

COOPER TIRE & RUBBER COMPANY



**THIS IS  
*COOPER***

The background of the advertisement is a collage of automotive-related images. At the top left, there's a close-up of a tire tread. To the right, a car is shown from a side profile, moving quickly. In the upper right corner, a speedometer is visible with the number '150' and a partial '17'.

**APPLYING THE POWER OF INGENUITY:**

it's one of the greatest assets a company can have.

It's the spark behind fresh ideas and inspired products.

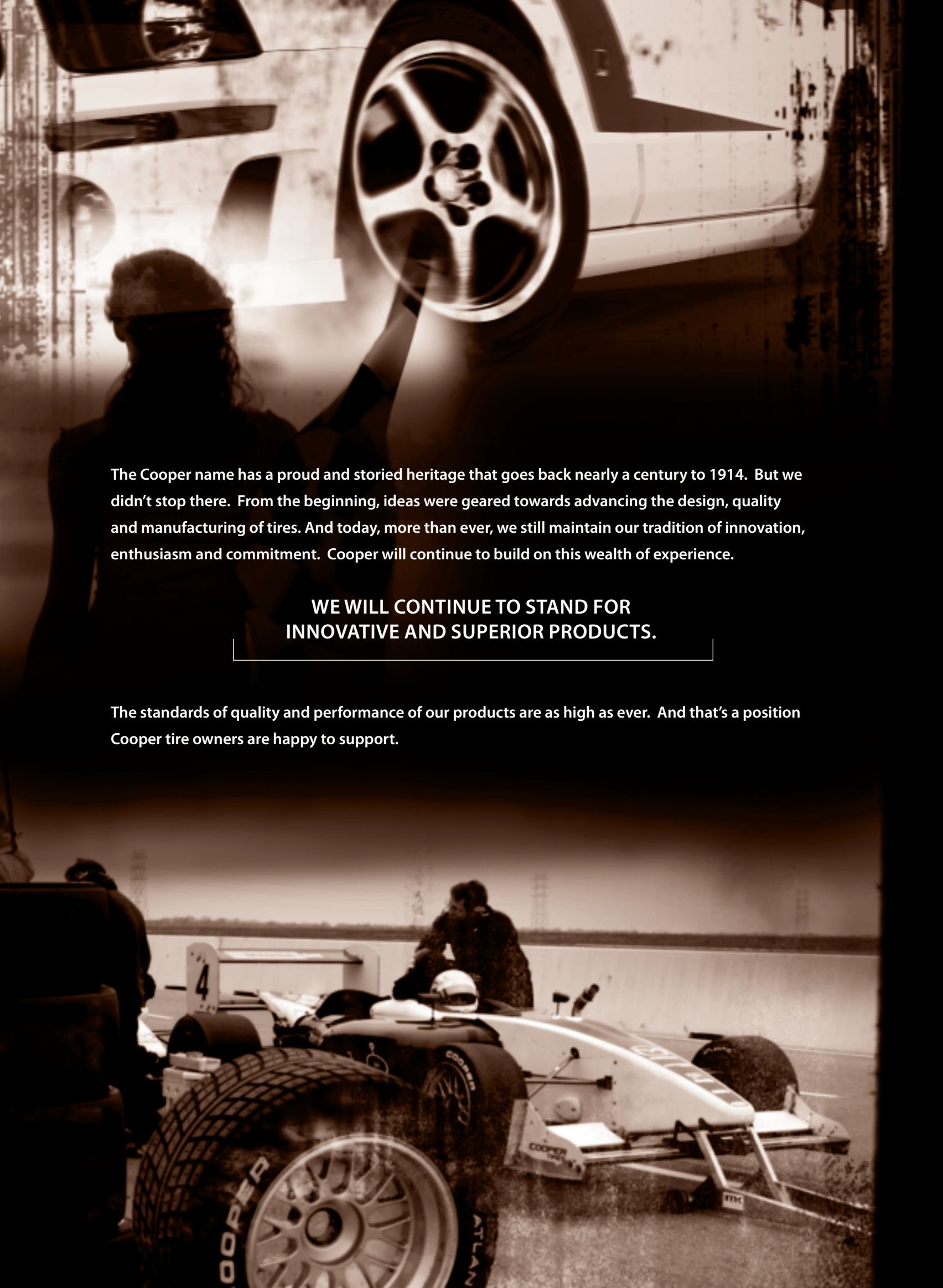
And at Cooper, ideas are everything.

It focuses us on a singular **GOAL:**

**TO STRIVE TO MAKE OUR TIRES THE BEST IN THE MARKET.**

We provide a lineup of top-quality tires and other exciting offerings that are the result of creative thinking on the part of all Cooper employees. We thrive on the exciting and the new. And, thanks to constant innovation, and passionate, dedicated employees, Cooper will continue to focus on all the inspired ways that make Cooper ... well, Cooper – a value leader in the replacement tire market and

**A COMPANY COMMITTED TO BEING THE EASIEST  
TIRE COMPANY TO DO BUSINESS WITH.**


A sepia-toned photograph showing a worker in a hard hat and safety vest inspecting a large tire mounted on a vehicle. The worker is in the foreground, looking up at the tire. The tire is a large, multi-spoke wheel. The background is a blurred industrial setting.

The Cooper name has a proud and storied heritage that goes back nearly a century to 1914. But we didn't stop there. From the beginning, ideas were geared towards advancing the design, quality and manufacturing of tires. And today, more than ever, we still maintain our tradition of innovation, enthusiasm and commitment. Cooper will continue to build on this wealth of experience.

**WE WILL CONTINUE TO STAND FOR  
INNOVATIVE AND SUPERIOR PRODUCTS.**

The standards of quality and performance of our products are as high as ever. And that's a position Cooper tire owners are happy to support.





At Cooper, we are growing consumer awareness around the world. We are growing our brand in new markets. We have full-line capabilities to serve all of our customers' needs and demands. And, we have a strong heritage of customer service and consumer satisfaction. In short, we know today that Cooper is more than we have ever been.

**AND WE WANT THE WORLD TO SEE US  
AND KNOW US FOR ALL THAT WE ARE TODAY.**

To our shareholders:

2006 was a year of tremendous challenge and change for Cooper Tire & Rubber Company. Challenges from general industry conditions as well as some challenges of our own making led to less than acceptable financial results, particularly in the first three quarters of the year. However, the changes we put in place, in response to these market challenges and through the implementation of our strategic plans, are already beginning to generate positive results. In addition, while raw material prices remain near all-time highs, we began to see some improvement in the trends for raw material prices late in the year. These positive changes of direction are starting to be reflected in many of the measures we use to manage our business as well as in the price of Cooper stock, which we believe is an indication that we have begun to turn the company around and we are headed in the right direction.

Throughout the year we faced some of the most difficult market conditions that we have ever encountered. Raw material prices continued escalating relentlessly as natural rubber and many petroleum based products hit all-time record high price levels. Replacement tire demand in North America was far weaker than anticipated, with shipments from manufacturers down more than 7 percent in the first 6 months and over 5 percent for the full year. This was the single greatest year-over-year decline in demand in the past quarter century, surpassing even the weak demand that occurred in the recessionary period of 2001 following the 9/11 tragedy.

In the first half of the year, these conditions, along with some of our own optimistic sales forecasts, drove higher production costs, rapidly expanding finished goods inventory, a higher than expected rate of cash consumption, and the need to significantly curtail production in our plants. Disappointing financial performance was the inevitable result requiring immediate action and change to improve our future financial results.

In the second half of the year our management team developed a plan to dramatically cut costs, reduce complexity and improve efficiency within our operations. The goals were established to deliver a combined \$170 million in cost reductions and profit improvements through a wide range of projects touching every aspect of our business. The entire Cooper team stepped up to the challenge, providing enthusiastic support for the plan, and implementation began almost immediately. The combined cost cutting and profit improvement initiatives quickly began to show early results. With that initial success, the demeanor and attitude of our people changed and once again began to reflect that positive, can-do winning spirit that has been a hallmark of Cooper Tire & Rubber Company in the past.



### Changes that drive results

Though it is still early, the implementation of some of our initiatives have already driven improvements in various measures and in our results overall.

In our North American Tire Operations, sales increased steadily throughout the year and sales per employee improved by 27 percent from the first quarter to the fourth driven by our cost reduction and profit improvement initiatives. Production per employee was also up by nearly 7 percent and our operating margins improved from negative 1 percent in the first quarter to 6 percent in the fourth.

For the entire company, we were successful in reducing SG&A expenses as a percent of sales from 8.0 percent in the first quarter to 5.7 percent in the fourth quarter. Operating profit for the Company increased to \$28 million in the fourth quarter following operating losses in two of the first three quarters of the year. Our initiative to reduce and control inventory was implemented beginning in August and resulted in a reduction of 2.5 million tires in inventory in the second half of the year. This contributed to the dramatic improvement in cash generation in the second half of the year, which culminated in the fourth quarter with \$177 million in cash generated by our operations.

Finally, as we defined our turn around plans in early September and gained the confidence of the investment community that we could execute these plans, we saw a dramatic turn around in our stock price. We thank you for that support and confidence.

### Long-term strategy

Through the difficult transition of 2006, Cooper has not lost sight of the strategic plans and initiatives that we believe will be critical for our long-term growth and success. We continued the implementation of our plans in Asia with the acquisition of 51 percent interest in Cooper Chengshan Tire Company and Cooper Chengshan Passenger Tire Company. Cooper Chengshan has operated successfully throughout the year and their results have been in line with our pre-acquisition expectations. We also completed the construction of our Cooper Kenda joint venture

production facility in Kunshan, China. Limited production began in this plant in early 2007. Together, we expect these operations to provide 15 to 20 percent of our total sales in 2007 and the low-cost output will improve our competitive position in the rapidly expanding Chinese market, as well as in North America and Europe.

### **Key new products**

In 2006, Cooper gained market share in virtually every product category with the exception of winter tires. Although total market demand for broadline tires has been declining for the past several years, it remains the largest single replacement tire category in the U.S. market and for Cooper. Our new product introductions over the past few years have focused on the rapidly growing categories of high performance and ultra-high performance tires, which has been a critical step in meeting our customer requirements and maximizing sales growth opportunities. Having accomplished that, in 2007 we will introduce the Cooper CS4 line of premium broadline and touring tires. The CS4, with its technological advancements, will be perfectly suited for the largest segment of the replacement tire market. With this new product, we are confident that the broadline category of tires will again become a profitable area of growth and competitive advantage for Cooper.

### **Looking ahead to 2007**

As we put the challenges of 2006 behind us, but keep the lessons learned from the year in our arsenal of management tools, here is what you should expect from Cooper in the coming years. We will continue to focus on improving our competitive cost structure. We recognize that the cost cutting measures in progress today will not be sufficient for the future, so we will aggressively pursue our lean initiatives, six sigma efforts and growth strategies in lower cost countries with renewed fervor. We will continue to reduce working capital requirements by increasing inventory turns. You can expect tighter control of capital spending. Our current plans are to keep CAPEX at or below depreciation in our mature markets while allowing

for some additional investments to take advantage of growth opportunities by expanding our Chinese operations. You can expect us to emphasize customer driven marketing that will also focus on more controlled, more profitable sales growth and more profitable product and customer mix. You can expect us to work diligently to reduce complexity in our manufacturing operations that hampers efficiency. Along with this, you can expect continuous improvement in our North American production facilities. Beyond North America, you can expect continuing improvements in our European operations and solid execution of our Asian expansion plans. Our strategy is sound and will provide us with tremendous opportunities when executed effectively.

Finally, you can expect continuation and improvement in our traditional focus on our customers. Our customer relationships have always been one of the keys to our success and they are becoming even more important as competition from low-cost tire importers intensifies. We can reassure our customers that Cooper is committed to their success and we will do what it takes to provide them with the greatest combined value in replacement tire products and service.

The Board of Directors and I are confident that we have implemented initiatives that will, when executed properly, dramatically improve our results in the near future. We believe we have the teams in place and the appropriate alignment throughout the organization to effectively execute our plans. We are optimistic and excited about our opportunities in 2007.

Thank you for your continued support.

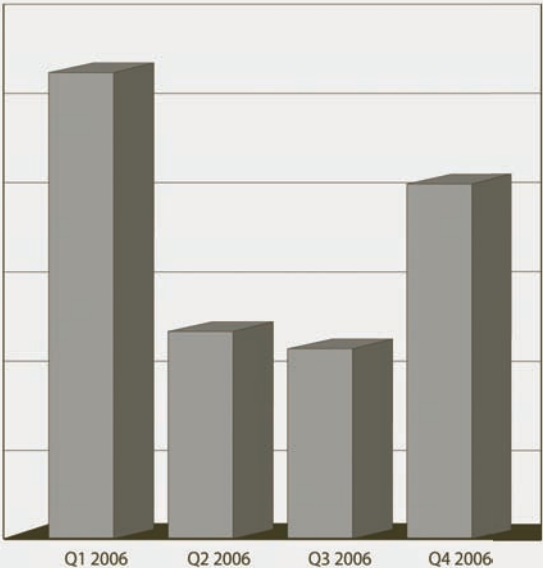
A handwritten signature in black ink, appearing to read "Roy Armes", with a stylized flourish at the end.

Roy V. Armes  
President and Chief Executive Officer

# Changes that drive results

## North American Segment Results

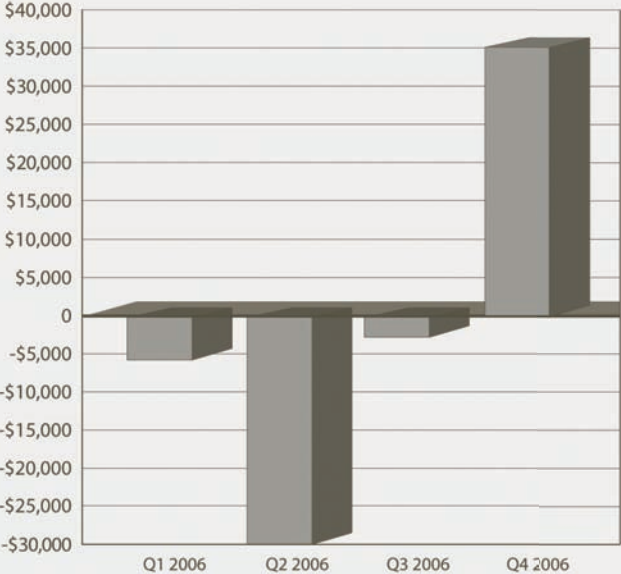
North American Operations Production per Employee



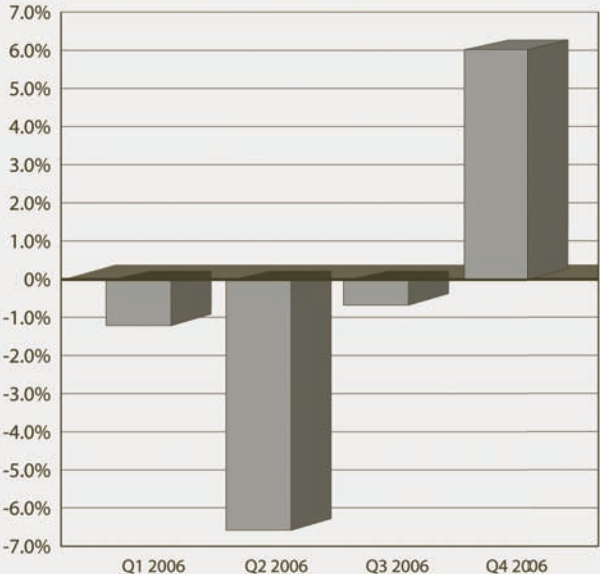
In the second half of 2006, Cooper implemented a series of strategic and operational plans and initiatives to improve performance.

THE POSITIVE RESULTS OF THESE CHANGES WERE EVIDENT,  
particularly in the fourth quarter of the year.

(000) North American Segment Profit



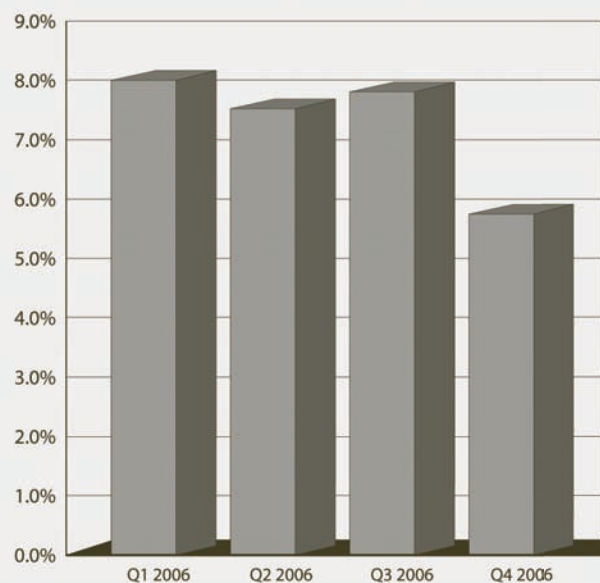
North American Operating Profit Margin



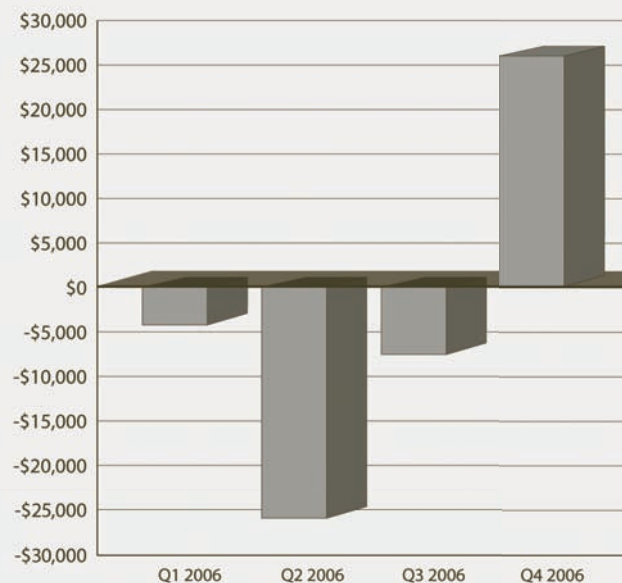
## Changes that drive results

### Total Company Results

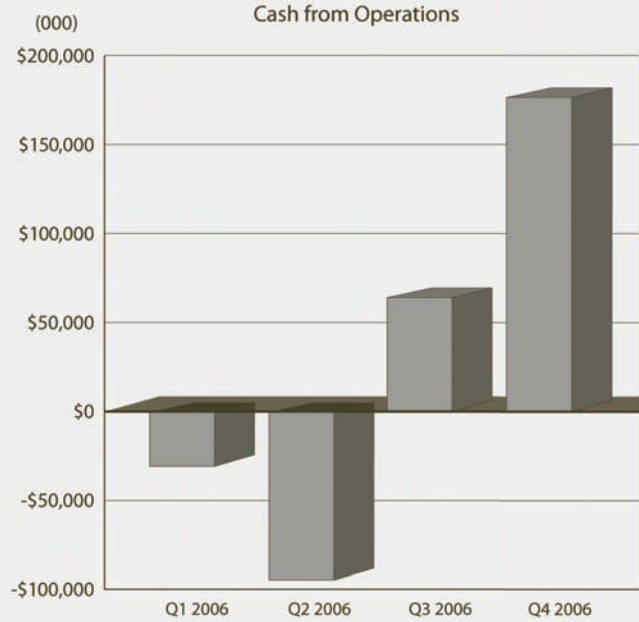
SG&A as % of Sales



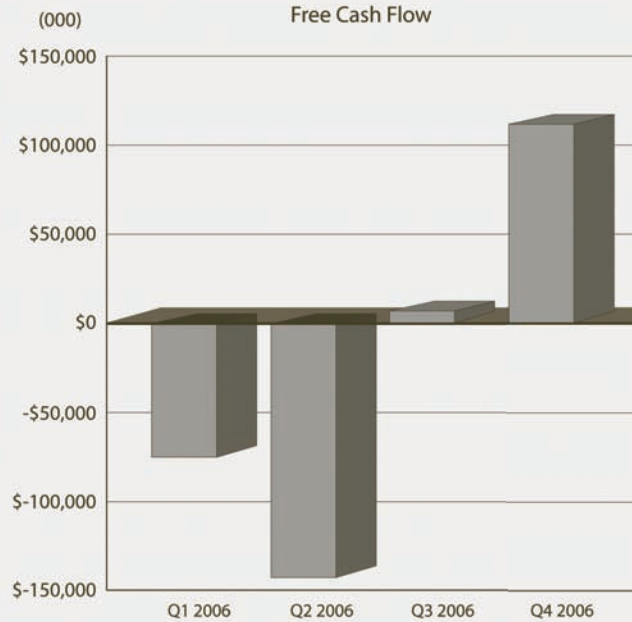
Operating Profit



Cash from Operations



Free Cash Flow



Our Customer Relationships. Our Products.



**We take great pride in everything we build.**

Cooper customer service is considered the gold standard in the tire industry, and we're constantly re-setting the bar to higher levels. We care about what we do. Period. Our commitment to exceeding customer expectations has enabled us to build lasting relationships with some of the best distributors and dealers in the business. And that is what sets Cooper Tire apart from all others.

Cooper tires cover a wide range of the tire market, from ultra-high performance sports cars to SUVs and 4X4s, vans and trucks to motorcycles; and we make winter tires and tires specifically for use on the race track. Beyond Cooper, we have a suite of associate brands – Mastercraft, Avon, Starfire and Dean, along with Mickey Thompson and Dick Cepek tires and Oliver tread rubber products. All are designed specifically for a purpose, and all are made to exceptionally high quality standards. For those who know us, our products speak for themselves.

The new Cooper CS4 premium passenger tire will be a significant addition to our product line-up in 2007. It will be a perfect complement to our existing products and will bring dramatically

improved performance, handling, ride comfort and grip to sedans and sports cars alike. Loaded with technology and features developed for the demands of racing, the Cooper CS4 brings performance and value together to exceed the expectations of the most demanding drivers.

The world has opened up. It brings challenge and change, but that gives Cooper an opportunity to focus on a business and industry that is at the heart and soul of its organization. Today, with the changes in the tire marketplace, changes in the consumer, and changes around the world, we will be right there at the top because of our technology, products, skilled workforce, dedication and experience.

So whether you measure Cooper by our customer service, by our technology or by our products, we are a leader in the tire industry. Since the beginning, our focus has never wavered: to be the easiest tire company to do business with and provide the greatest replacement tire value. We continue to stand by that principle today.



*Mastercraft*  
TIRES

**AVON**  
TYRES

**Starfire**  
TIRES

**DEAN**  
TIRES

**MICKEY THOMPSON**  
M/T

*Dick*  
**CEPEK**  
TIRES & WHEELS

**Oliver**  
COOPERTIRES COMMERCIAL PRODUCTS

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# Shareholder Information

## Executive Offices

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

## For Information

Tire products (800) 854-6288  
Investor Relations (419) 427-4768  
Web site [www.coopertire.com](http://www.coopertire.com)

## Annual Meeting

The 2007 Annual Meeting of Stockholders of Cooper Tire & Rubber Company will be held at the Alumni Memorial Union, North Multi-Purpose Room at the University of Findlay, 1000 North Main Street, Findlay, Ohio, 45840, on Tuesday, May 1, 2007 at 10:00 a.m. Eastern Daylight Time. All stockholders are cordially invited to attend. Proxy material is sent to stockholders together with this report.

## Transfer Agent & Registrar

Computershare Investor Services LLC  
250 Royall Street, Mail Stop 1A  
Canton, MA 02021

(888) 294-8217 (toll free)  
24 hours automated or Mon. - Fri.  
8:30 a.m. to 5:30 p.m. (central time)  
[www.computershare.com](http://www.computershare.com)  
[web.queries@computershare.com](mailto:web.queries@computershare.com)

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

## Filing Certifications

The Company has filed the certification required by Section 302 of the Sarbanes-Oxley Act of 2002 as an exhibit to its Form 10-K for the fiscal year ending December 31, 2006, filed with the Securities and Exchange Commission. On May 4, 2006, the Company filed with the New York Stock Exchange its Annual CEO Certification.

## Direct Investment Plan

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

## Board of Directors

### Roy V. Armes

President and Chief Executive Officer,  
Cooper Tire & Rubber Company

### Arthur H. Aronson<sup>1,2</sup>

Former Executive Vice President,  
Allegheny Teledyne Incorporated

### Laurie J. Breininger<sup>2</sup>

Former President, Americas Bath and Kitchen,  
American Standard Companies Inc.

### Steven M. Chapman<sup>1,2</sup>

Group VP, Emerging Markets & Businesses,  
Cummins, Inc.

### John J. Holland<sup>1,2,3</sup>

Former Chairman and Chief Executive Officer,  
Butler Manufacturing Company

### John F. Meier<sup>1,3</sup>

Chairman and Chief Executive Officer,  
Libbey Inc.

### Byron O. Pond<sup>3</sup>

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

Former Interim Chief Executive Officer,  
Cooper Tire & Rubber Company

### John H. Shuey<sup>1,2</sup>

Former Chairman, President and Chief Executive  
Officer, Amcast Industrial Corporation

### Richard L. Wambold<sup>3</sup>

Chairman, President and Chief Executive Officer,  
Pactiv Corporation

<sup>1</sup> Member of the Nominating and Governance  
Committee

<sup>2</sup> Member of the Audit Committee

<sup>3</sup> Member of the Compensation Committee

## Executive Officers

### Roy V. Armes

President and Chief Executive Officer

### James H. Geers

Vice President

### James E. Kline

Vice President, General Counsel and Secretary

### Harold C. Miller

Vice President

### Philip G. Weaver

Vice President and Chief Financial Officer

## Other Corporate Officers

### Patricia J. Brown

Vice President

### Donald P. Ingols

Vice President

### Jack J. McCracken

Assistant Secretary

### Gregory E. Meyers

Assistant General Counsel

### Charles F. Nagy

Assistant Treasurer

### Linda L. Rennels

Vice President

### Stephen O. Schroeder

Vice President and Treasurer

### Rick E. Williams

Vice President

## Facilities

### North America

#### *United States*

Albany, Georgia, tires  
Albany, Georgia, distribution center  
Asheboro, North Carolina, tread rubber  
Asheboro, North Carolina, sales office  
Asheboro, North Carolina, distribution center  
Cedar Rapids, Iowa, distribution center  
Clarksdale, Mississippi, bladders/mixing  
Corona, California, sales office  
Corona, California, distribution center  
Dayton, New Jersey, distribution center  
Findlay, Ohio, tires  
Findlay, Ohio (2), technical centers  
Findlay, Ohio, headquarters  
Findlay, Ohio, distribution center  
Grand Prairie, Texas, distribution center  
Moraine, Ohio, distribution center  
Pearsall, Texas, test track  
Rancho Cucamonga, California, distribution center  
Salisbury, North Carolina, tread rubber  
Stow, Ohio, sales office  
Stow, Ohio, distribution center  
Sumner, Washington, distribution center  
Texarkana, Arkansas, tires  
Texarkana, Arkansas, distribution center  
Tupelo, Mississippi, tires  
Tupelo, Mississippi, distribution center

### Asia

#### *China*

Baotou, China, distribution center  
Changchun, China, distribution center  
Guiyang, China, distribution center  
Kunming, China, distribution center  
Kunshan, China, tires  
Lanzhou, China, distribution center  
Liuzhou, China, distribution center  
Nanchang, China, distribution center  
Rongchen City, China, tires  
Rongchen City, China, administrative office  
Shanghai, China, sales office  
Shanghai, China, administrative office  
Shanghai, China, distribution center  
Shijiazhuang, China, distribution center  
Wuhan, China, distribution center  
Wulu Muqi, China, distribution center  
Xiamen, China, distribution center  
Zhang Jiagang, China, distribution center

#### *Singapore*

Singapore, purchasing office

### Europe

#### *France*

Compiègne, France, sales office  
Compiègne, France, distribution center

#### *Italy*

Milan, Italy, sales office  
Milan, Italy, distribution center

#### *Germany*

Groß-Umstadt, Germany, sales office  
Groß-Umstadt, Germany, distribution center

#### *Spain*

Madrid, Spain, sales office  
Madrid, Spain, distribution center

#### *Switzerland*

Ormingen, Switzerland, sales office  
Ormingen, Switzerland, distribution center

#### *United Kingdom*

Melksham, U.K., European headquarters  
Melksham, U.K., tires  
Melksham, U.K., technical center  
Melksham, U.K., distribution center



**COOPERTIRES**  
DON'T GIVE UP A THING.

701 LIMA AVENUE • FINDLAY, OHIO 45840  
[www.coopertire.com](http://www.coopertire.com)