with the Closing as contemplated under this Agreement, shall have been duly obtained and effective as of the Closing Date; including but not limited to the completion of the following:

(i) the approval of the transactions contemplated under this Agreement with the local MOC (including *Circular 10* approval); and

(ii) the registration of the transfer of the Acquired Equity Interests from Sellers to the Buyers with the local AIC.

(e) no governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which (i) is in effect and (ii) has the effect of making the transfer of the Acquired Equity Interests to the Buyers illegal or otherwise prohibiting or preventing the transfer of the Acquired Equity Interests or of the transactions contemplated under this Agreement;

(f) the delivery of necessary documents for the Closing, including but not limited to the copies of the documents listed under Articles 3.1, Article 6.2.1 and the duly executed Agreement;

(g) the due execution of a joint venture contract (the "**JV Contract**") between the Seller and the Buyers substantially in the form and substance of Schedule 3 attached hereto; and an agreed articles of association (the "**AOA**") of the Company substantially in the form and substance of Schedule 4 attached hereto;

(h) there has not occurred between the date of this Agreement and the Closing Date any Event that has a Material Adverse Effect;

(i) the Company has duly obtained certain certificates, approvals and registrations as listed in Schedule 5, on terms acceptable and to the satisfaction of the Buyers (the "**Specific Permits**");

(j) the due execution and delivery of a capital increase agreement (the "**Capital Increase Agreement**") between Yiyuan and the Buyers substantially in the form and substance as listed in Schedule 6, including the completion of the related registration of such capital increase by providing a copy of the approval letter issued by the relevant authorities;

(k) a board resolution of the Joint Venture Company approving the capital increase under the Capital Increase Agreement and the execution of the Capital Increase Agreement;

(l) a consent letter from Qingdao branch of Bank of Communication (the "**Lender**") in a form and substance as listed in Schedule 7, which provides consent to the Company for the consummation of the transactions contemplated under this Agreement in accordance with the loan agreements between the Lender and the Company dated October 28, 2014 and January 20, 2015;

(m) official letters from the local environmental, market supervisory and land use right authorities, in a form and substance as listed in Schedule 8, in which such authorities ensure that the Company can continue with its operation;

(n) a written confirmation with the supporting documents from Seller that the transactions contemplated in this Agreement does not require any approval from the Chinese Antitrust authority, i.e., the MOC, to the satisfaction of the Buyers as listed in Schedule 9;

(o) a letter jointly executed by Jishang Real Estate Co., Ltd (吉上房地产有限公司) (the "**Jishang**") and Ruiyuandingshi Investment Co., Ltd (瑞元鼎实投资有限公) (the "**Ruiyuandingshi**") (in a form and substance as listed in Schedule 10), where Jishang and Ruiyuandingshi each waives any of its right in the equity interest and any other interest in the Company and any prior agreement it executed with any of the Sellers or the Company with respect to the equity transfer of the Company, and shall have no claim against any of the Sellers, the Company or the Buyers ("**Waiver Letter**"); and

(p) The Company has completed the renewal of China Compulsory Certification as listed in Schedule 11 (the valid term at least until December 31, 2017).

3.2 The obligations of each of the Sellers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, or written waiver by each of the Sellers (in its sole discretion) of such of the following conditions precedent prior to the Closing:

(a) each of the warranties made by the Buyers in Article 8 of this Agreement shall be true and correct as of the date of this Agreement and as of the Closing Date as if made on the Closing Date;

(b) the Buyers shall have performed or complied with all agreements, obligations and covenants contained in this Agreement that are required to be performed or complied with by the Buyers prior to the Closing;

(c) there shall be no proceedings pending, or threatened, against the Buyers, the Sellers and the Company arising out of or in connection with this Agreement or its subject matter (including its validity, formation at issue, effect, interpretation, performance or termination) or any transaction contemplated by this Agreement, that, if adversely determined against such person, would have any impact on the Company's Business in any aspect; and

(d) no governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation,

executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which (i) is in effect and (ii) has the effect of making the transfer of the Acquired Equity Interests to the Buyers illegal or otherwise prohibiting or preventing consummation of the transaction contemplated under this Agreement.

4. Conduct of Business Before Closing

4.1 With respect to the conduct of the Company's Business from and after the date of this Agreement and before the Closing, except as may be otherwise agreed by the Buyers under this Agreement or approved in writing by the Buyers, the Sellers shall cause the Company to:

(a) conduct and maintain its Business and operations in the ordinary course and consistent with its past practices;

(b) maintain insurance in such amounts and against such risks and losses as are consistent with past practice and apply all insurance proceeds received to Claims made against the Company, or its assets, as applicable;

(c) make all filings, reports and disclosures required under Applicable Laws in the PRC in connection with, or arising from, the Business or other operations of the Company in the ordinary course;

(d) maintain and keep its licenses and permits required in connection with its business and operations valid, effective and current;

(e) (i) preserve intact the Company's business organizations, (ii) except as otherwise agreed with the Buyers or for any voluntary resignations (without any action on the part of the Company or any Seller) by the Company's current officers and employees, keep available the services of its current officers and employees, (iii) preserve the goodwill of those having business relationships with the Company, (iv) preserve the Company's relationships with customers, creditors and suppliers, (v) maintain the books, accounts and records of the Company in the proper course in accordance with PRC GAAP, and properly record all transactions on such books, accounts and records, and (vi) comply with any Applicable Laws, including applicable anti-corruption laws and regulations, and to take such necessary corrective measures as may be required under such laws or reasonably requested by the Buyers;

(f) provide the Buyers and their Representatives with the updated financial statements, i.e., income statement, balance sheet and cash flows statement etc., including the actual incurred numbers and the forecast on monthly basis;

(g) comply with all Applicable Laws, and take, or cause to be taken, all appropriate actions, do or cause to be done all things necessary, proper or advisable under applicable PRC laws, including but not limited to, the payment of all applicable Tax and employee contributions; and

(h) provide the Buyers and their Representatives with all necessary documents, information and assistance, and to execute and deliver such documents and

other papers, as may be required to carry out the provisions of this Agreement and complete the items detailed herein to consummate the Closing.

4.2 Notwithstanding the generality of the foregoing, except as the Buyers may otherwise consent to or approve in writing, on and after the date of this Agreement and prior to the Closing Date, the Sellers shall ensure that the Company does not take any of the following actions on or prior to the Closing:

(a) amend its articles of association, except as provided under this Agreement;

(b) except as provided herein, increase or decrease its equity capital, allot or issue any additional equity interest or otherwise alter its equity structure;

(c) change its business scope in any respect;

(d) merge or consolidate with any entity or acquire any shares or equity interest in any business or entity (whether by purchase of assets, purchase of stock, merger or otherwise);

(e) liquidate, dissolve or effect any recapitalization or reorganization in any form, including discontinuing any material part of its business;

(f) except as provided under this Agreement, declare, set aside or pay any dividend or make any distribution with respect to its equity capital (whether in cash or in kind) or redeem, purchase or otherwise transfer any cash or cash equivalents from the Company to the Sellers or any of its Affiliates;

(g) sell, lease, license, transfer, encumber or otherwise dispose of any of the Company's assets or any interests therein, other than assets (a) used, consumed, replaced or sold in the ordinary course or (b) sold, leased, licensed, transferred, encumbered or other disposed of, in each case which in the aggregate is less than RMB 100,000 in value;

(h) create, incur, endorse, assume, otherwise become liable for or suffer to exist any new indebtedness or guarantee or indemnity of any such indebtedness, other than (a) indebtedness existing as of the date of this Agreement and as described in the Disclosure Letter and (b) the borrowings and issuances of letters of credit under existing credit lines made in the ordinary course of business;

(i) create, incur, assume or suffer to exist any new Encumbrance affecting any of the assets of the Company except for any new Encumbrance created in the ordinary course of business consistent with past practices in an amount not in excess of RMB100,000;

(j) change its payment policies or credit practices, the rate or timing of its payment of accounts payable or its collection of accounts receivable or change its earnings accrual rates on contracts, except for changes required by PRC GAAP;

(k) change its accounting policies and practices, including policies relating to valuation of its assets and write-off debts, except for changes required by PRC GAAP;

(l) fail to pay any creditor any amount owed to such creditor in the ordinary course in accordance with the Company's business practices immediately prior to the date of this Agreement, unless such amount is being contested or disputed in good faith by the Company;

(m) enter into or renew any contract or agreements with or engage in any transaction (other than transactions disclosed in the Disclosure Letter) with (i) any Seller or Affiliates of the Sellers or (ii) any competitor of the Company or the Buyers;

(n) make any capital investment in, any loan to or any acquisition of the securities or assets of any other person (or series of related capital investments, loans and acquisitions);

(o) enter into, terminate, renew, amend in any material respect or waive any material right under, any contract or agreement, which is (i) is not capable of being terminated without compensation at any time with one month's notice or less; or (ii) is not in the ordinary and usual course of business and on arms' length terms, or (iii) involves or may involve total revenue or total expenditure in excess of RMB100,000 (excluding purchase contracts for raw materials);

(p) terminate or otherwise amend contracts with any of the key customers except where such termination or amendment is requested by a key customer who has the right to do so under the applicable agreement or contract;

(q) take or fail to take any action that will cause a termination of or material breach or default under any contract or agreement, the termination, breach or default of which will have any impact on the Company's Business in any aspect;

(r) pay, discharge or satisfy any Liabilities or accounts payable that are not yet due and payable;

(s) settle or compromise any material pending or threatened Claims or legal proceeding arising from such Claims or create any material Liability, for the Buyers or, after the Closing, the Company;

(t) amend or discontinue any insurance contract, fail to notify any insurance claim in accordance with the provisions of the relevant policy or settle any such claim below the amount claimed; and

(u) except as set forth in the Disclosure Letter or as required by Applicable Laws, regulations or rules, with respect to any of the employees: (a) grant any severance, retention, economic compensation or termination pay to, or amend any existing severance, retention, economic compensation or termination arrangement with, any current or former manager, officer or employee of the Company, (b) increase or accelerate the payment or vesting of benefits

payable under any existing severance, retention or termination pay policies or employment agreements, (c) enter into or amend any employment, consulting, deferred compensation or other similar agreement with any manager, officer, or consultant of the Company, other than execution of the Company's standard employment terms and conditions by new employees in the ordinary course, (d) commit to pay any additional compensation, bonus or other benefits in excess of the current amount of compensation, bonus or other benefits to any manager, director, officer, employee or consultant of the Company, (e) establish, adopt or amend (except as required by applicable law) any collective bargaining agreement, bonus, profit-sharing, thrift, pension, retirement, post-retirement medical or life insurance, retention, deferred compensation, compensation, stock option, restricted stock or other benefit plan or arrangement covering any present or former manager, director, officer or employee, or any beneficiaries thereof, of the Company, or (f) undertake any office closing or employee layoffs, except in the ordinary course of business.

4.3 The Sellers and the Company shall, and the Sellers ensure that the Company will, at all times after the date of this Agreement until the earlier of the Closing or the date of the termination of this Agreement according to the terms hereof, make the plants, properties, management, books and records (including, but not limited to, accounting and tax records, vendor and third party payments, employee reimbursements and expenses, sales and purchase documents, documents relating to dealers and distributors including sales volumes per dealer/distributor for the domestic and international markets, notes, memoranda, test records and any other electronic or written data) of the Company, available during normal business hours to the Buyers and their Representatives and the Sellers shall ensure that the Company, furnish or cause to be furnished to such persons during such period all such information and data concerning the Company as such persons may reasonably request. Sellers shall also ensure that the Company's employees are available to the Buyers and their Representatives to provide additional information regarding the Business and the information and data described above.

5. Covenants

5.1 During the period from the date of this Agreement to the earlier of (a) the Closing Date or (b) the termination of this Agreement in accordance with its terms, the Sellers will not, nor will it permit any Representative acting on behalf of themselves, to directly or indirectly: (i) solicit or initiate the making of any offer or proposal from any Person (other than the Buyers or their subsidiaries) to acquire the Acquired Equity Interests, acquire assets and undertakings of the Company, or enter into merger or similar transactions between the Company and a third party ("**Alternative Transaction**"), and (ii) enter into any negotiations or agreement with any Person (other than the Buyers, their Affiliates and their Representatives) with respect to any Alternative Transaction. Furthermore, the Sellers and the Company each further covenant that they will not issue, transfer or encumber, or agree to issue, transfer or encumber any of the equity interest in the Company unless otherwise agreed with the Buyers.

5.2 The Sellers undertake to make appropriate filings or such other reporting with the Tax Authority in the PRC with respect to the transactions contemplated under this Agreement and to pay any Tax in the PRC payable by it in connection with or arising

from this Agreement or the transactions contemplated hereby. The Sellers shall provide to the Buyers evidence of the payment, i.e., the official tax receipt, or waiver of any such Tax payable by the Sellers from the Tax Authority. The Sellers shall indemnify the Buyers from and against any losses of the Buyers due to the failure of the Sellers to file or pay Taxes in accordance with the Applicable Laws in connection with this Agreement.

5.3 The Sellers undertake to effect the transfer of the Acquired Equity Interests of the Company to the Buyers and the completion of the transactions contemplated hereby, including (a) satisfying all Conditions, (b) initiating the name change process with the AIC using the proposed name of the Joint Venture Company "Cooper (Qingdao) Tire Co., Ltd. 固铂（青岛）轮胎有限公司" within ten (10) calendar days after the date of this Agreement, and (c) filing documents and facilitating the approval process with the local authorities (including, without limitation, filing this Agreement, the JV Contract and the Capital Increase Agreement with the MOC and seeking approval therefore within three (3) Business Days after the date that the Specific Permits under Article 3.1(i) has been obtained from the relevant authorities or such earlier date as requested by Buyers.

5.4 Each Party undertakes to execute and deliver this Agreement and any relevant documents in connection with the transactions contemplated in this Agreement as may be necessary to facilitate the Closing as contemplated herein.

5.5 Each of the Sellers and the Company undertakes to obtain all the Specific Permits under Schedule 5 before June 30, 2016 (the "**Deadline for Permits**"). If each of the Sellers and the Company is not able to obtain any of the Specific Permits before the Deadline for Permits, in the event that the Buyers choose not to terminate the contract as provided in Section 12, each of the Buyers shall be entitled to do either of the following, at its own discretion:

(a) Extend the Deadline for Permits (the period for the extension shall be solely determined by the Buyers); or

(b) Waive in writing the condition precedent under Article 3.1(i) and close the transaction. After the Closing, each of the Sellers undertakes to obtain all of the Specific Permits as soon as possible.

For the avoidance of doubt, each of the Sellers shall continue to assist the Company and the Joint Venture Company as provided in this Article 5.5 in their best efforts until all Specific Permits are obtained. In addition, each of the Sellers shall jointly and severally indemnify the Buyers and the Joint Venture Company and hold the Buyers and the Joint Venture Company harmless for any losses, costs or damages incurred (including but not limited to a third party claim) at any time due to the failure of obtaining the Specific Permits on a timely basis, as provided in Article 9.2(d).

5.6 Yiyuan hereby agrees that, after the Closing and the establishment of the Joint Venture Company, the Buyers will make further contribution to the registered capital in accordance with the terms and conditions in the Capital Increase Agreement; and Yiyuan as a shareholder of the Joint Venture Company, will cause its nominated directors on the board to vote in favor of the capital increase as contemplated in the Capital Increase Agreement and shall assist the Buyers to complete the capital

increase of the Joint Venture Company by taking necessary actions and executing necessary documents as requested by the Buyers.

5.7 Within six (6) months after the Closing and the formation of the Joint Venture Company, Yiyuan shall indemnify and hold the Joint Venture Company harmless with respect to any Liabilities incurred due to the termination of any of the unqualified employees (who used to be the consultant or under secondment status but were/will be employed by the Company before Closing) during his/her work in the Company or the Joint Venture Company. Yiyuan shall take appropriate actions, including but not limited to entering into the labor contract with such terminated employees, and will be responsible for resolving any dispute arising from the abovementioned termination and make sure there's no losses incurred to the Joint Venture Company.

5.8 The Sellers and the Company shall not, in connection with the transactions contemplated by this Agreement, in connection with obtaining approvals for the same, or in connection with any other business or transactions involving Company or Buyers, violate any Applicable Laws, including applicable anti-bribery laws.

5.9 Each of the Sellers and the Company confirm their understanding of the prohibited activities under the Applicable Laws as well as under the U.S. Foreign Corrupt Practices Act, and agree to comply with those restrictions and provisions and to take no action that might cause the Company or Buyers to be in violation of such laws.

5.10 Each of the Sellers and the Company agree that if they learn of information regarding any violation or potential violation of the Applicable Laws by the Company or in connection with the Company's Business or operations, or in connection with the transactions contemplated by this Agreement and obtaining approvals for the same, they shall immediately advise Buyers in writing of the same.

6. Closing

6.1 Closing will take place at Qingdao, China (or such other place as the Buyers may decide), no later than five (5) Business Days after all of the Conditions have been fulfilled or waived (or such other date as the Sellers and the Buyers may agree in writing) (such date, the "**Closing Date**").

6.2 At Closing, the following business will be transacted:

6.2.1 the Sellers shall deliver, or cause to be delivered, to the Buyers the following:

(a) a certified copy of the minutes of the board meeting and shareholders meeting of Yiyuan at which resolutions shall be passed to approve the execution, delivery and performance by Yiyuan of this Agreement and the transfer of Acquired Equity Interests to the Buyers;

(b) the letters of resignation duly executed by Ms. Wang Aichun (汪爱春) or any successor(s) as the existing executive director and supervisor of the Company;

(c) evidence of the approvals and the completion of the registration for the transactions contemplated under this Agreement;

(d) the original copies of the Specific Permits as listed in Schedule 5; and

(e) the official chop, approval documents and certificates of approval, books of accounts of the Company (all complete and written up to Closing) and copies of all other documents filed with any government authority.

6.2.2 the Sellers shall procure that the following business is transacted at the meeting of the directors of the Company, as appropriate, prior to the Closing Date:

(a) all existing mandates for the operation of the bank accounts of the Company shall be revoked and new mandate issued giving authority to the Buyers and those persons nominated by the Buyers with notice to the Sellers at least three (3) Business Days prior to the Closing Date, which new mandate shall take effect as of the Closing Date; and

(b) the persons nominated by the Buyers three (3) Business Days prior to the Closing for appointment as directors of the Company shall be so appointed effective as of the Closing Date.

6.2.3 Buyers shall deliver, or cause to be delivered, to the Sellers the following:

(a) a certified copy of the minutes of the board meeting of the Buyers at which resolutions shall be passed to approve the execution, delivery and performance by the Buyers of this Agreement; and

(b) payment of Purchase Price Payable at Closing in accordance with Article 2.3(b).

7. Representations, Warranties and Undertakings of the Sellers

7.1 Except as set forth in the corresponding sections or subsections of the letter in agreed form from the Sellers, dated the date hereof, addressed to the Buyers (the "**Disclosure Letter**"), the Sellers hereby jointly and severally warrant to the Buyers that each of the representations and warranties contained in Schedule 2 (the "**Warranties**") is true and accurate in all respects as at the date of this Agreement, and will continue to be so on each day up to and including the Closing Date with reference to the facts and circumstances subsisting from time to time.

7.2 Each of the Sellers acknowledges that, in entering into this Agreement and in selling the Acquired Equity Interests, the Buyers have relied and will rely upon the representations, warranties and undertakings given herein including the Warranties.

7.3 No other information relating to the Company of which the Buyers have knowledge (actual or constructive) and no investigation by or on behalf of the Buyers shall prejudice any Claim made by the Buyers in respect of the Warranties or operate to reduce any amount recoverable and it shall not be a defence to any Claim against the Sellers that the Buyers knew or ought to have known or had constructive knowledge

of any information (except otherwise provided in the Disclosure Letter) relating to the circumstances giving rise to such Claim. For avoidance of doubt, matters disclosed in the Disclosure Letter relating to the Tax or a Tax liability shall not limit the Buyers' ability to make a Claim against the Seller hereunder for such Tax liability regardless of such matters disclosed in the Disclosure Letter.

7.4 Each of the Warranties shall be construed as a separate warranty and shall not be otherwise limited or restricted by reference to or inference from the terms of any other Warranty or any other term of this Agreement.

7.5 The Buyers shall be entitled to claim after the Closing Date any of the Warranties is or was untrue or misleading or has or had been breached even if the Buyers discovered or could have discovered on or before the Closing Date the Warranty in question was untrue, misleading or had been breached and the Closing shall not in any way constitute a waiver of any of the Buyers' rights.

7.6 Subject to Article 7 and any limitation contained herein, whereas a result of or in connection with (x) any breach of any of the Warranties or covenants contained herein by the Sellers or (y) the failure of obtaining the relevant governmental approvals for the transactions contemplated under this Agreement by the Sellers (a) the net asset value of the Company transpire to be less than they would have been had there not been any such breach or (b) any Losses claimed against the Buyers or any of their Affiliates or the Company or (c) the Buyers or any of their Affiliates or the Company has suffered or incurred Claims and Liabilities, each of the Buyers shall be entitled to deduct such suffered or incurred Claims and Liabilities directly from Purchase Price Payable at the Closing (or if the Claims and Liabilities are so large and insufficient to cover by the Purchase Price Payable at the Closing or are not deducted from the Purchase Price Payable at the Closing, the Sellers shall be jointly and severally liable and indemnify the Buyers for such shortfall), including: (i) the amount of such reduction in net asset value and (ii) payment, together with any reasonable costs and expenses incurred in connection therewith, for the Loss suffered by the Buyers and their Affiliates by reason of such for purpose of a Claim. For the avoidance of doubt, with respect to any individual Loss, in the event that the Buyers elect to recover the amount of reduction in net asset value, it shall not also claim (except a claim raised by a third party as the consequence of the breach or failure herein) for Losses arising from the Seller's breach of Article 7 and Warranties listed in Schedule 2 and vice versa. The Sellers shall provide a balance sheet of the Company as of the Closing Date in accordance with PRC GAAP and the Aggregate Purchase Price will be adjusted for any negative exceptions comparing to the Last Accounting Date. For the purpose of this Section 7.6, a "negative exception" refers to any noncompliance with PRC GAAP or any matter which would result in a decline in the net asset value of the Company.

7.7 All the representations and warranties made by the Sellers contained in this Agreement, any schedule, certificate or other instrument specifically referred to in the Warranties pursuant hereto or made in writing by or on behalf of the Sellers in connection with the transactions contemplated by this Agreement, and all indemnification obligations under this Agreement shall survive the execution and delivery of this Agreement and the Closing of the transactions contemplated hereunder. All statements contained in the Disclosure Letter, any schedule, certificate or other instrument specifically referred to in the Warranties shall be deemed

representations and warranties made under Article 7 and Warranties under this Agreement.

7.8 The Sellers shall have no liability to the Buyers in respect of any Claim arising from an Event of Breach:

(a) if and to the extent that such Claim occurs or is increased as a result of any change in legislation or tax rate after the date of this Agreement (or any legislation not in force at the date of this Agreement) which takes effect retrospectively or the withdrawal after the date of this Agreement of any published concession or published general practice made by the taxing authority where liability would not have occurred but for and as a result of such change in legislation, tax rate or practice with retroactive effect; or

(b) if and to the extent such Claim would not have arisen but for a material change in the accounting policy or practice of the Company after the Closing Date.

8. Representations, Warranties and Undertakings of the Buyers

8.1 The Buyers have obtained all the necessary corporate approvals or authorizations to enter into, deliver and perform this Agreement. The signatories executing this Agreement on behalf of the Buyers have obtained all the necessary corporate authorizations.

8.2 The conclusion and performance of this Agreement shall not violate any clause to which the Buyers are bound or provision in its articles of association, and shall not violate any laws and regulations.

8.3 This Agreement to which the Buyers are party constitutes or will, when executed by all parties, constitute legally valid and binding obligations of the Buyers.

8.4 There are no Claims or proceedings pending or to the knowledge of the Buyers, threatened against or affecting the Buyers challenging or seeking to restrain or prohibit any of the transactions contemplated in this Agreement.

9. Indemnification

9.1 In respect of any Loss or Claim arising from or in connection with an Event of Breach, each of the Sellers shall jointly and severally indemnify, defend and hold harmless the Indemnified Persons, and each of them, from and against any and all of such Losses and Claims (including Claims by third party). In the event that any Loss or Claim suffered by a Party (the "**Non-Breaching Party**") arising from or in connection with a breach by another Party (the "**Breaching Party**") of any of the warranties, undertakings or covenants in this Agreement, the Breaching Party shall indemnify, defend and hold harmless the Non-Breaching Party from and against any and all Losses and Claims (including Claims by third party) arising from or in connection with such breach.

9.2 Notwithstanding the generality of Article 9.1 and any disclosures made under the Disclosure Letter, Sellers shall be responsible for, and shall indemnify and hold the Joint Venture Company and the Buyers harmless against and with respect to any

shortfall, fines, damages, penalties and other assessments or Liabilities payable or required or ordered to be paid to the government or any other regulatory authorities or any other Person, as well as any Liabilities and expenses due to applying of any permit or not being able to obtain any permit, in connection with the following:

(a) any breach of any anti-bribery law by the Company; or any employee or third person acting on behalf of the Company;

(b) any due and unpaid social security and housing fund contributions owed to the employees of the Company or the relevant authority;

(c) any due and unpaid taxes;

(d) any Specific Permits as listed in Schedule 5; and

(e) any environmental Liabilities.

9.3 These indemnities are to be continuing security to the Non-Breaching Party(ies) for all representation, warranties, agreements, undertaking, commitment, obligation, indemnity or covenant on the part of the Breaching Party(ies) under or pursuant to this Agreement.

9.4 These indemnities are in addition and without prejudice to and not in substitution for any rights or security which the Non-Breaching Party (ies) may now or hereafter have or hold for performance and observance of any agreement, undertaking, commitment, obligation, indemnity or covenant on the part of the Breaching Party(ies) under or in connection with this Agreement.

10. Buyers' Rights

10.1 Upon the termination under Article 12.1, Yiyuan shall return the Down Payment and any Accelerated Payments paid by each of the Buyers in accordance with Article 2.3(a) within ten (10) calendar days after the termination of this Agreement. In addition, upon the termination under Article 12(b), (c) or (e), the Buyers shall be jointly entitled to liquidated damages in an amount of RMB15,000,000. Sellers and the Company shall guarantee the obligations under this Section 10.1 and shall provide such security as may be requested by the Buyers at their sole discretion at any time, including but not limited to the pledge of the Company's equity interest and/or assets, to the satisfaction of the Buyers

10.2 Without prejudice to any other right or remedy of the Buyers hereunder, if (i) the Sellers fail to complete their obligations under Article 5.5 to the satisfaction of the Buyers, or (ii) the incompletion of the fulfillment of Sellers' obligations under Article 5.5 which causes material impact on the business and operation of the Joint Venture Company, or (iii) the failure to obtain all Specific Permits after the Closing in a timeframe acceptable to the Buyers (each, the "**Triggering Event for Put Option**"), the Buyers shall have the right but not the obligation to require Yiyuan to purchase all the equity interests of the Company held by the Buyers (the "**Buyers' Equity Interests**") at such time by delivering written notice to Yiyuan (the "**Put Option**"), whereupon:

(a) Yiyuan undertakes to proceed with the purchase under the Put Option upon the receipt of the exercise notice from the Buyers immediately and prepare the necessary documents and the required filings with the local authorities.

(b) The purchase price of Buyers' Equity Interests shall be calculated based on the formula below:

X= A plus B

WHERE:

Purchase Price under Put Option= X

Aggregate Purchase Price=A

All amounts paid to the Joint Venture Company under the Capital Increase Agreement= B

(c) The Buyers undertake to use their best effort to provide reasonable assistance to Yiyuan on the transfer of Buyers' Equity Interests to Yiyuan, including but not limited to working with Yiyuan on the necessary filing documents and facilitating the approval process with the local authorities as possible.

(d) The Parties undertake to make appropriate filings or such other reporting with the Tax Authority in the PRC with respect to the transaction related to the exercise of the Put Option and to pay any Tax in the PRC payable by it in connection with or arising from the transactions contemplated thereby. The Buyers shall provide to Yiyuan the evidence of the payment, i.e., the official tax receipt, or waiver of any such Tax payable by the Sellers.

10.3 In the event that a Triggering Event for Put Option occurs, in addition to the rights conferred on the Buyers under Article 10.2, the Buyers shall also be entitled to liquidated damages in an amount of RMB15,000,000 for its losses and damages incurred due to the occurrence of such Triggering Event for Put Option.

10.4 The rights conferred on the Buyers by this Article are in addition and without prejudice to all other rights and remedies available to the Buyers, and no exercise or failure to exercise a right under this Agreement or otherwise to invoke a remedy shall constitute a waiver of that right or remedy by the Buyers.

11. Confidentiality

11.1 The Parties undertake with each other that they shall treat as strictly confidential all information received or obtained by them or their Representatives as a result of entering into or performing this Agreement including information relating to the provisions of this Agreement, the negotiations leading up this Agreement, the subject matter of this Agreement or the business or affairs of the Sellers or the Buyers and their Affiliates and that they will not at any time before or after the Closing make use of or disclose or divulge to any person any such information and shall use their best endeavors to prevent the publication or disclosure of any such information, provided, however, that after Closing, the Buyers and Yiyuan shall each be allowed to disclose

information related to the Company to the extent permitted by the JV Contract entered into between such Parties**.**

11.2 The restrictions contained in Article 11.1 and 11.3 shall not apply so as to prevent the Parties making any disclosure required by law or by any securities exchange or supervisory or regulatory or governmental body pursuant to rules to which the Parties are subject or from making any disclosure to any professional adviser for the purposes of obtaining advice (provided always that the provisions of this Article 11 shall apply to and the Parties shall procure that they apply to and are observed in relation to, the use or disclosure by such professional advisor of the information provided to them) nor shall the restriction apply in respect of any information which comes into the public domain otherwise than by a breach of this Article 11 by any Party.

11.3 No public announcement concerning the existence or subject matter of this Agreement shall be made by any Party to this Agreement without the prior written approval of the Buyers, in the case of any announcement by any of the Sellers, or any of the Sellers, in the case of any announcement by the Buyers, in each case with such approval not to be unreasonably withheld or delayed.

11.4 The provisions of this Article 11 shall be in addition to, and shall not modify, amend, replace or supersede any similar provision of any agreement to which a Party is subject.

12. Termination

This Agreement may be terminated at any time before Closing:

(a) by written agreement of the Sellers and the Buyers;

(b) by the Buyers, if any of the Specific Permits listed in Schedule 5 is not obtained by the Deadline for Permits (or the extended Deadline for Permits as agreed by the Buyers);

(c) by the Buyers, if a Seller shall have (i) failed to perform, or comply with, any obligation, agreement or covenant set forth in this Agreement or (ii) breached any representation and warranty set forth in this Agreement, including without limitations, any Warranty, or comply with any of the Conditions set forth in Article 3 from being satisfied, and such breach of failure to comply is either not curable or, if curable, is not cured by the earlier of (x) the date which is thirty (30) calendar days following the date of delivery by the Buyers of written notice of such breach or failure to comply to the Seller or (y) the Long Stop Date;

(d) by a Seller, if the Buyers shall have (i) failed to perform, or comply with, any obligation, agreement or covenant set forth in this Agreement or (ii) breached any warranty set forth in Article 8 of this Agreement, or comply with any of the Conditions set forth in Article 3 from being satisfied, and such breach of failure to comply is either not curable or, if curable, is not cured by the earlier of (x) the date which is thirty (30) calendar days following the date of delivery by the Seller of written notice of such breach or failure to comply to the Buyers or(y) the Long Stop Date; or

(e) This Agreement may be terminated by any Party by giving written notice to the other Parties if the Closing has not occurred by the Long Stop Date, provided that the failure to close by the Long Stop Date was not caused by a Seller (in the case of termination by a Seller) or by the Buyers (in the case of termination by the Buyers).

13. Effect of Termination

In the event of the termination of this Agreement in accordance with Article 12, this Agreement shall become void and have no effect, and no Party to this Agreement shall have any liability to any other Party to this Agreement or its Affiliates, or their respective directors, officers or employees, except for the following ("**Surviving Obligations**"):

(a) the obligations of the Parties to this Agreement contained in Articles 1, 9.3, 11, 13, 14 and 15;

(b) in the event of a termination of this Agreement by any Party pursuant to Article 12, each Party shall remain liable to the other Party for (i) fraud or any willful misrepresentation occurs or (ii) Liabilities arising before the time of termination;

(c) in the event of a termination of this Agreement by the Buyers pursuant to Article 12 due to the breach by a Seller, the Seller shall remain liable to the Buyers for any damages incurred due to such termination; and

(d) in the event of a termination of this Agreement by a Seller pursuant to Article 12 due to the breach by the Buyers, the Buyers shall remain liable to the Sellers for any damages incurred due to such termination.

14. Applicable Law and Settlement of Disputes

14.1 The execution, validity, interpretation and performance of this Agreement and the settlement of disputes among the Parties relating thereto shall be governed by the laws of the PRC.

14.2 Any disputes, controversy, difference or claim between the Parties arising out of or relating to this Agreement, including the existence, validity, interpretation, performance, breach or termination thereof or any dispute regarding non-contractual obligations arising out of or relating to it ("Disputes") shall be settled by the Parties amicably through good faith discussions upon the written request of any Party. In the event that any such dispute cannot be resolved thereby within a period of thirty (30) days after such notice has been given, any Dispute shall be finally resolved by arbitration in Hong Kong administered by the Hong Kong International Arbitration Centre ("HKIAC"), using both English and Chinese languages, and in accordance with the HKIAC Administered Arbitration Rules (the "Rules") in force when the Notice of Arbitration is submitted by a sole arbitrator (the "Sole Arbitrator"). In case the Parties cannot reach to an agreement on the nomination of the Sole Arbitrator within seven (7) days when the Notice of Arbitration is submitted, the HKIAC shall appoint such Sole Arbitrator for the Parties. The award of the Sole Arbitrator shall be final and binding and may be

enforced in any court of competent jurisdiction. The arbitration award shall be enforceable under the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards; and the losing Party or Parties shall bear all the arbitration fees and costs paid to HKIAC and the arbitrators, and shall compensate the other Party's or Parties' costs related to the arbitration including lawyers' fees, unless the tribunal awards differently. The Parties shall agree to consolidation of arbitrations concerning this Agreement and/or JV Contract and/or where common question of law or fact arises in both or all arbitrations concerning the Parties.

15. Notices

15.1 Every notice or communication under this Agreement must be in writing and may, without prejudice to any other form of delivery, be delivered personally or sent by post or transmitted by fax.

15.2 (a) In the case of posting, the envelope containing the notice or communication must be addressed to the intended recipient at the authorised address of that Party and must be properly stamped or have the proper postage prepaid for delivery by the most expeditious service available (which will be airmail if that service is available) and, in the case of a fax, the transmission must be sent to the intended recipient at the authorised number of that Party.

(b) Subject to Article 15.3, the authorised address and fax numbers of each Party, for purpose of this Agreement, are as follows:

COOPER TIRE (CHINA) INVESTMENT CO., LTD
(固铂轮胎（中国）投资有限公司)

Address: F17, Kirin Plaza Building, 666 Gubei Road, Shanghai, PRC 200336
Fax: 021-62086722
For the attention of Mr. Aaron Hu

COOPER TIRE HOLDING COMPANY
Address: 701 Lima Avenue, Findlay, OH, USA
Fax: 419.831.6940
For the attention of Stephen Zamansky

QINGDAO YIYUAN INVESTMENT CO., LTD
(青岛易元投资有限公司)

Address: No. 207 Tianxin Road, Mingcun Town, Pingdu, Qingdao (青岛平度市明村镇田新路 207 号)
Fax: (86)532-68862860
For the attention of Geng Ming

LI XINHU 李辛琥
Address: No. 27 Shangshui Road, Sifang District, Qingdao
Fax: (86)532-68862860

QINGDAO GE RUI DA RUBBER CO., LTD.
(青岛格锐达橡胶有限公司)

Address: No. 210 Tianxin Road, Mingcun Town, Pingdu, Qingdao (青岛平度市明村镇田新路 210 号)
Fax: (86)532-86318117

For the attention of Wang Shunguo

15.3 No change in any of the particulars set out in Article 15.2(b) will be effective against a Party until it has been notified in writing to that Party.

15.4 A notice or communication will be deemed to have been duly given and received:

(a) on personal delivery to an addressee or on a business day to a place for the receipt of letters at that addressee's authorised address;

(b) in the case of posting, where the addressee's authorised address is in the same country as the country of posting, at 10 a.m. (local time at the place where the address is located) on the second business day after the day of posting;

(c) in the case of posting, where the addressee's authorised address is not in the same country as the country of posting, at 10 a.m. (local time at the place where that address is located) on the fifth business day after the day of posting; and

(d) in the case of a fax, on issue to the sender of an O.K. result confirmation report or, if the day of issue is not a business day, at 10 a.m. (local time where the authorised fax number of the intended recipient is located) on the next business day.

15.5 For the purpose of Article 15.4, a "business day" means a day which is not a Saturday or a Sunday or a public holiday in the country of posting or transmission or in the country where the authorised address or fax number of the intended recipient is located and, where a notice is posted, which is not a day when there is a disruption of postal services in either country which prevents collection or delivery.

16. Miscellaneous

16.1 No Party may assign or transfer, or purport to assign or transfer, any of its rights under this Agreement without prior written consent of the other Parties (except for an assignment or transfer by the Buyers to any of its Affiliates which shall takes effect after the Closing and the Buyers shall notify the Seller of such assignment) and this Agreement shall be binding on and ensure for the benefit of the Parties' successors, permitted assigns and personal representatives. In addition, if the Buyers wish to assign this agreement to an Affiliate prior to the Closing, the Sellers shall cooperate with Buyers in effecting such assignment provided it does not impair the rights of the Sellers. Upon the assignment or transfer by the Buyers to any of their Affiliates after the Closing, Yiyuan shall use reasonable efforts to provide necessary assistance to the Buyers on the transition.

16.2 In the case that any provision or part of a provision of this Agreement is declared invalid, not binding or not enforceable then, such declaration shall be effective only in connection with such provision or part of a provision and therefore shall not impair the validity, binding effects and enforceability of the other parts of such provision and/or the other provisions of this Agreement.

16.3 Each Party shall pay their own costs in connection with the preparation, negotiation and execution of this Agreement including any of the Tax incurred with respect to the execution of this Agreement.

16.4 Entire Agreement; Conflicts. This Agreement, the JV Contract, the other agreements referred to herein, the Confidential Disclosure Agreement dated April 20, 2015 and the Supplemental Agreement between Cooper Tire & Rubber Company and the Company, and the ancillary documents in relation to the transactions contemplated under this Agreement, together with all the exhibits and schedules hereto and thereto, constitute and contains the entire agreement and understanding of the parties with respect to the subject matter hereof and thereof and supersedes any and all prior negotiations, correspondence, agreements, understandings, duties or obligations among the Parties respecting such subject matter.

16.5 Counterparts. This Agreement may be executed simultaneously in multiple counterparts, and in separate counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

16.6 This Agreement shall be written in Chinese and English with equal legal effect.

16.7 This Agreement is signed in five (5) originals in English and eight (8) originals in Chinese. Each of the Parties shall hold one copy of the original and the remaining copies shall be submitted to the relevant authorities for the approval if applicable.

[**SIGNATURE PAGE FOLLOWS**]

IN WITNESS whereof this Agreement has been duly entered into by the parties the day and year first above written.

COOPER TIRE (CHINA) INVESTMENT CO., LTD. (固铂轮胎（中国）投资有限公司)

/s/ Allen Tsaur
NAME: Allen Tsaur
TITLE: Chairman

COOPER TIRE HOLDING COMPANY

/s/ Jack Jay McCracken
NAME: Jack Jay McCracken
TITLE: Assistant Secretary

QINGDAO YIYUAN INVESTMENT CO., LTD (青岛易元投资有限公司)

/s/ 李志华
NAME: 李志华
TITLE: Legal Representative

QINGDAO GE RUI DA RUBBER CO., LTD.（青岛格锐达橡胶有限公司）

/s/ 汪爱春
NAME: 汪爱春
TITLE: Legal Representative

LI XINHU 李辛琥
/s/ 李辛琥

EXHIBIT A
LIST OF SELLERS

NAME OF SELLERS	PERCENTAGE OF EQUITY INTERESTS PURCHASED FROM THE RESPECTIVE SELLER (%)	DOWN PAYMENT (RMB)	PURCHASE PRICE PAYABLE AT CLOSING (RMB)	SELLERS' UNPAID REGISTERED CAPITAL (RMB)
LI Xinhu 李辛琥	3%	0	0	10,500,000
QINGDAO YIYUAN INVESTMENT CO., LTD. (青岛易元投资有限公司)	53.18%	39,211,578	58,817,367	139,417,301
TOTAL	**56.18%**	**39,211,578**	**58,817,367**	**149,917,301**

SCHEDULE 1
THE COMPANY

Corporate name: Qingdao Ge Rui Da Rubber Co., Ltd. 青岛格锐达橡胶有限公司

Company Type: Limited Liability Company

Business term: perpetual

Registered capital: RMB350,000,000

Injected Registered Capital: RMB200,082,699

Outstanding and Unpaid Registered Capital: RMB149,917,301

Business scope: production, sales and technology development of tires, rubber production and synthetic rubber; import and export of goods and technology (items prohibited by national laws and regulations can only be operated after obtaining the license). (items which need approval shall be operated after such approval is obtained)

Shareholders: LI, Xinhu 李辛琥; Qingdao Yiyuan Investment Co., Ltd (青岛易元投资有限公司)

Legal representative: Wang Aichun (汪爱春)

Registered address: No. 210 Tianjin Road, Mingcun Town, Pingdu, Qingdao (青岛平度市明村镇田新路 210 号)

SCHEDULE 2
WARRANTIES OF THE WARRANTORS

1. CAPACITY AND AUTHORITY; NO CONFLICT

1.1 Power and Authority

Each Seller has the legal right and full power and authority, and has taken all action required, to sign and perform its obligations under this Agreement and all the documents which are to be signed at Closing.

1.2 Conflict of Interest

The Sellers are not, whether on their own account or in conjunction with or on behalf of any person, firm or company, directly or indirectly or whether as a shareholder, director, partner, agent or otherwise, carrying on or are engaged or interested in a Business in the PRC save for the holding of any investment of up to one (1) % of any class of securities quoted or dealt in on an internationally recognized stock exchange.

2. CORPORATE ORGANIZATION AND BUSINESS OF THE COMPANY

2.1 Corporate Status

2.1.1 The information set out in Schedule 1 is true, accurate, complete and not misleading in each and every respect.

2.1.2 The Company has been duly incorporated and constituted, and is legally subsisting under the laws of the PRC.

2.1.3 There has been no resolution, petition by the Company or its equity holders, nor has the Company or its equity holder taken any step, for the winding-up of the Company. No receiver has been appointed in respect thereof or any part of the assets thereof and so far as the Sellers are aware, no such resolutions, orders and appointments are imminent or likely nor are there any grounds upon which such resolutions, orders and appointments could be based.

2.1.4 No event or omission has occurred whereby the constitution, subsistence or corporate status of the Company has been or is likely to be adversely affected.

2.2 Memorandum and Articles

The copies of the articles of association and other constitutional documents of the Company delivered to the Buyers are true and complete copies of the articles of association of the Company currently in effect, and the Company has complied with all the material provisions of its articles of association and, in particular, has not entered into any ultra-vires transaction.

2.3 Register of Equity Holders

The register of the equity holders of the Company indicates that the Sellers are the only holders of the entire Equity Interest of the Company.

2.4 Books and Registers

The books and registers of the Company and all current books of account are written up to date and all such documents and other necessary records, deeds, agreements and documents relating to its affairs are in the Company's possession or under its control.

2.5 Equity Interest

2.5.1 The Sellers have good and valid title to, and are the exclusive legal and beneficial owner of all of the Equity Interest.

2.5.2 The Equity Interest constitutes the entire issued equity interest of the Company immediately preceding the Closing.

2.5.3 There are no Encumbrances in relation to the Equity Interest.

2.5.4 Other than the Equity Interest, no shares, equity interests, debentures, warrants, options, securities or registered capital of any description in respect of the Company have been issued or are outstanding; and no person has the right to call for the issuance of any equity interest of the Company by reason of any conversion rights or under any option or other agreement or otherwise.

2.6 Conduct in Relation to the Equity Interest

There is no agreement (other than this Agreement), arrangement or obligation which requires the Sellers or the Company to issue or transfer, or to grant any person a right to require the Sellers or the Company to issue or transfer, the Equity Interest.

2.7 Powers of Attorney

There are no powers of attorney given by the Company.

2.8 Other Aspects of Carrying on Business

The Company:

2.8.1 does not carry on Business under any name other than its corporate name; and

2.8.2 has complied in all material respects with all requisite corporate powers, its articles of association and legal requirements applicable to its business, whether in the PRC or in any other country.

3. INFORMATION

3.1 General

All information given by, or on behalf of, each Seller or the Company to the Buyers or to their Representatives before and during the negotiations leading to this Agreement is true, accurate, complete and not misleading.

3.2 The Agreement, Exhibit and Schedules

The information set out in this Agreement, its exhibit and schedules and the Disclosure Letter (including any annexure to the Disclosure Letter) is true, accurate, complete and not misleading.

3.3 Material Facts

All facts concerning the Equity Interest and the Company which might be material to a prospective buyer of the Equity Interest have been disclosed to the Buyers in writing.

4. ACCOUNTS

4.1 The Accounts have been prepared and audited on a consistent basis in accordance with the Applicable Laws, principles and practices.

4.2 The Accounts show a true and fair view of the assets, Liabilities and financial and trading position of the Company at the Last Accounts Date and of the profits or losses of the Company for the period ended on the Last Accounts Date.

4.3 All receivables of the Company continue to retain their full intrinsic value, taking into consideration any specific or general lump-sum valuation adjustments that have been made or will be made in the latest financial statements provided by the Sellers, and can be collected within twelve (12) months without any particular collection measures being required.

4.4 Full disclosure of, and adequate provisions for, bad and doubtful debts and all Liabilities (actual, contingent or otherwise) and all financial commitments in existence at the Last Accounts Date have been made in the Accounts.

4.5 The results shown by the audited profit and loss accounts of the Company for each of the financial periods of the Company since its formation and ended on the Last Accounts Date have not (except as disclosed in those accounts) been affected by any extraordinary, exceptional or non-recurring item or by any other circumstance making the profits or losses for all or any of the periods covered by those accounts unusually high or low.

4.6 All the accounting records of the Company are up-to-date, in its possession, and fully and accurately completed in accordance with the Applicable Laws, principles and practices generally accepted in the PRC.

5. CHANGES SINCE THE LAST ACCOUNTS DATE

5.1 General

Since the Last Accounts Date:

5.1.1 the Business of the Company has been carried on in the usual way so as to maintain the Business of the Company as a going concern;

5.1.2 there has been no adverse change in the financial or trading position or prospects of the Company; and

5.1.3 no material changes have occurred in the assets and Liabilities shown in the Accounts and there has been no reduction in the value of the net tangible assets of the Company on the basis of the valuations adopted for the Accounts.

5.2 Specific

Since the Last Accounts Date:

5.2.1 the Company has not, other than in the usual course of its Business:

(a) acquired or disposed of, or agreed to acquire or dispose of, any asset; or

(b) assumed or incurred, or agreed to assume or incur, any Liability, expenditure or obligation;

5.2.2 no dividend or distribution has been declared, paid or made by the Company except as provided in its Accounts;

5.2.3 the Company has not increased or decreased its registered capital;

5.2.4 the Company has not entered into any contract or commitment outside the ordinary course of business;

5.2.5 no equity interest in the Company has been allotted, issued, acquired or transferred,

5.2.6 other than with the written consent or approval issued by the Buyers, the Company has not made, or agreed to make, any capital expenditure exceeding an aggregate amount equal to RMB 100,000 or incurred, or agreed to incur, any commitments involving capital expenditure exceeding an aggregate amount equal to RMB100,000;

5.2.7 the Company has not passed any resolution of the equity holders of the Company, other than in connection with this Agreement;

5.2.8 the Company has not made any advance or extended any loan to any third party outside the ordinary course of business;

5.2.9 the Company has not made any material change in the terms of employment (including compensation) of any employee, including payment of bonuses, other than in the ordinary course of business; and

5.2.10 no agreement or arrangement has been made or obligation undertaken to do any of the above, by the Sellers or the Company.

6. ASSETS AND BUSINESS

6.1 Ownership and Condition

6.1.1 All fixed assets included in the Accounts or acquired by the Company since the Last Accounts Date (the "**Assets**") are set out in Annex 6.1.1 to the Disclosure Letter. The Assets and all other assets included in the Accounts or acquired by the Company since the Last Accounts Date (other than tires and scrap disposed of in the usual way) or used by the Company are:

(a) legally and beneficially owned by the Company free from any Encumbrance;

(b) where capable of being possessed, in the possession of the Company.

6.1.2 The Company owns all assets used in its Business.

6.1.3 The Company is not a party to, and has no Liability under, any leasing, hire purchase, credit sale, conditional sale or similar agreement.

6.1.4 All plant, machinery, vehicles and equipment owned, leased or used by the Company, including the power plant, are in good condition and have been properly maintained.

6.1.5 All inventories and stock on hand for the Company are in good and marketable condition.

6.2 Intellectual Property

6.2.1 The Intellectual Property is:

(a) owned by, and validly granted to, the Company alone, and free from all licences, Encumbrances, restrictions on use or obligations of disclosure;

(b) valid and enforceable and nothing has been done or omitted to be done by which they may cease to be valid and enforceable; and

(c) not, and will not be, the subject of a claim from any person as to title, validity, enforceability, entitlement or otherwise.

6.2.2 Short details of the registered Intellectual Property (including applications for registrations) in respect of which the Company is the registered owner or applicant for registration are set out in Annex 6.2.2 to the Disclosure Letter.

6.2.3 There is, and has been, no infringement or alleged infringement of any (i) Intellectual Property by any third party, or (ii) of any intellectual property owned by a third party by the Company.

6.2.4 The activities, processes, methods, products or services now or at any time manufactured, used or supplied by the Company:

(a) are not now nor were they at the time manufactured, used or supplied, subject to the licence, consent or permission of, or payment to, any third party (including the Sellers or an Affiliate of a Seller);

(b) do not now nor did they at the time manufactured, used or supplied, infringe any Intellectual Property (including, without limitation, moral rights) of any third party; and

(c) will not give rise to any Claim against the Company for infringement of the rights of any third party.

6.2.5 No party to any agreement relating to the use by the Company of any Intellectual Property owned by a third party is, or has at any time been, in breach of the agreement.

6.2.6 The Intellectual Property comprises all the intellectual property necessary for the Company to carry on its business as it was carried on and before the date of this Agreement.

6.2.7 The Sellers are not aware of the existence of any prior art that may be raised to invalidate or otherwise challenge the validity or enforceability of the Company's Intellectual Property.

For the purpose of this section, "Intellectual Property" shall mean all of the following which is owned by, issued to the Company, along with all income, royalties, damages and payments due or payable to the Company, including, without limitation, damages and payments for past or future infringements or misappropriations thereof, the right to sue and recover for past infringements or misappropriations thereof and any and all corresponding rights that, now or hereafter, may be secured throughout the world: patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice) and any reissue, continuation, continuation-in-part, revision, extension or re-examination thereof; trademarks, service marks, logos, trade names, Internet domain names and corporate names together with all goodwill associated therewith, including, without limitation the use of the current corporate name and all translations, adaptations, derivations and combinations of the foregoing; copyrights and copyrightable works (including without limitation, web sites); and all registrations, applications and renewals for any of the foregoing; trade secrets and proprietary or confidential information (including, without limitation, ideas, know-how, drawings, specifications, plans, proposals, financial, business and marketing plans, sales and

promotional literature, and customer and supplier lists and related information); information technologies (including, without limitation, software programs, data and related documentation); and all copies and tangible embodiments of the foregoing (in whatever form or medium).

6.3 Continuation of Business

6.3.1 The Company is the owner or holder or authorized user of all movable and immovable assets, including real property and buildings, and the holder of all information required to continue the Business as it has been conducted up until now. There are no obligations to sell these assets and/or this information, to dispose of them or to grant any rights of use with regard to them to any third party, whether as a whole or in part.

6.3.2 The disposal of sewage, waste and emissions, and the supply of fresh water for the Business, is fully ensured.

6.3.3 The rate of depreciation adopted in the Accounts is in compliance with PRC GAAP and the Company's ordinary accounting practices applied in good faith.

6.4 Debtors

No debt shown in the Accounts is (a) overdue by more than twelve (12) weeks, or (b) subject to any agreement outside the ordinary course of business or otherwise of any unusual nature, or (c) subject to any factoring arrangement.

7. EFFECT OF SALE

The signing and performance of this Agreement and all other documents which are to be signed at the Closing and the completion of the transactions contemplated hereby and thereby will not:

7.1 result in the Company losing the benefit of any permits or any asset, licence, grant, subsidy, right or privilege which it now enjoys; or

7.2 conflict with, or result in a breach of, or give rise to an event of default under, or require the consent of any person under:

7.2.1 any agreement, arrangement or obligation to which the Company is a party; or

7.2.2 any Applicable Laws, order or decrees of any court or Governmental Authority.

8. INSURANCE

8.1 All the insurable assets of the Company have at all material times been and are now insured to their net asset value (with no provision for deduction) against all risks normally insured against by persons operating the types of business operated by the Company.

8.2 The Company has at all material times been and is now adequately covered against accident, damage, injury, third party loss (including, without limitation, product Liability), and other risks normally insured against by persons operating the type of business operated by the Company.

8.3 All current insurance and indemnity policies in respect of which the Company has an interest are valid and enforceable and are not void or voidable. The Company has not done anything or omitted to do anything which would make any of such policies void or voidable.

8.4 No claim is outstanding under any of the policies in clause 8.3 and no event has occurred, and no circumstance exists, which gives rise or is likely to give rise, to a claim under any of the Policies.

9. REAL PROPERTY/LEASEHOLD INTEREST

9.1 Annex 9 to the Disclosure Letter sets forth all land and buildings owned or leased by the Company (the "**Properties**").

9.2 The Company has good unencumbered legal title to/ the Properties.

9.3 The company has a right to use and lease the Properties for its current and planned uses.

9.4 The Properties have, and so long as owned, occupied, leased or used by the Company, will continue to have, all rights and easements necessary for its use.

9.5 The Properties is not subject to any Encumbrance and no person claims an Encumbrance in respect of the Properties.

9.6 Nothing materially and adversely affects the value of the Properties or its occupation, lease or use by the Company.

9.7 No material defect affects or has affected the Properties.

9.8 Any building or other construction which is part of, and anything which serves, the Properties is in good condition for operation.

9.9 The Properties held by the Company under a lease, licence or similar arrangement:

9.9.1 no person has a right to terminate that lease, licence or other arrangement before it is due to expire (other than as a result of breach of its terms by the Company); and

9.9.2 nothing (other than the need to obtain the consent of the relevant governmental or quasi-governmental authority in relation to planning) can restrict or terminate the possession, occupation or use of, or prevent or restrict the development of the Properties by the Company.

10. ENVIRONMENTAL MATTERS

10.1 For the purpose of warranties set forth in this clause 10, "Hazardous Substance" means any natural or artificial substance, preparation or article which, if generated, transported, stored, treated, used or disposed of (alone or combined with another substance, preparation or article) is harmful to water, air or land or any living organism, or which is prohibited or restricted under any Applicable Laws.

10.2 The operation (past and present) of the Business of the Company does not and did not involve the use, storage or disposal of, or the release or discharge into the environment of, any Hazardous Substance.

10.3 Any land or other asset owned, occupied or used by the Company (now or in the past) does not have now, and has never had, any Hazardous Substance on, at, in or under it.

10.4 All waste generated by the operation of the Business of the Company has been disposed of in accordance with the Applicable Laws and any relevant permit. All treatment systems used by the Company to treat waste and emission generated by the operation of its business are in good conditions and comply with all Applicable Laws.

10.5 There are no circumstances in relation to the Company which give rise to any civil, criminal, administrative or other action, claim, suit, complaint, proceeding, investigation, decontamination, remediation or expenditure by any person or Governmental Authority under applicable environmental law in relation to any matter including properties now owned or used or formerly owned or used by the Company.

10.6 At no time has the Company received any notice or intimation alleging a breach of the terms of a permit or alleging any other breach of applicable environmental law; and

10.7 All assessments, reviews, reports, returns, information, and audits required by applicable environmental law or any permit have been properly carried out and submitted to the appropriate Governmental Authorities and their recommendations and requirements implemented where required by applicable environmental law.

10.8 Other than as disclosed in the Disclosure Letter, the Company has obtained all the environmental approvals required by the applicable law for the operation of Company's Business.

11. TERMS OF TRADE AND BUSINESS

11.1 If any key customer or supplier of the Company is likely to:

11.1.1 stop trading with or supplying the Company;

11.1.2 reduce substantially its trading with, or supplies to, the Company; or

11.1.3 change the terms on which it is prepared to trade with or supply the Company (other than normal price and quota changes);

in each case as a result of the signing or performance of this Agreement. Each of the Sellers has the obligations to communicate and assist, but will not guarantee the result of the negotiation with respect to the matters listed on the above, provided that for the key customers or key suppliers agreed by the Parties, each of the Sellers shall secure the maintenance of their business with the Company as is. In addition, each of the Sellers warrants that the Company's sales volume of tires in the ordinary and usual course of business from January 1, 2016 to the Closing Date shall not be lower than 60,000 units in the first quarter of 2016 and 140,000 units in the second quarter of 2016, or 200,000 units in the first two quarters combined, and at least 35,000 units per month thereafter.

11.2 The Company has not entered into any agreement or arrangement with any customer or supplier on terms materially different to its standard terms of business then in force.

11.3 The Company has not engaged in any business with countries to which embargo rules and similar restrictions apply based on a resolution of the United Nations Security Council or the laws of the USA.

11.4 To the best knowledge of the Sellers, no circumstances exist which might lead to the supply by the Company or to it of any goods or services, being restricted or hindered.

12. EMPLOYEES

12.1 There is not in existence any employment contract (written or otherwise) with a director or supervisor of the Company nor any consultancy agreement with the Company.

12.2 There is not in existence any employment contract between the Company and any person in suspension or which has been terminated but which is capable of being revived or enforced or in respect of which the Company has any continuing obligation.

12.3 There is not in existence any employment contract with any employee of the Company which cannot be terminated by three months' notice or less or the minimum notice period prescribed by Applicable Laws without giving rise to any claim for damages or compensation and the Company has not received notice of resignation from the key employees.

12.4 Since the Last Accounts Date, the Company has not (a) granted any severance, retention or termination pay to, or amended any existing severance, retention or termination arrangement with, any current or former manager, officer or employee of the Company, (b) increased or accelerated the payment or vesting of benefits payable under any existing severance, retention or termination pay policies or employment agreements, (c) entered into or amended any employment, consulting, deferred compensation or other similar agreement with any manager, officer, or consultant of the Company, other than execution of the Company's standard employment terms and conditions by new employees in the ordinary course, (d) committed to pay any additional

compensation, bonus or other benefits in excess of the current amount of compensation, bonus or other benefits to any manager, director, officer, employee or consultant of the Company, (e) established, adopted or amended (except as required by applicable law) any collective bargaining agreement, bonus, profit-sharing, thrift, pension, retirement, post-retirement medical or life insurance, retention, deferred compensation, compensation, stock option, restricted stock or other benefit plan or arrangement covering any present or former manager, director, officer or employee, or any beneficiaries thereof, of the Company, or (f) undertaken any office closing or employee layoffs, except in the ordinary course of business.

12.5 There are no amounts owing to any present or former director, supervisor or employee of the Company other than remuneration accrued but not due or for reimbursement of business expenses and the Company has not incurred any Liabilities arising from the termination of any employment contract or consultancy agreement.

12.6 The Company is not a party to a collective bargaining agreement or required to comply with a collective bargaining agreement.

12.7 The Company does not have a works or supervisory council, union or other body representing employees which has a right to be represented or attend at or participate in any board or council meeting or a right to be informed, consulted or make representations in relation to the business of the Company.

12.8 The Company has complied with all requirements imposed on it by Applicable Laws in relation to employees.

12.9 The Company has maintained current, adequate and suitable records relating to each of its employees.

12.10 The Sellers have given to the Buyers full details of:

12.10.1 the total number of employees of the Company including any on maternity or paternity leave or absent on the grounds of disability or other long-term leave of absence who have or may have a right to return to work with the Company under any Applicable Laws, contract or collective bargaining agreement;

12.10.2 in respect of each employee of the Company, the name, age, date of start of employment, period of continuous employment, remuneration, other benefits and grade, and where an employee has been continuously absent from work for more than one month, the reason for the absence; and

12.10.3 the terms of the employment contract of the key employees.

12.11 The Company is not involved in a dispute regarding a Claim with employees or any trade union, association of trade unions, works council, staff association or other body representing employees and there are no circumstances likely to give rise to any such dispute.

12.12 Within the period of one year ending on the date of this Agreement the Company has not:

12.12.1 made or started implementation of any collective dismissals that have required or will require notification to any state authority or notification to or consultation with any trade union, works council, staff association or other body representing employees; or

12.12.2 been a party to any transfer of a business or undertaking that has required or will require notification to or consultation with any trade union, works council, staff association or other body representing employees.

12.12.3 The Company is not required by Applicable Laws or contract to pay any Tax, levy or contribution in respect of any training scheme, arrangement or proposal.

12.12.4 The Company has not granted any loans, or has assumed any Liability in relation to any loan granted, to any employee, director or supervisor of the Company.

12.12.5 No director, officer, shareholder or ultimate shareholder of the Sellers or the Company, nor to the best knowledge of the Sellers, any of their Immediate Family Members, nor any employee or Representative of the Company is a Government Official. For the purpose of this clause 12.12.5 and Clause 16.4.1 below:

"**Government Official**" means any office-holder, employee or other official (including any Immediate Family Member thereof) of a Governmental Entity, and any person acting in an official capacity for a Government Entity or any candidate for political office.

"**Government Entity**" means a government or any department, agency or instrumentality thereof (including any company or other entity owned or controlled by a government), a political party or a public international organization.

"**Immediate Family Member**" means a spouse, parent, child, brother, sister, grandchild, grandparent, or anyone sharing a domicile with the relevant person.

13. LIABILITIES

13.1 Indebtedness

Except as disclosed in the Accounts or in the Disclosure Letter, the Company has no outstanding, and has not agreed to create or incur any, borrowing or indebtedness in the nature of borrowing.

13.2 Guarantees and Indemnities

13.2.1 The Company is not a party to nor has any Liability (including, without limitation, any contingent Liability) under any guarantee, indemnity or other agreement to secure, or otherwise incur financial or other obligations with respect to, an obligation of a third party (including the Sellers and the Sellers' Affiliates).

13.2.2 None of the borrowings or indebtedness in the nature of borrowing of the Company is dependent on the guarantee or indemnity of, or any security provided by, the Sellers or a third party.

13.3 Events of Default

No event has occurred or been alleged which:

13.3.1 constitutes an event of default, or otherwise gives rise to an obligation to repay, under any agreement relating to borrowing or indebtedness in the nature of borrowing or which would lead to an Encumbrance constituted or created in connection with any borrowing or indebtedness in the nature of borrowing, guarantee or indemnity or which would lead to any other obligation of the Company becoming enforceable; or

13.3.2 would constitute an event of default or would lead to security or obligation becoming enforceable with the giving of notice or lapse of time or both.

13.4 The Company has no Liabilities of any kind other than as set forth on the financial statements (including but not limited to the cash flow statement, the balance sheet and the income statement) dated the Last Account Date provided by the Sellers to the Buyers, including without limitation, any Liabilities including but not limited to such Liabilities to any employees, customers, suppliers or any third parties, except for any Liabilities duly incurred with Buyers' prior written consent.

14. PERMITS

14.1 Other than as disclosed in the Disclosure Letter, the Company has obtained and is in compliance with the terms and conditions of all permits which are required for the Company to continue its Business as before the date of this Agreement, both in China and for the sales of its products internationally. All such permits are in full force and effect and the Sellers are not aware of any circumstances indicating that any permit is likely to be revoked, suspended, cancelled or not renewed.

14.2 There are no circumstances which could require any further permits to be obtained in connection with the current Business of the Company or which require works, remediation or additional expenditure to ensure compliance with such permits.

14.3 No expenditure is or will be necessary to secure compliance with or to maintain any permits.

14.4 None of the permits, or any of the terms and conditions of such permits is dependent upon any Seller.

15. WELFARE AND OTHER BENEFITS

Other than as required under mandatory laws (e.g. regarding mandatory social security contributions), there is not in operation, and no proposal has been announced to enter into or establish, any agreement, arrangement, custom or practice (whether legally enforceable or not) for the payment of, or payment of a contribution towards, any pensions, allowances, lump sums or other similar benefits on retirement, death, termination of employment (voluntary or not) or during periods of sickness or disablement, for the benefit of any director, former director, officers, former officers, employee or former employee of the Company or for the benefit of the dependants of any such person.

16. LITIGATION AND COMPLIANCE WITH LAW

16.1 Litigation

The Company is not involved, nor has it been involved during the period of two (2) years prior to the date of this Agreement, in any litigation, arbitration proceedings or any other legal proceedings (either in or out of court), including in relation to any product Liability Claims and any Claims by or against any employees or former employees of the Company, and no such proceedings are threatened, by or against the Company and to the best knowledge of the Sellers, they are not aware of any fact or circumstance which is likely to give rise to proceedings.

16.2 Compliance with Law

The Company in conducting its Business and its officers in their capacity as officers of the Company have in all material respects complied with the provisions of all Applicable Laws, including the provisions as to filing of returns, particulars, resolutions and other documents with the relevant authorities in its place of incorporation and the places where it carries on its business, and all legal requirements have been complied with in connection with the formation of the Company and with the issuance of the Equity Interest. The Company is not in breach of any order, decree or judgment of any court or any Governmental Authority. None of the Sellers, directors, officers or employees of the Company are currently, or have been in the past, involved in criminal activities.

16.3 Investigations

There have been and are no governmental or other investigations or inquiries or proceedings concerning the Company; none are pending or threatened; and so far as the Sellers are aware no fact or circumstance exists which is likely to give rise to any such investigation, enquiry or proceedings.

16.4 No Bribery, Corruption Anti-Competitive Conduct or Money Laundering

16.4.1 From the incorporation of the Company until the date of this Agreement, neither the Company, an employee, director, officer shareholder or ultimate shareholder of the Company nor any distributor or any other Representative of the Company or Person acting on the Company's behalf has, in violation of any applicable law,

(a) offered, promised, or made any payments, loans, gifts of money, valuables, goods, any financial or other advantage, or "anything of value" (whether such value is assessable or not), e.g. bribes, payments in kind or kick-backs, directly or indirectly, to any other Person, e.g. a natural or legal person or his/her/its representative (s), in return for obtaining unfair favourable treatment vis-à-vis competitors in the supply or purchase of goods or commercial services, or with the intention of inducing any person to perform improperly one of their functions or activities, or as a reward for improper performance, in order to buy or sell goods or services, or in order to assist the Company or its Affiliates in obtaining or retaining business or a business advantage;

(b) offered, promised, or made any payments, loans, gifts of money, valuables, goods, any financial or other advantage, or "anything of value" (whether such value is assessable or not), e.g. bribes, payments in kind or kick-backs, directly or indirectly, to a current or former Government Official, an official or employee of a Government Entity, government authority, any political party or official, any candidate for political office, a person with special public service obligations or any other person who performs public functions, in order for that person or a third person to perform or omit any act or to make any decisions in his official capacity (including a decision to fail to perform his official function or lawful duty), or to use his influence with a Government Entity in order to affect any act or decision of such Government Entity, or for the purpose of securing any improper advantage;

(c) made any unlawful political donations;

(c) made a payment, loan, gift or thing of value to any other person or entity where he or it knew or had reason to know that all or a portion of such payment, loan, gift or thing of value would be given directly or indirectly to any of the persons or for any of the purposes described in Section 16.4.1 through Section 16.4.3 above;

(d) demanded, allowed himself/herself to be promised or accepted any payments, loans, gifts of money, valuables, goods, any financial or other advantage, or "anything of value" (whether such value is assessable or not), directly or indirectly, for

himself/herself or a third party in return for providing unfair favourable treatment to potential or actual suppliers or customers and their representatives;

(e) made or caused to be made any false, inaccurate or incomplete entries in the financial books of the Company and its Affiliates, or made or caused to be made any false, inaccurate or incomplete financial records of the Company and its Affiliates;

(f) otherwise used funds of the Company for illegal purposes in connection with the Company, which could expose the Company or its equity holders, or the persons responsible for these entities, to the risk of a penalty or fine being imposed, or which could lead to a responsibility of, or a Loss for, the Company or its equity holders;

(g) otherwise engaged in any action or omission in violation of PRC laws prohibiting bribery or anti-competitive practices (including but not limited to provisions in the PRC Criminal Law and the PRC Anti-Unfair Competition Law);

(h) otherwise engaged in any action or omission in violation of any anti-money laundering laws of the PRC or the USA; and/or

(i) otherwise made or received any payments in violation of any Applicable Laws.

16.4.2 The Company has not received any notice from any third party or government agency or entity regarding any actual, alleged or potential violation of any law applicable to the Business.

17. AGREEMENTS

17.1 Material contracts

Annex 17.1 to the Disclosure Letter sets forth a list of each of the following contracts or arrangements to which the Company is a party or is otherwise bound (each a "**Material Contract**" and collectively, the "**Material Contracts**") and that:

17.1.1 evidences outstanding indebtedness or extension of credit except for trade accounts payable in the ordinary course of business;

17.1.2 evidences guarantee, indemnity or suretyship or any contract to secure any obligation of any person by the Company;

17.1.3 grants or evidences an Encumbrance on any material assets of the Company;

17.1.4 has been entered into with any governmental authority;

17.1.5 relates to the disposition or acquisition of material assets of the Company (including by way of merger, consolidation or similar business combination transaction, but excluding this Agreement and the transactions contemplated hereby) or relates to a joint venture, partnership, strategic alliance or similar agreement, that is material to the business of the Company or which provides for the ownership of any equity interest in any person;

17.1.6 relates to any customer, dealer, distributor, sales representative, value added resellers, research and development agreements, volume purchase agreement or other arrangement for the distribution or sale of the Company's products (other than individual purchase orders in the ordinary course of business), including but not limited to the material contracts executed with top five distributors/suppliers in terms of both sales revenue and sales volume;

17.1.7 relates to indemnification or any guarantee by the Company to a third party, other than any such Material Contract entered into in connection with the sale or license of any products of the Company in the ordinary course of business;

17.1.8 contains any covenant (i) granting to any third party exclusive distribution or supply rights or (ii) otherwise having an adverse effect on the right of the Company to freely sell, distribute or manufacture any of its products or services or to freely purchase or otherwise obtain any software, components, parts or subassemblies;

17.1.9 imposes any standstill, non-compete or similar obligations on the Company, except in connection with the transaction contemplated under this Agreement;

17.1.10 provides for licenses of rights of any patents, trade or service marks, trade dress or copyrights to or by the Company from or to any third party, including any license by the Company to a third party to manufacture or reproduce any product of the Company;

17.1.11 provides for the purchase of raw materials, components, parts, or vendor services, except for spot purchase orders in the ordinary course of business;

17.1.12 relates to any distributorship, agency or management agreement or arrangement;

17.1.13 is reasonably expected to involve consideration (to or from the Company), or having a value, of more than RMB 100,000 over the remaining term of such contract, other than purchase orders entered into by the Company in the ordinary course of business;

17.1.14 any transactions or arrangements with a competitor of the Company (whether as a vendor, supplier, customer or otherwise) directly or

indirectly with the Company or directly or indirectly involving the current shareholders, directors, officers or high level management staff of the Company or its Affiliates or anyone else directly or indirectly affiliated with or related to the Company; and

17.1.15 any related party transactions or arrangements with the vendors, suppliers and customers of the Company or directly with the Company involving the current shareholders, directors, officers and the high level management staff of the Company or its Affiliates or anyone else directly or indirectly affiliated with or related to the Company.

17.2 Enforceability; Validity

17.2.1 No Material Contract is unlawful, invalid, non-binding or unenforceable, against the Company or any other party which is a party to such Material Contract.

17.2.2 There are no grounds for termination, avoidance or repudiation of, any Material Contract. No party with whom the Company has entered into any Material Contract has given any notice of its intention to terminate, or has otherwise tried to repudiate or disclaim, the agreement, arrangement or obligation under such Material Contract.

17.3 No Default

The Company is not in breach of any Material Contract, nor so far as the Sellers are aware, has any event or condition occurred which could (with the giving of notice or the passage of time or both) constitute a material breach of any Material Contract by the Company. So far as the Sellers are aware, no other party to a Material Contract is in default, breach or violation of any Material Contract and, so far as the Sellers are aware, no event or condition has occurred which could (with the giving of notice or the passage of time or both) constitute a default, breach or violation of any Material Contract by such other party.

17.4 Effect of Agreement on Other Agreements

There is no agreement or arrangement between the Company and any other person which shall or may be terminated as a result of this Agreement being entered into (or the occurrence of the Closing) or which shall be affected by it or which includes any provision with respect to a change in the control, management or equity holders of the Company.

17.5 Restrictive Agreements and Anti-competitive Behaviour

17.5.1 The Company is not infringing and has not infringed any legislation applicable in any jurisdiction relating to anti-competitive agreements or practices or behaviour or any similar matter.

17.5.2 The Sellers are not, in relation to the Company or Business of the Company, bound by or party to any order or decision made or undertakings (binding or not) given to any court or tribunal of competent jurisdiction or any similar authority in any jurisdiction, under or in any law, regulation or administrative process relating to fair competition anti-trust, monopolies, mergers or other similar matters.

17.5.3 The Sellers have not, in relation to the Company or Business of the Company, within the last two years been party to any merger or other similar arrangement which was capable of review by any anti-trust or similar authorities in any jurisdiction.

17.6 Notice of Official Action

To the best knowledge of the Sellers, no process, notice or communication, formal or informal, by or on behalf of any authority of any country having jurisdiction in anti-trust matters, in relation to any aspect of the business of the Company or the conduct of the Company or any agreement or arrangement to which the Company is or was, or is alleged to be or have been, a party, has been issued or is likely to be issued.

17.7 No other Material Contracts

Other than the Material Contracts set forth in Annex 17.1 to the Disclosure Letter, there are no other contracts or agreements that are material to the business and operations of the Company.

18. NO MATERIAL ADVERSE EFFECT

The operations of the Company have been conducted only in the ordinary and usual course of business consistent with past practice and there has not been any change, or any development involving, and the Sellers have no actual knowledge of any prospective change, that has resulted in, or is reasonably expected to have, a Material Adverse Effect. The Sellers have no actual knowledge of any circumstances that, prior to the Closing, have resulted, or would reasonably be expected to result in, any change that has resulted in, or is reasonably expected to have, a Material Adverse Effect.

19. TAX WARRANTIES

19.1 Accounts

19.1.1 The Company has no Liability in respect of Taxes (whether actual or contingent) or any Liability for interest, penalties or charges imposed in relation to any Taxes arising in any part of the world that is not adequately disclosed or provided for in full in the Accounts.

19.1.2 The amount of the provision for deferred Taxes contained in the Accounts was, at the date the Accounts were prepared, adequate and fully in accordance with PRC GAAP.

19.2 Events since the Last Accounts Date

Since the Last Accounts Date:

19.2.1 the Company has not been involved in any transaction outside the ordinary course of business which has given or may give rise to a Liability for Taxes on the Company (or would have given or might give rise to such a Liability but for the availability of any relief, allowance, deduction or credit);

19.2.2 no disposal has taken place or other event occurred which will or may have the effect of crystallising a Liability for Taxes which should have been included in the provision for deferred Taxes contained in the Accounts if such a disposal or other event had been planned or predicted at the date on which the Accounts were drawn up; and

19.2.3 no payment has been made by the Company which will not be deductible for profits tax purposes either in computing the profits of the Company or in computing the profits tax chargeable on the Company.

19.3 Returns, Disputes, Records, Claims, Clearances

19.3.1 The Company has within the time limits prescribed by the relevant Tax Legislation duly paid all Tax (including provisional tax), made all returns, given all notices, supplied all other information required to be supplied to the relevant Tax Authority (including any governmental authority of a foreign jurisdiction) and, so far as the Sellers are aware, all such information was and remains complete and accurate in all respects and all such returns and notices were and remain complete and accurate in all respects and were made on a proper basis and the Company is not and has not in the last three years been the subject of a Tax Authority investigation or a field audit or other dispute regarding Tax or duty recoverable from the Company or regarding the availability of any relief from Tax or duty to the Company.

19.3.2 Neither the Company nor any director or officer of the Company (in his capacity as such) has paid or become liable to pay, and, to the best of the knowledge of the Sellers, there are no circumstances by reason of which it is or they are likely to become liable to pay, any penalty, fine, surcharge or interest whether charged by virtue of the provisions of the relevant Tax Legislation or otherwise.

19.3.3 All clearances obtained by the Company have been properly obtained and, as far as the Sellers are aware, all information supplied to the appropriate Tax Authority in connection with such clearances was complete and accurate in all respects and any transaction for which such clearance was obtained has been carried out only in accordance with the terms of the clearance given therefor and the application on which the clearance was based and so as to satisfy any conditions attached thereto.

19.3.4 All transactions effected by any equity holder of the Company in respect of which any consent or clearance from the relevant Tax Authorities or other governmental authority was required or sought have been fully disclosed to the Buyers.

19.3.5 There are no material arrangements, agreements or undertakings, between the Company and any relevant Tax Authority regarding or affecting the Tax treatment of the Company.

19.3.6 All Tax benefits or incentives available to the Company, Tax losses available for carry forward by the Company or any other special Tax treatment of the Company have been fully disclosed to the Buyers. All such Tax benefits, incentives or special Tax treatments are currently in effect and applicable to the Company and the Sellers are not aware of any circumstances indicating that any such Tax benefits, incentives or special Tax treatments will be, or is likely to be, revoked, suspended or cancelled.

19.4 Revenue Outgoings

All sums payable under any obligation incurred by the Company prior to Closing and which will continue to bind the Company after Closing which have previously been deductible for income tax purposes, either in computing the profits of the Company as the case may be or in computing the income tax chargeable on the Company, will continue to be so deductible, and such sums payable by the Company shall include, without limitation, all remuneration and other sums (including any payments made directly or indirectly in consideration or in consequence of, or otherwise in connection with, the termination of the holding of any office or employment) paid or payable and all benefits provided or agreed to be provided to employees or officers of the Company and all interest, rent, royalties, annuities and other annual payments paid or payable by the Company under any loan agreement, lease, contract, covenant or other commitment or arrangement.

19.5 Deductions or Withholdings

The Company has duly complied with all requirements to deduct or withhold Taxation from any payments it has made and has accounted in full to the appropriate Tax Authorities for all amounts so deducted or withheld.

19.6 Assets

There is no Liability for Tax to the Company arising from value attributed under the Accounts in respect of a disposal of assets by the Company.

19.7 Capital Expenditure

All capital expenditure, other than expenditure on land and buildings which is not capable of qualifying for industrial buildings allowances, incurred by the Company or which may be incurred under any continuing obligation which has previously qualified for depreciation allowances, will continue to qualify

for depreciation allowances.

19.8 Anti-Avoidance Provisions

The Company has neither been a party to nor otherwise involved in any transaction, scheme or arrangement which reduces or would reduce the amount of Tax payable by any person and which is artificial or fictitious or in respect of which any disposition is not given effect to within the meaning of the applicable Tax Legislation.

19.9 Payments by the Sellers

The Sellers have paid all Taxation in relation to or in connection with the Company for which it is liable to account to the Tax Authority on the due date for payment thereof and is under no Liability to pay any penalty or interest in connection therewith and without prejudice to the generality of the foregoing the Company has made all deductions and withholdings in respect or on account of Taxation which it is required or entitled by any relevant legislation to make from any payments made by it in relation to or in connection with the Sellers.

20. TRANSACTIONS WITH DIRECTORS AND CONNECTED PERSONS

There is not outstanding:

(a) any loan made by the Company to, or debt owing to the Company by, any Seller or any director or officer of the Company or any person affiliated or connected with any of them;

(b) any agreement or arrangement to which the Company is a party and in which the Seller or any director or officer of the Company or any person affiliated or connected with any of them is interested; and

(c) any agreement or arrangement between the Company or any of its Affiliates (including, but not limited to, any such agreement or arrangement under which the Company is, or may in the future become, liable to pay any service, management or similar charge or to make any payment of interest or in the nature of interest).

SCHEDULE 3
JV CONTRACT

SCHEDULE 4
AOA

SCHEDULE 5
LIST OF SPECIFIC PERMITS

SCHEDULE 6
CAPITAL INCREASE AGREEMENT

SCHEDULE 7
CONSENT LETTER

SCHEDULE 8
OFFICIAL LETTER

SCHEDULE 9
ANTITRUST CONFIRMATION FROM SELLERS

SCHEDULE 10
WAIVER LETTER

SCHEDULE 11
PRODUCTS FOR CHINA COMPULSORY CERTIFICATION CERTIFICATES

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Section 4: EX-10.3 (EX-10.3)

Exhibit 10.3

COOPER (QINGDAO) TIRE CO., LTD.
固铂（青岛）轮胎有限公司

CAPITAL INCREASE AGREEMENT

JANUARY 4, 2016

TABLE OF CONTENT

Capital Increase Agreement

This Capital Increase Agreement (this "**Agreement**") is dated January 4, 2016 and made

BY AND AMONG:

(1) Cooper Tire (China) Investment Co., Ltd. (固铂轮胎（中国）投资有限公司), a company duly registered and existing under the laws of the People's Republic of China ("**China**" or "**PRC**") and whose registered address is at F17, Kirin Plaza Building, 666 Gubei Road, Shanghai, PRC200336 ("**Cooper**");

(2) COOPER TIRE HOLDING COMPANY, a company duly registered and incorporated under the laws of State of Ohio, United States of America with its registered office at 701 Lima Avenue, Findlay, OH 45840 ("**CTHC**");

(3) Qingdao Yiyuan Investment Co., Ltd. (青岛易元投资有限公司), a company duly registered and existing under the laws of China and whose registered address is at no. 207 Tianxin Road, Mingcun Town, Pingdu, Qingdao (青岛平度市明村镇田新路207号) ("**Yiyuan**") ; and

(4) Cooper (Qingdao) Tire Co., Ltd (固铂(青岛)轮胎有限公司), a company duly registered and existing under the laws of China and whose registered address is at No. 210 Tianxin Road, Mingcun Town, Pingdu, Qingdao (青岛平度市明村镇田新路210号) (the "**Company**").

Cooper, CTHC, Yiyuan and Company are each hereinafter referred to individually as a "**Party**" and collectively as the "**Parties**".

RECITAL

WHEREAS, as of the date of this Agreement, the total investment of the Company is RMB 1,050,000,000 and its registered capital is RMB 350,000,000. Cooper owns 51.86% of the equity interest of the Company, while CTHC owns 4.32% and Yiyuan owns 43.82%;

WHEREAS, the Company contemplates to increase its registered capital from RMB 350,000,000 to RMB 438,236,991 where Cooper and CTHC will subscribe the entire incremental registered capital at premium to own 60% and 5% of the registered capital of the Company respectively. Upon completion of such capital increase (hereinafter "**Capital Increase**"), Yiyuan will own 35% of the equity interest of the Company;

WHEREAS, the board of the directors of the Company has resolved that such Capital Increase is beneficial to the Company and shall proceed accordingly by unanimous vote, and Yiyuan further agrees to waive its right of first refusal with respect to the subscription of Capital Increase; and

WHEREAS, the Parties further agree to enter into the amendments to the joint venture contract dated January 4, 2016 (the "**JVC**") and the amendments to the articles of association dated January 4, 2016 (the "**AOA**") (the amendments of the JVC and the AOA, collectively, the "**Amendments**") of the Company to reflect the changes regarding to the Capital Increase.

NOW, THEREFORE, in consideration of mutual promises and other valuable consideration, the Parties hereto agree as follows:

CLAUSE I CAPITAL INCREASE

1.1 Capital Increase

Subject to the terms and conditions of this Agreement, the Company will issue the Additional Registered Capital for RMB 88,236,991 the "**Capital Increase Amount**"), and Cooper and CTHC hereby agree to purchase such Additional Registered Capital in an amount of RMB 323,076,923 and RMB 26,923,077, respectively, at premium (hereinafter the "**Capital Injection Amount**").

1.2 Yiyuan's Waiver of Right of First Refusal

Yiyuan hereby irrevocably waives its right of first refusal with respect to the Capital Increase and agrees that Cooper and CTHC will subscribe the entire Capital Increase Amount at premium by injecting the entire Capital Injection Amount. Yiyuan shall have no right or claim against Cooper, CTHC or the Company in relation to such Capital Increase.

Yiyuan further acknowledges that upon the completion of the Capital Increase, its shareholding in the Company shall be diluted from 43.82% to 35% due to the \subscription of the Capital Increase Amount by Cooper and CTHC.

1.3 Use of Capital Injection Amount

RMB 88,236,991 out of the Capital Injection Amount shall be injected to the Company as the registered capital, while the remaining amount shall be contributed to the capital reserve fund of the Company as capital surplus (the "**Capital Surplus**").

CLAUSE II CAPITAL SURPLUS

2.1 Use of Capital Reserve Fund. The capital reserve fund shall be used to (a) expand the production and business sale, (b) increase the registered capital, and (c) make up the loss of the Company in accordance with the Company Law of the PRC. However, Capital Surplus is prohibited from being applied to make up the loss of the Company.

2.2 Conversion of the Capital Surplus. Upon the resolution of the board of the directors of the Company, the Capital Surplus should be converted into the registered capital of the Company and being subscribed by each Party in accordance with its respective shareholding at the time in the Company.

CLAUSE III POST CAPITAL INCREASE SHAREHOLDING STRUCTURE OF THE COMPANY

3.1 Registered Capital of the Company after Capital Increase

After the Capital Increase, the registered capital of Company is RMB 438,236,991.

The total investment of the Company is RMB 1,314,710,973 .

3.2 Parties' Respective Shareholding after Capital Increase

Upon the completion of the Capital Increase, the Parties' respective shareholding in the Company is as follows:

Party	Capital Contribution	Shareholding
Cooper	RMB 262,942,195	60%
CTHC	RMB 21,911,850	5%
Yiyuan	RMB 153,382,946	35%

CLAUSE IV GOVERNMENT APPROVAL AND REGISTRATION

4.1 Filing with Approval Authorities

With the assistance of the Parties, the Company shall prepare any documents required to be submitted to local branch of the China Ministry of Commerce (the "**MOC**') and the State Administration of Industry and Commerce (collectively with the MOC, the "**Approval Authorities**") for the approval and the registration for the Capital Increase, and file such necessary documents with the Approval Authorities on the date of this Agreement.

4.2 Filing Documents

The following documents should be executed and submitted for the filing with the Approval Authorities:

(a) a copy of the application form for the capital increase;

(b) a copy of the feasibility study (or a project report) for the Capital Increase;

(c) a copy of the board resolution of the Company approving the Capital Increase under this Agreement and the execution of this Agreement;

(d) a copy of the capital increase agreement executed by the parties;

(e) copies of the JVC, AOA and the Amendments;

(f) a copy of the opinion from the relevant authorities if the Capital Increase involves urban planning, land, environmental, public safety and fire protection issues; and

(g) any other documents requested by the Approval Authorities.

CLAUSE V CONDITIONS PRECEDENT TO THE CLOSING

5.1 Condition Precedents to the Closing.

Cooper and CTHC's obligations of injecting the Capital Injection Amount and the unpaid registered capital from the current registered capital of the Company, i.e., RMB149,917,301 (the "**Unpaid Registered Capital**"), pursuant to Clause 6.2 is conditional upon the satisfaction, or unless otherwise waived by Cooper or CTHC, of any and all of the following conditions:

5.1.1 this Agreement, the ETA, the JVC, and the Amendments are duly approved by and registered with the Approval Authorities;

5.1.2 an approval certificate issued by the MOC indicating that Cooper and CTHC respectively own 60% and 5% of equity interest of the Company;

5.1.3 a newly issued business license from the AIC indicating a new registered capital in an amount of RMB438,236,991 (the "**New Business License**");

5.1.4 the due execution of the Amendments by and between the Company, Cooper, CTHC and Yiyuan in a form and substance as set forth in Exhibit A;

5.1.5 the board of directors of the Company have adopted an unanimous resolution approving the Capital Increase under this Agreement and the execution of this Agreement in a form and substance as set forth in Exhibit B; and

5.1.6 the Company and Yiyuan have duly performed and complied with all covenants, obligations and agreements contemplated under this Agreement and the ETA.

5.2 Yiyuan's Covenant

Yiyuan hereby undertakes to work with Cooper and CTHC in good faith and cooperate with Cooper and CTHC by taking necessary actions and executing documents required by Cooper and CTHC for the purpose of the Capital Increase until its completion.

CLAUSE VI CLOSING

6.1 Closing

Upon the fulfillment of the conditions set forth under Clause 5.1 hereof or waiver of same by Cooper and CTHC (the "**Closing**"), Cooper and CTHC shall make the Capital

Injection Amount and the Unpaid Registered Capital in accordance with the timetable in Article 6.2 to the bank account subsequently designated by the Company.

6.2 Capital Injection Timetable

The Parties agree that the Capital Injection Amount and the Unpaid Registered Capital shall be injected by Cooper and CTHC by installment based on the operation and business necessity in accordance with the timetable below:

6.2.1 within 30 days after the issuance of the New Business License , Cooper shall inject RMB 323,023,487 and CTHC shall inject RMB 26,918,624;

6.2.2 within 210 days after the issuance of the New Business License, Cooper shall inject RMB 138,438,637 and CTHC shall inject RMB 11,536,553;

The Parties further agree that Cooper and CTHC have the right (but not the obligation) to accelerate the injection of the Capital Injection Amount at their sole discretions based on the operation and business necessity.

6.3 Investor's Certificate

Within three (3) days after the receipt of each capital injection from Cooper and CTHC, the Company shall issue an investment certificate indicating the following information of the Company: (a) the name, (b) the incorporation date, (c) the registered capital, (d) name of the investor, (e) capital injection by cash, (f) the amount and the date for the capital injection and (g) the date of the investor certificate and apply the official chop of the Company as the evidence of Cooper and CTHC's capital injection.

CLAUSE VII TERMINATION

7.1 Termination

This Agreement constitutes the binding and irrevocable agreement of the Parties to consummate the transactions contemplated hereby, and this Agreement may be terminated only as follows:

7.1.1 By the written consent of all Parties;

7.1.2 By Cooper, if Cooper and CTHC exercise its right under Article 10 of the equity transfer agreement executed by and among the Parties and LI Xinhu (李辛琥) dated January 4, 2016 (the "ETA"); or

7.1.3 By any Party, if the JVC is terminated.

7.2 Effect of Termination

In the event of a termination of this Agreement pursuant to this Clause VII, each Party shall pay its own costs and expenses incurred in connection with this Agreement, and no Party (or any of its officers, directors, employees, agents, representatives or shareholders) shall be liable to any other Party or Parties for any costs, expenses,

damage or loss of anticipated profits hereunder. Notwithstanding the foregoing, the Parties shall retain any and all rights in connection with a breach of any covenant, obligation or agreement hereunder.

CLAUSE VIII GOVERNING LAW AND DISPUTE RESOLUTION

The formation, validity, interpretation, execution, enforcement, amendment and termination of this Agreement shall be governed by the laws of China. Any dispute arising from or related to this Agreement shall be settled in accordance with the dispute resolution section of the JVC by and between the Parties.

CLAUSE IX MISCELLANEOUS

9.1 Effectiveness

This Agreement shall become effective upon the approval by the Approval Authorities.

9.2 Expenses

Unless otherwise expressly agreed upon by the Parties, expenses incurred by each Party in connection with the transaction contemplated by this Agreement shall be borne by such Party.

9.3 Entire Agreement

This Agreement and the ETA constitute the entire agreement between the Parties relating to the subject matter of this Agreement at the date of this Agreement, and supersede any previous written or oral agreement between the Parties in relation to the Capital Increase.

9.4 Waiver

No failure to exercise, and no delay in exercising, on the part of any Party of any right or remedy under this Agreement shall operate as a waiver of such right or remedy nor shall any single or partial exercise of any right or remedy preclude the exercise of any other right or remedy.

9.5 Notices

Except where specifically provided otherwise, all notices and other communications authorized hereunder shall be given in writing to the person listed below either by personal delivery to said person, by registered or certified mail, return receipt requested, or by courier. Notices sent via facsimile must be confirmed through personal delivery of the original by means of at least one of the methods outlined herein. Any changes to the contact information of a Party below shall be effective upon a written notice to the other Parties.

Cooper

Address: F17, Kirin Plaza Building, 666 Gubei Road, Shanghai, PRC 200336
Tel: 021-61273399
Fax: 021-62086722
Attn: Mr. Aaron Hu

CTHC

Address: 701 Lima Avenue, Findlay, OH, U.S.A.
Tel: 419.420.6059
Fax: 419.831.6940
Attn: Stephen Zamansky

Yiyuan

Address: 207 Tianxin Road, Mingcun Town, Pingdu, Qingdao
Tel: (86)532-81638575
Fax: (86)532-68862860
Attn: Mr. Geng Ming

The Company

Address: No. 210 Tianxin Road, Mingcun Town, Pingdu, Qingdao
Tel: (86)532-86318166
Fax: (86)532-86318117
Attn: Mr. Wang Shunguo

9.6 Modification and Amendment

No amendment or modification of this Agreement, whether by way of addition, deletion or other change of any of its terms, shall be valid or effective unless a variation is agreed to in writing and signed by authorized representatives of each of the Parties.

9.7 Successors

This Agreement shall inure to the benefit of and be binding upon each of the Parties and their respective successors.

9.8 Severability

If at any time any provision in this Agreement is or becomes illegal, invalid or unenforceable, in whole or in part, under any enactment or rule of law, such provision or part shall to that extent be deemed not to form part of this Agreement but the legality, validity or enforceability of the remainder of this Agreement shall not be affected.

9.9 Language

This Agreement is being executed both in English and Chinese, and both versions shall have equal effect. In case of any discrepancy, the Chinese version of this Agreement shall prevail.

9.10 Counterparts

This Agreement is made in seven (7) original counterparts in Chinese, and four (4) original counterparts in English with each Party holding one (1) original in Chinese and English and the rest for approval and registration purposes.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been executed by the duly authorized representatives of the Parties on the date first above written.

Cooper Tire (China) Investment Co., Ltd. (固铂轮胎（中国）投资有限公司)

By: /s/ Allen Tsaur
Name: Allen Tsaur
Title: Chairman

Cooper Tire Holding Company

By: /s/ Jack Jay McCracken
Name: Jack Jay McCracken
Title: Assistant Secretary

Qingdao Yiyuan Investment Co., Ltd. (青岛易元投资有限公司)

By: /s/ 李志华
Name: 李志华
Title: Legal Representative

Cooper Qingdao Tire Co., Ltd (固铂(青岛)轮胎有限公司)

By: /s/ Allen Tsaur
Name: Allen Tsaur
Title: Chairman

EXHIBIT A
AMENDMENTS

AMENDMENT TO THE JOINT VENTURE CONTRACT OF
COOPER (QINGDAO) TIRE CO., LTD

Cooper (Qingdao) Tire Co., Ltd. (the "**Company**") is a Sino-foreign equity joint venture company established by Qingdao Yiyuan Investment Co., Ltd., Cooper Tire (China) Investment Co., Ltd. and Cooper Tire Holding Company (collectively, the "**Shareholders**") in Pingdu, Qingdao, Shandong Province, China. In accordance with the unanimous written resolution adopted by all directors of the Company on , 201 and the consensus of the Shareholders, the Joint Venture Contract of the Company (the "**JVC**") shall be amended as follows:

Article 5.1 of the JVC currently reads as follows:

"The Total Investment of the Joint Venture shall be Renminbi 1,050,000,000 (RMB1,050,000,000). The Registered Capital of the Joint Venture shall be Renminbi three hundred and fifty million (RMB 350,000,000).

Capital Structure of the Joint Venture.

(1) Party A has contributed or subscribed for Renminbi 153,382,947, representing 43.82 percent (43.82%) of the Registered Capital;

(2) Cooper has contributed or subscribed for Renminbi 181,492,664, representing 51.86 percent (51.86 %) of the Registered Capital; and

(3) CTHC has contributed or subscribed for Renminbi 15,124,389, representing 4.32 percent (4.32%) of the Registered Capital."

Article 5.1 of the JVC shall be amended so as to read as follows:

"The Total Investment of the Joint Venture shall be Renminbi 1,314,710,973 (RMB1,314,710,973). The Registered Capital of the Joint Venture shall be Renminbi three hundred and fifty million (RMB438,236,991).

Capital Structure of the Joint Venture.

(1) Party A has contributed or subscribed for Renminbi 153,382,946, representing 35 percent (35%) of the Registered Capital;

(2) Cooper has contributed or subscribed for Renminbi 262,942,195, representing 60 percent (60 %) of the Registered Capital; and

(3) CTHC has contributed or subscribed for Renminbi 21,911,850, representing 5 percent (5%) of the Registered Capital.

Capital Injection Timetable of the Joint Venture.

(1) within 30 days after the issuance of the new business license of the Joint Venture, Cooper shall inject RMB 323,023,487 and CTHC shall inject RMB 26,918,624; and

(2) within 210 days after the issuance of the new business license of the Joint Venture, Cooper shall inject RMB 138,438,637 and CTHC shall inject RMB 11,536,553."

All the other provisions of the JVC remain unchanged.

The foregoing amendment shall become effective upon approval by the relevant examination and approval authority in charge of such matter, and shall constitute an integral part of the JVC.

[SIGNATURE PAGE FOLLOWS NEXT]

IN WITNESS WHEREOF, each of the Parties has executed this Amendment or has caused this Amendment to be executed by its duly authorized officer or officers as of the date first above written.

Party A:

QINGDAO YIYUAN INVESTMENT CO., LTD.
(青岛易元投资有限公司)

By /s/ 李志华
Name: 李志华
Position: Legal Representative

Party B:

COOPER TIRE (CHINA) INVESTMENT CO., LTD.
(固铂轮胎 (中国) 投资有限公司)

By /s/ Allen Tsaur
Name: Allen Tsaur
Position: Chairman

COOPER TIRE HOLDING COMPANY

By /s/ Jack Jay McCracken
Name: Jack Jay McCracken
Position: Assistant Secretary

AMENDMENT TO THE ARTICLES OF ASSOCIATION OF
COOPER (QINGDAO) TIRE CO., LTD

Cooper (Qingdao) Tire Co., Ltd. (the "**Company**") is a Sino-foreign equity joint venture company established by Qingdao Yiyuan Investment Co., Ltd., Cooper Tire (China) Investment Co., Ltd. and Cooper Tire Holding Company (collectively, the "**Shareholders**") in Pingdu, Qingdao, Shandong Province, China. In accordance with the unanimous written resolution adopted by all directors of the Company on , 201 and the consensus of the Shareholders, the Articles of Association of the Company (the "**AOA**") shall be amended as follows:

Article 12 of the AOA currently reads as follows:

"The Total Investment of the Joint Venture shall be Renminbi 1,050,000,000 (RMB1,050,000,000). The Registered Capital of the Joint Venture shall be Renminbi three hundred and fifty million (RMB 350,000,000).

Capital Structure of the Joint Venture.

(1) Party A has contributed or subscribed for Renminbi 153,382,947, representing 43.82 percent (43.82%) of the Registered Capital;

(2) Cooper has contributed or subscribed for Renminbi 181,492,664, representing 51.86 percent (51.86 %) of the Registered Capital; and

(3) CTHC has contributed or subscribed for Renminbi 15,124,389, representing 4.32 percent (4.32%) of the Registered Capital."

Article 12 of the AOA shall be amended so as to read as follows:

"The Total Investment of the Joint Venture shall be Renminbi 1,314,710,973 (RMB1,314,710,973). The Registered Capital of the Joint Venture shall be Renminbi three hundred and fifty million (RMB438,236,991).

Capital Structure of the Joint Venture.

(1) Party A has contributed or subscribed for Renminbi 153,382,946, representing 35 percent (35%) of the Registered Capital;

(2) Cooper has contributed or subscribed for Renminbi 262,942,195, representing 60 percent (60 %) of the Registered Capital; and

(3) CTHC has contributed or subscribed for Renminbi 21,911,850, representing 5 percent (5%) of the Registered Capital.

Capital Injection Timetable of the Joint Venture.

(1) within 30 days after the issuance of the new business license of the Joint Venture, Cooper shall inject RMB 323,023,487 and CTHC shall inject RMB 26,918,624; and

(2) within 210 days after the issuance of the new business license of the Joint Venture, Cooper shall inject RMB 138,438,637 and CTHC shall inject RMB 11,536,553."

All the other provisions of the AOA remain unchanged.

The foregoing amendment shall become effective upon approval by the relevant examination and approval authority in charge of such matter, and shall constitute an integral part of the AOA.

[SIGNATURE PAGE FOLLOWS NEXT]

IN WITNESS where this Amendment has been duly entered into by the Parties the day and year first above written.

Party A:

QINGDAO YIYUAN INVESTMENT CO., LTD
(青岛易元投资有限公司)

By /s/ 李志华
Name: 李志华
Position: Legal Representative

Party B:

COOPER TIRE (CHINA) INVESTMENT CO., LTD.
(固铂轮胎(中国)投资有限公司)

By /s/ Allen Tsaur
Name: Allen Tsaur
Position: Chairman

COOPER TIRE HOLDING COMPANY

By /s/ Jack Jay McCracken
Name: Jack Jay McCracken
Position: Assistant Secretary

EXHIBIT B
BOARD RESOLUTION OF THE COMPANY

COOPER (QINGDAO) TIRE CO., LTD

BOARD RESOLUTION

固铂（青岛）轮胎有限公司董事会决议

We, the undersigned, being the board members (the "**Directors**") of Cooper (Qingdao) Tire Co., Ltd. (the "**Company**"), hereby consent to the following matters and adopt these resolutions in accordance with the Joint Venture Contract ("**JVC**") of the Company, the Articles of Association ("**AoA**") of the Company and the relevant laws and regulations of China on , 201 :

以下签字方，作为固铂（青岛）轮胎有限公司（以下简称"**公司**"）的董事会成员（以下简称"**董事**"），根据公司的合资经营企业合同（"**合资合同**"）、公司的章程（"**章程**"）以及中国相关法律、法规的规定，兹于201___年_____月_____日同意以下事项并通过决议如下：

RESOLVED that the registered capital of the Company shall be increased to RMB 438,236,991, and the total investment of the Company shall be increased to RMB1,314,710,973;

兹决议，公司的注册资本应增加至人民币438,236,991元，公司的投资总额应增加至人民币1,314,710,973元；

RESOLVED that a capital increase agreement shall be executed among all the shareholders of the Company, i.e., Qingdao Yiyuan Investment Co., Ltd., Cooper Tire (China) Investment Co., Ltd. and Cooper Tire Holding Company, to agree on certain terms and conditions for this capital increase;

兹决议，公司的全体股东，即青岛易元投资有限公司，固铂轮胎（中国）投资有限公司和Cooper Tire Holding Company 应签署一份增资协议，以约定此次增资的相关条款和条件；

RESOLVED that the JVC and AoA of the Company shall be amended accordingly, and the aforementioned amendments to JVC and AOA shall become effective upon approval by the relevant examination and approval authority in charge of such matter.

兹决议，公司的合资合同和章程应作相应修改以反映该等变化，上述对章程的修订应于审批机关批准后生效。

The above resolutions shall become effective upon due execution by all the directors as of the date first above written.

本决议于文首所述日期经董事签署之后生效。

[SIGNATURE PAGE FOLLOWS/ 以下为签字页]

[SIGNATURE PAGE OF BOARD RESOLUTION]

董事会决议签字页

IN WITNESS WHEREOF, the Directors of the Company have executed this Board Resolution as of , 201 .

鉴此,公司的董事于201___年 _____月_____日签署本决议。

COOPER (QINGDAO) TIRE CO., LTD

固铂（青岛）轮胎有限公司

By/ 签字: _____
Name/ 姓名:
Title/ 职务: Chairman/ 董事长

By/ 签字: _____
Name/ 姓名:
Title/ 职务: Director/ 董事

By/ 签字: _____
Name/ 姓名:
Title/ 职务: Director/ 董事

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Section 5: EX-31.1 (EX-31.1)

Exhibit (31.1)

CERTIFICATIONS

I, Roy V. Armes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cooper Tire & Rubber Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2016

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

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Section 6: EX-31.2 (EX-31.2)

Exhibit (31.2)

CERTIFICATIONS

I, Ginger M. Jones, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cooper Tire & Rubber Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2016

/s/ Ginger M. Jones
Ginger M. Jones, Vice President and
Chief Financial Officer

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Section 7: EX-32 (EX-32)

Exhibit (32)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cooper Tire & Rubber Company (the "Company") on Form 10-Q for the period ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

Date: April 29, 2016

/s/ Roy V. Armes
Name: Roy V. Armes
Title: Chief Executive Officer

/s/ Ginger M. Jones
Name: Ginger M. Jones
Title: Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.
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