

COOPER TIRE & RUBBER CO
Form DEF 14A
March 20, 2017

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 14A
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

COOPER TIRE & RUBBER COMPANY

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

COOPER TIRE & RUBBER COMPANY

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO THE STOCKHOLDERS:

The 2017 Annual Meeting of Stockholders of Cooper Tire & Rubber Company (the “Company”) will be held at The Westin Detroit Metropolitan Airport, McNamara Terminal, 2501 Worldgateway Place, Detroit, Michigan 48242 on Friday, May 5, 2017, at 10:00 a.m., Eastern Daylight Time, for the following purposes:

- (1) To elect eight Directors of the Company for the ensuing year. (2) To ratify the selection of the Company’s independent registered public accounting firm for the year ending December 31, 2017.

- (3) To approve, on a non-binding advisory basis, the Company’s named executive officer compensation.

- (4) To recommend, on a non-binding advisory basis, the frequency of advisory votes on the Company’s named executive officer compensation.

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

Only holders of Common Stock of record at the close of business on March 10, 2017, are entitled to notice of and to vote at the Annual Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

Stephen Zamansky,
Senior Vice President,
General Counsel and Secretary

Findlay, Ohio
March 20, 2017

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

TABLE OF CONTENTS

	Page
<u>GENERAL INFORMATION AND VOTING</u>	1
<u>Purpose of Annual Meeting</u>	1
<u>Voting</u>	1
<u>Proxy Matters</u>	2
<u>AGENDA ITEM 1 – Election of Directors</u>	3
<u>Nominees for Director</u>	3
<u>AGENDA ITEM 2 – Ratification of the Selection of the Company’s Independent Registered Public Accounting Firm</u>	8
<u>AGENDA ITEM 3 – Proposal to Approve, on a Non-Binding Advisory Basis, the Company’s Named Executive Officer Compensation</u>	9
<u>AGENDA ITEM 4 – To Recommend, on a Non-Binding Advisory Basis, the Frequency of Advisory Votes on the Company’s Named Executive Officer Compensation</u>	10
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	11
<u>Executive Summary</u>	11
<u>2016 Financial Results</u>	12
<u>Our Executive Officer Compensation Program Is Administered by the Compensation Committee</u>	12
<u>Executive Compensation Philosophy and Approach</u>	13
<u>Base Salaries</u>	14
<u>Incentive Compensation</u>	15
<u>Retirement Benefits</u>	20
<u>Executive Deferred Compensation Plan</u>	21
<u>Perquisites and Other Compensation</u>	21
<u>Other Program Design Elements</u>	21
<u>Employment Agreement and Change in Control Plan</u>	23
<u>Compensation Plan for 2017</u>	23
<u>Executive Compensation Consultant Disclosure</u>	23
<u>Compensation-Related Risk Assessment</u>	23
<u>COMPENSATION COMMITTEE REPORT</u>	24
<u>EXECUTIVE COMPENSATION</u>	25
<u>2016 Summary Compensation Table</u>	25
<u>2016 Grants of Plan-Based Awards Table</u>	27

<u>Outstanding Equity Awards at 2016 Fiscal Year-End Table</u>	29
<u>2016 Option Exercises and Stock Vested Table</u>	30
<u>2016 Pension Benefits Table</u>	31
<u>2016 Non-Qualified Deferred Compensation Table</u>	32
<u>Potential Payments Upon Termination or Change in Control</u>	33
<u>2016 Director Compensation Table</u>	42

TABLE OF CONTENTS

(continued)

	Page
<u>MEETINGS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES</u>	43
<u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	49
<u>RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	49
<u>AUDIT COMMITTEE REPORT</u>	51
<u>BENEFICIAL OWNERSHIP OF SHARES</u>	52
<u>SECURITY OWNERSHIP OF MANAGEMENT</u>	53
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	54
<u>STOCKHOLDER PROPOSALS FOR THE ANNUAL MEETING IN 2018</u>	54
<u>INCORPORATION BY REFERENCE</u>	54
<u>HOUSEHOLDING INFORMATION</u>	54
<u>SOLICITATION AND OTHER MATTERS</u>	55
<u>IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING TO BE HELD ON MAY 5, 2017</u>	55

COOPER TIRE & RUBBER COMPANY

701 Lima Avenue, Findlay, Ohio 45840
March 20, 2017

PROXY STATEMENT

GENERAL INFORMATION AND VOTING

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Cooper Tire & Rubber Company (the “Company,” “Cooper Tire,” “our,” “we,” or “us”) to be used at the Annual Meeting of Stockholders of the Company to be held on May 5, 2017, at 10:00 a.m., Eastern Daylight Time, at The Westin Detroit Metropolitan Airport, McNamara Terminal, 2501 Worldgateway Place, Detroit, Michigan 48242. This proxy statement and the related form of proxy were first mailed or made available to stockholders on or about March 20, 2017.

Purpose of Annual Meeting

The purpose of the Annual Meeting is for stockholders to act on the matters outlined in the notice of Annual Meeting on the cover page of this proxy statement. These matters consist of (1) the election of eight Directors, (2) the ratification of the selection of the Company’s independent registered public accounting firm for the year ending December 31, 2017, (3) the approval, on a non-binding advisory basis, of the Company’s named executive officer compensation, (4) the recommendation, on a non-binding advisory basis, of the frequency of advisory votes on the Company’s named executive officer compensation, and (5) the transaction of such other business as may properly come before the Annual Meeting or any postponement(s) or adjournment(s) thereof.

Voting

Each share of the Company's Common Stock will be entitled to one vote on each matter. Only stockholders of record at the close of business on March 10, 2017, (the "record date") will be eligible to vote at the Annual Meeting. As of the record date, there were 52,910,823 shares of Common Stock outstanding. The holders of a majority of the shares of Common Stock issued and outstanding, and present in person or represented by proxy, constitute a quorum. Abstentions and "broker non-votes" with respect to a proposal will be counted to determine whether a quorum is present at the Annual Meeting.

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

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

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

Agenda Item 2. Although the Company's independent registered public accounting firm may be selected by the Audit Committee of the Board of Directors without stockholder approval, the Audit Committee will consider the affirmative vote of a majority of the shares of Common Stock having voting power present in person or represented by proxy at the Annual Meeting to be a ratification by the stockholders of the selection of Ernst & Young LLP as the Company's independent registered public accounting firm for the year ending December 31, 2017. As a result, abstentions will have the same effect as a vote cast against the proposal. As a routine matter, we do not expect "broker non-votes" with respect to this proposal.

Agenda Item 3. Although the advisory vote to approve named executive officer compensation is non-binding, the advisory vote allows our stockholders to express their opinions regarding named executive officer compensation. The Board will consider the affirmative vote of a majority of the shares of Common Stock having voting power present in person or represented by proxy at the Annual Meeting as approval of the compensation of the Company's named executive officers for fiscal 2016. Abstentions are counted as votes against and "broker non-votes" are not counted for purposes of the advisory vote to approve named executive officer compensation. As a result, if you own shares through a bank, broker-dealer, or similar organization, you must instruct your bank, broker-dealer, or other similar organization to vote in order for them to vote your shares.

Agenda Item 4. Although the advisory vote to recommend the frequency of advisory votes on the Company's named executive officer compensation is non-binding, the advisory vote allows our stockholders to express their opinions regarding the frequency of stockholder votes regarding the Company's named executive officer compensation. The Board will consider the option receiving the greatest number of votes (every one, two or three years) of the shares of Common Stock having voting power present in person or represented by proxy at the Annual Meeting as the frequency recommended by stockholders. However, because this vote is advisory and not binding on the Board of the Company in any way, the Board may decide that it is in the best interests of our stockholders and our Company to hold an advisory vote on named executive officer compensation more or less frequently than the option recommended by our stockholders. Abstentions and "broker non-votes" will have no effect on this proposal.

Proxy Matters

Stockholders may vote by completing, properly signing, and returning the accompanying proxy card, or by attending and voting at the Annual Meeting. If you properly complete and return your proxy card in time to vote, your proxy (one of the individuals named in the proxy card) will vote your shares as you have directed. If you sign and return the proxy card but do not indicate specific choices as to your vote, your proxy will vote your shares (i) to elect the nominees listed under "Nominees for Director," (ii) for the ratification of the selection of the Company's independent registered public accounting firm, (iii) for approval of the compensation of the Company's named executive officers for fiscal year 2016 and (iv) for advisory votes on the Company's named executive officer compensation to occur "every year."

Edgar Filing: COOPER TIRE & RUBBER CO - Form DEF 14A

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

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

Spectrum Investment Savings Plan;

Pre-Tax Savings Plan (Texarkana Represented Employees); or

Pre-Tax Savings Plan (Findlay Represented Employees).

Those stockholders of record who choose to vote by telephone or Internet must do so no later than 11:59 p.m., Eastern Daylight Time, on May 4, 2017. All voting instructions from participants in the defined contribution plans sponsored by the Company and listed above must be received no later than 5:00 p.m., Eastern Daylight Time, on May 3, 2017.

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

AGENDA ITEM 1

ELECTION OF DIRECTORS

In accordance with the Restated Certificate of Incorporation of the Company, the Board of Directors has fixed the total number of Directors to be elected at the Annual Meeting at eight. All eight of our Directors standing for reelection have a term that expires at this Annual Meeting and each has consented to stand for reelection. At this Annual Meeting, eight Directors are being elected to serve for a term of office that will expire at the Annual Meeting of Stockholders in 2018. In the event that any of the nominees becomes unavailable to serve as a Director before the Annual Meeting, the Board of Directors may designate a new nominee, and the persons named as proxies will vote for that substitute nominee.

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

NOMINEES FOR DIRECTOR

Non-Executive Chairman of the Board,
Former Chairman of the Board,
THOMAS P. CAPO Dollar Thrifty Automotive Group, Inc.

Mr. Capo, age 66, served as Chairman of the Board of Dollar Thrifty Automotive Group, Inc., a vehicle rental company, from October 2003 to November 2010. Mr. Capo was a Senior Vice President and Treasurer of DaimlerChrysler Corporation, an automobile manufacturer, from November 1998 until August 2000. From November 1991 to October 1998, he was Treasurer of Chrysler Corporation, an automobile manufacturer. Prior to holding these positions, Mr. Capo

served as Vice President and Controller of Chrysler Financial Corporation, a finance company. Mr. Capo currently serves as a director of Lear Corporation, and, until its sale in November 2012, he served as a director of Dollar Thrifty Automotive Group, Inc. Mr. Capo has a B.S. in Accounting and Finance, an M.A. in Economics, and an M.B.A. in Finance, each from the University of Detroit Mercy. Mr. Capo's public company board and committee experience, including at the board chairman level, executive management and leadership experience, especially in finance, treasury, capital markets, M & A, strategy development, capital restructuring, financial reporting and compliance, including his service as a public company treasurer and controller, and education qualify him to continue serving as a member of the Board of Directors.

Director Since 2007

NOMINEES FOR DIRECTOR (CONT.)

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

Mr. Chapman, age 63, has served as Group Vice President, China and Russia, for Cummins, Inc. since 2009. Cummins designs, manufactures, and markets diesel engines and related components and power systems. Mr. Chapman has been with Cummins since 1985 and served in various capacities, including as Group Vice President, Emerging Markets & Businesses, President of Cummins' International Distribution Business, Vice President of International, and Vice President of Southeast Asia and China. Mr. Chapman graduated from St. Olaf College with a B.A. in Asian Studies and from Yale University with a M.P.P.M. in Management. Mr. Chapman's education, board member experience, and business management experience in operations and international operations qualify him to continue serving as a member of the Board of Directors.

Director Since 2006

SUSAN F. DAVIS Former Executive Vice President,
Asia-Pacific Region,
Johnson Controls

Ms. Davis, age 63, served as Executive Vice President of the Asia-Pacific Region for Johnson Controls from September 2015 until her retirement in October 2016. Johnson Controls is a globally diversified technology and industrial leader serving customers in more than 150 countries. Ms. Davis has served in positions of increasing responsibility within Johnson Controls. She was named Vice President of Organizational Development in 1993. The following year, she was appointed Corporate Vice President of Human Resources and was named Executive Vice President of Human Resources in 2005. She was named Executive Vice President & Chief Human Resources Officer in 2012. She joined the company in 1985, following its acquisition of Hoover Universal, where she began her career in 1983 as a strategic planner for the automotive seating and plastics machinery business. Ms. Davis holds a Master of Business Administration (MBA) degree from the University of Michigan. She graduated magna cum laude with a Master of Arts degree and magna cum laude with a Bachelor of Arts, both from Beloit College. Ms. Davis

currently serves as director of Quanex Corporation. Ms. Davis's education, board member experience, and business management experience qualify her to continue serving as a member of the Board of Directors.

Director Since 2016

NOMINEES FOR DIRECTOR (CONT.)

JOHN J. HOLLAND President,
Greentree Advisors LLC

Mr. Holland, age 67, has served as President of Greentree Advisors LLC since 2005. Greentree Advisors LLC provides business advisory services. Mr. Holland served as President of The International Copper Association (ICA) from 2012 to 2015. The ICA is a marketing and trade organization for the global copper industry. Mr. Holland served as President, Chief Operating Officer, and Chief Financial Officer of MMFX Technologies Corporation from September 2008 until October 2009. MMFX Technologies is an inventor and manufacturer of nano technology steel. Prior to that, he was Executive Vice President and Chief Financial Officer of Alternative Energy Sources, Inc., an ethanol producer, from August 2006 until June 2008. Mr. Holland previously was employed by Butler Manufacturing Company, a producer of pre-engineered building systems, supplier of architectural aluminum systems and components, and provider of construction and real estate services for the non-residential construction market, from 1980 until his retirement in 2004. Prior to his retirement from Butler, Mr. Holland served as Chairman of the Board from 2001 to 2004, as Chief Executive Officer from 1999 to 2004, and as President from 1999 to 2001. Mr. Holland is also a director of SAIA, Inc., and NCI Buildings Systems Inc. Mr. Holland holds B.S. and MBA degrees from the University of Kansas. Mr. Holland's education, board member experience, and business management experience in operations and accounting, including his service as a chief executive officer and chief financial officer, qualify him to continue serving as a member of the Board of Directors.

Director Since 2003

BRADLEY E. HUGHES President and Chief Executive Officer

Mr. Hughes, age 55, has served as President & Chief Executive Officer since September 2016. He previously served the Company as Senior Vice President and Chief Operating Officer from January 2015 to September 2016; Senior Vice President and President-International Tire Operations from July 2014 to January 2015; Senior Vice President and Chief Financial Officer from September 2014 to December 2014; Senior Vice President, Chief Financial Officer and Treasurer from July 2014 to September 2014; Vice President, Chief Financial Officer and Treasurer from November 2013 to July 2014 and Vice President and Chief

Financial Officer from November 2009 to November 2013. Mr. Hughes was previously employed at Ford Motor Co. where he worked as Global Product Development Controller for Ford in Dearborn, Michigan; as Finance Director for Ford's South America Operations in Sao Paulo, Brazil; as Director of European Business Strategy and Implementation, Cologne, Germany; as European Manufacturing Controller, Cologne, Germany; and in other corporate finance and treasury positions. Mr. Hughes has a B.A. in business from Miami University and an MBA from the University of Michigan. Mr. Hughes's education, extensive knowledge of the Company, international operations and business management experience qualify him to continue serving as a member of the Board of Directors.

Director Since 2016

NOMINEES FOR DIRECTOR (CONT.)

GARY S. MICHEL Senior Vice President and
President, Residential Heating, Ventilation
and Air Conditioning (HVAC) and Supply,
Ingersoll Rand

Mr. Michel, age 54, has served as President of Ingersoll Rand's residential HVAC & Supply business since 2011; which includes brands such as Trane, American Standard, Ameristar, and Nexia. Ingersoll Rand is a \$13 billion global business that enhances the quality and comfort of air in homes and buildings; transports and protects food and perishables, and increases industrial productivity and efficiency. Mr. Michel, a 32-year veteran of Ingersoll Rand, is a Senior Vice President of the company and also serves as a member of its enterprise leadership team. He also leads the Ingersoll Rand Sales Excellence Initiative, as well as serving as a co-lead of the company's enterprise sustainability efforts. Mr. Michel began his tenure with Ingersoll Rand as an application engineer and went on to hold product, sales, and business management roles before moving into a series of leadership positions across various geographic and market segments, culminating in his current role. Mr. Michel holds a Bachelor of Science degree in Mechanical Engineering from Virginia Polytechnic Institute and State University and an MBA degree from the University of Phoenix. Mr. Michel's education, board member experience, and business management experience qualify him to continue serving as a member of the Board of Directors.

Director Since 2015

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

Mr. Shuey, age 71, joined Amcast Industrial Corporation, a producer of aluminum components for the automotive industry and plumbing products for the construction industry, in 1991 as Executive Vice President. He was elected President and Chief Operating Officer in 1993, a director in 1994, Chief Executive Officer in 1995, and Chairman in 1997. Mr. Shuey served as Chairman of the Board, President and Chief Executive Officer through February 2001. Prior to joining Amcast, Mr. Shuey served as chief financial officer for two Fortune 500 companies. Mr. Shuey has been a private investor since February 2001. Mr. Shuey has a B.S. degree in Industrial Engineering and an MBA degree, both from the University of Michigan. Mr. Shuey's education,

board experience, and business and financial management experience, including service as chief financial officer for two Fortune 500 companies, as well as his service as a chief executive officer and in numerous leadership positions for many organizations, qualify him to continue serving as a member of the Board of Directors.

Director Since 1996

NOMINEES FOR DIRECTOR (CONT.)

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

Mr. Welding, age 68, served as the Non-Executive Chairman of Public Safety Equipment (Int'l) Limited, a manufacturer of highway safety and enforcement products, from January 2009 until his retirement in May 2010. Prior to that, he was President, Chief Executive Officer, and a director of Federal Signal Corporation, a manufacturer of capital equipment, from November 2003 until his retirement in 2007. Prior to holding those positions, Mr. Welding was Executive Vice President of BorgWarner, Inc., a U.S. automotive parts supplier, and Group President of BorgWarner's Driveline Group from November 2002 until November 2003, and was President of BorgWarner's Transmission Systems Division from 1996 to November 2002. Mr. Welding graduated from the University of Nebraska with a B.S. in Mechanical Engineering, holds an MBA from the University of Michigan, and is a graduate of Harvard Business School's Advanced Management Program. Mr. Welding's education, board member experience, and business management experience in strategy development, operations leadership, continuous improvement, product development, technology, and corporate leadership qualify him to continue serving as a member of the Board of Directors.

Director Since 2007

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

AGENDA ITEM 2

RATIFICATION OF THE SELECTION OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP served as the independent registered public accounting firm of the Company in 2016 and has been retained by the Audit Committee to do so in 2017. In connection with the audit of the 2017 financial statements, the Company has engaged Ernst & Young LLP to perform audit services for the Company. The Board of Directors has directed that management submit the selection of the independent registered public accounting firm for ratification by the stockholders at the Annual Meeting.

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

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

AGENDA ITEM 3

PROPOSAL TO APPROVE, ON A NON-BINDING ADVISORY BASIS, THE COMPANY'S NAMED EXECUTIVE OFFICER COMPENSATION

The Board of Directors is aware of the significant interest in executive compensation matters by investors and the general public. The Company is submitting this proposal, commonly known as a “say-on-pay” proposal, to stockholders. The Company is currently conducting say-on-pay votes every year and expects to hold the next say-on-pay vote in connection with its 2018 Annual Meeting of Stockholders, subject to the Board of Directors’ consideration of the outcome of the vote on Agenda Item 4 described in this proxy statement. As required under the Dodd-Frank Wall Street Reform and Consumer Protection Act and Section 14A of the Securities Exchange Act of 1934, or the Exchange Act, we are asking you to cast a non-binding advisory vote to approve the Company’s named executive officer compensation through the consideration of the following resolution:

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

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

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

drive the long-term financial and operational performance of the Company;

deliver value to our stockholders;

recognize and reward corporate, group and individual performance;

provide a pay package that reflects our judgment of the value of each officer’s position in the marketplace and the Company; and

attract and retain strong executive leadership.

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

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

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

The Board of Directors recommends that the stockholders vote FOR approval, on a non-binding advisory basis, of the compensation of the Company's named executive officers for fiscal year 2016.

AGENDA ITEM 4

TO RECOMMEND, ON A NON-BINDING ADVISORY BASIS, THE FREQUENCY OF ADVISORY VOTES ON THE COMPANY'S NAMED EXECUTIVE OFFICER COMPENSATION

Section 14A of the Exchange Act requires the Company to include in its proxy statement a non-binding advisory vote on the Company's named executive officer compensation not less frequently than once every three years. Section 14A also requires us to include in our proxy statement this year a separate non-binding advisory vote regarding whether the non-binding advisory vote on named executive officer compensation should be held every one, two or three years. The proposal gives stockholders the opportunity to cast a non-binding, advisory vote to determine the frequency of advisory votes on the Company's named executive officer compensation.

The Board of Directors has concluded that holding an annual advisory vote has been and will continue to be the most effective means for conducting and responding to a say-on-pay vote. Conducting an annual stockholder vote on named executive officer compensation provides stockholder input on named executive officer compensation practices and allows the Company to respond to stockholders concerns on