

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

FORM 10-K

(Mark one)

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

**For the fiscal year ended December 31, 2018
OR**

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

**For the transition period from to
Commission file number 001-36127**

COOPER-STANDARD HOLDINGS INC.

(Exact name of registrant as specified in its charter)

**Delaware
(State or other jurisdiction of
incorporation or organization)**

**20-1945088
(I.R.S. Employer
Identification No.)**

**39550 Orchard Hill Place Drive
Novi, Michigan 48375**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (248) 596-5900

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Exchange on Which Registered

Common Stock, par value \$0.001 per share

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 (or for such shorter period that the registrant was required to file such reports), 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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/> Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> Smaller reporting company	<input type="checkbox"/>
	Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The aggregate market value of voting and non-voting common stock held by non-affiliates as of June 30, 2018 was \$2,032,564,271.

The number of the registrant's shares of common stock, \$0.001 par value per share, outstanding as of February 8, 2019 was 17,436,119 shares.

Documents Incorporated by Reference

Certain portions, as expressly described in this report, of the Registrant's Proxy Statement for the 2019 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

TABLE OF CONTENTS

	<u>Page</u>
PART I	
Item 1. Business	<u>3</u>
Item 1A. Risk Factors	<u>12</u>
Item 1B. Unresolved Staff Comments	<u>19</u>
Item 2. Properties	<u>19</u>
Item 3. Legal Proceedings	<u>19</u>
Item 4. Mine Safety Disclosures	<u>19</u>
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	<u>20</u>
Item 6. Selected Financial Data	<u>22</u>
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	<u>23</u>
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	<u>39</u>
Item 8. Financial Statements and Supplementary Data	<u>41</u>
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	<u>91</u>
Item 9A. Controls and Procedures	<u>91</u>
Item 9B. Other Information	<u>91</u>
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	<u>92</u>
Item 11. Executive Compensation	<u>92</u>
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	<u>92</u>
Item 13. Certain Relationships and Related Transactions, and Director Independence	<u>92</u>
Item 14. Principal Accounting Fees and Services	<u>92</u>
PART IV	
Item 15. Exhibits and Financial Statement Schedules	<u>93</u>
Signatures	<u>100</u>

PART I

Item 1. Business

Cooper-Standard Holdings Inc. (together with its consolidated subsidiaries, the “Company,” “Cooper Standard,” “we,” “our” or “us”) is a leading manufacturer of sealing, fuel and brake delivery, fluid transfer and anti-vibration systems (“AVS”). During the fourth quarter of 2018, we entered into a definitive agreement to sell the anti-vibration systems product line. The sale is expected to close in the first half of 2019 and is subject to customary closing conditions. Our products are primarily for use in passenger vehicles and light trucks that are manufactured by global automotive original equipment manufacturers (“OEMs”) and replacement markets. We conduct substantially all of our activities through our subsidiaries.

Cooper Standard is listed on the New York Stock Exchange (“NYSE”) under the ticker symbol “CPS.” The Company has approximately 32,000 employees, including over 4,500 contingent workers, with 159 facilities in 21 countries. We believe we are the largest global producer of sealing systems, the second largest global producer of the types of fuel and brake delivery products that we manufacture and the third largest global producer of fluid transfer systems. We design and manufacture our products in each major region of the world through a disciplined and sustained approach to engineering and operational excellence. We operate in 104 manufacturing locations and 55 design, engineering, administrative and logistics locations.

The Company has four operating segments: North America, Europe, Asia Pacific and South America. This operating structure allows us to offer our full portfolio of products and support our global and regional customers with complete engineering and manufacturing expertise in all major regions of the world. We have ongoing restructuring, expansion and cost reduction initiatives to improve competitiveness, primarily related to footprint optimization in Europe and expansion in Asia.

Approximately 85% of our sales in 2018 were to OEMs, including Ford Motor Company (“Ford”), General Motors Company (“GM”), Fiat Chrysler Automobiles (“FCA”), PSA Peugeot Citroën, Volkswagen Group, Daimler, Renault-Nissan, BMW, Toyota, Volvo, Jaguar/Land Rover, Honda and various other OEMs based in China and India. The remaining 15% of our 2018 sales were primarily to Tier I and Tier II automotive suppliers, non-automotive customers, and replacement market distributors. The Company’s products can be found on over 480 nameplates globally.

Corporate History and Business Developments

Cooper-Standard Holdings Inc. was established in 2004 as a Delaware corporation and began operating on December 23, 2004 when it acquired the automotive segment of Cooper Tire & Rubber Company (the “2004 Acquisition”). Cooper-Standard Holdings Inc. operates the business primarily through its principal operating subsidiary, Cooper-Standard Automotive Inc. (“CSA U.S.”). Since the 2004 Acquisition, the Company has expanded and diversified its customer base through a combination of organic growth and strategic acquisitions.

From 2006 to 2013, the Company accelerated its growth through a number of strategic acquisitions including the Fluid Handling Systems Operations in North America, Europe and China (collectively, “FHS”) from ITT Industries, Inc.; Metzeler Automotive Profile Systems; a hose manufacturing operation in Mexico from the Gates Corporation; USi, Inc.; the sealing business of Sigit S.p.A.; a joint venture with Fonds de Modernisation des Equipementiers Automobiles (“FMEA”); and Jyco Sealing Technology.

In 2014 and 2015, the Company divested its thermal and emissions product line and hard coat plastic exterior trim business, respectively, to focus on the product lines where Cooper Standard holds leading market positions.

We continued strategic acquisitions and partnerships in 2014 and 2015 with the acquisition of Cikautxo Borja, S.L.U. in Spain, a manufacturer of heating and cooling hoses; the purchase of an additional 47.5% of Huayu-Cooper Standard Sealing Systems Co. (“Shenya”), increasing our equity ownership to 95% and positioning the Company as a leader in sealing systems in the Chinese automotive market; the formation of a joint venture with Polyrub Extrusions (India) Private Limited to grow the Company’s fluid transfer systems business in Asia; and a joint venture with INOAC Corporation of Japan accelerating our fluid transfer systems strategy in Asia, which we later purchased the remaining 49% equity interest in 2018 and now own 100% of the equity interests of Cooper-Standard INOAC Pte. Ltd. In 2016, we acquired the North American fuel and brake business of AMI Industries to expand the Company’s fuel and brake business. We also gained a controlling interest of our China-based joint venture, Shenya Sealing (Guangzhou) Company Limited. In 2017, the Company agreed to purchase the China fuel and brake business of AMI Industries, which was finalized in the first quarter of 2018.

In the third quarter of 2018, we acquired the assets and liabilities of Lauren Manufacturing and Lauren Plastics, extruders and molders of organic, silicone, thermoplastic and engineered polymer products with expertise in sealing solutions, to further expand our Industrial and Specialty Group and non-automotive and adjacent markets. In the fourth quarter of 2018, we acquired

80.1% of LS Mtron Ltd.'s automotive parts business. Through the acquisition of the injection molding system and automotive parts supplier, we further expanded our core product offerings and strategic footprint in the Asia Pacific segment. Also in the fourth quarter of 2018, we acquired Hutchings Automotive Products, LLC, a North American supplier of high quality fluid carrying products for automotive powertrain and coolant systems applications.

In the fourth quarter of 2018, we entered into a definitive agreement to divest the AVS product line within our North America, Europe and Asia Pacific segments. The planned divestiture is expected to close in the first half of 2019, subject to customary closing conditions, including regulatory and third-party approvals.

Business Strategy

In 2013, we set a clear vision for achieving profitable growth with a long-term mission to become a Top 30 automotive supplier in terms of sales and Top 5 in return on invested capital ("ROIC").

In 2016, our global leadership team refined this vision - Driving Value Through Culture, Innovation and Results - to more closely represent the evolution of the Company's innovation culture providing the basis for delivering even greater value. The global leadership team also reshaped the Company's strategic pillars to align with the progress of the Company. These pillars are:

Voice of the Customer:	We design and develop our products to meet the current and future needs of our customers. We listen intently and adjust to customer feedback to ensure we are consistently providing customer-focused products while meeting their evolving needs.
Superior Products:	With a focus on our core products, we provide customers with market-leading solutions with predictable quality that meet or exceed their expectations.
World-Class Operations:	We are committed to sustained excellence through the Cooper Standard Operating System ("CSOS"), our customized set of global best business practices that drives our global success. We will continue to optimize performance on a global scale to achieve our Top 30 / Top 5 mission.
Engaged Employees:	Our employees are the foundation of the Company and the key factor of our success. Committed to excellence and driven to succeed, our employees are focused on the Company's overall vision and strategy.

Cooper Standard's global alignment around these strategic pillars continues to drive further value in many areas of the business, including:

Operational and Strategic Initiatives

As part of Cooper Standard's world-class operations, the Company implemented CSOS to fully position the Company for growth and ensure global consistency in engineering design, program management, manufacturing process, purchasing and IT systems. Standardization across all regions is especially critical in support of customers' global platforms that require the same design, quality and delivery standards everywhere across the world.

CSOS consists of the following areas, with a strategic focus that aligns with the Company's growth strategy:

CSOS Function	Strategic Focus
World-Class Safety	Implement globally consistent measurement system with zero incidents goal.
World-Class Operations	Optimize global performance by implementing best business practices across the organization.
Continuous Improvement	Implement lean manufacturing tools across all facilities to achieve cost savings and increased performance.
Supply Chain	Develop strategic supply base to effectively leverage scale and optimize supplier quality.
Innovation	Focused innovation processes to create breakthrough technologies for market differentiation.
Global Program Management	Ensure consistent and flawless product launch process across all regions.
Product Engineering	Ensure global best practice tools are utilized to design optimized products and processes.
Information Technology	Implement common systems to effectively communicate information throughout the business.
Quality	Ensure product and service best-in-class quality through global best practice design and process standards.

As part of its world-class operations, Cooper Standard operates Global Councils focused on engineering, innovation, customer and manufacturing initiatives. These councils have allowed Cooper Standard to better leverage the scale of the Company, identify best practices and transfer them around the world, and develop the foundation for a global organization structure aimed at further optimizing the Company's scale and create global collaboration opportunities.

Leverage Technology and Materials Science for Innovative Solutions

We utilize our technical and materials science expertise to provide customers with innovative solutions. Our engineers combine product design with a broad understanding of materials science for enhanced vehicle performance. We believe our reputation for successful innovation in product design and materials is the reason our customers consult us early in their vehicle development and design process of their next generation vehicles.

Cooper Standard has evolved and further energized its approach to innovation with its *i*³ Innovation Process (Imagine, Initiate, Innovate). This approach is used as a mechanism to capture ideas from across our Company and supply partners while promoting a culture of innovation. Ideas are carefully evaluated by a global technology council, and those that are selected are put on an accelerated development cycle with a dedicated innovation team focused on breakthrough ideas. This team is developing innovative technologies based on materials expertise, process know-how, and application vision, which may drive future product direction. These breakthrough innovations have resulted in over \$750 million in sales awards in the last three years. With a continuous stream of new ideas flowing through our pipeline, we believe that we have the ability to bring breakthrough innovations to market which we believe will provide a clear and sustainable advantage and drive value for our stakeholders.

Among recently introduced technologies is Cooper Standard's artificial intelligence-enhanced development cycle for polymer compounds that has shortened material development times while realizing rapid discovery of new compounds that offer superior performance properties, which yield superior products. In addition, Fortrex™, the Company's revolutionary material platform, offers reduced weight while delivering superior material performance and aesthetics. Several other significant technologies, especially related to advanced materials, processing and weight reduction, have recently been realized. These include: MagAlloy™, a new processing technology for brake lines that increases long term durability through superior corrosion resistance; and ArmorHose™, a breakthrough technology which results in significantly more durable coolant hoses and eliminates the need for separate abrasion sleeves on under-hood hose assemblies.

Our innovations are receiving industry recognition. Cooper Standard's artificial intelligence-enhanced development cycle for polymer compound development was named a finalist for the 2019 *Automotive News* PACE Awards, with final judging expected to conclude in April of 2019. In addition, Fortrex™ was named a 2018 PACE Award winner and a 2018 Society of Plastics Engineers Innovation Award finalist.

Pursue Acquisitions and Alliances to Enhance Capabilities and Accelerate Growth

Our strong financial position allows us to continue to selectively pursue complementary acquisitions and joint ventures to enhance our customer base, geographic penetration, scale and technology. Consolidation is an industry trend which has been encouraged by the OEMs' desire for global automotive suppliers. We believe we have a strong platform for growth through acquisitions based on our past integration successes, experienced management team, global presence and operational excellence. Further, our operations currently include several successful joint ventures.

Industry

The automotive industry is one of the world's largest and most competitive. Consumer demand for new vehicles largely determines sales and production volumes of global OEMs. The business and commercial environment in each region also plays a role in vehicle demand as it relates to fleet vehicle sales and industrial use vehicles such as light and heavy trucks.

OEMs compete for market share in a variety of ways including pricing and incentives, the development of new, more attractive models, branding and advertising, and the ability to customize vehicle features and options to meet specific customer needs or demands. They rely heavily on thousands of specialized suppliers to provide the many distinct components and systems that comprise the modern vehicle. They also rely on these automotive suppliers to develop technological innovations that will help them meet consumer demands as well as regulatory requirements.

The automotive supplier industry is a highly competitive industry generally characterized by high barriers to entry, significant start-up costs and long-standing customer relationships. The criteria by which OEMs judge automotive suppliers include quality, price, service, performance, design and engineering capabilities, innovation, timely delivery, financial stability and global footprint. Over the last decade, suppliers that have been able to achieve manufacturing scale globally, reduce structural costs, diversify their customer base and provide innovative, value-added technologies have been the most successful.

The technology of today's vehicles is evolving rapidly. The evolution is being driven by many factors including consumer preferences and social behaviors, a competitive drive for differentiation, regulatory requirements and safety. Cooper Standard supports these trends by providing innovations that reduce weight, increase life-cycle and durability, reduce interior noise, enhance exterior appearance and simplify the manufacturing and assembly process. These are innovations that can be applicable and valuable to virtually any vehicle or vehicle manufacturer and, in many cases, can also be transferred to non-automotive applications in adjacent markets.

Markets Served

Our automotive business is focused on the passenger car and light truck market, up to and including Class 3 full-size, full-frame trucks, better known as the global light vehicle market. This is our largest market and accounts for approximately 94% of our global sales.

Adjacent and Non-Automotive Markets

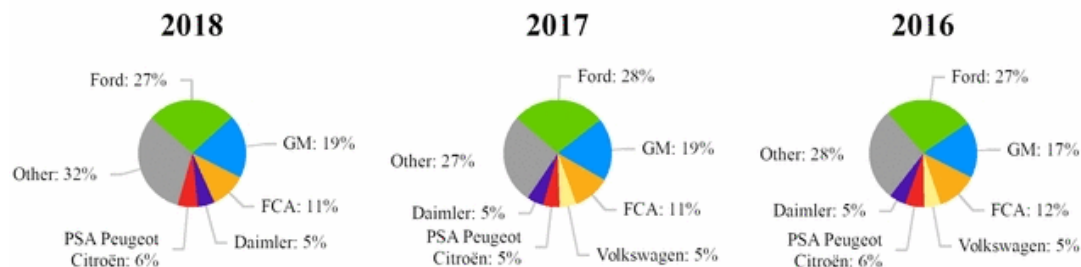
In addition to the global light vehicle market, we also have teams dedicated to leveraging core product technology into near adjacent markets to profitably grow Cooper Standard through our Advanced Technology Group ("ATG") which includes our Industrial and Specialty Group ("ISG") and Applied Materials Science ("AMS") Group.

ISG focuses on industry segments such as commercial trucks, agricultural equipment and construction. With an addressable market of over \$3.2 billion, this represents an opportunity to further diversify our revenue and profit base. Some of our traditional products as well as our innovative technologies, are well-suited to these markets. We believe these market segments represent near-term opportunities for high margin growth.

Further, our AMS team has implemented a strategy to leverage some of our materials science in non-automotive markets through licensing agreements or the sale of material compounds. The initial focus of this business model is our Fortrex™ material technology. Fortrex™ is highly adaptable, and we believe it has the potential to add significant value in many product categories and industries beyond the automotive industry. To date, the Company has licensing agreements of its proprietary Fortrex™ material platform with INOAC and PolyOne Corp.

Customers

We are a leading supplier to the following OEMs and are increasing our presence with major OEMs throughout the world. The following charts show the percentage of sales to our top customers for the years ended December 31, 2018, 2017 and 2016:

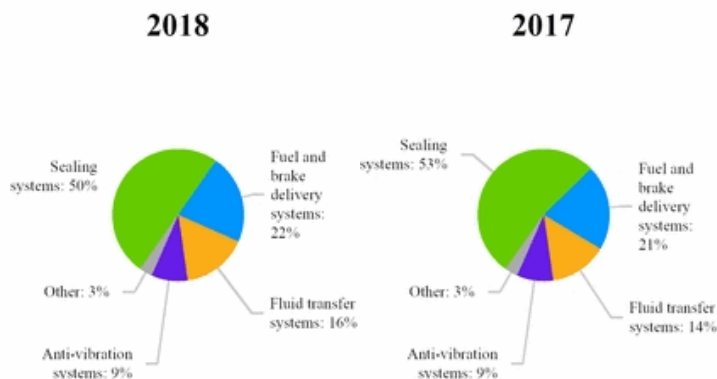


Our other customers include OEMs such as Renault-Nissan, BMW, Toyota, Volvo, Jaguar/Land Rover, Honda and various other OEMs based in China and India. Our business with any given customer is typically split among several contracts for different parts on a number of platforms.

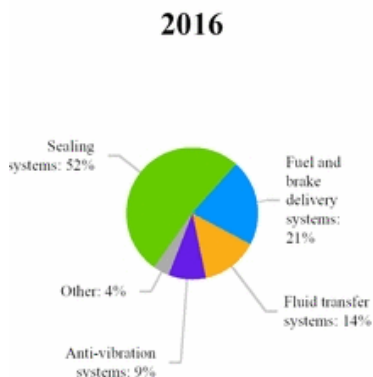
Products

We currently have four distinct product lines. These products are produced and supplied globally to a broad range of customers in multiple markets. In 2018, we approved a plan and entered into a definitive agreement to sell the AVS product line within our North America, Europe and Asia Pacific segments. See Note 5. "Assets Held for Sale" to the consolidated financial statements included under Item 8. "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K (the "Report").

In addition to these product lines, we also have sales to other adjacent markets. The percentage of sales by product line and other markets for the years



ended December 31, 2018, 2017 and 2016 are as follows:



Product Lines		Market Position*
SEALING SYSTEMS	<p>Protect vehicle interiors from weather, dust and noise intrusion for improved driving experience; provide aesthetic and functional class-A exterior surface treatment</p> <p>Products:</p> <ul style="list-style-type: none"> – Fortrex™ – Dynamic seals – Static seals – Encapsulated glass – Stainless steel trim Obstacle detection sensor system – Flush glass systems – Variable extrusion – Specialty sealing products – Obstacle detection sensor system – Tex-A-Fib (Textured Surface with Cloth Appearance) 	Global leader
FUEL & BRAKE DELIVERY SYSTEMS	<p>Sense, deliver and control fluids to fuel and brake systems</p> <p>Products:</p> <ul style="list-style-type: none"> – Chassis and tank fuel lines and bundles (fuel lines, vapor lines and bundles) – Metallic brake lines and bundles – Quick connects – Brake jounce lines – Direct injection & port fuel rails (fuel rails and fuel charging assemblies) – MagAlloy™ tube coatings – Gen III Posi-Lock quick connects 	Top 2 globally
FLUID TRANSFER SYSTEMS	<p>Sense, deliver and control fluid and vapors for optimal powertrain & HVAC operation</p> <p>Products:</p> <ul style="list-style-type: none"> – Heater/coolant hoses – Quick connects – DPF and SCR emission lines – Degas tanks – Air intake and charge – Transmission Oil Cooling Hoses – Turbo charger hoses – Charged air cooler ducts/assemblies – Secondary air hoses – Brake and clutch hoses – ArmorHose™ family of products – Easy-Lock quick connect 	Top 3 globally
ANTI-VIBRATION SYSTEMS**	<p>Control and isolate vibration and noise in the vehicle to improve ride and handling</p> <p>Products:</p> <ul style="list-style-type: none"> – Powertrain Mount Systems: Multi-state Vacuum Switchable Hydraulic Engine Mounts, Bi-state Electric Switchable Hydraulic Engine Mounts, Conventional Hydraulic Mounts, Elastomeric Mount – Chassis Suspension Components: Conventional & Hydraulic Body Mounts & Bushings, Strut Mounts, Spring Seats & Bumpers, Mass Dampers, Dual Durometer (Bi-compound) Bushings 	North America Leader

* Market position data Boston Consulting Group (2018) and company estimates

** Sale pending - Divestiture of product line expected to close in the first half of 2019, subject to customary closing conditions, including regulatory and third-party approvals.

Competition

We believe that the principal competitive factors in our industry are quality, price, service, performance, design and engineering capabilities, innovation, timely delivery, financial stability and global footprint. We believe that our capabilities in these core competencies are integral to our position as a market leader in each of our product lines. Our sealing systems products compete with Toyoda Gosei, Hutchinson, Henniges and Standard Profil, among others. Our fuel and brake delivery products compete with TI Automotive, Sanoh, Martinrea and Maruyasu. Our fluid transfer products compete with Conti-Tech, Hutchinson, Teklas, Tristone and MGI Coutier (including Avon Automotive).

Joint Ventures and Strategic Alliances

Joint ventures represent an important part of our business, both operationally and strategically. We have utilized joint ventures to enter into and expand in geographic markets such as China, India and Thailand, to acquire new customers and to develop new technologies. When entering new geographic markets, teaming with a local partner can reduce capital investment by leveraging pre-existing infrastructure. In addition, local partners in these markets can provide knowledge and insight into local practices and access to local suppliers of raw materials and components.

The following table shows our significant unconsolidated joint ventures:

Country	Name	Ownership Percentage
India	Sujan Cooper Standard AVS Private Limited	50%
United States	Nishikawa Cooper LLC	40%
India	Polyrub Cooper Standard FTS Private Limited	35%
Thailand	Nishikawa Tachaplalert Cooper Ltd.	20%

Research and Development

We have a dedicated team of technical and engineering resources in each region, some of which are located at our customers' facilities. We utilize Design for Six Sigma and other methodologies that emphasize manufacturability and quality. Our development teams work closely with our customers to design and deliver innovative solutions. Amounts spent on engineering, research and development were as follows:

Year	Amount	Percentage of Sales
(Dollar amounts in thousands)		
2016	\$ 117,791	3.4%
2017	\$ 127,974	3.5%
2018	\$ 122,529	3.4%

Intellectual Property

We believe that one of our key competitive advantages is our ability to translate customer needs and our game-changing ideas into innovation through the development of intellectual property. We hold a significant number of patents and trademarks worldwide.

Our patents are grouped into two major categories: (1) specific product invention claims and (2) specific manufacturing processes that are used for producing products. The vast majority of our patents fall within the product invention category. We consider these patents to be of value and seek to protect our rights throughout the world against infringement. While in the aggregate these patents are important to our business, we do not believe that the loss or expiration of any one patent would materially affect our Company. We continue to seek patent protection for our new products and have an incentive program to recognize employees whose inventions are patented. Additionally, we develop significant technologies that we treat as trade secrets and choose not to disclose to the public through the patent process. These technologies nonetheless provide significant competitive advantages and contribute to our global leadership position in various markets. We believe that our trademarks, including ArmorHose™, MagAlloy™ and Fortrex™, help differentiate us and lead customers to seek our partnership.

We also have technology sharing and licensing agreements with various third parties, including Nishikawa Rubber Company, one of our joint venture partners in sealing products. We have mutual agreements with Nishikawa Rubber Company for sales, marketing and engineering services on certain sealing products. Under those agreements, each party pays for services provided by the other and royalties on certain products for which the other party provides design or development services.

As of December 2018, the Company has signed licensing agreements to supply Fortrex™ material technology to two entities in non-automotive industries. We expect to develop significant additional opportunities for licensing of Fortrex™ and other materials-related innovations beyond our core automotive product lines.

Supplies and Raw Materials

Cooper Standard is committed to building strong relationships with our supply partners. We recognize the importance of engaging with suppliers to create value for our customers.

The principal raw materials for our business include synthetic and natural rubber, components manufactured from carbon steel, plastic resins and components, carbon black, process oils, and components manufactured from aluminum. We manage the procurement of our raw materials to assure supply and to obtain the most favorable total cost. Procurement arrangements include short-term and long-term supply agreements that may contain formula-based pricing, based on commodity indices. These arrangements provide quantities needed to satisfy normal manufacturing demands. We believe we have adequate sources for the supply of raw materials and components for our products with suppliers located around the world. We often use offshore suppliers for machined components, die castings and other labor-intensive, economically freighted products in our North American and European facilities.

Raw material prices are susceptible to fluctuations which may place operational and profitability burdens on the entire supply chain. As such, we have implemented strategies with both our suppliers and our customers to help manage these fluctuations. These actions include material substitutions and leveraging global purchases. Our global supply chain optimization efforts include using benchmarks and selective sourcing from strategic suppliers. We have also made process improvements to ensure the efficient use of materials through scrap reduction, as well as standardization of material specifications to maximize leverage over higher volume purchases. With some customers, on certain raw materials, we have implemented indices that allow price changes as underlying material costs fluctuate. The current domestic and international political environment, including existing and potential changes to U.S. and China policies related to global trade and tariffs, have resulted in uncertainty surrounding the future state of the global economy. While we continue to monitor the potential impacts of previously-announced tariffs, we anticipate these and other tariffs will negatively impact material costs.

Seasonality

Our principal operations are directly related to the automotive industry. Sales to OEMs are lowest during the months prior to model changeovers or during assembly plant shutdowns. Automotive production is traditionally reduced during July, August and year-end holidays, and our quarterly results may reflect these trends. However, economic conditions and consumer demand may change the traditional seasonality of the industry.

Backlog

Our OEM sales are generally based upon purchase orders issued by the OEMs, with updated releases for volume adjustments. As such, we typically do not have a backlog of orders at any point in time. Once selected to supply products for a particular platform, we typically supply those products for the platform life, which is normally three to five years, although there is no guarantee that this will occur. In addition, when we are the incumbent supplier to a given platform, we believe we have a competitive advantage in winning the redesign or replacement platform, although there is no guarantee that this will occur.

Employees

As of December 31, 2018, we had approximately 32,000 employees, including over 4,500 contingent workers. We maintain good relations with both our union and non-union employees and, in the past ten years, have not experienced any major work stoppages. We renegotiated some of our domestic and non-domestic union agreements in 2018, and have several contracts set to expire in the next twelve months.

Community Involvement

Supported by the Cooper Standard Foundation, our employees are highly engaged in their local communities. The Foundation's mission is to strengthen the communities where Cooper Standard employees work and live through the passionate support of children's charities, education, health and wellness, and community revitalization. The Cooper Standard Foundation is a 501(c)(3) organization with oversight by our Philanthropic Committee and Board of Trustees. For more information on the Company's community involvement, please visit our Corporate Responsibility Report located on the Cooper Standard website.

Environmental

Cooper Standard considers itself a steward of the environment, and we monitor the environmental impact of our business and products. We prioritize our environmental management as a means of driving and sustaining excellence. We are subject to a broad range of federal, state, and local environmental and occupational safety and health laws and regulations in the United States and other countries, including regulations governing: emissions to air, discharges to water, noise and odor emissions; the generation, handling, storage, transportation, treatment, reclamation and disposal of chemicals and waste materials; the cleanup of contaminated properties; and human health and safety. We have made, and will continue to make, expenditures to comply

with environmental requirements. While our costs to defend and settle known claims arising under environmental laws have not been material in the past and are not currently estimated to be material, such costs may be material in the future. Further details regarding our commitments and contingencies are provided in Note 23. "Contingent Liabilities" to the consolidated financial statements.

Market Data

Some market data and other statistical information used throughout this Annual Report on Form 10-K is based on data from independent firms such as IHS Automotive and Boston Consulting Group. Other data is based on good faith estimates, which are derived from our review of internal analyses, as well as third party sources. Although we believe these third party sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness. To the extent that we have been unable to obtain information from third party sources, we have expressed our belief on the basis of our own internal analyses of our products and capabilities in comparison to our competitors.

Available Information

We make available free of charge on our website (www.cooperstandard.com) our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission ("SEC"). Our reports filed with the SEC also may be found on the SEC's website at www.sec.gov. Neither the information on our website nor the information on the SEC's website is incorporated by reference into this Report unless expressly noted.

Forward-Looking Statements

This Annual Report on Form 10-K includes "forward-looking statements" within the meaning of U.S. federal securities laws, and we intend that such forward-looking statements be subject to the safe harbor created thereby. Our use of words "estimate," "expect," "anticipate," "project," "plan," "intend," "believe," "outlook," "guidance," "forecast," or future or conditional verbs, such as "will," "should," "could," "would," or "may," and variations of such words or similar expressions are intended to identify forward-looking statements. All forward-looking statements are based upon our current expectations and various assumptions. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, we cannot assure you that these expectations, beliefs and projections will be achieved. Forward-looking statements are not guarantees of future performance and are subject to significant risks and uncertainties that may cause actual results or achievements to be materially different from the future results or achievements expressed or implied by the forward-looking statements. Among other items, such factors may include: prolonged or material contractions in automotive sales and production volumes; our inability to realize sales represented by awarded business; escalating pricing pressures; loss of large customers or significant platforms; our ability to successfully compete in the automotive parts industry; availability and increasing volatility in costs of manufactured components and raw materials; disruption in our supply base; competitive threats and commercial risks associated with us entering new markets; possible variability of our working capital requirements; risks associated with our international operations, including changes in laws, regulations, and policies governing the terms of foreign trade such as increased trade restrictions and tariffs; foreign currency exchange rate fluctuations; our ability to control the operations of our joint ventures for our sole benefit; our substantial amount of indebtedness; our ability to obtain adequate financing sources in the future; operating and financial restrictions imposed on us under our debt instruments; the underfunding of our pension plans; significant changes in discount rates and the actual return on pension assets; effectiveness of continuous improvement programs and other cost savings plans; manufacturing facility closings or consolidation; our ability to execute new program launches; our ability to meet customers' needs for new and improved products; the possibility that our acquisitions and divestitures may not be successful; product liability, warranty and recall claims brought against us; laws and regulations, including environmental, health and safety laws and regulations; legal proceedings, claims or investigations against us; work stoppages or other labor disruptions; the ability of our intellectual property to withstand legal challenges; cyber-attacks, other disruptions in, or the inability to implement upgrades to, our information technology systems; the possible volatility of our annual effective tax rate; changes in our assumptions as a result of IRS issuing guidance on the Tax Cuts and Jobs Act; the possibility of future impairment charges to our goodwill and long-lived assets; and our dependence on our subsidiaries for cash to satisfy our obligations.

You should not place undue reliance on these forward-looking statements. Our forward-looking statements speak only as of the date of this Annual Report on Form 10-K and we undertake no obligation to publicly update or otherwise revise any forward-looking statement, whether as a result of new information, future events or otherwise, except where we are expressly required to do so by law.

This Annual Report on Form 10-K also contains estimates and other information that is based on industry publications, surveys and forecasts. This information involves a number of assumptions and limitations, and we have not independently verified the accuracy or completeness of the information.

Item 1A. Risk Factors

We have listed below (not necessarily in order of importance or probability of occurrence) the most significant risk factors that could cause our actual results to vary materially from recent or anticipated results and could materially and adversely affect our business, results of operations, financial condition and cash flows.

We are highly dependent on the automotive industry. A prolonged or material contraction in automotive sales and production volumes could adversely affect our business, results of operations and financial condition.

Automotive sales and production are cyclical and depend on, among other things, general economic conditions and consumer spending, vehicle demand and preferences (which can be affected by a number of factors, including fuel costs, employment levels and the availability of consumer financing). As the volume of automotive production and the mix of vehicles produced fluctuate, the demand for our products also fluctuates. Prolonged or material contraction in automotive sales and production volumes, or significant changes in the mix of vehicles produced, could cause our customers to reduce orders of our products, which could adversely affect our business, results of operations and financial condition.

We may not realize sales represented by awarded business, which could adversely affect our business, financial condition, results of operations and cash flows.

The realization of future sales from awarded business is subject to risks and uncertainties inherent in the cyclicity of vehicle production. In addition, our customers generally have the right to resource awarded business without penalty. Therefore, the ultimate amount of our sales is not guaranteed. If actual production orders from our customers are not consistent with the projections we use in calculating the amount of awarded business, we could realize substantially less sales and profit over the life of these awards than currently projected.

Escalating pricing pressures may adversely affect our business.

Pricing pressure in the automotive supply industry has been substantial and is likely to continue. Nearly all vehicle manufacturers seek price reductions in both the initial bidding process and during the term of the contract. Price reductions have adversely impacted our sales and profit margins and are expected to do so in the future. If we are not able to offset continued price reductions through improved operating efficiencies and reduced expenditures, those price reductions may have a negative impact on our financial condition.

Our business could be adversely affected if we lose any of our largest customers or significant platforms.

While we provide parts to virtually every major global OEM for use on a wide range of different platforms, sales to our three largest customers, Ford, GM and FCA, on a worldwide basis represented approximately 57% of our sales for the year ended December 31, 2018. Our ability to reduce the risks inherent in certain concentrations of business will depend, in part, on our ability to continue to diversify our sales on a customer, product, platform and geographic basis. Although business with each customer is typically split among numerous contracts, the loss of a major customer, significant reduction in purchases of our products by such customer, or any discontinuance or resourcing of a significant platform could adversely affect our business, results of operations and financial condition.

We operate in a highly competitive industry and efforts by our competitors to gain market share could adversely affect our financial performance.

The automotive parts industry is highly competitive. We face numerous competitors in each of our product lines. In general, there are three or more significant competitors and numerous smaller competitors for most of the products we offer. We also face competition for certain of our products from suppliers producing in lower-cost regions such as Asia and Eastern Europe. Our competitors' efforts to grow market share could exert downward pressure on the pricing of our products and our margins.

Increases in the costs, or reduced availability, of raw materials and manufactured components may adversely affect our profitability.

Raw material costs can be volatile. The principal raw materials we purchase include synthetic rubber, components manufactured from carbon steel, plastic resins and components, carbon black, process oils, components manufactured from aluminum and natural rubber. Raw materials are the largest component of our costs, representing approximately 51% of our total cost of products sold in 2018. The costs and availability of raw materials and manufactured components can fluctuate due to factors beyond our control, including as a result of existing and potential changes to U.S. policies related to global trade and tariffs. A significant increase in the price of raw materials, or a restriction in their availability, could materially increase our operating costs and adversely affect our profitability because it is generally difficult to pass through these increased costs to our customers.

Disruptions in the supply chain could have an adverse effect on our business, financial condition, results of operations and cash flows.

We obtain components and other products and services from numerous suppliers and other vendors throughout the world. We are responsible for managing our supply chain, including suppliers that may be the sole sources of products that we require, that our customers direct us to use or that have unique capabilities that would make it difficult and/or expensive to re-source. In certain instances, entire industries may experience short-term capacity constraints. Any significant disruption in supply could adversely affect our financial performance. Furthermore, unfavorable economic or industry conditions could result in financial distress within our supply base, thereby increasing the risk of supply disruption. Although market conditions generally have improved in recent years, uncertainty remains, and an economic downturn or other unfavorable industry conditions in one or more of the regions in which we operate could cause a supply disruption and thereby adversely affect our financial condition, operating results and cash flows.

If a customer experiences a material supply shortage, either directly or as a result of a supply shortage at another supplier, that customer may halt or limit the purchase of our products, which could adversely affect our business, results of operations and financial condition.

Entering new markets poses new competitive threats and commercial risks.

We have commenced an implementation of our strategy to leverage our core products in adjacent markets and license our innovation technology in non-automotive markets. We may be unsuccessful in leveraging our existing products and technology into new markets and thus in meeting the needs of these new customers and competing favorably in these new markets.

Our working capital requirements may negatively affect our liquidity and capital resources.

Our working capital requirements can vary significantly, depending in part on the level, variability and timing of our customers' worldwide vehicle production and the payment terms with our customers and suppliers. If our working capital needs exceed our cash provided by operating activities, we would look to our cash balances and availability under our borrowing arrangements to satisfy those needs, as well as potential sources of additional capital, which may not be available on satisfactory terms and in adequate amounts, if at all.

We are subject to other risks associated with our international operations.

We have significant manufacturing operations outside the United States, including joint ventures and other alliances. Our operations are located in 21 countries, and we export to several other countries. In 2018, approximately 76% of our sales were attributable to products manufactured outside the United States. Risks inherent in our international operations include:

- currency exchange rate fluctuations, currency controls and restrictions, and the ability to hedge currencies;
- changes in local economic conditions;
- repatriation restrictions or requirements, including tax increases on remittances and other payments by our foreign subsidiaries;
- global sovereign fiscal uncertainty and hyperinflation in certain foreign countries;
- changes in laws and regulations, including laws or policies governing the terms of foreign trade, and in particular increased trade restrictions, tariffs, or taxes or the imposition of embargoes on imports from countries where we manufacture products;
- political, economic and regulatory uncertainty as a result of the United Kingdom's pending withdrawal from the European Union ("Brexit"), including with respect to potential import/export restrictions that would affect products we ship to U.K. customers primarily from continental Europe;
- exposure to possible expropriation or other government actions; and
- exposure to local political or social unrest including resultant acts of war, terrorism, or similar events.

Expanding our sales and manufacturing operations in the Asia Pacific region, particularly in China, is an integral part of our strategy, and, as a result, our exposure to the risks described above is substantial. The occurrence of any of these risks may adversely affect the results of operations and financial condition of our international operations and our business as a whole.

Foreign currency exchange rate fluctuations could materially impact our operating results.

Our sales and manufacturing operations outside the United States expose us to currency risks. For our consolidated financial statements, our sales and earnings denominated in foreign currencies are translated into U.S. dollars. This translation is calculated based on average exchange rates during the reporting period. Accordingly, our reported international sales and earnings could be adversely impacted in periods of a strengthening U.S. dollar.

Although we generally produce in the same geographic region as our products are sold, we also produce in countries that predominately sell in another currency. Further, some of our commodities are purchased in or tied to the U.S. dollar; therefore our earnings could be adversely impacted during the periods of a strengthening U.S. dollar relative to other foreign currencies. While we employ financial instruments to hedge certain portions of our foreign currency exposures, our efforts to manage these risks may not be successful and may not completely insulate us from the effects of currency fluctuation.

A portion of our operations are conducted by joint ventures which have unique risks.

Certain of our operations are carried out by joint ventures. In joint ventures, we share the management of the company with one or more partners who may not have the same goals, resources or priorities as we do. The operations of our joint ventures are subject to agreements with our partners, which typically include additional organizational formalities as well as requirements to share information and decision making and may also limit our ability to sell our interest. Additional risks include one or more partners failing to satisfy contractual obligations, a change in ownership of any of our partners and our limited ability to control our partners' compliance with applicable laws, including the Foreign Corrupt Practices Act. Any such occurrences could adversely affect our financial condition, operating results, cash flow or reputation.

We have a substantial amount of indebtedness, which could have a material adverse effect on our financial condition and our ability to obtain financing in the future and to react to changes in our business.

For discussion of our debt and financing arrangements, including our senior term loan facility ("Term Loan Facility"), 5.625% Senior Notes due 2026 ("Senior Notes"), our senior asset-based revolving credit facility ("ABL Facility") and debt of certain foreign subsidiaries, see "Liquidity and Capital Resources - Financing Arrangements" in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 10. "Debt" to the consolidated financial statements included under Item 8. "Financial Statements and Supplementary Data" of this Report.

Our substantial amount of debt and our debt service obligations could limit our ability to satisfy our obligations, limit our ability to operate our business and impair our competitive position. For example, it could:

- increase our vulnerability to adverse economic and general industry conditions, including interest rate fluctuations, because a portion of our borrowings are at variable rates of interest;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, which would reduce the availability of cash to fund working capital, capital expenditures or other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and industry;
- place us at a disadvantage compared to competitors that may have proportionately less debt;
- limit our ability to obtain additional debt or equity financing due to applicable financial and restrictive covenants in our debt agreements; and
- increase our cost of borrowing.

Our ability to make scheduled payments on our debt or to refinance these obligations depends on our financial condition, operating performance and our ability to generate cash in the future. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, sell material assets, seek additional capital or restructure or refinance our indebtedness, any of which could have a material adverse effect on our business, results of operations and financial condition. In addition, we may not be able to effect any of these actions, if necessary, on commercially reasonable terms or at all. Our ability to restructure or refinance our indebtedness will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments, including the credit agreements governing the Term Loan Facility and the ABL Facility and the indenture governing the Senior Notes, may limit or prevent us from taking any of these actions. In addition, any failure to make scheduled payments of interest and principal on our outstanding indebtedness would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Our inability to generate sufficient cash flow to satisfy our debt service obligations, or to refinance or restructure our obligations on

commercially reasonable terms or at all, would have an adverse effect, which could be material, on our business, financial condition and results of operations, as well as on our ability to satisfy our obligations in respect of the Term Loan Facility, the Senior Notes or the ABL Facility.

Although the credit agreements governing the Term Loan Facility and the ABL Facility contain certain limitations on our ability to incur additional indebtedness, they do not prohibit us from incurring obligations that do not constitute indebtedness as defined therein. To the extent that we incur additional indebtedness or such other obligations, the risk associated with our substantial indebtedness described above, including our potential inability to service our debt, will increase.

Our debt instruments impose significant operating and financial restrictions on us and our subsidiaries.

The credit agreements governing the Term Loan Facility and the ABL Facility impose significant operating and financial restrictions and limit our ability, among other things, to:

- incur, assume or permit to exist additional indebtedness (including guarantees thereof);
- pay dividends or certain other distributions on our capital stock or repurchase our capital stock or prepay subordinated indebtedness;
- incur liens on assets;
- make certain investments or other restricted payments;
- allow to exist certain restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us;
- engage in transactions with affiliates;
- alter the business that we conduct; and
- sell certain assets or merge or consolidate with or into other companies.

Moreover, our ABL Facility provides the agent considerable discretion to impose reserves, which could materially reduce the amount of borrowings that would otherwise be available to us.

The indenture governing the Senior Notes also imposes restrictions and limits our ability, among other things, to:

- incur liens on assets;
- make certain restricted payments;
- sell certain assets or merge or consolidate with or into other companies; and
- enter into certain sale-leaseback transactions.

As a result of these covenants and restrictions (including borrowing base availability), we are limited in how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities or acquisitions. The terms of any future indebtedness we may incur could include more restrictive covenants. We may not be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants in such agreements. Our failure to comply with the restrictive covenants described above as well as others contained in our future debt instruments from time to time could result in an event of default, which, if not cured or waived, could result in our being required to repay these borrowings before their due date. If we are forced to refinance these borrowings on less favorable terms, our financial condition, results of operations and cash flows could be adversely affected.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. Our assets or cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our indebtedness under our secured debt, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments. As a result, any default by us on our indebtedness could have a material adverse effect on our business, financial condition and results of operation.

Our pension plans are currently underfunded, and we may have to make cash contributions to the plans, reducing the cash available for our business.

We sponsor various pension plans worldwide that are underfunded and will require cash contributions. Additionally, if the performance of the assets in our pension plans does not meet our expectations, or if other actuarial assumptions are modified, our required contributions may be higher than we expect. As of December 31, 2018, our pension plans were underfunded by \$159.4 million. If our cash flow from operations is insufficient to fund our worldwide pension liabilities, it could have an adverse effect on our financial condition and results of operations.

Significant changes in discount rates, the actual return on pension assets and other factors could adversely affect our liquidity, results of operations and financial condition.

Our earnings may be positively or negatively impacted by the amount of income or expense recorded related to our pension plans. Generally accepted accounting principles in the United States ("U.S. GAAP") require that income or expense related to the pension plans be calculated at the annual measurement date using actuarial calculations, which reflect certain assumptions. Because these assumptions have fluctuated and will continue to fluctuate in response to changing market conditions, the amount of gains or losses that will be recognized in subsequent periods, the impact on the funded status of the pension plans and the future minimum required contributions, if any, could adversely affect our liquidity, results of operations and financial condition.

The benefits of our continuous improvement program and other cost savings plans may not be fully realized.

Our operations strategy includes continuous improvement programs and implementation of lean manufacturing tools across all facilities to achieve cost savings and increased performance. Further, we have and may continue to initiate restructuring actions designed to improve future profitability and competitiveness. The cost savings that we anticipate from these initiatives may not be achieved on schedule or at the level we anticipate. If we are unable to realize these anticipated savings, our operating results and financial condition may be adversely affected.

We may incur significant costs related to manufacturing facility closings or consolidation which could have an adverse effect on our financial condition.

If we must close or consolidate manufacturing locations, the exit costs associated with such closures or consolidation, including employee termination costs, may be significant. Such costs could negatively affect our cash flows, results of operations and financial condition.

Our inability to effectively manage the timing, quality and costs of new program launches could adversely affect our financial performance.

In connection with the award of new business, we may obligate ourselves to deliver new products that are subject to our customers' timing, performance and quality standards. Given the number and complexity of new program launches, we may experience difficulties managing product quality, timeliness and associated costs. In addition, new program launches require a significant ramp up of costs. However, our sales related to these new programs generally are dependent upon the timing and success of our customers' introduction of new vehicles. Our inability to effectively manage the timing, quality and costs of these new program launches could adversely affect our financial condition, operating results and cash flows.

Our success depends in part on our development of improved products, and our efforts may fail to meet the needs of customers on a timely or cost-effective basis.

Our continued success depends on our ability to maintain advanced technological capabilities and knowledge necessary to adapt to changing market demands, as well as to develop and commercialize innovative products. We may be unable to develop new products successfully or to keep pace with technological developments by our competitors and the industry in general. In addition, we may develop specific technologies and capabilities in anticipation of customers' demands for new innovations and technologies. If such demand does not materialize, we may be unable to recover the costs incurred in the development of such technologies and capabilities. If we are unable to recover these costs or if any such programs do not progress as expected, our business, results of operations and financial condition could be adversely affected.

Any acquisitions or divestitures we make may be unsuccessful, may take longer than anticipated or may negatively impact our business, financial condition, results of operations and cash flows.

We may pursue acquisitions or divestitures in the future as part of our strategy. Acquisitions and divestitures involve numerous risks, including identifying attractive target acquisitions, undisclosed risks affecting the target, difficulties integrating acquired businesses, the assumption of unknown liabilities, potential adverse effects on existing customer or supplier relationships, and the diversion of management's attention from day-to-day business. We may not have, or be able to raise on acceptable terms, sufficient financial resources to make acquisitions. Our ability to make investments may also be limited by the terms of our existing or future financing arrangements. Any acquisitions or divestitures we pursue may not be successful or prove to be beneficial to our operations and cash flow.

We may incur material losses and costs as a result of product liability and warranty and recall claims that may be brought against us.

We may be exposed to product liability and warranty claims in the event that our products actually or allegedly fail to perform as expected or the use of our products results, or is alleged to result, in bodily injury and/or property damage.

Accordingly, we could experience material warranty or product liability expenses in the future and incur significant costs to defend against these claims. In addition, if any of our products are, or are alleged to be, defective, we may be required to participate in a recall of that product if the defect or the alleged defect relates to automotive safety. Product recalls could cause us to incur material costs and could harm our reputation or cause us to lose customers, particularly if any such recall causes customers to question the safety or reliability of our products. Also, while we possess considerable historical warranty and recall data with respect to the products we currently produce, we do not have such data relating to new products, assembly programs or technologies, including any new fuel and emissions technology and systems being brought into production, to allow us to accurately estimate future warranty or recall costs.

In addition, the increased focus on systems integration platforms utilizing fuel and emissions technology with more sophisticated components from multiple sources could result in an increased risk of component warranty costs over which we have little or no control and for which we may be subject to an increasing share of liability to the extent any of the other component suppliers are in financial distress or are otherwise incapable of fulfilling their warranty or product recall obligations. Our costs associated with providing product warranties and responding to product recall claims could be material. Product liability, warranty and recall costs may adversely affect our business, results of operations and financial condition.

We may be adversely affected by laws and regulations, including environmental, health and safety laws and regulations.

We are subject to various U.S. federal, state and local, and non-U.S. laws and regulations, including those related to environmental, health and safety, financial, tax, customs and other matters. We cannot predict the substance or impact of pending or future legislation or regulations, or the application thereof. The introduction of new laws or regulations or changes in existing laws or regulations, or the interpretations thereof, could increase the costs of doing business for us or our customers or suppliers or restrict our actions and adversely affect our financial condition, results of operations and cash flows.

In particular, we are subject to a broad range of laws and regulations governing emissions to air; discharges to water; noise and odor emissions; the generation, handling, storage, transportation, treatment, reclamation and disposal of chemicals and waste materials; the cleanup of contaminated properties; and health and safety. We may incur substantial costs in complying with these laws and regulations. Many of our current and former facilities have been subject to certain environmental investigations and remediation activities, and we maintain environmental reserves for certain of these sites. Through various acquisitions, we have acquired a number of manufacturing facilities, and we cannot assure that we will not incur material costs or liabilities relating to activities that predate our ownership. Material future expenditures may be necessary if compliance standards change or material unknown conditions that require remediation are discovered. Environmental laws could also restrict our ability to expand our facilities or could require us to acquire costly equipment or to incur other significant expenses. If we fail to comply with present and future environmental laws and regulations, we could be subject to future liabilities, which could adversely affect our financial condition, operating results and cash flows.

We are involved from time to time in legal proceedings, claims or investigations which could have an adverse impact on our results of operations and financial condition.

We are involved in legal proceedings, claims or investigations that, from time to time, may be significant. These matters typically arise in the normal course of business including, without limitation, commercial or contractual disputes, including warranty claims and other disputes with customers and suppliers; intellectual property matters; personal injury claims; environmental issues; tax matters; employment matters; or allegations relating to legal compliance by us or our employees.

For further information regarding our legal matters, see Item 3. "Legal Proceedings." The industries in which we operate are also periodically reviewed or investigated by regulators, which could lead to enforcement actions, fines and penalties or the assertion of private litigation claims. It is not possible to predict with certainty the outcome of claims, investigations and lawsuits, and we could in the future incur judgments, fines or penalties or enter into settlements of lawsuits and claims that could have an adverse effect on our business, results of operations and financial condition in any particular period.

Work stoppages or similar difficulties could disrupt our operations and negatively affect our operations and financial performance.

We may be subject to work stoppages and may be affected by other labor disputes. A number of our collective bargaining agreements expire in any given year. There is no certainty that we will be successful in negotiating new agreements with these unions that extend beyond the current expiration dates or that these new agreements will be on terms as favorable to us as past labor agreements. Failure to renew these agreements when they expire or to establish new collective bargaining agreements on terms acceptable to us and the unions could result in work stoppages or other labor disruptions which may have an adverse effect on our operations, customer relationships and financial results. Additionally, a work stoppage at one or more of our suppliers or our customers' suppliers could adversely affect our operations if an alternative source of supply were not readily available. Work stoppages by our customers' employees could result in reduced demand for our products and could have an adverse effect on our

business. In addition, it is possible that our workforce will become more unionized in the future. Unionization activities could increase our costs, which could negatively affect our results of operations.

If we are unable to protect our intellectual property or if a third party challenges our intellectual property rights, our business could be adversely affected.

We own or have rights to proprietary technology that is important to our business. We rely on intellectual property laws, patents, trademarks and trade secrets to protect such technology. Such protections, however, vary among the countries in which we market and sell our products, and as a result, we may be unable to prevent third parties from using our intellectual property without authorization. Any infringement or misappropriation of our technology could have an adverse effect on our business and results of operations. We also face exposure to claims by others for infringement of intellectual property rights and could incur significant costs or losses related to such claims. In addition, many of our supply agreements require us to indemnify our customers from third-party infringement claims. These claims, regardless of their merit or resolution, are frequently costly to prosecute, defend or settle and divert the efforts and attention of our management and employees. If any such claim were to result in an adverse outcome, we could be required to take actions which may include: ceasing the manufacture, use or sale of the infringing products; paying substantial damages to third parties, including to customers to compensate them for the discontinued use of a product or to replace infringing technology with non-infringing technology; or expending significant resources to develop or license non-infringing products, any of which could adversely affect our operations, business and financial condition.

A disruption in, or the inability to successfully implement upgrades to, our information technology systems, including disruptions relating to cybersecurity, could adversely affect our business and financial performance.

We rely upon information technology networks, systems and processes to manage and support our business. We have implemented a number of procedures and practices designed to protect against breaches or failures of our systems. Despite the security measures that we have implemented, including those measures to prevent cyber-attacks, our systems could be breached or damaged by computer viruses or unauthorized physical or electronic access. A breach of our information technology systems could result in theft of our intellectual property, disruption to business or unauthorized access to customer or personal information. Such a breach could adversely impact our operations and/or our reputation and may cause us to incur significant time and expense to cure or remediate the breach.

Further, we continually update and expand our information technology systems to enable us to more efficiently run our business. If these systems are not implemented successfully, our operations and business could be disrupted and our ability to report accurate and timely financial results could be adversely affected.

Our expected annual effective tax rate could be volatile and could materially change as a result of changes in many items including mix of earnings, debt and capital structure and other factors.

Many items could impact our effective tax rate including changes in our debt and capital structure, mix of earnings and many other factors. Our overall effective tax rate is based upon the consolidated tax expense as a percentage of consolidated earnings before tax. However, tax expenses and benefits are not recognized on a consolidated or global basis, but rather on a jurisdictional, legal entity basis. Further, certain jurisdictions in which we operate generate losses where no current financial statement tax benefit is realized. In addition, certain jurisdictions have statutory rates greater than or less than the United States statutory rate. As such, changes in the mix and source of earnings between jurisdictions could have a significant impact on our overall effective tax rate in future years. Changes in rules related to accounting for income taxes, changes in tax laws and rates or adverse outcomes from tax audits that occur regularly in any of our jurisdictions could also have a significant impact on our overall effective tax rate in future periods.

Impairment charges relating to our goodwill, long-lived assets or intangible assets could adversely affect our results of operations.

We regularly monitor our goodwill, long-lived assets and intangible assets for impairment indicators. In conducting our goodwill impairment testing, we compare the fair value of each of our reporting units to the related net book value. In conducting our impairment analysis of long-lived and intangible assets, we compare the undiscounted cash flows expected to be generated from the long-lived or intangible assets to the related net book values. Changes in economic or operating conditions impacting our estimates and assumptions could result in the impairment of our goodwill, long-lived assets or intangible assets. In the event that we determine that our goodwill, long-lived assets or intangible assets are impaired, we may be required to record a significant charge to earnings, which could adversely affect our results of operations.

We operate as a holding company and depend on our subsidiaries for cash to satisfy the obligations of the holding company.

Cooper-Standard Holdings Inc. is a holding company. Our subsidiaries conduct all of our operations and own substantially all of our assets. Our cash flow and our ability to meet our obligations depend on the cash flow of our subsidiaries. In addition, the payment of funds in the form of dividends, intercompany payments, tax sharing payments and otherwise may be subject to restrictions under the laws of the countries of incorporation of our subsidiaries or their governing documents.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2018, our operations were conducted through 159 wholly-owned, leased and joint venture facilities in 21 countries (*North America*: Canada, Costa Rica, Mexico, United States; *Asia Pacific*: China, India, Japan, South Korea, Thailand; *Europe*: Czech Republic, France, Germany, Italy, Netherlands, Poland, Romania, Serbia, Spain, Sweden, United Kingdom; *South America*: Brazil), of which 104 are predominantly manufacturing facilities and 55 have design, engineering, administrative or logistics designation(s). Our corporate headquarters are located in Novi, Michigan. Our manufacturing facilities are located in North America, Europe, Asia and South America. We believe that substantially all of our properties are in generally good condition and there is sufficient capacity to meet current and projected manufacturing, product development and logistics requirements. The following table summarizes our key property holdings:

Segment	Type	Total Facilities*	Owned Facilities
North America	Manufacturing ^(a)	40	23
	Other ^(b)	21	—
Asia Pacific	Manufacturing ^(a)	34	10
	Other ^(b)	11	—
Europe	Manufacturing ^(a)	26	15
	Other ^(b)	22	—
South America	Manufacturing ^(a)	4	1
	Other ^(b)	1	—

(a) Includes multi-activity sites which are predominantly manufacturing.

(b) Includes design, engineering, administrative and logistics locations.

(*) Excludes 7 unutilized facilities: (3) Europe; (4) North America

(*) Includes 20 R&D facilities worldwide.

Item 3. Legal Proceedings

The litigation process is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. See Note 23. “Contingent Liabilities” to the consolidated financial statements included in Item 8. “Financial Statements and Supplementary Data” of this Report for discussion of loss contingencies.

On March 30, 2016, a putative class action complaint alleging conspiracy to fix the price of body sealing products used in automobiles and other light-duty vehicles was filed in Ontario against numerous automotive suppliers, including Cooper-Standard Holdings Inc., CSA U.S. and Cooper-Standard Automotive Canada Limited (“CS Defendants”) and Nishikawa Cooper LLC, a joint venture in which the Company holds a 40% interest. Plaintiffs purport to be direct or indirect purchasers of body sealing products supplied by the CS Defendants and/or the other defendants during the relevant period. The plaintiffs seek recovery of damages on behalf of direct and indirect purchasers against all defendants in an amount to be determined, punitive damages, as well as pre-judgment and post-judgment interest and related costs and expenses of the litigation. The Company believes the claims asserted against the CS Defendants are without merit and intends to vigorously defend against these claims. Further, the Company does not believe that there is a material loss that is probable and reasonably estimable related to these claims. In January 2019, Nishikawa Rubber Co. entered into a settlement agreement which provides for dismissal of the claims against the CS Defendants. The settlement is subject to court approval, which has not yet been granted.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock has been traded on the NYSE since October 17, 2013 under the symbol "CPS."

Holders of Common Stock

As of February 8, 2019, there were approximately 8 holders of record of our common stock. This stockholder figure does not include a substantially greater number of holders whose shares are held of record by banks, brokers and other financial institutions.

Dividends

Cooper-Standard Holdings Inc. has never paid or declared a dividend on its common stock. The declaration of any prospective dividends is at the discretion of the Board of Directors and would be dependent upon sufficient earnings, capital requirements, financial position, general economic conditions, state law requirements and other relevant factors. Additionally, our credit agreements governing our ABL Facility, Term Loan Facility and Senior Notes contain covenants that, among other things, restrict our ability to pay certain dividends and distributions subject to certain qualifications and limitations. See "Financing Arrangements" under Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Report. We do not anticipate paying any dividends on our common stock in the foreseeable future.

Securities Repurchase Program

In March 2016, our Board of Directors approved a securities repurchase program (the "2016 Program") authorizing us to repurchase, in the aggregate, up to \$125.0 million of our outstanding common stock or warrants to purchase common stock. Under the 2016 Program, repurchases were authorized to be made on the open market or through private transactions, as determined by our management and in accordance with prevailing market conditions and federal securities laws and regulations. The 2016 Program was fully utilized as of December 31, 2018.

In June 2018, our Board of Directors approved a new common stock repurchase program (the "2018 Program") authorizing us to repurchase, in the aggregate, up to \$150.0 million of our outstanding common stock. Under the 2018 Program, repurchases may be made on the open market, through private transactions, accelerated share repurchases, round lot or block transactions on the New York Stock Exchange or otherwise, as determined by our management and in accordance with prevailing market conditions and federal securities laws and regulations. We expect to fund any future repurchases from cash on hand and future cash flows from operations. We are not obligated to acquire a particular amount of securities, and the 2018 Program may be discontinued at any time at the Company's discretion. The 2018 Program was effective in November 2018.

As of December 31, 2018, we had approximately \$134.7 million of repurchase authorization remaining.

A summary of shares of our common stock repurchased during the three months ended December 31, 2018 is shown below:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (in millions)
October 1, 2018 through October 31, 2018	1,215	\$ 105.81	—	\$ 151.7
November 1, 2018 through November 30, 2018	—	\$ —	—	\$ 151.7
December 1, 2018 through December 31, 2018	255,005	\$ 66.80	255,005	\$ 134.7
Total	256,220		255,005	\$ 134.7

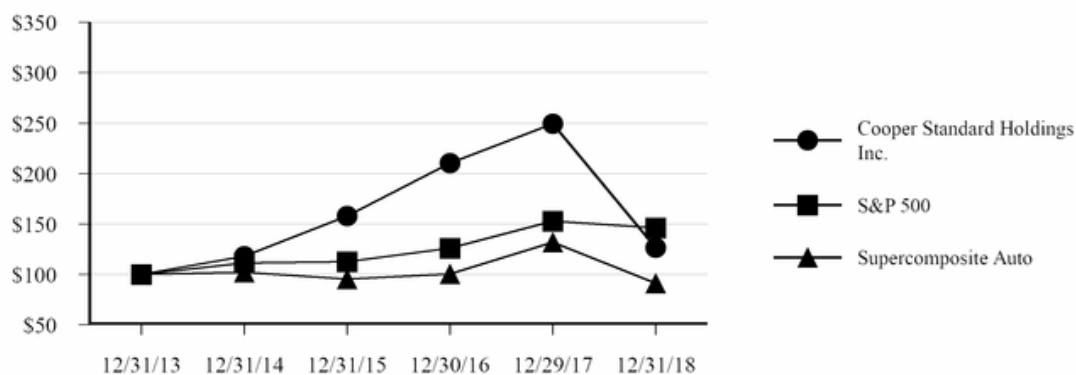
⁽¹⁾ Includes 1,215 shares repurchased by the Company to satisfy employee tax withholding requirements due upon the vesting of restricted stock awards and the exercise of stock option awards.

⁽²⁾ Includes shares repurchased under the 2016 Program and 2018 Program.

Performance Graph

The following graph compares the cumulative total stockholder return for Cooper-Standard Holdings Inc. to the Standard & Poor's 500 Index and the Standard & Poor's Supercomposite Auto Parts & Equipment Index based on currently available data. The graph assumes an initial investment of \$100 on December 31, 2013 and reflects the cumulative total return on that investment, including the reinvestment of all dividends where applicable, through December 31, 2018.

Comparison of Cumulative Return



	Ticker	12/31/2013	12/31/2014	12/31/2015	12/30/2016*	12/29/2017*	12/31/2018
Cooper-Standard Holdings Inc.	CPS	\$ 100.00	\$ 117.86	\$ 157.99	\$ 210.51	\$ 249.44	\$ 126.49
S&P 500	SPX	\$ 100.00	\$ 111.30	\$ 112.62	\$ 125.98	\$ 153.03	\$ 146.20
S&P Supercomposite Auto Parts & Equipment Index	S15AUTP	\$ 100.00	\$ 102.02	\$ 95.21	\$ 100.51	\$ 131.95	\$ 91.05

* Represents last trading day of the year

Item 6. Selected Financial Data

The selected financial data for the years ended December 31, 2018, 2017, 2016, 2015 and 2014 have been derived from our consolidated financial statements, which have been audited by Ernst & Young LLP, our independent registered public accounting firm. You should read the following data in conjunction with Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the notes thereto included in Item 8. “Financial Statements and Supplementary Data” of this Report.

	Year Ended December 31,				
	2018	2017	2016	2015	2014
(Dollar amounts in millions except per share amounts)					
Statement of operations data:					
Sales	\$ 3,629.3	\$ 3,618.1	\$ 3,472.9	\$ 3,342.8	\$ 3,244.0
Net income	104.6 ⁽¹⁾	138.6	140.4	111.8	45.5
Net income attributable to Cooper-Standard Holdings Inc.	107.8 ⁽¹⁾	135.3	139.0	111.9	42.8
Earnings per share:					
Basic	\$ 6.02	\$ 7.61	\$ 7.96	\$ 6.50	\$ 2.56
Diluted	\$ 5.89	\$ 7.21	\$ 7.42	\$ 6.08	\$ 2.39
	As of December 31,				
	2018	2017	2016	2015	2014
(Dollar amounts in millions)					
Balance sheet data (at end of period):					
Cash and cash equivalents	\$ 265.0	\$ 516.0	\$ 480.1	\$ 378.2	\$ 267.3
Net working capital ⁽²⁾	237.0	118.8	90.2	175.3	294.3
Total assets	2,623.1	2,725.6	2,491.7	2,304.3	2,125.6
Total non-current liabilities	947.3	1,043.6	1,010.6	1,008.1	1,044.9
Total debt ⁽³⁾	831.1	758.2	762.9	777.9	778.7
Total equity	859.5	855.1	721.8	614.8	548.7
Statement of cash flows data:					
Net cash provided by (used in):					
Operating activities	\$ 149.4	\$ 313.1	\$ 365.5	\$ 270.4	\$ 171.0
Investing activities	(383.0)	(200.6)	(198.3)	(166.4)	(157.4)
Financing activities	(14.4)	(75.5)	(62.9)	(11.6)	49.4
Other financial data:					
Capital expenditures, including other intangible assets	\$ 218.1	\$ 186.8	\$ 164.4	\$ 166.3	\$ 192.1

⁽¹⁾ 2018 net income amount includes impairment charges related to goodwill, intangible assets and fixed assets and the release of a valuation allowance against net deferred tax assets recorded in France and capital loss carryforwards in the U.S.

⁽²⁾ Net working capital is defined as current assets (excluding cash and cash equivalents and assets held for sale) less current liabilities (excluding debt payable within one year and liabilities held for sale).

⁽³⁾ Includes \$394.4 of our Senior Notes, \$328.5 of Term Loan, \$10.3 in capital leases, \$50.0 ABL Facility and \$47.9 of other third-party debt as of December 31, 2018.

Item 7. 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 is intended to assist in understanding and assessing the trends and significant changes in our results of operations and financial condition. Our historical results may not indicate, and should not be relied upon as an indication of, our future performance. Our forward-looking statements reflect our current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. See Item 1. "Business—Forward-Looking Statements" for a discussion of risks associated with reliance on forward-looking statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed below and in Item 1A. "Risk Factors." Management's discussion and analysis of financial condition and results of operations should be read in conjunction with Item 6. "Selected Financial Data" and our consolidated financial statements and the notes to those statements included in Item 8. "Financial Statements and Supplementary Data" of this Report.

Executive Overview

Our Business

We design, manufacture and sell sealing, fuel and brake delivery, fluid transfer and anti-vibration systems for use in passenger vehicles and light trucks manufactured by global OEMs. During the fourth quarter of 2018, we entered into a definitive agreement to sell the anti-vibration systems product line. The sale is expected to close in the first half of 2019 and is subject to customary closing conditions. In 2018, approximately 85% of our sales consisted of original equipment sold directly to OEMs for installation on new vehicles. The remaining 15% of our sales were primarily to Tier I and Tier II suppliers and non-automotive manufacturers. Accordingly, sales of our products are directly affected by the annual vehicle production of OEMs and, in particular, the production levels of the vehicles for which we provide specific parts. Most of our products are custom designed and engineered for a specific vehicle platform. Our sales and product development personnel frequently work directly with the OEMs' engineering departments in the design and development of our various products.

Although each OEM may emphasize different requirements as the primary criteria for judging its suppliers, we believe success as an automotive supplier generally requires outstanding performance with respect to quality, price, service, performance, design and engineering capabilities, innovation, timely delivery, financial stability and an extensive global footprint. Also, we believe our continued commitment to invest in global common processes is an important factor in servicing global customers with the same quality and consistency of product wherever we produce in the world. This is especially important when supplying products for global platforms.

In addition, to remain competitive and offset continued customer pricing pressure, we must also consistently achieve and sustain cost savings. In an ongoing effort to reduce our cost structure, we run a global continuous improvement program which includes training for our employees, as well as implementation of lean tools, structured problem solving, best business practices, standardized processes and change management. We also evaluate opportunities to consolidate facilities and to relocate certain operations to lower cost countries. We believe we will continue to be successful in our efforts to improve our design and engineering capability and manufacturing processes while achieving cost savings, including through our continuous improvement initiatives.

Our OEM sales are generally based upon purchase orders issued by the OEMs, with updated releases for volume adjustments. As such, we typically do not have a backlog of orders at any point in time. Once selected to supply products for a particular platform, we typically supply those products for the platform life, which is normally three to five years, although there is no guarantee that this will occur. In addition, when we are the incumbent supplier to a given platform, we believe we have a competitive advantage in winning the redesign or replacement platform.

In 2018, approximately 53% of our sales were generated in North America. Because of our significant international operations, we are subject to the risks associated with doing business in other countries, such as currency volatility, high interest and inflation rates, and the general political and economic risk that are associated with some of these markets.

Recent Trends and Conditions

General Economic Conditions and Outlook

The global automotive industry is susceptible to uncertain economic conditions that could adversely impact new vehicle demand. Business conditions may vary significantly from period to period or region to region.

In North America in 2019, growth is expected to continue, albeit at a more modest rate. Rising interest rates and continued uncertainty regarding global trade relationships, among other factors, could dampen economic momentum. Modest economic growth is also expected to continue in Canada and Mexico in 2019. The mix of vehicles produced and sold in the region continues to shift away from passenger cars in favor of crossover utility vehicles and light trucks.

In Europe, economic expansion continued in 2018 although momentum slowed in the second half of the year. Geopolitical concerns and the implementation of new environmental regulations in the automotive industry likely contributed to the slow-down. Looking ahead, we expect financial pressures in Italy, the continuation of global trade tensions and Britain's pending separation from the European Union ("Brexit") will challenge the regional economic outlook in 2019.

The Chinese government continues to manage the nation's economy with a goal of sustaining growth. The growth target for 2018 was approximately 6.5%. For 2019, the official target will likely be somewhat lower as rising debt, inflation and uncertainty are pressuring consumption and continuing tension within U.S.-China trade relationships is driving exports lower. Fiscal tools such as increased investment in infrastructure may be used to in order to meet government growth targets.

The Brazilian economy experienced a modest recovery in 2018. Stronger economic growth is forecasted in 2019 due to an improving labor market, rising credit growth and market-friendly government agenda. Based on this, our near-term outlook for South America is positive. We remain cautious for the mid to long-term outlook, however, given the long history of political instability and economic volatility in the region.

The current domestic and international political environment, including existing and potential changes to U.S. policies related to global trade and tariffs, have resulted in uncertainty surrounding the future state of the global economy. We continue to monitor the potential impacts of previously-announced tariffs; however we anticipate these and other tariffs to negatively impact material costs.

Raw Materials

Our business is susceptible to inflationary pressures with respect to raw materials which may place operational and profitability burdens on the entire supply chain. Costs related to raw materials, such as steel, aluminum, and oil and oil-derived commodities, continue to be volatile. In addition, we expect commodity cost volatility to have a continual impact on future earnings and operating cash flows. As such, on an ongoing basis, we work with our customers and suppliers to mitigate both inflationary pressures and our material-related cost exposures.

Production Levels

Our business is directly affected by the automotive vehicle production rates in North America, Europe, Asia Pacific and South America. New vehicle demand is driven by macroeconomic and other factors, such as interest rates, manufacturer and dealer sales incentives, fuel prices, consumer confidence, employment levels, income growth trends and government and tax incentives. The industry could face uncertainties that may adversely impact consumer demand for vehicles as well as the future production environment.

According to the forecasting firm IHS Markit, global light vehicle production was approximately 94 million units in 2018. This reflects a decline of approximately 1.0% globally.

Details on light vehicle production in certain regions for 2018 and 2017, as well as projections for 2019, are provided in the following table:

(In millions of units)	2019 ⁽¹⁾	2018 ⁽¹⁾	2017 ⁽¹⁾	Projected % Change 2018-2019	% Change 2017-2018
North America	16.9	17.0	17.1	(0.5)%	(0.6)%
Europe	21.9	21.9	22.2	— %	(1.2)%
Asia Pacific ⁽²⁾	50.3	49.4	50.0	1.9 %	(1.2)%
South America	3.6	3.4	3.3	6.5 %	3.1 %

⁽¹⁾ Production data based on IHS Automotive, January 2019.

⁽²⁾ Includes Greater China units of 27.4, 27.0, and 28.0 for 2019, 2018 and 2017, respectively.

We anticipate that light vehicle production in North America and Europe will remain relatively stable over the next few years. In South America, we anticipate light vehicle production to be relatively strong in the near-term, but we remain cautious due to potential geo-political instability in the region.

Industry Overview

Competition in the automotive supplier industry is intense and has increased in recent years as OEMs have demonstrated a preference for stronger relationships with fewer suppliers. Because of a growing emphasis on global vehicle platforms, automotive suppliers with a global manufacturing footprint capable of fully servicing customers around the world will typically have a competitive advantage over smaller, regional competitors. This dynamic is likely to result in further consolidation of competing suppliers within our industry over time.

OEMs have shifted some research and development, design and testing responsibility to suppliers, while at the same time shortening new product cycle times. To remain competitive, suppliers must have state-of-the-art engineering and design capabilities and must be able to continuously improve their engineering, design and manufacturing processes to effectively service the customer. Suppliers are increasingly expected to collaborate on, or assume the product design and development of, key automotive components and to provide innovative solutions to meet evolving technologies aimed at improved emissions and fuel economy.

Increased competitiveness in the industry, as well as customer focus on costs, has resulted in continued pressure on suppliers for price reductions, reducing the overall profitability of the industry. Consolidations and market share shifts among vehicle manufacturers continue to put additional pressures on the supply chain. These pricing and market pressures will continue to drive our focus on reducing our overall cost structure through continuous improvement initiatives, capital redeployment, restructuring and other cost management processes.

In addition to the above, other factors will present opportunities for automotive suppliers who are positioned for the changing environment, including autonomous and connected vehicles, evolving government regulation, and consumer preference for environmentally friendly products and technology, including hybrid and electric vehicle architectures.

Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in Note 2, "Basis of Presentation and Summary of Significant Accounting Policies" to the consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data" of this Report. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. These policies require the most difficult, subjective or complex judgments that management makes in the preparation of the financial statements and accompanying notes. We consider an accounting estimate to be critical if (i) it requires us to make assumptions about matters that were uncertain at the time we were making the estimate, and (ii) changes in the estimate or different estimates that we could have selected could have had a material impact on our financial condition or results of operations. Such critical accounting estimates are discussed below. For these, materially different amounts could be reported under varied conditions and assumptions. Other items in our consolidated financial statements require estimation, however, in our judgment, they are not as critical as those discussed below.

Acquisitions. Upon successful consummation of our 2018 acquisitions, we were subject to the accounting guidance as prescribed by ASC 805 - Business Combinations. We were required to allocate the purchase price of the acquired businesses to the identifiable assets and liabilities based on fair value. The excess purchase price over the fair value of identifiable assets and liabilities was recorded as goodwill. Determining the fair values of assets acquired and liabilities assumed, especially with regard to intangible assets, requires significant levels of estimates and assumptions made by management. In order to assist management, we utilized third party valuation experts in determining the fair values.

Goodwill. Our goodwill is tested for impairment as of October 1 of each year for all of our reporting units, and more frequently if events occur or circumstances change that would warrant such a review. For our goodwill analysis, fair values are based on the cash flows projected in the reporting units' strategic plans and long-range planning forecasts, discounted at a risk-adjusted rate of return. Our long-range planning forecasts are based on our assessment of revenue growth rates generally based on industry specific data, external vehicle build assumptions published by widely used external sources, and customer market share data based on known and targeted awards over a five-year period. The projected profit margin assumptions included in the plans are based on the current cost structure and adjustments for anticipated cost reductions or increases. If different assumptions were used in these plans, the related cash flows used in measuring fair value could be different and impairment of goodwill might be recorded. We assess the reasonableness of the estimated fair values using market based multiples of comparable companies. In contemplation of our annual impairment analysis, we noted potential adverse changes in operating conditions. Our annual goodwill impairment analysis for 2018 resulted in impairment for the Europe and Asia Pacific segments. The annual goodwill impairment analysis for 2017 resulted in no impairment. See Note 9, "Goodwill and Intangibles" to the consolidated financial statements included in Item 8, "Financial Statements and Supplementary Data" of this Report for additional information.

Long-Lived Assets. We monitor our long-lived assets for impairment indicators on an ongoing basis. If impairment indicators exist, we analyze the undiscounted cash flows expected to be generated from the long-lived assets compared to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived assets. Fair value is estimated based upon either a discounted cash flow analysis or estimated salvage values. Cash flows are estimated using internal budgets based on recent sales data, independent automotive production volume estimates and customer commitments, as well as assumptions related to discount rates. Changes in economic or operating conditions impacting these estimates and assumptions could result in the impairment of long-lived assets. In the fourth quarter of 2018, the Company completed an impairment analysis of our long-lived assets based on changes in economic and operating conditions. Due to the deterioration of financial results, the analysis resulted in impairment at various locations in our Europe and Asia Pacific segments. See Note 8. “Property, Plant and Equipment” to the consolidated financial statements included in Item 8. “Financial Statements and Supplementary Data” of this Report for additional information.

Restructuring. Specific accruals have been recorded in connection with restructuring initiatives. These accruals include estimates principally related to employee separation costs, the closure and/or consolidation of facilities and contractual obligations. Actual amounts recognized could differ from the original estimates. Restructuring-related reserves are reviewed on a quarterly basis, and changes to plans are appropriately recognized when identified. Changes to plans associated with the restructuring of existing businesses are generally recognized as employee separation and plant phase-out costs in the period the change occurs. See Note 7. “Restructuring” to the consolidated financial statements included in Item 8. “Financial Statements and Supplementary Data” of this Report for additional information.

Revenue Recognition and Sales Commitments. We generally enter into agreements with customers to produce products at the beginning of a vehicle’s life. Although such contracts do not usually include minimum quantities, fulfillment of customers’ purchasing requirements can be our obligation for the entire production life of the vehicle. These agreements generally may be terminated by our customer at any time, but such cancellations have historically been minimal. In limited cases, we may be committed to supply products at selling prices that do not cover our costs. In such situations, we recognize losses as they are incurred.

We receive blanket purchase orders from many customers annually. Generally, such purchase orders and related documents establish the annual terms, including pricing, related to a vehicle model. However, purchase orders generally do not specify quantities. We recognize revenue based on a point in time, generally when products are shipped or delivered to customers. As part of certain agreements, customers ask for cost reductions. We accrue for such concessions by reducing revenue as products are shipped. We also generally have ongoing adjustments to customer pricing arrangements based on the content and cost of our products. Such pricing accruals are adjusted as they are settled with customers.

Income Taxes. In determining the provision for income taxes for financial statement purposes, we make estimates and judgments which affect our evaluation of the carrying value of our deferred tax assets as well as our calculation of certain tax liabilities. We evaluate the carrying value of our deferred tax assets on a quarterly basis. In completing this evaluation, we consider all available positive and negative evidence. Such evidence includes historical operating results, the existence of cumulative earnings and losses in the most recent fiscal years, expectations for future pretax operating income, the time period over which our temporary differences will reverse, and the implementation of feasible and prudent tax planning strategies. Deferred tax assets are reduced by a valuation allowance if, based on the weight of this evidence, it is more likely than not that all or a portion of the recorded deferred tax assets will not be realized in future periods.

Concluding that a valuation allowance is not required is difficult when there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years. We utilize three years’ cumulative pre-tax book results adjusted for significant permanent book to tax differences as a measure of cumulative results in recent years. In certain foreign jurisdictions, our analysis indicates that we have cumulative three year historical losses on this basis. This is considered significant negative evidence which is difficult to overcome. However, the three-year loss position is not solely determinative, and, accordingly, management considers all other available positive and negative evidence in its analysis. Based upon this analysis, we concluded that it is more likely than not that the net deferred tax assets in certain foreign jurisdictions may not be realized in the future. Accordingly, we continue to maintain a valuation allowance related to those net deferred tax assets. However, since future financial results may differ from previous estimates, periodic adjustments to our valuation allowances may be necessary.

In addition, the calculation of our tax benefits and liabilities includes uncertainties in the application of complex tax regulations in a multitude of jurisdictions across our global operations. We recognize tax benefits and liabilities based on our estimate of whether, and the extent to which, additional taxes will be due. We adjust these liabilities based on changing facts and circumstances; however, due to the complexity of some of these uncertainties and the impact of any tax audits, the ultimate resolutions may be

materially different from our estimated liabilities. See Note 16. “Income Taxes” to the consolidated financial statements included in Item 8. “Financial Statements and Supplementary Data” of this Report for additional information.

Pensions and Postretirement Benefits Other Than Pensions. Included in our results of operations are significant pension and postretirement benefit costs, which are measured using actuarial valuations. Inherent in these valuations are key assumptions, including discount rates, mortality rates, expected returns on plan assets and health care cost trend rates. These assumptions are determined as of the current year measurement date. We consider current market conditions, including changes in interest rates, in making these assumptions. Changes in pension and postretirement benefit costs may occur in the future due to changes in these assumptions. Our net pension and postretirement benefit costs were approximately \$6.5 million and \$1.4 million, respectively, for the year ended December 31, 2018.

To develop the discount rate for each pension plan, the expected cash flows underlying the plan’s benefit obligations were discounted using a December 31, 2018 pension index to determine a single equivalent rate. To develop our expected return on plan assets, we considered historical long-term asset return experience, the expected investment portfolio mix of plan assets and an estimate of long-term investment returns. To develop our portfolio of plan assets, we considered the duration of the plan liabilities and gave more weight to equity positions, including both public and private equity investments, than to fixed-income securities.

Weighted average assumptions used to determine pension benefit obligations as of December 31, 2018 were as follows:

	U.S.	Non-U.S.
Discount rate	4.25%	2.34%
Rate of compensation increase	N/A	2.99%

Weighted average assumptions used to determine net periodic benefit costs for the year ended December 31, 2018 were as follows:

	U.S.	Non-U.S.
Discount rate	3.55%	2.17%
Expected return on plan assets	6.50%	5.82%
Rate of compensation increase	N/A	3.17%

The sensitivity of our pension cost and obligations to changes in key assumptions, holding all other assumptions constant, is as follows:

Change in assumption	Impact on 2019 net periodic benefit cost	Impact on PBO as of December 31, 2018
1% increase in discount rate	- \$1.5 million	- \$49.9 million
1% decrease in discount rate	+ \$1.6 million	+ \$61.1 million
1% increase in expected return on plan assets	- \$3.0 million	—
1% decrease in expected return on plan assets	+ \$3.0 million	—

Aggregate pension net periodic benefit cost is forecasted to be approximately \$7.9 million in 2019.

Health care cost trend rates are assumed to reflect market trend, actual experience and future expectations. Health care cost trend rate assumptions used to determine the postretirement benefit obligation as of December 31, 2018 were as follows:

	U.S.	Non-U.S.
Health care cost trend rate	5.31%	5.00%
Ultimate health care cost trend rate	4.20%	5.00%
Year that the rate reaches the ultimate trend rate	2025	2018

The sensitivity of our postretirement benefit cost and obligations to changes in the health care cost trend rate is as follows:

	Impact on service cost and interest cost	Impact on PBO as of December 31, 2018
1% increase in health care cost trend rate	+\$0.3 million	+\$4.0 million
1% decrease in health care cost trend rate	-\$0.2 million	-\$3.2 million

Aggregate other postretirement net periodic benefit is forecasted to be approximately \$0.4 million in 2019.

The Company's policy is to fund pension plans such that sufficient assets will be available to meet future benefit requirements and contribute amounts deductible for United States federal income tax purposes or amounts required by local statute. During 2018, the Company made a discretionary contribution of \$15.0 million to its U.S. pension plan. The Company estimates it will make funding cash contributions to its U.S. and non-U.S. pension plans of approximately \$2.4 million and \$6.3 million, respectively in 2019.

The Company does not prefund its postretirement benefit obligations. Rather, payments are made as costs are incurred by covered retirees. We expect net other postretirement benefit payments to be approximately \$2.5 million in 2019.

Results of Operations

	Year Ended December 31,			Change	
	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
(Dollar amounts in thousands)					
Sales	\$ 3,629,293	\$ 3,618,126	\$ 3,472,891	\$ 11,167	\$ 145,235
Cost of products sold	3,075,737	2,946,687	2,808,115	129,050	138,572
Gross profit	553,556	671,439	664,776	(117,883)	6,663
Selling, administration & engineering expenses	314,805	340,963	356,647	(26,158)	(15,684)
Amortization of intangibles	14,844	14,056	13,566	788	490
Gain on sale of land	(10,377)	—	—	(10,377)	—
Goodwill impairment charges	45,281	—	—	45,281	—
Other impairment charges	43,706	14,763	1,273	28,943	13,490
Restructuring charges	29,722	35,137	46,031	(5,415)	(10,894)
Other operating loss	—	—	155	—	(155)
Operating profit	115,575	266,520	247,104	(150,945)	19,416
Interest expense, net of interest income	(41,004)	(42,112)	(41,389)	1,108	(723)
Equity in earnings of affiliates	6,718	5,519	7,877	1,199	(2,358)
Loss on refinancing and extinguishment of debt	(770)	(1,020)	(5,104)	250	4,084
Other expense, net	(5,613)	(15,807)	(13,728)	10,194	(2,079)
Income before income taxes	74,906	213,100	194,760	(138,194)	18,340
Income tax (benefit) expense	(29,683)	74,527	54,321	(104,210)	20,206
Net income	104,589	138,573	140,439	(33,984)	(1,866)
Net (income) loss attributable to noncontrolling interests	3,177	(3,270)	(1,451)	6,447	(1,819)
Net income attributable to Cooper-Standard Holdings Inc.	\$ 107,766	\$ 135,303	\$ 138,988	\$ (27,537)	\$ (3,685)

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017.

Sales

Sales for the year ended December 31, 2018 increased 0.3%, compared to the year ended December 31, 2017.

	Year Ended December 31,			Variance Due To:		
	2018	2017	Change	Volume / Mix*	Foreign Exchange	Other**
(Dollar amounts in thousands)						
Total sales	\$ 3,629,293	\$ 3,618,126	\$ 11,167	\$ (77,650)	\$ 41,588	\$ 47,229

* Net of customer price reductions

** Other includes the net impact of acquisitions and divestitures

Gross Profit

	Year Ended December 31,			Variance Due To:		
	2018	2017	Change	Volume / Mix*	Foreign Exchange	Cost Increases / (Decreases)
(Dollar amounts in thousands)						
Cost of products sold	\$ 3,075,737	\$ 2,946,687	\$ 129,050	\$ 48,428	\$ 29,668	\$ 50,954
Gross profit	553,556	671,439	(117,883)	(126,078)	11,920	(3,725)
Gross profit percentage of sales	15.3%	18.6%				

* Net of customer price reductions

Cost of products sold is primarily comprised of material, labor, manufacturing overhead, depreciation and amortization and other direct operating expenses. Cost of products sold for the year ended December 31, 2018, increased \$129.1 million, or 4.4%, compared to the year ended December 31, 2017. Materials comprise the largest component of our cost of products sold and represented approximately 51% of total cost of products sold for each of the years ended December 31, 2018 and 2017. Cost of products sold was impacted by vehicle production mix, commodity price and foreign exchange pressures, as well as acquisitions. These items were partially offset by continuous improvement, restructuring savings and material cost reductions.

Gross profit for the year ended December 31, 2018 decreased \$117.9 million compared to the year ended December 31, 2017. As a percentage of sales, gross profit was 15.3% and 18.6% for the years ended December 31, 2018 and 2017, respectively. The decrease in margin was driven by unfavorable vehicle production mix, customer price reductions, commodity price pressures and foreign exchange, partially offset by net favorable operational performance and acquisitions.

Selling, Administration and Engineering. Selling, administration and engineering expense for the year ended December 31, 2018 was \$314.8 million, or 8.7% of sales, compared to \$341.0 million, or 9.4% of sales, for the year ended December 31, 2017. Selling, administration and engineering expenses for the year ended December 31, 2018 were favorable as a result of lower compensation-related costs and efficiencies related to cost improvement initiatives, partially offset by wage inflation.

Impairment Charges. Non-cash asset impairment charges of \$89.0 million for the year ended December 31, 2018 consisted of \$45.3 million of goodwill impairment charges, \$42.9 million of property, plant and equipment impairment charges and \$0.8 million of intangible impairment charges. Non-cash asset impairment charges of \$14.8 million for the year ended December 31, 2017 consisted of \$4.3 million related to our decision to divest two of our inactive European sites, and \$10.5 million related to the deterioration of financial results at one of our Asia Pacific facilities, two of our European locations and one of our North American locations.

Restructuring. Restructuring charges for the year ended December 31, 2018 decreased \$5.4 million compared to the year ended December 31, 2017. The decrease was primarily driven by lower expenses of \$8.1 million related to the substantial completion of our European initiatives, partially offset by higher restructuring charges in the Asia Pacific segment.

Interest Expense, net. Net interest expense for the year ended December 31, 2018 decreased \$1.1 million compared to the year ended December 31, 2017, primarily due to the amendment of the Term Loan Facility in March 2018.

Loss on Refinancing and Extinguishment of Debt. Loss on refinancing and extinguishment of debt for the year ended December 31, 2018 was \$0.8 million, which resulted from the partial write off of new and unamortized debt issuance costs and unamortized original issue discount related to the amendment of the Term Loan Facility in March 2018.

Other Expense, net. Other expense for the year ended December 31, 2018 decreased \$10.2 million compared to the year ended December 31, 2017. The decrease was primarily due to a lower components of net periodic benefit cost other than service cost and foreign currency losses in the year ended December 31, 2018, partially offset by lower miscellaneous income.

Income Tax Expense (Benefit). Income tax benefit for the year ended December 31, 2018 was \$29.7 million on earnings before taxes of \$74.9 million. This compares to income tax expense of \$74.5 million on earnings before taxes of \$213.1 million for the year ended December 31, 2017. The tax benefit in 2018 differed from the statutory rate due to the reversal of valuation allowances recorded against net operating loss carryforwards and other timing items in France, in addition to a capital loss carryforward in the U.S. Additional items impacting income taxes were a discrete benefit resulting from the finalization of U.S. tax reform calculations, the mix of income between the U.S. and foreign sources, tax incentives, incremental valuation allowance recorded on tax losses generated in certain foreign jurisdictions, other tax credits, and other nonrecurring discrete items. Tax expense in 2017 differed from the statutory rate as a result of the Tax Cuts and Jobs Act enacted in 2017, the mix of income between the U.S. and foreign sources, tax incentives, incremental valuation allowance recorded on tax losses generated in certain foreign jurisdictions, other tax credits, and other nonrecurring discrete items.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016.

Sales

Sales for the year ended December 31, 2017 increased 4.2% compared to the year ended December 31, 2016.

	Year Ended December 31,			Variance Due To:		
	2017	2016	Change	Volume / Mix*	Foreign Exchange	Other**
(Dollar amounts in thousands)						
Total sales	\$ 3,618,126	\$ 3,472,891	\$ 145,235	\$ 62,476	\$ 26,280	\$ 56,479

* Net of customer price reductions

** Other includes the net impact of acquisitions and divestitures

Gross Profit

	Year Ended December 31,			Variance Due To:		
	2017	2016	Change	Volume / Mix*	Foreign Exchange	Cost Increases / (Decreases)
(Dollar amounts in thousands)						
Cost of products sold	\$ 2,946,687	\$ 2,808,115	\$ 138,572	\$ 104,025	\$ 12,511	\$ 22,036
Gross profit	671,439	664,776	6,663	(41,549)	13,769	34,443
Gross profit percentage of sales	18.6%	19.1%				

* Net of customer price reductions

Cost of products sold is primarily comprised of material, labor, manufacturing overhead, depreciation and amortization and other direct operating expenses. Cost of products sold for the year ended December 31, 2017, increased \$138.6 million or 4.9% compared to the year ended December 31, 2016. Materials comprise the largest component of our cost of products sold and represented approximately 51% of total cost of products sold for the years ended December 31, 2017 and 2016. Cost of products sold was impacted by higher production volumes, commodity price and foreign exchange pressures, as well as our acquisitions. These items were partially offset by continuous improvement, restructuring savings and material cost reductions.

Gross profit for the year ended December 31, 2017 increased \$6.7 million compared to the year ended December 31, 2016. As a percentage of sales, gross profit was 18.6% and 19.1% of sales for the years ended December 31, 2017 and 2016, respectively. The decrease in margin was driven by unfavorable vehicle production mix, customer price reductions, commodity price pressures and foreign exchange, partially offset by net favorable operational performance and acquisitions.

Selling, Administration and Engineering. Selling, administration and engineering expense for the year ended December 31, 2017 was \$341.0 million or 9.4% of sales compared to \$356.6 million, or 10.3%, of sales for the year ended December 31, 2016. Selling, administration and engineering expenses for the year ended December 31, 2017 were favorable as a result of lower compensation-related costs, partially offset by investment for growth and innovation.

Impairment Charges. Non-cash asset impairment charges of \$14.8 million for the year ended December 31, 2017 consisted of \$4.3 million related to our decision to divest two of our inactive European sites, and \$10.5 million related to the

deterioration of financial results at one of our Asia Pacific facilities, two of our European locations and one of our North American locations. Non-cash asset impairment charges of \$1.3 million for the year ended December 31, 2016 resulted from the deterioration of financial results at one of our Asia Pacific facilities.

Restructuring. Restructuring charges for the year ended December 31, 2017 decreased \$10.9 million compared to the year ended December 31, 2016. The decrease was primarily driven by lower expenses of \$16.1 million related to the substantial completion of our European initiatives, partially offset by higher restructuring charges of \$5.2 million in other regions.

Interest Expense, net. Net interest expense for the year ended December 31, 2017 increased \$0.7 million compared to the year ended December 31, 2016, which resulted primarily from higher interest rates related to the Senior Notes.

Loss on Refinancing and Extinguishment of Debt. Loss on refinancing and extinguishment of debt for the year ended December 31, 2017 was \$1.0 million, which resulted from the partial write off of new and unamortized debt issuance costs and unamortized original issue discount related to the amendment of the Term Loan Facility in May 2017.

Other Expense, net. Other expense for the year ended December 31, 2017 increased \$2.1 million compared to the year ended December 31, 2016. The increase was primarily due to the reclassification of components of net periodic benefit cost other than service cost and foreign currency losses, partially offset by the nonrecurrence of underwriting fees related to the secondary offering of \$5.9 million recorded in the year ended December 31, 2016 and other miscellaneous income recorded in the year ended December 31, 2017.

Income Tax Expense (Benefit). Income taxes for the year ended December 31, 2017 were \$74.5 million on earnings before taxes of \$213.1 million. This compares to income tax expense of \$54.3 million on earnings before taxes of \$194.8 million for the year ended December 31, 2016. Tax expense in 2017 and 2016 differed from the statutory rate due to a charge of \$33.5 million as a result of the Tax Cuts and Jobs Act enacted in 2017, the mix of income between the United States and foreign sources, tax incentives, incremental valuation allowance recorded on tax losses generated in certain foreign jurisdictions, other tax credits, and other nonrecurring discrete items.

Segment Results of Operations

The Company operates in four reportable segments: North America, Europe, Asia Pacific and South America. The Company evaluates segment performance based on segment profit before tax. The results of each segment include certain allocations for general, administrative, interest, and other shared costs. The accounting policies of the Company's segments are consistent with those described in Note 2. "Basis of Presentation and Summary of Significant Accounting Policies" to the consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data" of this Report.

The following tables presents sales and segment profit (loss) for each of the reportable segments.

Year Ended December 31, 2018 Compared with Year Ended December 31, 2017

Sales

	Year Ended December 31,			Variance Due To:		
	2018	2017	Change	Volume / Mix*	Foreign Exchange	Other
(Dollar amounts in thousands)						
Sales to external customers						
North America	\$ 1,924,717	\$ 1,882,670	\$ 42,047	\$ 709	\$ (780)	\$ 42,118
Europe	1,030,102	1,043,738	(13,636)	(40,747)	48,937	(21,826)
Asia Pacific	576,411	585,161	(8,750)	(42,959)	7,272	26,937
South America	98,063	106,557	(8,494)	5,347	(13,841)	—
Consolidated	\$ 3,629,293	\$ 3,618,126	\$ 11,167	\$ (77,650)	\$ 41,588	\$ 47,229

* Net of customer price reductions

- The impact of foreign currency exchange primarily related to the Euro, Chinese Renminbi and the Brazilian Real.
- Other includes the net impact of acquisitions and divestitures.

Segment profit (loss)

Year Ended December 31,				Variance Due To:			
2018	2017	Change		Volume / Mix*	Foreign Exchange	Cost (Increases) / Decreases	Other
(Dollar amounts in thousands)							
Income before income taxes							
North America	\$ 224,578	\$ 236,165	\$ (11,587)	\$ (41,690)	\$ (319)	\$ 25,137	\$ 5,285
Europe	(63,259)	(18,872)	(44,387)	(49,964)	4,157	14,856	(13,436)
Asia Pacific	(75,189)	9,943	(85,132)	(37,189)	3,119	(3,140)	(47,922)
South America	(11,224)	(14,136)	2,912	2,765	(3,240)	(1,943)	5,330
Consolidated income before income taxes	\$ 74,906	\$ 213,100	\$ (138,194)	\$ (126,078)	\$ 3,717	\$ 34,910	\$ (50,743)

* Net of customer price reductions

- Volume / Mix includes changes in vehicle production volumes and shifts in consumer demand for specific vehicles particularly in Europe and China.
- The favorable impact of foreign currency exchange was primarily driven by the Euro and Chinese Renminbi, partially offset by the Polish Zloty, the Czech Koruna and the Brazilian Real.
- The Cost (Increases) / Decreases category above includes:
 - The increase in material cost pressure and wage inflation;
 - Net operational efficiencies of \$80.2 million primarily driven by our North America and Europe segments; and
 - The decrease in selling, administrative and engineering expense, due to lower compensation-related costs and efficiencies related to cost improvement initiatives.
- The Other category above includes changes in the net impact of acquisitions and divestitures, minority interest, restructuring expense and non-recurring items, including:
 - The \$74.2 million increase in impairment charges: \$38.9 million in the Asia Pacific segment, \$37.2 million in the Europe segment, partially offset by the non-recurrence of prior period charges of \$1.9 million in the North America segment; and
 - The gain of \$10.4 million related to the sale of land in our Europe segment in 2018;
 - The non-recurrence of the prior period pension settlement charges of \$5.9 million in our Europe segment and the foreign tax amnesty program expense of \$4.6 million in our South America segment;
 - The \$5.4 million decrease in restructuring expenses primarily related to our Europe segment, partially offset by an increase in the Asia Pacific segment.

Year Ended December 31, 2017 Compared with Year Ended December 31, 2016

Sales

	Year Ended December 31,			Variance Due To:		
	2017	2016	Change	Volume / Mix*	Foreign Exchange	Other
(Dollar amounts in thousands)						
Sales to external customers						
North America	\$ 1,882,670	\$ 1,816,486	\$ 66,184	\$ 13,183	\$ 3,685	\$ 49,316
Europe	1,043,738	1,031,538	12,200	17,572	18,934	(24,306)
Asia Pacific	585,161	540,684	44,477	16,651	(3,643)	31,469
South America	106,557	84,183	22,374	15,070	7,304	—
Consolidated	<u>\$ 3,618,126</u>	<u>\$ 3,472,891</u>	<u>\$ 145,235</u>	<u>\$ 62,476</u>	<u>\$ 26,280</u>	<u>\$ 56,479</u>

* Net of customer price reductions

- The impact of foreign currency exchange primarily related to the Euro, the Brazilian Real and the Chinese Renminbi.
- Other includes the net impact of acquisitions and divestitures.

Segment profit (loss)

	Year Ended December 31,			Variance Due To:			
	2017	2016	Change	Volume / Mix*	Foreign Exchange	Cost (Increases) / Decreases	Other
(Dollar amounts in thousands)							
Income before income taxes							
North America	\$ 236,165	\$ 219,744	\$ 16,421	\$ (34,905)	\$ 11,257	\$ 34,026	\$ 6,043
Europe	(18,872)	(15,989)	(2,883)	(5,725)	(7,476)	6,089	4,229
Asia Pacific	9,943	9,206	737	(5,204)	729	6,642	(1,430)
South America	(14,136)	(18,201)	4,065	4,285	232	4,932	(5,384)
Consolidated income before income taxes	<u>\$ 213,100</u>	<u>\$ 194,760</u>	<u>\$ 18,340</u>	<u>\$ (41,549)</u>	<u>\$ 4,742</u>	<u>\$ 51,689</u>	<u>\$ 3,458</u>

* Net of customer price reductions

- The favorable impact of foreign currency exchange impact was primarily driven by the Canadian Dollar, partially offset by the Euro.
- The Cost (Increases) / Decreases category above includes:
 - Net operational efficiencies of \$61.4 million primarily driven by our North America and Europe segments;
 - The decrease in selling, administrative and engineering expense due to lower compensation-related costs and efficiencies related to cost improvement initiatives; and
 - The increase in wage inflation and the increase in material cost pressure.
- The Other category above includes changes in the net impact of acquisitions and divestitures, restructuring expense and non-recurring items, including:
 - The pension settlement charges of \$5.9 million in our Europe segment;
 - The \$13.5 million increase in impairment charges: \$6.3 million in the Europe segment, \$5.3 million in the Asia Pacific segment and \$1.9 million in the North America segment; and
 - The \$10.9 million decrease in restructuring expenses primarily related to our Europe segment, partially offset by higher restructuring charges in our North America segment.

Liquidity and Capital Resources

Short and Long-Term Liquidity Considerations and Risks

We intend to fund our ongoing working capital, capital expenditures, debt service and other funding requirements through a combination of cash flows from operations, cash on hand, borrowings under our ABL Facility, and receivables factoring. The Company utilizes intercompany loans and equity contributions to fund its worldwide operations. There may be country specific regulations which may restrict or result in increased costs in the repatriation of these funds. See Note 10. "Debt" to the consolidated financial statements in Item 8. "Financial Statements and Supplementary Data" of this Report for a detailed discussion of terms and conditions related to our debt.

Based on our current and anticipated levels of operations and the condition in our markets and industry, we believe that our cash flows from operations, cash on hand, borrowings under our ABL Facility and receivables factoring will enable us to meet our ongoing working capital, capital expenditures, debt service and other funding requirements for the next twelve months. However, our ability to fund our working capital needs, debt payments and other obligations, and to comply with the financial covenants, including borrowing base limitations under our ABL Facility, depend on our future operating performance and cash flow and many factors outside of our control, including the costs of raw materials, the state of the overall automotive industry, financial and economic conditions and other factors.

Cash Flows

Operating Activities. Net cash provided by operating activities was \$149.4 million for the year ended December 31, 2018, compared to \$313.1 million for the year ended December 31, 2017. The lower inflow was primarily driven by changes in the utilization of the accounts receivable factoring program, lower cash earnings, changes in compensation-related accruals, and our discretionary pension contribution.

Net cash provided by operating activities was \$313.1 million for the year ended December 31, 2017, compared to \$365.5 million for the year ended December 31, 2016. The change was primarily driven by an increase in receivables due to growth, increased inventory, higher payments related to incentive compensation, increased liabilities related to our factoring arrangement and higher cash paid for interest, partially offset by increased cash earnings and reduced cash paid for restructuring and taxes.

Investing Activities. Net cash used in investing activities was \$383.0 million for the year ended December 31, 2018, compared to \$200.6 million for the year ended December 31, 2017. The increase was primarily due to higher capital spending on programs related to sales growth and innovation, and cash paid for the acquisition of businesses, which consisted primarily of \$92.7 million for the Lauren acquisition and \$42.3 million for the Hutchings acquisition, partially offset by land sale proceeds. We anticipate that we will spend approximately \$180 million to \$190 million on capital expenditures in 2019.

Net cash used in investing activities was \$200.6 million for the year ended December 31, 2017, compared to \$198.3 million for the year ended December 31, 2016. The increase was primarily due to higher capital spending, partially offset by lower cash spent for acquisitions of business.

Financing Activities. Net cash used in financing activities totaled \$14.4 million for the year ended December 31, 2018, compared to \$75.5 million for the year ended December 31, 2017. The decrease was primarily due to higher borrowings of short-term debt and lower principal payments on long-term debt, partially offset by repurchase activity under our share repurchase program.

Net cash used in financing activities totaled \$75.5 million for the year ended December 31, 2017, compared to \$62.9 million for the year ended December 31, 2016. The increase was primarily due to increased repurchase activity under our share repurchase program and certain paydowns of foreign bank loans in 2017, partially offset by an increase in short-term debt.

Senior Notes

On November 2, 2016, the Company's wholly-owned subsidiary, CSA U.S. (the "Issuer") completed a private offering of debt securities consisting of the issuance of \$400.0 million aggregate principal amount of its 5.625% notes due 2026 (the "Senior Notes"). The proceeds from the sale of the Senior Notes were used to repay the non-extended term loans outstanding under the Term Loan Facility and to pay fees and expenses related to the refinancing. The Senior Notes are guaranteed by us, as well as each of CSA U.S.'s wholly-owned existing or subsequently organized U.S. subsidiaries, subject to certain exceptions, to the extent such subsidiary guarantees the ABL Facility and the Term Loan Facility. The Issuer may redeem all or part of the Senior Notes at various points in time prior to maturity, as described in the indenture. The Senior Notes will mature on November 15, 2026. Interest on the Senior Notes is payable semi-annually in arrears in cash on May 15 and November 15 of each year.

If a Change of Control (as defined in the indenture) occurs, we will be required to make an offer to repurchase all of the Senior Notes at a price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the repurchase date.

ABL Facility

On November 2, 2016, CS Intermediate Holdco 1 LLC (“Parent”), CSA U.S. (the “U.S. Borrower”), Cooper-Standard Automotive Canada Limited (the “Canadian Borrower”), Cooper-Standard Automotive International Holdings B.V. (the “Dutch Borrower”, and, together with the U.S. Borrower and the Canadian Borrower, the “Borrowers”) and certain subsidiaries of the U.S. Borrower, entered into a third amendment of our ABL Facility. Pursuant to the ABL Facility agreement, as amended, we have an aggregate revolving loan availability of up to \$210.0 million, subject to borrowing base availability. In addition, our ABL Facility provides for an uncommitted \$100.0 million incremental loan facility, for a potential total ABL Facility of \$310.0 million. Any borrowings under our ABL Facility will mature, and the commitments of the lenders under our ABL Facility will terminate, on November 2, 2021.

The ABL Facility includes affirmative and negative covenants that impose substantial restrictions on our financial and business operations. The ABL Facility also contains various events of default that are customary for comparable facilities.

Loan and letter of credit availability under the agreement is subject to a borrowing base, which at any time is limited to the lesser of: (A) the maximum facility amount (subject to certain adjustments) and (B) (i) up to 85% of eligible accounts receivable; plus (ii) the lesser of 70% of eligible inventory or 85% of the appraised net orderly liquidation value of eligible inventory; plus (iii) up to the lesser of \$30.0 million and 75% of eligible tooling accounts receivable; minus reserves established by the agent. The obligations under the ABL Facility and the related guarantees are secured by various assets, as detailed in Note 10. “Debt” to the consolidated financial statements in Item 8. “Financial Statements and Supplementary Data” of this Report.

Borrowings under the ABL Facility bear interest at a rate equal to, at the Borrowers’ option:

- in the case of borrowings by U.S. Borrower, London Inter-Bank Offered Rate (“LIBOR”) or the base rate plus, in each case, an applicable margin; or
- in the case of borrowings by the Canadian Borrower, bankers’ acceptance (“BA”) rate, Canadian prime rate or Canadian base rate plus, in each case, an applicable margin; or
- in the case of borrowings by the Dutch Borrower, LIBOR plus an applicable margin.

The applicable margin may vary between 1.25% and 1.75% with respect to the LIBOR or Canadian BA rate-based borrowings and between 0.25% and 0.75% with respect to U.S. base rate, Canadian prime rate and Canadian base rate borrowings. The applicable margin is subject, in each case, to quarterly pricing adjustments (based on average facility availability).

As of December 31, 2018, \$50.0 million was drawn under the ABL Facility, and subject to borrowing base availability, the Company had \$155.1 million in availability, less outstanding letters of credit of \$10.8 million. As of December 31, 2018 and 2017, the Company had \$1.0 million and \$1.4 million, respectively, in unamortized debt issuance costs.

Term Loan Facility – Amendments

On November 2, 2016, CSA U.S., as borrower, entered into the first amendment of our Term Loan Facility. The Term Loan Facility provides for loans in an aggregate principal amount of \$340.0 million. Subject to certain conditions, the Term Loan Facility, without the consent of the then existing lenders (but subject to the receipt of commitments), may be expanded (or a new term loan or revolving facility added) by an amount that will not cause the consolidated secured net debt ratio to exceed 2.25 to 1.00, plus \$400.0 million, plus any voluntary prepayments (including revolving facility and ABL Facility to the extent commitments are reduced) not funded from proceeds of long-term indebtedness. The Term Loan Facility matures on November 2, 2023, unless earlier terminated.

The Term Loan Facility contains incurrence-based negative covenants customary for high yield senior secured debt securities. These negative covenants are subject to exceptions, qualifications and certain carveouts.

On May 2, 2017, CSA U.S. entered into Amendment No. 2 to the Term Loan Facility to modify the interest rate. Subsequently, on March 6, 2018, the Company entered into Amendment No. 3 to the Term Loan Facility to further modify the interest rate. In accordance with this amendment, borrowings under the Term Loan Facility bear interest, at the Company’s option, at either (1) with respect to Eurodollar rate loans, the greater of the applicable Eurodollar rate and 0.75% plus 2.0% per annum, or (2) with respect to base rate loans, the base rate, (which is the highest of the then current federal funds rate plus 0.5%, the prime rate most recently announced by the administrative agent under the term loan, and the one-month Eurodollar rate plus 1.0%) plus 1.0% per annum. As a result of the Amendment No. 3, the Company recognized a loss on refinancing and

extinguishment of debt of \$0.8 million in the first quarter of 2018, which was due to the partial write off of new and unamortized debt issuance costs and unamortized original issue discount.

All obligations of the borrower under the Term Loan Facility are guaranteed jointly and severally on a senior secured basis by us and the wholly-owned U.S. restricted subsidiaries of CSA U.S.

As of December 31, 2018, the principal amount of \$333.2 million was outstanding, and the Company had \$2.9 million unamortized debt issuance costs and \$1.8 million of unamortized original issue discount.

Repayment of the Term Loan Facility

On November 2, 2016, we repaid the non-extended term loan outstanding under the Term Loan Facility of \$393.1 million. As a result of the repayment, the Company recognized a loss on refinancing of \$5.1 million, which was primarily due to the write off of unamortized original issue discount and debt issuance costs. The Company used proceeds from the Senior Notes, together with cash on hand, to repay the non-extended term loan.

Off-Balance Sheet Arrangements

As a part of our working capital management, we sell certain accounts receivable through a third party financial institution in off-balance sheet arrangements. The amount sold varies each month based on the amount of underlying receivables and cash flow needs. As of December 31, 2018 and 2017, we had \$100.4 million and \$96.6 million, respectively, of receivables outstanding under receivable transfer agreements entered into by various locations. For the years ended December 31, 2018 and 2017, total accounts receivable factored were \$626.6 million and \$544.1 million, respectively. Costs incurred on the sale of receivables were \$1.2 million, \$1.9 million and \$1.6 million for the years ended December 31, 2018, 2017 and 2016, respectively. These amounts are recorded in other expense, net and interest expense, net of interest income in the consolidated statements of net income. These are permitted transactions under the credit agreements governing our ABL Facility and Term Loan Facility and the indenture governing the Senior Notes.

As of December 31, 2018, we had no other off-balance sheet arrangements.

Other Capital Transactions Impacting Liquidity

Share Repurchase Program

In June 2018, our Board of Directors approved a new common stock repurchase program (the “2018 Program”) authorizing us to repurchase, in the aggregate, up to \$150.0 million of our outstanding common stock. Under the 2018 Program, repurchases may be made on the open market, through private transactions, accelerated share repurchases, round lot or block transactions on the New York Stock Exchange or otherwise, as determined by our management and in accordance with prevailing market conditions and federal securities laws and regulations. The 2018 Program was effective in November 2018. The common stock repurchase program approved in March 2016 was fully utilized as of December 31, 2018.

In March 2016, we purchased \$23.8 million of our common stock (350,000 shares at \$68.00 per share) from the Selling Stockholders (as described in Note 19. “Equity” to the consolidated financial statements included in Item 8. “Financial Statements and Supplementary Data” of this Report). In 2017, we repurchased \$55.9 million of our common stock (513,801 shares at an average purchase price of \$108.87 per share, excluding commissions) in the open market, of which \$55.1 million was settled in cash during the year ended December 31, 2017. In June 2018, we entered into an accelerated share repurchase (“ASR”) agreement with a third-party financial institution to repurchase our common stock. Under the ASR agreement, we made an up-front payment of \$35.0 million. The repurchase was completed in the third quarter of 2018, and a total of 258,285 shares were repurchased at a weighted average purchase price of \$135.51 per share. In addition to the repurchase under the ASR agreement, during the year ended December 31, 2018, we repurchased 324,508 shares of our common stock at an average purchase price of \$78.78 per share, excluding commissions, for a total cost of \$25.6 million.

We expect to fund any future repurchases from cash on hand and future cash flows from operations. The specific timing and amount of repurchase will vary based on market and business conditions and other factors, including alternative uses of capital. We are not obligated to repurchase any number of shares or dollar amount, and the 2018 Program may be discontinued at any time at our discretion.

See Item 5. “Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity” and Note 19. “Equity.”

Contractual Obligations

Our contractual obligations consist of legal commitments requiring us to make fixed or determinable cash payments, regardless of the contractual requirements of the vendor to provide future goods or services. Except as otherwise disclosed, this table does not include information on our recurring purchase of materials for use in production because our raw materials purchase contracts typically do not require fixed or minimum quantities.

The following table summarizes the total amounts due as of December 31, 2018 under all debt agreements at nominal value, undiscounted capital lease commitments and other contractual obligations.

	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(Dollar amounts in millions)				
Debt obligations	\$ 831.1	\$ 101.3	\$ 6.8	\$ 323.0	\$ 400.0
Interest on debt obligations	258.1	42.7	76.5	71.4	67.5
Operating lease obligations	183.1	33.6	49.4	32.0	68.1
Capital lease obligations	35.5	2.6	5.6	4.9	22.4
Total	\$ 1,307.8	\$ 180.2	\$ 138.3	\$ 431.3	\$ 558.0

In addition to our contractual obligations and commitments set forth in the table above, we have employment arrangements with certain key executives that provide for continuity of management. These arrangements include payments of multiples of annual salary, certain incentives and continuation of benefits upon the occurrence of specified events in a manner believed to be consistent with comparable companies.

We also have funding requirements with respect to our pension obligations. We expect to make cash contributions to our U.S. and foreign pension plans of approximately \$2.4 million and \$6.3 million, respectively, in 2019. Our minimum funding requirements after 2019 will depend on several factors, including the investment performance of our retirement plans and prevailing interest rates. Our funding obligations may also be affected by changes in applicable legal requirements. We also have payments due with respect to our postretirement benefit obligations. We do not prefund our postretirement benefit obligations. Rather, payments are made as costs are incurred by covered retirees. We expect net other postretirement benefit payments to be approximately \$2.5 million in 2019.

We may be required to make significant cash outlays due to our unrecognized tax benefits. However, due to the uncertainty of the timing of future cash flows associated with our unrecognized tax benefits, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, unrecognized tax benefits of \$9.6 million as of December 31, 2018 have been excluded from the contractual obligations table above. See Note 16. "Income Taxes" to the consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data" of this Report for additional information.

Excluded from the contractual obligations table above are open purchase orders as of December 31, 2018 for raw materials, supplies and capital expenditures in the normal course of business, supply contracts with customers, distribution agreements, joint venture agreements and other contracts without express funding requirements.

Non-GAAP Financial Measures

In evaluating our business, management considers EBITDA and Adjusted EBITDA to be key indicators of our operating performance. Our management also uses EBITDA and Adjusted EBITDA:

- because similar measures are utilized in the calculation of the financial covenants and ratios contained in our financing arrangements;
- in developing our internal budgets and forecasts;
- as a significant factor in evaluating our management for compensation purposes;
- in evaluating potential acquisitions;
- in comparing our current operating results with corresponding historical periods and with the operational performance of other companies in our industry; and
- in presentations to the members of our board of directors to enable our board of directors to have the same measurement basis of operating performance as is used by management in their assessments of performance and in forecasting and budgeting for our company.

In addition, we believe EBITDA and Adjusted EBITDA and similar measures are widely used by investors, securities analysts and other interested parties in evaluating our performance. We define Adjusted EBITDA as net income (loss) plus income tax expense (benefit), interest expense, net of interest income, depreciation and amortization (or “EBITDA”), as adjusted for items that management does not consider to be reflective of our core operating performance. These adjustments include, but are not limited to, restructuring costs, impairment charges, non-cash fair value adjustments and acquisition related costs.

EBITDA and Adjusted EBITDA are not financial measurements recognized under U.S. GAAP, and when analyzing our operating performance, investors should use EBITDA and Adjusted EBITDA as a supplement to, and not as alternatives for, net income (loss), operating income, or any other performance measure derived in accordance with U.S. GAAP, nor as an alternative to cash flow from operating activities as a measure of our liquidity. EBITDA and Adjusted EBITDA have limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of our results of operations as reported under U.S. GAAP. These limitations include the following:

- they do not reflect our cash expenditures or future requirements for capital expenditure or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect interest expense or cash requirements necessary to service interest or principal payments under our ABL Facility, Term Loan Facility and Senior Notes;
- they do not reflect certain tax payments that may represent a reduction in cash available to us;
- although depreciation and amortization are non-cash charges, the assets being depreciated or amortized may have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect cash requirements for such replacements; and
- other companies, including companies in our industry, may calculate these measures differently and, as the number of differences in the way companies calculate these measures increases, the degree of their usefulness as a comparative measure correspondingly decreases.

In addition, in evaluating Adjusted EBITDA, it should be noted that in the future, we may incur expenses similar to the adjustments in the below presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by special items.

The following table provides a reconciliation of EBITDA and Adjusted EBITDA from net income, which is the most comparable financial measure in accordance with U.S. GAAP:

	Year Ended December 31,		
	2018	2017	2016
	(Dollar amounts in thousands)		
Net income attributable to Cooper-Standard Holdings Inc.	\$ 107,766	\$ 135,303	\$ 138,988
Income tax expense	(29,683)	74,527	54,321
Interest expense, net of interest income	41,004	42,112	41,389
Depreciation and amortization	146,698	138,088	122,660
EBITDA	\$ 265,785	\$ 390,030	\$ 357,358
Other impairment charges ⁽¹⁾	43,706	14,763	1,273
Goodwill impairment charges ⁽²⁾	39,818	—	—
Restructuring charges ⁽³⁾	29,722	35,137	46,031
Gain on sale of land ⁽⁴⁾	(10,377)	—	—
Project costs ⁽⁵⁾	4,881	—	—
Amortization of inventory write-up ⁽⁶⁾	1,460	—	—
Settlement charges ⁽⁷⁾	775	6,427	281
Loss on refinancing and extinguishment of debt ⁽⁸⁾	770	1,020	5,104
Foreign tax amnesty program ⁽⁹⁾	—	4,623	—
Secondary offering underwriting fees and other expenses ⁽¹⁰⁾	—	—	6,500
Other	—	—	155
Adjusted EBITDA	\$ 376,540	\$ 452,000	\$ 416,702

- (1) Other non-cash impairment charges in 2018 related to intangible assets of \$791 and fixed assets of \$42,915. Impairment charges in 2017 and 2016 related to fixed assets of \$14,763 and \$1,273, respectively.
- (2) Non-cash goodwill impairment charges in 2018 related to impairments at our Europe and Asia Pacific reporting units, net of approximately \$5,463 attributable to our noncontrolling interests.
- (3) Includes non-cash impairment charges related to restructuring.
- (4) Gain on sale of land in Europe that was contemplated in conjunction with our restructuring plan. See Note 7. “Restructuring” to the consolidated financial statements included in Item 8. “Financial Statements and Supplementary Data” of this Report for additional information.
- (5) Project costs related to acquisitions and planned divestiture.
- (6) Amortization of write-up of inventory to fair value for the 2018 acquisitions.
- (7) Non-cash settlement charges incurred related to certain of our non-U.S. pension plans.
- (8) Loss on refinancing and extinguishment of debt relating to the March 2018 amendment and May 2017 amendment of the Term Loan Facility and the refinancing of our Term Loan Facility in 2016.
- (9) Relates to indirect taxes recorded in cost of products sold.
- (10) Fees and other expenses associated with the March 2016 secondary offering.

Recent Accounting Pronouncements

See Note 3. “New Accounting Pronouncements” to the consolidated financial statements included in Item 8. “Financial Statements and Supplementary Data” of this Report for additional information.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to fluctuations in interest rates, currency exchange rates and commodity prices. We actively manage our exposure to risk from changes in foreign currency exchange rates and interest rates through the use of derivative financial instruments in accordance with management’s guidelines. We do not enter into derivative instruments for trading or speculative purposes. See Item 8. “Financial Statements and Supplementary Data,” specifically Note 11. “Fair Value Measurements and Financial Instruments” to the consolidated financial statements.

Foreign Currency Exchange Rate Risk. We use forward foreign exchange contracts to reduce the effect of fluctuations in foreign exchange rates on a portion of forecasted sales, material purchases and operating expenses. As of December 31, 2018,

the notional amount of these contracts was \$154.2 million. As of December 31, 2018, the fair value of the Company's forward foreign exchange contracts was a liability of \$0.6 million. The potential pre-tax loss or gain in fair value from a hypothetical 10% adverse or favorable movement in the foreign currency exchange rates in relation to the U.S. Dollar is as follows:

	December 31, 2018	December 31, 2017
10% strengthening of U.S. Dollar	+ \$0.9 million	- \$10.0 million
10% weakening of U.S. Dollar	+ \$2.1 million	+ \$12.9 million

These estimates assume a parallel shift in all currency exchange rates and, as a result, may overstate the potential impact to earnings because currency exchange rates do not typically move all in the same direction.

In addition to transactional exposures, our operating results are impacted by the translation of our foreign operating income into U.S. dollars. In 2018, net sales outside of the United States accounted for 76% of our consolidated net sales, although certain non-U.S. sales are U.S. dollar denominated. We do not enter into foreign exchange contracts to mitigate this exposure.

Interest Rates. The Company has historically used interest rate swap contracts to manage cash flow variability associated with its variable rate Term Loan Facility. Such interest rate swap contracts fixed the interest payments of variable rate debt instruments in order to manage exposure to fluctuations in interest rates. As of December 31, 2018, there were no interest rate swap contracts outstanding. As of December 31, 2018 and 2017, approximately 52.5% and 25.0%, respectively, of our total debt was at variable interest rates. The pre-tax earnings and cash flow impact of a 100 basis points increase or decrease in the interest rates on our variable rate debt outstanding at December 31, 2018 would be a \$4.3 million increase or decrease, respectively, on an annualized basis.

Commodity Prices. We have commodity price risk with respect to purchases of certain raw materials, including natural gas and carbon black. Raw material, energy and commodity costs have been extremely volatile over the past several years. Historically, we have used derivative instruments to reduce our exposure to fluctuations in certain commodity prices. We did not enter into any commodity derivative instruments in 2018. We will continue to evaluate, and may use, derivative financial instruments to manage our exposure to raw material, energy and commodity price fluctuations in the future.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Annual Financial Statements

	<u>Page</u>
Report of Ernst & Young LLP, Independent Registered Public Accounting Firm	<u>42</u>
Report of Ernst & Young LLP, Independent Registered Public Accounting Firm, Internal Control over Financial Reporting	<u>43</u>
Consolidated statements of net income for the years ended December 31, 2018, 2017 and 2016	<u>44</u>
Consolidated statements of comprehensive income (loss) for the years ended December 31, 2018, 2017 and 2016	<u>45</u>
Consolidated balance sheets as of December 31, 2018 and December 31, 2017	<u>46</u>
Consolidated statements of changes in equity for the years ended December 31, 2018, 2017 and 2016	<u>47</u>
Consolidated statements of cash flows for the years ended December 31, 2018, 2017 and 2016	<u>48</u>
Notes to consolidated financial statements	<u>49</u>
Schedule II—Valuation and Qualifying Accounts	<u>90</u>

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Cooper-Standard Holdings Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cooper-Standard Holdings Inc. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of net income, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a)2 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 25, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company’s auditor since 2005.

Detroit, Michigan

February 25, 2019

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Cooper-Standard Holdings Inc.

Opinion on Internal Control over Financial Reporting

We have audited Cooper-Standard Holdings Inc.'s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Cooper-Standard Holdings Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Lauren Manufacturing and Lauren Plastics (together "Lauren"), LS Mtron's automotive parts business, now named Cooper Standard Automotive and Industrial, Inc. ("CSAI"), and Hutchings Automotive Products, LLC ("Hutchings"), which are included in the 2018 consolidated financial statements of the Company and constituted 8% of total assets as of December 31, 2018, and 2% and 1% of revenues and net income, respectively, for the year then ended. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Lauren, CSAI, and Hutchings.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of net income, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a)2 and our report dated February 25, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Detroit, Michigan
February 25, 2019

COOPER-STANDARD HOLDINGS INC.
CONSOLIDATED STATEMENTS OF NET INCOME
(Dollar amounts in thousands except per share amounts)

	Year Ended December 31,		
	2018	2017	2016
Sales	\$ 3,629,293	\$ 3,618,126	\$ 3,472,891
Cost of products sold	3,075,737	2,946,687	2,808,115
Gross profit	553,556	671,439	664,776
Selling, administration & engineering expenses	314,805	340,963	356,647
Amortization of intangibles	14,844	14,056	13,566
Gain on sale of land	(10,377)	—	—
Goodwill impairment charges	45,281	—	—
Other impairment charges	43,706	14,763	1,273
Restructuring charges	29,722	35,137	46,031
Other operating loss	—	—	155
Operating profit	115,575	266,520	247,104
Interest expense, net of interest income	(41,004)	(42,112)	(41,389)
Equity in earnings of affiliates	6,718	5,519	7,877
Loss on refinancing and extinguishment of debt	(770)	(1,020)	(5,104)
Other expense, net	(5,613)	(15,807)	(13,728)
Income before income taxes	74,906	213,100	194,760
Income tax (benefit) expense	(29,683)	74,527	54,321
Net income	104,589	138,573	140,439
Net (income) loss attributable to noncontrolling interests	3,177	(3,270)	(1,451)
Net income attributable to Cooper-Standard Holdings Inc.	\$ 107,766	\$ 135,303	\$ 138,988
Earnings per share:			
Basic	\$ 6.02	\$ 7.61	\$ 7.96
Diluted	\$ 5.89	\$ 7.21	\$ 7.42

The accompanying notes are an integral part of these consolidated financial statements.

COOPER-STANDARD HOLDINGS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollar amounts in thousands)

	Year Ended December 31,		
	2018	2017	2016
Net income	\$ 104,589	\$ 138,573	\$ 140,439
Other comprehensive income (loss):			
Currency translation adjustment	(47,397)	49,600	(13,930)
Benefit plan liabilities adjustment, net of tax	4,943	(3,137)	(13,488)
Fair value change of derivatives, net of tax	1,009	73	810
Other comprehensive income (loss), net of tax	(41,445)	46,536	(26,608)
Comprehensive income	63,144	185,109	113,831
Comprehensive loss (income) attributable to noncontrolling interests	4,804	(4,874)	(341)
Comprehensive income attributable to Cooper-Standard Holdings Inc.	<u>\$ 67,948</u>	<u>\$ 180,235</u>	<u>\$ 113,490</u>

The accompanying notes are an integral part of these consolidated financial statements.

COOPER-STANDARD HOLDINGS INC.
CONSOLIDATED BALANCE SHEETS
(Dollar amounts in thousands except share amounts)

	December 31,	
	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 264,980	\$ 515,952
Accounts receivable, net	418,607	494,049
Tooling receivable	141,106	112,561
Inventories	175,572	170,196
Prepaid expenses	36,878	33,205
Other current assets	108,683	100,778
Assets held for sale	103,898	—
Total current assets	1,249,724	1,426,741
Property, plant and equipment, net	984,241	952,178
Goodwill	143,681	171,852
Intangible assets, net	99,602	69,091
Deferred tax assets	70,007	33,834
Other assets	75,848	71,952
Total assets	\$ 2,623,103	\$ 2,725,648
Liabilities and Equity		
Current liabilities:		
Debt payable within one year	\$ 101,323	\$ 34,921
Accounts payable	452,320	523,296
Payroll liabilities	92,604	123,090
Accrued liabilities	98,907	145,650
Liabilities held for sale	71,195	—
Total current liabilities	816,349	826,957
Long-term debt	729,805	723,325
Pension benefits	138,771	180,173
Postretirement benefits other than pensions	40,901	61,921
Deferred tax liabilities	8,233	9,511
Other liabilities	29,542	68,672
Total liabilities	1,763,601	1,870,559
7% Cumulative participating convertible preferred stock, \$0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding	—	—
Equity:		
Common stock, \$0.001 par value, 190,000,000 shares authorized; 19,620,546 shares issued and 17,554,737 outstanding as of December 31, 2018 and 19,920,805 shares issued and 17,914,599 outstanding as of December 31, 2017	17	18
Additional paid-in capital	501,511	512,815
Retained earnings	576,025	511,367
Accumulated other comprehensive loss	(246,088)	(197,631)
Total Cooper-Standard Holdings Inc. equity	831,465	826,569
Noncontrolling interests	28,037	28,520
Total equity	859,502	855,089
Total liabilities and equity	\$ 2,623,103	\$ 2,725,648

The accompanying notes are an integral part of these consolidated financial statements.

COOPER-STANDARD HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Dollar amounts in thousands except share amounts)

	Total Equity							
	Common Shares	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Cooper- Standard Holdings Inc. Equity	Noncontrolling Interest	Total Equity
Balance as of December 31, 2015	17,458,945	\$ 17	\$ 513,764	\$ 306,713	\$ (217,065)	\$ 603,429	\$ 11,370	\$ 614,799
Cumulative effect of change in accounting principle	—	—	—	(473)	—	(473)	—	(473)
Repurchase of common stock	(350,000)	—	(8,470)	(15,330)	—	(23,800)	—	(23,800)
Warrant exercise	332,873	—	2,810	—	—	2,810	—	2,810
Share-based compensation, net	248,793	—	5,830	(3,926)	—	1,904	—	1,904
Consolidation of joint venture	—	—	—	—	—	—	13,300	13,300
Dividends paid to noncontrolling interests	—	—	—	—	—	—	(580)	(580)
Net income for 2016	—	—	—	138,988	—	138,988	1,451	140,439
Other comprehensive loss	—	—	—	—	(25,498)	(25,498)	(1,110)	(26,608)
Balance as of December 31, 2016	17,690,611	17	513,934	425,972	(242,563)	697,360	24,431	721,791
Repurchase of common stock	(513,801)	(1)	(12,434)	(43,512)	—	(55,947)	—	(55,947)
Warrant exercise	568,702	1	2,372	—	—	2,373	—	2,373
Share-based compensation, net	169,087	1	8,943	(6,396)	—	2,548	—	2,548
Dividends declared to noncontrolling interests	—	—	—	—	—	—	(785)	(785)
Net income for 2017	—	—	—	135,303	—	135,303	3,270	138,573
Other comprehensive income	—	—	—	—	44,932	44,932	1,604	46,536
Balance as of December 31, 2017	17,914,599	18	512,815	511,367	(197,631)	826,569	28,520	855,089
Cumulative effect of change in accounting principle	—	—	—	8,639	(8,639)	—	—	—
Repurchase of common stock	(549,019)	(1)	(14,259)	(46,306)	—	(60,566)	—	(60,566)
Share-based compensation, net	189,157	—	5,637	(5,441)	—	196	—	196
Purchase of noncontrolling interest	—	—	(2,682)	—	—	(2,682)	312	(2,370)
Contribution from noncontrolling interests	—	—	—	—	—	—	1,377	1,377
Acquisition	—	—	—	—	—	—	6,246	6,246
Dividends declared to noncontrolling interests	—	—	—	—	—	—	(3,614)	(3,614)
Net income for 2018	—	—	—	107,766	—	107,766	(3,177)	104,589
Other comprehensive income	—	—	—	—	(39,818)	(39,818)	(1,627)	(41,445)
Balance as of December 31, 2018	17,554,737	\$ 17	\$ 501,511	\$ 576,025	\$ (246,088)	\$ 831,465	\$ 28,037	\$ 859,502

The accompanying notes are an integral part of these consolidated financial statements.

COOPER-STANDARD HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollar amounts in thousands)

	Year Ended December 31,		
	2018	2017	2016
Operating Activities:			
Net income	\$ 104,589	\$ 138,573	\$ 140,439
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	131,854	124,032	109,094
Amortization of intangibles	14,844	14,056	13,566
Gain on sale of land	(10,377)	—	—
Impairment charges	88,987	14,763	1,273
Share-based compensation expense	8,520	24,963	24,032
Equity in earnings, net of dividends related to earnings	(1,856)	(137)	(4,855)
Loss on refinancing and extinguishment of debt	770	1,020	5,104
Deferred income taxes	(40,721)	11,076	9,082
Other	2,652	1,286	1,591
Changes in operating assets and liabilities:			
Accounts and tooling receivable	17,916	(26,428)	(579)
Inventories	1,410	(13,929)	6,651
Prepaid expenses	(4,647)	5,981	(7,010)
Accounts payable	(32,502)	11,415	70,066
Payroll and accrued liabilities	(65,646)	8,879	5,612
Other	(66,405)	(2,444)	(8,595)
Net cash provided by operating activities	149,388	313,106	365,471
Investing activities:			
Capital expenditures	(218,071)	(186,795)	(164,368)
Acquisition of businesses, net of cash acquired	(171,653)	(478)	(37,478)
Cash from consolidation of joint venture	—	—	3,395
Other	6,733	(13,349)	185
Net cash used for investing activities	(382,991)	(200,622)	(198,266)
Financing activities:			
Proceeds from issuance of long-term debt, net of debt issuance costs	—	—	393,060
Repayment and refinancing of term loan facility	—	—	(397,196)
Principal payments on long-term debt	(3,437)	(19,866)	(10,747)
Purchase of noncontrolling interest	(2,450)	—	—
Repurchase of common stock	(59,955)	(55,123)	(23,800)
Proceeds from exercise of warrants	—	2,373	2,810
Increase (decrease) in short term debt, net	65,198	10,683	(12,223)
Taxes withheld and paid on employees' share-based payment awards	(11,618)	(13,297)	(12,624)
Other	(2,178)	(297)	(2,196)
Net cash used for financing activities	(14,440)	(75,527)	(62,916)
Effects of exchange rate changes on cash, cash equivalents and restricted cash	(3,019)	(1,475)	(666)
Changes in cash, cash equivalents and restricted cash	(251,062)	35,482	103,623
Cash, cash equivalents and restricted cash at beginning of period	518,461	482,979	379,356
Cash, cash equivalents and restricted cash at end of period	\$ 267,399	\$ 518,461	\$ 482,979
Reconciliation of cash, cash equivalents and restricted cash to the consolidated balance sheet:			
Cash and cash equivalents	\$ 264,980	\$ 515,952	\$ 480,092
Restricted cash included in other current assets	18	88	—
Restricted cash included in other assets	2,401	2,421	2,887
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	\$ 267,399	\$ 518,461	\$ 482,979
Supplemental Disclosure:			
Cash paid for interest	\$ 44,877	\$ 47,424	\$ 38,550
Cash paid for income taxes, net of refunds	32,299	36,883	38,334

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in thousands except per share and share amounts)

1. Description of Business

Cooper-Standard Holdings Inc. (together with its consolidated subsidiaries, the “Company” or “Cooper Standard”), through its wholly-owned subsidiary, Cooper-Standard Automotive Inc. (“CSA U.S.”), is a leading manufacturer of sealing, fuel and brake delivery, fluid transfer, and anti-vibration systems. The Company’s products are primarily for use in passenger vehicles and light trucks that are manufactured by global automotive original equipment manufacturers (“OEMs”) and replacement markets. The Company conducts substantially all of its activities through its subsidiaries.

The Company believes it is the largest global producer of sealing systems, the second largest global producer of the types of fuel and brake delivery products that it manufactures and the third largest global producer of fluid transfer systems. The Company designs and manufactures its products in each major region of the world through a disciplined and sustained approach to engineering and operational excellence. The Company operates in 104 manufacturing locations and 55 design, engineering, administrative and logistics locations in 21 countries around the world.

On November 2, 2018, the Company entered into a definitive agreement to divest the anti-vibration systems product line. See Note 4. “Acquisitions and Divestitures” and Note 5. “Assets Held for Sale” for additional information.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”). Certain balances in prior periods have been conformed to the current presentation.

The Company’s financial statements for the twelve months ended December 31, 2017 and December 31, 2016 have been recast to reflect the effects of the adoption of Accounting Standards Update (“ASU”) 2017-07, *Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, and ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, both of which were adopted in the first quarter of 2018. The financial statement line items affected due to the adoption of ASU 2017-07 were cost of products sold, selling, administration & engineering expenses and other expense, net. The financial statement line items affected due to the adoption of ASU 2016-18 were cash flows from operating activities and beginning and ending cash, cash equivalents and restricted cash. Amounts included in restricted cash are maintained to meet local regulatory requirements in Europe and Korea in support of employee related programs.

Summary of Significant Accounting Policies

Principles of Consolidation – The consolidated financial statements include the accounts of the Company and the wholly-owned and less than wholly-owned subsidiaries controlled by the Company. All material intercompany accounts and transactions have been eliminated. Acquired businesses are included in the consolidated financial statements from the dates of acquisition or when the Company gained control.

The equity method of accounting is followed for investments in which the Company does not have control, but does have the ability to exercise significant influence over operating and financial policies. Generally, this occurs when ownership is between 20% to 50%.

Foreign Currency – The financial statements of foreign subsidiaries are translated to U.S. dollars at the end-of-period exchange rates for assets and liabilities and at a weighted average exchange rate for each period for revenues and expenses. Translation adjustments for those subsidiaries whose local currency is their functional currency are recorded as a component of accumulated other comprehensive income (loss) in stockholders’ equity (“AOCT”). Transaction related gains and losses arising from fluctuations in currency exchange rates on transactions denominated in currencies other than the functional currency are recognized in earnings as incurred, except for those intercompany balances which are designated as long-term.

Cash and Cash Equivalents – The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents as of December 31, 2018 includes \$14,542 of cash collected on behalf of a factoring provider in connection with receivables sold under the Company’s accounts receivable factoring program. See Note 12. “Accounts Receivable Factoring” for additional information.

Accounts Receivable – The Company records trade accounts receivable when revenue is recorded in accordance with its revenue recognition policy and relieves accounts receivable when payments are received from customers. Accounts receivable are written off when it is apparent such amounts are not collectible. Generally, the Company does not require collateral for its accounts receivable, nor is interest charged on accounts receivable balances.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Allowance for Doubtful Accounts – An allowance for doubtful accounts is established through charges to the provision for bad debts when it is probable that the outstanding receivable will not be collected. The Company evaluates the adequacy of the allowance for doubtful accounts on a periodic basis, including historical trends in collections and write-offs, management's judgment of the probability of collecting accounts and management's evaluation of business risk. This evaluation is inherently subjective, as it requires estimates that are susceptible to revision as more information becomes available. The allowance for doubtful accounts was \$5,551 and \$4,199 as of December 31, 2018 and 2017, respectively.

Advertising Expense – Expenses incurred for advertising are generally expensed when incurred. Advertising expense was \$1,493, \$3,769 and \$3,553 for the years ended December 31, 2018, 2017 and 2016, respectively.

Inventories – Inventories are valued at lower of cost or net realizable value. Cost is determined using the first-in, first-out method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs. The Company records inventory reserves for inventory in excess of production and/or forecasted requirements and for obsolete inventory.

	December 31,	
	2018	2017
Finished goods	\$ 50,999	\$ 47,613
Work in process	37,815	35,455
Raw materials and supplies	86,758	87,128
	\$ 175,572	\$ 170,196

Derivative Financial Instruments – Derivative financial instruments are utilized by the Company to reduce foreign currency exchange and interest rate risks. The Company has established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. On the date the derivative is established, the Company designates the derivative as either a fair value hedge, a cash flow hedge or a net investment hedge in accordance with its established policy. The Company does not enter into derivative financial instruments for trading or speculative purposes.

Income Taxes – Deferred tax assets or liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax laws and rates. A valuation allowance is provided on deferred tax assets if the Company determines that it is more likely than not that the asset will not be realized.

Long-lived Assets – Property, plant and equipment are recorded at cost and depreciated using primarily the straight-line method over estimated useful lives. Leasehold improvements are amortized over the expected life of the asset or term of the lease, whichever is shorter. Intangibles with finite lives, which include technology and customer relationships, are amortized over estimated useful lives. The Company evaluates the recoverability of long-lived assets when events and circumstances indicate that the assets may be impaired and the undiscounted net cash flows estimated to be generated by those assets are less than their carrying value. If the net carrying value exceeds the fair value, an impairment loss exists and is calculated based on a discounted cash flow analysis or estimated salvage value. Discounted cash flows are estimated using internal budgets and assumptions regarding discount rates and other factors.

Pre-production Costs Related to Long Term Supply Arrangements – Costs for molds, dies and other tools owned by the Company to produce products under long-term supply arrangements are recorded at cost in property, plant and equipment and amortized over the lesser of three years or the term of the related supply agreement. The amounts capitalized were \$4,735 and \$2,091 as of December 31, 2018 and 2017, respectively. The Company expenses all pre-production tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer. Reimbursable tooling costs are recorded in tooling receivable in the accompanying consolidated balance sheets if considered to be receivable in the next twelve months, and in other assets if considered to be receivable beyond twelve months. Tooling receivable for customer-owned tooling as of December 31, 2018 and 2017 was \$141,106 and \$112,561, respectively. Reimbursable tooling costs included in other assets in the accompanying consolidated balance sheets were \$27,037 and \$21,506 as of December 31, 2018 and 2017, respectively.

Goodwill – The Company tests goodwill for impairment on an annual basis in the fourth quarter, or more frequently if an event occurs or circumstances indicate the carrying amount may be impaired. Goodwill impairment testing is performed at the reporting unit level. The impairment test involves first qualitatively assessing goodwill for impairment. If the qualitative assessment is not met, a quantitative assessment is performed by comparing the estimated fair value of each reporting unit to its carrying value. If the carrying value exceeds the fair value, an impairment charge is recorded based on that difference.

In the fourth quarter of 2018, the Company completed a qualitative goodwill impairment assessment for each of its reporting units, and after evaluating the results, events and circumstances, the Company determined a quantitative test was necessary. As a result of the quantitative test, an impairment charge was recorded. See Note 9. "Goodwill and Intangibles." No goodwill impairments were recorded in 2017 or 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollar amounts in thousands except per share and share amounts)

Business Combinations – The purchase price of an acquired business is allocated to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded as goodwill. Determining the fair values of assets acquired and liabilities assumed requires management’s judgment, the utilization of independent appraisal firms and often involves the use of significant estimates and assumptions with respect to the timing and amount of future cash flows, market rate assumptions, actuarial assumptions, and appropriate discount rates, among other items.

Revenue Recognition and Sales Commitments – See Note 6. “Revenue.”

Shipping and Handling – Amounts billed to customers related to shipping and handling are included in sales in the Company’s consolidated statements of net income. Shipping and handling costs are included in cost of products sold in the Company’s consolidated statements of net income.

Research and Development – Costs are charged to selling, administration and engineering expenses as incurred and totaled \$122,529, \$127,974 and \$117,791 for the years ended December 31, 2018, 2017 and 2016, respectively.

Share-based Compensation – The Company measures share-based compensation expense at fair value and generally recognizes such expenses on a straight-line basis over the vesting period of the share-based employee awards. See Note 20. “Share-Based Compensation” for additional information.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect amounts reflected in the consolidated financial statements, as well as disclosure of contingent assets and liabilities. Considerable judgment is often involved in making such estimates, and the use of different assumptions could result in different conclusions. Management believes its assumptions and estimates are reasonable and appropriate. However, actual results could differ from those estimates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

3. New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

The Company adopted the following ASUs in 2018, which had a material impact on its consolidated financial statements:

Standard	Description	Impact	Effective Date
ASU 2018-02, Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income	Permits entities to reclassify the tax effects stranded in accumulated other comprehensive income as a result of the 2017 Tax Cuts and Jobs Act to retained earnings.	Adoption resulted in the reclassification of \$8,639 from accumulated other comprehensive loss to retained earnings. There was no impact to total equity.	January 1, 2019 (early adopted as of January 1, 2018)
ASU 2017-07, Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost	Requires the service cost component of net periodic benefit cost to be recorded in the same income statement line item as other employee compensation costs arising from services rendered during the period. Other components of the net periodic benefit cost must be presented separately outside of operating income.	Adoption resulted in the reclassification of \$8,674 and \$3,069 from cost of products sold and selling, administrative and engineering expense to other expense, net for the years ended December 31, 2017 and 2016. There was no impact to net income attributable to Cooper Standard. See Note 14 and Note 15.	January 1, 2018
ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash	Requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should now be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.	See Consolidated Statement of Cash Flows	January 1, 2018

ASU 2014-09, Revenue from Contracts with Customers (Topic 606)

On January 1, 2018, the Company adopted Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*, and all related amendments using the modified retrospective method applied to contracts that were not completed at the date of initial application. The new standard replaced existing revenue recognition guidance with a five-step model and additional financial statement disclosures. The core principle of the guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The Company did not recognize a cumulative effect adjustment to the opening balance of retained earnings because net income was not impacted upon adoption. However, the cumulative effect of the changes made to the Company’s consolidated January 1, 2018 balance sheet was as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

	Balance as of December 31, 2017	Adjustments due to adoption of ASC 606	Balance as of January 1, 2018
Assets			
Current assets:			
Accounts receivable, net	\$ 494,049	\$ (4,604)	\$ 489,445
Other current assets	\$ 100,778	\$ 4,604	\$ 105,382

The new standard primarily impacted how the Company accounts for unbilled receivables associated with variable pricing arrangements, now recognized as contract assets. Before adoption, the Company recognized such amounts in accounts receivable. In accordance with the modified retrospective adoption method, comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The following table summarizes the impact of adopting the new standard on the Company's consolidated balance sheet as of December 31, 2018.

	As Reported	Balances Without Adoption of ASC 606	Effect of Change Higher / (Lower)
Assets			
Current assets:			
Accounts receivable, net	\$ 418,607	\$ 433,364	\$ (14,757)
Other current assets	\$ 108,683	\$ 93,926	\$ 14,757

The Company adopted the following ASUs in 2018, which did not have a material impact on its consolidated financial statements:

Standard	Description	Effective Date
ASU 2018-07, Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting	Simplifies the accounting for nonemployee share-based payments by aligning the measurement and classification guidance for share-based payments to nonemployees with the guidance for share-based payments to employees, with certain exceptions. A modified retrospective transition approach is required. Early adoption is permitted, but no earlier than an entity's adoption of Topic 606.	January 1, 2019 (early adopted as of September 30, 2018)
ASU 2017-09, Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting	Clarifies that modification accounting is required only if there is a change in the fair value, vesting conditions, or classification (as equity or liability) of a share-based payment award due to changes in the terms or conditions.	January 1, 2018
ASU 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	Eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. Instead, entities will record an impairment charge based on the excess of a reporting unit's carrying amount over its fair value.	January 1, 2020 (early adopted as of October 1, 2018)
ASU 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory	Requires companies to recognize the income tax effects of intercompany sales and transfers of assets other than inventory in the period in which the transfer occurs.	January 1, 2018
ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments	Provides guidance on eight specific cash flow issues, thereby reducing diversity in practice.	January 1, 2018

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Recently Issued Accounting Pronouncements

The Company considered the recently issued accounting pronouncements summarized as follows, which could have a material impact on its consolidated financial statements or disclosures:

Standard	Description	Impact	Effective Date
ASU 2018-14, Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans	Modifies the disclosure requirements for ASC Topic 815 by removing and modifying existing disclosure requirements as well as adding new disclosures.	The Company is undertaking a comprehensive evaluation of the impacts of adopting this standard and expects this standard will primarily result in additional pension disclosures while also removing certain disclosures. Specifically, the weighted-average interest crediting rate for our cash balance plan and if needed, an explanation for significant gains and losses related to changes in the benefit obligation for the period will be added while accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year and the effects of a one-percentage-point change in the assumed health care cost trend rate will be removed.	January 1, 2021
ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement	Modifies the disclosure requirements for ASC Topic 820 by removing and modifying existing disclosure requirements as well as adding new disclosures.	The Company is undertaking a comprehensive evaluation of the impacts of adopting this standard and expects this standard will primarily result in additional quantitative disclosures for Level 3 fair value measurements.	January 1, 2020
ASU 2016-02, Leases (Topic 842)	Requires lessees to recognize right-of-use assets and lease liabilities for all leases (except for short-term leases). The standard also requires additional disclosures to help financial statement users better understand the amount, timing and uncertainty of cash flows arising from lease transactions. Several ASUs have been issued since the issuance of ASU 2016-02. These ASUs are intended to promote a more consistent interpretation and application of the principles outlined in the standard and provide an additional transition method. A modified retrospective transition approach is required with certain practical expedients available.	The Company has substantially completed its comprehensive evaluation of the impacts of adopting this standard and believes this standard will result in recording right-of-use assets and lease liabilities on its consolidated balance sheet of approximately \$105,000 to \$115,000, upon adoption and will not have a material impact on its consolidated income statement or statement of cash flows. The Company has completed its implementation of lease administration software and assessment of the impact to our systems, processes, accounting policies and internal controls. The impact on existing processes, controls, and information systems is significant. The Company will adopt the guidance effective January 1, 2019 using the modified retrospective method whereby the cumulative effect of adopting the standard will be recognized in equity at the date of initial application and comparative periods will not be adjusted. The Company will elect the package of practical expedients on existing leases as of the effective date and not elect the hindsight practical expedient. Additionally, the Company will elect the practical expedient to not reassess whether any expired or existing land easements are or contain leases.	January 1, 2019

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

The Company considered the recently issued accounting pronouncements summarized as follows, none of which are expected to have a material impact on its consolidated financial statements:

Standard	Description	Effective Date
ASU 2018-18, Collaborative Arrangements (Topic 808): Clarifying the Interaction Between Topic 808 and Topic 606	Provides guidance on how to assess whether certain transactions between collaborative arrangement participants should be accounted for within the revenue recognition standard and provides more comparability in the presentation of revenue for certain of these transactions.	January 1, 2020
ASU 2018-16, Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting	Adds the OIS rate based on SOFR as a U.S. benchmark interest rate to facilitate the LIBOR to SOFR transition and provide sufficient lead time for entities to prepare for changes to interest rate risk hedging strategies for both risk management and hedge accounting purposes.	January 1, 2019
ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities	Eliminates the requirement to separately measure and report hedge ineffectiveness and generally requires the entire change in the fair value of a hedging instrument to be presented in the same income statement line as the hedged item.	January 1, 2019

4. Acquisitions and Divestitures

AMI Acquisition

In the first quarter of 2018, the Company finalized its purchase of 100% equity interest of the China fuel and brake business of AMI Industries (“AMI China”) for cash consideration of \$3,900. This acquisition directly aligns with the Company’s growth strategy by expanding the Company’s fuel and brake business. The results of operations of AMI China are included in the Company’s consolidated financial statements from the date of acquisition, February 1, 2018, and reported within the Asia Pacific segment. The pro forma effect of this acquisition would not have materially impacted the Company’s reported results for any periods presented, and as a result no pro forma information has been presented. This acquisition was accounted for as a business combination, with the total purchase price allocated using information available. The fair value of identifiable assets acquired and liabilities assumed exceeded the fair value of the consideration transferred by an immaterial amount.

INOAC Acquisition

Also in the first quarter of 2018, the Company purchased the remaining 49% equity interest of Cooper-Standard INOAC Pte. Ltd., a fluid transfer systems joint venture, at a purchase price of \$2,450. This acquisition was accounted for as an equity transaction. Subsequent to the transaction, the Company owns 100% of the equity interests of Cooper-Standard INOAC Pte. Ltd.

Lauren Acquisition

On August 1, 2018, the Company acquired the assets and liabilities of Lauren Manufacturing and Lauren Plastics (together “Lauren”), extruders and molders of organic, silicone, thermoplastic and engineered polymer products with expertise in sealing solutions, to further expand the Company’s Industrial and Specialty Group and non-automotive and adjacent markets. The base purchase price of the acquisition was \$92,700, subject to certain adjustments. The results of operations of Lauren are included in the Company’s consolidated financial statements from the date of acquisition and reported within the North America segment. The pro forma effect of this acquisition would not have materially impacted the Company’s reported results for any periods presented, and as a result no pro forma information has been presented. This acquisition was accounted for as a business combination and resulted in tax deductible goodwill, with the total purchase price allocated on a preliminary basis which is subject to change as the Company finalizes application of opening balance sheet adjustments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

The following table summarizes the estimated fair value of Lauren assets acquired and liabilities assumed at the date of acquisition:

	August 1, 2018
Accounts receivable	\$ 11,092
Inventories	7,566
Prepaid expenses and other	365
Property, plant, and equipment	22,847
Goodwill	27,384
Intangible assets	34,810
Total assets acquired	104,064
Accounts payable	4,565
Other current liabilities	2,286
Other liabilities	4,673
Total liabilities assumed	11,524
Net assets acquired	\$ 92,540

Accounts receivable, prepaid expenses, accounts payable and other current liabilities were stated at historical carrying values, which management believes approximates fair value given the short-term nature of these assets and liabilities. Inventories were recorded at fair value which is estimated for finished goods and work-in-process based upon the expected selling price less costs to complete, selling, and disposal costs, and a normal profit margin. Raw material inventory was recorded at historical carrying value as such value approximates the replacement cost. The Company has estimated the fair value of property, plant and equipment, intangibles and other liabilities based upon third party valuations, management's estimates, available information and reasonable assumptions. Goodwill represents the excess of the acquisition price over the fair value of the identifiable assets acquired and liabilities assumed.

LS Mtron Automotive Parts Acquisition

On October 31, 2018, the Company acquired 80.1% of LS Mtron Ltd.'s automotive parts business, now named Cooper Standard Automotive and Industrial, Inc. The acquisition adds jounce brake lines and charge air cooling technology to the Company's automotive fluid transfer, and fuel and brake delivery systems product lines and further expands core product offerings. The base purchase price was approximately \$25,100, subject to certain adjustments. The noncontrolling interest was determined to have a fair value of \$6,200. The results of operations of Cooper Standard Automotive and Industrial, Inc., are included in the Company's consolidated financial statements from the date of acquisition and reported within the Asia Pacific segment. The pro forma effect of this acquisition would not have materially impacted the Company's reported results for any periods presented, and as a result no pro forma information has been presented. This acquisition was accounted for as a business combination, with the total purchase price allocated on a preliminary basis which is subject to change as the Company continues its review of potential purchase price adjustments during the measurement period. The fair value of identifiable assets acquired and liabilities assumed approximated the fair value of the consideration transferred.

Hutchings Automotive Products Acquisition

On November 1, 2018, the Company acquired the assets and liabilities of Hutchings Automotive Products, LLC ("Hutchings"), a North American supplier of high quality fluid carrying products for automotive powertrain and coolant systems applications. The base purchase price was approximately \$42,300, subject to certain adjustments. The results of operations of Hutchings are included in the Company's consolidated financial statements from the date of acquisition and reported within the North America segment. The pro forma effect of this acquisition would not have materially impacted the Company's reported results for any periods presented, and as a result no pro forma information has been presented. This acquisition was accounted for as a business combination, resulting in the recognition of intangible assets of \$11,100 and tax deductible goodwill of \$5,584. See Note 9. "Goodwill and Intangibles" for additional information. The total purchase price was allocated on a preliminary basis which is subject to change as the Company continues its review of potential purchase price adjustments during the measurement period.

Divestitures

In the fourth quarter of 2018, the Company entered into a definitive agreement to divest its anti-vibration systems product line. The expected sale price is approximately \$265,500, subject to certain adjustments. See Note 5. "Assets Held for Sale."

5. Assets Held for Sale

In the third quarter of 2018, management approved a plan to sell the anti-vibration systems (“AVS”) product line within its North America, Europe and Asia Pacific segments. The business and its associated assets and liabilities met the criteria for presentation as held for sale as of September 1, 2018, and as such the assets and liabilities associated with the transaction are separately classified as held for sale in the consolidated balance sheet as of December 31, 2018 and depreciation of long-lived assets ceased. The planned divestiture did not meet the criteria for presentation as a discontinued operation.

In the fourth quarter of 2018, the Company entered into a definitive agreement to divest the AVS product line. The expected sale price is approximately \$265,500, subject to certain adjustments. The planned divestiture of the AVS product line is expected to close in the first half of 2019 and is subject to customary closing conditions, including regulatory and third-party approvals.

The major classes of assets and liabilities held for sale were as follows:

	December 31, 2018
Accounts receivable, net	\$ 35,498
Tooling receivable	3,797
Inventories	13,774
Prepaid expenses	1,759
Other current assets	1,197
Property, plant and equipment, net	31,148
Goodwill	13,500
Other assets	3,225
Total assets held for sale	\$ 103,898
Accounts payable	\$ 38,065
Payroll liabilities	6,826
Accrued liabilities	1,000
Pension benefits	15,894
Postretirement benefits other than pensions	9,281
Other liabilities	129
Total liabilities related to assets held for sale	\$ 71,195

6. Revenue

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*, which was adopted on January 1, 2018 using the modified retrospective method.

Revenue by customer group for the year ended December 31, 2018 was as follows:

	North America	Europe	Asia Pacific	South America	Consolidated
Automotive	\$ 1,834,780	\$ 917,892	\$ 576,388	\$ 97,484	\$ 3,426,544
Commercial	23,034	34,336	19	439	57,828
Other	66,903	77,874	4	140	144,921
Revenue	\$ 1,924,717	\$ 1,030,102	\$ 576,411	\$ 98,063	\$ 3,629,293

The automotive group consists of sales to automotive OEMs and automotive suppliers, while the commercial group represents sales to OEMs of on- and off-highway commercial equipment and vehicles. The other customer group includes sales related to specialty and adjacent markets.

Substantially all the Company’s revenues are generated from sealing, fuel and brake delivery, fluid transfer and anti-vibration systems for use in passenger vehicles and light trucks manufactured by global OEMs.

A summary of the Company's products is as follows:

Product Line	Description
Sealing Systems	Protect vehicle interiors from weather, dust and noise intrusion for improved driving experience; provide aesthetic and functional class-A exterior surface treatment
Fuel & Brake Delivery Systems	Sense, deliver and control fluids to fuel and brake systems
Fluid Transfer Systems	Sense, deliver and control fluids and vapors for optimal powertrain & HVAC operation
Anti-Vibration Systems	Control and isolate vibration and noise in the vehicle to improve ride and handling

Revenue by product line for the year ended December 31, 2018 was as follows:

	North America	Europe	Asia Pacific	South America	Consolidated
Sealing systems	\$ 635,702	\$ 646,213	\$ 445,884	\$ 73,256	\$ 1,801,055
Fuel and brake delivery systems	545,907	138,557	89,104	24,440	798,008
Fluid transfer systems	442,392	87,593	33,158	367	563,510
Anti-vibration systems	256,846	74,792	8,265	—	339,903
Other	43,870	82,947	—	—	126,817
Consolidated	<u>\$ 1,924,717</u>	<u>\$ 1,030,102</u>	<u>\$ 576,411</u>	<u>\$ 98,063</u>	<u>\$ 3,629,293</u>

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in ASC 606. The Company has one major performance obligation category: manufactured parts.

A contract's transaction price is allocated to each distinct performance obligation and recognized when the performance obligation is satisfied. It is not unusual for the Company's contracts to include multiple performance obligations. For such contracts, the Company generally allocates the contract's transaction price to each performance obligation based on the purchase order or other arranged pricing.

The Company recognizes revenue at a point in time, generally when products are shipped or delivered. The point at which revenue is recognized often depends on the shipping terms.

The Company usually enters into agreements with customers to produce products at the beginning of a vehicle's life. Blanket purchase orders received from customers and related documents generally establish the annual terms, including pricing, related to a vehicle model. Although purchase orders do not usually specify quantities, fulfillment of customers' purchasing requirements can be the Company's obligation for the entire production life of the vehicle. These agreements generally may be terminated by the Company's customer at any time, but such cancellations have historically been minimal. Customers typically pay for parts based on customary business practices with payment terms generally between 30 and 90 days. The Company has no significant financing arrangements with customers.

The Company applies the optional exemption to forgo disclosing information about its remaining performance obligations because its contracts usually have an original expected duration of one year or less. It also applies an accounting policy to treat shipping and handling costs that are incurred after revenue is recognizable as a fulfillment activity by expensing such costs as incurred, instead of as a separate performance obligation. This is consistent with the Company's historical accounting practices. The Company has chosen to present revenue net of sales and other similar taxes, which is also consistent with its historical accounting practices.

Contract Estimates

The amount of revenue recognized is usually based on the purchase order price and adjusted for variable consideration, including pricing concessions. The Company accrues for pricing concessions by reducing revenue as products are shipped or delivered. The accruals are based on historical experience, anticipated performance and management's best judgment. The Company also generally has ongoing adjustments to customer pricing arrangements based on the content and cost of its products. Such pricing accruals are adjusted as they are settled with customers. Customer returns are usually related to quality or shipment

issues and are recorded as a reduction of revenue. The Company generally does not recognize significant return obligations due to their infrequent nature.

Contract Balances

The Company's contract assets consist of unbilled amounts associated with variable pricing arrangements in its Asia Pacific region. Once pricing is finalized, contract assets are transferred to accounts receivable. As a result, the timing of revenue recognition and billings, as well as changes in foreign exchange rates, will impact contract assets on an ongoing basis. Changes during the year ended December 31, 2018 were not materially impacted by any other factors.

The Company's contract liabilities consist of advance payments received and due from customers. Net contract assets (liabilities) consisted of the following:

	December 31, 2018	January 1, 2018	Change
Contract assets	\$ 14,757	\$ 4,604	\$ 10,153
Contract liabilities	(143)	—	(143)
Net contract assets	<u>\$ 14,614</u>	<u>\$ 4,604</u>	<u>\$ 10,010</u>

Other

The Company provides assurance-type warranties to its customers. Such warranties provide customers with assurance that the related product will function as intended and complies with any agreed-upon specifications and are recognized in costs of products sold.

7. Restructuring

On an ongoing basis, the Company evaluates its business and objectives to ensure that it is properly configured and sized based on changing market conditions. Accordingly, the Company has implemented several restructuring initiatives, including closure or consolidation of facilities throughout the world and the reorganization of its operating structure.

In January 2015, the Company announced its intention to further restructure its European manufacturing footprint based on anticipated market demands. This initiative was substantially complete as of December 31, 2018. The estimated cost of this initiative is \$121,000 to \$125,000, of which approximately \$115,000 has been incurred to date. The Company expects to incur total employee separation costs (as defined below) of approximately \$61,000 to \$63,000, other related exit costs of approximately \$59,000 to \$61,000 and non-cash asset impairments related to restructuring activities of approximately \$500.

The Company's restructuring charges consist of severance, retention and outplacement services, and severance-related postemployment benefits (collectively, "employee separation costs"), other related exit costs and asset impairments related to restructuring activities.

Restructuring expense by segment for the years ended December 31, 2018, 2017 and 2016 was as follows:

	Year Ended December 31,		
	2018	2017	2016
North America	\$ 5,413	\$ 5,963	\$ 1,680
Europe	17,765	25,862	42,008
Asia Pacific	6,290	2,324	2,343
South America	254	988	—
Total	<u>\$ 29,722</u>	<u>\$ 35,137</u>	<u>\$ 46,031</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Restructuring activity for all restructuring initiatives for the years ended December 31, 2018 and 2017 was as follows:

	Employee Separation Costs	Other Exit Costs	Total
Balance as of December 31, 2016	\$ 21,927	\$ 2,311	\$ 24,238
Expense	16,245	18,892	35,137
Cash payments	(25,077)	(14,473)	(39,550)
Foreign exchange translation and other	1,996	514	2,510
Balance as of December 31, 2017	\$ 15,091	\$ 7,244	\$ 22,335
Expense	19,009	10,713	29,722
Cash payments	(24,107)	(13,983)	(38,090)
Foreign exchange translation and other	(595)	(145)	(740)
Balance as of December 31, 2018	\$ 9,398	\$ 3,829	\$ 13,227

8. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	December 31,		Estimated
	2018	2017	Useful Lives
Land and improvements	\$ 72,931	\$ 73,419	10 to 25 years
Buildings and improvements	313,722	305,231	10 to 40 years
Machinery and equipment	1,076,369	1,022,279	5 to 10 years
Construction in progress	192,533	198,358	
	\$ 1,655,555	\$ 1,599,287	
Accumulated depreciation	(671,314)	(647,109)	
Property, plant and equipment, net	\$ 984,241	\$ 952,178	

As of December 31, 2018, the Company realized a gain on sale of land of \$10,377 in its Europe segment. The net book value of the land was \$5,446. The sale of land was contemplated in conjunction with our restructuring plan.

Due to the deterioration of financial results and equipment no longer being utilized at certain locations, the Company impaired property, plant and equipment of \$42,915, \$10,493, and \$1,273, for the years ended December 31, 2018, 2017 and 2016, respectively. Fair value of buildings and machinery and equipment was determined using market value and estimated salvage value, respectively, which was deemed the highest and best use of the assets. Further, due to the Company's decision to divest two of its inactive European sites, the Company recorded impairment charges of \$4,270 for the year ended December 31, 2017. Fair value was determined based on current real estate market conditions. A summary of these asset impairment charges is as follows:

	Year Ended December 31,		
	2018	2017	2016
North America	\$ —	\$ 1,895	\$ —
Europe	30,978	6,327	—
Asia Pacific	11,937	6,541	1,273
South America	—	—	—
Total	\$ 42,915	\$ 14,763	\$ 1,273

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

9. Goodwill and Intangibles

Goodwill

Changes in the carrying amount of goodwill by operating segment for the years ended December 31, 2018 and 2017 were as follows:

	North America	Europe	Asia Pacific	Total
Balance as of December 31, 2016	\$ 121,996	\$ 10,753	\$ 34,692	\$ 167,441
Acquisitions	178	236	—	414
Foreign exchange translation	221	1,465	2,311	3,997
Balance as of December 31, 2017	\$ 122,395	\$ 12,454	\$ 37,003	\$ 171,852
Acquisitions	33,604	—	—	33,604
Reclassified as held for sale	(12,015)	—	(1,485)	(13,500)
Foreign exchange translation	(303)	(647)	(2,044)	(2,994)
Impairment charges	—	(11,807)	(33,474)	(45,281)
Balance as of December 31, 2018	\$ 143,681	\$ —	\$ —	\$ 143,681

Impairment charge. The Company performed its annual impairment analysis of goodwill during the fourth quarter of 2018. Goodwill impairment testing is performed at the reporting unit level. The identified reporting units are the same as the operating segments in which goodwill is recorded. The fair value of each reporting unit is determined and compared to the carrying value. If the carrying value exceeds the fair value, an impairment charge is recorded based on that difference.

In contemplation of its annual impairment analysis, the Company noted potential adverse changes in operating conditions. As a result of this impairment indicator, the Company concluded that there was a potential impairment of its long-lived assets and definite-lived intangible assets. These impairment tests were performed before the goodwill impairment test, and impairment losses related to long-lived assets and definite-lived intangible assets of \$42,915 and \$791, respectively, were recognized prior to goodwill being tested for impairment. The Company then tested goodwill for impairment and determined the carrying value of the Europe and Asia Pacific reporting units exceeded their fair value. Accordingly, an impairment loss of \$45,281 was recognized.

Intangible Assets

Intangible assets and accumulated amortization balances as of December 31, 2018 and 2017 were as follows:

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	\$ 157,286	\$ (98,937)	\$ 58,349
Developed technology	2,779	(2,779)	—
Other	45,401	(4,148)	41,253
Balance as of December 31, 2018	\$ 205,466	\$ (105,864)	\$ 99,602
Customer relationships	\$ 135,927	\$ (86,342)	\$ 49,585
Developed technology	2,893	(2,893)	—
Other	22,298	(2,792)	19,506
Balance as of December 31, 2017	\$ 161,118	\$ (92,027)	\$ 69,091

As previously noted, the Company tested its definite-lived intangible assets for impairment before testing for goodwill impairment. As a result of this test, the Company recorded an impairment loss of \$791 for customer relationships in its Europe operating segment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Estimated amortization expense for the next five years is shown in the table below:

Year	Expense
2019	\$ 17,813
2020	\$ 11,821
2021	\$ 7,557
2022	\$ 7,557
2023	\$ 7,409

Acquired intangibles. In the third quarter of 2018, the Company acquired intangible assets of \$34,810 with a weighted average useful life of 14.3 years as a result of the Lauren acquisition. This consisted of \$24,000 of supply agreements, \$850 of license agreements and \$9,960 of customer relationships. Amortization expense totaled \$1,062 for the year ended December 31, 2018. Estimated amortization expense for each of the next five years is \$2,500 in each of the years 2019 through 2022 and \$2,300 for 2023.

In the fourth quarter of 2018, the Company acquired intangible assets of \$11,100 related to customer relationships with a useful life of 7 years as a result of the Hutchings acquisition. Amortization expense totaled \$264 for the year ended December 31, 2018. Estimated amortization expense for each of the next five years is \$1,586.

10. Debt

A summary of outstanding debt as of December 31, 2018 and 2017 was as follows:

	December 31,	
	2018	2017
Senior Notes	\$ 394,399	\$ 393,684
Term Loan	328,485	330,781
Other borrowings	108,244	33,781
Total debt	831,128	758,246
Less current portion	(101,323)	(34,921)
Total long-term debt	\$ 729,805	\$ 723,325

The principal maturities of debt, at nominal value, as of December 31, 2018 are as follows:

Year	Debt and Capital Lease Obligations
2019	\$ 102,300
2020	4,138
2021	3,948
2022	3,806
2023	320,029
Thereafter	407,224
Total	\$ 841,445

The weighted average interest rate of our short-term debt was 4.7% as of December 31, 2018 and 5.4% as of December 31, 2017.

5.625% Senior Notes due 2026

On November 2, 2016, the Company's wholly-owned subsidiary, CSA U.S. (the "Issuer"), issued \$400,000 aggregate principal amount of its 5.625% Senior Notes due 2026 (the "Senior Notes"), pursuant to the Indenture, dated November 2, 2016 (the "Indenture"), by and among the Issuer, the Company and the other guarantors party thereto (collectively, the "Guarantors") and U.S. Bank National Association, as trustee, in a transaction exempt from registration under Rule 144A and Regulation S of the Securities Act of 1933 ("the Securities Act"). The net proceeds from the Senior Notes were used to repay the non-extended term loan outstanding under the Term Loan Facility, defined below, and to pay fees and expenses related to the refinancing.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

The Senior Notes are guaranteed by the Company, CS Intermediate HoldCo 1 LLC, as well as each of the Issuer's wholly-owned existing or subsequently organized U.S. subsidiaries, subject to certain exceptions, to the extent such subsidiary guarantees the senior asset-based revolving credit facility ("ABL Facility") and the senior term loan facility ("Term Loan Facility").

The Issuer may redeem all or part of the Senior Notes at various points in time prior to maturity, as described in the Indenture. The Senior Notes mature on November 15, 2026. Interest on the Senior Notes is payable semi-annually in arrears in cash on May 15 and November 15 of each year.

Upon the occurrence of certain events constituting a Change of Control (as defined in the Indenture), the Issuer will be required to make an offer to repurchase all of the Senior Notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any.

The Indenture contains certain covenants that limit the Issuer's and its subsidiaries' ability to, among other things, make restricted payments; sell assets; create or incur liens; enter into sale and lease-back transactions; and merge or consolidate with other entities. These covenants are subject to a number of important limitations and exceptions. The Indenture also provides for events of default, which, if any occur, would permit or require the principal, premium, if any, interest and any other monetary obligations on all the then-outstanding Senior Notes to be due and payable immediately.

The Company paid approximately \$7,055 of debt issuance costs in connection with the transaction. The debt issuance costs are being amortized into interest expense over the term of the Senior Notes. As of December 31, 2018 and 2017, the Company had \$5,601 and \$6,316, respectively, of unamortized debt issuance costs related to the Senior Notes, which is classified as a discount in the consolidated balance sheet.

ABL Facility

On November 2, 2016, CS Intermediate Holdco 1 LLC ("Parent"), CSA U.S. (the "U.S. Borrower"), Cooper-Standard Automotive Canada Limited (the "Canadian Borrower"), Cooper-Standard Automotive International Holdings B.V. (the "Dutch Borrower", and, together with the U.S. Borrower and the Canadian Borrower, the "Borrowers") and certain subsidiaries of the U.S. Borrower, entered into a \$210,000 Third Amended and Restated Loan Agreement with certain lenders, which amended and restated the previous \$180,000 senior secured asset-based revolving credit facility, dated as of April 4, 2014, among the Company, the U.S. Borrower, the Canadian Borrower, the lenders and other parties thereto.

The ABL Facility provides for an aggregate revolving loan availability of up to \$210,000, subject to borrowing base availability, including a \$100,000 letter of credit sub-facility and a \$25,000 swing line sub-facility. The ABL Facility also provides for an uncommitted \$100,000 incremental loan facility, for a potential total ABL Facility of \$310,000 (if requested by the Borrowers and the lenders agree to fund such increase). No consent of any lender (other than those participating in the increase) is required to effect any such increase. As of December 31, 2018, \$50,000 was drawn under the ABL Facility. Subject to borrowing base availability, the Company had \$155,105 in availability, less outstanding letters of credit of \$10,784.

Maturity. Any borrowings under our ABL Facility will mature, and the commitments of the lenders under our ABL Facility will terminate, on November 2, 2021.

Borrowing Base. Loan and letter of credit availability under the ABL Facility is subject to a borrowing base, which at any time is limited to the lesser of: (A) the maximum facility amount (subject to certain adjustments) and (B) (i) up to 85% of eligible accounts receivable; plus (ii) the lesser of 70% of eligible inventory or 85% of the appraised net orderly liquidation value of eligible inventory; plus (iii) up to the lesser of \$30.0 million and 75% of eligible tooling accounts receivable; minus reserves established by the Agent. The accounts receivable portion of the borrowing base is subject to certain formulaic limitations (including concentration limits). The inventory portion of the borrowing base is limited to eligible inventory, as determined by the Agent. The borrowing base is also subject to certain reserves, which are established by the Agent (which may include changes to the advance rates indicated above). Loan availability under the ABL Facility is apportioned as follows: \$170,000 to the U.S. Borrower, which includes a \$60,000 sublimit to the Dutch Borrower and \$40,000 to the Canadian Borrower.

Guarantees; Security. The obligations of the U.S. Borrower, the Canadian Borrower and the Dutch Borrower under the ABL Facility, as well as certain cash management arrangements and interest rate, foreign currency or commodity swaps entered into by the such Borrowers and their subsidiaries, and certain credit lines entered into by non-U.S. subsidiaries, in each case with the lenders and their affiliates (collectively, "Additional ABL Secured Obligations") are guaranteed on a senior secured basis by the Company and its U.S. subsidiaries (with certain exceptions), and the obligations of the Canadian Borrower under the ABL Facility and Additional ABL Secured Obligations of the Canadian Borrower and its Canadian subsidiaries are, in addition, guaranteed on a senior secured basis by the Canadian subsidiaries of the Canadian Borrower. The obligations under the ABL Facility and related guarantees are secured by (1) a first priority lien on all of each Borrower's and each guarantor's existing and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

future personal property consisting of accounts receivable, payment intangibles, inventory, documents, instruments, chattel paper and investment property, certain money, deposit accounts and securities accounts and certain related assets and proceeds of the foregoing, with various enumerated exceptions, including that: (i) the collateral owned by Canadian Borrower or any of its Canadian subsidiaries that are Guarantors only secure the obligations of Canadian Borrower and such subsidiaries arising under the ABL Facility and Additional ABL Secured Obligations and (ii) no liens have been granted on any assets or properties of the Dutch Borrower or any other non-U.S. subsidiaries of the Company (other than the Canadian Borrower and Canadian Guarantors, as otherwise specified above) in connection with the ABL Facility and (2) a second priority lien on all the capital stock in restricted subsidiaries directly held by the U.S. Borrower and each of the U.S. Guarantors, and equipment of the U.S. Borrower and the U.S.-domiciled guarantors and all other material personal property of the U.S. Borrower and the U.S.-domiciled guarantors.

Interest. Borrowings under the ABL Facility bear interest at a rate equal to, at the Borrowers' option:

- in the case of borrowings by the U.S. Borrower, LIBOR or the base rate plus, in each case, an applicable margin; or
- in the case of borrowings by the Canadian Borrower, bankers' acceptance ("BA") rate, Canadian prime rate or Canadian base rate plus, in each case, an applicable margin; or
- in the case of borrowings by the Dutch Borrower, LIBOR plus an applicable margin.

The initial applicable margin was 1.50% with respect to the LIBOR or Canadian BA rate-based borrowings and 0.50% with respect to U.S. base rate, Canadian prime rate and Canadian base rate borrowings, until April 1, 2017. The applicable margin may vary between 1.25% and 1.75% with respect to the LIBOR or Canadian BA rate-based borrowings and between 0.25% and 0.75% with respect to U.S. base rate, Canadian prime rate and Canadian base rate borrowings. The applicable margin is subject, in each case, to quarterly pricing adjustments (based on average facility availability).

Fees. The Borrowers are required to pay a fee in respect of committed but unutilized commitments. The ABL Facility also requires the payment of customary agency and administrative fees.

Voluntary Prepayments. The Borrowers are able to voluntarily reduce the unutilized portion of the commitment amount and repay outstanding loans, in each case, in whole or in part, at any time without premium or penalty (other than customary breakage and related reemployment costs with respect to repayments of LIBOR-based borrowings).

Covenants; Events of Default. The ABL Facility includes affirmative and negative covenants that will impose substantial restrictions on the Company's financial and business operations, including its ability to incur and secure debt, make investments, sell assets, pay dividends or make acquisitions. The ABL Facility also includes a requirement to maintain a monthly fixed charge coverage ratio of no less than 1.0 to 1.0 when availability under the ABL Facility is less than specified levels. The ABL Facility also contains various events of default that are customary for comparable facilities.

Debt Issuance Costs. As of December 31, 2018 and 2017, the Company had \$1,015 and \$1,373, respectively, of unamortized debt issuance costs related to the ABL Facility.

Term Loan Facility

On November 2, 2016, CSA U.S., as borrower, entered into Amendment No. 1 to the Term Loan Facility, which provides for loans in an aggregate principal amount of \$340,000. Subject to certain conditions, the Term Loan Facility, without the consent of the then-existing lenders (but subject to the receipt of commitments), may be expanded (or a new term loan or revolving facility added) by an amount that will not cause the consolidated secured net debt ratio to exceed 2.25 to 1.00 plus \$400,000 plus any voluntary prepayments (including revolving facility and ABL Facility to the extent commitments are reduced) not funded from proceeds of long-term indebtedness.

On May 2, 2017, the Company entered into Amendment No. 2 to the Term Loan Facility to modify the interest rate. Subsequently, on March 6, 2018, the Company entered into Amendment No. 3 to the Term Loan Facility to further modify the interest rate. In accordance with this amendment, borrowings under the Term Loan Facility bear interest, at the Company's option, at either (1) with respect to Eurodollar rate loans, the greater of the applicable Eurodollar rate and 0.75% plus 2.00% per annum, or (2) with respect to base rate loans, the base rate, (which is the highest of the then current federal funds rate plus 0.50%, the prime rate most recently announced by the administrative agent under the term loan, and the one-month Eurodollar rate plus 1.0%) plus 1.0% per annum. As a result of Amendment No. 3, the Company recognized a loss on refinancing and extinguishment of debt of \$770 in the twelve months ended December 31, 2018, which was due to the partial write off of new and unamortized debt issuance costs and unamortized original issue discount

Maturity. The Term Loan Facility matures on November 2, 2023, unless earlier terminated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollar amounts in thousands except per share and share amounts)

Guarantees. All obligations of the borrower under the Term Loan Facility are guaranteed jointly and severally on a senior secured basis by the direct parent company of the borrower and each existing and subsequently acquired or organized direct or indirect wholly owned U.S. restricted subsidiary of the borrower.

Security. The obligations under the Term Loan Facility are secured by (a) a first priority security interest (subject to permitted liens and other customary exceptions) on (i) all the capital stock in restricted subsidiaries directly held by the borrower and each of the guarantors, (ii) substantially all plant, material owned real property located in the U.S. and equipment of the borrower and the guarantors and (iii) all other personal property of the borrower and the guarantors, including, without limitation, accounts and investment property, contracts, patents, copyrights, trademarks, other general intangibles, intercompany notes and proceeds of the foregoing, and (b) a second priority security interest (subject to permitted liens and other customary exceptions) in accounts receivable of the borrowers and the guarantors arising from the sale of goods and services, inventory, tax refunds, cash, deposit accounts and books and records related to the foregoing and, in each case, proceeds thereof, in each case, excluding certain collateral and subject to certain limitations.

Interest. Borrowings under the Term Loan Facility bear interest, at the Company's option, at either (1) with respect to Eurodollar rate loans, the greater of the applicable Eurodollar rate and 0.75%, plus 2.00% per annum, or (2) with respect to base rate loans, the base rate (which is the highest of the then-current federal funds rate plus 0.50%, the prime rate most recently announced by the administrative agent under the term loan, and the one-month Eurodollar rate plus 1.0%), plus 1.0% per annum.

Voluntary Prepayments. The borrower may voluntarily prepay loans in whole or in part, with prior notice and without premium or penalty, subject to the actual LIBOR breakage costs, payment of accrued and unpaid interest, and customary limitations as to minimum amounts of prepayments.

Covenants. The Term Loan Facility contains incurrence-based negative covenants customary for high yield senior secured debt securities, including, but not limited to, restrictions on the ability of the borrower and its restricted subsidiaries to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, pay dividends or make other restricted payments, sell or otherwise transfer assets, or enter into transactions with affiliates. These negative covenants are subject to exceptions, qualifications and certain carveouts.

Events of Default. The Term Loan Facility provides that, upon the occurrence of certain events of default, obligations thereunder may be accelerated. Such events of default include payment defaults to the lenders, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness, voluntary and involuntary bankruptcy proceedings, material money judgments, material pension-plan events, certain change of control events and other customary events of default.

Debt Issuance Costs. As of December 31, 2018 and 2017, the Company had \$2,866 and \$3,537, respectively, of unamortized debt issuance costs and \$1,849 and \$2,281, respectively, of unamortized original issue discount related to the Term Loan Facility. Both the debt issuance costs and the original issue discount are amortized into interest expense over the term of the Term Loan Facility.

Debt Covenants

The Company was in compliance with all covenants of the ABL Facility, Term Loan Facility and Senior Notes, as of December 31, 2018.

Repayment of the Term Loan Facility

On November 2, 2016, the Company repaid the non-extended term loan outstanding under the Term Loan Facility of \$393,125. As a result of the repayment, the Company recognized a loss on refinancing of \$5,104, of which \$4,071 was paid in cash, which was primarily due to the write off of unamortized original issue discount and debt issuance costs.

Other

Other borrowings as of December 31, 2018 and 2017 reflect borrowings under the ABL facility, capital leases, and local bank lines classified in debt payable within one year on the consolidated balance sheet.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

11. Fair Value Measurements and Financial Instruments

Fair Value Measurements

Fair value is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based upon assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tier fair value hierarchy is utilized, which prioritizes the inputs used in measuring fair value as follows:

- Level 1:* Observable inputs such as quoted prices in active markets;
- Level 2:* Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3:* Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

Items Measured at Fair Value on a Recurring Basis

Estimates of the fair value of foreign currency and interest rate derivative instruments are determined using exchange traded prices and rates. The Company also considers the risk of non-performance in the estimation of fair value and includes an adjustment for non-performance risk in the measure of fair value of derivative instruments. In certain instances where market data is not available, the Company uses management judgment to develop assumptions that are used to determine fair value. Fair value measurements and the fair value hierarchy level for the Company's liabilities measured or disclosed at fair value on a recurring basis as of December 31, 2018 and 2017, was as follows:

	December 31, 2018	December 31, 2017	Input
Forward foreign exchange contracts - other current assets	\$ 277	\$ 761	Level 2
Forward foreign exchange contracts - accrued liabilities	\$ (925)	\$ (2,363)	Level 2
Interest rate swaps - accrued liabilities	\$ —	\$ (515)	Level 2

Items Measured at Fair Value on a Nonrecurring Basis

In addition to items that are measured at fair value on a recurring basis, the Company measures certain assets and liabilities at fair value on a nonrecurring basis, which are not included in the table above. As these nonrecurring fair value measurements are generally determined using unobservable inputs, these fair value measurements are classified within Level 3 of the fair value hierarchy. For further information on assets and liabilities measured at fair value on a nonrecurring basis see Note 2. "Basis of Presentation and Summary of Significant Accounting Policies," Note 4. "Acquisitions and Divestitures" and Note 8. "Property, Plant and Equipment."

Items Not Carried at Fair Value

Fair values of the Company's debt instruments were as follows:

	December 31, 2018	December 31, 2017
Aggregate fair value	\$ 684,687	\$ 749,463
Aggregate carrying value ⁽¹⁾	\$ 733,200	\$ 736,600

⁽¹⁾ Excludes unamortized debt issuance costs and unamortized original issue discount.

Fair values were based on quoted market prices and are classified within Level 1 of the fair value hierarchy.

Derivative Instruments and Hedging Activities

The Company is exposed to fluctuations in foreign currency exchange rates, interest rates and commodity prices. The Company enters into derivative instruments primarily to hedge portions of its forecasted foreign currency denominated cash flows and designates these derivative instruments as cash flow hedges in order to qualify for hedge accounting. Gains or losses on derivative instruments resulting from hedge ineffectiveness are reported in earnings.

The Company formally documents its hedge relationships, including the identification of the hedging instruments and the hedged items, as well as its risk management objectives and strategies for undertaking the cash flow hedges. The Company also

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

formally assesses whether a cash flow hedge is highly effective in offsetting changes in the cash flows of the hedged item. Derivatives are recorded at fair value in other current assets, other assets, accrued liabilities and other long-term liabilities. For a cash flow hedge, the effective portion of the change in fair value of the derivative is recorded in AOCI in the consolidated balance sheet and reclassified into earnings when the underlying hedged transaction is realized. The realized gains and losses are recorded on the same line as the hedged transaction in the consolidated statements of net income.

The Company is exposed to credit risk in the event of nonperformance by its counterparties on its derivative financial instruments. The Company mitigates this credit risk exposure by entering into agreements directly with major financial institutions with high credit standards that are expected to fully satisfy their obligations under the contracts.

Cash Flow Hedges

Forward Foreign Exchange Contracts – The Company uses forward contracts to mitigate the potential volatility to earnings and cash flow arising from changes in currency exchange rates that impact the Company’s foreign currency transactions. The principal currencies hedged by the Company include various European currencies, the Canadian Dollar, the Mexican Peso, and the Brazilian Real. As of December 31, 2018 and 2017, the notional amount of these contracts was \$154,237 and \$165,559, respectively, and consisted of hedges of transactions up to December 2019.

Interest Rate Swaps – The Company has historically used interest rate swap contracts to manage cash flow variability associated with its variable rate Term Loan Facility. Such interest rate swap contracts fixed the interest payments of variable rate debt instruments in order to manage exposure to fluctuations in interest rates. As of December 31, 2018, there were no interest rate swap contracts outstanding.

Pretax amounts related to the Company’s cash flow hedges that were recognized in other comprehensive income (“OCI”) were as follows:

	Gain (Loss) Recognized in OCI	
	Year Ended December 31,	
	2018	2017
Forward foreign exchange contracts	\$ 2,149	\$ 814
Interest rate swaps	443	198
Total	\$ 2,592	\$ 1,012

Pretax amounts related to the Company’s cash flow hedges that were reclassified from AOCI were as follows:

		Gain (Loss) Reclassified from AOCI to Income (Effective Portion)	Gain (Loss) Reclassified from AOCI to Income (Ineffective Portion)		
		Year Ended December 31,			
	Classification	2018	2017	2018	2017
Forward foreign exchange contracts	Cost of products sold	\$ 1,113	\$ 2,687	\$ —	\$ —
Interest rate swaps	Interest expense, net of interest income	(162)	(2,398)	208	353
Total		\$ 951	\$ 289	\$ 208	\$ 353

12. Accounts Receivable Factoring

As a part of its working capital management, the Company previously sold certain receivables through third-party financial institutions in on- and off-balance sheet arrangements. In December 2017, the Company completed the transition from multiple factoring providers to a pan-European program under a single third party financial institution (the “Factor”). The amount sold varies each month based on the amount of underlying receivables and cash flow needs of the Company. These are permitted transactions under the Company’s credit agreements governing the ABL Facility and Term Loan Facility and the indenture governing the Senior Notes. Costs incurred on the sale of receivables are recorded in other expense, net and interest expense, net of interest income in the consolidated statements of net income. Liabilities related to the factoring program are recorded in accrued liabilities in the consolidated balance sheet. The sale of receivables under this contract is considered an off-balance sheet arrangement to the Company and is accounted for as a true sale and excluded from accounts receivable in the consolidated balance sheet.

Amounts outstanding under receivable transfer agreements entered into by various locations as of the period end were as follows:

	December 31, 2018	December 31, 2017
Off-balance sheet arrangements	\$ 100,409	\$ 96,588

Accounts receivable factored and related costs throughout the period were as follows:

	Off-Balance Sheet Arrangements		On-Balance Sheet Arrangements	
	Year Ended December 31,		Year Ended December 31,	
	2018	2017	2018	2017
Accounts receivable factored	\$ 626,618	\$ 544,060	\$ —	\$ 23,794

	Off-Balance Sheet Arrangements			On-Balance Sheet Arrangements		
	Year Ended December 31,			Year Ended December 31,		
	2018	2017	2016	2018	2017	2016
Costs	\$ 1,248	\$ 1,904	\$ 1,575	\$ —	\$ 99	\$ 257

The Company continues to service sold receivables and acts as collection agent for the Factor. As of December 31, 2018 and 2017, cash collections on behalf of the Factor that have yet to be remitted were \$14,542 and \$36,248, respectively, and are reflected in cash and cash equivalents in the consolidated balance sheet.

13. Pension

The Company maintains defined benefit pension plans covering employees located in the United States as well as certain international locations. The majority of these plans are frozen, and all are closed to new employees. Benefits generally are based on compensation, length of service and age for salaried employees and on length of service for hourly employees. The Company's policy is to fund pension plans such that sufficient assets will be available to meet future benefit requirements and contribute amounts deductible for United States federal income tax purposes or amounts required by local statute.

The Company also sponsors voluntary defined contribution plans for certain salaried and hourly U.S. employees of the Company. The Company matches contributions of participants, up to various limits in all plans. The Company also sponsors retirement plans that include Company non-elective contributions. Non-elective and matching contributions under these plans totaled \$16,076, \$16,747 and \$16,581 for the years ended December 31, 2018, 2017 and 2016, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Information related to the Company's defined benefit pension plans was as follows:

	Year Ended December 31,			
	2018		2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in projected benefit obligation:				
Projected benefit obligations at beginning of period	\$ 315,698	\$ 197,169	\$ 303,446	\$ 191,184
Service cost	852	4,383	814	4,025
Interest cost	10,824	4,207	11,700	4,341
Actuarial (gain) loss	(21,684)	(3,001)	17,230	4,450
Benefits paid	(17,467)	(7,125)	(17,492)	(7,048)
Foreign exchange translation	—	(10,697)	—	20,809
Settlements	—	(4,974)	—	(20,667)
Acquisitions	—	2,778	—	—
Other	—	1,110	—	75
Projected benefit obligations at end of period	<u>\$ 288,223</u>	<u>\$ 183,850</u>	<u>\$ 315,698</u>	<u>\$ 197,169</u>
Change in plan assets:				
Fair value of plan assets at beginning of period	\$ 275,767	\$ 52,026	\$ 253,483	\$ 63,220
Actual return on plan assets	(16,631)	(746)	35,233	5,039
Employer contributions	23,350	9,136	4,543	7,238
Benefits paid	(17,467)	(7,125)	(17,492)	(7,048)
Foreign exchange translation	—	(4,014)	—	4,008
Settlements	—	(3,730)	—	(20,431)
Acquisitions	—	2,145	—	—
Fair value of plan assets at end of period	<u>\$ 265,019</u>	<u>\$ 47,692</u>	<u>\$ 275,767</u>	<u>\$ 52,026</u>
Funded status of the plans	<u>\$ (23,204)</u>	<u>\$ (136,158)</u>	<u>\$ (39,931)</u>	<u>\$ (145,143)</u>

	December 31, 2018		December 31, 2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Amounts recognized in the consolidated balance sheet:				
Other assets	\$ 524	\$ 433	\$ —	\$ 405
Accrued liabilities	\$ (1,011)	\$ (4,643)	\$ (1,011)	\$ (4,295)
Pension benefits (long term)	\$ (22,717)	\$ (131,948)	\$ (38,920)	\$ (141,253)

Pre-tax amounts included in accumulated other comprehensive loss that have not yet been recognized in net periodic benefit (income) cost as of December 31, 2018 and 2017 were as follows:

	December 31, 2018		December 31, 2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Prior service costs	\$ (116)	\$ (990)	\$ (136)	\$ (1,206)
Actuarial losses	\$ (84,857)	\$ (41,844)	\$ (74,711)	\$ (48,491)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Pre-tax amounts included in accumulated other comprehensive loss that are expected to be recognized in net periodic benefit cost during the year ended December 31, 2019 are as follows:

	U.S.		Non-U.S.	
Prior service costs	\$	(20)	\$	(236)
Actuarial losses	\$	(3,105)	\$	(2,230)

The Company uses the corridor approach when amortizing actuarial gains or losses. Under the corridor approach, net unrecognized actuarial losses in excess of 10% of the greater of i) the projected benefit obligation or ii) the fair value of plan assets are amortized over future periods.

The accumulated benefit obligation for all domestic and international defined benefit pension plans was \$288,223 and \$171,384 as of December 31, 2018 and \$315,698 and \$185,179 as of December 31, 2017, respectively. As of December 31, 2018, the fair value of plan assets for two of the Company's defined benefit plans exceeded the projected benefit obligations of \$29,728 by \$957.

The components of net periodic benefit (income) cost for the Company's defined benefit plans were as follows:

	Year Ended December 31,					
	2018		2017		2016	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	\$ 852	\$ 4,383	\$ 814	\$ 4,025	\$ 807	\$ 3,346
Interest cost	10,824	4,207	11,700	4,341	12,580	5,041
Expected return on plan assets	(17,414)	(2,178)	(16,012)	(2,617)	(15,835)	(3,133)
Amortization of prior service cost and actuarial loss	2,403	2,646	1,871	2,898	1,714	2,186
Settlements	—	775	—	6,427	—	538
Net periodic benefit (income) cost	\$ (3,335)	\$ 9,833	\$ (1,627)	\$ 15,074	\$ (734)	\$ 7,978

U.K. Pension Settlement

During 2016, the Company undertook an initiative to de-risk pension obligations in the U.K. by purchasing a bulk annuity policy designed to match the liabilities of the plan, and subsequently entered into a wind-up process. During the year ended December 31, 2017, the Company completed the wind-up process, resulting in a non-cash settlement charge of \$5,717 and administrative expenses of \$185, both of which are recorded in selling, administration & engineering expenses in the consolidated statements of net income. As a result of the settlement, the Company's overall projected benefit obligation as of December 31, 2016 was reduced by \$17,100.

Plan Assumptions

Weighted average assumptions used to determine benefit obligations as of December 31, 2018 and 2017 were as follows:

	2018		2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	4.25%	2.34%	3.55%	2.17%
Rate of compensation increase	N/A	2.99%	N/A	3.17%

Weighted average assumptions used to determine net periodic benefit costs for the years ended December 31, 2018, 2017 and 2016 were as follows:

	2018		2017		2016	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	3.55%	2.17%	3.99%	2.23%	4.24%	2.80%
Expected return on plan assets	6.50%	5.82%	6.60%	5.94%	6.60%	4.39%
Rate of compensation increase	N/A	3.17%	N/A	3.15%	N/A	3.15%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

To develop the expected return on plan assets assumption, the Company considered the historical returns and the future expected for returns for each asset class, as well as the target asset allocation of the pension portfolio. As the U.S. plans are frozen, the rate of compensation increase was not applicable in determining net periodic benefit cost.

Plan Assets

The goals and investment objectives of the asset strategy are to ensure that there is an adequate level of assets to meet benefit obligations to participants and retirees over the life of the participants and maintain liquidity in the plan assets sufficient to cover monthly benefit obligations. Risk is managed by investing in a broad range of investment vehicles, e.g., equity mutual funds, bond mutual funds, real estate mutual funds, hedge funds, etc. There are no equity securities of the Company in the equity asset category.

Investments in equity securities and debt securities are valued at fair value using a market approach and observable inputs, such as quoted market prices in active markets (Level 1). Investments in balanced funds are valued at fair value using a market approach and inputs that are primarily directly or indirectly observable (Level 2). Investments in equity securities and balanced funds in which the Company holds participation units in a fund, the net asset value of which is based on the underlying assets and liabilities of the respective fund, are considered an unobservable input (Level 3). Investments in real estate funds are primarily valued at net asset value depending on the investment.

The fair value of the Company's pension plan assets by category using the three-level hierarchy (see Note 11. "Fair Value Measurements and Financial Instruments") as of December 31, 2018 and 2017 was as follows:

2018	Level 1	Level 2	Level 3	Assets measured at NAV⁽¹⁾	Total
Equity funds	\$ 15,991	\$ 20,026	\$ —	\$ —	\$ 36,017
Equity funds measured at net asset value	—	—	—	103,105	103,105
Bond funds	3,104	27,666	—	—	30,770
Bond funds measured at net asset value	—	—	—	109,372	109,372
Real estate measured at net asset value	—	—	—	30,520	30,520
Cash and cash equivalents	2,927	—	—	—	2,927
Total	\$ 22,022	\$ 47,692	\$ —	\$ 242,997	\$ 312,711

2017	Level 1	Level 2	Level 3	Assets measured at NAV⁽¹⁾	Total
Equity funds	\$ 41,080	\$ 22,419	\$ —	\$ —	\$ 63,499
Equity funds measured at net asset value	—	—	—	76,405	76,405
Bond funds	34,997	29,607	—	—	64,604
Bond funds measured at net asset value	—	—	—	69,823	69,823
Real estate measured at net asset value	—	—	—	15,656	15,656
Hedge funds	3,603	—	110	—	3,713
Hedge funds measured at net asset value	—	—	—	29,195	29,195
Cash and cash equivalents	4,898	—	—	—	4,898
Total	\$ 84,578	\$ 52,026	\$ 110	\$ 191,079	\$ 327,793

⁽¹⁾ Certain assets that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. These assets are included in this table to present total pension plan assets at fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

The reconciliation for which Level 3 inputs were used in determining fair value is as follows:

Beginning balance of assets classified as Level 3 as of January 1, 2017	\$	16,454
Purchases, sales and settlements, net		(16,348)
Total gain		4
Ending balance of assets classified as Level 3 as of December 31, 2017		110
Transfers into (out of) Level 3		(110)
Ending balance of assets classified as Level 3 as of December 31, 2018	\$	—

Expected Future Benefit Payments

The Company estimates its benefit payments for domestic and foreign pension plans during the next ten years to be as follows:

Years Ending December 31,	U.S.	Non-U.S.	Total
2019	\$ 20,567	\$ 6,650	\$ 27,217
2020	20,408	6,520	26,928
2021	20,320	7,642	27,962
2022	19,771	9,829	29,600
2023	19,008	9,645	28,653
2024-2028	94,786	55,989	150,775

Contributions

The Company made a discretionary contribution of \$15,000 in the third quarter of 2018. The Company estimates it will make minimum funding cash contributions of approximately \$2,400 to its U.S. pension plans and funding cash contributions of approximately \$6,300 to its non-U.S. pension plans in 2019.

14. Postretirement Benefits Other Than Pensions

The Company provides certain retiree health care and life insurance benefits covering certain U.S. salaried and hourly employees and employees in Canada. Employees are generally eligible for benefits upon retirement and completion of a specified number of years of creditable service. The Company's policy is to fund the cost of these postretirement benefits as these benefits become payable.

Information related to the Company's postretirement benefit plans was as follows:

	Year Ended December 31,			
	2018		2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Change in benefit obligation:				
Benefit obligations at beginning of year	\$ 34,824	\$ 24,242	\$ 33,877	\$ 18,350
Service cost	308	495	314	423
Interest cost	1,198	789	1,297	693
Actuarial (gain) loss	(9,227)	(1,130)	1,021	4,002
Benefits paid	(1,475)	(495)	(1,690)	(651)
Other	5	—	5	—
Foreign currency exchange rate effect	—	(1,920)	—	1,425
Benefit obligation at end of year	\$ 25,633	\$ 21,981	\$ 34,824	\$ 24,242
Funded status of the plan	\$ (25,633)	\$ (21,981)	\$ (34,824)	\$ (24,242)
Net amount recognized as of December 31	\$ (25,633)	\$ (21,981)	\$ (34,824)	\$ (24,242)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

	December 31, 2018		December 31, 2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Amounts recognized in the consolidated balance sheet:				
Accrued liabilities	\$ (1,830)	\$ (648)	\$ (2,098)	\$ (634)
Postretirement benefits other than pension (long term)	\$ (23,803)	\$ (21,333)	\$ (32,726)	\$ (23,608)

Pre-tax amounts included in accumulated other comprehensive loss that have not yet been recognized in net periodic benefit (income) cost as of December 31, 2018 and 2017 were as follows:

	December 31, 2018		December 31, 2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Prior service credits	\$ 382	\$ 388	\$ 676	\$ 714
Actuarial gains (losses)	\$ 21,779	\$ (6,765)	\$ 13,930	\$ (9,127)

Pre-tax amounts included in accumulated other comprehensive loss that are expected to be recognized in net periodic benefit cost during the year ended December 31, 2019 are as follows:

	December 31, 2019	
	U.S.	Non-U.S.
Prior service credits	\$ 294	\$ 268
Actuarial gains (losses)	\$ 2,673	\$ (415)

The components of net periodic benefit (income) costs for the Company's other postretirement benefit plans were as follows:

	Year Ended December 31,					
	2018		2017		2016	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Service cost	\$ 308	\$ 495	\$ 314	\$ 423	\$ 361	\$ 372
Interest cost	1,198	789	1,297	693	1,383	678
Amortization of prior service credit and recognized actuarial gain	(1,672)	308	(1,915)	(15)	(2,026)	(62)
Other	5	—	5	—	5	—
Net periodic benefit (income) cost	\$ (161)	\$ 1,592	\$ (299)	\$ 1,101	\$ (277)	\$ 988

Plan Assumptions

Weighted average assumptions used to determine benefit obligations as of December 31, 2018 and 2017 were as follows:

	2018		2017	
	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	4.20%	3.65%	3.55%	3.40%

Weighted average assumptions used to determine net periodic benefit costs for the years ended December 31, 2018, 2017 and 2016 were as follows:

	2018		2017		2016	
	U.S.	Non-U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.
Discount rate	3.55%	3.40%	3.95%	3.70%	4.20%	4.00%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

These assumed health care cost trend rates used to measure the postretirement benefit obligation as of December 31, 2018 were as follows:

	U.S.	Non-U.S.
Health care cost trend rate	5.31%	5.00%
Ultimate health care cost trend rate	4.20%	5.00%
Year that the rate reaches the ultimate trend rate	2025	2018

The sensitivity to changes in the assumed health care cost trend rates are as follows:

	Impact on service cost and interest cost	Impact on PBO as of December 31, 2018
1% increase in health care cost trend rate	\$ 278	\$ 3,962
1% decrease in health care cost trend rate	\$ (215)	\$ (3,173)

Expected Future Postretirement Benefit Payments

The Company estimates its benefit payments for its postretirement benefit plans during the next ten years to be as follows:

	U.S.	Non-U.S.	Total
2019	\$ 1,868	\$ 660	\$ 2,528
2020	1,904	705	2,609
2021	1,911	751	2,662
2022	1,926	779	2,705
2023	1,909	792	2,701
2024 - 2028	9,123	4,719	13,842

Other

Other postretirement benefits recorded in the Company's consolidated balance sheets include \$5,046 and \$5,587 as of December 31, 2018 and 2017, respectively, for termination indemnity plans for two of the Company's European locations.

15. Other Expense, net

The components of other expense, net were as follows:

	Year Ended December 31,		
	2018	2017	2016
Foreign currency losses	\$ (3,170)	\$ (7,913)	\$ (3,958)
Components of net periodic benefit cost other than service cost	(1,891)	(8,673)	(3,069)
Secondary offering underwriting fees	—	—	(5,900)
Losses on sales of receivables	(1,248)	(931)	(801)
Miscellaneous income	696	1,710	—
Other expense, net	\$ (5,613)	\$ (15,807)	\$ (13,728)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

16. Income Taxes

Components of the Company's income before income taxes and adjustment for noncontrolling interests were as follows:

	Year Ended December 31,		
	2018	2017	2016
Domestic	\$ 103,228	\$ 138,477	\$ 121,301
Foreign	(28,322)	74,623	73,459
	<u>\$ 74,906</u>	<u>\$ 213,100</u>	<u>\$ 194,760</u>

The Company's income tax (benefit) expense consists of the following:

	Year Ended December 31,		
	2018	2017	2016
Current			
Federal	\$ (11,073)	\$ 40,607	\$ 22,109
State	(33)	500	1,063
Foreign	20,717	22,344	22,067
Deferred			
Federal	(5,042)	17,594	1,828
State	2,074	419	904
Foreign	(36,326)	(6,937)	6,350
	<u>\$ (29,683)</u>	<u>\$ 74,527</u>	<u>\$ 54,321</u>

A reconciliation of the U.S. statutory federal rate to the income tax provision was as follows:

	Year Ended December 31,		
	2018	2017	2016
Tax at U.S. statutory rate	\$ 15,730	\$ 74,585	\$ 68,166
State and local taxes	1,273	1,177	2,564
Tax credits and incentives	(11,702)	(11,436)	(10,348)
Changes in tax law, other	(3,008)	7,279	8,813
U.S. tax reform/GILTI/foreign derived intangible income	(7,370)	33,493	—
Effect of foreign tax rates	(10,316)	(23,158)	(19,600)
Nonrecurring permanent items	—	(13,947)	—
Goodwill impairment	6,887	—	—
Capital loss	—	(19,931)	—
Outside basis difference/branch deferreds	(3,753)	9,562	—
Stock compensation (ASU 2016-09)	(2,097)	(3,563)	(5,305)
Tax reserves/audit settlements	(2,789)	730	116
Valuation allowance	(8,872)	25,761	9,112
Other, net	(3,666)	(6,025)	803
Income tax provision	<u>\$ (29,683)</u>	<u>\$ 74,527</u>	<u>\$ 54,321</u>
Effective income tax rate	<u>(39.6)%</u>	<u>35.0%</u>	<u>27.9%</u>

On December 22, 2017, the U.S. Tax Cuts and Jobs Act (the "Act") was enacted into law. The Act reduces the U.S. federal corporate tax rate from 35% to 21% and requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously deferred. In 2017 and the first nine months of 2018, the Company recorded provisional amounts for certain enactment-date effects of the Act by applying the guidance in Staff Accounting Bulletin 118 ("SAB 118") because it had not yet completed its enactment-date accounting for these effects. In 2018 and 2017, the Company recorded tax expense related to the enactment-date effects of the Act that included recording the one-time transition tax liability related to undistributed earnings of certain foreign subsidiaries that were not previously taxed and adjusting deferred tax assets and liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

The Company applied the guidance in SAB 118 when accounting for the enactment-date effects of the Act in 2017 and throughout 2018. At December 31, 2017, the Company had not completed its accounting for all of the enactment-date income tax effects of the Act under ASC 740, Income Taxes, for the following aspects: remeasurement of deferred tax assets and liabilities, one-time transition tax and tax on global intangible low-taxed income. At December 31, 2018, the Company completed its accounting for all of the enactment-date income tax effects of the Act. As further discussed below, during 2018, the Company recognized benefits of \$6,322 from adjustments to the provisional amounts recorded at December 31, 2017 and included these adjustments as a component of income tax expense from continuing operations.

The one-time transition tax based on the Company's total post-1986 earnings and profits ("E&P") which it had deferred from U.S. income taxes under previous U.S. law was recorded on a provisional basis in the amount of \$32,533 in the period ended December 31, 2017. Upon further analysis of certain aspects of the Act and Notices and regulations issued and proposed by the U.S. Department of Treasury, the Company finalized its calculations of the transition tax liability during 2018. The Company decreased its December 31, 2017 provision amount by \$3,260, which is included as a component of income tax expense from continuing operations.

As of December 31, 2017, the Company remeasured certain deferred tax assets and liabilities based on the rates at which they were expected to reverse in the future (which was generally 21%), by recording a provisional benefit in the amount of \$2,875. Upon further analysis of certain aspects of the Act and refinement of our calculations during the 12 months ended December 31, 2018, the Company adjusted its provisional amount by recording a benefit of \$3,062, which is included as a component of income tax expense from continuing operations.

The Act subjects a U.S. shareholder to tax on Global Intangible Low-Taxed Income ("GILTI") earned by certain foreign subsidiaries. The Company has elected to account for GILTI as a period cost.

In addition, the Company early adopted ASU 2018-02, *Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which permits entities to reclassify the tax effects stranded in accumulated other comprehensive income as a result of the Act to retained earnings. The adoption resulted in the reclassification of \$8,639 from accumulated other comprehensive loss to retained earnings.

Deferred tax assets and liabilities reflect the estimated tax effect of accumulated temporary differences between the basis of assets and liabilities for tax and financial reporting purposes, as well as net operating losses, tax credit and other carryforwards. Significant components of the Company's deferred tax assets and liabilities as of December 31, 2018 and 2017 were as follows:

	2018	2017
Deferred tax assets:		
Pension, postretirement and other benefits	\$ 51,736	\$ 57,700
Capitalized expenditures	3,186	1,471
Capital loss carryforward	13,780	13,780
Net operating loss and tax credit carryforwards	157,319	145,528
Intangibles	2,122	—
All other items	42,834	38,205
Total deferred tax assets	270,977	256,684
Deferred tax liabilities:		
Property, plant and equipment	(23,312)	(28,899)
Intangibles	—	(2,273)
All other items	(15,793)	(11,834)
Total deferred tax liabilities	(39,105)	(43,006)
Valuation allowances	(170,098)	(189,355)
Net deferred tax assets	\$ 61,774	\$ 24,323

As of December 31, 2018, the Company's foreign subsidiaries, primarily in France, Brazil, Italy and Germany, have operating loss carryforwards aggregating \$327,000, with indefinite expiration periods. Other foreign subsidiaries in China, Mexico, Netherlands, Spain, India and Korea have operating losses aggregating \$198,000, with expiration dates beginning in 2019. The Company and its domestic subsidiaries have capital loss carryforwards totaling \$66,000 with expiration dates beginning in 2021. The Company has tax credit carryforwards totaling \$6,800 in Poland with expiration dates beginning in 2024. The Company and its domestic subsidiaries have anticipated tax benefits of state net operating losses and credit carryforwards of \$12,000 with expiration dates beginning in 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

The Company continues to maintain a valuation allowance related to its net deferred tax assets in several foreign jurisdictions. As of December 31, 2018, the Company had valuation allowances of \$170,098 related to tax losses, credit carryforwards, and other deferred tax assets in the U.S. and several foreign jurisdictions. The Company's valuation allowance decreased in 2018 as a result of the release of a valuation allowance against net deferred tax assets recorded in France and capital loss carryforwards in the U.S., offset with current year losses generated in certain foreign jurisdictions. The Company's current and future provision for income taxes is significantly impacted by the initial recognition of and changes in valuation allowances in certain countries. The Company intends to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. The Company's future provision for income taxes will include no tax benefit with respect to losses incurred and no tax expense with respect to income generated in these countries until the respective valuation allowance is eliminated.

As of December 31, 2018 deferred income taxes have not been recorded on these undistributed earnings, since these earnings will not be taxable upon repatriation to the United States. These earnings will be primarily treated as previously taxed income from either the one time transition tax or GILTI, or they will be offset with a 100% dividends received deduction. The Company has not recorded a deferred tax liability for foreign withholding taxes or state income taxes that may be incurred upon repatriation in the future as such undistributed foreign earnings are considered permanently reinvested.

As of December 31, 2018, the Company had \$9,631 (\$10,473 including interest and penalties) of total unrecognized tax benefits, all of which represented the amount of unrecognized tax benefits that, if recognized, would affect the effective income tax rate.

A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows:

	2018	2017
Balance at beginning of period	\$ 8,029	\$ 7,851
Tax positions related to the current period		
Gross additions	612	720
Gross reductions	—	—
Tax positions related to prior years		
Gross additions	3,522	92
Gross reductions	(1,736)	(223)
Settlements	—	(411)
Lapses on statutes of limitations	(796)	—
Balance at end of period	<u>\$ 9,631</u>	<u>\$ 8,029</u>

The Company, or one of its subsidiaries, files income tax returns in the United States and other foreign jurisdictions. The Internal Revenue Service completed an examination of the Company's U.S. income tax returns through 2011. The statute of limitations for U.S. state and local jurisdictions is closed for taxable years ending prior to 2015. The Company's major foreign jurisdictions are Brazil, Canada, China, France, Germany, Italy, Mexico, and Poland. The Company is no longer subject to income tax examinations in major foreign jurisdictions for years prior to 2014.

During the next twelve months, it is reasonably possible that, as a result of audit settlements and the conclusion of current examinations, the Company may decrease the amount of its gross unrecognized tax benefits by approximately \$5,498, all of which, if recognized, would impact the effective tax rate.

The Company classifies all tax related interest and penalties as income tax expense. The Company has recorded in liabilities \$842 and \$1,213 as of December 31, 2018 and 2017, respectively, for tax related interest and penalties on its consolidated balance sheet.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

17. Net Income Per Share Attributable to Cooper-Standard Holdings Inc.

Basic net income per share attributable to Cooper-Standard Holdings Inc. was computed by dividing net income attributable to Cooper-Standard Holdings Inc. by the weighted average number of shares of common stock outstanding during the period. Diluted net income per share attributable to Cooper-Standard Holdings Inc. was computed using the treasury stock method by dividing diluted net income available to Cooper-Standard Holdings Inc. by the weighted average number of shares of common stock outstanding, including the dilutive effect of common stock equivalents, using the average share price during the period.

Information used to compute basic and diluted net income per share attributable to Cooper-Standard Holdings Inc. was as follows:

	Year Ended December 31,		
	2018	2017	2016
Net income attributable to Cooper-Standard Holdings Inc.	\$ 107,766	\$ 135,303	\$ 138,988
Increase in fair value of share-based awards	—	—	63
Diluted net income available to Cooper-Standard Holdings Inc. common stockholders	\$ 107,766	\$ 135,303	\$ 139,051
Basic weighted average shares of common stock outstanding	17,894,718	17,781,272	17,459,710
Dilutive effect of common stock equivalents	395,484	995,381	1,270,668
Diluted weighted average shares of common stock outstanding	18,290,202	18,776,653	18,730,378
Basic net income per share attributable to Cooper-Standard Holdings Inc.	\$ 6.02	\$ 7.61	\$ 7.96
Diluted net income per share attributable to Cooper-Standard Holdings Inc.	\$ 5.89	\$ 7.21	\$ 7.42

Approximately 1,000 and 2,000 securities were excluded from the calculation of diluted earnings per share for the years ended December 31, 2018 and 2017, because the inclusion of such securities in the calculation would have been anti-dilutive. There were no anti-dilutive securities during the year ended December 31, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

18. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) by component, net of related tax, were as follows:

	Cumulative currency translation adjustment	Benefit plan liabilities	Fair value change of derivatives	Total
Balance as of December 31, 2016	\$ (143,481)	\$ (97,612)	\$ (1,470)	\$ (242,563)
Other comprehensive income (loss) before reclassifications	47,996 ⁽¹⁾	(11,000) ⁽²⁾	784 ⁽³⁾	37,780
Amounts reclassified from accumulated other comprehensive income (loss)	—	7,863 ⁽⁴⁾	(711) ⁽⁵⁾	7,152
Balance as of December 31, 2017	(95,485)	(100,749)	(1,397)	(197,631)
Other comprehensive income (loss) before reclassifications	(45,770) ⁽¹⁾	317 ⁽⁶⁾	1,839 ⁽⁷⁾	(43,614)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(3,943) ⁽⁸⁾	(900) ⁽⁹⁾	(4,843)
Balance as of December 31, 2018	<u>\$ (141,255)</u>	<u>\$ (104,375)</u>	<u>\$ (458)</u>	<u>\$ (246,088)</u>

- (1) Includes \$(13,776) and \$11,844 of other comprehensive income (loss) for the years ended December 31, 2018 and 2017, respectively, that are related to intra-entity foreign currency balances that are of a long-term investment nature.
- (2) Net of tax benefit of \$788.
- (3) Net of tax expense of \$228. See Note 11. “Fair Value Measurements and Financial Instruments”
- (4) Includes losses related to the U.K. pension settlement of \$6,288, other settlements of \$533, actuarial losses of \$3,329, offset by prior service credits of \$326, net of tax of \$1,961. See Note 13. and Note 14.
- (5) Net of tax benefit of \$69. See Note 11. “Fair Value Measurements and Financial Instruments”
- (6) Net of tax expense of \$8,489.
- (7) Net of tax expense of \$753. See Note 11.
- (8) Includes the effect of the adoption of ASU 2018-02 of \$8,569 and the amortization of prior service credits of \$313, offset by curtailment loss of \$1,105, settlement losses of \$737, and the amortization of actuarial losses of \$3,905, net of tax of \$808. See Note 13. “Pension” and Note 14. “Postretirement Benefits Other Than Pensions”
- (9) Net of tax expense of \$329. Includes the effect of the adoption of ASU 2018-02 of \$70 for the year ended December 31, 2018. See Note 11. “Fair Value Measurements and Financial Instruments”

19. Equity

Common Stock

The Company is authorized to issue up to 190,000,000 shares of common stock, par value \$0.001 per share. As of December 31, 2018, an aggregate of 19,620,546 shares of its common stock were issued, and 17,554,737 shares were outstanding.

Holders of shares of common stock are entitled to one vote for each share on each matter on which holders of common stock are entitled to vote. Holders of common stock are entitled to ratably receive dividends and other distributions when, as and if declared by the Company’s board of directors out of assets or funds legally available therefore. The ABL Facility, the Term Loan Facility and the Senior Notes each contain covenants that restrict the Company’s ability to pay dividends or make distributions on the common stock, subject to certain exceptions.

In the event of the liquidation, dissolution or winding up of the Company, holders of common stock are entitled to share ratably in the Company assets, if any, remaining after the payment of all the Company’s debts and liabilities.

Secondary Offering and Share Repurchase Program

In June 2018, the Company’s Board of Directors approved a new common stock repurchase program (the “2018 Program”) authorizing the Company to repurchase, in the aggregate, up to \$150.0 million of its outstanding common stock. Under the 2018 Program, repurchases may be made on the open market, through private transactions, accelerated share repurchases, round lot or block transactions on the New York Stock Exchange or otherwise, as determined by management and in accordance with prevailing market conditions and federal securities laws and regulations. The Company expects to fund any future repurchases from cash on hand and future cash flows from operations. The Company is not obligated to acquire a

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

particular amount of securities, and the 2018 Program may be discontinued at any time at the Company's discretion. The 2018 Program was effective in November 2018.

In March 2016, the Company's Board of Directors approved a securities repurchase program (the "2016 Program") authorizing the Company to repurchase, in the aggregate, up to \$125.0 million of its outstanding common stock or warrants to purchase common stock. Under the 2016 Program, repurchases were authorized to be made on the open market or through private transactions, as determined by the Company's management and in accordance with prevailing market conditions and federal securities laws and regulations. The 2016 Program was fully utilized as of December 31, 2018.

Also in March 2016, certain selling stockholders affiliated with Silver Point Capital, L.P., Oak Hill Advisors, L.P. and Capital World Investors (the "Selling Stockholders") sold 2,278,031 shares, including overallotments, of the Company's common stock at a public offering price of \$68.00 per share, in a secondary public offering. Of the 2,278,031 shares sold in the offering, 350,000 shares were purchased by the Company for \$23,800. The Company paid the underwriting discounts and commissions payable on the shares sold by the Selling Stockholders, excluding the shares the Company repurchased, resulting in \$5,900 of fees incurred during 2016, which is included in other expense, net in the consolidated statement of net income. The Company also incurred approximately \$600 of other expenses related to legal and audit services which is included in selling, administration & engineering expenses in the consolidated statement of net income. The Company did not sell or receive any proceeds from the sales of shares by the Selling Stockholders.

During the year ended December 31, 2017, the Company repurchased 513,801 shares at an average purchase price of \$108.87 per share, excluding commissions, for a total cost of \$55,935, of which \$55,123 was settled in cash as of December 31, 2017. In June 2018, the Company entered into an ASR agreement with a third-party financial institution to repurchase its common stock. Under the ASR agreement, the Company made an up-front payment of \$35,000. The repurchase was completed in the third quarter, and a total of 258,285 shares were repurchased at a weighted average purchase price of \$135.51 per share. In addition to the repurchase under the ASR agreement, during the year ended December 31, 2018, the Company repurchased 324,508 shares of its common stock at an average purchase price of \$78.78 per share, excluding commissions, for a total cost of \$25,565.

20. Share-Based Compensation

The Company's long-term incentive plans allow for the grant of various types of share-based awards to key employees and directors of the Company and its affiliates. The Company generally awards grants on an annual basis. There are 2,300,000 shares of common stock authorized for awards granted under the current plan. Under previous plans, a total of 5,873,103 shares were authorized for awards. The plans provide for the grant of stock options, stock appreciation rights, shares of common stock, restricted stock, restricted stock units ("RSUs"), performance-vested restricted stock units ("PUs"), incentive awards and certain other types of awards to key employees and directors of the Company and its affiliates.

The Company measures share-based compensation expense at fair value and recognizes such expense on a straight-line basis over the vesting period of the share-based employee awards. The compensation expense related to stock options, restricted stock and performance units granted to key employees and directors of the Company, which is quantified below, does not represent payments actually made to these employees. Rather, the amounts represent the non-cash compensation expense recognized by the Company in connection with these awards for financial reporting purposes. The actual value of these awards to the recipients will depend on the trading price of the Company's stock when the awards vest. In accordance with the Company's long-term incentive plans, share-based compensation awards that settle in shares of Company stock may be delivered on a gross settlement basis or a net settlement basis, as determined by the recipient.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Share-based compensation expense (income) was as follows:

	Year Ended December 31,		
	2018	2017	2016
PUs	\$ (3,925)	\$ 12,145	\$ 12,485
RSUs	9,241	9,183	7,846
Stock options	3,204	3,635	3,701
Total	\$ 8,520	\$ 24,963	\$ 24,032

Stock Options

Stock option awards are granted at the fair market value of the Company's stock price at the date of the grant and have a 10 year term. The stock option grants vest over three years from the date of grant.

Stock option transactions and related information for the year ended December 31, 2018 was as follows:

	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding as of January 1, 2018	568,856	\$ 67.14		
Granted	95,145	\$ 112.96		
Exercised	(180,967)	\$ 57.94		
Forfeited	(9,789)	\$ 92.84		
Outstanding as of December 31, 2018	473,245	\$ 79.35	7.3	\$ 1,698
Exercisable as of December 31, 2018	270,067	\$ 62.68	4.9	\$ 1,698

The weighted-average grant date fair value of stock options granted during the years ended December 31, 2018, 2017 and 2016 was \$36.22, \$33.33 and \$20.26, respectively. The total intrinsic value of stock options exercised during the year ended December 31, 2018, 2017 and 2016 was \$12,422, \$21,194 and \$31,153, respectively.

As of December 31, 2018, unrecognized compensation expense for stock options amounted to \$3,749. Such cost is expected to be recognized over a weighted average period of approximately 1.8 years.

The fair value of the options was estimated at the date of the grant using the Black-Scholes option pricing model. Expected volatility was based on the historical volatility of the Company's common stock. The expected option life was calculated using the simplified method. The risk-free rate is based on the U.S. Treasury zero-coupon issues with a term equal to the expected option life on the date the stock options were granted. The fair value of each option was estimated using the following assumptions:

	2018	2017	2016
Expected volatility	27.17% - 27.19%	27.38% - 27.47%	27.58% - 27.70%
Dividend yield	0.00%	0.00%	0.00%
Expected option life - years	6.0	6.0	6.0
Risk-free rate	2.6%	1.9% - 2.1%	1.1% - 1.4%

Restricted Stock and Restricted Stock Units

The fair value of the restricted stock and restricted stock units is determined based on the closing price of the common stock on the date of grant. The restricted stock and restricted stock units vest over one or three years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Restricted stock and restricted stock units transactions and related information for the year ended December 31, 2018 was as follows:

	Restricted Stock and Restricted Units	Weighted Average Grant Date Fair Value
Non-vested as of January 1, 2018	354,047	\$ 77.03
Granted	120,336	\$ 110.34
Vested	(122,992)	\$ 60.31
Forfeited	(38,046)	\$ 85.42
Non-vested as of December 31, 2018	<u>313,345</u>	<u>\$ 94.75</u>

The weighted-average grant date fair value of restricted stock and restricted stock units granted during the years ended December 31, 2018, 2017 and 2016 was \$110.34, \$107.57 and \$70.09, respectively. The total fair value of restricted stock and restricted stock units vested during the years ended December 31, 2018, 2017 and 2016 was \$7,418, \$7,112 and \$5,923, respectively.

As of December 31, 2018, unrecognized compensation expense for restricted stock and restricted stock units amounted to \$12,579. Such cost is expected to be recognized over a weighted-average period of approximately 1.8 years.

Performance-Vested Restricted Stock Units

The actual number of performance units that will vest depends on the Company's achievement of target performance goals related to the Company's ROIC over a three-year period, which may range from 0% to 200% of the target award amount. PUs that are expected to be settled in shares of the Company's common stock are accounted for as equity awards, and the fair value is determined based on the closing price of the common stock on the date of grant. PUs that are expected to be settled in cash are accounted for as liability awards.

A summary of activity for performance-vested restricted stock units transactions and related information for the year ended December 31, 2018 was as follows:

	Performance Units	Weighted Average Grant Date Fair Value
Non-vested as of January 1, 2018	229,893	\$ 74.90
Granted	60,270	\$ 110.40
Vested	(87,361)	\$ 94.50
Forfeited	(10,948)	\$ 83.45
Non-vested as of December 31, 2018	<u>191,854</u>	<u>\$ 91.46</u>

The weighted-average grant date fair value of performance units granted during the years ended December 31, 2018, 2017 and 2016 was \$110.40, \$107.49 and \$68.71, respectively. The total fair value of PUs vested during the year ended December 31, 2018 was \$8,256. Cash paid to settle PUs during the years ended December 31, 2018 and December 31, 2017 was \$13,302 and \$4,296. No performance units vested during the year ended December 31, 2016.

As of December 31, 2018, there was no unrecognized compensation expense.

TSR Awards

In 2016, the Company granted performance awards to certain of the Company's executive officers. These grants are settled in shares of the Company's stock and vest over a three-year performance period. The payout of these awards is based on the Company's relative total shareholder return ("TSR") compared to a pre-established comparator group during the performance period.

The fair value of the TSR-based performance units is estimated using the Monte Carlo simulation. Expected volatility was calculated based on a rolling average of the daily stock closing prices of the comparator group at the beginning of the performance period. The risk-free rate was based on the U.S. Treasury yield curve, generally represented by U.S. Treasury securities, with a term equal to the expected life of the TSR-based performance units. The dividend yield was assumed to be zero based on Company's historical patterns and future expectation.

Assumptions used to estimate the fair value of the TSR-based performance grant were as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

	Year Ended December 31,	
	2018	2017
Expected volatility	48.00%	26.00%
Dividend yield	0.00%	0.00%
Expected life - years	0.57	1.57
Risk-free rate	2.57%	1.83%

As of December 31, 2018, unrecognized compensation expense for the TSR awards was \$105. There were no TSR-based performance units granted during the years ended December 31, 2018 and 2017.

21. Lease Commitments

The Company leases certain manufacturing facilities and equipment under long-term leases expiring at various dates. Rental expense for operating leases was \$46,487, \$45,971 and \$46,756 for the years ended December 31, 2018, 2017 and 2016, respectively.

Future minimum payments for all non-cancelable operating leases are as follows:

Year	Minimum Future Operating Lease Commitments	
2019	\$	33,619
2020		28,545
2021		20,816
2022		17,016
2023		14,999
Thereafter		68,116

22. Related Party Transactions

A summary of the material related party transactions with affiliates accounted for under the equity method was as follows:

	December 31, 2018		December 31, 2017		December 31, 2016
Sales ⁽¹⁾	\$	30,826	\$	33,949	\$ 35,418
Purchases ⁽¹⁾	\$	687	\$	953	\$ 548
Dividends received ⁽²⁾	\$	4,862	\$	5,382	\$ 3,022

⁽¹⁾ Relates to transactions with Nishikawa Cooper LLC ("NISCO")

⁽²⁾ From NISCO and Nishikawa Tachapalalert Cooper Ltd.

Amounts receivable from NISCO and Sujun Cooper Standard AVS Private Limited as of December 31, 2018 and December 31, 2017 were \$6,066 and \$3,109, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

23. Contingent Liabilities

Litigation and Claims

Various legal actions, proceedings, and claims (generally, “matters”) are pending or may be instituted or asserted against the Company. The Company accrues for matters when losses are deemed probable and reasonably estimable. Any resulting adjustments, which could be material, are recorded in the period the adjustments are identified. As of December 31, 2018, the Company does not believe that there is a reasonable possibility that any material loss exceeding the amounts already accrued for matters, if any, has been incurred. However, the ultimate resolutions of these matters are inherently unpredictable and could require payment substantially in excess of the amounts that have been accrued or disclosed.

On March 30, 2016, a putative class action complaint alleging conspiracy to fix the price of body sealing products used in automobiles and other light-duty vehicles was filed in Ontario against numerous automotive suppliers, including Cooper-Standard Holdings Inc., CSA U.S. and Cooper-Standard Automotive Canada Limited (“CS Defendants”) and Nishikawa Cooper LLC, a joint venture in which the Company holds a 40% interest. Plaintiffs purport to be indirect purchasers of body sealing products supplied by the CS Defendants and/or the other defendants during the relevant period. The plaintiffs seek recovery of damages on behalf of direct and indirect purchasers against all defendants in an amount to be determined, punitive damages, as well as pre-judgment and post-judgment interest and related costs and expenses of the litigation. The Company believes the claims asserted against the CS Defendants are without merit and intends to vigorously defend against these claims. Further, the Company does not believe that there is a material loss that is probable and reasonably estimable related to these claims. In January 2019, Nishikawa Rubber Co. entered into a settlement agreement which provides for dismissal of the claims against the CS Defendants. The settlement is subject to court approval, which has not yet been granted.

Environmental

The Company is subject to a broad range of federal, state and local environmental and occupational safety and health laws and regulations in the United States and other countries, including those governing: emissions to air, discharges to water, noise and odor emissions; the generation, handling, storage, transportation, treatment, reclamation and disposal of chemicals and waste materials; the cleanup of contaminated properties; and human health and safety. The Company may incur substantial costs associated with hazardous substance contamination or exposure, including cleanup costs, fines, and civil or criminal sanctions, third party property or natural resource damage, personal injury claims or costs to upgrade or replace existing equipment as a result of violations of or liabilities under environmental laws or the failure to maintain or comply with environmental permits required at their locations. In addition, many of the Company’s current and former facilities are located on properties with long histories of industrial or commercial operations, and some of these properties have been subject to certain environmental investigations and remediation activities. The Company maintains environmental reserves for certain of these sites. As of December 31, 2018 and 2017, the Company had \$4,668 and \$7,363, respectively, reserved in accrued liabilities and other liabilities on the consolidated balance sheet on an undiscounted basis, which it believes are adequate. Because some environmental laws (such as the Comprehensive Environmental Response, Compensation and Liability Act and analogous state laws) can impose liability retroactively and regardless of fault on potentially responsible parties for the entire cost of cleanup at currently or formerly owned or operated facilities, as well as sites at which such parties disposed or arranged for disposal of hazardous waste, the Company could become liable for investigating or remediating contamination at their current or former properties or other properties (including offsite waste disposal locations). The Company may not always be in complete compliance with all applicable requirements of environmental laws or regulation, and the Company may receive notices of violation or become subject to enforcement actions or incur material costs or liabilities in connection with such requirements. In addition, new environmental requirements or changes to interpretations of existing requirements, or in their enforcement, could have a material adverse effect on the Company’s business, results of operations, and financial condition. The Company has made and will continue to make expenditures to comply with environmental requirements. While the Company’s costs to defend and settle known claims arising under environmental laws have not been material in the past and are not currently estimated to be material, such costs may be material in the future.

Employment Contracts

The Company has employment arrangements with certain key executives that provide for continuity of management. These arrangements include payments of multiples of annual salary, certain incentives, and continuation of benefits upon the occurrence of specified events in a manner that is believed to be consistent with comparable companies.

Other

The Company participated in a voluntary foreign tax amnesty program, which allows for the settlement of certain tax matters at reduced amounts. During the year ended December 31, 2017, the Company incurred charges of \$4,623, of which

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollar amounts in thousands except per share and share amounts)

\$4,388 was a non-cash charge offset by the utilization of tax net operating loss carryforwards, resulting in a net \$235 expense impact to net income. The Company did not incur additional material losses under this program.

24. Business Segments

The Company has determined that it operates in four reportable segments: North America, Europe, Asia Pacific and South America. The Company's principal products within each of these segments are sealing, fuel and brake delivery, fluid transfer, and anti-vibration systems. The Company evaluates segment performance based on segment profit before tax. The results of each segment include certain allocations for general, administrative, interest, and other shared costs. The accounting policies of the Company's segments are consistent with those described in Note 2. "Basis of Presentation and Summary of Significant Accounting Policies."

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Certain financial information on the Company's reportable segments was as follows:

	Year Ended December 31,		
	2018	2017	2016
Sales to external customers			
North America	\$ 1,924,717	\$ 1,882,670	\$ 1,816,486
Europe	1,030,102	1,043,738	1,031,538
Asia Pacific	576,411	585,161	540,684
South America	98,063	106,557	84,183
Consolidated	<u>\$ 3,629,293</u>	<u>\$ 3,618,126</u>	<u>\$ 3,472,891</u>
Intersegment sales			
North America	\$ 14,102	\$ 13,760	\$ 13,325
Europe	15,178	15,985	13,524
Asia Pacific	5,115	5,256	4,770
South America	103	49	31
Eliminations and other	(34,498)	(35,050)	(31,650)
Consolidated	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Segment profit (loss)			
North America	\$ 224,578	\$ 236,165	\$ 219,744
Europe	(63,259)	(18,872)	(15,989)
Asia Pacific	(75,189)	9,943	9,206
South America	(11,224)	(14,136)	(18,201)
Income before income taxes	<u>\$ 74,906</u>	<u>\$ 213,100</u>	<u>\$ 194,760</u>
Net interest expense included in segment profit (loss)			
North America	\$ 16,585	\$ 16,824	\$ 13,013
Europe	10,894	12,287	13,871
Asia Pacific	12,646	11,884	13,720
South America	879	1,117	785
Consolidated	<u>\$ 41,004</u>	<u>\$ 42,112</u>	<u>\$ 41,389</u>
Depreciation and amortization expense			
North America	\$ 70,566	\$ 66,734	\$ 57,546
Europe	43,974	40,899	37,992
Asia Pacific	29,699	27,085	24,635
South America	2,459	3,370	2,487
Consolidated	<u>\$ 146,698</u>	<u>\$ 138,088</u>	<u>\$ 122,660</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

	Year Ended December 31,		
	2018	2017	2016
Capital expenditures			
North America	\$ 72,467	\$ 67,333	\$ 61,321
Europe	53,542	45,881	57,054
Asia Pacific	70,672	51,182	33,818
South America	5,734	4,919	2,064
Corporate	15,656	17,480	10,111
Consolidated	<u>\$ 218,071</u>	<u>\$ 186,795</u>	<u>\$ 164,368</u>

	December 31,	
	2018	2017
Segment assets		
North America	\$ 1,174,604	\$ 1,049,218
Europe	541,495	644,586
Asia Pacific	616,093	686,329
South America	54,629	54,846
Eliminations and other	236,282	290,669
Consolidated	<u>\$ 2,623,103</u>	<u>\$ 2,725,648</u>

Product Line Information

Product line information for revenues was as follows:

	Year Ended December 31,		
	2018	2017	2016
Revenues			
Sealing systems	\$ 1,801,055	\$ 1,908,852	\$ 1,816,924
Fuel and brake delivery systems	798,008	757,198	725,689
Fluid transfer systems	563,510	521,553	494,940
Anti-vibration systems	339,903	326,684	301,199
Other	126,817	103,839	134,139
Consolidated	<u>\$ 3,629,293</u>	<u>\$ 3,618,126</u>	<u>\$ 3,472,891</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

Geographic Information

Geographic information for revenues, based on country of origin, and property, plant and equipment, net, is as follows:

	Year Ended December 31,		
	2018	2017	2016
Revenues			
United States	\$ 883,273	\$ 872,025	\$ 879,579
Mexico	763,094	723,423	638,750
China	471,288	494,727	455,999
France	305,416	299,257	288,905
Canada	278,349	287,222	298,157
Poland	245,853	253,109	239,941
Germany	187,374	192,959	218,363
Other	494,646	495,404	453,197
Consolidated	<u>\$ 3,629,293</u>	<u>\$ 3,618,126</u>	<u>\$ 3,472,891</u>
		December 31,	
		2018	2017
Property, plant and equipment, net			
United States	\$ 216,036	\$ 193,132	
Mexico	128,242	114,762	
China	214,770	199,271	
France	47,088	72,285	
Canada	34,405	43,347	
Poland	70,956	73,282	
Germany	81,935	86,297	
Other	190,809	169,802	
Consolidated	<u>\$ 984,241</u>	<u>\$ 952,178</u>	

Customer Concentration

Sales to customers of the Company which contributed 10% or more of its total consolidated sales and the related percentage of consolidated Company sales for 2018, 2017 and 2016 are as follows:

	2018 Percentage of Net Sales	2017 Percentage of Net Sales	2016 Percentage of Net Sales
Customer			
Ford	27%	28%	27%
General Motors	19%	19%	17%
Fiat Chrysler Automobiles	11%	11%	12%

25. Investments in Affiliates

The Company's beneficial ownership in affiliates accounted for under the equity method was as follows:

Name	December 31, 2018	December 31, 2017
Sujan Cooper Standard AVS Private Limited	50%	50%
Nishikawa Cooper LLC	40%	40%
Polyrub Cooper Standard FTS Private Limited	35%	35%
Nishikawa Tachapalart Cooper Ltd.	20%	20%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollar amounts in thousands except per share and share amounts)

The Company's aggregate investment in unconsolidated affiliates was \$44,297 and \$42,634 as of December 31, 2018 and 2017, respectively. The Company received dividends from unconsolidated affiliates of \$4,862, \$5,382 and \$3,022 for the years ended December 31, 2018, 2017 and 2016, respectively.

26. Selected Quarterly Information (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2018				
Sales	\$ 967,391	\$ 928,262	\$ 861,653	\$ 871,987
Gross profit	170,880	151,365	119,655	111,656
Net income	57,416	43,202	32,664	(28,693) ⁽¹⁾
Net income attributable to Cooper-Standard Holdings Inc.	56,792	41,877	32,156	(23,059) ⁽¹⁾
Basic net income per share attributable to Cooper-Standard Holdings Inc. ⁽²⁾	\$ 3.16	\$ 2.33	\$ 1.80	\$ (1.30)
Diluted net income per share attributable to Cooper-Standard Holdings Inc. ⁽²⁾	\$ 3.07	\$ 2.28	\$ 1.77	\$ (1.30)
2017				
Sales	\$ 902,051	\$ 909,145	\$ 869,016	\$ 937,914
Gross profit	170,002 ⁽³⁾	172,188 ⁽³⁾	150,809 ⁽³⁾	178,440 ⁽³⁾
Net income	42,504	41,650	25,458	28,961
Net income attributable to Cooper-Standard Holdings Inc.	41,706	40,456	24,640	28,501
Basic net income per share attributable to Cooper-Standard Holdings Inc. ⁽²⁾	\$ 2.35	\$ 2.26	\$ 1.39	\$ 1.60
Diluted net income per share attributable to Cooper-Standard Holdings Inc. ⁽²⁾	\$ 2.20	\$ 2.14	\$ 1.32	\$ 1.53

⁽¹⁾ The fourth quarter of 2018 net income amount includes impairment charges related to goodwill, intangible assets and fixed assets and the release of a valuation allowance against net deferred tax assets recorded in France and capital loss carryforwards in the U.S.

⁽²⁾ Full year basic and diluted EPS will not necessarily agree to the sum of the four quarters because each quarter is a separate calculation.

⁽³⁾ Amounts were adjusted due to the adoption of ASU 2017-07 in the first quarter of 2018.

SCHEDULE II

Valuation and Qualifying Accounts
(dollars in millions)

Description	Balance at beginning of period	Charged to Expenses	Charged (credited) to other accounts ⁽¹⁾	Deductions	Balance at end of period
Allowance for doubtful accounts deducted from accounts receivable					
Year ended December 31, 2018	\$ 4.2	4.2	(0.1)	(2.7)	\$ 5.6
Year ended December 31, 2017	\$ 7.1	1.1	0.4	(4.4) ⁽²⁾	\$ 4.2
Year ended December 31, 2016	\$ 4.1	4.0	(0.4)	(0.6)	\$ 7.1

⁽¹⁾ Primarily foreign currency translation.

⁽²⁾ Primarily related to uncollectible amounts written off.

Description	Balance at beginning of period	Additions		Deductions	Balance at end of period
		Charged to Income	Charged to Equity ⁽³⁾		
Tax valuation allowance					
Year ended December 31, 2018	\$ 189.4	32.0 ⁽⁴⁾	(10.4)	(40.9) ⁽⁵⁾	\$ 170.1
Year ended December 31, 2017	\$ 149.8	25.8 ⁽⁶⁾	13.8	—	\$ 189.4
Year ended December 31, 2016	\$ 137.0	9.1	3.7	—	\$ 149.8

⁽³⁾ Includes foreign currency translation.

⁽⁴⁾ Primarily related to 2018 losses with no benefit in certain foreign jurisdictions.

⁽⁵⁾ Primarily related to release of valuation allowance in the U.S. and France.

⁽⁶⁾ Primarily related to 2017 losses with no benefit in certain foreign jurisdictions and a capital loss in the U.S. during 2017.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

The Company has evaluated, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of December 31, 2018. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. However, based on that evaluation, the Company's Chief Executive Officer along with the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level as of December 31, 2018.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on the evaluation under the framework in Internal Control—Integrated Framework, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2018.

During the quarter ended September 30, 2018, the Company completed the purchase of Lauren Manufacturing and Lauren Plastics (together "Lauren"). During the quarter ended December 31, 2018, the Company acquired 80.1% of LS Mtron Ltd.'s automotive parts business, now named Cooper Standard Automotive and Industrial, Inc. ("CSAI"), and the assets and liabilities of Hutchings Automotive Products, LLC ("Hutchings"). The Company is currently integrating Lauren, CSAI and Hutchings into its operations, compliance programs and internal control processes. Lauren, CSAI and Hutchings are included in the 2018 consolidated financial statements of the Company and combined constituted approximately 8% of total assets as of December 31, 2018 and approximately 2% of revenues and 1% of net income for the year ended December 31, 2018. As permitted by SEC rules and regulations, the Company has excluded the acquired operations of Lauren, CSAI, and Hutchings from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2018.

The attestation report of the Company's independent registered public accounting firm regarding internal control over financial reporting is set forth in Item 8. "Financial Statements and Supplementary Data" of this Report under the caption "Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting" and incorporated herein by reference.

Changes in Internal Control over Financial Reporting

Other than as noted above in connection with the acquisitions of Lauren, CSAI and Hutchings, there was no change in the Company's internal control over financial reporting that occurred during the fourth quarter ended December 31, 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers

The information required by Item 10 regarding the Company's directors is incorporated by reference from the information under the headings "Proposals - Proposal 1: Election of Directors" in the Company's definitive Proxy Statement for its 2019 Annual Meeting of Stockholders (the "2019 Proxy Statement"). The information required by Item 10 regarding the Company's executive officers is incorporated by reference from the information under the headings "Corporate Governance, Board and Committee Matters - Executive Officers" in the 2019 Proxy Statement.

Audit Committee

The information required by Item 10 regarding the Audit Committee, including the identification of the Audit Committee members and the "audit committee financial expert," is incorporated by reference from the information in the 2019 Proxy Statement under the heading "Corporate Governance, Board and Committee Matters - Board Committees and Their Functions - Audit Committee."

Compliance with Section 16(a) of The Exchange Act

The information required by Item 10 regarding compliance with Section 16(a) of the Exchange Act is incorporated by reference from the information in the 2019 Proxy Statement under the heading "Corporate Governance, Board and Committee Matters - Section 16(a) Beneficial Ownership Reporting Compliance."

Code of Conduct

The information required by Item 10 regarding our code of ethics is incorporated by reference from the information in the 2019 Proxy Statement under the heading "Corporate Governance." The Company's Code of Conduct applies to all of the Company's officers, directors and employees and is available on the Company's website at www.cooperstandard.com. To access the Code of Conduct, first click on "Investors" and then click on "Corporate Governance."

Item 11. Executive Compensation

The information required by Item 11 regarding executive and director compensation, Compensation Committee Interlocks and Insider Participation, and the Compensation Committee Report is incorporated by reference from the information in the 2019 Proxy Statement under the headings "Corporate Governance, Board and Committee Matters - Director Compensation," "Proposal 2: Advisory Vote on Named Executive Officer Compensation - Compensation Discussion and Analysis," "Proposal 2: Advisory Vote on Named Executive Officer Compensation - Compensation Committee Report" and "Proposal 2: Advisory Vote on Named Executive Officer Compensation - Executive Compensation."

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by Item 12 is incorporated by reference from the information in the 2019 Proxy Statement under the heading "Corporate Governance, Board and Committee Matters - Stock Ownership and Related Stockholder Matters."

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by Item 13 regarding transactions with related persons is incorporated by reference from the information in 2019 Proxy Statement under the heading "Transactions with Related Persons." The information required by Item 13 regarding the independence of the Company's directors is incorporated by reference from the information in the 2019 Proxy Statement under the heading "Corporate Governance - Board of Directors - Independence of Directors."

Item 14. Principal Accounting Fees and Services

The information required under Item 14 is incorporated by reference from the information in the 2019 Proxy Statement under the heading "Fees and Services of Independent Registered Public Accounting Firm."

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents Filed as Part of this Annual Report on Form 10-K:

	10-K Report page(s)
1. Financial Statements	
Report of Ernst & Young LLP, Independent Registered Public Accounting Firm	42
Report of Ernst & Young LLP, Independent Registered Public Accounting Firm, Internal Control over Financial Reporting	43
Consolidated statements of net income for the years ended December 31, 2018, 2017 and 2016	44
Consolidated statements of comprehensive income (loss) for the years ended December 31, 2018, 2017 and 2016	45
Consolidated balance sheets as of December 31, 2018 and December 31, 2017	46
Consolidated statements of changes in equity for the years ended December 31, 2018, 2017 and 2016	47
Consolidated statements of cash flows for the years ended December 31, 2018, 2017 and 2016	48
Notes to consolidated financial statements	49

2. Financial Statement Schedules

Schedule II—Valuation and Qualifying Accounts	90
---	--------------------

All other financial statement schedules are not required under the related instructions or are inapplicable and therefore have been omitted.

3. Exhibits listed on the “Index to Exhibits”

Index to Exhibits

Unless otherwise provided, the SEC File Number under which each document incorporated by reference herein was filed is 001-36127.

Exhibit No.	Description of Exhibit
2.1*	<u>Debtors' Second Amended Joint Chapter 11 Plan of Reorganization, dated March 26, 2010 (incorporated by reference to Exhibit 2.1 to Cooper-Standard Holdings Inc.'s Current Report on Form 8-K filed May 24, 2010 (File No. 333-123708)).</u>
3.1*	<u>Third Amended and Restated Certificate of Incorporation of Cooper-Standard Holdings Inc., dated May 27, 2010 (incorporated by reference to Exhibit 3.1 to Cooper-Standard Holdings Inc.'s Registration Statement on Form S-1 (File No. 333-168316)).</u>
3.2*	<u>Amended and Restated Bylaws of Cooper-Standard Holdings Inc. (incorporated by reference to Exhibit 3.2 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2016).</u>
3.3*	<u>Cooper-Standard Holdings Inc. Certificate of Designations 7% Cumulative Participating Convertible Preferred Stock (incorporated by reference to Exhibit 3.3 to Cooper-Standard Holdings Inc.'s Registration Statement on Form S-1 (File No. 333-168316)).</u>
4.1*	<u>Registration Rights Agreement, dated as of May 27, 2010, by and among Cooper-Standard Holdings Inc., the Backstop Purchasers and the other holders party thereto (incorporated by reference to Exhibit 4.3 to Cooper-Standard Holdings Inc.'s Current Report on Form 8-K filed June 3, 2010 (File No. 333-123708)).</u>
4.2*	<u>Indenture, dated as of November 2, 2016, by and among Cooper-Standard Automotive Inc., the guarantors party thereto and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to Cooper-Standard Holdings Inc.'s Current Report on Form 8-K filed November 7, 2016).</u>
10.1*	<u>Third Amended and Restated Loan Agreement, dated as of November 2, 2016, among Cooper-Standard Automotive Inc., Cooper-Standard Automotive Canada Limited, Cooper-Standard Automotive International Holdings B.V., and certain subsidiaries of Cooper-Standard Automotive Inc., as guarantors, CS Intermediate HoldCo 1 LLC, as Holdings, the lenders party thereto and Bank of America, N.A. as agent for such lenders (incorporated by reference to Exhibit 10.1 to Cooper-Standard Holdings Inc.'s Current Report on Form 8-K filed November 7, 2016).</u>
10.2*	<u>Credit Agreement, dated as of April 4, 2014, among CS Intermediate HoldCo 2 LLC, CS Intermediate HoldCo 1 LLC, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to Cooper-Standard Holdings Inc.'s Current Report on Form 8-K filed April 8, 2014).</u>
10.3*	<u>Amendment No. 1, dated as of November 2, 2016, to the Term Loan Credit Agreement, among Cooper-Standard Automotive Inc., as the borrower, certain subsidiaries of Cooper-Standard Automotive Inc., as guarantors, CS Intermediate HoldCo 1 LLC, as Holdings, Deutsche Bank AG New York Branch, as Administrative Agent and Collateral Agent and other lenders party thereto (incorporated by reference to Exhibit 10.2 to Cooper-Standard Holdings Inc.'s Current Report on Form 8-K filed November 7, 2016).</u>
10.4*	<u>Amendment No. 2, dated as of May 2, 2017 to the Term Loan Credit Agreement, among Cooper-Standard Automotive Inc., as the borrower, certain subsidiaries of Cooper-Standard Automotive Inc., as guarantors, CS Intermediate HoldCo 1 LLC, as Holdings, Deutsche Bank AG New York Branch, as Administrative Agent and Collateral Agent and the other lenders party thereto (incorporated by reference to Exhibit 10.2 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017).</u>

Exhibit No.	Description of Exhibit
10.5*	<u>Amendment No. 3, dated as of March 6, 2018 to the Term Loan Credit Agreement, among Cooper-Standard Automotive Inc., as the borrower, certain subsidiaries of Cooper-Standard Automotive Inc., as guarantors, CS Intermediate Holdco 1 LL, as Holdings, Deutsche Bank AG New York Branch, as Administrative Agent and Collateral Agent and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018).</u>
10.6*†	<u>Employment Agreement, dated as of January 1, 2009, by and among Cooper-Standard Automotive Inc. and Keith D. Stephenson (incorporated by reference to Exhibit 10.25 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2008).</u>
10.7*†	<u>Cooper-Standard Automotive Inc. Executive Severance Pay Plan effective January 1, 2011 (incorporated by reference to Exhibit 10.7 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).</u>
10.8*†	<u>Cooper-Standard Automotive Inc. Deferred Compensation Plan, effective January 1, 2005 with Amendments through December 31, 2008 (incorporated by reference to Exhibit 10.33 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2008).</u>
10.9*†	<u>Cooper-Standard Automotive Inc. Supplemental Executive Retirement Plan, effective January 1, 2011 (incorporated by reference to Exhibit 10.10 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).</u>
10.10*†	<u>Cooper-Standard Automotive Inc. Nonqualified Supplementary Benefit Plan, Amended and Restated as of January 1, 2011 (incorporated by reference to Exhibit 10.12 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).</u>
10.11*†	<u>Cooper-Standard Automotive Inc. Long-Term Incentive Plan (incorporated by reference to Exhibit 10.13 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).</u>
10.12*†	<u>Form of Amendment to Employment Agreement, effective January 1, 2011 (incorporated by reference to Exhibit 10.16 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).</u>
10.13*†	<u>2011 Cooper-Standard Automotive Inc. Annual Incentive Plan (incorporated by reference to Exhibit 10.17 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).</u>
10.14*†	<u>Cooper-Standard Automotive Inc. Annual Incentive Plan, Amended and Restated effected as of January 1, 2014 (incorporated by reference to Exhibit 10.29 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013).</u>
10.15*†	<u>Cooper-Standard Automotive Inc. Annual Incentive Plan, Amended and Restated effective as of January 1, 2016 (incorporated by reference to Exhibit 10.14 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2017).</u>
10.16*†	<u>2011 Cooper-Standard Holdings Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.22 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).</u>

Exhibit No.	Description of Exhibit
10.17*†	<u>Amended and Restated 2011 Cooper-Standard Holdings Inc. Omnibus Incentive Plan (incorporated by reference to Exhibit 10.12 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013).</u>
10.18*†	<u>Amended and Restated Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017).</u>
10.19*†	<u>Form of Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan Nonqualified Stock Option Agreement for key employees (incorporated by reference to Exhibit 10.24 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2010).</u>
10.20*†	<u>Form of 2012 Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.21 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012).</u>
10.21*†	<u>2010 Cooper-Standard Holdings Inc. Management Incentive Plan (incorporated by reference to Exhibit 10.6 to Cooper-Standard Holdings Inc.'s Current Report on Form 8-K filed June 3, 2010).</u>
10.22*†	<u>Form of 2010 Cooper-Standard Holdings Inc. Management Incentive Plan Nonqualified Stock Option Agreement for key employees (incorporated by reference to Exhibit 10.7 to Cooper-Standard Holdings Inc.'s Current Report on Form 8-K filed June 3, 2010).</u>
10.23*†	<u>Form of 2010 Cooper-Standard Holdings Inc. Management Incentive Plan Nonqualified Stock Option Agreement for directors (incorporated by reference to Exhibit 10.9 to Cooper-Standard Holdings Inc.'s Current Report on Form 8-K filed June 3, 2010).</u>
10.24*†	<u>Letter Agreement between Jeffrey S. Edwards, Cooper-Standard Holdings Inc., Cooper-Standard Automotive Inc. dated October 1, 2012 (incorporated by reference to Exhibit 10.2 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2012).</u>
10.25*†	<u>Letter Agreement between D. William Pumphrey, Jr., Cooper-Standard Holdings Inc. and Cooper-Standard Automotive Inc. dated August 16, 2011 (incorporated by reference to Exhibit 10.30 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2012).</u>
10.26*†	<u>Service Contract between CSA Germany Verwaltungs GmbH and Juan Fernando de Miguel Posada dated March 1, 2013 (incorporated by reference to Exhibit 10.26 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013).</u>
10.27*†	<u>International Assignment Agreement between Song Min Lee and Cooper-Standard Automotive Inc. dated December 31, 2012 (incorporated by reference to Exhibit 10.27 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013).</u>
10.28*†	<u>Extension Addendum dated October 28, 2016, to the International Assignment Agreement between Song Min Lee and Cooper-Standard Automotive Inc. dated December 31, 2012 (incorporated by reference to Exhibit 10.28 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2017).</u>

Exhibit No.	Description of Exhibit
10.29*†	<u>Cooper-Standard Automotive Inc. Long-Term Incentive Plan, Amended and Restated effective as of January 1, 2014 (incorporated by reference to Exhibit 10.28 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013).</u>
10.30*†	<u>Form of Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan Nonqualified Stock Option Agreement (incorporated by reference to Exhibit 10.38 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2014).</u>
10.31*†	<u>Form of 2015 Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan Restricted Stock Unit Award Agreement (Performance Units, settled 50% cash / 50% stock) (incorporated by reference to Exhibit 10.39 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2014).</u>
10.32*†	<u>Form of 2015 Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.40 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2014).</u>
10.33*†	<u>Form of 2015 Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan Restricted Stock Unit Award Agreement (Performance Units, settled 100% cash) (incorporated by reference to Exhibit 10.41 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2014).</u>
10.34*†	<u>Offer Letter between Jonathan P. Banas and Cooper-Standard Automotive Inc. dated August 17, 2015 (incorporated by reference to Exhibit 10.1 to Cooper-Standard Holdings Inc.'s Current Report on Form 8-K filed on August 28, 2015).</u>
10.35*†	<u>Form of Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan Restricted Stock Unit Award Agreement (Non-Employee Directors) (incorporated by reference to Exhibit 10.1 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2015).</u>
10.36**†	<u>Form of Cooper-Standard Holdings Inc. Amended and Restated Indemnification Agreement for officers and directors.</u>
10.37*†	<u>Form of Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan Special Retention Award Agreement (stock-settled award) (incorporated by reference to Exhibit 10.1 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2016).</u>
10.38*†	<u>Form of Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan 2016 Restricted Stock Unit Award Agreement (Performance Units, settled 50% cash / 50% stock) (incorporated by reference to Exhibit 10.40 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2016).</u>
10.39*†	<u>Form of Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan 2016 Restrictive Stock Unit Award Agreement (Performance Units, settled 100% cash) (incorporated by reference to Exhibit 10.41 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2016).</u>
10.40*†	<u>Form of Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan 2017 Performance Award Agreement (stock-settled award) (incorporated by reference to Exhibit 10.1 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017).</u>

Exhibit No.	Description of Exhibit
10.41*†	<u>Form of Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan 2017 Performance Award Agreement (cash-settled award) (incorporated by reference to Exhibit 10.2 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017).</u>
10.42*†	<u>Cooper-Standard Holdings Inc. 2017 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.47 to Cooper-Standard Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2017).</u>
10.43*†	<u>Form of Cooper-Standard Holdings Inc. 2017 Omnibus Incentive Plan Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.4 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017).</u>
10.44*†	<u>Form of Cooper-Standard Holdings Inc. 2017 Omnibus Incentive Plan Nonqualified Stock Option Award Agreement (incorporated by reference to Exhibit 10.5 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017).</u>
10.45*†	<u>Form of Cooper-Standard Holdings Inc. 2017 Omnibus Incentive Plan 2017 Performance Unit Award Agreement (stock-settled award) (incorporated by reference to Exhibit 10.6 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2017).</u>
10.46*†	<u>Form of Cooper-Standard Holdings Inc. 2017 Omnibus Incentive Plan Nonqualified Stock Option Agreement. (incorporated by reference to Exhibit 10.2 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018).</u>
10.47*†	<u>Form of 2018 Cooper-Standard Holdings Inc. 2017 Omnibus Incentive Plan Performance Unit Award Agreement (cash-settled award) (incorporated by reference to Exhibit 10.3 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018).</u>
10.48*†	<u>Form of 2018 Cooper-Standard Holdings Inc. 2017 Omnibus Incentive Plan Performance Unit Award Agreement (stock-settled award) (incorporated by reference to Exhibit 10.4 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018).</u>
10.49*†	<u>Form of Cooper-Standard Holdings Inc. 2017 Omnibus Incentive Plan Restricted Stock Unit Award Agreement (cash-settled award) (incorporated by reference to Exhibit 10.5 to Cooper-Standard Holdings Inc.'s Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018).</u>
10.50**	<u>Asset Purchase Agreement, dated November 1, 2018, between Cooper-Standard Automotive Inc., as the Seller, and ContiTech USA, Inc., as the Acquiror.</u>
21.1**	<u>List of Subsidiaries of Cooper-Standard Holdings Inc.</u>
23.1**	<u>Consent of Independent Registered Public Accounting Firm.</u>
31.1**	<u>Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002).</u>
31.2**	<u>Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) (Section 302 of the Sarbanes-Oxley Act of 2002).</u>

Exhibit No.	Description of Exhibit
32***	Certification 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.CAL****	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF****	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB****	XBRL Taxonomy Label Linkbase Document
101.PRE****	XBRL Taxonomy Extension Presentation Linkbase Document

* Incorporated by reference as an exhibit to this Report.

** Filed with this Report.

*** Furnished with this Report

**** Submitted electronically with this Report in accordance with the provisions of Regulation S-T.

† Management contract or compensatory plan or arrangement.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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-STANDARD HOLDINGS INC.

Date: February 25, 2019

/s/ Jeffrey S. Edwards

Jeffrey S. Edwards
Chairman and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on February 25, 2019 by the following persons on behalf of the Registrant in the capacities indicated.

Signature	Title
/s/ Jeffrey S. Edwards	Chairman and Chief Executive Officer (Principal Executive Officer)
_____ Jeffrey S. Edwards	
/s/ Jonathan P. Banas	Chief Financial Officer (Principal Financial Officer)
_____ Jonathan P. Banas	
/s/ Peter C. Brusate	Chief Accounting Officer (Principal Accounting Officer)
_____ Peter C. Brusate	
/s/ David J. Mastrocola	Director
_____ David J. Mastrocola	
/s/ Justin E. Mirro	Director
_____ Justin E. Mirro	
/s/ Robert J. Remenar	Director
_____ Robert J. Remenar	
/s/ Sonya F. Sepahban	Director
_____ Sonya F. Sepahban	
/s/ Thomas W. Sidlik	Director
_____ Thomas W. Sidlik	
/s/ Matthew J. Simoncini	Director
_____ Matthew J. Simoncini	
/s/ Stephen A. Van Oss	Director
_____ Stephen A. Van Oss	
/s/ Peifang Zhang	Director
_____ Peifang Zhang	

AMENDED AND RESTATED INDEMNIFICATION AGREEMENT

This **AMENDED AND RESTATED INDEMNIFICATION AGREEMENT**, dated as of _____ (this “**Agreement**”), is made by and between Cooper-Standard Holdings Inc., a Delaware corporation (the “**Company**”), and _____ (the “**Indemnitee**”). This Agreement hereby amends and restates in its entirety the existing Indemnification Agreement entered into between the Company and Indemnitee (the “Prior Indemnification Agreement”).

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, the Company is aware that competent and experienced persons are increasingly reluctant to serve as directors or officers of corporations unless they are protected by comprehensive liability insurance or indemnification, due to increased exposure to litigation and investigatory costs and risks resulting from their service to such corporations, and due to the fact that the exposure frequently bears no reasonable relationship to the compensation of such directors and executive officers;

WHEREAS, the Third Amended and Restated Certificate of Incorporation of the Company (the “**Charter**”) and the Amended and Restated By-Laws of the Company (the “**Bylaws**”) provide, among other things, for the indemnification of its directors and officers to the fullest extent authorized or permitted by applicable law;

WHEREAS, each of the General Corporation Law of the State of Delaware (the “**DGCL**”), the Charter and the Bylaws provides that it is not exclusive of any other right any person may have and thereby contemplates that contracts may be entered into between the Company and the Company’s directors and executive officers which provide for broader indemnification rights;

WHEREAS, the Company has determined that the liability insurance coverage available to the Company and its Subsidiaries (as defined below) as of the date hereof should be supplemented in furtherance of its objectives to retain and attract as directors and officers the most capable persons available, and the Company believes, therefore, that the interest of the Company’s stockholders would best be served by a combination of such insurance as the Company may obtain, or request a Subsidiary to obtain, and the indemnification by the Company of the directors and officers of the Company and its Subsidiaries;

WHEREAS, the Company desires and has requested the Indemnitee to serve or continue to serve as a director or officer of the Company and/or its Subsidiaries for so long as the Indemnitee is duly appointed or until the Indemnitee tenders his or/her resignation;

WHEREAS, the parties hereto are party to the Prior Indemnification Agreement pursuant to which the Company provided for the indemnification of, and the advancement of expenses, to the Indemnitee; and

WHEREAS, the parties now desire to revise the contractual terms of the Prior Indemnification Agreement to update and clarify certain rights and obligations of the parties.

NOW, THEREFORE, in consideration of the Indemnitee's agreement to serve, or continue to serve, as a director or officer of the Company and/or its Subsidiaries, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree to the following:

Section 1. Definitions. As used in this Agreement:

(a) ***"Disinterested Director"*** shall mean a director of the Company who is not and was not a party to the Proceeding (as defined below) in respect of which indemnification is sought by the Indemnitee.

(b) ***"Enterprise"*** shall mean the Company and any other corporation, constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly owned Subsidiaries) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which the Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent.

(c) ***"Expenses"*** shall mean direct and indirect costs of any type or nature whatsoever (including all attorneys' fees and related disbursements and other out-of-pocket costs) actually and reasonably incurred by the Indemnitee in connection with either the appearance at, the participation in, or the investigation, defense or appeal of a Proceeding or establishing or enforcing a right to indemnification under this Agreement, Section 145 of the DGCL or otherwise; provided, however, that Expenses shall not include any judgments, fines, ERISA excise taxes or penalties or amounts paid in settlement of a Proceeding.

(d) ***"Independent Counsel"*** shall mean a law firm or a member of a law firm that is experienced in matters of corporation law and neither presently is, nor in the past three years has been, retained to represent: (i) the Company or the Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements); or (ii) any other party to a Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's rights under this Agreement.

(e) ***"Proceeding"*** shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether formal or informal or brought in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative nature, in which the Indemnitee was, is or will be involved as a party or otherwise, including as a witness, by reason

of the fact that the Indemnitee is or was a director or officer of the Company, by reason of any action (or failure to act) taken by the Indemnitee or of any action (or failure to act) on the Indemnitee's part while acting as a director or officer of the Company, or by reason of the fact that the Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of any other Enterprise, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

(f) “***Subsidiary***” shall mean any corporation or other entity of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company, by the Company and one or more other subsidiaries, or by one or more other subsidiaries.

Section 2. Indemnification Provided to Indemnitee.

(a) **Indemnity in Third-Party Proceedings.** The Company shall indemnify and hold harmless the Indemnitee in accordance with the provisions of this Section 2(a) if the Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness or otherwise) in any Proceeding (other than a Proceeding by or in the right of the Company to procure a judgment in its favor which is governed by Section 2(b) herein). Pursuant to this Section 2(a), the Indemnitee shall be indemnified against all Expenses, judgments, losses, liabilities, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, losses, liabilities, fines, penalties and amounts paid in settlement) actually and reasonably incurred by the Indemnitee or on the Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that the Indemnitee's conduct was unlawful. Such indemnification shall continue as to the Indemnitee if the Indemnitee ceases to be a director, officer, employee or agent of the Company and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

(b) **Indemnity in Proceedings by or in the Right of the Company.** The Company shall indemnify and hold harmless the Indemnitee in accordance with the provisions of this Section 2(b) if the Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness or otherwise) in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 2(b) in respect of any claim, issue or matter as to which the Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that any court in which the Proceeding was brought or the Court of Chancery of the State of Delaware shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the

case, the Indemnitee is fairly and reasonably entitled to indemnification. Such indemnification shall continue as to the Indemnitee if the Indemnitee ceases to be a director, officer, employee or agent of the Company and shall inure to the benefit of the Indemnitee's heirs, executors and administrators.

(c) Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Expenses, judgments, losses, liabilities, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, losses, liabilities, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with a Proceeding or any claim, issue or matter therein, but is not entitled, however, to indemnification for all of the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for such total amount except as to the portion thereof to which the Indemnitee is not entitled.

(d) Additional Indemnification. Notwithstanding any limitation to the contrary in this Section 2, the Company shall indemnify the Indemnitee to the fullest extent permitted by applicable law if the Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, losses, liabilities, fines and amounts paid in settlement actually and reasonably incurred by the Indemnitee in connection with such Proceeding. For purposes of this Section 2(d), the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to: (i) to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and (ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 3. Advancement of Expenses. To the fullest extent not prohibited by applicable law, the Company shall advance the Expenses reasonably incurred by the Indemnitee in connection with any Proceeding within twenty (20) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advances from time to time. Advances shall be unsecured and interest free and shall be made without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing a Proceeding to enforce this right of advancement. The Indemnitee hereby undertakes to repay such amounts advanced only if, and to the extent that, it shall ultimately be determined by final judicial decision from which there is no further right to appeal that the Indemnitee is not entitled to be indemnified by the Company as authorized hereby. No other form of undertaking shall be required of Indemnitee other than the execution of this Agreement.

Section 4. Notification and Other Indemnification Procedures.

(a) Notifications. Promptly after receipt by the Indemnitee of notice of the commencement or the threat of commencement of any Proceeding with respect to which the

Indemnatee believes that the Indemnatee may be entitled to indemnification or the advancement of Expenses under this Agreement, the Indemnatee shall notify the Company in writing of the commencement or the threat of commencement thereof; provided that the failure of the Indemnatee to give the Company notice shall not relieve the Company of its obligations hereunder unless and to the extent that (i) the Company is actually and materially prejudiced by the failure to give, or any delay in giving, such notice and (ii) none of the Company and its Subsidiaries are party to, or had actual knowledge of, such Proceeding. If at the time of the receipt of such notice from the Indemnatee the Company has directors' and officers' liability insurance ("**D&O Insurance**") in effect under which coverage for such indemnifiable action is potentially available, the Company shall give prompt written notice of such indemnifiable action to the applicable insurers in accordance with the procedures set forth in the applicable policies. At the request of the Indemnatee, the Company shall provide to the Indemnatee a copy of such notice delivered to the applicable insurers and copies of all subsequent material correspondence between the Company and such insurers regarding such indemnifiable action, in each case promptly following the delivery or receipt thereof by the Company.

(b) Defense of Proceeding. Within thirty (30) calendar days after the receipt by the Company of a notice from the Indemnatee pursuant to Section 4(a) hereof of the commencement of a Proceeding, the Company may elect by written notice to the Indemnatee to assume the defense of such Proceeding, with counsel selected by the Company and reasonably satisfactory to the Indemnatee. After the approval of any such counsel by the Indemnatee, the Company shall not be liable to the Indemnatee for any fees or disbursements of any other counsel subsequently incurred by the Indemnatee in connection with such Proceeding; provided, however, that (i) the Indemnatee shall have the continued right to employ other counsel at the expense of the Indemnatee and (ii) the Company shall pay the fees and disbursements of such other counsel selected by the Indemnatee in the event that the Indemnatee at any time during the course of such Proceeding, based on the advice of his or her counsel, reasonably concludes (with written notice given to the Company setting forth the basis for such conclusion) that there may be a conflict of interest in the defense of such Proceeding between the Indemnatee and any other party represented by the counsel selected by the Company. If the Company shall not have elected to assume the defense of such Proceeding, the Company shall be deemed to have waived any right it might otherwise have to assume such defense.

(c) Settlement of Proceeding. The Company shall not settle any such Proceeding without the prior written consent of the Indemnatee, which consent shall not be unreasonably withheld or delayed, unless such settlement provides for no adverse consequence or obligation against the Indemnatee other than monetary damages to be indemnified hereunder and includes as an unconditional term thereof the giving by the claimant or plaintiff of a release of the Indemnatee from all liability with respect to such Proceeding.

Section 5. Determination of Right to Indemnification and Presumptions and Effects of Certain Proceedings.

(a) Indemnatee Successful in Proceeding. To the extent the Indemnatee has been successful on the merits or otherwise in defense of any Proceeding or in the defense of any

claim, issue or matter described therein, the Company shall indemnify the Indemnatee against Expenses actually and reasonably incurred by the Indemnatee in connection therewith.

(b) Determination Regarding Right of Indemnification.

(i) In the event that Section 5(a) is inapplicable, the Company shall also indemnify the Indemnatee unless, and only to the extent that, the Company shall make a determination that the Indemnatee has not met the applicable standard of conduct required to entitle the Indemnatee to such indemnification. Such determination, if required, with respect to Indemnatee's entitlement to indemnification shall be made in the specific case by one of the following methods: (i) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board of Directors or (ii) if so determined by a majority vote of the Disinterested Directors, even though less than a quorum, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the Indemnatee. The Company shall promptly advise the Indemnatee in writing with respect to any determination that Indemnatee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied. If it is so determined that the Indemnatee is entitled to indemnification, payment to the Indemnatee shall be made within ten (20) days after such determination. The Indemnatee shall reasonably cooperate with the person, persons or entity making such determination with respect to the Indemnatee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Indemnatee and reasonably necessary to such determination. Any Expenses incurred by Indemnatee in so cooperating with the person, persons or entity making such determination shall be borne by the Company, and the Company hereby indemnifies and agrees to hold Indemnatee harmless therefrom.

(ii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 5(b)(i) hereof, the Independent Counsel shall be selected as provided in this Section 5(b)(ii). The Independent Counsel shall be selected by the Indemnatee (unless Indemnatee shall request that such selection be made by the Board), and the Indemnatee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel" as defined in Section 1 of this Agreement. If the Independent Counsel is selected by the Board, the Company shall give written notice to the Indemnatee advising Indemnatee of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel" as defined in Section 1 of this Agreement. In either event, Indemnatee or the Company, as the case may be, may, within ten (10) days after receipt of such written notice of selection, deliver to the Company or to the Indemnatee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement, and the objection shall set forth with

particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit.

(iii) The Company agrees to pay the reasonable fees and expenses of Independent Counsel and to fully indemnify and hold harmless such Independent Counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(c) Presumptions and Effects of Certain Proceedings.

(i) In any action brought by the Indemnitee to enforce a right to indemnification or to an advancement of Expenses under this Agreement, or by the Company to recover an advancement of Expenses, or by either the Indemnitee or the Company in otherwise making a determination with respect to entitlement to indemnification hereunder, (x) the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of Expenses, under this Agreement shall be on the Company and (y) the person, persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement, and the Company shall have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that the Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct.

(ii) The termination of any Proceeding, or of any claim, issue or matter therein, by settlement shall not of itself adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in accordance with any applicable standard of conduct. The knowledge and/or actions or failure to act of any director, officer, agent or employee of the Company shall not be imputed to the Indemnitee for purposes of determining the right to indemnification under this Agreement.

(iii) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if the Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or

reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise.

(iv) The provisions of this Section 5(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnatee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(d) Other.

(i) Notwithstanding a determination that the Indemnatee is not entitled to indemnification with respect to a specific Proceeding, the Indemnatee shall have the right to apply to the Court of Chancery of Delaware, the court in which that Proceeding is or was pending or any other court of competent jurisdiction, for the purpose of enforcing the Indemnatee's right to indemnification pursuant to this Agreement.

(ii) The Company shall indemnify the Indemnatee against (x) all Expenses incurred by the Indemnatee in connection with any hearing or Proceeding under this Section 5 involving the Indemnatee and (y) all Expenses incurred by the Indemnatee in connection with any other Proceeding between the Company and the Indemnatee involving the interpretation or enforcement of the rights of the Indemnatee under this Agreement, unless, in either case, a court of competent jurisdiction finds that each of the material claims and/or defenses of the Indemnatee in any such Proceeding was frivolous or not made in good faith.

Section 6. Independent Contractual Right; Non-Exclusivity.

(a) The right to indemnification and advancement of expenses conferred in this Agreement shall not be exclusive of, or limiting on, and shall be in addition to, any other right which the Indemnatee may have or hereafter acquire under any applicable law or any provision of the organizational documents of the Company, agreement, vote of stockholders or disinterested directors or otherwise.

(b) The right to indemnification and the advancement of expenses conferred in this Agreement is an independent contractual right and shall not be altered, changed or abrogated in any manner adverse to the Indemnatee by virtue of amendments to the organizational documents of the Company.

Section 7. Insurance and Subrogation.

(a) The Company hereby covenants and agrees that, so long as the Indemnatee shall continue to serve as an agent of the Company and thereafter so long as the Indemnatee shall be subject to any possible Proceeding by reason of the fact that the Indemnatee was an agent of the Company, the Company, subject to Section 7(b), shall use reasonable efforts to obtain and maintain in full force and effect D&O Insurance in reasonable amounts from established and reputable insurers.

(b) Notwithstanding the foregoing, the Company shall have no obligation to obtain or maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance are disproportionate to the amount of coverage provided, the coverage is reduced by exclusions so as to provide an insufficient benefit, or the Indemnitee is covered by similar insurance maintained by a Subsidiary.

(c) In the event the Company makes any payment to the Indemnitee under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee with respect to any insurance policy, and the Indemnitee shall execute such documents and do such acts as the Company may reasonably request to secure such rights and to enable the Company to bring suit to enforce such rights. The Company shall pay or reimburse all expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

Section 8. Limitation on Indemnification. Notwithstanding any other provision herein to the contrary, the Company shall not be obligated pursuant to the terms of this Agreement:

(a) **Prior Payment.** To make any payment of amounts otherwise indemnifiable hereunder if and to the extent that the Indemnitee has otherwise actually received such payment under this Agreement or any insurance policy, contract, agreement or otherwise.

(b) **Claims Initiated by Indemnitee.** Prior to a change in control, to indemnify or advance expenses to the Indemnitee with respect to Proceedings initiated or brought voluntarily by the Indemnitee and not by way of defense (except with respect to Proceedings brought to establish or enforce a right to indemnification or expense advancement under this Agreement or any other statute or law or otherwise as required under Section 145 of the DGCL), but such indemnification or advancement of Expenses may be provided by the Company in specific cases if the Board of Directors finds it to be appropriate;

(c) **Lack of Good Faith.** To indemnify the Indemnitee for any Expenses incurred by the Indemnitee with respect to any Proceeding instituted by the Indemnitee to enforce or interpret this Agreement, if a court of competent jurisdiction determines that each of the material assertions made by the Indemnitee in such Proceeding was not made in good faith or was frivolous; or

(d) **Unauthorized Settlements.** To indemnify the Indemnitee under this Agreement for any amounts paid in settlement of a Proceeding unless the Company consents to such settlement;

(e) **Claims by the Company for Willful Misconduct.** To indemnify or advance Expenses to the Indemnitee under this Agreement for any expenses incurred by the Indemnitee with respect to any Proceeding brought by the Company against the Indemnitee for willful misconduct, unless a court of competent jurisdiction determines that each of such claims was not made in good faith or was frivolous;

(f) Section 16(b). To indemnify the Indemnitee for expenses and the payment of profits arising from the purchase and sale by the Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended, or any similar successor statute;

(g) Forfeiture of Certain Bonuses and Profits. To indemnify the Indemnitee for the payment of amounts required to be reimbursed to the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002, as amended, or any similar successor statute or pursuant to the Company's Compensation Recovery Policy effective July 31, 2014, as amended from time to time; or

(h) Unlawful Indemnification. To indemnify the Indemnitee if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful.

Section 9. Change in Control.

(a) The Company agrees that if there is a change in control of the Company, then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnification and advancement of expenses under this Agreement, any other agreement or the Company's Charter or Bylaws now or hereafter in effect, the Company shall seek legal advice only from Independent Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld). In addition, upon written request by Indemnitee for indemnification pursuant to Section 4(a), a determination, if required by the DGCL, with respect to Indemnitee's entitlement thereto shall be made by such Independent Counsel in a written opinion to the Board of Directors of the Company, a copy of which shall be delivered to Indemnitee. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to indemnify fully such counsel against any and all reasonable expenses (including attorney's fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(b) The Company agrees that if there is a change in control of the Company, the Company shall maintain (or cause to be maintained) for the benefit of Indemnitee, the same policy or policies of insurance maintained in accordance with Section 7(a) of this Agreement immediately prior to such change in control for a period of six years after the change in control or the termination of this Agreement, whichever is later.

(c) (i) For purposes of this Section 9, a "change in control" shall be deemed to occur when, after the date of this Agreement, there occurs any event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement. Notwithstanding the generality of the foregoing, a change in control shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following: (A) any person (as defined below) becomes the beneficial owner (as defined below), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities, (B) during any period of two (2)

consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board of Directors of the Company, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 9(c)(i)(A), 9(c)(i)(C) or 9(c)(i)(D) or a director whose initial nomination for, or assumption of office as, a member of the Board of Directors of the Company occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Board of Directors of the Company) whose election by the Board of Directors of the Company or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board of Directors of the Company, (C) the effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity or (D) the approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

For purposes of Section 9(c)(i), the following terms shall have the following meanings:

(x) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(y) "person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; provided, however, that person shall exclude (a) the Company, (b) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (c) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(z) "beneficial owner" shall have the meaning given to such term in Rule 13d-3 under the Exchange Act; provided, however, that beneficial owner shall exclude any person otherwise becoming a beneficial owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

Section 10. Interpretation. The parties hereto intend for this Agreement to be interpreted and enforced so as to provide indemnification and advancement of Expenses to the Indemnitee to the fullest extent now or hereafter permitted by applicable law and, in the event that the validity, legality or enforceability of any provision of this Agreement is in question, such provision shall be interpreted in a manner such that the provision will be valid, legal and enforceable.

Section 11. Amendment. No supplement, modification or amendment of this Agreement shall be binding unless expressed in a written document that refers to this Agreement

executed in writing by both of the parties hereto and no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof nor shall such waiver constitute a continuing waiver.

Section 12. Severability. If any provision of this Agreement is held by a court having jurisdiction pursuant to Section 13 hereof to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including all portions of any Sections of this Agreement containing any such provision held to be invalid, illegal, or unenforceable that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby, and (ii) to the fullest extent possible, the provisions of this Agreement (including all portions of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 10 hereof.

Section 13. Governing Law; Jurisdiction.

(a) This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, as applied to contracts between residents of Delaware entered into and to be performed entirely within Delaware.

(b) Any disputes arising under or in connection with this Agreement shall be litigated, if at all, solely in a state court of general jurisdiction located in Wilmington, Delaware, or the federal court located in Wilmington, Delaware, and jurisdiction is hereby conferred upon such courts. In connection therewith, each party hereby agrees to submit to the jurisdiction of such courts and to waive any possible defense of forum non conveniens and/or lack of personal jurisdiction before such court.

Section 14. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party, or by email transmission with acknowledgement of receipt by the party, to whom said notice or other communications shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, or by overnight courier or similar service providing receipt against delivery, and shall be deemed received on the earlier of actual receipt or the third business day after the date on which it is so mailed. Addresses for notice to either party are as set forth on the signature page to this Agreement or as subsequently modified by written notice.

Section 15. Employment Rights. This Agreement shall not constitute an employment agreement, supersede any employment agreement to which the Indemnitee is a party or create any right of the Indemnitee to continued employment or appointment.

Section 16. Headings. This section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 17. Successors and Assigns; Survival of Rights.

(a) This Agreement shall be binding upon the successors and assigns of the Company; provided that no assignment shall relieve the Company of its obligations under this Agreement. This Agreement shall inure to the benefit of and be enforceable by the Indemnitee and the Indemnitee's heirs, executors, administrators, conservators and guardians.

(b) All agreements and obligations of the Company contained herein shall continue during the period the Indemnitee is a director, officer or other agent of the Company and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding, by reason of the fact that Indemnitee was serving in the capacity referred to herein.

(c) The Company shall require any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

[Remainder of Page Left Blank Intentionally—Signatures Follow]

IN WITNESS WHEREOF, the Company and the Indemnitee have executed this Indemnification Agreement in duplicate as of the day and year first above written.

COMPANY:

COOPER-STANDARD HOLDINGS INC.

By: _____
Name: _____
Title: _____
Address: _____

INDEMNITEE:

Name: _____
Address: _____

ASSET PURCHASE AGREEMENT
BETWEEN
COOPER-STANDARD AUTOMOTIVE INC.
AND
CONTITECH USA, INC.

DATED AS OF
NOVEMBER 1, 2018

TABLE OF CONTENTS

	<u>Page</u>
I. PURCHASE AND SALE	1
1.01 Sale of Assets	1
1.02 Assumption of Liabilities	1
1.03 Misallocated Transfers	1
1.04 AVS Assets	2
1.05 AVS Liabilities	6
1.06 Settlement of Intercompany Accounts	9
1.07 Governmental Approvals and Third-Party Consents	9
1.08 Waiver of Bulk-Sales Laws	10
1.09 Closing	10
1.10 Purchase Price	11
1.11 Purchase Price Adjustment	12
1.12 Closing Deliveries	14
1.13 Conveyance of AVS Assets and Assumption of Assumed AVS Liabilities	14
1.14 Withholding	15
1.15 Potential French Valuation Adjustment	15
II. REPRESENTATIONS AND WARRANTIES OF SELLER	16
2.01 Due Organization, Good Standing and Corporate Power	16
2.02 Authorization of Agreement	17
2.03 Consents and Approvals; No Violations	17
2.04 Intellectual Property; Personal Information	18
2.05 Litigation	19
2.06 Compliance With Laws; Required Approvals; Recalls	20
2.07 Contracts	21
2.08 Customers and Suppliers	22
2.09 Employees and Employee Benefits	23
2.10 Financial Statements; Absence of Changes	25
2.11 No Undisclosed Material Liabilities	26
2.12 Inventories	26
2.13 Taxes	27
2.14 Broker's or Finder's Fee	27

TABLE OF CONTENTS
(cont'd)

2.15	Title to Properties; Security Interests	27
2.16	The AVS Assets	27
2.17	Real Property	28
2.18	Insurance	29
2.19	Anti-Bribery and Corruption; Sanctions	29
2.20	Environmental Matters	30
2.21	No Other Representations or Warranties	31
III.	REPRESENTATIONS AND WARRANTIES OF ACQUIROR	31
3.01	Due Organization, Good Standing and Corporate Power	31
3.02	Authorization of Agreement	31
3.03	Consents and Approvals; No Violations	31
3.04	Broker's or Finder's Fee	32
3.05	Financing	32
3.06	Litigation	32
3.07	No Other Representations or Warranties; Acknowledgement by Acquiror	33
IV.	COVENANTS	33
4.01	Conduct of AVS Business Pending the Closing	33
4.02	Efforts to Close; Further Assurances; Antitrust Clearance	36
4.03	Public Announcements	38
4.04	Notification of Certain Matters	38
4.05	Access; Governmental Approvals	38
4.06	Integration Planning	40
4.07	Agreement for Exchange of Information	41
4.08	Privileged Matters	43
4.09	Acquiror Non-Solicitation	45
4.10	Seller Non-Solicitation	45
4.11	Non-Competition	46
4.12	Intellectual Property Assignment/Recordation	47
4.13	Use of Seller Name and Mark	47
4.14	License of Other Business Intellectual Property	49
4.15	Removal of Tangible Assets	49

TABLE OF CONTENTS
(cont'd)

	4.16	Labor Representative Cooperation	50
	4.17	Insurance Matters	50
	4.18	Certain Employee Vehicles	51
	4.19	Confidentiality	51
	4.20	Tooling List	52
	4.21	No Shop	52
	4.22	Lab Service Agreement	53
V.		EMPLOYEE MATTERS	53
	5.01	Identification of Employees	53
	5.02	Continuity of Employment	53
	5.03	Terms of Employment	55
	5.04	Bonuses	56
	5.05	Credit for Service with Seller	57
	5.06	Welfare Benefit Plans	57
	5.07	Waiver of Conditions	57
	5.08	AVS Business Acquired Plans	57
	5.09	401(k) Plan for Non-Union US Continuing Employees	57
	5.10	COBRA Continuation Coverage	58
	5.11	Worker's Compensation	58
	5.12	WARN Act	58
	5.13	Retiree Welfare Benefits	59
	5.14	Nonqualified Plans	59
	5.15	Accrued Personal, Sick or Vacation Time	59
	5.16	Participation in Seller Plans	59
	5.17	Miscellaneous	59
VI.		CONDITIONS	61
	6.01	Joint Conditions	61
	6.02	Conditions to the Obligation of Acquiror	61
	6.03	Conditions to the Obligation of Seller	62
VII.		TERMINATION AND ABANDONMENT	63
	7.01	Basis for Termination	63

TABLE OF CONTENTS (cont'd)

	Notice of Termination; Return or Destruction of Documents; Continuing Confidentiality	
7.02	Obligation	64
7.03	Effect of Termination	64
VIII.	INDEMNIFICATION	64
8.01	Indemnification by Acquiror	64
8.02	Indemnification by Seller	65
8.03	Calculation and Other Provisions Relating to Indemnity Payments	65
8.04	Procedures for Defense, Settlement and Indemnification of Claims	66
8.05	Additional Matters	68
8.06	Exclusive Remedy	69
8.07	Limitations on Indemnification; Survival	69
8.08	Tax Treatment of Indemnification	71
8.09	Separate Indemnities for Taxes	71
IX.	TAX MATTERS	71
9.01	Preparation and Filing of Tax Returns	71
9.02	Refunds	72
9.03	Tax Indemnification	73
9.04	Allocation of Purchase Price	74
9.05	Transfer Taxes	75
9.06	Indirect Taxes	75
9.07	GST	76
9.08	Miscellaneous	77
X.	MISCELLANEOUS	77
10.01	Expenses	77
10.02	Entire Agreement	77
10.03	Governing Law; Jurisdiction; Waiver of Jury Trial	78
10.04	Notices	79
10.05	Amendments and Waivers	80
10.06	No Third-Party Beneficiaries	80
10.07	Assignability	80
10.08	Construction	80
10.09	Severability	81

TABLE OF CONTENTS
(cont'd)

10.10	Counterparts	81
10.11	Specific Performance	81
10.12	Disclosure Letters	82
10.13	Waiver	82
10.14	Release	82
10.15	Dispute Resolution	83
XI.	DEFINITIONS	83

EXHIBITS

- Exhibit A: Form of Transition Services Agreement
- Exhibit B: Form of Manufacturing Services Agreement – Kunshan
- Exhibit C: Form of Manufacturing Services Agreement – Czesochowa
- Exhibit D: Form of Supply Agreement – Auburn Mixing
- Exhibit E: Integration Roadmap
- Exhibit F: Proposed Allocation
- Exhibit G: Sample Working Capital Calculation

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement"), dated November 1, 2018, is between Cooper-Standard Automotive Inc., an Ohio corporation ("Seller"), and ContiTech USA, Inc., a Delaware corporation ("Acquiror"). Seller and Acquiror are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties."

RECITALS

1. Seller is engaged, directly and indirectly through certain of its Subsidiaries, in the AVS Business;
2. Seller has determined that it would be appropriate to divest the AVS Business in the manner contemplated hereby; and
3. Acquiror desires to purchase from Seller, and Seller desires to Convey or cause to be Conveyed to Acquiror, the AVS Assets, and Acquiror desires to assume from Seller and its Affiliates, and Seller desires to assign or cause to be assigned to Acquiror, the Assumed AVS Liabilities, in each case, on the terms and subject to the conditions set forth herein.

Accordingly, the Parties agree as follows:

I. PURCHASE AND SALE

1.01 Sale of Assets. Except as provided in Section 1.07(b), effective as of the Closing, Seller will sell, assign, transfer, convey and deliver ("Convey") (or will cause any applicable Subsidiary to Convey) to Acquiror (or one or more Affiliates of Acquiror), and Acquiror (or one or more Affiliates of Acquiror) will purchase from Seller, or a Subsidiary of Seller, all of Seller's and its applicable Subsidiaries' respective right, title and interest in and to all of the AVS Assets free and clear of any Security Interests other than Permitted Encumbrances.

1.02 Assumption of Liabilities. Effective as of the Closing, Seller will assign (or will cause any applicable Subsidiary to assign) to Acquiror (or one or more Affiliates of Acquiror), and Acquiror (or one or more Affiliates of Acquiror) will assume, perform and fulfill when due and, to the extent applicable, comply with, or will cause any of its Affiliates to assume, perform and fulfill when due and, to the extent applicable, comply with, all of the Assumed AVS Liabilities, in accordance with their respective terms.

1.03 Misallocated Transfers. In the event that, at any time from and after the Closing, either Party (or any member of the Seller Group or the Acquiror Group, as applicable) discovers that it or any of its Affiliates is the owner of, receives or otherwise comes to possess any Asset (including the receipt of payments made pursuant to Contracts and proceeds from Accounts Receivable) or is liable for any Liability that is attributable to any Person that is a member of the other Group pursuant to this Agreement or any Ancillary Agreement (except in the case of any acquisition of Assets

or assumption of Liabilities from the other Party for value subsequent to the Closing), such Party will promptly Convey, or cause to be Conveyed, without further consideration, such Asset or assign, or cause to be assigned, such Liability to the Person so entitled thereto or responsible therefor (and the relevant Party will cause such entitled Person to accept such Asset or assume, perform and fulfill when due and, to the extent applicable, comply with, such Liability). Prior to any such transfer, such Asset will be held in accordance with Section 1.07.

1.04 AVS Assets.

(a) For purposes of this Agreement, “AVS Assets” means, in each case to the extent existing immediately prior to the Closing and except as otherwise provided below, all right, title and interest of Seller and its Subsidiaries in, to and under the Assets held or used primarily in the conduct of the AVS Business, and including all right, title and interest of Seller and its Subsidiaries in, to and under:

(i) (A) all personal property and interests therein, including all computers and other electronic data processing equipment, fixtures, machinery, molds, tools, equipment, manufacturing equipment, Store Room Inventory, furniture and office equipment, (B) except as set forth on Section 1.04(b)(i) of the Seller Disclosure Letter, all manufacturing equipment, dedicated test equipment and specifically required tooling primarily used to make products for the AVS Business located at the Czystochowa Facility and the Kunshan Facility (the “Non-AVS Facility Equipment”), (C) computers, smartphones and similar communications equipment provided by the Seller Group in connection with a Continuing Employee’s performance of services, (D) motor vehicles and other transportation equipment primarily used or held for primary use in the AVS Business or provided for the use of a Continuing Employee and (E) the IT assets set forth on Section 1.04(a)(i) of the Seller Disclosure Letter;

(ii) the AVS Inventory;

(iii) all Real Property Interests in the facilities listed on Section 1.04(a)(iii) of the Seller Disclosure Letter (the “AVS Facilities”);

(iv) subject to Section 1.07(b), all interests, rights, claims and benefits of Seller and any of its Subsidiaries pursuant to and associated with all AVS Contracts to the extent arising from or relating to events or circumstances occurring on or after the Closing Date;

(v) subject to Section 1.07(b), all of the Governmental Approvals issued or granted to Seller or any of its Subsidiaries relating exclusively to the AVS Business or the AVS Assets (the “AVS Governmental Approvals”);

(vi) all Intellectual Property exclusively used or held for use in the AVS Business, including (A) the Registered Intellectual Property listed on Section 1.04(a)(vi) of the Seller Disclosure Letter, and goodwill related thereto, (B) all unregistered Copyrights and Trade Secrets exclusively used or held for

exclusive use in the AVS Business, including all recipes and formulations, to the extent exclusively relating to the products of the AVS Business and the specifications of the products of the AVS Business, and (C) all rights to sue or recover and retain damages and costs and attorneys' fees for infringement, misappropriation or other violation of any of the foregoing (the "Included IP Assets");

(vii) subject to Section 1.07(b), copies of (A) all personnel and employment records to the extent related to the Continuing Employees, (B) all of the financial and Tax records relating exclusively to the AVS Business and the AVS Assets that do not form part of the general ledger of Seller or any of its Affiliates, and (C) all other books, records, ledgers, files, documents, correspondence, lists, plats, drawings, photographs, product literature (including historical), advertising and promotional materials, distribution lists, customer lists, supplier lists, product and marketing reports, market and market share data owned by Seller, operating, production and other manuals, manufacturing and quality control records and procedures, research and development files, and accounting and business books, records, files, documentation and materials, in all cases whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form to the extent related to the AVS Business (collectively, the "AVS Books and Records"); provided, however, that (1) Seller will be entitled to retain a copy of the AVS Books and Records, which will be subject to the provisions of Section 4.08(a), and (2) neither clause (A) nor (C) will be deemed to include any books, records or other items or portions thereof (x) that are subject to non-waivable restrictions on transfer pursuant to applicable Laws regarding personally identifiable information or Seller's privacy policies regarding personally identifiable information or with respect to which transfer would require any Governmental Approval under applicable Law to the extent such approval has not been obtained, or (y) that relate to performance ratings or assessments of employees of Seller or its Affiliates (including performance history, reports prepared in connection with bonus plan participation and related data (other than individual bonus opportunities based on target bonus as a percentage of base salary)), unless such records are required to be transferred to Acquiror under applicable Law and, provided further, that, in the case of clause (C), Acquiror will be entitled to a copy of any such materials to the extent not exclusively related to the AVS Business;

(viii) all rights, claims, credits and causes of action of Seller and any of its Subsidiaries to the extent relating to the AVS Business, the AVS Assets or the Assumed AVS Liabilities (including accounts, notes and other receivables, rights to indemnification or contribution, prepaid expenses, including ad valorem taxes, leases and rentals, rights of set-off, rights to refunds and rights of recoupment from and against any Person) in each case to the extent arising from events or circumstances occurring on or after the Closing;

(ix) all goodwill of the AVS Business, together with the right to represent to third parties that Acquiror is the successor to the AVS Business;

- (x) Assets in respect of the AVS Business Acquired Plans (the “AVS Business Acquired Plan Assets”);
- (xi) the right to enforce the confidentiality provisions of any confidentiality, non-disclosure or other similar Contracts to the extent primarily related to confidential information of the AVS Business and rights to enforce any Intellectual Property assignment or other provisions of any invention assignment Contract to the extent related to the Included IP Assets;
- (xii) all Accounts Receivable and Goods in Transit of the AVS Business;
- (xiii) all refunds and Refund Equivalents for Taxes imposed with respect to the AVS Assets or the AVS Business, in each case, for any Post-Closing Tax Period as determined pursuant to Section 9.03(c), other than any such refund or Refund Equivalent that is attributable to Taxes paid by Seller pursuant to this Agreement; and
- (xiv) all other assets reflected on the Final Closing Adjustment Statement.

A single Asset may fall within more than one of clauses (i)-(xiv) in this Section 1.04(a); such fact does not imply that (x) such Asset must be Conveyed more than once or (y) that any duplication of such Asset is required. The fact that an Asset may be excluded under one clause does not imply that it is not intended to be included under another.

(b) Notwithstanding Section 1.04(a) or any other provision hereof, the AVS Assets will not in any event include any of the following Assets (the “Excluded Assets”):

- (i) the Assets listed or described on Section 1.04(b)(i) of the Seller Disclosure Letter;
- (ii) the Excluded IP Assets;
- (iii) Assets in respect of any and all Compensation and Benefit Plans corresponding to any Liabilities allocated to Seller or any of its Affiliates or for which Seller is expressly liable pursuant to Article V (including any schedule thereto) and Assets in respect of all other compensation and benefit plans sponsored by the Seller Group, other than the AVS Business Acquired Plan Assets;
- (iv) all cash and cash equivalents (including investments and securities) and all bank or other deposit accounts of Seller and its Affiliates (including cash and cash equivalents therein);

(v) any tangible personal property, furniture or office equipment other than tangible personal property, furniture or office equipment transferred pursuant to Section 1.04(a)(i);

(vi) all rights, claims, credits and causes of action of Seller and any of its Subsidiaries to the extent relating to (A) any Non-AVS Business arising at any time or (B) the AVS Business (including rights to indemnification or contribution, prepaid expenses, including ad valorem taxes, leases and rentals, rights of set-off, rights to refunds and rights of recoupment from and against any Person, but excluding any Accounts Receivable and Goods in Transit transferred pursuant to Section 1.04(a)(xii)), in each case in this subsection (B), to the extent arising from events or circumstances occurring before the Closing Date;

(vii) all financial and Tax records (including accounting records) of Seller or any of its Affiliates (other than the AVS Books and Records), including all financial and Tax records relating to the AVS Business that form part of the general ledger of Seller or any of its Affiliates; provided, that Seller will provide to Acquiror upon written request from Acquiror copies of any such financial and Tax records that relate exclusively to the AVS Assets or the AVS Business;

(viii) subject to Section 4.17, all rights to insurance policies or practices of Seller and its Affiliates (including any fronted insurance policies, surety bonds or corporate insurance policies or practices, or any form of self-insurance whatsoever), any refunds paid or payable in connection with the cancellation or discontinuance of any such policies or practices and any claims made under such policies;

(ix) other than rights to enforce the provisions of any confidentiality, non-disclosure or other similar Contracts to the extent related to the AVS Business, all records relating to the negotiation of the transactions contemplated by this Agreement and all records prepared exclusively in connection with the potential divestiture of all or a part of the AVS Business, including (A) proposals received from third parties and analyses relating to such transactions and (B) communications with legal counsel representing Seller or its Affiliates and the right to assert the attorney-client privilege with respect thereto;

(x) all rights of Seller or its Affiliates under this Agreement or any Ancillary Agreement and the certificates, instruments and Transfer Documents delivered in connection therewith;

(xi) all Tax refunds and Refund Equivalents relating to Excluded Taxes;

(xii) subject to Section 4.14, all Software owned or used by Seller and its Affiliates (other than any Software exclusively used or held for use in the AVS Business and any software licensed under the AVS Contracts);

(xiii) except as provided in Section 1.06, all Assets related to Intercompany Accounts;

(xiv) any Real Estate Interest in Building 18 and any facility or real property other than the AVS Facilities;
and

(xv) any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement as Assets to be retained by Seller or any other member of the Seller Group.

The Parties acknowledge and agree that, except for such rights as are otherwise expressly provided in this Agreement or any Ancillary Agreement, neither Acquiror nor any of its Subsidiaries will acquire or be permitted to retain any right, title or interest in any Excluded Assets, and that if any such Excluded Assets are inadvertently Conveyed to Acquiror, such Excluded Assets will be Conveyed to Seller as contemplated by Section 1.03.

(c) Notwithstanding any other provision hereof, any Assets of any member of the Seller Group not included in any of the clauses in Section 1.04(a) above are Excluded Assets and no Excluded Assets will be AVS Assets. For the avoidance of doubt, subject to the Ancillary Agreements, all right, title and interest in and to the Excluded IP Assets are expressly retained by the Seller Group in all respects.

1.05 AVS Liabilities.

(a) For the purposes of this Agreement, and subject to Section 1.05(b), "Assumed AVS Liabilities" will mean the following Liabilities of Seller and its Subsidiaries:

(i) all Liabilities that are reflected in the Final Closing Adjustment Statement pursuant to Section 1.11(d), including all Accounts Payable;

(ii) all Liabilities for Taxes relating to, resulting from or arising out of the AVS Assets or the AVS Business with respect to a Post-Closing Tax Period;

(iii) all Liabilities listed on Section 1.05(a)(iii) of the Seller Disclosure Letter;

(iv) all Liabilities arising in connection with or in any way relating to the AVS Assets or any activities or operations occurring or conducted at the Real Property (including offsite disposal), whether accrued, contingent, absolute, determined, determinable or otherwise which (A) arise under or relate to any Environmental Law and (B) relate to, result from or arise out of events, circumstances or conditions that first occur or are created after the Closing Date, including any increase, worsening or exacerbation of the amount of Excluded Environmental Liabilities to the extent such increase, worsening or exacerbation

results from the operation of the AVS Business or the AVS Assets after the Closing Date in a negligent manner;

(v) all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement as Liabilities to be assumed by Acquiror or any other member of the Acquiror Group and all Liabilities of Acquiror or any other member of the Acquiror Group under this Agreement or any Ancillary Agreement, including (A) Liabilities in respect of the AVS Business Acquired Plans and (B) all Liabilities allocated to or expressly assumed by any member of the Acquiror Group pursuant to Article V (including any schedule thereto);

(vi) subject to Section 1.07, all Liabilities relating to, resulting from or arising out of any AVS Contract to the extent arising from or relating to events or circumstances occurring on or after the Closing Date;

(vii) all Liabilities (A) not otherwise constituting Excluded Liabilities and (B) relating to, resulting from or arising out of the conduct of the AVS Business prior to the Closing and all Liabilities arising out of or relating to the AVS Assets (including the AVS Contracts) to the extent (1) arising from events or circumstances existing or occurring before the Closing Date, (2) the Liability arising from such events or circumstances is discovered on or after the Closing Date and neither Seller nor any member of the Seller Group has Knowledge of the Liability or that such events or circumstances would reasonably be expected to result in Liability, in each case, prior to the Closing Date, and (3) Acquiror did not deliver written notice of such Liability to the Seller on or prior to the fifth anniversary of the Closing Date; and

(viii) all other Liabilities relating to, resulting from or arising out of the AVS Assets or the operation or conduct of the AVS Business from and after the Closing to the extent such Liabilities do not constitute Excluded Liabilities.

A single Liability may fall within more than one of clauses (i)-(viii) in this Section 1.05(a); such fact does not imply that (x) such Liability must be Conveyed more than once or (y) any duplication of such Liability is required. The fact that a Liability may be excluded under one clause does not imply that it is not intended to be included under another.

(b) Notwithstanding any provision in this Agreement to the contrary, Acquiror is assuming only the Assumed AVS Liabilities and is not assuming any other Liability or obligation of Seller or any of its Affiliates (or any predecessor of Seller or any of its Affiliates or any prior owner of all or part of its businesses or assets) of whatever nature, whether presently in existence or arising hereafter. All such other Liabilities and obligations will be retained by and remain Liabilities and obligations of Seller or its Affiliates (all such Liabilities and obligations not being assumed being herein referred to as the "Excluded Liabilities"). Excluded Liabilities include:

(i) all Liabilities (A) not otherwise constituting Excluded Liabilities and (B) relating to, resulting from or arising out of the conduct of the

AVS Business prior to the Closing and all Liabilities arising out of or relating to the AVS Assets (including the AVS Contracts, except as reflected in the Final Closing Adjustment Statement) to the extent (1) arising from events or circumstances existing or occurring before the Closing Date and (2) discovered by Seller or any member of the Seller Group, or of which Seller or any member of the Seller Group had Knowledge, on or prior to the Closing Date;

(ii) all Liabilities (A) not otherwise constituting Excluded Liabilities and (B) relating to, resulting from or arising out of the conduct of the AVS Business prior to the Closing and all Liabilities arising out of or relating to the AVS Assets (including the AVS Contracts) to the extent (1) arising from events or circumstances existing or occurring before the Closing Date, (2) the Liability for such events or circumstances is discovered on or after the Closing Date and for which neither Seller nor any member of the Seller Group had Knowledge prior to the Closing Date and (3) written notice of such Liability is delivered by Acquiror to Seller on or prior to the fifth anniversary of the Closing Date (the “Unknown Liabilities”);

(iii) all Excluded Environmental Liabilities other than any increase, worsening or exacerbation of the amount of Excluded Environmental Liabilities to the extent such increase, worsening or exacerbation results from the operation of the AVS Business or the AVS Assets after the Closing Date in a negligent manner;

(iv) all employment-related Liabilities relating to In-Scope Employees prior to the Closing Date and all Liabilities under Compensation and Benefit Plans, including, without limitation, the Defined Benefit Plans and all other post-employment and post-retirement welfare benefit obligations with respect to any employees (including, without limitation, any former employees and their respective spouses and dependents) and all Liabilities in respect of all other compensation and benefit plans sponsored by the Seller Group, including, for the avoidance of doubt, those offered to employees of the Non-AVS Business, other than (A) Liabilities in respect of the AVS Business Acquired Plans, and (B) Liabilities allocated to or expressly assumed by any member of the Acquiror Group pursuant to Article V (including any schedule thereto);

(v) all Indebtedness of Seller or any of its Subsidiaries;

(vi) all Liabilities relating to, resulting from or arising out of any violation of Law in connection with (A) the operation of the AVS Business or (B) the use of the AVS Assets to the extent occurring prior to the Closing;

(vii) all Liabilities for allowances, replacements, repairs, exchanges, returns, warranties (whether express or implied) or similar claims related to products of the AVS Business manufactured, marketed, distributed, delivered, leased, licensed, installed or sold by Seller or its Subsidiaries prior to the Closing Date;

(viii) all Liabilities (including those relating to personal injury or property damage) arising from any defect, hazard or failure in the design, materials, development, manufacture, service or workmanship associated with the products of the AVS Business, to the extent arising from events or circumstances existing or occurring prior to the Closing Date;

(ix) any Liabilities to the extent arising out of or relating to Excluded Assets, whether arising prior or subsequent to the Closing Date; and

(x) all Liabilities for Excluded Taxes.

The Parties acknowledge and agree that neither Acquiror nor any other member of the Acquiror Group will be required to assume or retain any Excluded Liabilities, and if any Excluded Liabilities are inadvertently Conveyed to Acquiror, such Excluded Liabilities will be assumed by Seller or a member of the Seller Group as contemplated by Section 1.03; provided, however, that, for the avoidance of doubt, nothing herein will be construed as eliminating, reducing or otherwise altering any of the Acquiror's or its Affiliates' respective obligations under Article V (including any schedule thereto).

1.06 Settlement of Intercompany Accounts. All of the intercompany receivables, payables, loans and other accounts, rights and Liabilities between Seller or any of its Subsidiaries with respect to the AVS Business in existence as of immediately prior to the Closing (collectively, the "Intercompany Accounts") will be netted against each other, and the balance will be, without further action, contributed to the equity of such Subsidiary or distributed to Seller (as the case may be), following which, each Intercompany Account will be extinguished. Seller will be permitted, directly and through its Subsidiaries, to settle or otherwise minimize the amount of Intercompany Accounts prior to the Closing.

1.07 Governmental Approvals and Third-Party Consents.

(a) Obtaining Consents. The required efforts and responsibilities of the Parties (i) to seek the Consents necessary to provide services under the TSA will be as provided in the TSA and (ii) to seek Governmental Approvals pursuant to the HSR Act and any other Antitrust Laws will be governed by Section 4.02. To the extent that the consummation of any of the transactions or Conveyances contemplated hereby requires any other Consents (including any other Governmental Approvals), the Parties will, prior to the Closing and for a period not to exceed one year thereafter, use Commercially Reasonable Efforts to obtain such Consents or Governmental Approvals, subject to the limitations set forth in this Section 1.07.

(b) Transfer in Violation of Laws or Requiring Consent or Governmental Approval. If and to the extent that the valid, complete and perfected Conveyance to Acquiror of any AVS Asset would be a violation of applicable Laws or require any Consent or Governmental Approval in connection with the transactions contemplated hereby that has not been obtained at the Closing, then, notwithstanding any other provision hereof, the Conveyance to Acquiror of such AVS Asset will

automatically be deferred and no Conveyance will occur until all legal impediments are removed or such Consents or Governmental Approvals have been obtained (except that Acquiror may elect to require the immediate Conveyance of any AVS Asset notwithstanding any requirement that an immaterial Consent or immaterial Governmental Approval be obtained, but only if no criminal, civil or administrative Liabilities or other material consequences for which indemnification would be insufficient would or would reasonably be expected to arise from such Conveyance); provided, however, that (i) if Acquiror so elects to require the immediate Conveyance of any such AVS Asset, any Liabilities arising from such Conveyance will be deemed to be Assumed AVS Liabilities, and (ii) if Acquiror and Seller jointly agree to immediately Convey such AVS Asset, any Liabilities arising from such Conveyance will be shared evenly between Acquiror and Seller and, notwithstanding any provision in Section 8.04 to the contrary, the defense of any Third-Party Claim relating thereto will be jointly managed by Acquiror and Seller). Notwithstanding the foregoing, any such Asset will still be considered an AVS Asset, and the applicable member of Seller Group will thereafter hold such Asset in trust for the benefit of Acquiror and the Parties will cooperate in developing and implementing a mutually agreeable arrangement under which Acquiror would obtain the benefits and assume the obligations thereunder in accordance with this Agreement, including sub-contracting, sub-licensing, or sub-leasing to Acquiror, or under which Seller would enforce for the benefit of Acquiror, with Acquiror assuming Seller's obligations, any and all rights of Seller against a third party thereto. Seller will promptly pay to Acquiror when received all monies received by Seller or any of its Affiliates under any AVS Asset or any claim or right or any benefit arising thereunder, except to the extent the same represents an Excluded Asset. If and when the legal or contractual impediments the presence of which caused the deferral of transfer of any Asset pursuant to this Section 1.07(b) are removed or any Consents and/or Governmental Approvals the absence of which caused the deferral of transfer of any Asset pursuant to this Section 1.07(b) are obtained, the Conveyance of the applicable Asset will be effected, without further consideration, in accordance with the terms of this Agreement and/or such applicable Ancillary Agreement. The obligations set forth in this Section 1.07(b) will terminate on the one-year anniversary of the Closing Date, except for the obligations set forth in the sentence preceding the immediately preceding sentence, which will survive indefinitely or until the latest date permitted by applicable Law.

1.08 Waiver of Bulk-Sales Laws. Each of Seller and Acquiror hereby waives compliance by each member of the Seller Group or Acquiror Group, as applicable, with the requirements and provisions of the "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the assets to any member of the Seller Group or Acquiror Group, as applicable.

1.09 Closing. On the terms and subject to the conditions set forth in this Agreement, the consummation of the purchase and Conveyance of the AVS Assets and the assumption of the Assumed AVS Liabilities (the "Closing") will take place at Jones Day, 150 West Jefferson, Suite 2100, Detroit, Michigan, at 10:00 a.m., local time, on the first Business Day of the calendar month immediately following the calendar month in which the satisfaction or waiver of the conditions set forth in Article VI occurs (other than those conditions that by their nature or pursuant to the terms of this Agreement are to

be satisfied at or immediately prior to the Closing (which will be deemed to include Section 6.01(d)), but subject to the satisfaction or, where permitted, the waiver of those conditions); (the first date on which such conditions are satisfied or waived, the "Closing Trigger Date"); provided, that (i) if, on the Closing Trigger Date, there are less than three Business Days remaining in the calendar month in which the Closing Trigger Date occurs, the Closing will take place on the third Business Day following the Closing Trigger Date, so long as all of the conditions set forth in Article VI have been satisfied or waived (other than those conditions that by their nature or pursuant to the terms of this Agreement are to be satisfied at or immediately prior to the Closing (which will be deemed to include Section 6.01(d)), but subject to the satisfaction or, where permitted, the waiver of those conditions) on such date, and (ii) notwithstanding that if the Closing Trigger Date falls in the first four months following the date of this Agreement, the Closing will not take place before the date falling four months following the date of this Agreement, unless Acquiror consents in writing. The date on which the Closing occurs is referred to as the "Closing Date".

1.10 Purchase Price.

(a) The aggregate purchase price to be paid to Seller in full consideration of the AVS Assets will consist of (i) \$199,038,000 in cash (the "Base Amount"), minus (ii) the amount (if any) of the Estimated Closing Indebtedness, minus (iii) the amount (if any) of the Estimated Closing Transaction Expenses, minus (iv) the amount (if any) of the Estimated Closing Working Capital Deficiency, plus (v) the amount (if any) of the Estimated Closing Working Capital Surplus (the "Closing Purchase Price"), as adjusted pursuant to Section 1.11(e), and the assumption by Acquiror or one or more of its Affiliates of the Assumed AVS Liabilities.

(b) Not later than five Business Days prior to the Closing Date, Seller will provide to Acquiror a written statement setting forth its good faith estimates of (i) the amount of any Closing Indebtedness (such estimate, the "Estimated Closing Indebtedness"), (ii) the amount of any Closing Transaction Expenses (such estimate, the "Estimated Closing Transaction Expenses"), (iii) the Closing Working Capital (such estimate, the "Estimated Closing Working Capital") and (iv) the amount of any Estimated Closing Working Capital Surplus or Estimated Closing Working Capital Deficiency, and reasonable supporting detail thereof in respect of items (i) through (iv) (the "Closing Statement"). The amount, if any, by which the Estimated Closing Working Capital exceeds the Target Closing Working Capital is referred to herein as the "Estimated Closing Working Capital Surplus". The amount, if any, by which the Estimated Closing Working Capital is less than the Target Closing Working Capital is referred to herein as the "Estimated Closing Working Capital Deficiency". Acquiror will review the Closing Statement and if Acquiror disagrees with any of the estimates provided therein, it will provide written notice to Seller, and Seller and Acquiror will attempt to resolve in good faith any such disagreements prior to the Closing. The Estimated Closing Indebtedness, Estimated Closing Transaction Expenses, and Estimated Closing Working Capital Surplus or Estimated Closing Working Capital Deficiency (as applicable), as so agreed will be utilized for the cash payment made at the Closing as contemplated by Section 1.10(c). If Seller and Acquiror are unable so to

agree on any of the Estimated Closing Indebtedness, Estimated Closing Transaction Expenses or Estimated Closing Working Capital, the relevant value proposed by Seller pursuant to the first sentence of this sub-paragraph will be utilized for purposes of determining the cash payment made at the Closing as contemplated by Section 1.10(c). In no case will the determination of the Estimated Closing Indebtedness, Estimated Closing Transaction Expenses or Estimated Closing Working Capital prejudice either Party's rights under Section 1.11.

(c) At the Closing and upon the terms and subject to the conditions set forth in this Agreement, in consideration of the Conveyance of the AVS Assets, Acquiror and/or its designated Affiliates will assume the Assumed AVS Liabilities and pay to Seller and/or its designated Affiliates in cash an amount equal to the Closing Purchase Price by wire transfer of immediately available funds to an account designated by Seller in writing not less than two days prior to the Closing Date.

1.11 Purchase Price Adjustment.

(a) Within 90 calendar days following the Closing Date, Acquiror will prepare and deliver to Seller a written statement setting forth Acquiror's calculation of (i) the Closing Indebtedness, (ii) the Closing Transaction Expenses and (iii) the Closing Working Capital (the "Closing Adjustment Statement"). Upon the request of Acquiror, Seller will provide to Acquiror and its Representatives reasonable access during normal business hours to the books and records, any other information, and to any employees or advisors of Seller or any other member of the Seller Group necessary for Acquiror to prepare the Closing Adjustment Statement, to respond to any Seller Objection and to prepare materials for presentation to the Accounting Firm contemplated by this Section 1.11, and Seller will otherwise cooperate with and assist Acquiror as may be reasonably necessary to carry out the purposes of this Section 1.11; provided, that such review will not unreasonably disrupt Seller's business and subject to the execution by Acquiror of a customary access agreement if required by Seller's outside accountants or other advisors.

(b) For a period of 45 calendar days after delivery of the Closing Adjustment Statement, Acquiror will make available to Seller during normal business hours all books, records, work papers, personnel (including their advisors and employees) and other materials and sources to the extent used by Acquiror to prepare the Closing Adjustment Statement and not already in the possession or under the control of Seller for the purpose of reviewing the Closing Adjustment Statement; provided, that such review will not unreasonably disrupt Acquiror's business and subject to the execution by Seller of a customary access agreement if required by Acquiror's outside accountants or other advisors. The Closing Adjustment Statement will be binding and conclusive upon, and deemed accepted by, Seller unless Seller notifies Acquiror in writing within 45 calendar days after delivery of the Closing Adjustment Statement of any good faith objection thereto (the "Seller Objection"). Any Seller Objection will set forth a description in reasonable detail of the basis of the Seller Objection and the specific adjustments to the calculation of the Closing Indebtedness, Closing Transaction Expenses and/or Closing Working Capital reflected in the Closing

Adjustment Statement prepared by Acquiror, which Seller believes should be made. Any items not disputed during the foregoing 45-day period will be deemed to have been accepted by Seller.

(c) If Seller and Acquiror are unable to resolve any of their disputes with respect to the Closing Adjustment Statement within 45 calendar days following Acquiror's receipt of the Seller Objection pursuant to Section 1.11(b), they will refer their remaining differences to KPMG US, LLP, or if KPMG US, LLP is unable or unwilling to be engaged as such, then a nationally recognized firm of independent public accountants as to which Seller and Acquiror mutually agree (the "Accounting Firm") for a decision, which decision, absent manifest error, will be final and binding on the Parties. The Accounting Firm will act as an arbitrator and not an expert, and the Parties will instruct the Accounting Firm to promptly (and in any event within 45 calendar days), in accordance with such procedures as it deems fair and equitable (provided, that each Party will be afforded an opportunity to submit a written statement in favor of its position and to advocate for its position orally before the Accounting Firm), address only those items that are in dispute and make a binding determination with respect thereto. With respect to any disputed item for which a determination is to be made by the Accounting Firm, the Accounting Firm may only assign a value that is equal to the value for such item claimed by either Party. Any expenses relating to the engagement of the Accounting Firm will be shared equally by Seller and Acquiror.

(d) The Closing Adjustment Statement will become final and binding on the Parties upon the earliest of: (i) if no Seller Objection has been given, the expiration of the 45-day period within which Seller must make its objection pursuant to Section 1.11(b), (ii) delivery of an agreement in writing by Seller and Acquiror that the Closing Adjustment Statement, together with any modifications thereto agreed by Seller and Acquiror, is final and binding, and (iii) the date on which the Accounting Firm issues its written determination with respect to any dispute relating to such Closing Adjustment Statement. The Closing Adjustment Statement, as submitted by Acquiror if no timely Seller Objection has been given, as adjusted pursuant to any agreement between the Parties or as determined pursuant to the decision of the Accounting Firm, when final and binding on all Parties and upon which a judgment may be entered by a court of competent jurisdiction, is herein referred to as the "Final Closing Adjustment Statement".

(e) If the Closing Indebtedness, the Closing Transaction Expenses or the Closing Working Capital as set forth in the Final Closing Adjustment Statement, differs from the corresponding estimated figures set forth in the Closing Adjustment Statement and used in the calculation of the Closing Purchase Price paid at the Closing, then the Closing Purchase Price will be recalculated using such final figures in lieu of such estimated figures and the following adjustment (the "Post-Closing Adjustment") to the Closing Purchase Price will be made:

(i) If the Closing Purchase Price as recalculated pursuant to this Section 1.11(e) is greater than the Closing Purchase Price paid at Closing, Acquiror will pay, or cause to be paid, to Seller the amount of such excess.

(ii) If the Closing Purchase Price as recalculated pursuant to this Section 1.11(e) is less than the Closing Purchase Price paid at Closing, Seller will pay, or cause to be paid, to Acquiror the amount of such shortfall.

(iii) Acquiror or Seller, as the case may be, will, within five Business Days after the final determination of the Post-Closing Adjustment in accordance with this Section 1.11(e), make payment to the other by wire transfer in immediately available funds of the amount of the Post-Closing Adjustment as determined pursuant to the preceding subsections.

1.12 Closing Deliveries.

(a) Deliveries by Seller. On the Closing Date, Seller will deliver, or will cause its applicable Subsidiaries to deliver, to Acquiror all of the following:

(i) A Transition Services Agreement in substantially the form attached hereto as Exhibit A (the "TSA"), duly executed by Seller and the other members of the Seller Group party thereto;

(ii) A Manufacturing Services Agreement in substantially the form attached hereto as Exhibit B (the "Kunshan MSA"), duly executed by Seller and the other members of the Seller Group party thereto;

(iii) A Manufacturing Services Agreement in substantially the form attached hereto as Exhibit C (the "Czestochowa MSA"), duly executed by Seller and the other members of the Seller Group party thereto;

(iv) A Supply Agreement in substantially the form attached hereto as Exhibit D (the "Auburn Supply Agreement"), duly executed by Seller and the other members of the Seller Group party thereto;

(v) A duly executed certificate of non-foreign status of the type described in Treasury Regulation Section 1.1445-2(b)(2), from Seller;

(vi) Evidence, in form and substance reasonably satisfactory to Acquiror, that any Security Interests (other than Permitted Encumbrances) affecting the AVS Assets have been released; and

(vii) An electronic copy of the Data Room.

(b) Agreements to be Delivered by Acquiror. On the Closing Date, Acquiror will deliver, or will cause its applicable Affiliates to deliver, to Seller each Ancillary Agreement and, if applicable, each Transfer Document and countersigned document contemplated to be executed and delivered by Seller or its Affiliates, pursuant to Section 1.12(a), each duly executed by Acquiror or such Affiliate party thereto.

1.13 Conveyance of AVS Assets and Assumption of Assumed AVS Liabilities. In furtherance of the Conveyance of AVS Assets and Assumed AVS

Liabilities provided in Sections 1.01 and 1.02, on the Closing Date, (a) Seller will execute and deliver, and will cause its Subsidiaries to execute and deliver, such bills of sale, stock powers, certificates of title, assignments of Contracts and other instruments of Conveyance (in each case in a form that is consistent with the terms and conditions of this Agreement, and otherwise customary in the jurisdiction in which the relevant Assets are located), as and to the extent reasonably necessary and in form reasonably acceptable to Acquiror, to evidence the valid and effective Conveyance of all of Seller's and its Subsidiaries' right, title and interest in and to the AVS Assets to Acquiror (or one or more of its Affiliates) (it being understood that no such bill of sale, stock power, certificate of title, deed, assignment or other instrument of Conveyance will require Seller or any of its Subsidiaries to make any additional representations, warranties or covenants, expressed or implied, not contained in this Agreement except to the extent required to comply with applicable local Law), and (b) Acquiror (or one or more of its Affiliates) will execute and deliver such assumptions of Assumed AVS Liabilities and other instruments of assumption (in each case in a form that is consistent with the terms and conditions of this Agreement, and otherwise customary in the jurisdiction in which the relevant Liabilities are located) as and to the extent reasonably necessary to evidence the valid and effective assumption of the Assumed AVS Liabilities by Acquiror or its applicable Affiliate(s). All of the foregoing documents contemplated by this Section 1.13 will be referred to collectively herein as the "Transfer Documents."

1.14 Withholding. Acquiror, Seller or any applicable Affiliate of either, as the case may be, will be entitled to deduct and withhold from any payment otherwise payable pursuant to this Agreement such amounts as are required to be deducted and withheld with respect to such payment under all applicable Tax laws; provided, however, that to the extent practicable, the relevant payor will notify the relevant payee in writing of any required withholding at least 20 Business Days before the date of the relevant payment and will reasonably cooperate with such payee and its Affiliates (at such payee's sole expense) in obtaining any available exemption or reduction of, or otherwise minimizing, such withholding; provided, further, that such payor will provide such payee with receipts (to the extent available) from the relevant Governmental Authority evidencing the payment of such Taxes. To the extent that amounts are so deducted or withheld, such amounts will be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made.

1.15 Potential French Valuation Adjustment. In the event that (a) the US dollar equivalent of the Estimated Contribution Value (as defined in Section 6 of Section 4.22 of the Seller Disclosure Letter of the French SPA), based on the exchange rate published by Bloomberg Professional, a service of Bloomberg L.P. or in the event Bloomberg Professional is not available then The Wall Street Journal United States Edition, as of the date of determination, *plus* (b) all outstanding Indebtedness of the French AVS Business (as defined in the French SPA), *plus* (c) all AVS Transaction Expenses (as defined in the French SPA), *plus* (d) the amount, if any, of the French Working Capital Deficiency, *minus* (e) the amount, if any, of the French Working Capital Surplus, in each case, calculated as of the date of the Reference Accounts Statement, as defined in Section 4.22 of the Seller Disclosure Letter of the French SPA (the

"Reference Contribution Value") is less than or, as the case may be, is more than the Base Amount set out in clause 1.05 of the French SPA in consideration for the Newco Shares (the "French Base Amount") by more than 7 percent, the Parties undertake (i) to change the French Base Amount to make it equal to the Reference Contribution Value, (ii) to change the Base Amount in this Agreement by (1) increasing it by the difference between \$66,462,000 and the Reference Contribution Value if \$66,462,000 is greater than the Reference Contribution Value, or (2) decreasing it by the difference between the Reference Contribution Value and \$66,462,000 if the Reference Contribution Value is greater than \$66,462,000, (iii) allocating the amount of the increase or decrease described in clause (ii) above among the different jurisdictions set forth in Exhibit F (except India) on a pro rata basis with the allocation set forth in Exhibit F, and (iv) to enter into or, as the case may be, procure that their relevant Affiliates enter into, amendments to the French SPA and this Agreement (including Exhibit F) prior to Closing to reflect the agreements set forth in clauses (i), (ii) and (iii) of this Section 1.15. For the avoidance of doubt, notwithstanding anything to the contrary in this Agreement or the French SPA, the sum of the Base Amount and the French Base Amount will always equal \$265,500,000. The "French Working Capital Deficiency" means the amount, if any, by which \$6,000,000 exceeds the French Working Capital. The "French Working Capital Surplus" means the amount, if any, by which the French Working Capital exceeds \$6,000,000. "French Working Capital" means (A) the French AVS Inventory (as defined in the French SPA), *plus* (B) the Accounts Receivable (as defined in the French SPA), *minus* (C) the Accounts Payable (as defined in the French SPA), in each case as of the date of the Reference Accounts Statement, as defined in Section 4.22 of the Seller Disclosure Letter of the French SPA.

II. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Acquiror as of the date hereof and as of the Closing Date that, except as set forth in writing on the corresponding section or subsection of the Seller Disclosure Letter and each other section or subsection to the extent the relevance of any such disclosure is reasonably apparent on its face:

2.01 Due Organization, Good Standing and Corporate Power. Seller is a corporation duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation. Seller and its Subsidiaries each have all requisite corporate power and authority to own, lease and operate their properties that will be Conveyed to Acquiror, to carry on the AVS Business as it is now being conducted and to enter into and carry out its obligations under this Agreement and/or the Ancillary Agreements to which it is, or will be at Closing, a party and to consummate the transactions contemplated hereby and thereby. Seller and each of its Subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by the AVS Business that will be Conveyed to Acquiror or the nature of the AVS Business conducted by it makes such qualification or licensing necessary, except in such jurisdictions where the failure to be so qualified or licensed and in good standing is not and would not, individually or in the aggregate, reasonably be expected to be material to the AVS Business or the AVS Assets, taken as a whole.

2.02 Authorization of Agreement. The execution, delivery and performance of this Agreement and the Ancillary Agreements by Seller and, if applicable, its Subsidiaries, and the consummation by it and, as of the Closing, its Subsidiaries of the transactions contemplated hereby and thereby, have been or will be duly authorized and approved and no other corporate or shareholder action on the part of Seller or its Subsidiaries is necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Agreements or the consummation of the transactions contemplated hereby and thereby. This Agreement and the Ancillary Agreements, when executed, will be duly executed and delivered by Seller, and its Subsidiaries (to the extent it is a party thereto), and each is (or when executed will be) a valid and binding obligation of Seller and its Subsidiaries (to the extent it is a party thereto) and enforceable against Seller and its Subsidiaries (to the extent it is a party thereto) in accordance with its terms, except to the extent that its enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Law affecting the enforcement of creditors' rights generally and by general equitable principles (such exception, the "Enforceability Exception").

2.03 Consents and Approvals; No Violations. Assuming (a) the filings required under the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended (the "HSR Act"), are made and the waiting periods thereunder (if applicable) have been terminated or expired and (b) the Governmental Approvals set forth on Section 2.03(b) of the Seller Disclosure Letter have been obtained, the execution and delivery of this Agreement and the Ancillary Agreements by Seller and, if applicable, its Subsidiaries, and the consummation by Seller and, if applicable, its Subsidiaries of the transactions contemplated hereby and thereby do not and will not: (i) violate or conflict with any provision of their respective certificates or articles of incorporation, bylaws or code of regulations (or the comparable governing documents); (ii) violate or conflict in any material respect with any Law or Order of any Governmental Authority applicable to Seller or any of its Subsidiaries or by which any of their respective properties or assets that will be Conveyed to Acquiror as of the Closing may be bound; (iii) require any Governmental Approval; or (iv) result in a violation or breach of, conflict with, constitute (with or without due notice or lapse of time or both) a default under or give rise to any right of termination, cancellation or acceleration, or result in the creation of any Security Interest upon any of the properties or assets of Seller or its Subsidiaries that will be Conveyed to Acquiror as of the Closing, or give rise to any obligation, right of termination, cancellation, acceleration or increase of any obligation or a loss of a benefit under, any of the terms, conditions or provisions of any Contract or other instrument binding upon Seller or by which any AVS Asset is or may be bound, excluding, in the case of clause (iv) above, conflicts, violations, breaches, defaults, rights of payment and reimbursement, terminations, modifications, accelerations and creations and impositions of Security Interests which do not or would not, individually or in the aggregate, reasonably be expected to be material to the AVS Business or the AVS Assets, taken as a whole.

2.04 Intellectual Property; Personal Information.

(a) Subject to the next sentence, Seller or its Subsidiary is the sole and exclusive owner of the Registered Intellectual Property being Conveyed pursuant to Section 1.04 free and clear of any Security Interests other than Permitted Encumbrances and except for such Security Interests that are not material to the AVS Business or the AVS Assets, taken as a whole, and such owner owns or has valid license to use all Registered Intellectual Property in the operation of the AVS Business as operated by Seller prior to Closing. No Included IP Asset that constitutes Intellectual Property that is registered or the patentable subject of a pending application for registration in any jurisdiction (the "Registered Intellectual Property") is owned by more than one Person, is licensed to any third party or is subject to any material restrictions on its disclosure, ownership, license or transfer. To the Knowledge of Seller, the Contract under which any material item of Licensed Intellectual Property within the Included IP Assets is in-licensed (the "Licensed Intellectual Property") is in full force and effect and is valid and enforceable, and none of Seller or its Subsidiaries is in material breach, violation or default under any such agreement and no event has occurred that, with notice or lapse of time or both, would constitute such a material breach, violation or default by Seller or its Subsidiaries or the other parties thereto. Seller or its Subsidiary has a valid license to use each material item of Licensed Intellectual Property in accordance with the terms of the applicable license Contract in the operation of the AVS Business as conducted by Seller prior to Closing. For each item of Registered Intellectual Property, Seller and its Subsidiaries have paid in full all annuity, maintenance and renewal payments (as applicable) related thereto, that are due prior to the Closing Date.

(b) To the knowledge of Seller (after reasonable inquiry), the AVS Business as currently conducted by Seller and its Subsidiaries does not infringe, misappropriate or otherwise violate any Registered Intellectual Property right or other Intellectual Property right of any third party. During the past three years, no third party has made any written claim or demand or instituted any litigation against Seller or any of its Subsidiaries, or to the Knowledge of Seller, threatened the same in writing, and neither Seller nor any of its Subsidiaries has received any written notice of such a claim, demand or litigation, that (i) challenges the rights of Seller and its Subsidiaries in respect of any of the Intellectual Property utilized in the AVS Business or (ii) asserts that the operation of the AVS Business is or was infringing, misappropriating or otherwise violating the Intellectual Property rights of any third party. None of the Intellectual Property utilized in the AVS Business is subject to any outstanding Order that limits or could limit the use of such Intellectual Property in the AVS Business as currently conducted and as planned to be conducted by Seller and its Subsidiaries. To the Knowledge of Seller, no Person is engaging in any activity that infringes, misappropriates or otherwise violates any of the Included IP Assets.

(c) All Software owned or licensed by Seller or its Subsidiaries that is material to the AVS Business (i) has not materially malfunctioned or failed within the preceding three years, and (ii) does not include any "open source" code, shareware or other Software that requires disclosure or licensing of such Software or any other

Included IP Assets. Seller and its Subsidiaries have used commercially reasonable efforts in accordance with industry practices to ensure that all Software owned or licensed by Seller or its Subsidiaries that is material to the AVS Business does not contain any virus, routine or hardware component designed to permit unauthorized access or to disable or otherwise harm any computer, systems or Software.

(d) Seller and its Subsidiaries have used commercially reasonable efforts in accordance with industry practices to safeguard and maintain the confidentiality of the Trade Secrets and other confidential information owned by or in the possession of Seller and used or held for use in connection with the AVS Business. Seller and its Subsidiaries have used applicable industry standards to maintain all personal information in a manner consistent with its privacy policies and applicable Law.

(e) To the knowledge of Seller (after reasonable inquiry), there has been no unauthorized access, use, intrusion, or breach of security, or material failure, breakdown, performance reduction, or other adverse event affecting the Seller's and its Subsidiaries' IT Systems used or held for use in connection with the AVS Business. Seller and its Subsidiaries have taken commercially reasonable actions, consistent with applicable industry practices, to protect the integrity and security of the Seller's and its Subsidiary's IT Systems and the data and other information stored or process thereon.

(f) Seller and its Subsidiaries have entered into binding, valid and enforceable written Contracts with each current and former employee and independent contractor who is or was involved in or has contributed to the invention, creation, or development of any Intellectual Property material to the AVS Business during the course of employment or engagement with Seller or its Subsidiaries whereby such employee or independent contractor (i) acknowledges Seller's or its Subsidiary's exclusive ownership of all Included IP Assets invented, created or developed by such employee or independent contractor within the scope of his or her employment or engagement with Seller or its Subsidiary, and (ii) grants to Seller or its Subsidiaries a present, assignment of any ownership interest such employee or independent contractor may have in or to such Intellectual Property in the Included IP Assets.

2.05 Litigation. There are no Actions in respect of which Seller has been duly served with a complaint or otherwise given written notice (or to the Knowledge of Seller, oral notice) that is pending against or affecting Seller or any of its Subsidiaries or, to the Knowledge of Seller, threatened against Seller or any of its Subsidiaries (or any of their respective properties, rights or franchises), at Law or in equity, or before or by any Governmental Authority or any arbitrator or arbitration tribunal that are or would reasonably be expected to be, individually or in the aggregate, material to the AVS Business or which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated hereby. Neither Seller nor any of its Subsidiaries is subject to any Order applicable to the AVS Business, other than any Order generally applicable to the businesses in which the AVS Business operates, that would reasonably be expected to affect, in any material respect, individually or in the aggregate, the AVS Business.

2.06 Compliance With Laws; Required Approvals; Recalls.

(a) Except as has not been and would not reasonably be expected to be, individually or in the aggregate, material to the AVS Business or the AVS Assets, taken as a whole, Seller is not in violation of, has not since, January 1, 2015, violated, and to the Knowledge of Seller, is not under investigation with respect to and has not been threatened in writing to be charged with or given written notice of any violation of, any applicable Law relating to the AVS Assets or the conduct of the AVS Business.

(b) Seller and its Subsidiaries hold all Government Approvals required for the operation of the AVS Business as such business is currently being conducted (collectively, the "Required Approvals"), except where the failure to possess such Required Approvals would not be, individually or in the aggregate, material to the AVS Business or the AVS Assets, taken as a whole. Section 2.06(b) of the Seller Disclosure Letter contains a list of all material Required Approvals, together with the name of the Governmental Authority issuing such Required Approval. The Required Approvals are in full force and effect, and transferable. Seller and its Subsidiaries are not in default in any material respect under, and, to the Knowledge of Seller, no condition exists that with notice or lapse of time or both would constitute a default in any material respect under, the Required Approvals. Except as set forth on Section 2.06(b) of the Seller Disclosure Letter, none of the Required Approvals will lapse, terminate, expire or otherwise be impaired as a result of the consummation of the transactions contemplated hereby or by the Ancillary Agreements.

(c) There has not been, during the past five years, (i) any recall or post-sale warning applicable in general to any product sold by the AVS Business (and not to product returns on a case-by-case basis) conducted by or on behalf of the AVS Business, (ii) any claim of personal injury, economic damages or for injunctive relief in connection with any product sold by the AVS Business or (iii) any notice or allegation in writing (or, to the Knowledge of Seller, oral allegation) from any Person that there is any hazard or defect in design, materials, manufacture or workmanship relating to any product manufactured, distributed or sold by the AVS Business that would, individually or in the aggregate, reasonably be expected to be material to the AVS Business or the AVS Assets, taken as a whole.

(d) Except as has not been or would not reasonably be expected to be, individually or in the aggregate, material to the AVS Business or the AVS Assets, taken as a whole, all products and goods developed, manufactured, sold, licensed or delivered by the AVS Business and all services rendered by the AVS Business during the past five years have been in conformity with all applicable commitments under the AVS Contracts, all applicable express and implied warranties, and all applicable safety standards. To the Knowledge of Seller, there is no design defect with respect to any such product.

2.07 Contracts.

(a) Section 2.07 of the Seller Disclosure Letter contains a list of each AVS Contract as of the date of this Agreement, in each case that is (collectively, whether or not scheduled, the "AVS Material Contracts"):

(i) a lease, sublease or similar Contract with any Person under which Seller or any of its Subsidiaries is a lessor or sublessor of, or makes available for use to any Person, any AVS Facility;

(ii) a lease, sublease or similar Contract with any Person under which (A) Seller or any of its Subsidiaries is a lessee of or uses any material machinery, equipment, vehicle or other tangible personal property owned by any Person or (B) Seller or any of its Subsidiaries is a lessor or sublessor of, or makes available for use by any Person, any material tangible personal property owned or leased by Seller or its Subsidiaries, in any such case which has an aggregate future liability or receivable, as the case may be, in excess of \$500,000 in any calendar year and is not terminable by Seller or such Subsidiary by notice of not more than 60 calendar days without penalty;

(iii) a license or sublicense agreement under which Seller or any of its Subsidiaries is licensee or licensor, or sub-licensee or sub-licensor of any material Intellectual Property used in the AVS Business (other than any shrink wrap or other Software that is generally commercially available and not customized);

(iv) a Contract, other than between or among members of the Seller Group, for the sale of any material AVS Asset or collection of AVS Assets that are material in the aggregate, other than Contracts entered into in the Ordinary Course that provide for the sale of inventory (including any finished goods or work-in-process) or obsolete equipment;

(v) (A) a Contract involving the payment of more than \$1,000,000 relating primarily to the AVS Business for the purchase of materials, supplies, goods, services, equipment or other assets and that is not terminable at will by Seller or any of its Subsidiaries (or a purchaser of the AVS Business following the Closing) on less than 60 calendar days' notice without penalty, or (B) a Contract relating to a program or project with a customer where the relevant program or project involves the payment of more than \$2,000,000 to or from such customer;

(vi) a Contract relating to any Indebtedness to a third party (whether incurred, assumed, guaranteed or secured by an Asset) that individually is in excess of \$1,000,000;

(vii) a settlement or compromise of any suit, claim, proceeding or dispute relating to the AVS Business that would materially and adversely impact the AVS Business at or following the Closing;

(viii) a Contract establishing or providing for any partnership, strategic alliance, joint venture or material collaboration with respect to the AVS Business;

(ix) any agency, dealer, sales representative, marketing or other similar Contract with respect to the AVS Business;

(x) any option, license, franchise or similar Contract with respect to the AVS Business;

(xi) any AVS Contract that limits the freedom of Seller to compete in the AVS Business or with any Person or in any area or to own, operate, sell, transfer, pledge or otherwise dispose of or encumber any AVS Asset or which would so limit the freedom of a purchaser of the AVS Business or any of its Affiliates;

(xii) any agreement with or for the benefit of any Affiliate of Seller (other than any AVS Business Employee); and

(xiii) any other Contract not made in the Ordinary Course that is material to the AVS Business.

(b) Each AVS Material Contract is valid, binding and in full force and effect and is enforceable by and against Seller or one of its Subsidiaries in accordance with its terms. Each of Seller and its Subsidiaries has performed all obligations required to be performed by it to date under the AVS Material Contracts to which it is a party and is not (with or without the lapse of time or the giving of notice, or both) in breach of or default thereunder in any material respect and, to the Knowledge of Seller, no other party to any AVS Material Contract is in breach of or default thereunder in any material respect.

(c) Seller has made available to Acquiror a true and correct copy of each AVS Material Contract.

2.08 Customers and Suppliers. Section 2.08 of the Seller Disclosure Letter sets forth a complete and accurate list of (i) the names of the three largest customers of the AVS Business (measured by aggregate billings) during the fiscal year ended on December 31, 2017, and (ii) the names of the 10 largest suppliers of materials, products or services to the AVS Business (measured by the aggregate amount purchased by the AVS Business) during the fiscal year ended on December 31, 2017. Each of the material suppliers set forth on Section 2.08 of the Seller Disclosure Letter are single-source suppliers. Except as set forth on Section 2.08 of the Seller Disclosure Letter, as of the date hereof, neither Seller nor any of its Subsidiaries has received any notification from any customer or supplier whose name appears on Section 2.08 of the Seller Disclosure Letter that such customer or supplier has terminated or intends to terminate its business relationship with the AVS Business.

2.09 Employees and Employee Benefits.

(a) Section 5.01 of the Seller Disclosure Letter indicates, as of the date of this Agreement, (i) a list of each In-Scope Employee and (ii) with respect to each In-Scope Employee, each such employee's employee identification number, full- or part-time status, exempt or non-exempt status under the Fair Labor Standards Act (if applicable), title, current base salary or hourly wage rate, target bonus percentage of annual base salary, employment site, credited service date, and employment status (active or contingent); provided, that such information will only be provided with respect to an In-Scope Employee to the extent such information may be provided without violating any Laws, rules, or regulations, whether relating to the transfer or disclosure of personally identifiable information, data privacy or otherwise.

(b) Seller has made available to Acquiror, in each case, to the extent the In-Scope Employees participate in such Compensation and Benefit Plans: (i) copies or summaries of all material Compensation and Benefit Plans (including any material amendments thereto), (ii) the most recent summary plan description, if any, required under ERISA with respect to each material Compensation and Benefit Plan; and (iii) the most recent IRS determination or opinion letter issued with respect to each Compensation and Benefit Plan. None of the Compensation and Benefit Plans are a "registered pension plan" (as defined in the Income Tax Act (Canada)) or a "retirement compensation arrangement" (as defined in the Income Tax Act (Canada)) and neither Seller, nor any of its Affiliates or Subsidiaries has contributed to or assumed an obligation to contribute to any pension scheme in Canada that contains a "defined benefit provision," as defined in subsection 147.1(1) of the Income Tax Act (Canada).

(c) Except as set forth on Section 2.09(c) of the Seller Disclosure Letter, (i) there has not been any labor strike, work stoppage or lockout with respect to the AVS Business, or, to the Knowledge of the Seller, has any labor strike, work stoppage or lockout been threatened with respect to the AVS Business, (ii) Seller has not received written notice of any unfair labor practice charges against the AVS Business that are pending before the National Labor Relations Board or any similar state, local or foreign Governmental Authority, or, to the Knowledge of the Seller, has any unfair labor practice charges against the AVS Business been threatened and (iii) Seller has not received written notice of any suits, actions or other proceedings in connection with the AVS Business that are pending before the Equal Employment Opportunity Commission or any similar state, local or foreign Governmental Authority responsible for the prevention of unlawful employment practices, including under applicable employment standards occupational health and safety, pay equity, employment equity, labor relations, workers compensation, and human rights Laws, or, to the Knowledge of the Seller, have any suits, actions or other proceedings in connection with the AVS Business been threatened, except, in the case of each of clauses (i), (ii) and (iii) above, for any such matters that have not been and would not reasonably be expected to be, individually or in the aggregate, material to the AVS Business or the AVS Assets, taken as a whole.

(d) With respect to the AVS Business, Seller is in compliance in all material respects with all applicable Laws relating to employment and employment practices, workers' compensation, terms and conditions of employment, human rights, occupational health and safety, employment standards, pay equity, employment equity, labor relations, worker classification, worker safety, wages and hours, civil rights, discrimination, immigration, collective bargaining, and the WARN Act.

(e) To the Knowledge of the Seller, the services provided by the In-Scope Employees as of the date hereof are reasonably sufficient to conduct and operate the AVS Business in all material respects in the same manner as conducted by Seller as of the date hereof. To the Knowledge of the Seller, no officer or other key employee of the AVS Business has announced the existence of any contract, agreement or covenant purporting to restrict or prohibit their performance of duties within the AVS Business or a current intention to terminate such officer's or key employee's employment with the AVS Business in connection with the transactions contemplated by this Agreement or otherwise.

(f) Neither Seller nor any of its ERISA Affiliates or, solely with respect to (iii), Affiliates, nor any of their respective predecessors, contributes to, has ever contributed to, has ever been required to contribute to, or otherwise participates in or has participated in, or in any way, directly or indirectly, has any material Liability with respect to (i) any multiemployer plan as defined in Section 3(37) or Section 4001(a)(3) of ERISA or Section 414(f) of the Code, (ii) any multiple employer plan within the meaning of Section 4063 or Section 4064 of ERISA or Section 413(c) of the Code, (iii) a Canadian multi-employer plan to which Seller or any of its Affiliates is required to contribute pursuant to a collective agreement, participation agreement, any other agreement or statute or municipal by-law and which are not maintained or administered by Seller or any of its Affiliates or (iv) any employee benefit plan, fund, program, contract or arrangement that is subject to Section 412 of the Code or Section 302 or Title IV of ERISA, in each case that could result in any Liability to Acquiror.

(g) Section 2.09(g) of the Seller Disclosure Letter identifies each collective bargaining agreement, side agreement (published or unpublished) or other Contract with any labor organization, union or works council that applies to any In-Scope Employees. Seller has made available to Acquiror a copy of each item set forth on Section 2.09(g) of the Seller Disclosure Letter. The execution, delivery and performance of this Agreement does not, and the consummation of the transactions contemplated hereby will not, constitute or result in a breach or violation, in each case in any material respect, of a termination (or right of termination) or a default under, or the creation, increase, triggering or acceleration of any obligations or rights of any kind or result in any material changes under, or increase in compensation paid under, any Contract identified in Section 2.09(g) of the Seller Disclosure Letter.

(h) With respect to each AVS Business Acquired Plan, (i) all contributions due from Seller or any of its Subsidiaries through the date of this Agreement have been made on or before their due date and all amounts and Liabilities have been properly accrued in accordance with the provisions of each of the AVS

Business Acquired Plans and applicable Law as of the date of this Agreement, (ii) there are no actions, suits or claims pending (other than non-material routine claims for benefits) or, to the Knowledge of Seller, threatened with respect to such AVS Business Acquired Plan, and (iii) it complies in form and has been operated, administered, funded and invested in compliance in all material respects with its terms and all applicable Laws, in the case of each of clauses (i), (ii) and (iii) above, for which Acquiror or any of its Affiliates would have any material liability.

(i) With respect to each AVS Business Acquired Plan, Seller has provided to Acquiror, to the extent applicable: (i) true and complete copies of all AVS Business Acquired Plans (including any material amendments thereto), (ii) the most recent summary plan description, if any, required under ERISA with respect to each AVS Business Acquired Plan; (iii) the most recent IRS determination or opinion letter issued with respect to each AVS Business Acquired Plan and (iv) true and complete copies of the most recent actuarial valuation, if applicable, and any other financial statements in respect of the AVS Business Acquired Plans. All data used by Seller to administer each AVS Business Acquired Plan has or will be provided to Acquiror in a complete and correct form. Except as set forth on Section 2.09(i) of the Seller Disclosure Letter, none of Seller or any Affiliate has any formal plan and has made no promise or commitment to create any additional benefit plans which would be considered to be a AVS Business Acquired Plan once created or to improve or change the benefits provided under any AVS Business Acquired Plan.

(j) No amount that could be received (whether in cash or property or the vesting of property), as a result of the consummation of the transactions contemplated by this Agreement by any AVS Business Employee, director or other service provider of the AVS Business under any Compensation and Benefit Plan or otherwise would not be deductible by reason of Section 280G of the Code or would be subject to an excise tax under Section 4999 of the Code.

(k) The consummation of the transactions contemplated by this Agreement alone (i) will not give rise to any liability of Acquiror under any AVS Business Acquired Plan, (ii) accelerate the time of payment or vesting or increase the amount, or require the funding, of compensation or benefits due to any In-Scope Employee or their beneficiaries or (iii) restrict the ability of Acquiror or its Affiliates to amend or terminate any AVS Business Acquired Plan at any time.

2.10 Financial Statements; Absence of Changes.

(a) Section 2.10 of the Seller Disclosure Letter sets forth complete and correct copies of (i) the unaudited combined financial statements of the AVS Global Business (other than with respect to Sujana Cooper-Standard AVS Private Limited), including the statements of selected assets of the AVS Global Business to be sold (other than with respect to Sujana Cooper-Standard AVS Private Limited) for each of the fiscal years ending December 31, 2016 and December 31, 2017, (ii) the statements of revenues and expenses of the AVS Global Business (other than with respect to Sujana Cooper-Standard AVS Private Limited) for each of the fiscal years ending December 31,

2016 and December 31, 2017, (iii) the unaudited combined financial statements of the AVS Global Business (other than with respect to Sujana Cooper-Standard AVS Private Limited), including the statements of selected assets of the AVS Business to be sold (other than with respect to Sujana Cooper-Standard AVS Private Limited) for the six month period ended June 30, 2018 and (iv) the statements of revenues and expenses of the AVS Business for the six month period ended June 30, 2018 (collectively, the "Financial Information"). The Financial Information has been prepared to present selected assets to be sold and to present certain income statement line items. Subject to the foregoing, the Financial Information has been prepared from, and is in accordance with, the accounting policies and procedures of Seller in all material respects (subject to the application of estimates and assumptions required to present the AVS Global Business (other than with respect to Sujana Cooper-Standard AVS Private Limited) on a stand-alone basis) which accounting policies and procedures of Seller are prepared in accordance with GAAP. All accounts, notes receivable and other receivables (other than receivables collected since December 31, 2017) reflected in the Financial Information are, and all accounts and notes receivable arising from or otherwise related to the AVS Global Business (other than with respect to Sujana Cooper-Standard AVS Private Limited) at the Closing Date will be, valid, genuine and collectible in the aggregate amount thereof, subject to normal and customary trade discounts, less any reserves for doubtful debts recorded in the Financial Information.

(b) Since December 31, 2017, the AVS Business has been conducted in the Ordinary Course and there has not occurred any event, occurrence or condition which has been or would reasonably be expected to be, individually or in the aggregate, material to the AVS Business or the AVS Assets, taken as a whole. From December 31, 2017 until the date of this Agreement, there has not been any action taken by Seller or any of its Subsidiaries that, if taken during the period from the date of this Agreement through the Closing Date, without Acquiror's consent, would constitute a breach of Section 4.01.

2.11 No Undisclosed Material Liabilities. There are no Liabilities of the AVS Business other than Liabilities (i) provided for in the Financial Information, (ii) disclosed on Section 2.11 of the Seller Disclosure Letter, (iii) incurred under this Agreement or the transactions contemplated hereby, (iv) incurred after June 30, 2018 in the Ordinary Course, and (v) that would not reasonably be expected to, individually or in the aggregate, be material to the AVS Business or the AVS Assets, taken as a whole.

2.12 Inventories. The inventories set forth in the Financial Information were properly stated therein at the lesser of cost or fair market value determined in accordance with GAAP, subject to any reserves recorded in the Financial Information. Since December 31, 2017, the inventories related to the AVS Business have been maintained in the Ordinary Course. All such inventories are owned free and clear of Security Interests (other than Permitted Encumbrances). All of the inventories recorded in the Financial Information consist of, and all inventories related to the AVS Business consist of, items of a quality usable or saleable in the Ordinary Course and in quantities sufficient for the normal operation of the AVS Business.

2.13 Taxes. (a) There are no material Security Interests for Taxes on any of the AVS Assets, other than Permitted Encumbrances, (b) all material Tax Returns required to be filed (taking into account any applicable extensions) with respect to the AVS Assets or the AVS Business have been duly and timely filed, and all such Tax Returns are true and correct in all material respects, (c) all material amounts of Taxes required to be paid with respect to the AVS Assets or the AVS Business have been timely paid in full, (d) Seller and its Subsidiaries have complied in all material respects with all applicable Laws regarding the collection, withholding and remittance to the appropriate Taxing Authority of amounts required to be collected or withheld by any of them with respect to the AVS Assets, the AVS Business and the Assumed AVS Liabilities, and (e) there is no material action, suit, proceeding, investigation, audit or claim with respect to a material amount of Taxes ("Tax Proceeding") pending or asserted in writing with respect to the AVS Assets or the AVS Business. Except for the Canadian AVS Assets, none of the AVS Assets constitute "taxable Canadian property" within the meaning of the Income Tax Act (Canada). Cooper-Standard Automotive Canada Limited is or is deemed to be a resident of Canada within the meaning of the Income Tax Act (Canada).

2.14 Broker's or Finder's Fee. Other than the fees of Goldman Sachs & Co. LLC, payment of which is Seller's obligation, Seller and its Subsidiaries do not have any liability or obligation to pay any fees or commissions to any broker, finder or other agent with respect to the transactions contemplated by this Agreement for which Acquiror or any of its Affiliates could become liable or obligated.

2.15 Title to Properties; Security Interests. Seller and its Subsidiaries have good and valid title to, or, if applicable, valid leasehold interests in or valid right to use, all AVS Assets, in each case, as such property is currently being used, subject to no Security Interests, except for Permitted Encumbrances.

2.16 The AVS Assets.

(a) Except for (1) the Assets for which provision for access thereto is otherwise made in this Agreement or in the TSA, (2) the Assets that are identified in Section 2.16 of the Seller Disclosure Letter (including those Assets that are used to provide the services that are identified in Section 2.16 of the Seller Disclosure Letter), and (3) the Other Business Intellectual Property licensed to Acquiror and its Affiliates pursuant to Section 4.14, the AVS Assets constitute all of the property (including Intellectual Property) and assets owned, used or held for use by Seller or its Subsidiaries primarily in the AVS Business and are adequate to conduct the AVS Business as currently conducted; provided, however, the foregoing is subject to the limitation that the transfer, assignment, license or sublicenses, as the case may be, of certain AVS Assets, and any claim or right or benefit arising thereunder or resulting therefrom, may require consent of a Person or Governmental Authority.

(b) The tangible AVS Assets are in good condition in all material respects, reasonable wear and tear excepted, except as would not materially adversely affect the continued production of the products of the AVS Business in the quality and

quantity as such products are being manufactured and sold by the AVS Business as of the date of this Agreement.

(c) There are no servers or other IT assets that are owned, used or held for use by Seller or its Subsidiaries primarily in the AVS Business that do not constitute AVS Assets.

2.17 Real Property.

(a) Section 2.17 of the Seller Disclosure Letter sets forth a true and complete list of (i) all real property and interests in real property owned in fee by Seller or any of its Subsidiaries that is primarily used in connection with the AVS Business (the "Owned Real Property"), (ii) any real property leases or subleases to which the Seller or any of its Subsidiaries is a lessee or sublessee, and with respect to which the real property leased or subleased thereunder is used primarily in connection with the AVS Business (the "Real Property Leases" and such real property, the "Leased Real Property") and (iii) any title insurance policies and surveys with respect to the Owned Real Property and Leased Real Property (together, the "Real Property").

(b) True and complete copies of all Real Property Leases have been made available to Acquiror. Each Real Property Lease is a valid and binding agreement of Seller or its Subsidiary that is a party thereto and, to the Knowledge of Seller, is in full force and effect and enforceable by Seller or such Subsidiary in accordance with its terms, except as is not, individually or in the aggregate, material to the AVS Business or the AVS Assets, taken as a whole. Seller and each of its Subsidiaries has performed, in all material respects, all obligations required to be performed by it to date under the Real Property Leases to which it is a party and is not (with or without the lapse of time or the giving of notice, or both) in breach or default thereunder in any material respect and, to the Knowledge of Seller, no other party is in breach or default under any such Real Property Lease in any material respect.

(c) Seller or a Subsidiary of Seller has good, marketable fee simple title to all Owned Real Property, and such valid fee title is not subject to any Security Interests except for Permitted Encumbrances.

(d) No parcel of Owned Real Property or Leased Real Property is subject to any Order to be sold or being condemned, expropriated or otherwise taken by any public authority with or without payment of compensation therefor nor, to the Knowledge of Seller, has any condemnation, expropriation or taking been proposed, except as would not be material to the AVS Business. There is no pending or, to the Knowledge of Seller, threatened, Action that would interfere with the quiet enjoyment of the Owned Real Property or the Leased Real Property.

(e) The Real Property, and its continued use, occupancy and operation as currently used, occupied and operated, does not constitute a nonconforming use under any applicable Law relating to the building, zoning, subdivision and other land use, except as such nonconforming use would not, individually or in the aggregate,

reasonably be expected to be material to the AVS Business or the AVS Assets, taken as a whole.

(f) The plants, buildings and structures included in the AVS Assets are structurally sound in all material respects and currently have access to (i) public roads or valid easements over private streets or private property for such ingress to and egress from all such plants, buildings and structures and (ii) water supply, storm and sanitary sewer facilities, telephone, gas and electrical connections, fire protection, drainage and other public utilities, in each case of clauses (i) and (ii) as necessary to permit the use of such plants, buildings and structures in the conduct of the AVS Business in all material respects as currently conducted. None of the plants, buildings or structures on the Real Property substantially encroaches upon real property of another Person, and no plant, building or structure of any other Person substantially encroaches upon any Real Property.

2.18 Insurance. Seller has furnished to Acquiror a list of all material insurance policies relating to the AVS Assets, the business and operations of the AVS Business and its officers and employees, in each case that are maintained on an occurrence basis. As of the date of this Agreement, there is no claim by Seller pending under any of such policies as to which coverage has been denied by the underwriters of such policies. Seller has complied in all material respects with the terms and conditions of such policies. Such policies of insurance (or other policies providing similar insurance coverage) have been in effect since January 1, 2013 and remain in full force and effect. To the Knowledge of Seller, there is no threatened termination of, or material alteration of coverage under, any of such policies. Except as set forth on Section 2.18 of the Seller Disclosure Letter, at the Closing, Seller will continue to have coverage under such policies with respect to events occurring prior to the Closing.

2.19 Anti-Bribery and Corruption; Sanctions.

(a) Seller has conducted the AVS Business in compliance in all material respects with any Anti-Bribery Law to which it is subject, and maintains policies and procedures designed to achieve compliance therewith. None of Seller, its Subsidiaries nor, to the Knowledge of Seller, any of their respective directors, officers, employees or agents (acting in such capacity), has (i) directly or indirectly, made, authorized, offered or promised to make any unlawful payment, gift or transfer of anything of value, to or for the use or benefit of any Official, or (ii) made, authorized, offered or promised to make any unlawful bribe, rebate, payoff, influence payment, kickback or similar benefit that would violate any Anti-Bribery Law in any material respect binding on such Person or in effect in any jurisdiction in which such action is taken.

(b) Seller has not, during the past five years, been (i) a Sanctioned Person or owned or controlled by a Sanctioned Person, or a holder of more than 10% of the equity of a Sanctioned Person, and none of its or their officers or directors are or have, during the past five years, been Sanctioned Persons, (ii) party to or facilitated any Contract, transaction, dealing or relationship (a) with or for the benefit of, or otherwise

made available any funds or economic resources to, any Sanctioned Person, (b) involving any property of a Sanctioned Person or (c) relating to any Sanctioned Territory, in each case in relation to the AVS Business or (iii) in breach in any material respect of, or subject to any penalties under, any Economic Sanctions Law.

2.20 Environmental Matters. Except as is not, or would not reasonably be expected to be, material to the AVS Business or the AVS Assets, taken as a whole:

(a) Insofar as it relates to the AVS Business (including Real Property), Seller and each of its Subsidiaries is in compliance with, and has met all obligations under, all Environmental Laws and any Governmental Approvals required pursuant to Environmental Law and any enforcement for past violations, non-compliance or obligations has been resolved without any ongoing or pending costs or expenses.

(b) Since January 1, 2013, neither Seller nor any of its Subsidiaries has received any pending written Environmental Claim, no complaint has been filed, no material penalty has been assessed and no Order is pending or, to the Knowledge of Seller, threatened in writing by any Person with respect to any matters relating to the AVS Assets and/or the AVS Business and relating to or arising out of any Environmental Law.

(c) Neither Seller nor any of its Subsidiaries has entered into or is subject to any outstanding Order under any Environmental Law regarding either the AVS Business or any Real Property.

(d) No polychlorinated biphenyls, radioactive material, lead, asbestos-containing material, incinerator, sump, surface impoundment, lagoon, landfill, septic, wastewater treatment or other disposal system is or has, in the past five years, been present at, on or under any Real Property on in any AVS Asset that requires reporting, investigation or remediation under Environmental Law.

(e) No underground storage tank (active or inactive) is present at, on or under any Real Property on in any AVS Asset.

(f) Since January 1, 2013, neither Seller nor any of its Subsidiaries has Released any Hazardous Materials at, on or under any Real Property that require reporting, investigation or remediation under Environmental Law.

(g) Seller has obtained and is in compliance with all Governmental Approvals required under Environmental Laws for the AVS Assets and the AVS Business.

(h) To the Knowledge of Seller, there has been no material environmental investigation, study, audit, test, review or other analysis conducted in relation to any AVS Asset since January 1, 2013, which has not been delivered or made available to Acquiror prior to the date of this Agreement.

2.21 No Other Representations or Warranties. Except for the representations and warranties of Seller expressly set forth in Article II and the Ancillary Agreements, neither Seller nor any other Person makes any other express or implied representation or warranty on behalf of Seller or any of its Subsidiaries with respect to the AVS Assets, the AVS Business, the transactions contemplated by this Agreement and the Ancillary Agreements or the accuracy or completeness of the information concerning the AVS Business provided by Seller or any of its Subsidiaries.

III. REPRESENTATIONS AND WARRANTIES OF ACQUIROR

Acquiror hereby represents and warrants to Seller as of the date hereof and as of the Closing Date that, except as set forth in writing on the corresponding section or subsection of the Acquiror Disclosure Letter and each other section or subsection to the extent the relevance of any such disclosure is reasonably apparent on its face:

3.01 Due Organization, Good Standing and Corporate Power.

(a) Acquiror is a corporation duly organized, validly existing and in good standing under the Laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted, except, in each case, as would not reasonably be expected to have, individually or in the aggregate, an Acquiror MAE.

(b) Acquiror is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except in such jurisdictions where the failure to be so qualified or licensed and in good standing has not had or would not reasonably be expected to have, individually or in the aggregate, an Acquiror MAE.

3.02 Authorization of Agreement. The execution, delivery and performance of this Agreement and the Ancillary Agreements by Acquiror, and the consummation by Acquiror of the transactions contemplated hereby and thereby, have been duly authorized and approved by its board of directors, and no other corporate or stockholder action on the part of Acquiror is necessary to authorize the execution, delivery and performance of this Agreement and the Ancillary Agreements or the consummation of the transactions contemplated hereby or thereby. This Agreement has been, and the Ancillary Agreements, when executed, will be, duly executed and delivered by Acquiror and, to the extent it is a party thereto, each is (or when executed will be) a valid and binding obligation of Acquiror enforceable against Acquiror in accordance with its terms, subject to the Enforceability Exception.

3.03 Consents and Approvals; No Violations. Assuming that (a) the filings required under the HSR Act are made and all applicable waiting periods thereunder have been terminated or expired and (b) the Governmental Approvals set forth on Section 2.03(b) of the Seller Disclosure Letter have been obtained, the execution and delivery of this Agreement and the Ancillary Agreements by Acquiror and the

consummation by Acquiror of the transactions contemplated hereby and thereby do not and will not: (i) violate or conflict with any provision of its certificate of incorporation or bylaws (or the comparable governing documents); (ii) violate or conflict with any Law or Order of any Governmental Authority applicable to Acquiror or by which any of its properties or assets may be bound; (iii) require any Governmental Approval; or (iv) result in a violation or breach of, conflict with, constitute (with or without due notice or lapse of time or both) a default under or give rise to any right of termination, cancellation or acceleration, or result in the creation of any Security Interest upon any of the properties or assets of Acquiror or its Subsidiaries, or give rise to any obligation, right of termination, cancellation, acceleration or increase of any obligation or a loss of a benefit under, any of the terms, conditions or provisions of any Contract or other instrument binding upon Acquiror, excluding, in the case of clause (iv) above, conflicts, violations, breaches, defaults, rights of payment and reimbursement, terminations, modifications, accelerations and creations and impositions of Security Interests which do not or would not, individually or in the aggregate, reasonably be expected to be material to the business of Acquiror.

3.04 Broker's or Finder's Fee. Neither Acquiror nor any of its Subsidiaries has any liability or obligation to pay any fees or commissions to any broker, finder or other agent with respect to the transactions contemplated by this Agreement or the Ancillary Agreements for which Seller or any of its Subsidiaries could become liable or obligated.

3.05 Financing.

(a) Acquiror will have as of the Closing funds available sufficient to enable it to consummate the transactions contemplated hereby including sufficient funds for the satisfaction of the payment of the Purchase Price, and all fees and expenses reasonably expected to be incurred by Acquiror in connection herewith.

(b) As of the Closing and immediately after consummating the transactions contemplated by this Agreement, Acquiror and its consolidated Subsidiaries taken as a whole will not (i) be insolvent (either because its financial condition is such that the sum of its debts is greater than the fair value of its assets or because the present fair salable value of its assets will be less than the amount required to pay its probable liability on its debts as they become absolute and matured) or (ii) have incurred or plan to incur debts beyond its ability to repay such debts as they become absolute and matured.

(c) For the avoidance of doubt, Acquiror hereby expressly acknowledges that its obligations hereunder are not subject to the availability of any financing.

3.06 Litigation. There are no Actions pending against or affecting Acquiror or any of its Subsidiaries or, to the Knowledge of Acquiror, threatened against Acquiror or any of its Subsidiaries (or any of their respective properties, rights or franchises), at law or in equity, or before or by any Governmental Authority or any arbitrator or arbitration

tribunal, that have had or would reasonably be expected to have, individually or in the aggregate, an Acquiror MAE. Neither Acquiror nor any of its Subsidiaries is subject to any Order that has had or would reasonably be expected to have, individually or in the aggregate, an Acquiror MAE.

3.07 No Other Representations or Warranties; Acknowledgement by Acquiror.

(a) Except for the representations and warranties of Acquiror expressly set forth in Article III and the Ancillary Agreements, neither Acquiror nor any other Person makes any other express or implied representation or warranty on behalf of Acquiror or any of its Subsidiaries with respect to Acquiror or the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Acquiror acknowledges that, except as provided herein, neither Seller nor any of its Subsidiaries nor any other Person acting on their behalf will have or be subject to any Liability or indemnification obligation to Acquiror or any other Person acting on its behalf resulting from the distribution in written or oral communication to Acquiror, or use by Acquiror of, any information, documents, projections, forecasts or other material made available to Acquiror, confidential information memoranda or management interviews and presentations in expectation of the transactions contemplated by this Agreement and the Ancillary Agreements.

IV. COVENANTS

4.01 Conduct of AVS Business Pending the Closing.

(a) Except as expressly provided by this Agreement or any Ancillary Agreement, as set forth on Section 4.01 of the Seller Disclosure Letter or as expressly consented to in writing by Acquiror, between the date of this Agreement and the Closing, Seller will, and will cause each of its Subsidiaries to, conduct the AVS Business in the Ordinary Course and use Commercially Reasonable Efforts to (i) preserve intact the present business organization of the AVS Business, (ii) maintain in effect all of foreign, federal, state and local licenses, permits, Consents, franchises, approvals, authorizations and other Governmental Approvals relating to the AVS Business, (iii) keep available the services of the directors, officers and key employees of the AVS Business (provided, that directors, officers and key employees will be deemed to be third-parties for purposes of this Section 4.01), (iv) maintain the material business relationships of the AVS Business with customers, suppliers, manufacturers and others with whom the AVS Business deals in the Ordinary Course and (v) maintain the goodwill and reputation of the AVS Business, including through advertising, marketing and promoting the products of the AVS Business in the Ordinary Course.

(b) Without limiting the generality of Section 4.01(a), and except as otherwise expressly provided in this Agreement, as set forth on Section 4.01 of the Seller Disclosure Letter or as expressly consented to in writing by Acquiror, Seller will not, nor will it permit any of its Subsidiaries to:

(i) (A) sell, pledge, dispose of, grant, transfer, lease, license, guarantee, encumber or authorize the sale, pledge, disposition, grant, transfer, lease, guarantee or encumbrance of or Security Interest on any Assets that are (or would otherwise be) AVS Assets, other than any sale of inventory (including any finished goods or work-in-process) or obsolete equipment in the Ordinary Course or (B) move any material Assets located at the AVS Facilities out of the AVS Facilities (provided, that such move will not affect whether or not an Asset is an AVS Asset) or otherwise make material changes to the operation of the AVS Business, other than in the Ordinary Course;

(ii) (A) acquire (including by merger, consolidation or acquisition of stock or assets), directly or indirectly, any interest in any Person or any division thereof or any material assets, securities, properties or interests that would be AVS Assets, in a single transaction or a series of related transactions, other than in the Ordinary Course or (B) other than Liabilities that would not be included in the Assumed AVS Liabilities, incur any indebtedness for borrowed money or issue any debt securities or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any Person for borrowed money;

(iii) make any loans, advances to, or investments in, any other Person with respect to the AVS Business, other than in the Ordinary Course;

(iv) commit to any capital expenditures with respect to the AVS Business, except for (A) those contemplated by the capital expenditure budget made available to Acquiror prior to the date of this Agreement or (B) unbudgeted capital expenditures not exceeding \$100,000 individually or \$500,000 in the aggregate;

(v) in the case of each of the following to the extent it relates solely to the AVS Assets or the AVS Business, (A) make any material change in financial accounting or Tax reporting or accounting principles, methods or policies, except as required by a change in GAAP, (B) make, change or revoke any Tax election or method of accounting on which Tax reporting is based, (C) amend any Tax Return, (D) settle any Tax Proceeding, or (E) enter into any "closing agreement" within the meaning of Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign Law) or file any request for rulings or special Tax incentives with any Taxing Authority if, in any such case, such action or actions, individually or in the aggregate, would reasonably be expected to materially increase the Tax obligations of Acquiror or any of its Affiliates following the Closing;

(vi) (A) adopt, amend or terminate any collective bargaining agreement or Compensation and Benefit Plan to the extent relating to any AVS Business Employee, except as may be required by applicable Law or pursuant to the terms of any Compensation and Benefit Plan in effect on the date hereof, (B) materially increase the salaries, wage rates, target bonus opportunities or equity

based compensation of AVS Business Employees, except in the Ordinary Course as applicable generally to Seller Group employees in the relevant jurisdictions, in connection with promotions or the annual merit review process or as required to comply with applicable Law or the terms of any Compensation and Benefit Plan in effect on the date hereof, (C) hire any new, or terminate (other than for cause) any existing, AVS Business Employees, except in the Ordinary Course and to the extent relating to AVS Business Employees holding a title of "Manager" or below, (D) transfer any AVS Business Employee outside the AVS Business, or, except in the Ordinary Course to the extent required to fill a vacancy for the position of "Manager" or below for the AVS Business, transfer any employees into the AVS Business such that they would become AVS Business Employees, or (E) adopt, amend or terminate any third party vendor service agreements related to any and all Compensation and Benefit Plans to the extent that it relates to AVS Business Employees and so far as it relates to Acquiror's continuation obligations under Article V hereof;

(vii) amend, modify, assign, terminate (partially or completely), grant any waiver or release under or give any consent with respect to, or enter into any agreement to amend, modify, assign, terminate (partially or completely), grant any waiver or release under or give any consent with respect to, any of the AVS Material Contracts or enter into any Contract that if in effect on the date hereof would be an AVS Material Contract other than in the Ordinary Course;

(viii) enter into any agreement or arrangement that (i) limits or otherwise restricts in any material respect the conduct of the AVS Business or that would reasonably be expected to, after the Closing, limit or restrict in any material respect the AVS Business, or Acquiror or any of its Affiliates, from engaging in or competing in any line of business, in any location or with any Person or (ii) imposes any material "most favored nation", exclusivity, take or pay or other similar clauses on the AVS Business, or a purchaser of the AVS Business or any of its Affiliates;

(ix) enter into any agreement that would require the consent of any counterparty thereto to the assignment thereof in connection with the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements, other than in the Ordinary Course;

(x) incur, assume, guarantee or become responsible for any Indebtedness or make or forgive any loans or advances, or capital contributions to or investments in, any other Person, except as would not affect Acquiror's conduct of the AVS Business following the Closing;

(xi) license, grant any rights to or transfer any of the Included IP Assets, other than grants of non-exclusive licenses to customers of the AVS Business in the Ordinary Course;

(xii) fail to maintain in full force and effect any material insurance policy with respect to the AVS Business maintained on an occurrence basis, except in connection with the replacement thereof with a substantially similar policy, or materially reduce or permit to be materially reduced the amount of any insurance coverage provided thereunder;

(xiii) enter into any settlement, or offer or propose to enter into any settlement with respect to (A) any material litigation, investigation, arbitration, proceeding or other claim involving the AVS Business or (B) any litigation, arbitration, proceeding or dispute that relates to the transactions contemplated hereby other than any litigation or proceeding that is settled by a payment made solely by Seller or a member of the Seller Group; or

(xiv) agree, resolve or commit, in writing or otherwise, to take any of the foregoing actions.

(c) Except as expressly consented to in writing by Acquiror and subject to Section 4.01(b)(iv), Seller will, and will cause its Subsidiaries to, between the date of this Agreement and the Closing, operate the AVS Business in all material respects in accordance with the capital expenditure budget made available to Acquiror prior to the date of this Agreement.

4.02 Efforts to Close; Further Assurances; Antitrust Clearance.

(a) In addition to the actions specifically provided for elsewhere in this Agreement or in any Ancillary Agreement, each of the Parties will cooperate with each other and use (and will cause their respective Subsidiaries and Affiliates to use) their Commercially Reasonable Efforts, prior to, at and after the Closing Date, to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary on its part under applicable Law or Contractual obligations to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements as promptly as practicable, including, if applicable, forming legal entities and opening bank accounts; provided, however, that (i) Seller will not be required to make any payments, incur any Liability, or offer or grant any accommodation (financial or otherwise) to any third party in connection with obtaining any Consent and (ii) Seller will not be required to offer or agree to sell, divest, lease, license, transfer, dispose of or otherwise encumber before or after the Closing any Assets, licenses, operations, rights, products lines, business or interests therein of Seller or any of its Affiliates or agree to make any material changes or restriction on, or other impairment of Seller's or Affiliates' ability to own, operate or exercise rights in respect of, such Assets, licenses, operations, rights, products lines, business or interests therein.

(b) Seller and Acquiror will comply fully with all applicable notification, reporting and other requirements of applicable Law and Governmental Authorities. Seller and Acquiror, as soon as practicable after the date of this Agreement (and in any event within 15 Business Days), will file the required notifications with the appropriate Governmental Authorities pursuant to and in compliance with the HSR Act, and will, as

soon as reasonably practicable, make any other required filings under Antitrust Laws in accordance with Section 4.02(b) of the Seller Disclosure Letter. Seller and Acquiror will timely file any additional information reasonably requested by any Governmental Authority.

(c) Subject to the limitations set forth in Sections 4.02(a), 4.02(b) and 4.02(d), Seller and Acquiror will each use Commercially Reasonable Efforts to obtain, or terminate, as the case may be, as soon as practicable, the Governmental Approvals that may be or become necessary for the performance of its obligations under this Agreement, the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby and will cooperate fully with each other in promptly seeking to obtain or terminate such Governmental Approvals, all such actions to be effective as of the Closing. Acquiror and Seller will cooperate in connection with the antitrust defense of the transactions contemplated hereby in any investigation or litigation by, or negotiations with, any Governmental Authority or other Person relating to the transactions contemplated hereby or regulatory filings under applicable Antitrust Laws. Without limiting the foregoing and subject to applicable legal limitations and the instructions of any Governmental Authority, each of Seller and Acquiror agrees to (i) cooperate and consult with each other, (ii) furnish to the other such necessary information and assistance as the other may reasonably request in connection with its preparation of any notifications or filings, (iii) keep each other apprised of the status of matters relating to the completion of the transactions contemplated thereby, including promptly furnishing the other with copies of notices or other communications received by such party from, or given by such party to, any third party and/or any Governmental Authority with respect to such transactions; provided, that such material may be redacted as necessary to comply with contractual arrangements or address good faith legal privilege or confidentiality concerns (so long as a non-redacted version is provided to external counsel upon request and such external counsel will not be permitted to provide such non-redacted material to its client under any circumstance unless explicitly permitted to do so by a Governmental Authority or the supplying party), (iv) permit the other party to review and incorporate the other party's reasonable comments in any communication to be given by it to any Governmental Authority with respect to obtaining the necessary approvals for the transactions contemplated by this Agreement, and (v) not participate in any meeting or discussion, either in person or by telephone, with any Governmental Authority in connection with the transactions contemplated hereby unless, to the extent reasonably practicable, and to the extent not prohibited by such Governmental Authority, it gives the other party the opportunity to attend and observe.

(d) In furtherance and not in limitation of the covenants contained in Section 4.02(c) or any other provision hereof, Acquiror will offer to take (and if such offer is accepted, commit to take) all necessary steps to eliminate impediments under any Antitrust Law that may be asserted by any Governmental Authority with respect to the transactions contemplated hereby so as to permit such transactions to be consummated as promptly as practicable and to prevent the entry of any Order (or if such Order is so entered in the United States, to eliminate such Order or otherwise cause it to be satisfied or cease to be a restraint on such transactions) sought by any Governmental Authority or private Person under any Antitrust Law that would result in the failure of any

condition to the obligations of the Parties to consummate the transactions contemplated hereby to be satisfied; provided, that any such Order is not as a result of the Seller's failure to comply with any covenant herein. Notwithstanding anything in this Agreement to the contrary, in no event will Acquiror nor any of its Affiliates be obligated to (i) initiate litigation in any jurisdiction outside the United States to challenge the entry of an Order issued by any competition authority outside of the United States or (ii) propose or agree to accept any undertaking or condition, to enter into any consent decree, to make any divestiture, lease, license, transfer, disposal or encumbrance to accept any operational restriction, or take any other action that, in the reasonable judgment of Acquiror, could be expected to limit the right of Acquiror or its Affiliates to own or operate all or any portion of their respective businesses or Assets (including the AVS Business or any of the AVS Assets).

4.03 Public Announcements. Seller and Acquiror agree that the timing and content of all press releases or public announcements regarding any aspect of this Agreement or any Ancillary Agreement or the transactions contemplated hereby or thereby to the financial community, government agencies or the general public will be mutually agreed upon in advance by the Parties (which consent will not be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, each Party may make any such announcement which it in good faith believes, based on advice of counsel, is required by Law or any listing agreement with any national securities exchange to which such Party is subject; provided, that such Party will consult with and agree on the language of any such announcement with the other Party prior to any such announcement to the extent practicable, and will in any event promptly provide the other Party with copies of any such announcement.

4.04 Notification of Certain Matters. Each of Seller and Acquiror will give prompt written notice to the other of (a) any notice or other communication from any Person alleging that the Consent of such Person is or may be required in connection with the transactions contemplated hereby, (b) any Action commenced or threatened in writing against, relating to or involving or otherwise affecting it or any of its Affiliates that relate to the consummation of the transactions contemplated hereby and (c) any change that is reasonably expected to have, individually or in the aggregate, an AVS Business MAE or reasonably expected to have, individually or in the aggregate, an Acquiror MAE, as the case may be; provided, that the delivery of any notice pursuant to this Section 4.04 will not limit or otherwise affect the remedies available hereunder to the Party receiving that notice.

4.05 Access; Governmental Approvals.

(a) From the date hereof to the Closing, to the extent permitted by Law, Seller will (i) allow Acquiror and its Representatives reasonable access, during normal business hours and upon reasonable prior written notice, to the books, records, files, correspondence, audits and properties of the AVS Business, or otherwise pertaining to the business and affairs of the AVS Business including as to matters that might arise outside the Ordinary Course, (ii) furnish to Acquiror and its Representatives such financial and operating data and other information relating to the AVS Business as such

Persons may reasonably request (so long as Seller maintains such information in the Ordinary Course) and (iii) instruct the Representatives and employees of the Seller Group to co-operate with Acquiror and its Representatives in their reasonable investigation of the AVS Business; provided, however, that notwithstanding the provision of information by Seller or investigation by Acquiror (a) Seller will not be deemed to make any representation or warranty except as expressly set forth in this Agreement and (b) such provision of information or investigation will not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Seller in this Agreement. Notwithstanding the foregoing, (A) Seller will not be required to provide any information which, in the reasonable judgment of counsel to Seller, it may not provide to Acquiror by reason of applicable Law (including any information in confidential personnel files) or which would jeopardize attorney/client privilege; provided, that if any information is so prohibited to be provided, Seller will use Commercially Reasonable Efforts to take those actions reasonably necessary so that Seller is able to provide such information to Acquiror as promptly as possible (including by seeking waivers from third parties to permit the disclosure of such information), (B) Seller will not be required to provide access to any performance review materials or any information from personnel files that relates to an employee's participation in bonus plans and similar incentive compensation arrangements (other than individual bonus opportunities based on target bonus as a percentage of base salary), (C) Seller will not be required to provide access to any of its properties in a manner that will result in damage to such property or unreasonably disrupt the operation of the AVS Business or for the purpose of performing any onsite procedure or investigation (including any Phase II or other onsite environmental investigation or study), without Seller's written consent (which Seller may grant or deny in its discretion), (D) Seller will not be required to provide access to information to the extent doing so would require Seller or any of its Subsidiaries to breach any contractual obligation applicable to Seller or any of its Subsidiaries, and (E) Seller will not be required to provide access to information to the extent relating to the AVS Business sale process, bids received or information and analysis relating to such bids. Acquiror acknowledges that such books and records, data and other information may be provided by Seller in a manner consistent with the information provided to Acquiror prior to the date hereof and that such investigation will be conducted in such manner as not to unreasonably interfere with the conduct of the business of Seller and its Affiliates.

(b) Acquiror agrees that prior to the Closing it will not, and will cause its respective Representatives not to, use any information obtained pursuant to this Section 4.05 or Section 4.06 for any purpose unrelated to this Agreement and the Ancillary Agreements. All information provided by a Party to the other Party under this Agreement will prior to the Closing be kept confidential to the same extent as would be applicable if it were "Confidential Information" for the purposes of the Confidentiality Agreement, and the Confidentiality Agreement was still in effect. Notwithstanding anything to the contrary contained herein, prior to the Closing, without the prior written consent of Seller (which consent will not be unreasonably withheld, delayed or conditioned), Acquiror will not contact any employees or any vendors to, or customers of Seller, or any of its Affiliates regarding this Agreement or the transactions contemplated hereby; provided, that, for the avoidance of doubt, nothing in this Section

4.05(b) will prohibit Acquiror or any of its Affiliates or any of its or their respective Representatives from taking any action in the Ordinary Course unrelated to this Agreement and the transactions contemplated hereby.

(c) To the extent any Required Approval is not transferred to Acquiror at the Closing, and solely to the extent permitted by applicable Law, Seller will, prior to the Closing and for a period of one year thereafter, use Commercially Reasonable Efforts to assist Acquiror (at Acquiror's sole expense) in obtaining such replacement Governmental Approvals.

4.06 Integration Planning.

(a) Promptly following the date of this Agreement, the Parties will use their Commercially Reasonable Efforts to (i) identify and agree to the actions or activities which are required to achieve the efficient separation and migration of the AVS Assets (including information technology systems, payroll, human resources and other operational processes) to Acquiror or to a third party successor provider (the "Integration") in accordance with the terms of this Agreement (including the principles set forth in Exhibit E) and (ii) promptly agree on a plan to achieve the Integration (the "Integration Plan"), in each case, in accordance with the process described in Sections 4.06(b) and 4.06(c) below. The objective of the Parties is that any mutually agreed Integration Plan is designed to achieve the Integration, following Closing, with minimal disruption to the Parties' respective businesses and any mutually agreed Integration Plan is expected to contain (a) a timeline for Acquiror's plan to achieve the Integration, (b) safeguards to be implemented by both Parties to ensure minimal disruption to their respective businesses (including relationships with third parties) and (c) the respective responsibilities of each Party in executing the activities set out in such Integration Plan. Seller acknowledges that Acquiror and its Subsidiaries may require certain data and access to Seller's and/or its Affiliates' systems in a testing environment to be provided to them prior to the Closing Date, and subject to applicable Law, Seller's bona fide compliance policies and Contractual obligations, any Integration Plan is expected to include provisions regarding the furnishing of such data and access to such systems to the extent reasonably available without significant disruption to the operation of the AVS Business or the business of Seller or any of its Subsidiaries. Notwithstanding anything to the contrary in this Agreement or the Ancillary Agreements, the Parties agree that the terms of any Integration Plan will in no event contravene the terms of this Agreement or applicable Law. The Parties will put in place appropriate confidentiality and information sharing protections for the period prior to Closing in accordance with applicable Law and their respective internal compliance and control procedures.

(b) Within ten Business Days following the date of this Agreement, the Parties will (i) establish a joint steering committee with responsibility for overseeing the development and implementation of the Integration Plan and delivery of the services pursuant to the TSA (the "Joint Steering Committee") and (ii) appoint a project leader with overall responsibility for developing a mutually agreed Integration Plan and managing the provision and receipt of services pursuant to the TSA (each a "Project Lead"). The Joint Steering Committee will meet on a monthly basis from the date of its

formation until the Closing Date, and thereafter for the duration of the TSA. The Project Leads will meet on a weekly basis from the date of their identification until the Closing Date, and thereafter for the duration of the TSA. The Parties will put in place appropriate confidentiality and information sharing protections for the period prior to Closing in accordance with applicable Law and their respective internal compliance and control procedures.

(c) Promptly following the appointment of the Joint Steering Committee and the Project leads in accordance with Section 4.06(b), the Parties will collaborate with the intent to develop a mutually acceptable Integration Plan. The Parties will discuss and comment on drafts of the Integration Plan, and will cooperate in providing information about their respective information technology systems, operational processes, services and facilities reasonably required to enable the effective development of the Integration Plan (in each case subject to compliance with applicable Law, existing contractual obligations and their respective internal compliance and control procedures).

(d) As soon as reasonably practicable following the date of this Agreement, subject to applicable Law and Section 4.05(b), Seller will deliver to Acquiror the information set forth on Section 4.06(d) of the Seller Disclosure Letter.

4.07 Agreement for Exchange of Information.

(a) Generally.

(i) Except as otherwise provided in the TSA, each Party, on behalf of its respective Group, will provide, or cause to be provided, to the other Party's Group, at any time after the Closing Date and until the sixth anniversary of the Closing Date, as soon as reasonably practicable after written request therefor, copies of any Shared Information in its possession or under its control. Each of Seller and Acquiror agree to make their respective personnel available during regular business hours to discuss the Information exchanged pursuant to this Section 4.07.

(ii) Each Party will provide to the other such Information as the other may from time to time reasonably request in order to prepare its financial statements and satisfy its public reporting obligations, including such information as such Party may reasonably request and is known or reasonably available upon due inquiry to the other Party with respect to Assumed AVS Liabilities for which Seller is directly or contingently liable or Liabilities for which Acquiror is directly or contingently liable. For the avoidance of doubt, Information with respect to the category of such Liabilities and the annual future payments over the minimum contract term and any renewal terms will be deemed reasonable requests by a Party.

(iii) Prior to the Closing, each Party will take measures that it determines in good faith to be appropriate to ensure that any competitively

sensitive Shared Information from one Party is not disclosed to the other Party's personnel involved in a competing business.

(b) Ownership of Information. Any Information owned by a Party that is provided to the other Party pursuant to this Section 4.07 remains the property of the Party that owned and provided such Information. Each Party will, and will cause members of their respective Groups to, remove and destroy any hard drives or other electronic data storage devices from any computer or server that is reasonably likely to contain Information that is protected by this Section 4.07 and that is transferred or sold to a third party or otherwise disposed of in accordance with Section 4.07(c), to the extent reasonably practicable and unless required by Law or bona fide document retention policies to retain such materials.

(c) Record Retention. Each Party agrees to use its Commercially Reasonable Efforts to retain all Information that relates to the operations of the AVS Business in its respective possession or control at the Closing in accordance with their respective then existing bona fide document retention policies, as such policies may be amended from time to time.

(d) Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Section 4.07 are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in this Agreement and any Ancillary Agreement.

(e) Compensation for Providing Information. The Party requesting Information will reimburse the other Party for the reasonable out-of-pocket costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting Party.

(f) Production of Witnesses; Records; Cooperation.

(i) After the Closing Date, except in the case of any Action by one Party or its Affiliates against another Party or its Affiliates, each Party will use its Commercially Reasonable Efforts to make available to each other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents are reasonably requested in connection with any Action in which the requesting Party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder.

(ii) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the other Party will use

Commercially Reasonable Efforts to make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents are reasonably requested in connection with such defense, settlement or compromise, or the prosecution, evaluation or pursuit thereof, as the case may be, and will otherwise use its Commercially Reasonable Efforts to cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(iii) Without limiting the foregoing, the Parties will cooperate and consult to the extent reasonably necessary with respect to Third-Party Claims.

(g) Restrictions. Except as expressly provided in this Agreement or any Ancillary Agreement, no Party or member of such Party's Group grants or confers rights of license in any Information owned by any member of such Party's Group to any member of the other Party's Group hereunder.

4.08 *Privileged Matters.*

(a) The respective rights and obligations of the Parties to maintain, preserve, assert or waive any or all privileges belonging to either Party or its Subsidiaries with respect to the AVS Business or the Non-AVS Business, including the attorney-client and work product privileges (collectively, "Privileges"), will be governed by the provisions of this Section 4.08. With respect to Privileged Information of Seller or its Affiliates, Seller will have sole authority in perpetuity to determine whether to assert or waive any or all Privileges, and Acquiror will not take any action (or permit any of its Affiliates to take action) without the prior written consent of Seller that would reasonably be expected to result in any waiver of any Privilege that could be asserted by Seller or any member of the Seller Group under applicable Law and this Agreement. With respect to Privileged Information solely of the AVS Business for which Acquiror has Liability or otherwise arising after the Closing Date, Acquiror will have sole authority in perpetuity to determine whether to assert or waive any or all Privileges, and Seller will take no action (nor permit any of its Affiliates to take action) without the prior written consent of Acquiror that would reasonably be expected to result in any waiver of any Privilege that could be asserted by Acquiror or any of its Affiliates under applicable Law and this Agreement. The rights and obligations created by this Section 4.08 will apply to all Information as to which a Party or its Affiliates would be entitled to assert or have asserted a Privilege without regard to the effect, if any, of the transactions contemplated hereby ("Privileged Information").

(b) Privileged Information of Seller and the Seller Group includes (i) any and all Information regarding the Non-AVS Business and the Seller Group (other than AVS

Business Information), whether or not such Information (other than AVS Business Information) is in the possession of Acquiror or any of its Affiliates, (ii) all communications subject to a Privilege between counsel for Seller (including any person who, at the time of the communication, was an employee of Seller or the Seller Group in the capacity of in-house counsel, regardless of whether such employee is or becomes an employee of Acquiror or any of its Affiliates) and any person who, at the time of the communication, was an employee of Seller, regardless of whether such employee is or becomes an employee of Acquiror or any of its Affiliates but not AVS Business Information, and (iii) all Information generated, received or arising after the Closing Date that refers or relates to and discloses Privileged Information of Seller or the Seller Group generated, received or arising prior to the Closing Date but not AVS Business Information.

(c) Privileged Information of the AVS Business includes (i) any and all Information primarily relating to the AVS Business (including Acquiror and its Affiliates) (the “AVS Business Information”), whether or not it is in the possession of Acquiror or any member of the Acquiror Group, (ii) all communications subject to a Privilege occurring after the Closing Date between counsel for the AVS Business (including in-house counsel and former in-house counsel who are employees of Seller) and any person who, at the time of the communication, was an employee of the AVS Business regardless of whether such employee was, is or becomes an employee of Seller or any of its Subsidiaries, and (iii) all Information generated, received or arising after the Closing Date that refers or relates to and discloses Privileged Information of the AVS Business generated, received or arising after the Closing Date.

(d) Upon receipt by Seller or Acquiror, or any of their respective Affiliates, as the case may be, of any subpoena, discovery or other request from any third party that actually or arguably calls for the production or disclosure of Privileged Information of the other or if Seller or Acquiror, or any of their respective Affiliates, as the case may be, obtains knowledge that any current or former employee of Seller or Acquiror, as the case may be, receives any subpoena, discovery or other request from any third party that actually or arguably calls for the production or disclosure of Privileged Information of the other, Seller or Acquiror, as the case may be, will promptly notify the relevant other Party of the existence of the request and will provide such Party a reasonable opportunity to review the Information and to assert any rights it may have under this Section 4.08 or otherwise to prevent the production or disclosure of Privileged Information. Seller or Acquiror, as the case may be, will not, and will cause their respective Affiliates not to, produce or disclose to any third party any of the other Party’s Privileged Information under this Section 4.08 unless (i) the other has provided its express written consent to such production or disclosure or (ii) a court of competent jurisdiction has entered an Order finding that the Information is not entitled to protection from disclosure under any applicable privilege, doctrine or rule.

(e) Seller’s Conveyance of books and records pertaining to the AVS Business and other Information to Acquiror, Seller’s covenant to permit Acquiror to obtain Information existing prior to the Closing Date, and Acquiror’s covenant to permit Seller to obtain Information existing prior to or after the Closing Date are made in reliance on Seller’s and Acquiror’s respective agreements, as set forth in Section 4.07

and this Section 4.08, to maintain the confidentiality of such Information and to take the steps provided herein for the preservation of all Privileges that may belong to or be asserted by Seller or Acquiror, as the case may be. The access to Information, witnesses and individuals being granted pursuant to Section 4.07 and the disclosure to Seller and Acquiror of Privileged Information relating to the AVS Business or the Non-AVS Business pursuant to this Agreement in connection with the transactions contemplated hereby will not be asserted by Seller or Acquiror to constitute, or otherwise deemed, a waiver of any Privilege that has been or may be asserted under this Section 4.08 or otherwise. Nothing in this Agreement will operate to reduce, minimize or condition the rights granted to Seller and Acquiror in, or the obligations imposed upon Seller and Acquiror by, this Section 4.08.

4.09 Acquiror Non-Solicitation. For a period of two years from and after the Closing Date, Acquiror will not, and will directly instruct and cause each member of the Acquiror Group and its other controlled Affiliates not to, directly or indirectly, through their respective officers, directors, employees or otherwise, other than with respect to the Scheduled Employees, solicit the employment of any management-level employee of Seller or the Seller Group, with whom Acquiror has had significant contact during, and who became known to Acquiror as a result of, the preparation, negotiation, execution and performance of this Agreement and the transactions contemplated hereby (or request, induce or attempt to influence any such Person to terminate his or her employment with or service to Seller or the Seller Group). The restrictions of this Section 4.09 will cease to apply to an employee of Seller or the Seller Group three months after the later of (i) the date of termination of his or her employment with Seller or the Seller Group and (ii) the last date on which such individual receives severance or other termination payments from Seller or the Seller Group, if applicable. Nothing in this Section 4.09 will restrict or prevent Acquiror or any member of the Acquiror Group or its other Affiliates from making generalized searches for employees by the use of advertisements in the media of any form (including trade media) or by engaging search firms that are not instructed to solicit any employee of Seller or the Seller Group or, in either case, hiring any such employee who responds to such generalized searches or search firm solicitations.

4.10 Seller Non-Solicitation. For a period of two years from and after the Closing Date, Seller will not, and will directly instruct and cause each member of the Seller Group and its other Affiliates not to, directly or indirectly, through their respective officers, directors, employees or otherwise, solicit the employment of or in the case of clause (ii) hire any (i) management-level employee of Acquiror or the Acquiror Group, with whom Seller has had significant contact during, and who became known to Seller as a result of, the preparation, negotiation, execution and performance of this Agreement and the transactions contemplated hereby or (ii) In-Scope Employee or any employee of the AVS Business (or, in either case, request, induce or attempt to influence any such Person to terminate his or her employment with or service to Acquiror or the Acquiror Group). The restrictions of this Section 4.10 will cease to apply to any employee of Acquiror or the Acquiror Group, including an In-Scope Employee three months after the later of (A) the date of termination of his or her employment with Acquiror or the Acquiror Group and (B) the last date on which such individual receives

severance or other termination payments from Acquiror or the Acquiror Group, if applicable. Nothing in this Section 4.10 will restrict or prevent Seller or any member of the Seller Group or its other Affiliates from making generalized searches for employees by the use of advertisements in the media of any form (including trade media) or by engaging search firms that are not instructed to solicit any employee of Acquiror or the Acquiror Group or, in either case, hiring any such employee (other than an employee described in clause (ii) above) who responds to such generalized searches or search firm solicitations,

4.11 Non-Competition.

(a) For a period of three years from and after the Closing, Seller will not, and will instruct and cause each member of the Seller Group not to, engage, directly or indirectly, as a principal or for its own account or solely and jointly with others, or as stockholder or other investor in any corporation or other entity, in any business that competes with the AVS Business as it exists on the Closing Date anywhere the AVS Business operates as of the Closing Date (a "Competing Activity"); provided, however, that nothing herein will prohibit Seller, any member of the Seller Group from:

(i) acquiring a diversified company having not more than 20% of its sales (based on its latest annual consolidated financial statements) attributable to any Competing Activity; provided, that if the Competing Activity accounts for more than 20% of the sales of such Person (based on its latest annual consolidated financial statements), then Seller, or the member of the Seller Group, as applicable, will be required to cease such Competing Activity or divest such portion of the business that constitutes a Competing Activity within 12 months after the consummation of the acquisition to the extent required to be in compliance with this Section 4.11(a)(i) (the "Required Action"); provided further, that until such time as Seller, or the member of the Seller Group, as applicable, has completed the Required Action, it shall keep and hold the business that constitutes a Competing Activity separate, apart and independent of the Seller Group's other businesses, including with respect to the exchange of information; provided, that the appointment of officers and directors to any entity that operates a Competing Activity will not be deemed to be in breach of this Section 4.11(a)(i) solely because any such officer or director also serves as an officer or director of Seller or a member of the Seller Group so long as such officers and directors do not share information among entities with respect to the Competing Activity;

(ii) the acquisition, holding of investments or direct or indirect ownership of any voting stock, capital stock or other equity interest of any Person engaged in a Competing Activity, so long as such aggregate ownership interest by the Seller Group represents not more than 5% of the aggregate voting power or outstanding capital stock or other equity interests of such Person; or

(iii) owning, engaging in, conducting or operating any of Seller's Non-AVS Businesses and existing businesses related to or arising out of the Excluded Assets.

(b) Seller acknowledges that (i) its obligations under this Section 4.11 are reasonable in the context of the nature of the business of the Acquiror Group and the competitive injuries likely to be sustained by Acquiror if Seller or any member of the Seller Group were to violate such obligations, (ii) the covenants in this Section 4.11 are adequately supported by consideration from Acquiror for the benefit of Seller and (iii) the foregoing makes it necessary for the protection of the AVS Business and Acquiror that Seller upholds its obligations under this Section 4.11 for the reasonable time period contained herein. If any provision in this Section 4.11 will for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Section 4.11, but this Section 4.11 will be construed as if such invalid, illegal or unenforceable provision had never been contained herein. It is the intention of the Parties that if any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time which is now permitted by applicable Law, or in any way construed to be too broad or in any way invalid, such provision will not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under applicable Law, a court of competent jurisdiction will construe and interpret or reform this Section 4.11 to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained herein) as will be valid and enforceable under such applicable Law.

4.12 Intellectual Property Assignment/Recordation. Each Party will be responsible for, and will pay all expenses, incurred after the Closing only, involved in notarization, authentication, legalization and/or consularization of the signatures of any of the representatives of its Group on any of the Transfer Documents relating to the transfer of Intellectual Property. Acquiror will be responsible for, and will pay all expenses, incurred after the Closing only, relating to, the recording of any such Transfer Documents relating to the transfer of Intellectual Property to any member of the Acquiror Group with any Governmental Authorities as may be necessary or appropriate.

4.13 Use of Seller Name and Mark.

(a) "Seller Name and Mark" means the name and mark "Cooper-Standard" (in any style or design), and any Trademark derived from, confusingly similar to or including the foregoing. Subject to the terms and conditions of this Section 4.13, Seller, on behalf of itself and its Affiliates as necessary, grants to Acquiror a limited, non-transferable (except in connection with the sale of all or substantially all of the assets of the AVS Business), non-sublicensable, non-exclusive, royalty-free license to use the Seller Name and Mark solely in connection with (i) the use of existing tooling (including the manufacture and sale of products) related to current products of the AVS Business as of the Closing; provided, however, that following the Closing, Acquiror will use Commercially Reasonable Efforts to obtain consent from the customers listed on Section 4.13(a) of the Seller Disclosure Letter to modify the tooling or create replacement tooling that will not include the Seller Name and Mark and cease use of the Seller Name and Mark in connection with applicable products as soon as reasonably practicable after such consent is obtained and (ii) solely as the Seller Name and Mark has been affixed to the AVS Inventory as of the Closing, the sale of the AVS Inventory.

Except as expressly provided in this Section 4.13, Seller reserves for itself and its Affiliates all rights in the Seller Name and Mark, and no other rights therein are granted to Acquiror, any member of the Acquiror Group, or any of their respective Affiliates, whether by implication, estoppel or otherwise. All goodwill of the Seller Name and Mark by Acquiror will inure to the benefit of Seller and its Affiliates.

(b) As soon as practicable following the Closing Date, and in any event within three months of the Closing Date, Acquiror will, and will cause the other members of the Acquiror Group to remove the Seller Name and Mark from all new internet or other electronic communications, including any new use of Seller's internet domain names and from the content of any publicly available internet websites within the AVS Assets, controlled by Acquiror. For the duration of the transition period set forth in this Section 4.13(b), Acquiror may continue to use the Seller Name and Mark on the same materials and in substantially the same manner as used by the AVS Business during the 90-day period preceding the Closing.

(c) In each applicable jurisdiction, as soon as practicable following the Closing Date, and in any event within six months of the Closing Date, Acquiror will, and will cause the other members of the Acquiror Group to, remove or irreversibly cover or modify the Seller Name and Mark from or destroy any (i) packaging, and (ii) product literature, uniforms, marketing materials and similar materials, in each case, bearing the Seller Name and Mark. For the duration of the transition period set forth in this Section 4.13(c), Acquiror may continue to use the Seller Name and Mark on the same materials and in substantially the same manner as used by the AVS Business during the 90-day period preceding the Closing.

(d) For all other uses of the Seller Name and Mark not specifically identified in Sections 4.13(b) – 4.13(c) (e.g., signage, business cards and stationery), for up to 90 calendar days after the Closing Date, in each applicable jurisdiction Acquiror may continue to use the Seller Name and Mark on the same materials and in substantially the same manner as used by the AVS Business during the 90-day period preceding the Closing. In each applicable jurisdiction, as soon as practicable following the Closing Date, and, in any event within 90 calendar days after the Closing Date, Acquiror will, and will cause the other members of the Acquiror Group to, remove or irreversibly cover or modify the Seller Name and Mark from or destroy any such other materials bearing the Seller Name and Mark.

(e) In no event will Acquiror use, and Acquiror will cause the other members of the Acquiror Group to not use, the Seller Name and Mark after the Closing in any manner or for any purpose different from the use of such Seller Name and Mark by the AVS Business during the 90-day period preceding the Closing. Without limiting the generality or effect of the foregoing, all products sold using the Seller Name or Mark will be of high quality, consistent in nature and quality with such products sold by the AVS Business prior to Closing. Seller reserves the right to reasonably inspect Acquiror's quality control of the products sold bearing and uses of the Seller Name and Mark and other compliance with the terms of the license granted under this Section 4.13.

(f) The Parties acknowledge and agree that the licenses granted under this Section 4.13 are non-terminable; provided, however, that if Acquiror is in material breach of any provision hereof that remains uncured for more than twenty calendar days after written notice thereof from Seller, Seller may seek injunctive relief to enjoin any further use by Acquiror in a manner inconsistent with the license rights granted herein.

4.14 License of Other Business Intellectual Property.

(a) Effective as of the Closing Date, Seller hereby grants to Acquiror and its Affiliates a perpetual, irrevocable, non-terminable, nontransferable (except in connection with the sale of all or substantially all of the assets of the AVS Global Business, in whole or in part), non-sublicensable, (except in connection with the operation of the AVS Global Business or any successor thereto), paid-up, royalty-free, worldwide right and license to Use the Other Business Intellectual Property (other than the recipes, formulations and related Intellectual Property licensed under Section 4.14(b) below) solely (i) in the conduct of the AVS Global Business as currently conducted and as conducted by Acquiror and its Affiliates after the Closing and (ii) in connection with the development, manufacture, or commercialization of all products and goods related to the AVS Global Business.

(b) Effective as of the Closing Date, Seller hereby grants to Acquiror and its Affiliates, a perpetual, irrevocable, non-terminable, fully-transferrable (in whole or in part), paid-up, royalty-free, worldwide right and license to Use all recipes and formulations used in or held by the AVS Global Business, together with all Intellectual Property rights contained therein, which were not otherwise assigned to Acquiror hereunder in all fields of use and for any purpose, in each case, together with the right to sublicense any of the foregoing.

(c) The license granted under Section 4.14(a) will be exclusive in the fields of the AVS Global Business for a period of five years and thereafter nonexclusive. The license granted under Section 4.14(b) will be exclusive in the fields of the AVS Global Business for a period of five years and non-exclusive in all other fields during such five year period and nonexclusive thereafter.

4.15 Removal of Tangible Assets.

(a) Subject to the terms of the Kunshan MSA or the Czeszochowa MSA (as applicable), the Parties will cause the Non-AVS Facility Equipment to be moved from the Kunshan Facility and the Czeszochowa Facility as promptly as reasonably practicable after the termination of the services applicable to such Non-AVS Facility Equipment under the Kunshan MSA or the Czeszochowa MSA, as applicable, at Acquiror's expense, and in a manner so as not to cause damage to such Non-AVS Facility Equipment to a location designated in writing by Acquiror. Acquiror will be responsible for the installation of such property within its facilities.

(b) Except as may be otherwise provided in the TSA, the Kunshan MSA, the Czeszochowa MSA or otherwise agreed to in writing by the Parties, all tangible Excluded Assets that are located at any of the AVS Facilities will be removed from such facilities prior to the Closing (or as promptly as reasonably practicable thereafter), at Seller's expense and in a manner so as not to unreasonably interfere with the operations of any member of the Acquiror Group and to not cause damage to such AVS Facility, and such member of the Acquiror Group will, during normal business hours and upon reasonable prior written notice, provide reasonable access as applicable to such AVS Facility to effectuate such movement. Seller will remove any Excluded Assets that remain at any such AVS Facilities in connection with the performance of services under the TSA, the Kunshan MSA and the Czeszochowa MSA as promptly as reasonably practicable after the termination of such service pursuant to the same terms and conditions stated in the immediately preceding sentence.

4.16 Labor Representative Cooperation. Seller and Acquiror will each provide, and will cause each of their Affiliates to provide, and will use their Commercially Reasonable Efforts to cause each of their respective representatives, including legal, human resources and regulatory, to provide, all cooperation reasonably requested by the other Party in connection with satisfying its obligations with respect to any labor union or similar body, including all notifications and consultations and other processes necessary to effectuate the transactions contemplated hereby, which will include any required notifications and consultations and other processes required to engage in discussions or negotiations with any labor union or similar body for purposes of executing an agreement to assume an existing collective bargaining agreement. Such cooperation will include the provision of any information and consultation required by applicable Law, the terms of any Contract or as reasonably requested by the other Party. Each of Acquiror and Seller will make available its representatives at such times and in such places as the other Party may reasonably request for purposes of discussions with representatives of any such labor union or similar body.

4.17 Insurance Matters. From and after the Closing, Acquiror will not, and will cause its Affiliates not to, assert any claim against any insurance policies or practices of Seller and its Affiliates under any fronted insurance policies, surety bonds or corporate insurance policies or practices, or any form of self-insurance whatsoever; provided, however, that (a) Seller and Acquiror agree that all claims with respect to insured events occurring prior to the Closing will be administered in accordance with the terms of Seller's or its Subsidiaries' third-party policies and coverage applicable to such claims, and the Parties will use Commercially Reasonable Efforts to obtain the benefit of such policies and coverage, (b) Acquiror will receive the benefit of such policies with respect to such claims to the extent losses occurring prior to the Closing related to AVS Assets are covered notwithstanding the consummation of the transactions contemplated by this Agreement, and (c) Seller will receive the benefit of such policies with respect to such claims to the extent losses occurring prior to the Closing related to Liabilities other than Assumed AVS Liabilities are covered notwithstanding the consummation of the transactions contemplated by this Agreement and provided, that in the case of clauses (b) and (c) such recovery will be net of any deductibles, self-insured retention, costs of any retroactive insurance premiums or other amounts paid or expenses incurred in

connection with any insured claims made after the Closing under any such policies that relate to the period prior to Closing.

4.18 Certain Employee Vehicles. Section 4.18 of the Seller Disclosure Letter sets forth a list of any leased motor vehicles used or held for use by an AVS Business Employee as of the date of this Agreement where such AVS Business Employee is a lessee but lease payments are made (or reimbursed) by Seller or its Affiliates (as such list may be amended as provided herein, the "Reimbursed Auto Leases"). Seller will be entitled to update such section of the Seller Disclosure Letter between the date hereof and the Closing to reflect any changes in such list, whether arising as a result of permitted changes in the list of AVS Business Employees or otherwise, by giving written notice to Acquiror of such change. Prior to the Closing, Seller and Acquiror will cooperate in good faith with respect to the transfer to Acquiror and its Affiliates of all obligations of Seller and its Affiliates under any Reimbursed Auto Lease to the extent arising from or relating to events or circumstances occurring after the Closing Date with respect to each Continuing Employee so that, from and after the Closing, all Continuing Employees may continue to use any motor vehicles subject to a Reimbursed Auto Lease.

4.19 Confidentiality.

(a) The Parties acknowledge that in connection with the transactions contemplated hereby, the Parties have disclosed to each other Information which the Parties consider proprietary and confidential. The Parties agree that, after the Closing, Information that constitutes an AVS Asset or that relates to the AVS Business, the AVS Assets or the Assumed AVS Liabilities will be Information of Acquiror and Acquiror will not be subject to this Section 4.19 with respect to such information and Seller will be deemed to be the Receiving Party of such Information for purposes of Section 4.19(b).

(b) Each Party receiving Information (the "Receiving Party") recognizes and acknowledges: (i) that Information of the other Party may be commercially valuable proprietary products of such Party, the design and development of which may have involved the expenditure of substantial amounts of money and the use of skilled development experts over a long period of time and which afford such Party a commercial advantage over its competitors; (ii) that the loss of this competitive advantage due to unauthorized disclosure or use of Information of such Party may cause great injury and harm to such Party; and (iii) that the restrictions imposed upon the Parties under this Section 4.19 are necessary to protect the secrecy of Information and to prevent the occurrence of such injury and harm. The Parties agree that:

(A) disclosure of Information will be received and held in confidence by the Receiving Party and that such Receiving Party will not, without the prior written consent of the Party from whom such Information was obtained (the "Disclosing Party"), disclose, divulge or permit any unauthorized Person to obtain any Information disclosed by the Disclosing Party (whether or not such Information is in written or tangible form);

(B) the Receiving Party will take such steps as may be reasonably necessary and commercially practicable to prevent the disclosure of Information to unrelated third parties; and

(C) the Receiving Party will use the Information only in connection with the transactions contemplated hereby unless otherwise authorized in writing by the Disclosing Party.

(c) The commitments set forth above will not extend to any portion of Information:

(i) which is already known to the Receiving Party other than any member of Seller Group with respect to Information related to the AVS Business, or is information generally available to the public;

(ii) which, hereafter, through no act on the part of the Receiving Party or its Representatives becomes generally available to the public;

(iii) which corresponds in substance to a disclosure furnished to the Receiving Party by any third party having, to the knowledge of the Receiving Party, a bona fide right to do so and not having any confidential obligation, direct or indirect, to the Disclosing Party with respect to the same; or

(iv) which is required to be disclosed by Law; provided, that, to the extent legally permitted, the Receiving Party provides reasonable prior written notice of such required disclosure to the Disclosing Party following the Receiving Party's knowledge of such requirement in order to provide the Disclosing Party with an opportunity to prevent or limit such disclosure by seeking a protective order or other appropriate remedy at the sole expense of the Disclosing Party.

4.20 Tooling List. Section 4.20 of the Seller Disclosure Letter sets forth an accurate list of all material customer-owned tooling related to the AVS Business (indicating, in each case, the applicable type, customer, location and ownership) as of June 30, 2018. Seller will update Section 4.20 of the Seller Disclosure Letter prior to the Closing (as of a date not earlier than 15 Business Days prior to the Closing Date).

4.21 No Shop.

(a) Seller will, will cause its Subsidiaries, and will direct its other Affiliates and Representatives to (i) immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any Person conducted heretofore by Seller or any of its Affiliates or Representatives with respect to any Acquisition Transaction and (ii) with respect to any Person and its Representatives who have received access to any electronic data room granted in connection with any Acquisition Transaction, promptly terminate the access of any such Person and its Representatives to any electronic data room granted in connection with such Acquisition Transaction.

(b) From the date hereof until the earlier to occur of (i) the valid termination of this Agreement pursuant to the terms and conditions set forth herein and (ii) the Closing, Seller will not, will cause its Subsidiaries not to, and will direct its other Affiliates and Representatives not to, directly or indirectly, (A) solicit, encourage, initiate, endorse, cooperate with or otherwise encourage or facilitate any inquiry, proposal or offer with respect to, or the making or completion of, any Acquisition Transaction, or any inquiry, proposal or offer that would reasonably be expected to lead to any Acquisition Transaction, (B) conduct any discussions, enter into any negotiations or submissions of proposals or offers in respect of an Acquisition Transaction, (C) other than as required pursuant to applicable Laws or otherwise contemplated by this Agreement or any Ancillary Agreement, provide any confidential or proprietary information regarding the AVS Business or any of the AVS Assets (including this Agreement and any other materials containing Acquiror's proposed terms and any other financial information, projections or proposals regarding the AVS Business or the AVS Assets) to any Person (other than the Parties and their Representatives) in connection with a proposed Acquisition Transaction, or provide access to any Person to the properties, assets, officers or employees of the AVS Business, in each case in connection with an Acquisition Transaction, (D) approve any Acquisition Transaction or (E) enter into any letter of intent, definitive acquisition agreement, agreement in principle, option agreement, joint venture agreement, partnership agreement or any other similar Contract requiring Seller to abandon or terminate its obligations hereunder or fail to consummate the transactions contemplated hereby. Seller will be responsible for any breach of this Section 4.21 by its Representatives or Affiliates.

4.22 Lab Service Agreement. Prior to the Closing, Seller and Acquiror will negotiate in good faith to enter into, effective as of the Closing Date, a lab services agreement under which Acquiror will provide to Seller or its designee the laboratory compounding and testing services set forth on Section 4.22 of the Seller Disclosure Letter at the lab located at the Auburn Facility on mutually agreed terms and conditions.

V. EMPLOYEE MATTERS

5.01 Identification of Employees. Section 5.01 of the Seller Disclosure Letter sets forth a list of each In-Scope Employee as of the date hereof. Seller will update Section 5.01 of the Seller Disclosure Letter monthly after the date of this Agreement, and fifteen (15) days prior to the Closing Date (or such nearest earlier date as may be reasonably practicable).

5.02 Continuity of Employment.

(a) Seller and Acquiror hereby acknowledge that it is in their mutual best interest for there to be continuity of employment by Acquiror or its Affiliates following the Closing with respect to each In-Scope Employee who accepts employment with the Acquiror Group as of the Closing (other than any employee whose employment with Seller and its Subsidiaries terminated prior to the Closing) (collectively, "AVS Business Employees").

(b) Not less than 15 calendar days (or such longer period as may be required by applicable Law) prior to the Closing Date, Acquiror will, or will cause one of its Affiliates to, present its terms and conditions of employment (including base salary or hourly wage rate, target bonus opportunity and other terms and conditions in respect of post-Closing compensation and benefits) to each In-Scope Employee, which terms and conditions will be consistent with the provisions of this Article V (including any schedule thereto). Subject to applicable Law, Seller and Acquiror will reasonably cooperate in connection with the presentation of such terms and conditions of employment to the In-Scope Employees. The Parties acknowledge that any In-Scope Employee may elect not to accept employment with Acquiror or its Affiliates. Each AVS Business Employee who does not reject the offer of employment from Acquiror or its Affiliates (the applicable entity, the "Employing Entity") is referred to herein as a "Continuing Employee." The Parties acknowledge and agree that nothing contained in this Article V is intended to confer upon any Continuing Employee any right to continued employment after evaluation by Acquiror of its employment needs after the Closing Date. Each Continuing Employee who is based in the United States is referred to as a "US Continuing Employee," and each Continuing Employee who is based outside of the United States is referred to as a "Non-US Continuing Employee".

(c) Nothing herein will be construed as a representation or guarantee by Seller or any of its Affiliates that (i) some or all of the In-Scope Employees will accept employment with Acquiror or one of its Affiliates or (ii) some or all of the In-Scope Employees will become employed by or continue in employment with Acquiror or one of its Affiliates for any period of time. The Parties acknowledge and agree that, notwithstanding anything in this Agreement to the contrary, Acquiror will not be required to bear any severance costs or other Liability in the event that such Liability is a result of an In-Scope Employee's rejection of an offer of employment by Acquiror or its Affiliate that complies in all material respects with the requirements hereunder.

(d) With respect to any AVS Business Employee who is working in any country pursuant to a local visa or similar authorization as of the Closing, Acquiror and Seller will use their Commercially Reasonable Efforts to allow such AVS Business Employee to transfer to an Affiliate of Acquiror in such country as of the Closing. Notwithstanding anything to the contrary, to the extent that it can be accommodated in accordance with applicable Law, if such transfer measures are not completed as of the Closing Date, such AVS Business Employee will remain an employee of Seller or its Affiliates and will not transfer employment to Acquiror or any of its Affiliates until such transfer measures are completed (each, a "Delayed Transfer Employee"). Each Delayed Transfer Employee will not be considered a Continuing Employee unless and until such transfer measures are completed prior to the one-year anniversary of the Closing. With respect to each Delayed Transfer Employee, any references to the termination of any employment-related obligations of Seller or any of its Affiliates and the assumption or commencement of employment-related obligations by Acquiror and its Affiliates as of the Closing Date will be deemed to apply instead as of the date such transfer measures are completed.

(e) Notwithstanding anything to the contrary in this Agreement, to the extent that it can be accommodated in accordance with applicable Law, any AVS Business Employee who is not actively at work as of the Closing due to a leave of absence, disability or sick leave will remain an employee of Seller or its Affiliates and will not transfer employment to Acquiror or any of its Affiliates until such time as such employee is able to return to active fulltime, full medical release work status (each, a "Leave of Absence Employee"). Each Leave of Absence Employee will not be considered a Continuing Employee unless and until such Leave of Absence Employee returns to actively at work on fulltime, full medical release status with Acquiror or its Affiliates prior to the six-month anniversary of the Closing Date or such longer period as required by Law. With respect to each Leave of Absence Employee, any references to the termination of any employment-related obligations of Seller or any of its Affiliates and the assumption or commencement of employment-related obligations by Acquiror and its Affiliates as of the Closing Date will be deemed to apply instead as of the date such employee returns to actively at work status with Acquiror or its Affiliates.

(f) Without limiting the generality of the provisions of this Article V, as of the Closing, Acquiror will (or will cause an Affiliate to) assume or retain and be responsible for the employment (including any employment contracts) of all Non-US Continuing Employees, and Acquiror will (or will cause an Affiliate to) take any and all actions necessary or appropriate (if any) to continue the employment of such Non-US Continuing Employees, without the Seller or any of its Affiliates having any Liability following the Closing to any such employees for severance, redundancy, termination, payment in lieu of notice, indemnity or other payments to any of such employees by reason of, or as a result of, the transactions contemplated by this Agreement.

5.03 Terms of Employment.

(a) As of the Closing and for the one-year period following the Closing Date or such longer period as may be required by applicable Law or Contract (the "Benefit Period"), Acquiror will make available to each Continuing Employee (i) an annual salary or wage level that is at least equal to the annual salary or wage level that is in effect for such Continuing Employee immediately prior to the Closing and (ii) annual cash bonus opportunities (which, for the avoidance of doubt, will be prorated for the calendar year in which Closing occurs) and employee benefits (other than any equity or equity-based compensation or benefits under any defined benefit pension plan) that are reasonably comparable in the aggregate to the annual cash bonus opportunities and employee benefits that are in effect for such Continuing Employees immediately prior to the Closing; provided, that the foregoing obligations in this subsection (a) will only apply to a Continuing Employee for as long as such Continuing Employee remains employed by Acquiror during the Benefit Period unless any such Continuing Employee voluntarily transfers to another member of the Acquiror Group during such period. For the avoidance of doubt, this Section 5.03(a) will require Acquiror to maintain, or cause an Affiliate to maintain, for the one-year period following the Closing Date or such longer period as may be required by applicable Law or Contract, a severance pay plan, program or practice for the benefit of each Continuing Employee that is reasonably comparable in the aggregate to the plan, program or

practice in effect immediately prior to the Closing with respect to each such Continuing Employee.

(b) Seller and Acquiror agree to cooperate and provide each other such information as each may reasonably request in order to administer the AVS Business Acquired Plans with respect to Continuing Employees following the Closing.

(c) Notwithstanding anything in this Agreement to the contrary, the terms and conditions of employment of any Continuing Employee who is covered by any collective bargaining agreement will be as set forth in the applicable collective bargaining agreement until such applicable agreement's expiration, modification or termination in accordance with its terms or applicable Law. Subject to the allocation of Liabilities set forth in Section 1.05(b)(iv), as of the Closing Date, Acquiror will assume all collective bargaining agreements or other agreement with a labor organization listed in Section 2.09(g) of the Seller Disclosure Letter; provided, however, that Acquiror will negotiate in good faith and use Commercially Reasonable Efforts to execute, prior to and effective upon the Closing Date, an agreement with United Steel Workers union Local 634L (the "USW") recognizing the USW and either assuming the current collective bargaining agreement between Cooper-Standard Automotive Inc., Auburn NVH Plant and Local 634L U.S.W., effective July 1, 2017 until July 1, 2020, subject to the allocation of Liabilities set forth in Section 1.05(b)(iv), or establishing a new collective bargaining agreement with the USW.

(i) Each member of the Acquiror Group acknowledges and agrees that the remedies at law for a breach or threatened breach of Section 5.03(c) may be inadequate and Seller, its Affiliates, and the applicable Continuing Employee(s) may suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, each member of the Acquiror Group agrees that in the event of such a breach or threatened breach of Section 5.03(c) by any member of the Acquiror Group, in addition to any remedies at Law, Seller will be entitled to equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available.

(d) This Section 5.03 will survive the Closing and will be binding on all successors and assigns of Seller and Acquiror and each of their respective Subsidiaries and Affiliates.

5.04 Bonuses. With respect to annual bonuses for Continuing Employees for the calendar year in which the Closing occurs, in the calendar year following the Closing, Seller will pay to each Continuing Employee, at the same time as Seller pays to other employees of Seller and its Affiliates, an amount equal to the product of (a) the bonus such Continuing Employee would have earned had he or she remained employed by Seller or an Affiliate through the end of the applicable calendar year (which bonus amount will be calculated by Seller using the same performance metrics that are applied by Seller to other employees of Seller and its Affiliates), multiplied by (b) a fraction, the numerator of which is the number of days that have elapsed between

January 1 of the year in which the Closing occurs and the Closing Date and the denominator of which is 365.

5.05 Credit for Service with Seller. Where applicable, and to the extent administratively practicable or otherwise required by applicable Law, Acquiror and its Affiliates will provide credit for each Continuing Employee's length of service with Seller and its Affiliates and their respective predecessors for all purposes (including eligibility, vesting and benefit accrual) under (a) each plan, program, policy or arrangement of Acquiror and its Affiliates to the same extent such service was recognized under a similar plan, program, policy or arrangement of Seller or any of its Affiliates, and (b) applicable Law (including the Family and Medical Leave Act of 1993) in each case, except to the extent such prior service credit would result in a duplication of benefits (including any duplication of benefits under a defined benefit pension plan).

5.06 Welfare Benefit Plans. Seller will retain responsibility for all hospital, medical, life insurance, disability and other welfare plan (collectively referred to herein as "Welfare Type Plans") expenses and benefits in respect of claims covered by such plans that are incurred by Continuing Employees and their dependents prior to the Closing Date. Acquiror will be responsible for all expenses and benefits in respect of claims incurred on or after the Closing Date by Continuing Employees and their dependents under all Welfare Type Plans that are maintained by Acquiror for the Continuing Employees and their dependents. For purposes of this Section 5.06, claims will be deemed to have been incurred:

(a) with respect to salary continuation claims, on the day that the incident triggering the salary continuation claim occurred;

(b) with respect to all medical, drug or dental claims, on the date the service was received or the supply was purchased by the claimant; and

(c) with respect to disability or life insurance claims, on the date the incident occurred.

5.07 Waiver of Conditions. Acquiror will, or will cause an Affiliate to, use Commercially Reasonable Efforts to waive any pre-existing condition limitations and eligibility waiting periods under Acquiror's welfare plans (but only to the extent such pre-existing condition limitations and eligibility waiting periods were satisfied under comparable welfare plans of Seller (or an Affiliate) as of the Closing Date).

5.08 AVS Business Acquired Plans. Effective as of the Closing, Acquiror will assume sponsorship of and all obligations under, Liabilities with respect to and Assets with respect to the AVS Business Acquired Plans. Seller and Acquiror will take all actions necessary to transfer such sponsorship and Assets to Acquiror as of the Closing.

5.09 401(k) Plan for Non-Union US Continuing Employees. Effective as of the Closing Date, subject to approval by Seller's Employee Benefit Committee, each US Continuing Employee who is not represented by a collective bargaining agreement

(each, a “Non-Union US Continuing Employee”) will be fully vested in his or her account balance under the Cooper-Standard Automotive Inc. Enhanced Investment Savings Plan.

5.10 COBRA Continuation Coverage. Acquiror will have the sole responsibility for “continuation coverage” benefits provided after the Closing Date for all US Continuing Employees and each of the “qualified beneficiaries” of such employees, in any case, for whom a “qualifying event” occurs after the Closing Date. Seller will have the sole responsibility for “continuation coverage” benefits provided after the Closing Date for all AVS Business Employees and each of the “qualified beneficiaries” of such employees, in any case, for whom a “qualifying event” occurs on or prior to the Closing Date. The terms “continuation coverage”, “qualified beneficiaries” and “qualifying event” will have the meanings ascribed to them under Section 4980B of the Code and Sections 601-608 of ERISA.

5.11 Worker’s Compensation. With respect to workers’ compensation claims, from and after the Closing Date, Acquiror will become responsible for all new workers’ compensation claims of any Continuing Employee as such new claims relate to injuries identifiably sustained by Continuing Employees after the Closing Date.

5.12 WARN Act. Acquiror will, and will cause its Affiliates to, (i) provide any required notice under the Worker Adjustment and Retraining Notification Act or any other similar Law (the “WARN Act”) and (ii) otherwise comply with the WARN Act with respect to any “plant closing” or “mass layoff” (as defined in the WARN Act) or group termination or similar event affecting Continuing Employees (including as a result of the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements) and occurring from and after the Closing. Acquiror will not, and will not permit any of its Affiliates to, take any action on or after the Closing Date that would cause any termination of employment by Seller or its Affiliates of any employees of the AVS Business occurring prior to the Closing to constitute a “plant closing,” “mass layoff” or group termination or similar event under the WARN Act, or to create any Liability or penalty to Seller or any of its Affiliates for any employment terminations under applicable Law. In addition, Acquiror will provide a full defense to, and indemnify Seller for any Liabilities (including costs of collection, attorneys’ fees and other defense costs or disbursements) which Seller may incur in connection with any suit or claim of violation brought against or affecting Seller under the WARN Act or any similar Law of any actions taken by Acquiror with regard to any site of employment, facility, operating unit or employee affected by this Agreement, including but not limited to liability under the WARN Act or any similar law that arises, in whole or in part as a result of any “employment loss” (as that term is defined in the WARN Act or any similar law, which was caused by Acquiror in such 90 day period following the Closing Date. Seller will notify Acquiror of any layoffs of employees of the AVS Business that occur during the 90-day period prior to the Closing Date. Section 5.12 of the Seller Disclosure Letter contains a true and complete list of the names and the sites of employment or facilities of those individuals who suffered an “employment loss” (as that term is defined in the WARN Act) at any site of employment or facility of the Seller or any Subsidiary during the 90-day period prior to the date of this Agreement. Section 5.12 of the Seller

Disclosure Letter will be updated immediately prior to the Closing Date with respect to the 90-day period prior to the Closing Date.

5.13 Retiree Welfare Benefits. Effective as of the Closing, Acquiror will assume all post-employment and post-retirement welfare benefit obligations with respect to all Continuing Employees of the AVS Business and their respective spouses and dependents. Acquiror will establish a post-retirement welfare benefit plan ("Acquiror's Retiree Plan") for the benefit of such Continuing Employees of the AVS Business and their respective spouses and dependents that provides benefits that are substantially comparable to the benefits provided to such individuals under Seller's applicable post-retirement welfare plan(s). Except where otherwise provided by applicable Law, benefits under Acquiror's Retiree Plan may not be substantially decreased or terminated prior to December 31, 2020 (or in the case of any such employee who is covered by a collective bargaining agreement, until the expiration of the applicable collective bargaining agreement or in accordance with applicable Law).

5.14 Nonqualified Plans. Effective as of the Closing Date, Acquiror will permit (or cause an Affiliate to permit) the individual set forth on Section 5.14 of the Seller Disclosure Letter to participate in The Continental Non-Qualified Deferred Compensation Plan – Rubber.

5.15 Accrued Personal, Sick or Vacation Time. Except where otherwise provided by applicable Law, Acquiror or an Affiliate thereof will credit each Continuing Employee with any unused personal, sick or vacation time accrued as of immediately prior to the Closing Date under applicable policies of Seller and its Affiliates, and none of Seller or its Affiliates will have any liability therefor on or following the Closing Date; provided, that if Seller will be required by applicable Law to pay any Continuing Employee the cash value of his or her unused personal, sick or vacation time, then Acquiror will reimburse Seller for the amount so paid by Seller and will not be required to honor such days.

5.16 Participation in Seller Plans. Effective as of the Closing Date, except as required by Law, collective bargaining agreement or otherwise by this Article V, all Continuing Employees will cease active participation in, and any benefit accrual under, each of the Compensation and Benefit Plans, other than the AVS Business Acquired Plans.

5.17 Miscellaneous.

(a) Following the date of this Agreement, Seller and Acquiror (and their Affiliates) will reasonably cooperate and use good faith efforts in all matters reasonably necessary to effect the transactions contemplated by this Article V (including any schedule hereto), including, (i) cooperating and providing each other with all necessary and reasonable assistance and information to ensure that any works councils or committees, trade and labor unions and/or employee representatives applicable to the Non-US Continuing Employees are provided with the information required in order for proper consultation to take place, (ii) exchanging information and data (in each case,

except to the extent prohibited by applicable Law or to the extent that such information and data relates to performance ratings or assessments or employees of Seller and its Affiliates), (iii) making any and all required filings and notices, (iv) making any and all required communications with AVS Business Employees, and (v) obtaining any Governmental Approvals required hereunder.

(b) Between the date hereof and the Closing Date, any communications between Acquiror and any employees of Seller and its Affiliates regarding terms of employment, employee benefits or otherwise regarding employment with Acquiror will be conducted at the times and through processes approved by Seller, such approval not to be unreasonably withheld, conditioned or delayed. Such processes will provide adequate access to the AVS Business Employees and allow all reasonable means of communication with such employees by Acquiror and its Affiliates.

(c) Without limiting Acquiror's obligations under this Article V (including any schedule hereto) with respect to the Continuing Employees, this Article V (including any schedule hereto) will not (i) be treated as an amendment of, or undertaking to amend any employee benefit plan in which Acquiror's employees participate or (ii) prohibit Acquiror or any of its Affiliates from amending any employee benefit plan in which Acquiror's employees participate.

(d) Notwithstanding anything in this Agreement to the contrary (including the provisions of Sections 10.06 and 10.14), Seller, in its sole discretion, will have the right to enforce the obligations of any member of the Acquiror Group under this Article V (including any schedule hereto) on behalf of, and for the benefit of, any Continuing Employee; provided, however, that with respect to any such enforcement, Seller must first (i) within 90 calendar days following Seller's actual knowledge of the condition giving rise to Seller's enforcement action, deliver to Acquiror a written explanation specifying the relevant portion of this Article V (including any schedule hereto) that is the basis for such enforcement action and (ii) give Acquiror an opportunity to cure such condition within 30 calendar days following delivery of such explanation; and provided, further, that in no event will Seller have any rights under this Section 5.17(d) (including any schedule hereto) relating to any alleged breach by Acquiror of its obligations under this Article V (including any schedule hereto) if the alleged failure to meet such obligations results from Seller's failure to provide information reasonably necessary to satisfy Acquiror's obligations. Nothing contained in this Article V will (a) be construed to establish, amend, or modify any Compensation and Benefit Plan, Contract, collective bargaining agreement policy or arrangement, (b) limit the ability of Acquiror or any of its Affiliates to amend, modify or terminate any benefit or compensation plan, collective bargaining agreement, contract, policy or arrangement at any time assumed, established, sponsored or maintained by any of them, (c) create any third-party beneficiary rights or obligations in any person (including any Continuing Employee) other than the Parties to this Agreement or any right to employment or continued employment or to a particular term or condition of employment with Acquiror or any of its Affiliates, or (d) limit the right of Acquiror or any of its Affiliates to terminate the employment or service of any employee or other service provider following the Closing Date at any time and for any or no reason.

VI. CONDITIONS

6.01 *Joint Conditions*. The respective obligation of Seller and Acquiror to consummate the Closing is subject to the satisfaction or waiver of the following conditions:

- (a) no preliminary or permanent injunction or other Order or Law shall be in effect that would make unlawful the consummation of the transactions contemplated hereby;
- (b) (i) all waiting periods under the HSR Act applicable to the transactions contemplated by this Agreement shall have terminated or expired, and (ii) all other applicable Governmental Approvals required for the consummation of the transactions contemplated by this Agreement under any Antitrust Laws identified on Section 6.01(b) of the Seller Disclosure Letter shall have been obtained;
- (c) the notifications to the works councils, economic committees, unions and any other representative bodies identified on Section 6.01(c) of the Seller Disclosure Letter shall have been made, all required consultations shall have been conducted and with respect to each identified jurisdiction, either (i) a motivated opinion shall have been obtained from each applicable works council, economic committee, union and other representative body or (ii) the Closing shall be permitted under local Law without such motivated opinion; and
- (d) the French Closing shall have occurred.

6.02 *Conditions to the Obligation of Acquiror*. The obligation of Acquiror to consummate the Closing is subject to the satisfaction of each of the following conditions (each of which is for the exclusive benefit of Acquiror and may be waived by Acquiror unless otherwise provided in this Agreement):

- (a) all covenants of Seller under this Agreement and the Ancillary Agreements to be performed on or before the Closing shall have been duly performed (or any non-performance shall have been cured) by Seller in all material respects;
- (b) (i) the Seller Specified Representations shall be true and correct in all respects as of the Closing Date, (ii) the representations and warranties set forth in Article II of this Agreement (other than the Seller Specified Representations), which for purposes of this clause (ii) will be read as though none of them contained any materiality qualifications, but not disregarding limitations of representations to AVS Material Contracts or temporal limitations, shall be true and correct in all respects as of the Closing Date (except that any representation and warranty made as of a date other than the date of this Agreement shall continue on the Closing Date to be true and correct in all respects as of the specified date), except where the failure of the representations and warranties described in this clause (ii) to be true and correct in all respects would not reasonably be expected, individually or in the aggregate, to have an AVS Business MAE, and Acquiror shall have received a certificate of Seller addressed to Acquiror and dated the Closing Date, signed on behalf of Seller by an officer of Seller

(on Seller's behalf and without personal liability), confirming the matters set forth in Section 6.02(a) and Section 6.02(b);

(c) from the date of this Agreement until the Closing Date, no AVS Business MAE shall have occurred;

(d) Cooper-Standard France SAS shall have validly delivered to Acquiror an Acceptance Notice (as such term is defined in the French Offer to Purchase);

(e) all deliveries of compounds from the Stratford Facility for products of the AVS Business shall have ceased and been replaced with equivalent deliveries from the Auburn Facility (and all Consents that are required in connection with the same shall have been obtained, and reasonably satisfactory evidence thereof shall have been provided to Acquiror);

(f) Seller and Acquiror shall have completed the IT Preparation;

(g) the United Steel Workers union Local 634L shall have executed an agreement with Acquiror, as contemplated by Section 5.03(c); and

(h) Seller shall made each of the deliveries contemplated by Section 1.12(a).

6.03 *Conditions to the Obligation of Seller.* The obligation of Seller to consummate the Closing is subject to the satisfaction of each of the following conditions (each of which is for the exclusive benefit of Seller and may be waived by Seller unless otherwise provided in this Agreement):

(a) all covenants of Acquiror under this Agreement and the Ancillary Agreements to be performed on or before the Closing Date shall have been duly performed (or any non-performance shall have been cured) by Acquiror in all material respects;

(b) (i) the Acquiror Specified Representations shall be true and correct in all respects as of the Closing Date, (ii) the representations and warranties set forth in Article III of this Agreement (other than the Acquiror Specified Representations), which for purposes of this clause (ii) will be read as though none of them contained any materiality or "Acquiror MAE" qualifications, shall be true and correct in all respects as of the Closing Date with the same effect as though made as of the Closing Date (except that any representation and warranty made as of a date other than the date of this Agreement shall continue on the Closing Date to be true and correct in all respects as of the specified date), except where the failure of the representations and warranties to be true and correct in all respects would not reasonably be expected, individually or in the aggregate, to have an Acquiror MAE, and Seller shall have received a certificate of Acquiror addressed to Seller and dated the Closing Date, signed on behalf of Acquiror by an officer of Acquiror (on Acquiror's behalf and without personal liability), confirming the matters set forth in Section 6.03(a) and this Section 6.03(b);

- (c) Seller and Acquiror shall have completed the IT Preparation; and
- (d) Acquiror shall made each of the deliveries contemplated by Section 1.12(b).

VII. TERMINATION AND ABANDONMENT

7.01 Basis for Termination. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing Date:

- (a) by mutual written consent of Seller and Acquiror;
- (b) by either Seller or Acquiror:

- (i) if the Closing does not occur on or prior to June 30, 2019 (the "End Date"), unless the failure of the Closing to occur by such date is due to the failure of the Party seeking to terminate this Agreement to perform or observe in all material respects the covenants of such Party set forth herein; or

- (ii) if (A) there is any Law that makes consummation of the transactions hereunder illegal or otherwise prohibited or (B) any Governmental Authority having competent jurisdiction has issued an Order or taken any other action (which the terminating Party must have complied with its obligations (if any, under this Agreement) to resist, resolve or lift) permanently restraining, enjoining or otherwise prohibiting the transactions contemplated hereunder, and such Order or other action becomes final and non-appealable;

- (iii) if the French SPA is terminated in accordance with its terms;

- (c) by Seller:

- (i) if Acquiror breaches any of its representations and warranties or covenants contained in this Agreement, which breach (A) would give rise to the failure of a condition set forth in Article VI and (B) cannot be or has not been cured within 60 calendar days after the giving of written notice to Acquiror of such breach; or

- (ii) if any of the conditions set forth in Sections 6.01 or 6.03 becomes incapable of fulfillment, and has not been waived by Seller to the extent waivable;

- (d) by Acquiror:

- (i) if Seller breaches any of its representations and warranties or covenants contained in this Agreement, which breach (A) would give rise to the failure of a condition set forth in Article VI and (B) cannot be or has not been cured within 60 calendar days after the giving of written notice to Seller of such breach; or

(ii) if any of the conditions set forth in Sections 6.01 or 6.02 becomes incapable of fulfillment, and has not been waived by Acquiror to the extent waivable;

provided, however, that the Party seeking termination pursuant to clause (c)(i), (c)(ii), (d)(i), or (d)(ii) is not in material breach of any of its representations, warranties or covenants contained in this Agreement.

7.02 Notice of Termination; Return or Destruction of Documents; Continuing Confidentiality Obligation. In the event of termination by Seller or Acquiror pursuant to this Article VII, written notice thereof will forthwith be given to the other Party and the transactions contemplated by this Agreement and the Ancillary Agreements will terminate, without further action by any Party. If the transactions contemplated by this Agreement and the Ancillary Agreements are terminated as provided herein, (a) Acquiror will return to Seller or destroy all documents and copies (including electronic copies, to the extent practicable) and other material received from Seller and its Subsidiaries and its and their Representatives relating to the transactions contemplated hereby and by the Ancillary Agreements, whether so obtained before or after the execution hereof, (b) Seller will return to Acquiror or destroy all documents and copies (including electronic copies, to the extent practicable) and other material received from Acquiror and its Subsidiaries and its and their Representatives relating to the transactions contemplated hereby and by the Ancillary Agreements, whether so obtained before or after the execution hereof, and (c) notwithstanding anything herein to the contrary, the Confidentiality Agreement will be deemed to be reinstated and will be deemed to apply as if it had not originally been terminated pursuant to Section 10.02. Destruction of all documents and other material received relating to the transactions contemplated by this Section 7.02 will be confirmed in writing.

7.03 Effect of Termination. If this Agreement is terminated and the transactions contemplated hereby are abandoned as described in this Article VII, (a) there shall be no Liability of either Party arising from or relating to any breaches by such Party of this Agreement, and termination shall be each Party's exclusive remedy for any breach by the other Party and (b) this Agreement will become void and of no further force and effect, except for the provisions of Section 4.03 relating to publicity, this Section 7.03 and Article X (other than Section 10.11 which will terminate with the other provisions of this Agreement except as specifically provided in this Section) containing general provisions, except that nothing in this Article VII will be deemed to (i) release any Party or limit the Liability either Party for such Party's fraud or Deliberate Breach or (ii) impair the right of any Party to compel specific performance by another Party of its obligations under this Agreement that specifically survive such termination as set forth in the immediately preceding sentence.

VIII. INDEMNIFICATION

8.01 Indemnification by Acquiror. Without limiting or otherwise affecting the indemnity provisions of any Ancillary Agreement, but subject to the limitations set forth in this Article VIII, from and after the Closing Date, Acquiror will indemnify, defend (or,

where applicable, pay the defense costs for) and hold harmless the Seller Indemnitees from and against, any and all Losses to the extent resulting from, relating to or arising, whether prior to or following the Closing, out of any of the following items (without duplication):

(a) the Assumed AVS Liabilities, including the failure of any member of the Acquiror Group or any other Person to pay, perform, fulfill, discharge and, to the extent applicable, comply with, in due course and in full, any such Assumed AVS Liabilities;

(b) any breach by Acquiror or any other member of the Acquiror Group of any covenant to be performed by such Persons pursuant to this Agreement; and

(c) any breach of any of the representations and warranties contained in Article III of this Agreement.

8.02 Indemnification by Seller. Without limiting or otherwise affecting the indemnity provisions of any Ancillary Agreement but subject to the limitations set forth in this Article VIII, from and after the Closing, Seller will indemnify, defend (or, where applicable, pay the defense costs for) and hold harmless the Acquiror Indemnitees from and against any and all Losses to the extent resulting from, relating to or arising, whether prior to or following the Closing, out of any of the following items (without duplication):

(a) any Excluded Liability, including the failure of Seller or any other member of the Seller Group or any other Person to pay, perform, fulfill, discharge, and to the extent applicable, comply with, in due course and in full, such Excluded Liabilities;

(b) any breach by Seller or any other member of the Seller Group of any covenant to be performed by such Persons pursuant to this Agreement;

(c) any breach of any of the representations and warranties of Seller contained in Article II of this Agreement; and

(d) any Unknown Liabilities.

8.03 Calculation and Other Provisions Relating to Indemnity Payments.

(a) Insurance. The amount of any Loss for which indemnification is provided under this Article VIII will be net of any amounts actually recovered by the Indemnatee or its Affiliates under insurance policies with respect to such Loss (less the costs and expenses incurred to collect the proceeds of such insurance and the amount, if any, of any retroactive or other premium adjustments reasonably attributable thereto).

(b) Net Tax Benefits. The amount that any Indemnifying Party is or may be required to provide as indemnification to or on behalf of any Indemnatee under this Agreement will be decreased by the amount of any net Tax benefit realized by the Indemnatee (or an Affiliate thereof) in connection with the payment of the relevant

indemnified amount or the conduct, event or condition giving rise to the indemnity obligation (as offset by any Tax detriment realized upon the receipt of such indemnity payment).

(c) Items Included in Final Closing Adjustment Statement. Acquiror will have no right to make any claims against Seller in respect of any Liability (i) to the extent that the Liability was fully reflected in the Final Closing Adjustment Statement, or (ii) to the extent it would result in a duplicative payment or benefit to Acquiror of amounts recovered as Post-Closing Adjustment pursuant to Section 1.11(e).

(d) Materiality Scrape. For the purposes of calculating the amount of any Losses arising from a breach of the representations and warranties of Seller or Acquiror, such representations and warranties contained in this Agreement will be read without regard to any qualification therein relating to materiality, AVS Business MAE, Acquiror MAE or any similar qualification or standard.

8.04 Procedures for Defense, Settlement and Indemnification of Claims.

(a) Direct Claims. All claims made hereunder by (i) any member of the Seller Group, on the one hand, against Acquiror or any member of the Acquiror Group, on the other hand, or (ii) by Acquiror or any member of the Acquiror Group, on the one hand, against any member of the Seller Group, on the other hand (collectively, "Direct Claims"), will be subject to the limitations and dispute resolution procedures set forth in Section 10.15.

(b) Third-Party Claims.

(i) Notice of Claims. If an Indemnitee receives notice or otherwise learns of the assertion by a Person (including any Governmental Authority) who is not a member of the Seller Group or Acquiror or any of its Affiliates of any claim or of the commencement by any such Person of any Action with respect to which an Indemnifying Party may be obligated to provide indemnification (collectively, a "Third-Party Claim"), such Indemnitee will give such Indemnifying Party prompt written notice (a "Claims Notice") thereof but in any event within 10 Business Days after receiving written notice of such Third Party Claim. Any such notice will describe the Third-Party Claim in reasonable detail, stating the nature, basis for indemnification and the amount thereof, to the extent known, along with copies of any relevant documents evidencing such Third-Party Claim. Notwithstanding the foregoing, the delay or failure of any Indemnitee or other Person to give notice as provided in this Section 8.04(b)(i) will not relieve the Indemnifying Party of its obligations under this Article VIII, except to the extent that such Indemnifying Party is actually materially prejudiced by such delay or failure to give notice.

(ii) Opportunity to Defend. The Indemnifying Party has the right, exercisable by written notice to the Indemnitee within 10 Business Days after receipt of a Claims Notice from the Indemnitee of the commencement or

assertion of any Third-Party Claim in respect of which indemnity may be sought under this Article VIII, to assume and conduct the defense of such Third-Party Claim in accordance with the limits set forth in this Agreement with counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnitee; provided, however, that (A) the Third-Party Claim does not relate to or arise in connection with any criminal proceeding, action, indictment, allegation or investigation, (B) the Third-Party Claim would not, in the reasonable opinion of the Indemnitee, negatively affect the reputation of the Indemnitee, (C) the Third-Party Claim does not involve (in the event that Acquiror is an Indemnitee) any customer of Acquiror or its Subsidiaries or Governmental Authority that regulates Acquiror or its Subsidiaries, (D) the Third-Party Claim solely seeks (and continues to seek) monetary damages; and (E) the Indemnifying Party expressly agrees with the Indemnitee in writing to be fully responsible for all of the Losses that arise from the Third-Party Claim (the conditions set forth in clauses (A) through (E) are, collectively, the "Litigation Conditions"). For purposes of clause (E) of the preceding sentence, if a Third-Party Claim consists of multiple claims by a plaintiff or group of plaintiffs, and it is reasonably practicable for an Indemnifying Party to control the defense of a subset of such claims, the Indemnifying Party may elect to agree to be fully responsible for only all of the Losses that arise from such subset of claims, and may elect to control the defense of only such subset of claims; provided, that the other Litigation Conditions set forth in clauses (A) through (E) of the preceding sentence are satisfied. If the Indemnifying Party does not assume the defense of a Third-Party Claim in accordance with this Section 8.04(b), the Indemnitee may continue to defend the Third-Party Claim. If the Indemnifying Party has assumed the defense of a Third-Party Claim as provided in this Section 8.04(b), the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defense of the Third-Party Claim; provided, however, that if (x) any of the Litigation Conditions ceases to be met, (y) the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third-Party Claim or (z) in the reasonable judgment of the Indemnitee based on the advice of counsel, there exists an actual or potential conflict of interest between the Indemnifying Party and the Indemnitee with respect to such Third-Party Claim, the Indemnitee may assume its own defense, and the Indemnifying Party will be liable for all reasonable costs or expenses thereafter incurred by the Indemnitee in connection with such defense. The Indemnifying Party or the Indemnitee, as the case may be, has the right to participate in (but, subject to the prior sentence, not control), at its own expense, the defense of any Third-Party Claim that the other is defending as provided in this Agreement. The Indemnifying Party, if it has assumed the defense of any Third-Party Claim as provided in this Agreement, may not, without the prior written consent of the Indemnitee, consent to a settlement of, or the entry of any judgment arising from, any such Third-Party Claim unless such settlement or judgment includes as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnitee of a complete release from all liability in respect of such Third-Party Claim and unless such settlement or judgment does not impose

injunctive or other non-monetary equitable relief against the Indemnatee or its Affiliates, or their respective businesses. The Indemnatee has the right to settle any Third-Party Claim, the defense of which has not been assumed by the Indemnifying Party, with the prior written consent of the Indemnifying Party, which consent will not be unreasonably withheld, conditioned or delayed.

(iii) In the event that an Indemnifying Party is precluded from assuming the defense of a Third-Party Claim due to any of the Litigation Conditions (other than the Litigation Condition set forth in clause (E) of the definition of "Litigation Conditions") not being met, the Indemnatee will defend itself against the applicable Third-Party Claim with counsel selected by the Indemnatee. In such circumstances, the Indemnatee will defend any such Third-Party Claim in good faith and have control of such defense and proceedings; provided, that, (A) the Indemnatee will keep the Indemnifying Party promptly and reasonably informed of the status and developments related to such Third-Party Claim, and (B) the Indemnatee will provide the Indemnifying Party with a reasonable opportunity to participate in, but not control, defense and resolution of the Third-Party Claim. In the event of a disagreement between the Indemnifying Party and the Indemnatee with respect to resolution of such Third-Party Claim, the Indemnifying Party, on the one hand, and the Indemnatee, on the other hand, may refer any such disagreement to the Chief Executive Officer, Chief Financial Officer or the Chief Operating Officer of the Indemnifying Party (or their designees) or the Chief Executive Officer, Chief Financial Officer or the Chief Operating Officer of the Indemnatee (or their designees) by delivering to the other Party a written notice of the referral (a "Consultation Notice"). Following receipt of a Consultation Notice, each of the Parties will cause their respective officer or designee to consult in good faith with regard to the matter in disagreement. If such disagreement has not been resolved by the consultation procedure as provided in this Section 8.04(b)(iii) within 20 Business Days after delivery of the Consultation Notice, this will not affect either Party's rights under this Agreement (including the Indemnatee's right to settle any Third-Party Claim in accordance with Section 8.04(b)(ii)).

(c) For the avoidance of doubt, this Section 8.04 will not apply to any claim related to Tax matters, which will be governed exclusively by Article IX.

8.05 Additional Matters.

(a) Cooperation in Defense. With respect to any Third-Party Claim for which Acquiror, on the one hand, and Seller, on the other hand, may have Liability under this Agreement or any of the Ancillary Agreements, the Parties agree to cooperate reasonably and maintain a joint defense (in a manner that will preserve the attorney-client privilege, joint defense or other privilege with respect thereto) unless and until, with respect to any such Third-Party Claim, (i) the Parties mutually agree to no longer pursue a joint defense or (ii) either Party notifies the other of its reasonable belief based on the advice of counsel that an actual or potential conflict of interest exists between the Parties.

(b) Mitigation of Losses. Each Indemnatee has a duty to use Commercially Reasonable Efforts to mitigate any Losses indemnifiable under the terms of this Article VIII to the extent practicable.

(c) No Duplicate Recovery. In the event an Indemnatee recovers Losses in respect of a claim of indemnification under this Article VIII, no other Indemnatee will be entitled to recover the same Losses in respect of a claim for indemnification under this Agreement or the French SPA.

8.06 Exclusive Remedy. From and after the Closing, the sole and exclusive remedy of a Party with respect to any and all claims relating to this Agreement, the AVS Business, the AVS Assets, the Excluded Liabilities, the Unknown Liabilities, the Assumed AVS Liabilities or the transactions contemplated by this Agreement (other than claims of, or causes of action arising from, knowing and intentional fraud and except for seeking specific performance or other equitable relief to require a Party to perform its obligations under this Agreement to the extent permitted hereunder and except as otherwise provided herein) will be pursuant to the indemnification provisions set forth in this Article VIII or, in the case of indemnification for Taxes, Article IX. In furtherance of the foregoing, each Party hereby waives, from and after the Closing, any and all rights, claims and causes of action (other than pursuant to the indemnification provisions set forth in this Article VIII and Article IX and except for seeking specific performance or other equitable relief to require a Party to perform its obligations under this Agreement to the extent permitted hereunder and except as otherwise provided in any Ancillary Agreement) that such Party or its Affiliates may have against the other Party or any of its Affiliates, or their respective directors, officers and employees, arising under or based upon any applicable Laws and arising out of the transactions contemplated by this Agreement.

8.07 Limitations on Indemnification; Survival

(a) Notwithstanding anything in this Agreement to the contrary:

(i) Seller will not have any liability under Section 8.02(c) (other than with respect to a breach of Sections 2.01 (Organization), 2.02 (Authorization), 2.14 (Brokers), 2.15 (Title) and 2.16(a) (The AVS Assets) (the "Seller Specified Representations"), or any fraud) unless the aggregate liability for Aggregated Acquiror Indemnatee Losses exceeds 0.75% of the Aggregated Base Amount (the "Deductible") and then only to the extent of such excess;

(ii) Seller's aggregate liability under Section 8.02(c) (other than with respect to a breach of any of the Seller Specified Representations, or any fraud) will not exceed an amount equal to (A) 10% of the Aggregated Base Amount (the "Cap") less (B) as of the applicable date of determination, the sum of any Losses recovered under Section 8.02(c) of the French SPA;

(iii) Seller's aggregate liability under Section 8.02(d) (A) will not exceed an amount equal to (1) 20% of the Aggregated Base Amount, less, (2) as of the applicable date of determination, the sum of any other Losses paid to any Acquiror Indemnitee under Section 8.02(c) of this Agreement and Sections 8.02(c) and 8.02(d) of the French SPA and (B) will terminate for any Unknown Liabilities Seller does not receive written notice of by the fifth anniversary of the Closing Date;

(iv) (A) Acquiror will not have any liability under Section 8.01(c) (other than with respect to a breach of Sections 3.01 (Organization), 3.02 (Authorization) and 3.04 (Brokers) (the "Acquiror Specified Representations"), or any fraud) unless the aggregate liability for Aggregated Seller Indemnitee Losses exceeds the Deductible, and then only to the extent of such excess, and (B) Acquiror's aggregate liability under Section 8.01(c) (other than with respect to a breach of any of the Acquiror Specified Representations, or any fraud) will not exceed an amount equal to (1) the Cap less (2) as of the applicable date of determination, the sum of any Losses recovered under Section 8.01(c) of the French SPA; and

(v) no Party will have any liability under Sections 8.01(c) or 8.02(c) for any Loss arising out of any individual claim (or any series of claims arising out of substantially the same events, facts or circumstances, which will be aggregated for purposes of this clause (iv)), unless such Loss exceeds \$25,000, and any Losses that are disregarded pursuant to this clause (iv) will not be aggregated for purposes of the preceding clauses (i) through (iii). Costs of defense will not be subject to any of the limitations contemplated in this Section 8.07 or be included in any calculation of whether any cap or similar metric was met. This Section 8.07 will not apply to indemnification for Taxes, which will be governed exclusively by Article IX.

(b) The representations and warranties of Seller contained in this Agreement (other than the Seller Specified Representations) will survive the Closing until the date that is one year after the Closing. The Seller Specified Representations and the Acquiror Specified Representations will survive the Closing until the date that is the third anniversary of the Closing. The representations and warranties set forth in Section 2.13 (Taxes), and Section 2.09 (Employees and Employee Benefits) to the extent relating to Tax matters, will survive as provided in Section 9.08(c). The representations and warranties of Acquiror in Sections 3.04 and 3.06 will not survive the Closing. The covenants set forth in Sections 4.01, 4.04 and 4.15(b) (to the extent related to the period prior to the Closing Date) will survive the Closing until the date that is one year after the Closing. All other covenants and agreements contained in this Agreement requiring performance at or prior to the Closing will terminate upon the Closing and all covenants and agreements contained in this Agreement requiring performance from and after the Closing will survive the Closing and will expire in accordance with their terms; provided, however, the licenses granted under Section 4.14 will survive until terminated by mutual written agreement between the Parties. No Party will have any liability or obligation of any nature with respect to any representation

or warranty after the termination thereof as set forth in this Section 8.07(b), unless a notice of a breach thereof giving rise to a right of indemnity will have been sent or given to the Party against whom such indemnity may be sought prior to such termination, in which case the noticed claims relating to such breach will survive such termination until they are finally resolved.

8.08 Tax Treatment of Indemnification. For all Tax purposes, Acquiror and Seller agree to treat any indemnity payment under this Agreement as an adjustment to the Closing Purchase Price unless, and then solely to the extent that, a Final Determination provides otherwise.

8.09 Separate Indemnities for Taxes. Notwithstanding anything to the contrary herein, the indemnities provided in Sections 8.01 and 8.02, as well as Section 8.03(d), will not apply in respect of Taxes, which are the subject of Section 9.03.

IX. TAX MATTERS

9.01 Preparation and Filing of Tax Returns.

(a) Seller will prepare and timely file, or cause to be prepared and timely filed, all Tax Returns in respect of the AVS Assets and the AVS Business that (i) are required to be filed (taking into account any applicable extensions) on or before the Closing Date, or (ii) are required to be filed (taking into account any applicable extensions) after the Closing Date by Seller or any of its Affiliates ("Seller Tax Returns"), including all Consolidated Tax Returns of Seller or any of its Affiliates. Acquiror will prepare and timely file, or cause to be prepared and timely filed, all Tax Returns in respect of the AVS Assets or the AVS Business for a Pre-Closing Tax Period or Straddle Period other than Seller Tax Returns ("Acquiror Tax Returns"). Any Acquiror Tax Return will be prepared on a basis consistent with (x) except to the extent otherwise required by applicable Law, the past practices of Seller and its Affiliates and (y) applicable Law. With respect to any Acquiror Tax Return, Acquiror will deliver to Seller, at least 30 calendar days prior to the due date for the filing of such Acquiror Tax Return (taking into account any applicable extensions), a statement setting forth the amount of Tax (if any) for which Seller is responsible pursuant to Section 9.03 in connection with such Acquiror Tax Return and a copy of such Acquiror Tax Return, together with any additional information relating thereto that Seller may reasonably request. Seller will have the right to review such Acquiror Tax Return, statement and additional information, if any, prior to the filing of such Acquiror Tax Return, and Acquiror will reflect on such Acquiror Tax Return any reasonable comments submitted by Seller at least five calendar days prior to the due date of such Acquiror Tax Return. Any Tax Return relating to the AVS Assets or the AVS Business for a Straddle Period will, to the extent permitted by applicable Law, be filed on the basis that the relevant Tax period ended as of the close of business on the Closing Date. Neither Acquiror nor any of its Affiliates will file an amended Tax Return, or agree to any waiver or extension of the statute of limitations relating to Taxes imposed on or with respect to the AVS Assets or the AVS Business for a taxable period ending on or before the Closing Date or a

Straddle Period, in each case, without the prior written consent of Seller, not to be unreasonably withheld, delayed or conditioned.

(b) Seller will pay or cause to be paid all Taxes due with respect to Tax Returns that Seller is obligated to file, or cause to be filed, pursuant to Section 9.01(a). With respect to any Tax Return that Acquiror is obligated to file, or cause to be filed, pursuant to Section 9.01(a), Seller will pay its portion (if any) of the Taxes due with respect to such Tax Return to Acquiror at least five Business Days prior to the due date for such Tax Return, as determined pursuant to Section 9.03(c). Acquiror will pay or cause to be paid all other Taxes required to be paid with respect to any AVS Assets or the AVS Business.

(c) Cooper-Standard Automotive Canada Limited and ContiTech Canada Inc. will jointly elect in prescribed form and within the prescribed time period under section 22 of the Income Tax Act (Canada) and the corresponding provisions of applicable provincial tax statutes in respect of the transfer of the Accounts Receivable conveyed by Cooper-Standard Automotive Canada Limited. Each of Cooper-Standard Automotive Canada Limited and ContiTech Canada Inc. agrees to execute and file all necessary documents and instruments to give effect to the election referred to in this Section 9.01(c).

9.02 Refunds. Seller will be entitled to any refund or Refund Equivalent received or realized with respect to Taxes imposed on or with respect to the AVS Assets or the AVS Business for any Pre-Closing Tax Period (including, for the avoidance of doubt, any such amounts arising by reason of amended Tax Returns or any formal or informal claim for a refund of Taxes filed after the Closing Date in accordance with the provisions of this Section 9.02), and to the extent any such refund or Refund Equivalent is received or realized by any member of the Acquiror Group, Acquiror will pay to Seller the amount of such refund or Refund Equivalent (including interest received from any Taxing Authority with respect to such refund or Refund Equivalent) within ten calendar days of receipt (or realization) thereof. In connection with the foregoing, if Seller determines that any member of the Acquiror Group is entitled to file or make a formal or informal claim for a refund of Taxes (including by filing an amended Tax Return) imposed on or with respect to the AVS Assets or the AVS Business for a Pre-Closing Tax Period, Seller will be entitled to file or make, or to request that Acquiror file or make, or cause the applicable member of the Acquiror Group to file or make, such formal or informal claim for refund, and Seller will be entitled to control the prosecution of such claim for refund, in all cases at Seller's expense. Acquiror will cooperate, and will cause the members of the Acquiror Group to cooperate, with respect to such claim for refund. Acquiror and Seller will equitably apportion any refund or Refund Equivalent (including interest received from any Taxing Authority with respect to such refund or Refund Equivalent) received or realized with respect to Taxes imposed on or with respect to the AVS Assets or the AVS Business for a Straddle Period in a manner consistent with the principles set forth in Section 9.03(c). Acquiror will be entitled to all Tax refunds and Refund Equivalents for Taxes imposed with respect to the AVS Assets or the AVS Business, in each case, for any Post-Closing Tax Period (other than any such Tax refund or Refund Equivalent that is attributable

to Taxes paid by Seller pursuant to this Agreement), and to the extent any such items are paid to Seller, Seller will promptly pay such amounts over to Acquiror. All amounts payable in respect of any Tax refund or Refund Equivalent shall be net of any Taxes, reasonable costs and expenses of the other Party in obtaining such refund or Refund Equivalent.

9.03 Tax Indemnification.

(a) Seller will (without duplication) indemnify, defend and hold Acquiror and its Affiliates harmless from and against (i) all Excluded Taxes, (ii) any portion of any Transfer Taxes allocable to Seller pursuant to Section 9.05, (iii) any Taxes resulting from or arising in connection with any breach by Seller or any of its Affiliates of any covenant in this Agreement, (iv) the failure of Seller to provide a certificate pursuant to section 6 of the Retail Sales Tax Act (Ontario), and (v) reasonable costs and expenses, including reasonable legal fees and expenses, attributable to any item in clauses (i) through (iv), which were, in each case, paid by Acquiror. Subject to Section 9.08(c), Seller's obligation to indemnify, defend or hold harmless Acquiror or any of its Affiliates from any Excluded Taxes pursuant to this Section 9.03(a) will terminate effective 60 calendar days following the expiration of the applicable statute of limitations (including extensions).

(b) Acquiror will (without duplication) indemnify, defend and hold Seller and its Affiliates harmless from and against all (i) Taxes imposed on or with respect to the AVS Assets or the AVS Business, other than Excluded Taxes, (ii) any portion of any Transfer Taxes allocable to Acquiror pursuant to Section 9.05 which were, in each case, paid by Seller, (iii) Taxes resulting from or arising in connection with any breach by Acquiror or any of its Affiliates of any covenant in this Agreement, and (iv) reasonable costs and expenses, including reasonable legal fees and expenses, attributable to any item in clauses (i) through (iii). Subject to Section 9.08(c), Acquiror's obligation to indemnify, defend or hold harmless Seller or any of its Affiliates from Taxes pursuant to this Section 9.03(b) will terminate effective 60 calendar days following the expiration of the applicable statute of limitations (including extensions).

(c) In the case of any property Taxes and similar periodic Taxes imposed on or with respect to the AVS Assets or the AVS Business for a Straddle Period that are not based on income or receipts (e.g., annual franchise Taxes imposed based on authorized shares), the portion of such Taxes allocable to a Pre-Closing Tax Period will be computed based upon the ratio of (A) the number of days in the portion of such Straddle Period that ends on the Closing Date to (B) the total number of days in such Straddle Period. In the case of any other Taxes imposed on or with respect to the AVS Assets or the AVS Business for a Straddle Period, the portion of such Taxes allocable to a Pre-Closing Tax Period will be determined as if such Straddle Period ended as of the close of business on the Closing Date; provided, that exemptions, allowances or deductions that are calculated on an annual basis will be allocated between the portion of the Straddle Period ending on the Closing Date and the portion of the Straddle Period ending after the Closing Date in proportion to the number of days in each such period.

(d) Any indemnity payment required to be made pursuant to this Section 9.03 will be made within 30 calendar days after the Indemnitee makes written demand upon the Indemnifying Party, but in no case earlier than five Business Days prior to the date on which the relevant Taxes are required to be paid to the applicable Taxing Authority.

(e) If a claim or other Tax Proceeding is made or initiated by any Taxing Authority which, if successful, could result in an indemnity payment pursuant to Section 9.03 (a "Tax Claim"), the Party receiving notice of such Tax Claim will promptly notify the other Party in writing of such claim (and provide copies of any documents received from the Taxing Authority in respect of such claim) no later than ten Business Days after such Tax Claim is made; provided, that failure to provide such notice will not relieve such other Party of its indemnification obligations except to the extent that such other Party is materially prejudiced by such failure. With respect to any Tax Claim relating to a Tax period ending on or before the Closing Date or otherwise relating to, or affecting, a Consolidated Tax Return of Seller or any of its Affiliates, Seller will control, at its own expense, all proceedings and may make all decisions taken in connection with such Tax Claim (including selection of counsel), and, without limiting the foregoing, may, in its sole discretion, pursue or forego any and all administrative appeals, proceedings, hearings and conferences with any Taxing Authority with respect thereto, and may, in its sole discretion, either pay the applicable Liability for Taxes and sue for a refund or contest the Tax Claim. The Party controlling a Tax Claim shall, upon request, consult with and keep the non-controlling Party reasonably informed as to the pursuit of the Tax Claim.

(f) Acquiror will control all Tax Claims with respect to Taxes imposed on or with respect to the AVS Assets or the AVS Business for a Straddle Period; provided, however, that Acquiror will not settle, compromise or abandon any such Tax Claim without the prior written consent of Seller, which consent will not be unreasonably withheld, conditioned or delayed.

9.04 Allocation of Purchase Price. Within 60 calendar days following the Closing Date, Acquiror will deliver to Seller a proposed final allocation of the Closing Purchase Price (and any other amounts required to be taken into account under applicable Tax Law) among the AVS Assets, which allocation will be consistent in all respects with Exhibit F to this Agreement and with Section 1060 of the Code (the "Proposed Allocation"). Seller will notify Acquiror in writing of any objections within 30 calendar days after receipt of the Proposed Allocation. If Seller provides no such written objection(s), Seller will be deemed to agree to the Proposed Allocation. If Seller provides one or more written objection(s), the Parties will, for a period of up to 20 calendar days following Acquiror's receipt of Seller's written objection(s), negotiate in good faith to reach agreement on the disputed item(s). If the Parties are unable to reach an agreement regarding the Proposed Allocation, then within 25 calendar days following Acquiror's receipt of Seller's written objection(s), the Parties will submit their disagreement for resolution by the Accounting Firm, whose involvement will be limited solely to the disputed items. The Accounting Firm will decide upon a final allocation, which allocation will be consistent in all respects with Exhibit F to this Agreement and

with Section 1060 of the Code, no later than 20 calendar days after the Parties submit their dispute, and the Accounting Firm's decision will be final and binding on the Parties absent manifest error (such final allocation, whether decided by the Accounting Firm or agreed by the Parties, and as adjusted pursuant to this [Section 9.04](#), the "Final Allocation"). Any expenses relating to the engagement of the Accounting Firm will be shared equally by Seller and Acquiror. Seller and Acquiror will not, and will cause their respective Affiliates not to, take a position that is inconsistent with the Final Allocation for any Tax purposes, including taking an inconsistent position on any IRS Form 8594 or other Tax Return or before any Taxing Authority, unless, and then only to the extent, otherwise required by a Final Determination. The Final Allocation will be appropriately adjusted to reflect any subsequent adjustments to the Closing Purchase Price, including pursuant to [Section 1.11](#). In the event that a Taxing Authority disputes the Final Allocation in writing, the Party receiving written notice (or whose Affiliate receives written notice) of such dispute will promptly notify the other Party, and Seller and Acquiror will use their Commercially Reasonable Efforts to defend the Final Allocation in any applicable proceeding, and the matter will be handled as a Tax Claim.

9.05 Transfer Taxes. Seller and Acquiror will be equally responsible for all Transfer Taxes. Any Tax Return required to be filed with respect to any such Transfer Taxes will be filed by the Person primarily responsible for such filing under applicable Law with each Party paying (or procuring payment by an applicable Affiliate of) 50% of such Transfer Taxes. The Party or Affiliate thereof) preparing any Tax Returns related to Transfer Taxes will deliver a draft of any such Tax Return to the other Party at least 15 calendar days prior to the due date for the filing of any such Tax Return (taking into account any applicable extensions) and any additional information relating thereto that the other Party (or Affiliate thereof) may reasonably request, and will reflect on the applicable Tax Return any reasonable comments submitted by such other Party at least five calendar days prior to the applicable due date. The Parties will reasonably cooperate (and procure the reasonable cooperation of their Affiliates) in obtaining any available exemptions or refunds with respect to, or otherwise minimizing, Transfer Taxes, and any refunds of any Transfer Taxes will be shared equally by the Parties, notwithstanding anything to the contrary in [Section 9.02](#).

9.06 Indirect Taxes. All agreed consideration in respect of any supply or service rendered by any of the Parties under this Agreement is exclusive of Indirect Taxes. If any Indirect Taxes are legally owed, such Indirect Taxes will be invoiced additionally by the supplier and (without prejudice to [Section 9.05](#)), have to be paid by the recipient to the supplier after receipt of a correct invoice, which meets all legal requirements according to the applicable Indirect Taxes Law. If one Party (or, if applicable, Affiliate thereof) qualifies for an exemption from or reduction of any such applicable Indirect Taxes, this Party (or Affiliate) will deliver to the other Party (or, if applicable, its Affiliate) such certificates, elections, or other documentation required under applicable Law or the administration thereof to substantiate and effect the exemption or reduction claimed by this Party (or its Affiliate). If an invoiced and paid Indirect Tax amount turns out to be higher or lower than the amount of Indirect Tax properly chargeable on the relevant supply or service, the Parties (and their Affiliates)

will fully cooperate and make appropriate adjustments to payments and invoices as required by applicable Law.

9.07 GST.

(a) Notwithstanding Section 9.06, with respect to the GST and other Canadian Indirect Tax, the Parties covenant and agree as follows:

(i) subject to Section 9.05, Section 9.07(a)(ii) and Section 9.07(a)(iii), Acquiror will pay to Seller on the Closing Date by certified check, bank draft or wire transfer of immediately available funds all GST or other Canadian Indirect Tax payable as a result of the transactions contemplated by this Agreement in accordance with the ETA, any equivalent Canadian provincial legislation or any other Canadian provincial sales tax legislation, and Seller will remit such GST or other Indirect Tax to the appropriate Governmental Authority when and to the extent required by Law;

(ii) notwithstanding Section 9.07(a)(i), Seller will not collect GST from Acquiror with respect only to any owned real property transferred pursuant to this Agreement if, not later than seven (7) Business Days prior to the scheduled Closing Date, ContiTech Canada Inc. provides to Seller its GST registration number and covenants to file returns and remit such GST to the appropriate Governmental Authority if and when and to the extent required by Law;

(iii) notwithstanding Section 9.07(a)(i) and Section 9.07(a)(ii), Seller and Acquiror agree that the transactions contemplated herein, or the Canadian AVS Assets, satisfy the requirements of section 167 of the ETA and any other similar provision of any applicable provincial VAT Laws and ContiTech Canada Inc. and Cooper-Standard Automotive Canada Limited will elect jointly under subsection 167(1) of the ETA and under any other similar provision of any applicable provincial Laws, in the prescribed form and within the prescribed time, in respect of the sale and transfer of the AVS Assets hereunder, or a portion thereof, such that no GST is payable in respect of this Agreement (or such part of the AVS Assets as satisfy the requirements of section 167 of the ETA and any other similar provision of any applicable provincial Laws). ContiTech Canada Inc. will file such elections with the required Governmental Authority;

(iv) Acquiror will indemnify Seller and hold Seller harmless from any liability arising because of the non-application of any tax election, breach of the obligations of Acquiror set out in this Section 9.07(a) or otherwise arising under the ETA, or any provincial sales tax legislation, together with all losses, costs, penalties, interest and expenses, including legal fees on a solicitor/client full indemnity basis, resulting from such breach; and

(v) The provisions of this paragraph (a) will apply to Seller as agent for and on behalf Cooper-Standard Automotive Canada Limited and to Acquiror for and on behalf of ContiTech Canada Inc.

(b) Cooper-Standard Automotive Canada Limited is registered under the ETA with respect to the GST and its registration number is 104987714 RT0001. ContiTech Canada Inc. is registered under the ETA with respect to the GST and its registration number is 837560929-RT0001.

9.08 Miscellaneous.

(a) No member of the Acquiror Group will, following the Closing (including the portion of the Closing Date after the Closing), take or omit to take any action, other than in the Ordinary Course or as required by applicable Law, to the extent such action or omission would reasonably be expected to result in any income or gain to Seller or any of its Affiliates for any taxable period without the prior written consent of Seller (such consent not to be unreasonably withheld, conditioned or delayed).

(b) Each Party will provide the other with such information, records and other assistance, and make such of its officers, directors, employees and agents available, as may reasonably be requested by the other Party in connection with any Tax matter under this Article IX, including the preparation of any Tax Return and the conduct of any Tax Claim; provided, that Acquiror will not be permitted to inspect or otherwise review any Tax Return of Seller or any Affiliate thereof, including any Consolidated Tax Return of Seller or any of its Affiliates.

(c) Notwithstanding anything herein to the contrary, indemnification for any and all Tax matters, and the procedures with respect thereto, will be governed exclusively by this Article IX and the provisions of Article VIII will not apply. The representations and warranties set forth in Section 2.13, and Section 2.09 to the extent relating to Tax matters, will survive the Closing Date until the expiration of the relevant statute of limitation; provided that the right to be indemnified with respect to any matter notice of which was provided pursuant to Section 9.03(a) prior to the expiration of the relevant statute of limitations will survive until such matter is fully resolved.

X. MISCELLANEOUS

10.01 Expenses. Except as otherwise provided herein or in any of the Ancillary Agreements, all fees and expenses incurred in connection with the transactions contemplated hereby and thereby will be paid by the Party incurring such fees or expenses.

10.02 Entire Agreement. This Agreement and the Ancillary Agreements, including any related annexes, schedules and exhibits, as well as any other agreements and documents referred to herein and therein, will together constitute the entire agreement between the Parties with respect to the subject matter hereof and thereof and will supersede all prior negotiations, agreements and understandings of the Parties of any nature, whether oral or written, with respect to such subject matter, including the

Confidentiality Agreement, which is hereby terminated and of no further force or effect solely with respect to the AVS Business, subject to the provisions of Section 7.03. If there is a conflict between any provision of this Agreement and a provision of any Ancillary Agreement, the provision of this Agreement will control unless specifically provided otherwise in this Agreement.

10.03 Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) The validity, interpretation and enforcement of this Agreement will be governed by the Laws of the State of Delaware, without regard to the conflict of Laws provisions thereof that would cause the Laws of another state to apply.

(b) By execution and delivery of this Agreement, each Party irrevocably (i) submits and consents to the personal jurisdiction of the state and federal courts of the State of Delaware for itself and in respect of its property in the event that any dispute arises out of this Agreement or any of the transactions contemplated hereby, (ii) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (iii) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated hereby in any other court. Subject to compliance with the provisions of Section 10.14, if applicable, each of the Parties irrevocably and unconditionally waives (and agrees not to plead or claim) any objection to the laying of venue of any dispute arising out of this Agreement or any of the transactions contemplated hereby in the state and federal courts of the State of Delaware, or that any such dispute brought in any such court has been brought in an inconvenient or improper forum. The Parties further agree that the mailing by certified or registered mail, return receipt requested, of any process required by any such court will constitute valid and lawful service of process against them, without necessity for service by any other means provided by statute or rule of court.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE EITHER OF SUCH WAIVERS, (II) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS, (III) IT MAKES SUCH WAIVERS VOLUNTARILY, AND (IV) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.03(C).

10.04 Notices. All notices, requests, permissions, waivers and other communications hereunder will be in writing and will be deemed to have been duly given (a) five Business Days following sending by registered or certified mail, postage prepaid, (b) when sent, if sent by facsimile; provided, that the facsimile transmission is promptly confirmed by telephone, (c) when receipt is confirmed, if sent by email; (d) when delivered, if delivered personally to the intended recipient and (e) one Business Day following sending by overnight delivery via a national courier service and, in each case, addressed to a Party at the following address for such Party:

(a) if to Seller:

Cooper-Standard Automotive Inc.
39555 Orchard Hill Place, Suite 320
Novi, Michigan 48375
Attention: Aleksandra Miziolek, SVP, General Counsel and Secretary
E-mail: Aleks.Miziolek@cooperstandard.com

with a copy to (which will not constitute notice):

Jones Day
250 Vesey Street
New York, NY 10281-1047
Attention: Randi C. Lesnick
Facsimile: (212) 755-7306
Email: rclesnick@jonesday.com

(b) If to Acquiror:

c/o ContiTech USA, Inc.
Continental Law Department
703 S. Cleveland Massillon Road
Fairlawn, OH 44333
Attention: Sheila M. M. Schiffman
Email: sheila.schiffman@contitech.us

with a copy to (which will not constitute notice):

Freshfields Bruckhaus Deringer US LLP
601 Lexington Avenue
New York, NY 10022
Attention: Aly El Hamamsy
Facsimile: +1 646 521 5378
Email: aly.elhamamsy@freshfields.com

or to such other address(es) as will be furnished in writing by any such Party to the other Party in accordance with the provisions of this Section 10.04. Any notice to Seller

will be deemed notice to all members of the Seller Group, and any notice to Acquiror will be deemed notice to all members of the Acquiror Group.

10.05 Amendments and Waivers.

(a) This Agreement may be amended and any provision of this Agreement may be waived; provided, however, that any such amendment or waiver will become and remain binding upon a Party only if such amendment or waiver is set forth in a writing executed by such Party. No course of dealing between or among any Persons having any interest in this Agreement will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any Party under or by reason of this Agreement.

(b) No delay or failure in exercising any right, power or remedy hereunder will affect or operate as a waiver thereof; nor will any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or remedy preclude any further exercise thereof or of any other right, power or remedy. Except and solely to the extent set forth in Section 8.07, the rights and remedies hereunder are cumulative and not exclusive of any rights or remedies that any Party would otherwise have. Any waiver, permit, consent or approval of any kind or character of any breach or default under this Agreement or any such waiver of any provision of this Agreement must satisfy the conditions set forth in Section 10.05(a) and will be effective only to the extent in such writing specifically set forth.

10.06 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties and does not confer on third parties (including any employees of any member of the Seller Group or the Acquiror Group) any remedy, claim, reimbursement, claim of action or other right in addition to those existing without reference to this Agreement.

10.07 Assignability. No Party may assign its rights or delegate its duties under this Agreement without the written consent of the other Party, except that a Party may assign its rights or delegate its duties under this Agreement (in whole or in part) to one or more of its Affiliates or to a purchaser of all or substantially all of its business and assets (whether pursuant to a merger, consolidation, sale of stock, sale of all or substantially all of its assets or other similar transaction); provided, that (a) such Person agrees in writing to be bound by the terms and conditions contained in this Agreement and (b) that the assignment or delegation will not relieve any Party of its indemnification obligations or other obligations in the event of a breach of this Agreement and (ii) Any attempted assignment or delegation in contravention of the foregoing will be void.

10.08 Construction. The descriptive headings herein are inserted for convenience of reference only and are not intended to be a substantive part of or to affect the meaning or interpretation of this Agreement. Whenever required by the context, any pronoun used in this Agreement or the Seller Disclosure Letter or Acquiror Disclosure Letter will include the corresponding masculine, feminine or neuter forms, and the singular forms of nouns, pronouns, and verbs will include the plural and vice

versa. Reference to any agreement, document, or instrument means such agreement, document, or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. The use of the words "include" or "including" in this Agreement or the Seller Disclosure Letter or Acquiror Disclosure Letter will be deemed to be followed by the words "without limitation". The use of the word "covenant" will mean "covenant and agreement". The use of the words "or," "either" or "any" will not be exclusive. The Parties have participated jointly in the negotiation and drafting of this Agreement and the Ancillary Agreements. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Except as otherwise expressly provided elsewhere in this Agreement or any Ancillary Agreement, any provision herein which contemplates the agreement, approval or consent of, or exercise of any right of, a Party, such Party may give or withhold such agreement, approval or consent, or exercise such right, in its sole and absolute discretion, the Parties hereby expressly disclaiming any implied duty of good faith and fair dealing or similar concept.

10.09 Severability. The Parties agree that (a) the provisions of this Agreement will be severable in the event that for any reason whatsoever any of the provisions hereof are invalid, void or otherwise unenforceable, (b) any such invalid, void or otherwise unenforceable provisions will be replaced by other provisions which are as similar as possible in terms to such invalid, void or otherwise unenforceable provisions but are valid and enforceable, and (c) the remaining provisions will remain valid and enforceable to the fullest extent permitted by applicable Law.

10.10 Counterparts. This Agreement may be executed in multiple counterparts (any one of which need not contain the signatures of more than one Party), each of which will be deemed to be an original but all of which taken together will constitute one and the same agreement. This Agreement, and any amendments hereto, to the extent signed and delivered by means of a facsimile machine or other electronic transmission, will be treated in all manner and respects as an original agreement and will be considered to have the same binding legal effects as if it were the original signed version thereof delivered in person. At the request of any Party, the other Party will re-execute original forms thereof and deliver them to the requesting Party. No Party will raise the use of a facsimile machine or other electronic means to deliver a signature or the fact that any signature was transmitted or communicated through the use of facsimile machine or other electronic means as a defense to the formation of a Contract and each such Party forever waives any such defense.

10.11 Specific Performance. The Parties agree that irreparable damage may occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties may be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof, in addition to any other remedy to which they are entitled at Law or in equity, without posting any bond or other surety.

10.12 Disclosure Letters. There may be included in the Seller Disclosure Letter and/or the Acquiror Disclosure Letter items and information that are not “material,” and such inclusion will not be deemed to be an acknowledgment or agreement that any such item or information (or any non-disclosed item or information of comparable or greater significance) is “material,” or to affect the interpretation of such term for purposes of this Agreement. Matters reflected in the Seller Disclosure Letter and Acquiror Disclosure Letter are not necessarily limited to matters required by this Agreement to be disclosed therein. The Seller Disclosure Letter and Acquiror Disclosure Letter set forth items of disclosure with specific reference to the particular Section or subsection of this Agreement to which the information in the Seller Disclosure Letter and Acquiror Disclosure Letter, as applicable, relates; provided, however, that any information set forth in one Section of such disclosure letter will be deemed to apply to each other Section or subsection thereof to which its relevance is reasonably apparent on its face.

10.13 Waiver. Acquiror acknowledges, on behalf of itself and its Affiliates, that Jones Day has represented, is representing and will continue to represent Seller in connection with the transactions contemplated by this Agreement and the Ancillary Agreements, and that Jones Day will only represent the interests of Seller in connection with such transactions. Acquiror waives, on behalf of itself and its Affiliates, any conflict of interest that it or they may assert against Jones Day in connection with such representation and agrees not to challenge Jones Day’s representation of Seller with respect to such transactions or to assert that a conflict of interest exists with respect to such representation; provided, that such waiver and agreement not to challenge does not apply to Jones Day representing Seller in any litigation, arbitration, mediation or other Action against or involving Acquiror and/or any of its Affiliates, arising out of or in connection with such transactions.

10.14 Release. As a material inducement to Acquiror to enter into this Agreement, effective as of the Closing, and except as provided in this Agreement, including Section 1.05(a)(iv), and the Ancillary Agreements (i) Seller agrees, on behalf of itself and its Affiliates, not to sue and fully releases and discharges Acquiror, its Affiliates and the AVS Business (including the AVS Assets) with respect to and from any and all Losses, claims, rights, Security Interests, Contracts, covenants or proceedings, of whatever kind or nature in Law, equity or otherwise, whether now known or unknown, and whether or not concealed or hidden, in each case arising out of, relating to, or resulting from, the conduct of the AVS Business or the ownership or use of the AVS Assets during the period prior to the Closing, and it is the intention of Seller, on behalf of itself and its Affiliates, that such release be effective as a bar to each and every claim, demand and cause of action hereinabove specified, and (ii) Seller expressly waives, on behalf of itself and its Affiliates, effective as of the Closing, any and all rights and benefits conferred upon it by the provisions of any applicable Law, including any claims, rights of action or causes of action for contribution or indemnification against Acquiror or any of its Affiliates under Environmental Laws to the extent they relate to the AVS Assets or the AVS Business, and expressly consents that this release will be given full force and effect according to each and all of its express terms and provisions, including those related to unknown and unsuspected claims, demands and causes of action, if

any, and those relating to any other claims, demands and causes of action hereinabove specified. As a material inducement to Seller to enter into this Agreement, effective as of the Closing, and except as provided in this Agreement, including Section 1.05(b) (iii), and the Ancillary Agreements, Acquiror expressly waives, on behalf of itself and its Affiliates, any claims, rights of action or causes of action for contribution or indemnification against Seller or any of its Affiliates under Environmental Laws to the extent they relate to the AVS Assets or the AVS Business, and expressly consents that this release will be given full force and effect according to each and all of its express terms and provisions, including those related to unknown and unsuspected claims, demands and causes of action, if any, and those relating to any other claims, demands and causes of action hereinabove specified.

10.15 Dispute Resolution. Except as otherwise specifically provided in this Agreement or in any Ancillary Agreement and subject to Section 10.11, the procedures set forth in this Section 10.15 will govern dispute resolution of any Direct Claim under Section 8.04 (a “Dispute”). Acquiror, on the one hand, and Seller, on the other hand, will first refer any such Dispute for resolution to the Chief Executive Officer, Chief Financial Officer or the Chief Operating Officer of Acquiror (or their designees) or the Chief Financial Officer or the Chief Operating Officer of Seller (or their designees) by delivering to the other Party a written notice of the referral (a “Dispute Escalation Notice”). Following receipt of a Dispute Escalation Notice, each of the Parties will cause their respective officer or designee to negotiate in good faith to resolve the Dispute. If a Dispute has not been resolved by the negotiation procedures as provided in this Section 10.15 within 40 Business Days after delivery of the Dispute Escalation Notice, or if the Parties fail to meet within 40 Business Days after delivery, either Party may pursue other remedies in accordance with the terms of this Agreement. The Parties agree that all discussions, negotiations and other Information exchanged between the Parties during the foregoing escalation proceedings will be without prejudice to the legal position of a Party in any subsequent Action and kept confidential and protected against disclosure.

XI. DEFINITIONS

For purposes of this Agreement, the following terms, when utilized in a capitalized form, will have the following meanings:

“Accounting Firm” has the meaning set forth in Section 1.11(c).

“Accounts Payable” means the accounts payable and accrued payment obligations of the AVS Business identified in the accounts payable line items on the Sample Net Working Capital Calculation.

“Accounts Receivable” means the accounts and notes receivable and unbilled revenues of the AVS Business identified in the accounts receivable line items on the Sample Net Working Capital Calculation.

“Acquiror” has the meaning set forth in the preamble to this Agreement.

“Acquiror Disclosure Letter” means the disclosure letter delivered by Acquiror to Seller immediately prior to the execution of this Agreement.

“Acquiror Group” means Acquiror and each of its Subsidiaries.

“Acquiror Indemnitees” means Acquiror, Continental AG, each Subsidiary of Continental AG and each of their respective successors and assigns, and all Persons who are or have been stockholders, directors, partners, managers, managing members, officers, agents, representatives or employees of Acquiror, Continental AG or any Subsidiary of Continental AG (in each case, in their respective capacities as such).

“Acquiror MAE” means any state of facts, circumstance, change, development, condition, effect, occurrence or event that, individually or in the aggregate, has had or would reasonably be expected to prevent, materially delay or have a material adverse effect on the ability of Acquiror to consummate the transactions contemplated hereby.

“Acquiror Specified Representations” has the meaning set forth in Section 8.07(a).

“Acquiror Tax Returns” has the meaning set forth in Section 9.01(a).

“Acquiror’s Retiree Plan” has the meaning set forth in Section 5.13.

“Acquisition Transaction” means any transaction or series of related transactions (other than the transactions contemplated by this Agreement and the Ancillary Agreements) involving, directly or indirectly (a) any purchase, transfer or other acquisition of all or any material portion of the AVS Business or the AVS Assets other than sales of inventory in the Ordinary Course, (b) any merger, consolidation, business combination or other similar transaction involving the AVS Business or the AVS Assets or any material part thereof, (c) any sale, lease, exchange, transfer, license, acquisition or disposition of the AVS Assets or any other material portion thereof other than sales of inventory in the Ordinary Course, (d) any liquidation, dissolution, recapitalization or other significant corporate reorganization of or affecting the AVS Business or (e) any combination of the foregoing.

“Action” means any demand, charge, claim, action, suit, counter suit, arbitration, mediation, hearing, inquiry, proceeding, audit, review, complaint, litigation or investigation, sanction, summons, demand, subpoena, examination, citation, audit, review or proceeding of any nature whether administrative, civil, criminal, regulatory or otherwise, by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such other Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term “control” (including, with correlative meanings, the terms “controlled by” and “under common control with”), as used with respect to any Person means the possession, directly or indirectly, of the

power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise; provided, that, for the avoidance of doubt (i) Cooper-Standard France SAS and Sujun Cooper-Standard AVS Private Limited will not be considered Affiliates of Seller and (ii) any Schaeffler Group company worldwide will not be considered an Affiliate of Acquiror.

“Agreement” has the meaning set forth in the preamble to this Agreement.

“Aggregated Base Amount” means the sum of (a) the Base Amount, and (b) the Base Amount (as such term is defined in the French SPA).

“Aggregated Acquiror Indemnatee Losses” means the sum of all Losses suffered by (a) Acquiror Indemnitees under Section 8.02(c) and (b) Acquiror Indemnitees under Section 8.02(c) of the French SPA.

“Aggregated Seller Indemnatee Losses” means the sum of all Losses suffered by (a) Seller Indemnitees under Section 8.01(c) and (b) Seller Indemnitees under Section 8.01(c) of the French SPA.

“Ancillary Agreements” means the TSA, the Kunshan MSA, the Czeszochowa MSA, and the Auburn Supply Agreement.

“Anti-Bribery Law” means (a) the US Foreign Corrupt Practices Act of 1977, (b) the UK Bribery Act 2010, and (c) any other Applicable Law of any jurisdiction that implements the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or that otherwise relates to bribery or corruption.

“Antitrust Laws” means the Sherman Antitrust Act, as amended, the Clayton Antitrust Act, as amended, the HSR Act, the Federal Trade Commission Act, as amended, and all other Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade.

“Assets” means assets, properties and rights (including goodwill) of every kind and description, wherever located (including in the possession of vendors or other third-parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, known or unknown, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of any Person, including the following: (a) all accounting, business and other books, records and files, whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form; (b) all computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, motor vehicles and other transportation equipment, special and general tools, prototypes and models and other tangible personal property; (c) all inventories of materials, parts, raw and packaging materials, Store Room Inventory, supplies, work-in-process, Goods in Transit and finished goods and products; (d) all Real Property Interests; (e) all interests in any capital stock or other Equity Interests of any Subsidiary or any other Person; all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person; all loans, advances or other extensions of credit or capital contributions to any Subsidiary

or any other Person, and all other investments in securities of any Person; (f) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services, unfilled orders for the manufacture and sale of products and other Contracts; (g) all deposits, letters of credit and performance and surety bonds; (h) all Intellectual Property and licenses from third Persons granting the right to use any Intellectual Property; (i) all Software owned, licensed or used; (j) all employment records (except for any information relating to performance ratings or assessments of employees of Seller and its Affiliates (including performance history, reports prepared in connection with bonus plan participation and related data, other than individual bonus opportunities based on target bonus as a percentage of base salary)); cost information; sales and pricing data; customer prospect lists; supplier records; customer, distribution and supplier lists; customer and vendor data, correspondence and lists; product literature (including historical); advertising and promotional materials; artwork; design; development, manufacturing and quality control records, procedures and files; vendor and customer drawings, formulations and specifications; quality records and reports and other books, records, ledgers, files, documents, plats, photographs, studies, surveys, reports, plans and documents, operating, production and other manuals, including corporate minute books and related stock records, financial and Tax records (including Tax Returns), in all cases whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form; (k) all prepaid expenses, including prepaid leases and prepaid rentals, trade accounts and other accounts and notes receivables; (l) all interests, rights to causes of action, lawsuits, judgments, claims, counterclaims, demands and benefits of Seller or its Affiliates under Contracts, including all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers, causes of action or similar rights, whether accrued or contingent; and (m) all Governmental Approvals.

“Assumed AVS Liabilities” has the meaning set forth in Section 1.05(a).

“Auburn Facility” means the facility located at 207 S. West St., Auburn, Indiana, 46706, United States.

“Auburn Supply Agreement” has the meaning set forth in Section 1.12(a)(iv).

“AVS Assets” has the meaning set forth in Section 1.04(a).

“AVS Books and Records” has the meaning set forth in Section 1.04(a)(vii).

“AVS Business” means Seller’s business of sourcing, manufacturing, designing, producing, marketing, selling, distributing and developing anti-vibration systems for light vehicles and commercial vehicles. In construing the scope of the term “AVS Business,” the “AVS Business” will be deemed to encompass only the types and scope of activities conducted at the Closing in (a) Seller’s anti-vibration system product line or (b) the Seller enterprises that are exclusively related to the sourcing, manufacturing, designing, producing, marketing, selling, distributing and developing anti-vibration systems for light vehicles and commercial vehicles; provided, that the AVS Business will not include any

portion or assets of such business to the extent conducted or held (i) by Cooper-Standard France SAS or (ii) by Sujan Cooper-Standard AVS Private Limited.

“AVS Business Acquired Plan Assets” has the meaning set forth in Section 1.04(a)(x).

“AVS Business Acquired Plans” means those Compensation and Benefit Plans that are set forth on Section 1.04(a)(x) of the Seller Disclosure Letter.

“AVS Business Employees” has the meaning set forth in Section 5.02(a).

“AVS Business Information” has the meaning set forth in Section 4.08(c).

“AVS Business MAE” means any state of facts, circumstance, change, development, condition, effect, occurrence or event that, individually or in the aggregate, has had, or would reasonably be expected to have, a material adverse effect on the business, condition (financial or otherwise), Assets or results of operations of the AVS Global Business taken as a whole; provided, however, that any such effect resulting or arising from or relating to any of the following matters will not be considered when determining whether an AVS Business MAE has occurred or would reasonably be expected to occur: (a) general conditions in the industry in which the AVS Global Business competes, (b) any conditions in the United States general economy or the general economy in other geographic areas in which the AVS Business operates or proposes to operate, (c) political conditions, including acts of war (whether or not declared), armed hostilities and terrorism, or developments or changes therein, (d) any conditions resulting from natural disasters, (e) the imposition of any duties, tariffs or other Taxes, or other trade regulation, remedies or restrictions, (f) the failure of the financial or operating performance of the AVS Global Business to meet internal forecasts or budgets for any period prior to, on or after the date of this Agreement (but the underlying reason for the failure to meet such forecasts or budgets may be considered), (g) any action taken or omitted to be taken at the express request or with the express consent of Acquiror, including as set forth in this Agreement, (h) effects or conditions resulting from the announcement of this Agreement or the transactions contemplated thereby, but in each case to the extent related to the identity and/or nationality of Acquiror (i) changes in Laws or GAAP; provided, further, that with respect to clauses (a), (b), (d), (e) or (i), such matters will be considered to the extent that they disproportionately affect the AVS Global Business as compared to similarly situated businesses generally operating manufacturing anti-vibration system products in North America, Europe and other geographic areas in which the AVS Global Business operates.

“AVS Contracts” means any Contract to which Seller or any member of Seller Group is a Party, or by which it or any of its Assets is bound, and in each case which is related to the AVS Business, except for any such Contract that is explicitly retained by Seller or any member of the Seller Group pursuant to any provision of this Agreement or any Ancillary Agreement.

“AVS Facilities” has the meaning set forth in Section 1.04(a)(iii).

“AVS Global Business” means Seller’s business of sourcing, manufacturing, designing, producing, marketing, selling, distributing and developing anti-vibration systems for light vehicles and commercial vehicles. In construing the scope of the term “AVS Global Business,” the “AVS Global Business” will be deemed to encompass only the types and scope of activities conducted at the Closing in (a) Seller’s anti-vibration system product line or (b) the Seller enterprises that are exclusively related to the sourcing, manufacturing, designing, producing, marketing, selling, distributing and developing anti-vibration systems for light vehicles and commercial vehicles.

“AVS Governmental Approvals” has the meaning set forth in Section 1.04(a)(v).

“AVS Inventory” means all raw and packaging materials, parts, work-in-process and finished goods and products primarily used or held for use in the AVS Business and the mixing activities at the Auburn Facility, including all items of a nature classified as inventory on the Sample Net Working Capital Calculation.

“AVS Material Contracts” has the meaning set forth in Section 2.07(a).

“AVS Transaction Expenses” means the aggregate amount payable by the AVS Business for all out-of-pocket fees, costs and expenses (including any amounts not yet invoiced) incurred in connection with the authorization, preparation, negotiation or execution of this Agreement and the Ancillary Agreements and the consummation of the transactions contemplated hereby and thereby, including any change-of-control, or retention, or similar bonuses to current or former managers, directors, employees and other service providers of the AVS Business, together with the employer’s portion of any payroll, social security, unemployment and similar Taxes thereon, and all fees and expenses for professional services rendered by counsel, accountants, investment bankers, experts and consultants, as well as any such fees, costs or expenses incurred in the pursuit or consideration of any alternative transaction or equity or debt financing with respect to the AVS Business.

“Base Amount” has the meaning set forth in Section 1.10(a).

“Benefit Period” has the meaning set forth in Section 5.03(a).

“Building 18” means the real property described on Section 11.01(a) of the Seller Disclosure Letter.

“Business Day” means any day that is not a Saturday, a Sunday or other day that is a statutory holiday under the federal Laws of the United States, in Hanover, Germany or in France.

“Canadian AVS Assets” means the AVS Assets sold by Cooper-Standard Automotive Canada Limited under this Agreement.

“Cap” has the meaning set forth in Section 8.07(a).

"Claims Notice" has the meaning set forth in Section 8.04(b)(i).

"Closing" has the meaning set forth in Section 1.09.

"Closing Adjustment Statement" has the meaning set forth in Section 1.11(a).

"Closing Date" has the meaning set forth in Section 1.09.

"Closing Indebtedness" means the aggregate amount of all outstanding Indebtedness of the AVS Business as of the Closing.

"Closing Purchase Price" has the meaning set forth in Section 1.10(a).

"Closing Statement" has the meaning set forth in Section 1.10(b).

"Closing Transaction Expenses" means the aggregate amount of all AVS Transaction Expenses as of the Closing.

"Closing Trigger Date" has the meaning set forth in Section 1.09.

"Closing Working Capital" means the aggregate amount of AVS Inventory and Accounts Receivable minus the aggregate amount of Accounts Payable, in each case as of the Closing, calculated based on and consistent with the methodology and line items set forth in Exhibit G, prepared in accordance with GAAP applied in a manner consistent, through all relevant periods, with the preparation of the Financial Information, utilizing the same accounting methods, policies, practices and procedures, and with consistent classifications, judgments and estimation methodologies used in the preparation of the Sample Working Capital Calculation.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commercially Reasonable Efforts" means, with respect to the efforts to be expended by a Party with respect to any objective under this Agreement, reasonable, diligent efforts to accomplish such objective as such Party would normally use to accomplish a similar objective as expeditiously as reasonably possible under similar circumstances exercising reasonable business judgment, it being understood and agreed that such efforts will include the exertion of efforts and utilization of resources that would be used by such Party in support of one of its own wholly owned businesses. "Commercially Reasonable Efforts" will not require a Party (a) other than in the Ordinary Course or as required under existing contractual or legal obligations, to make payments to unaffiliated third parties, to incur non-de minimis Liabilities to unaffiliated third parties or to grant any non-de minimis concessions or accommodations, in each case in order to obtain a Consent or otherwise, unless the other Party agrees to reimburse and make whole such Party to its reasonable satisfaction for such Liabilities, concessions or accommodations requested to be made by the other Party (such reimbursement and make whole to be made promptly after the determination thereof following the Closing or, with respect to items incurred after the Closing, promptly thereafter), (b) to violate any Law, or (c) to initiate any litigation or arbitration.

"Compensation and Benefit Plans" means all (a) salary, bonus, vacation, deferred compensation, pension, supplemental pension, retirement, profit-sharing, thrift, savings, overtime, employee stock ownership, stock bonus, stock purchase, restricted stock, stock option, stock purchase, stock appreciation, share unit, phantom stock, deferred compensation, equity-based, incentive, retention, severance or change-in-control plans or other similar plans, policies, arrangements or agreements, (b) employment agreements, (c) medical, dental, disability, health and life insurance plans, sickness benefit plans, and (d) other employee benefit and fringe benefit plans, policies, arrangements or agreements, in the case of each of clauses (a) through (d), whether oral or written, formal or informal, funded or unfunded, insured or uninsured, registered or unregistered, that are (i) maintained or contributed to, or required to be contributed to, by Seller or any of its Subsidiaries as of the date of this Agreement for the benefit of any of the AVS Business Employees or any of their beneficiaries, (ii) with respect to which Seller or any of its Subsidiaries has any liability on behalf of any AVS Business Employee or any of their beneficiaries or (iii) pursuant to which Acquiror or any of its Subsidiaries may have any Liability for any Continuing Employees subsequent to the Closing in respect of periods prior to the Closing.

"Competing Activity" has the meaning set forth in Section 4.11(a).

"Confidentiality Agreement" means the Confidential Disclosure Agreement, previously executed by Seller and Acquiror.

"Consents" means any consents, waivers or approvals from, or notification requirements to, or authorizations by, any third-parties.

"Consolidated Tax Returns" means any Tax Returns with respect to any U.S. federal, state, provincial, local or foreign income Taxes that are paid on an affiliated, consolidated, combined, unitary or similar basis.

"Consultation Notice" has the meaning set forth in Section 8.04(b)(iii).

"Continuing Employee" has the meaning set forth in Section 5.02(b).

"Contracts" means any contract, agreement, lease, license, sales order, purchase order, loan, credit agreement, bond, debenture, note, mortgage, indenture, guarantee, undertaking, instrument, arrangement, understanding or other commitment, whether written or oral, that is binding (or purported to be binding) on any Person or any part of its property under applicable Law.

"Convey" has the meaning set forth in Section 1.01. Variants of this term such as "Conveyance" will have correlative meanings.

"Copyrights" has the meaning set forth in the definition of "Intellectual Property."

"Czestochowa Facility" means the facility located at CSF POLAND Sp.z.o.o, UL. LEGIONOW 244, Czestochowa, Silesia 42-202, Poland.

“Czestochowa MSA” has the meaning set forth in Section 1.12(a)(iii).

“Data Room” means the online data room hosted by Intralinks in connection with the transactions contemplated by this Agreement.

“Deductible” has the meaning set forth in Section 8.07(a).

“Defined Benefit Plans” means the (a) Cooper-Standard Automotive Inc. Salaried Retirement Plan, as amended, (b) Pension Plan for Salaried Employees of Cooper-Standard Automotive Canada Limited, as amended, and (c) Cooper-Standard Automotive Canada Limited Pension Plan – Mitchell USWA Local 719.

“Delayed Transfer Employee” has the meaning set forth in Section 5.02(d).

“Deliberate Breach” means a material breach of a representation or warranty or covenant by a Party where the breaching Party had knowledge at the time such representation and warranty was made or at the time such action was taken or omitted to be taken that such circumstance constituted a breach of this Agreement.

“Direct Claims” has the meaning set forth in Section 8.04(a).

“Disclosing Party” has the meaning set forth in Section 4.19(b)(A).

“Dispute” has the meaning set forth in Section 10.15.

“Dispute Escalation Notice” has the meaning set forth in Section 10.15.

“Economic Sanctions Law” means any economic or financial sanctions administered by the Office of Foreign Assets Control of the US Department of the Treasury, the US State Department, the United Nations, the European Union or any member state thereof, or any other national economic sanctions authority;

“Employing Entity” has the meaning set forth in Section 5.02(b).

“End Date” has the meaning set forth in Section 7.01(b)(i).

“Enforceability Exception” has the meaning set forth in Section 2.02.

“Environmental Claim” means any Action by any Person alleging or that may reasonably be expected to result in Liability (including Liability for investigatory costs, cleanup costs, governmental oversight or response costs, natural resource damages, fines or penalties) for any obligations under, or any actual noncompliance with, any Environmental Laws.

“Environmental Laws” means all Laws adopted or applied by any Governmental Authority that relate to the protection of human health, the environment and/or natural resources (including ambient air, soil vapor, surface water, ground water, land surface

or subsurface strata) or the effect on human health, the environment and/or natural resources.

“Equity Interests” means (a) with respect to a corporation, any and all shares of capital stock, (b) with respect to a partnership, limited liability company, trust or similar Person, any and all membership interests, equity units, ownership interests or other partnership/limited liability company interests and (c) any other direct or indirect equity ownership, participation or voting right or interest in a Person (including any Contract in the nature of a voting trust or similar agreement or understanding or indebtedness having general voting rights).

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means, with respect to an entity, any trade or business (whether or not incorporated) (a) under common control (within the meaning of Section 4001(b)(1) of ERISA) with such entity, or (b) which, together with such entity, is treated as a single employer under Section 414(t) of the Code.

“Estimated Closing Indebtedness” has the meaning set forth in Section 1.10(b).

“Estimated Closing Transaction Expenses” has the meaning set forth in Section 1.10(b).

“Estimated Closing Working Capital” has the meaning set forth in Section 1.10(b).

“Estimated Closing Working Capital Deficiency” has the meaning set forth in Section 1.10(b).

“Estimated Closing Working Capital Surplus” has the meaning set forth in Section 1.10(b).

“ETA” means the Excise Tax Act (Canada) and the regulations promulgated thereunder as amended from time to time.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Excluded Assets” has the meaning set forth in Section 1.04(b).

“Excluded IP Assets” means any Intellectual Property that is not an Included IP Asset.

“Excluded Environmental Liabilities” means all Liabilities arising in connection with or in any way relating to Seller or any of its Affiliates (or any predecessor of Seller or any of its Affiliates or any prior owner of all or part of its business and assets), any property now or previously owned, leased or operated by Seller or any of its Affiliates, in relation to (1) the ownership or operation of the AVS Business (as currently or

previously conducted) or the AVS Assets or (2) any activities or operations occurring or conducted at the Real Property (including offsite disposal), whether accrued, contingent, absolute, determined, determinable or otherwise, which (a) arise under or relate to any Environmental Law and (b) relate to, result from or arise out of actions, events, circumstances or conditions that first occurred or are created on or prior to the Closing Date.

“Excluded Liabilities” has the meaning set forth in Section 1.05(b).

“Excluded Taxes” means any liability, obligation or commitment for (a) any Taxes imposed on or with respect to Seller or any of its Affiliates, (b) any Taxes imposed with respect to the AVS Assets or the AVS Business, in each case, for any Pre-Closing Tax Period (including the portion of any Straddle Period ending on the Closing Date, as determined pursuant to Section 9.03(c)), and (c) any Taxes imposed on or with respect to the AVS Assets or the AVS Business resulting from any material inaccuracy in or breach of the representations and warranties set forth in Section 9.03(c); provided, however, that Excluded Taxes will not include (i) any amounts resulting from or arising in connection with any breach by any member of the Acquiror Group of any obligation under this Agreement, (ii) any amounts that have already been included in Final Closing Working Capital (but not to the extent that such amounts had been used in calculating Target Closing Working Capital) or have otherwise reduced the Closing Purchase Price or (iii) any Transfer Taxes (which are addressed in Section 9.05) or Indirect Taxes (which are addressed in Section 9.06 and Section 9.07).

“Final Allocation” has the meaning set forth in Section 9.04.

“Final Closing Adjustment Statement” has the meaning set forth in Section 1.11(d).

“Final Determination” means (a) with respect to U.S. federal income Taxes, a “determination” as defined in Section 1313(a) of the Code and (b) with respect to Taxes other than U.S. federal income Taxes, any final determination of Liability in respect of a Tax that, under applicable Law, is not subject to further appeal, review or modification through proceedings or otherwise, including the expiration of a statute of limitations or a period for the filing of claims for refunds, amended Tax Returns or appeals from adverse determinations.

“Financial Information” has the meaning set forth in Section 2.10(a).

“French Base Amount” has the meaning set forth in Section 1.15.

“French Closing” means the closing of the transactions contemplated by the French SPA.

“French Offer to Purchase” means the Offer Letter from Acquiror to Cooper-Standard France SAS, dated as of November 1, 2018.

“French SPA” means the form Share Purchase Agreement to be entered into between Cooper-Standard France SAS, Seller, and Acquiror if the French Offer to Purchase is accepted by Cooper-Standard France SAS pursuant to its terms.

“French Working Capital” has the meaning set forth in Section 1.15.

“French Working Capital Deficiency” has the meaning set forth in Section 1.15.

“French Working Capital Surplus” has the meaning set forth in Section 1.15.

“GAAP” means United States generally accepted accounting principles, as consistently applied by Seller.

“Goods in Transit” means goods that have left a Seller site, were recorded by Seller as sales in its accounting systems, but have not been received by customers (and therefore cannot be reflected as sales in accordance with GAAP). For purposes of this Agreement, Goods in Transit will be calculated using the same data used to adjust Seller’s financial statements.

“Governmental Approvals” means any notices, reports or other filings to be made, or any Consents, registrations, permits, licenses, certifications, orders, clearances, terminations or expirations of waiting periods, or authorizations to be obtained from, any Governmental Authority.

“Governmental Authority” means any federal, state, local, provincial, foreign or international court, tribunal, judicial or arbitral body, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority or any national securities exchange.

“Group” means the Seller Group or the Acquiror Group, as the context requires.

“GST” means the goods and services tax and harmonized sales tax levied under the ETA, together with any penalties and interest imposed thereon.

“Hazardous Materials” means chemicals, pollutants, contaminants, wastes, toxic substances, radioactive (including any source, special nuclear, or by-product material) and biological materials, hazardous substances, asbestos and asbestos containing materials, petroleum and petroleum products or any fraction thereof, including such substances referred to by such terms as defined in any Environmental Laws or any other substance or material that is regulated by, or may form the basis for liability under, any Environmental Laws.

“HSR Act” has the meaning set forth in Section 2.03.

“In-Scope Employees” means employees of Seller or its Affiliates who primarily provide services to the AVS Business and that are identified as In-Scope Employees on Section 5.01 of the Seller Disclosure Letter, as it may be updated in accordance with this Agreement.

"Included IP Assets" has the meaning set forth in Section 1.04(a)(vi).

"Indebtedness" means and includes (a) as to any Person (including the AVS Business) (i) indebtedness for borrowed money or indebtedness issued or incurred in substitution or exchange for indebtedness for borrowed money, (ii) amounts owing as deferred purchase price for property or services, (iii) indebtedness evidenced by any note, bond, debenture, mortgage or other debt instrument or debt security, (iv) obligations or commitments to repay deposits or other amounts advanced by and owing to third parties, (v) net payment obligations under any interest rate, currency or other hedging or derivative agreement, (vi) obligations of such Person as lessee under leases that have been in accordance with GAAP, recorded as capital leases, (vii) outstanding letter of credit reimbursement obligations, but only to the extent drawn and (b) as to the AVS Business (i) the amount as of the Closing of customer deposits for incomplete tooling net of expenses incurred by Seller or its Subsidiaries in manufacturing such tooling, and (ii) \$5,000,000 in respect of other post-employment benefits liabilities potentially due to In-Scope Employees in the US and Canada.

"Indemnifying Party" means any Party which may be obligated to provide indemnification to an Indemnitee pursuant to Article VIII, Article IX or any other section of this Agreement.

"Indemnitee" means any Person which may be entitled to indemnification from an Indemnifying Party pursuant to Article VIII, Article IX or any other section of this Agreement.

"Indirect Tax" means all VAT, provincial sales tax, goods and services, harmonized sales, excise, ad valorem, receipts, value added, or similar Taxes (including any notarial fee) imposed in connection with, or otherwise relating to, the sale, transfer or assignment of the AVS Assets or the AVS Business from Seller or any of its Affiliates to Acquiror or any of its Affiliates pursuant to this Agreement.

"Information" means information in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, Contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other Software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data, but in any case excluding back-up tapes.

"Integration" has the meaning set forth in Section 4.06.

"Integration Plan" has the meaning set forth in Section 4.06.

"Intellectual Property" means, in any and all jurisdictions throughout the world, all (a) inventions and discoveries (whether or not patentable or reduced to practice),

patents, patent applications, invention disclosures, and statutory invention registrations, including reissues, divisionals, continuations, continuations-in-part, counterparts, reissues, certifications, extensions and reexaminations thereof (collectively, “Patents”), (b) trademarks, service marks, service names, domain names, uniform resource locators, trade dress (whether registered or unregistered), slogans, logos, symbols, trade names, brand names and other identifiers of source or goodwill, including registrations and applications for registration thereof and including the goodwill symbolized thereby or associated therewith, together with applications and registrations in connection therewith throughout the world (collectively, “Trademarks”), (c) published and unpublished works of authorship, whether copyrightable or not (including computer software), copyrights therein and thereto, registrations, applications, renewals and extensions therefor, industrial designs, mask works, and any and all rights associated therewith (collectively, “Copyrights”), (d) proprietary, secret, or confidential information (including all inventions (whether or not patentable), invention disclosures, improvements, research and development, know-how, formulas, compositions, compilations, processes, methods, techniques, technical data, designs, drawings, databases, data collections, computer programs, and specifications) used in one’s business, as well as any other financial, marketing, customer, pricing, cost, manufacturing, or production information, that either (i) offers an advantage over competitors who do not know or use the information, or (ii) offers economic value, either actual or potential, from not being generally known or readily available (collectively, “Trade Secrets”), (e) rights of privacy and publicity, (f) any and all other proprietary rights, (g) any and all other intellectual property under the Laws of any country throughout the world, (h) Software, and (i) any licenses and agreements with respect to any of the foregoing.

“Intercompany Accounts” has the meaning set forth in Section 1.06.

“IRS” means the United States Internal Revenue Service.

“IT Preparation” means the testing and preparation of the AVS Business’ IT Systems (Finance, Logistics, EDI, Quality, R&D, Engineering, HR), including (a) the separation and/or mirroring of such IT Systems, and the cleansing of non-AVS Business-related data and updating with actual AVS Business-related data, in a manner that permits ongoing access for Acquiror to the IT Systems and related legacy data required to operate the AVS Business following the Closing, (b) the provision of opening balance sheets, where all accounts are balanced as zero as of the Closing Date and (c) the preparation of forms and labels and updated logos.

“IT Systems” means all information technology assets, hardware, Software, systems and networks (including software provided as a service and cloud services).

“Joint Steering Committee” has the meaning set forth in Section 4.06.

“Knowledge” means, in the case of Acquiror, the knowledge of each of the persons listed on Section 11.01(b) of the Acquiror Disclosure Letter after reasonable inquiry by each such person, and, in the case of Seller, the knowledge of each of the

persons listed on Section 11.01(b) of the Seller Disclosure Letter after reasonable inquiry by each such person.

“Kunshan Facility” means the facility located at No. 99 Du Juan Road, Japanese Industry Park, Kunshan Economic & Technological Development Zone, Kunshan, Jiangsu 215300, China.

“Kunshan MSA” has the meaning set forth in Section 1.12(a)(ii).

“Law” means any statute, law, ordinance, regulation, rule, code or other requirement of, or Order issued by, a Governmental Authority.

“Leased Real Property” has the meaning set forth in Section 2.17.

“Leave of Absence Employee” has the meaning set forth in Section 5.02(e).

“Liabilities” means all debts, liabilities, guarantees, obligations, assurances and commitments, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including whether arising out of any Contract or tort based on negligence, strict liability or relating to Taxes payable by a Person in connection with compensatory payments to employees or independent contractors) and whether or not the same would be required by generally accepted principles and accounting policies to be reflected in financial statements or disclosed in the notes thereto.

“Licensed Intellectual Property” has the meaning set forth in Section 2.04.

“Litigation Conditions” has the meaning set forth in Section 8.04(b)(ii).

“Losses” means liabilities, damages, penalties, judgments, assessments, losses, Tax, costs and expenses in any case, whether arising under strict liability or otherwise (including reasonable expenses of investigation and attorneys’ fees and expenses in connection with any action, suit or proceeding); provided, however, that “Losses” will not include any punitive, exemplary, special or similar damages, indirect damages, consequential damages that are not reasonably foreseeable, damages based on diminution in value or damages computed on a multiple of earnings, cash flow or another financial measure, in each case, except to the extent awarded by a court of competent jurisdiction in connection with a Third-Party Claim.

“Mitchell Facility” means the facility located at 79 Arthur Street, Mitchell, ON, Canada N0K 1N0.

“Non-AVS Business” means all businesses and operations (whether or not such businesses or operations are or have been terminated, divested or discontinued) conducted prior to the Closing by Seller and its Subsidiaries, in each case that are not included in the AVS Business.

“Non-AVS Facility Equipment” has the meaning set forth in Section 1.04(a)(i).

“Non-Union US Continuing Employee” has the meaning set forth in Section 5.09.

“Non-US Continuing Employee” has the meaning set forth in Section 5.02(b).

“Official” means any official, employee or representative of, or any other Person acting in an official capacity for or on behalf of, any (a) Governmental Authority, including any entity owned or controlled thereby, (b) political party, party official or political candidate, or (c) public international organization.

“Order” means any orders, judgments, rulings, injunctions, awards, decrees, writs or other legally enforceable requirement handed down, adopted or imposed by, including any consent decree, settlement agreement or similar written agreement with, any Governmental Authority.

“Ordinary Course” means, with respect to an action taken by any Person, an action that is (a) consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal operations of such Person or (b) similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal operations of other Persons that are in the same size and line of business as such Person.

“Other Business Intellectual Property” means all Intellectual Property that is owned or licensed by Seller or any of its Affiliates as of the Closing Date (except, in the case of Patents, at any time prior to the 12 months after the Closing Date) and is used or held for use in the conduct of the AVS Global Business as of the Closing Date but is not included in the Included IP Assets, including all Intellectual Property included in the Excluded IP Assets, and including (a) all recipes and formulations, to the extent not exclusively relating to the products of the AVS Global Business and (b) the specifications of the products of the AVS Global Business.

“Owned Real Property” has the meaning set forth in Section 2.17.

“Parties” means Seller and Acquiror.

“Patents” has the meaning set forth in the definition of “Intellectual Property”.

“Permitted Encumbrances” means (a) Security Interests consisting of zoning or planning restrictions, easements, permits and other restrictions or limitations on the use of real property or irregularities in title thereto which do not materially interfere with the use of the property in the AVS Business with respect to Seller and Acquiror’s property with respect to Acquiror, (b) Security Interests for current Taxes, assessments or similar governmental charges or levies not yet due or which are being contested in good faith and for which adequate accruals or reserves have been established, (c) mechanic’s, workmen’s, materialmen’s, carrier’s, repairer’s, warehousemen’s and similar other Security Interests arising or incurred in the Ordinary Course and for which adequate

accruals or reserves have been established, and (d) with respect to Acquiror, Security Interests securing obligations pursuant to credit documents of the Acquiror in connection with the financing or any refinancing thereof.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or other entity or organization or a Governmental Authority.

“Post-Closing Adjustment” has the meaning set forth in Section 1.11(e).

“Post-Closing Tax Period” means any Tax period (or portion thereof) beginning after the Closing Date.

“Pre-Closing Tax Period” means any Tax period (or portion thereof) ending on or before the Closing Date.

“Privileged Information” has the meaning set forth in Section 4.08(a).

“Privileges” has the meaning set forth in Section 4.08(a).

“Project Lead” has the meaning set forth in Section 4.06.

“Proposed Allocation” has the meaning set forth in Section 9.04.

“Real Property” has the meaning set forth in Section 2.17(a).

“Real Property Interests” means all interests in real property of whatever nature, including easements, whether as owner or holder of a Security Interest, lessor, sublessor, lessee, sublessee or otherwise.

“Real Property Leases” has the meaning set forth in Section 2.17.

“Receiving Party” has the meaning set forth in Section 4.19(b).

“Reference Contribution Value” has the meaning set forth in Section 1.15.

“Refund Equivalent” means any credit against or offset of Taxes received in lieu of an actual refund.

“Registered Intellectual Property” has the meaning set forth in Section 2.04.

“Reimbursed Auto Leases” has the meaning set forth in Section 4.18.

“Release” means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into surface water, groundwater, land surface or subsurface strata or ambient air (including the abandonment or discarding of barrels, containers and other closed receptacles containing any Hazardous Materials).

“Representatives” means with respect to any Person, such Person’s and any of its Subsidiaries’ respective officers, employees, agents, advisors, directors and other authorized representatives.

“Required Action” has the meaning set forth in Section 4.11(a)(i).

“Required Approvals” has the meaning set forth in Section 2.06(b).

“Sample Working Capital Calculation” means the document attached hereto as Exhibit G.

“Sanctioned Person” means any person, organization or vessel (a) designated on the list of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control of the US Department of the Treasury, the Consolidated List of Financial Sanctions Targets or list of Investment Ban Targets, the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions maintained by the European Commission, or any other list of targeted persons, entities, groups or bodies issued by the UN, US, EU, UK (or any other member state of the EU), (b) that is, or is part of, a government of a Sanctioned Territory, (c) owned or controlled by, or acting on behalf of, any of the foregoing, (d) incorporated or located within or operating from a Sanctioned Territory or (e) otherwise targeted under any Economic Sanctions Law.

“Sanctioned Territory” means any country or other territory subject to a general export, import, financial or investment embargo under any Economic Sanctions Law (including Iran, Syria, Sudan, Cuba and North Korea).

“Scheduled Employees” means the employees set forth on Section 11.01(c) of the Seller Disclosure Letter.

“Security Interest” means, whether arising under any Contract or otherwise, any mortgage, security interest, pledge, lien, charge, claim, option, indenture, right to acquire, right of first refusal, deed of trust, licenses to third parties, leases to third parties, security agreements, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, title defect, restriction on transfer or other encumbrance and other restrictions, conditions, limitations or adverse claims on use of real or personal property of any nature whatsoever.

“Seller” has the meaning set forth in the preamble to this Agreement.

“Seller Disclosure Letter” means the disclosure letter delivered by Seller to Acquiror immediately prior to the execution of this Agreement.

“Seller Group” means Seller and each of its Subsidiaries.

“Seller Indemnitees” means Seller, Cooper-Standard Holdings Inc., each Subsidiary of Cooper-Standard Holdings Inc. and each member of the Seller Group, and all Persons who are or have been stockholders, directors, partners, managers, managing members, officers, agents, representatives or employees of Seller, Cooper-Standard

Holdings Inc., any Subsidiary of Cooper-Standard Holdings Inc. or any member of the Seller Group (in each case, in their respective capacities as such).

"Seller Name and Mark" has the meaning set forth in Section 4.13.

"Seller Objection" has the meaning set forth in Section 1.11(b).

"Seller Specified Representations" has the meaning set forth in Section 8.07(a).

"Seller Tax Returns" has the meaning set forth in Section 9.01(a).

"Shared Information" means (a) all Information provided by any member of the Acquiror Group to a member of the Seller Group prior to the Closing, (b) any Information in the possession or under the control of such respective Group that relates to the operation of the AVS Business prior to the Closing and that the requesting Party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party (including under applicable securities and Tax Laws) by a Governmental Authority having jurisdiction over the requesting Party, (ii) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation or other similar requirements, in each case other than claims or allegations that one Party to this Agreement has against the other, (iii) subject to the foregoing clause (ii) above, to comply with its obligations under this Agreement or any Ancillary Agreement, or (iv) to the extent such Information and cooperation is necessary to comply with such reporting, filing and disclosure obligations, for the preparation of financial statements or completing an audit, and as reasonably necessary to conduct the ongoing businesses of Seller or the AVS Business, as the case may be, and (c) any Information that is reasonably necessary for the conduct of the AVS Business (except for any information relating to performance ratings or assessments of employees of Seller and Continuing Employees (including performance history, reports prepared in connection with bonus plan participation and related data, other than individual bonus opportunities based on target bonus as a percentage of base salary)).

"Software" means computer software, programs, source code, object code, specifications, databases and documentation related thereto.

"Store Room Inventory" means the value of spare parts for machinery and equipment and items such as lubrication oils for machinery, cleaning materials and supply items which are consumed in the production process or have an intended design life of less than 12 months.

"Straddle Period" means any Tax period beginning on or before, and ending after, the Closing Date.

"Stratford Facility" means the facility located at 341 Erie Street, Stratford, Ontario N5A 2N3, Canada.

"Subsidiary" of any Person means another Person (other than a natural Person), of which such Person owns directly or indirectly (a) an aggregate amount of the voting securities, other voting ownership or voting partnership interests to elect a majority of the Board of Directors or other governing body or (b) if there are no such voting interests, 50% or more of the Equity Interests therein; provided, that, for the avoidance of doubt Cooper-Standard France SAS and Sujan Cooper-Standard AVS Private Limited will not be considered Subsidiaries of Seller.

"Target Closing Working Capital" means \$17,500,000.

"Tax" means any United States federal income, state, local or foreign tax, charge, duty, fee, levy, impost or other assessment of any nature whatsoever, including, without limitation, income, gross receipts, excise, property, estimated, sales or use, value added, goods and services, withholding, employment, unemployment net worth, customs duties, capital gains, transfer, stamp and franchise taxes, imposed by any Taxing Authority, including any interest, penalties, additions to tax and additional amounts with respect thereto.

"Tax Claim" has the meaning set forth in Section 9.03(e).

"Tax Proceeding" has the meaning set forth in Section 2.13.

"Tax Return" means any return, report, declaration, statement or other document (including any amendment or schedule thereto) filed or required to be filed with any Taxing Authority in respect of any Tax.

"Taxing Authority" means any Governmental Authority exercising any authority to impose, regulate or administer the imposition of Taxes.

"Third-Party Claim" has the meaning set forth in Section 8.04(b)(i).

"Trade Secrets" has the meaning set forth in the definition of "Intellectual Property."

"Trademarks" has the meaning set forth in the definition of "Intellectual Property."

"Transfer Documents" has the meaning set forth in Section 1.13.

"Transfer Tax" means any federal, state, provincial, county, local, foreign and other sales, use, transfer, land transfer, conveyance, documentary transfer, stamp, recording, registration or other similar Tax (including any notarial fee, but excluding any Indirect Tax) imposed in connection with, or otherwise relating to, the sale, transfer or assignment of the AVS Assets or the AVS Business from Seller or any of its Affiliates to Acquiror or any of its Affiliates pursuant to this Agreement.

"TSA" has the meaning set forth in Section 1.12(a)(i). From and after the Closing, the TSA will refer to the agreement executed and delivered pursuant to such section, as amended and/or modified from time to time in accordance with its terms.

“Unknown Liabilities” has the meaning set forth in Section 1.05(b)(ii).

“US Continuing Employee” has the meaning set forth in Section 5.02(b).

“Use” means to make, have made (including the right of Acquiror to have products manufactured and have any services rendered by one or more contractors for subsequent commercialization by Acquiror or its Affiliates), develop, use, lease, sell, have sold, offer for sale, support, service, export, import, and otherwise dispose of any products and services and to practice and have practiced any methods therein.

“USW” has the meaning set forth in Section 5.03(c).

“VAT” means any value added Tax, GST, goods and services Tax or similar Taxes, including any value added Tax within the meaning of European Council Directive 2006/112/EC as transposed into the applicable law of the relevant member state and any other similar Tax in any other relevant non-EU jurisdiction.

“WARN Act” has the meaning set forth in Section 5.12.

“Welfare Type Plans” has the meaning set forth in Section 5.06.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

COOPER-STANDARD AUTOMOTIVE INC.

By: /s/ Keith D. Stephenson
Name: Keith D. Stephenson
Title: EVP & Chief Operating Officer

CONTITECH USA, INC.

By: /s/ George R. Jurch III
Name: George R. Jurch III
Title: Vice President

By: /s/ James L. Karam
Name: James L. Karam
Title: Asst - Treasurer

Subsidiaries of Cooper-Standard Holdings Inc.⁽¹⁾

Subsidiary Name	Jurisdiction of Organization
Cooper-Standard Automotive (Australia) Pty. Ltd.	Australia
CSA (Barbados) Investment Co. Ltd.	Barbados
Cooper Nishikawa Brasil Ltda.	Brazil
Cooper-Standard Automotive Brasil Sealing Ltda.	Brazil
Itatiaia Standard Industrial Ltda.	Brazil
Cooper-Standard Automotive Canada Limited	Canada
Cooper (Wuhu) Automotive Co., Ltd.	China
Cooper Standard (Shandong) Automotive Parts Co., Ltd.	China
Cooper Standard (Shanghai) Automotive Parts Co., Ltd.	China
Cooper Standard Automotive (Changchun) Co., Ltd.	China
Cooper Standard Automotive (Kunshan) Co., Ltd.	China
Cooper Standard Automotive (Suzhou) Co., Ltd.	China
Cooper Standard Chongqing Automotive Co., Ltd.	China
Cooper Standard Fluid Systems (Kunshan) Co. Ltd.	China
Cooper Standard INOAC Automotive (Huai'an) Co Ltd	China
Cooper Standard Sealing (Guangzhou) Co. Ltd. (51%)	China
Cooper Standard Sealing (Huai'an) Co. Ltd. (70%)	China
Cooper Standard Sealing (Shanghai) Co., Ltd. (95%)	China
Cooper Standard Sealing (Shenyang) Co. Ltd.	China
Cooper-Standard Dongfeng Automotive Parts Co., Ltd. (70%)	China
Cooper-Standard FAWSN Automotive Systems (Changchun) Co., Ltd. (55%)	China
Cooper-Standard Investment Co., Ltd.	China
Shanghai Jyco Sealing Products Co., Ltd.	China
Shanghai Shumi Automotive Parts Co., Ltd.	China
Hutchings Automotive Products S.A.	Costa Rica
Cooper-Standard Automotive Ceska Republika s.r.o.	Czech Republic
Cooper-Standard Automotive FHS Ceska republika s.r.o., v likvidaci	Czech Republic
Cooper-Standard Automotive France S.A.S.	France
Cooper-Standard AVS	France
Cooper-Standard France SAS	France
Cooper Standard Europe GmbH	Germany
Cooper Standard GmbH	Germany
Cooper Standard Service GmbH	Germany
Cooper Standard Technical Rubber GmbH	Germany
Cooper-Standard Automotive (Deutschland) GmbH	Germany
Metzeler Kautschuk Unterstützungskasse Gesellschaft mit beschränkter Haftung	Germany
Cooper-Standard Automotive India Private Limited	India
Cooper-Standard India Private Limited	India
Polyrub Cooper Standard FTS Private Ltd. (35%)	India
Sujan Cooper Standard AVS Private Limited (50%)	India
Cooper-Standard Automotive Italy S.p.A.	Italy
Cooper-Standard Automotive Italy Service SRL	Italy
Cooper Standard Automotive Japan Inc.	Japan
Cooper Standard Automotive Korea Inc.	Korea, Republic of
Cooper Standard Korea Inc.	Korea, Republic of

Subsidiary Name	Jurisdiction of Organization
CooperStandard Automotive and Industrial Inc. (80.1%)	Korea, Republic of
Coopermex, S.A. de C.V.	Mexico
Cooper-Standard Automotive de Mexico S.A. de C.V.	Mexico
Cooper-Standard Automotive FHS, S. de R.L. de C.V.	Mexico
Cooper-Standard Automotive Fluid Systems de Mexico, S. de R.L. de C.V.	Mexico
Cooper-Standard Automotive Sealing de Mexico, S.A. de C.V.	Mexico
Cooper-Standard Automotive Services, S. de R.L. de C.V.	Mexico
Cooper-Standard de México S de RL de CV	Mexico
Cooper-Standard Technical Services de Mexico, S. de R.L. de C.V.	Mexico
CS Mexico Holdings, S. de R.L. de C.V.	Mexico
Manufacturera El Jarudo, S. de R.L. de C.V.	Mexico
Cooper-Standard Automotive International Holdings B.V.	Netherlands
Cooper-Standard Latin America B.V.	Netherlands
Cooper Standard Polska Sp. z o.o.	Poland
Cooper-Standard Automotive Piotrkow SP Zoo	Poland
CSF Poland Sp. z o.o.	Poland
S.C. Cooper-Standard Romania SRL	Romania
Cooper Standard Srbija DOO Sremska Mitrovica	Serbia
Cooper-Standard Holdings Singapore Pte. Ltd.	Singapore
Cooper-Standard Pte. Ltd.	Singapore
Cooper-Standard Automotive España, S.L.	Spain
Cooper Standard Sweden filial of Cooper-Standard Automotive International Holdings B.V. ⁽²⁾	Sweden
Nishikawa Tachapalart Cooper Ltd. (20%)	Thailand
Cooper-Standard Automotive UK Limited	United Kingdom
Cooper-Standard Automotive Fluid Systems Mexico Holding LLC	United States (Delaware)
Cooper-Standard Canada Holdings LLC	United States (Delaware)
Cooper-Standard FHS LLC	United States (Delaware)
CS Intermediate HoldCo 1 LLC	United States (Delaware)
NISCO Holding Company	United States (Delaware)
Nishikawa Cooper LLC (40%)	United States (Delaware)
Cooper-Standard Foundation Inc. ⁽³⁾	United States (Michigan)
Cooper-Standard Automotive NC L.L.C.	United States (North Carolina)
Cooper-Standard Automotive Inc.	United States (Ohio)
Cooper-Standard Automotive OH, LLC	United States (Ohio)
CSA Services Inc.	United States (Ohio)
Lauren Acquisition Company, LLC	United States (Ohio)
Lauren Manufacturing, LLC	United States (Ohio)
Lauren Plastics, LLC	United States (Ohio)

⁽¹⁾Subsidiaries as of January 31, 2019; wholly-owned except as otherwise indicated

⁽²⁾This is a branch office of Cooper-Standard Automotive International Holdings B.V.

⁽³⁾This is a Michigan non-profit corporation

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-3 File No. 333.175637) of Cooper-Standard Holdings Inc.,
- (2) Registration Statement (Form S-8 File No. 333-188516) pertaining to the Cooper-Standard Holdings Inc. 2011 Omnibus Incentive Plan,
- (3) Registration Statement (Form S-3 File No. 333-189981) of Cooper-Standard Holdings Inc., and
- (4) Registration Statement (Form S-8 File No. 333-218127) pertaining to the Cooper-Standard Holdings Inc. 2017 Omnibus Incentive Plan;

of our reports dated February 25, 2019, with respect to the consolidated financial statements and schedule of Cooper-Standard Holdings Inc. and the effectiveness of internal control over financial reporting of Cooper-Standard Holdings Inc. included in this Annual Report (Form 10-K) of Cooper-Standard Holdings Inc. for the year ended December 31, 2018.

/s/ Ernst & Young LLP

Detroit, Michigan
February 25, 2019

COOPER-STANDARD HOLDINGS INC.
Certification of the Principal Executive Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Jeffrey S. Edwards, certify that:

1. I have reviewed this annual report on Form 10-K of Cooper-Standard Holdings Inc.;
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 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 like to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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 controls 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.

Dated: February 25, 2019

/s/ Jeffrey S. Edwards

Jeffrey S. Edwards
 Chairman and Chief Executive Officer
 (Principal Executive Officer)

COOPER-STANDARD HOLDINGS INC.
Certification of the Principal Financial Officer
Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a)
(Section 302 of the Sarbanes-Oxley Act of 2002)

I, Jonathan P. Banas, certify that:

1. I have reviewed this annual report on Form 10-K of Cooper-Standard Holdings Inc.;
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 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 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.

Dated: February 25, 2019

/s/ Jonathan P. Banas

Jonathan P. Banas

Chief Financial Officer
 (Principal Financial Officer)

**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 filing of this annual report on Form 10-K of Cooper-Standard Holdings Inc. (the "Company") for the period ended December 31, 2018, with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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.

Dated: February 25, 2019

/s/ Jeffrey S. Edwards

Jeffrey S. Edwards
Chief Executive Officer
(Principal Executive Officer)

/s/ Jonathan P. Banas

Jonathan P. Banas
Chief Financial Officer
(Principal Financial Officer)