TEMPUR SEALY INTERNATIONAL, INC.
Form S-4
August 05, 2016
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As filed with the Securities and Exchange Commission on August 5, 2016

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Tempur Sealy International, Inc.

Delaware	**2510**	**33-1022198**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

Guarantors Listed on Schedule A Hereto

(Exact name of Registrant as Specified in its charter)

1000 Tempur Way

Lexington, Kentucky 40511

(800) 878-8889

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Scott L. Thompson, Chairman, President and Chief Executive Officer

Tempur Sealy International, Inc.

1000 Tempur Way

Lexington, Kentucky 40511

(800) 878-8889

(Name, address, including zip code, and telephone number including area code, of agent for service)

Copies to:

Howard A. Kenny

Morgan, Lewis & Bockius LLP

101 Park Avenue

New York, New York 10178

(212) 309-6000

Approximate date of commencement of proposed sale of the securities to the public:

As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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

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

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If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issue Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ¨

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Amount of registration fee(1)
5.500% Senior Notes due 2026	$600,000,000	$60,420
Guarantees of 5.500% Senior Notes due 2026	$600,000,000	None(2)

(1) Calculated pursuant to Rule 457(f)(2) under the Securities Act of 1933.
(2) Pursuant to Rule 457(n) under the Securities Act of 1933, no registration fee is required for the registration of the guarantees.

Each registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment that specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Schedule A

Table of Guarantor Co-Registrants

Name	State or Other Jurisdiction of Incorporation/ Formation	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification Number

Tempur World, LLC	Delaware	2510	61-1364709
Tempur-Pedic Management, LLC	Delaware	2510	26-2807648
Tempur-Pedic North America, LLC	Delaware	2510	20-0798531
Tempur-Pedic Technologies, Inc.	Delaware	2510	20-8165334
Tempur Production USA, LLC	Virginia	2510	61-1368322
Cocoon International Sales, LLC	Delaware	2510	33-1069158
Tempur-Pedic Manufacturing, Inc.	Delaware	2510	26-2821802
Tempur-Pedic Sales, Inc.	Delaware	2510	26-2821774
Tempur Retail Stores, LLC	Delaware	2510	61-1666069
Tempur Sealy International Distribution, LLC	Delaware	2510	46-4713308
Sealy Corporation	Delaware	2510	36-3284147
Sealy Mattress Corporation	Delaware	2510	20-1178482
Sealy Mattress Company	Ohio	2510	34-0439410
Ohio-Sealy Mattress Manufacturing Co.	Georgia	2510	58-1186228
Sealy Mattress Company of Kansas City, Inc.	Missouri	2510	44-0523533
Sealy Mattress Company of Illinois	Illinois	2510	36-1853967
A. Brandwein & Co.	Illinois	2510	36-2525330
Sealy Mattress Company of Albany, Inc.	New York	2510	14-1325596
Sealy of Maryland and Virginia, Inc.	Maryland	2510	52-1192669
Sealy of Minnesota, Inc.	Minnesota	2510	41-1227650
Sealy, Inc.	Ohio	2510	34-1439379
The Ohio Mattress Company Licensing and Components Group	Delaware	2510	36-1750335
Sealy Mattress Manufacturing Company, Inc.	Delaware	2510	36-3209918
Sealy Technology LLC	North Carolina	2510	56-2168370
Sealy Mattress Company of Puerto Rico	Ohio	2510	34-6544153
Sealy Texas Management, Inc.	Texas	2510	75-1491047
Sealy US Sales, LLC	Delaware	2510	32-0480178

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission relating to these securities is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion Dated August 5, 2016

PROSPECTUS

Tempur Sealy International, Inc.

Offer to Exchange

5.500% Senior Notes due 2026

for

New 5.500% Senior Notes due 2026

that have been registered under the Securities Act of 1933

We are offering to exchange registered 5.500% Senior Notes due 2026, or the Exchange Notes, for an equivalent amount of our outstanding, unregistered 5.500% Senior Notes due 2026, or the Original Notes. The Original Notes and the Exchange Notes are sometimes referred to in this prospectus together as the notes. The terms of the Exchange Notes are identical to the terms of the Original Notes, except that the Exchange Notes are registered under the Securities Act of 1933, as amended, or the Securities Act, and the transfer restrictions and registration rights and related additional interest provisions applicable to the Original Notes do not apply to the Exchange Notes. The Exchange Notes are fully and unconditionally guaranteed, jointly and severally, by certain of our subsidiaries subject to customary release provisions. The Original Notes may only be tendered in an amount equal to $2,000 in principal amount or in integral multiples of $1,000 in excess thereof. This exchange offer is subject to certain customary conditions and will expire at midnight, New York City time, on , 2016, unless we extend such expiration date. The Exchange Notes will not be listed on any securities exchange or any automated dealer quotation system and there is currently no market for the Exchange Notes.

Material terms of the Exchange Offer

The exchange offer expires at midnight, New York City time, on , 2016.

You will receive an equal principal amount of Exchange Notes for all Original Notes that you validly tender and do not validly withdraw.

Tenders of Original Notes may be withdrawn at any time prior to the expiration of the exchange offer.

There has been no public market for the Original Notes and we cannot assure you that any public market for the Exchange Notes will develop.

The terms of the Exchange Notes are substantially identical to the Original Notes, except for transfer restrictions, and registration rights and additional interest payment provisions relating to the Original Notes.

If you fail to tender your Original Notes for the Exchange Notes, you will continue to hold unregistered securities and it may be difficult for you to transfer them.

The conditions to completing the exchange offer are that the exchange offer does not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission, or the SEC, and the other conditions as set forth in this prospectus.

We will not receive any cash proceeds from the exchange offer.

Results of the Exchange Offer:

The Exchange Notes may be sold in the over-the-counter market, in negotiated transactions or through a combination of such methods.

We do not plan to list the Original Notes or Exchange Notes on a national market.

All outstanding Original Notes not tendered will continue to be subject to the restrictions on transfer set forth in the indenture governing the Original Notes. In general, outstanding Original Notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws.

Other than in connection with the exchange offer, we do not plan to register the outstanding Original Notes under the Securities Act.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of the Exchange Notes. The letter of transmittal states that, by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with the resales of Exchange Notes received in exchange for Original Notes where the Original Notes were acquired by that broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Investing in the Exchange Notes involves risks that are described in the Risk Factors section beginning on page 9 of this prospectus.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this prospectus is , 2016.

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In this prospectus, except as otherwise indicated, the terms Tempur Sealy, the Company, we, us, our and ours Tempur Sealy International, Inc. together with its consolidated subsidiaries.

In making an investment decision, you must rely on your own examination of our business and the terms of the exchange offer, including the merits and risks involved.

You should not consider any information in this prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the notes.

We are incorporating by reference into this prospectus important business and financial information that is not included in or delivered with this prospectus. In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with any other information. If you receive any other information, you should not rely on it.

The information contained in this prospectus has been furnished by us and other sources we believe to be reliable. This prospectus contains summaries, believed to be accurate, of the terms we consider material of certain documents, but reference is made to the actual documents. All such summaries are qualified in their entirety by this reference. See Where You Can Find More Information.

The information contained or incorporated by reference in this prospectus has been furnished by us and other sources we believe to be reliable. You should not rely on anything contained or incorporated by reference in this prospectus as a promise or representation, whether as to the past or the future. This prospectus contains summaries, believed to be accurate, of the terms we consider material of certain documents, but reference is made to the actual documents. All such summaries are qualified in their entirety by this reference. See Where You Can Find More Information.

The distribution of this prospectus and the offer and the sale of the notes may be restricted by law in certain jurisdictions. Persons into whose possession this prospectus or any of the notes come must inform themselves about, and observe, any such restrictions. See Plan of Distribution.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC under the Exchange Act. You may inspect without charge any documents filed by us at the SEC s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. The SEC also maintains an Internet site, *www.sec.gov*, which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including Tempur Sealy.

We are incorporating by reference certain documents that we have filed with the SEC under the Exchange Act, which means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus, or any subsequently filed document deemed incorporated by reference. We incorporate by reference into this prospectus the document listed below (excluding any portions of such documents that have been furnished but not filed for purposes of the Exchange Act):

- Our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed on February 12, 2016;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, filed on May 5, 2016, and June 30, 2016, filed on August 5, 2016; and
- Our Current Reports on Form 8-K filed on February 2, 2016 (including Amendment No. 1 on Form 8-K/A filed on February 2, 2016), March 10, 2016, April 5, 2016, April 7, 2016, May 9, 2016, May 19, 2016, May 20, 2016, May 24, 2016, June 23, 2016, July 18, 2016 and July 28, 2016.

Any future filings Tempur Sealy makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus are incorporated herein by reference until completion of the offering (excluding any portions of such filings that have been furnished but not filed for purposes of the Exchange Act). Any statement contained in this prospectus or in a document incorporated by reference shall be deemed to be modified or superseded to the extent that a statement contained in those documents modifies or supersedes that statement. Any statement so modified or superseded will not be deemed to constitute a part of this prospectus except as so modified or superseded. Statements contained in this prospectus as to the contents of any contract or other document referred to in this prospectus do not purport to be complete, and, where reference is made to the particular provisions of such contract or other document, such provisions are qualified in all respects by reference to all of the provisions of such contract or other document. **We will provide a copy of the documents we incorporate by reference or refer to in this prospectus, at no cost, to any person that receives this prospectus. To request a copy of any or all of these documents, such as the indenture or registration rights agreement, you should write or telephone us at: Tempur Sealy International, Inc., 1000 Tempur Way, Lexington, Kentucky 40511, Attention: Investor Relations, (800) 805-3635.**

To obtain timely delivery, you must request such information no later than five (5) business days before the expiration date of the exchange offer.

The distribution of this prospectus and the offer and the sale of the notes may be restricted by law in certain jurisdictions. Persons into whose possession this prospectus or any of the notes come must inform themselves about, and observe, any such restrictions. See Plan of Distribution.

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FORWARD-LOOKING STATEMENTS

This prospectus, including the information incorporated by reference herein, contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), which includes information concerning one or more of our plans; objectives; goals; strategies; future events; future revenues or performance; our implementation of our key strategic priorities and anticipated resulting growth in our sales, earnings and cash flow in both the U.S. and internationally on our business segments; uncertainties arising from global events; general economic, financial and industry conditions, particularly in the retail sector, as well as consumer confidence and the availability of consumer financing; competition in our industry; consumer acceptance of our products; the ability to continuously improve and expand our product line, maintain efficient, timely and cost-effective production and delivery of products, and manage growth; the ability to expand brand awareness, distribution and new products; the efficiency and effectiveness of our advertising campaigns and other marketing programs; the ability to increase sales productivity within existing retail accounts and to further penetrate the retail channel, including the timing of opening or expanding within large retail accounts and the timing and success of product launches; the effects of consolidation of retailers on revenues and costs; the effects of strategic investments on our operations, including our efforts to expand our global market share; changing commodity costs; changes in product and channel mix and the impact on the Company s gross margin; initiatives to improve gross margin and operating margin; our capital structure and increased debt level, including our ability to meet financial obligations and continue to comply with the terms and financial ratio covenants of our credit facilities; changes in interest rates; changes in foreign tax rates and changes in tax laws generally, including the ability to utilize tax loss carry forwards; effects of changes in foreign exchange rates on our reported earnings; the outcome of pending tax audits or other tax, regulatory or litigation proceedings and similar issues; the effect of future legislative or regulatory changes; financial flexibility; our expected sources of cash flow; our expected level of capital expenditures for 2016 and changes in capital expenditures; expectations regarding the impact of costs from headcount reductions and international store closures; and our ability to effectively manage cash. Many of these statements appear, in particular, under the heading Management s Discussion and Analysis of Financial Condition and Results of Operations in PART II, ITEM 7 of our most recent Annual Report on Form 10-K and in PART I, ITEM 2 of our most recent Quarterly Report on Form 10-Q incorporated by reference herein. When used in this prospectus, including the information incorporated herein by reference, the words estimates, expects, guidance, anticipates, proposed, pr plans, intends, believes and variations of such words or similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon our current expectations and various assumptions. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved. There can be no assurance that we will realize our expectations or that our beliefs will prove correct.

There are a number of risks, uncertainties and other important factors, many of which are beyond the Company s control, that could cause our actual results to differ materially from those expressed as forward-looking statements in this prospectus, including the information incorporated herein by reference, including the risk factors discussed in this prospectus under the heading Risk Factors and the risk factors discussed under the heading Risk Factors under PART I, ITEM 1A of our most recent Annual Report on Form 10-K incorporated by reference herein. There may be other factors that may cause our actual results to differ materially from the forward-looking statements.

All forward-looking statements attributable to us apply only as of the date of this prospectus, including the information incorporated herein by reference, and are expressly qualified in their entirety by the cautionary statements included in this prospectus, including the information incorporated herein by reference. Except as may be required by law, we undertake no obligation to publicly update or revise any of the forward-looking statements, whether as a result of new information, future events, or otherwise.

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SUMMARY

This summary highlights the information contained elsewhere in this prospectus or incorporated herein by reference. This summary may not contain all of the information that may be important to you or that you should consider before making a decision to participate in the exchange offer. You should read the entire prospectus carefully. The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this prospectus or incorporated herein by reference. In particular, you should read the section entitled Risk Factors included elsewhere in this prospectus and our financial statements and the related notes and management s discussion and analysis of financial condition and results of operation incorporated herein by reference.

Our Company

We are the world s largest bedding provider, created through our acquisition of Sealy Corporation (Sealy) and its historical subsidiaries in March 2013 (the Sealy Acquisition). We develop, manufacture, market and distribute bedding products, which we sell globally in approximately 100 countries. Our brand portfolio includes many highly recognized brands in the industry, including TEMPUR®, Tempur-Pedic®, Sealy®, Sealy Posturepedic®, and Stearns & Foster®. Our comprehensive suite of bedding products offers a variety of products to consumers across a broad range of channels.

Corporate Information

We were incorporated in September 2002 under the laws of the State of Delaware. On May 22, 2013, we changed our name to Tempur Sealy International, Inc. Our principal executive office is located at 1000 Tempur Way, Lexington, Kentucky 40511 and our telephone number is (800) 878-8889. Our internet address is www.tempursealy.com. Information on, or accessible through, our website is not part of this prospectus.

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SUMMARY OF THE TERMS OF THE EXCHANGE OFFER

On May 24, 2016, we issued $600.0 million in aggregate principal amount of our 5.500% Senior Notes due 2026 in a private placement. We entered into a registration rights agreement with the initial purchasers of the Original Notes in which we agreed to deliver to you this prospectus. You are entitled to exchange your Original Notes in the exchange offer for registered notes with identical terms, except that the registered notes will have been registered under the Securities Act and will not bear legends restricting their transfer. Unless you are a broker-dealer or unable to participate in the exchange offer, we believe that the Exchange Notes to be issued in the exchange offer may be resold by you without compliance with the registration and prospectus delivery requirements of the Securities Act. You should read the discussions under the headings The Exchange Offer and Description of Exchange Notes for further information regarding the Exchange Notes.

Registration Rights Agreement	You are entitled under the registration rights agreement governing your Original Notes to exchange your Original Notes for Exchange Notes with substantially identical terms. The exchange offer is intended to satisfy these rights. After the exchange offer is completed, except as set forth in the next paragraph, you will no longer be entitled to any exchange or registration rights with respect to your Original Notes.
	If you do not receive freely tradable Exchange Notes in the exchange offer or you are ineligible to participate in the exchange offer and indicate that you wish to have your Original Notes registered under the Securities Act, the registration rights agreement governing your Original Notes requires us to file a registration statement for a continuous offering in accordance with Rule 415 under the Securities Act for your benefit. See The Exchange Offer.
The Exchange Offer	We are offering to exchange up to $600.0 million aggregate principal amount of our Exchange Notes, which have been registered under the Securities Act, for up to $600.0 million aggregate principal amount of our Original Notes, on the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, which we refer to as the exchange offer. You may tender Original Notes only in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Original Notes we are offering to exchange hereby were issued under an indenture dated as of May 24, 2016.
Resale of Exchange Notes	Based upon the position of the staff of the SEC as described in no-action letters issued to third parties unrelated to us, we believe that Exchange Notes issued pursuant to the exchange offer in exchange for Original Notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:

you are acquiring the Exchange Notes in the ordinary course of your business;

you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution (within the meaning of the Securities Act) of the Exchange Notes to be issued in the exchange offer;

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you have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution (within the meaning of the Securities Act) of the Exchange Notes to be issued in the exchange offer;

you are not an affiliate of ours as defined under Rule 405 of the Securities Act; and

if you are not a broker-dealer, you are not engaged in and do not intend to engage in the distribution of the Exchange Notes.

We do not intend to apply for listing of the Exchange Notes on any securities exchange or seek approval for quotation through an automated quotation system. Accordingly, there can be no assurance that an active market will develop upon completion of the exchange offer or, if developed, that such market will be sustained or as to the liquidity of any such market.

By tendering your Original Notes as described in The Exchange Offer, you will be making representations to this effect. If you fail to satisfy any of these conditions, you cannot rely on the position of the SEC set forth in the no-action letters referred to above and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a resale of the Exchange Notes.

We base our belief on interpretations by the SEC staff in no-action letters issued to other issuers in exchange offers like ours. We cannot guarantee that the SEC will make a similar decision about our exchange offer. If our belief is wrong, you could incur liability under the Securities Act. We will not protect you against any loss incurred as a result of this liability under the Securities Act.

Each broker-dealer that receives Exchange Notes for its own account in exchange for Original Notes, where such Original Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of Exchange Notes during the period ending on the earlier of (i) 180 days from the date on which the registration statement on Form S-4, to which this prospectus forms a part, became effective and (ii) the date on which such broker-dealer is no longer required to deliver a prospectus in connection with market-making or other trading activities. See Plan of Distribution.

Consequences If You Do Not Exchange Your Original Notes	Original Notes that are not tendered in the exchange offer or are not accepted for exchange will continue to bear legends restricting their transfer. You will not be able to offer or sell such Original Notes unless:
	you are able to rely on an exemption from the requirements of the Securities Act;

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- the Original Notes are registered under the Securities Act; or

- the transaction requires neither an exception from nor registration under the requirements of the Securities Act.

After the exchange offer is closed, we will no longer have an obligation to register the Original Notes, except under limited circumstances. To the extent that Original Notes are tendered and accepted in the exchange offer, the trading market for any remaining Original Notes may be adversely affected. See Risk Factors Risks Relating to the Exchange Offer.

Expiration Date	The exchange offer will expire at midnight, New York City time, on , 2016, unless we extend the exchange offer and the exchange offer will be open at least through the twentieth business day following commencement of the offering. See The Exchange Offer Expiration Date; Extensions; Amendments.
Issuance of Exchange Notes	We will issue Exchange Notes in exchange for Original Notes tendered and accepted in the exchange offer promptly following the Expiration Date (unless amended as described in this prospectus). See The Exchange Offer Terms of the Exchange.
Certain Conditions to the Exchange Offer	The exchange offer is subject to certain customary conditions, which we may amend or waive. The exchange offer is not conditioned upon any minimum principal amount of outstanding Original Notes being tendered. See The Exchange Offer Conditions to the Exchange Offer.
Procedures for Tendering Old Notes	If you wish to accept the exchange offer, you must deliver to the exchange agent:

- your Original Notes, either by tendering them in certificated form or by timely confirmation of book-entry transfer through DTC, and

- all other documents required by the letter of transmittal.

These actions must be completed before the expiration of the exchange offer. If you hold Original Notes through DTC, you must comply with its standard procedures for electronic tenders, by which you will agree to be bound by the letter of transmittal.

By signing, or by agreeing to be bound by, the letter of transmittal, you will be representing to us that:

you will be acquiring the Exchange Notes in the ordinary course of your business,

you have no arrangement or understanding with any person to participate in the distribution of the Exchange Notes within the meaning of the Securities Act,

you are not an affiliate, as defined in Rule 405 under the Securities Act, of ours, and

	if you are not a broker-dealer, you are not engaged in and do not intend to engage in the distribution of the Exchange Notes.
	See The Exchange Offer Procedures for Tendering.
Guaranteed Delivery Procedures for Tendering Original Notes	If you cannot tender your Original Notes by the expiration date or you cannot deliver your Original Notes, the letter of transmittal or any other documentation to comply with the applicable procedures under DTC standard operating procedures for electronic tenders in a timely fashion, you may tender your Original Notes according to the guaranteed delivery procedures set forth under The Exchange Offer Guaranteed Delivery Procedures.
Special Procedures for Beneficial Holders	If you beneficially own Original Notes which are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender in the exchange offer, you should contact the registered holder promptly and instruct such person to tender on your behalf. If you wish to tender in the exchange offer on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your Original Notes, either arrange to have the Original Notes registered in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take a considerable amount of time. See The Exchange Offer Procedures for Tendering.
Withdrawal Rights	You may withdraw your tender of Original Notes at any time before the exchange offer expires. See The Exchange Offer Withdrawal of Tenders.
Accounting Treatment	We will not recognize any gain or loss for accounting purposes upon the completion of the exchange offer. The expenses of the exchange offer that we pay will increase our deferred financing costs in accordance with U.S. generally accepted accounting principles, or GAAP. See The Exchange Offer Accounting Treatment.
U.S. Federal Income Tax Consequences	The exchange pursuant to the exchange offer generally will not be a taxable event for U.S. federal income tax purposes. See Material United States Federal Income Tax Considerations.
Use of Proceeds	We will not receive any proceeds from the exchange or the issuance of Exchange Notes in connection with the exchange offer.

Exchange Agent	The Bank of New York Mellon Trust Company, N.A. is serving as exchange agent in connection with the exchange offer. The address and telephone number of the exchange agent are set forth under The Exchange Offer Exchange Agent. The Bank of New York Mellon Trust Company, N.A., is also the trustee under the indenture governing the notes.

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SUMMARY OF THE TERMS OF THE EXCHANGE NOTES

The following summary is provided solely for your convenience. The summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus. For a more detailed description of the notes, see Description of Exchange Notes.

Issuer	Tempur Sealy International, Inc.
Securities Offered	$600.0 million aggregate principal amount of 5.500% Senior Notes due 2026.
Maturity	June 15, 2026.
Interest	Interest will be payable in cash on June 15 and December 15 of each year, beginning December 15, 2016.
Guarantees	The Exchange Notes will be guaranteed by all of our existing and future domestic restricted subsidiaries (the Guarantors) that guarantee or are borrowers under our 2016 Credit Agreement (as defined in Description of other Indebtedness below). The guarantees will rank equally to all other unsecured and unsubordinated indebtedness of the guarantors, but will be effectively junior to all of the secured indebtedness of the guarantors, to the extent of the value of the assets securing that indebtedness.
Ranking	The Exchange Notes will rank equally to all of our other unsecured and unsubordinated indebtedness, but will be effectively junior to all of our secured indebtedness, to the extent of the value of the assets securing that indebtedness. The Exchange Notes will also effectively rank junior to all liabilities of our subsidiaries that do not guarantee the notes. As of June 30, 2016:
	The notes would have effectively ranked junior to $656.9 million of secured indebtedness of Tempur Sealy and the subsidiaries guaranteeing the notes (including outstanding letters of credit, plus up to an additional $481.2 million available for borrowing under our revolving credit facility); and

The notes would have effectively ranked junior to $156.3 million of liabilities of our non-guarantor subsidiaries (excluding intercompany liabilities).

Optional Redemption	We may redeem any of the Exchange Notes beginning on June 15, 2021. The initial redemption price is 102.750% of their principal amount, plus accrued interest. The redemption price will decline each year after 2021 and will be 100% of their principal amount, plus accrued and unpaid interest, beginning on June 15, 2024. In addition, before June 15, 2019, we may redeem up to 35% of the aggregate principal amount of Exchange Notes with the proceeds of certain offerings of our equity securities at 105.500% of their

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	principal amount plus accrued and unpaid interest. We may make such redemptions only if, after any such redemption, at least 65% of the aggregate principal amount of Exchange Notes originally issued remains outstanding.
	We may also redeem some or all of the Exchange Notes before June 15, 2021 at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, to the redemption date, plus an applicable make-whole premium.
Change of Control	Upon a change of control (as described under Description of Exchange Notes), we will be required to make an offer to repurchase the Exchange Notes. The purchase price will equal 101% of the principal amount of the notes on the date of repurchase plus accrued and unpaid interest. We may not have sufficient funds available at the time of any change of control to make any required debt repayment (including repurchases of the notes). See Risk Factors Risks Related to the Notes We may not be able to repurchase the notes upon a change of control.
Trustee, Registrar and Transfer Agent	The Bank of New York Mellon Trust Company, N.A.
Certain Covenants	The terms of the Exchange Notes restrict our ability and the ability of certain of our subsidiaries (as described in Description of Exchange Notes) to: incur additional indebtedness or provide guarantees in respect of obligations of other persons; pay dividends on, repurchase or make distributions in respect of our capital stock or make other restricted payments; prepay, redeem or repurchase subordinated debt; make loans or investments; sell or otherwise dispose of certain assets; incur liens;

- restrict dividends, loans or asset transfers from our subsidiaries;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into a new or different line of business; and
- enter into certain transactions with our affiliates.

However, these limitations will be subject to a number of important qualifications and exceptions.

Use of Proceeds	We will not receive any proceeds from the exchange offer.
No Public Trading Market	The Exchange Notes will not be listed on any national securities exchange or any automated dealer quotation system and there is currently no market for the notes. Accordingly, there can be no

	assurances that an active market for the Exchange Notes will develop upon the completion of the exchange offer or, if developed, that such market will be sustained, or as to the liquidity of any such market.
Risk Factors	In analyzing an investment in the Exchange Notes and participation in the exchange offer, you should carefully consider, along with other matters included, incorporated by reference, or referred to in this prospectus, the information set forth under Risk Factors.

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RISK FACTORS

Any investment in the notes involves a high degree of risk. You should consider carefully the following information about these risks, together with the other information contained in this prospectus, before participating in the exchange offer. If any of the following risks actually occur, our business, financial condition, prospects, results of operations or cash flow could be materially and adversely affected. Additional risks or uncertainties not currently known to us, or that we currently deem immaterial, may also impair our business operations. We cannot assure you that any of the events discussed in the risk factors below will not occur. If any such event does occur, you may lose all or part of your original investment in the notes.

Risks Related To Our Business

Unfavorable economic and market conditions could reduce our sales and profitability and as a result, our operating results may be adversely affected.

Our business has been affected by general business and economic conditions, and these conditions could have an impact on future demand for our products. The global economy remains unstable, and we expect the economic environment to continue to be challenging. Economic uncertainty may give households less confidence to make discretionary purchases.

There could be a number of other effects from these economic developments on our business, including reduced consumer demand for products; insolvency of our customers, resulting in increased provisions for credit losses; insolvency of our key suppliers resulting in product delays; inability of retailers and consumers to obtain credit to finance purchases of our products; decreased consumer confidence; decreased retail demand, including order delays or cancellations; inability for us, our customers and our suppliers to accurately forecast future product demand trends; counterparty failures negatively impacting our treasury operations; and adverse movements in foreign currency exchange rates. If such conditions are experienced in future periods, our industry, business and results of operations may be severely impacted.

Because we depend on our significant customers, a decrease or interruption in their business with us would reduce our sales and results of operations.

Our top five customers, collectively, account for approximately 39.4% of our net sales for 2015. The credit environment in which our customers operate has been relatively stable over the past few years. We expect that some of the retailers that carry our products may consolidate, undergo restructurings or reorganizations, experience financial difficulty, or realign their affiliations, any of which could decrease the number of stores that carry our products or increase the ownership concentration in the retail industry. An increase in the concentration of our sales to large customers may negatively affect our profitability due to the impact of volume and other incentive programs related to these customers. Furthermore, as sales to our large customers grow, our credit exposure to these customers may also increase. Some of these retailers may decide to carry only a limited number of brands of mattress products, which could affect our ability to sell products to them on favorable terms, if at all. A substantial decrease or interruption in business from these significant customers could result in the loss of future business and could reduce liquidity and profitability. In addition, the timing of large purchases by these customers could have an increasingly significant impact on our quarterly net sales and earnings.

Mattress Firm Holding Corp., which is represented in the North America segment, is our largest customer. On February 5, 2016, Mattress Firm Holding Corp. acquired all of the outstanding equity interests in HMK Mattress Holdings, LLC (Sleepy s). Sleepy s operates approximately 1,050 specialty mattress retail stores located in 17 states and the combined company will operate approximately 3,500 stores in 48 states. Sleepy s was also one of our top 5 customers in 2015 and as a result of this acquisition, based on 2015 net sales, the combined company will be our largest customer, and will represent a significant portion of our overall sales. Mattress Firm and Sleepy s together represented approximately 25% of our overall net sales for 2015. This higher customer concentration will increase the risks associated with large customers described above.

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Our sales growth is 221;) as the Company's independent registered public accounting firm to audit the Company's consolidated financial statements for the 2018 fiscal year. Although the Company is not required to seek stockholder approval of this appointment, the Board believes it to be sound corporate governance to do so and is asking stockholders to ratify the appointment of KPMG. If the appointment is not ratified, the Audit Committee will investigate the reasons for stockholder rejection and will reconsider the appointment. Representatives of KPMG are expected to attend the Annual Meeting where they will be available to respond to questions and, if they desire, to make a statement.

Audit and Non-Audit Fees

The following table presents fees for professional services rendered by KPMG in the fiscal years ended December 31, 2017 and 2016.

	2017	2016
Audit fees	$1,513,000	$1,510,850
Audit-related fees(1)	34,700	199,125
Tax fees(2)	292,100	346,000
All other fees		
Total	$1,839,800	$2,055,975

(1) Audit-related fees consist principally of audits of payments related to certain employee benefits.
(2) Tax fees consist primarily of U.S. and international tax compliance and planning.

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In accordance with its charter, the Audit Committee approves the compensation and terms of engagement of the Company's independent auditors, including the pre-approval of all audit and non-audit service fees. All of the fees paid to the Company's independent auditors described above were for services pre-approved by the Audit Committee.

Proposal No. 3

Advisory Vote on the Compensation

of Our Named Executive Officers

Our Board of Directors recommends you vote "FOR" the approval of the non-binding, advisory resolution approving the compensation of our named executive officers.

SEC rules adopted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enable our stockholders to vote, on an advisory (non-binding) basis, at the Annual Meeting to approve the compensation of our named executive officers, as disclosed in this Proxy Statement (referred to as a "say-on-pay" vote). The say-on-pay vote is an advisory vote only, and it is not binding on the Company or the Board of Directors. Although the say-on-pay vote is non-binding, the Board values the opinions of our stockholders and will consider the outcome of the vote when making future compensation decisions as it deems appropriate.

As described more fully in the "Compensation Discussion and Analysis" section, beginning on page 26 of this Proxy Statement, our executive compensation program is designed to attract, motivate and retain individuals with the skills required to formulate and drive the Company's strategic direction and achieve annual and long-term performance goals necessary to create stockholder value, while striving to avoid the use of highly leveraged incentives that may encourage overly risky short-term behavior on the part of executives. We believe that our executive compensation program is reasonable and competitive and focused on pay for performance principles.

Our Compensation and Management Development Committee establishes, recommends and governs all of the compensation and benefits policies and actions for the Company's named executive officers. We utilize a combination of base pay, annual incentives and long-term incentives. While we have generally targeted base pay to be in the median to 75% range, and each other component of executive compensation to be at or near the median range of similar-type compensation for our peer group, actual compensation of our named executive officers varies depending upon the achievement of pre-established performance goals, both corporate and individual. The annual incentive award is based both on company-wide operating financial performance (our EVA or economic value added bonus) as well as individual performance goals (our MBO or management by objective bonus), and it is limited to an annual award of 200% of the target opportunity. Through stock ownership requirements and equity incentives, we also align the interests of our executives with those of our stockholders and the Company's long-term interests. Our executive compensation policies have enabled us to attract and retain talented and experienced executives and have benefited the Company over time. We believe that the fiscal year 2017 compensation of each of our named executive officers was reasonable and appropriate and aligned with the Company's fiscal year 2017 results and achievement of the objectives of our executive compensation program.

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The Company also has several governance policies in place to align executive compensation with stockholder interests and mitigate risks in its plans. These programs include stock ownership guidelines, limited perquisites, use of tally sheets, and a claw back policy.

For the reasons discussed above, the Board of Directors unanimously recommends that stockholders vote in favor of the following non-binding resolution:

“RESOLVED, that the stockholders hereby APPROVE, on an advisory basis, the compensation of the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K and the other compensation disclosure rules of the Securities and Exchange Commission in the Company’s Proxy Statement for the 2018 Annual Meeting of Stockholders (which disclosure includes the Compensation Discussion and Analysis, the Summary Compensation Table for 2017 and other related tables and accompanying narrative).”

Security Ownership of Certain Beneficial Owners

and Management

The following table sets forth certain information regarding the beneficial ownership of the Company’s Common Stock as of April 6, 2018 by:

- each person who is known to the Company to be the beneficial owner of more than five percent of the Company’s Common Stock;
- each director and nominee for director of the Company;
- our principal executive officer, principal financial officer, and each of our three other most highly compensated executive officers named in the Summary Compensation Table below; and
- all directors and executive officers as a group.

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Name and Address	Amount and Nature of Beneficial Ownership (1)		Percentage of Class	
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	2,623,798	(2)	11.3	%
Royce & Associates, LP 745 Fifth Avenue New York, NY 10151	2,261,014	(3)	9.7	%
FMR LLC 245 Summer Street Boston, MA 02210	1,983,632	(4)	8.5	%
Dimensional Fund Advisors LP Palisades West, Bldg. One 6300 Bee Cave Road Austin, TX 78746	1,606,634	(5)	6.9	%
Lawrence I. Sills	678,657	(6)	2.9	%
Eric P. Sills	171,660		*	
William H. Turner	73,574		*	
Richard S. Ward	73,389		*	
Roger M. Widmann	62,731		*	
James J. Burke	58,643		*	
Carmine J. Broccole	55,433		*	
Pamela Forbes Lieberman	55,203		*	
Dale Burks	55,017		*	
Frederick D. Sturdivant	20,850		*	
John P. Gethin	18,719		*	
Joseph W. McDonnell	14,744		*	
Alisa C. Norris	14,744		*	
Patrick S. McClymont	4,908		*	
Directors and Officers as a group (18 persons)	1,486,661		6.4	%

* Represents beneficial ownership of less than one percent of the outstanding shares of Common Stock.

(1) Applicable percentage of ownership is calculated by dividing (a) the total number of shares beneficially owned by the stockholder by (b) 23,204,805 which is the number shares of Common Stock outstanding as of April 6, 2018. Beneficial ownership is calculated based on the requirements of the Securities and Exchange Commission. Except as indicated in the footnotes to this table, the stockholder named in the table has sole voting power and sole investment power with respect to the shares set forth opposite such stockholder's name. Unless otherwise indicated, the address of each individual listed in the table is c/o Standard Motor Products, Inc., 37-18 Northern Blvd., Long Island City, New York 11101.

(2) The information for BlackRock, Inc. and certain of its affiliates ("BlackRock") is based solely on an amendment to its Schedule 13G filed with the SEC on January 19, 2018, wherein BlackRock states that it beneficially owns an aggregate of 2,623,798 shares of our Common Stock; BlackRock states that it has sole voting power for 2,580,642 shares and sole investment power for 2,623,798 shares.

(3) The information for Royce & Associates, LP and certain of its affiliates ("Royce") is based solely on an amendment to its Schedule 13G filed with the SEC on March 9, 2018.

(4) The information for FMR LLC and certain of its affiliates ("FMR") is based solely on an amendment to its Schedule 13G filed with the SEC on February 13, 2018, wherein FMR states that it beneficially owns an aggregate of 1,983,632 shares of our Common Stock; FMR states that it has sole voting power for 316 shares and sole

investment power for 1,983,632 shares.

(5) The information for Dimensional Fund Advisors LP and certain of its affiliates (“Dimensional”) is based solely on an amendment to its Schedule 13G filed with the SEC on February 9, 2018, wherein Dimensional states that it beneficially owns an aggregate of 1,606,634 shares of our Common Stock; Dimensional states that it has sole voting power for 1,551,319 shares and sole investment power for 1,606,634 shares.

(6) Includes 2,812 shares of Common Stock owned by Mr. Sills’ wife. For shares of stock held by his wife, Lawrence I. Sills disclaims beneficial ownership of the shares so deemed “beneficially owned” by him within the meaning of Rule 13d-3 of the Exchange Act.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company’s directors and executive officers, and persons who beneficially own more than ten percent of a registered class of the Company’s Common Stock, to file initial reports of ownership and reports of changes in ownership of the Common Stock of the Company with the Securities and Exchange Commission and the New York Stock Exchange. Officers, directors, and greater than ten percent stockholders are required by regulation of the Securities and Exchange Commission to furnish the Company with copies of all Section 16(a) forms they file. To the Company’s knowledge, based solely upon a review of the copies of such reports furnished to the Company and written representations from our directors and executive officers that no other reports were required during the fiscal year ended December 31, 2017, the Company believes that all Section 16(a) reports required to have been filed by the Company’s directors and executive officers during 2017 were timely filed.

Corporate Governance

The Company’s Board of Directors has adopted policies and procedures that the Board believes are in the best interests of the Company and its stockholders as well as compliant with the Sarbanes-Oxley Act of 2002, the rules and regulations of the Securities and Exchange Commission, and the listing standards of the New York Stock Exchange. In particular:

- The Board has adopted Corporate Governance Guidelines;
- The Board has appointed a Presiding Independent Director, who is independent under the New York Stock Exchange standards and applicable Securities and Exchange Commission rules;
- A majority of the Board and all members of the Audit Committee, Compensation and Management Development Committee, and Nominating and Corporate Governance Committee are independent under the New York Stock Exchange standards and applicable Securities and Exchange Commission rules;
- The Board has adopted charters for each of the Committees of the Board and the Presiding Independent Director;
- The Company’s Corporate Governance Guidelines provide that the independent directors meet periodically in executive session without management and that the Presiding Independent Director chairs the executive sessions;
- Interested parties are able to make their concerns known to non-management directors or the Audit Committee by e-mail or by mail (see “Communications to the Board” section below);
- The Company has a Corporate Code of Ethics that applies to all Company employees, officers and directors, and a Whistleblower Policy with a dedicated website and toll-free helpline that is operated by an independent third party and is available to any employee, supplier, customer, stockholder or other interested third party; and
- The Company has established Stock Ownership Guidelines that apply to its independent directors and executive officers.

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Certain information relating to corporate governance matters can be viewed at www.smpcorp.com under "Investor Relations Governance Documents." Copies of the Company's (1) Corporate Governance Guidelines, (2) charters for the Audit Committee, Compensation and Management Development Committee, Nominating and Corporate Governance Committee, Strategic Planning Committee, and the Presiding Independent Director, and (3) Corporate Code of Ethics and Whistleblower Policy are available on the Company's website. Copies will also be provided to any stockholder free of charge upon written request to Carmine J. Broccole, Secretary of the Company, at 37-18 Northern Blvd., Long Island City, NY 11101 or via email at financial@smpcorp.com.

Meetings of the Board of Directors and its Committees

In 2017, the total number of meetings of the Board of Directors, including regularly scheduled and special meetings, was eight. All of our directors attended at least 75% of the total number of meetings of the Board and the Committees on which they served during 2017. The Company requires all Board members to attend its Annual Meeting of Stockholders. All directors, other than Frederick D. Sturdivant, were present at the 2017 Annual Meeting of Stockholders held on May 18, 2017.

The Board currently has four standing committees: (1) an Audit Committee; (2) a Compensation and Management Development Committee; (3) a Nominating and Corporate Governance Committee; and (4) a Strategic Planning Committee. Each committee is comprised only of our independent directors, except that Mr. Gethin, a non-independent director, is a member of the Strategic Planning Committee. The table below describes the composition, and the current chair, of each committee.

Name	Audit Committee	Compensation and Management Development Committee	Nominating and Corporate Governance Committee	Strategic Planning Committee
Lawrence I. Sills				
William H. Turner	Chair	Member	Member	
John P. Gethin				Member
Pamela Forbes Lieberman	Member	Member	Member	Co-Chair
Patrick S. McClymont	Member	Member	Member	Member
Joseph W. McDonnell	Member	Member	Member	Member
Alisa C. Norris	Member	Member	Member	Member
Eric P. Sills				
Frederick D. Sturdivant	Member	Member	Member	Co-Chair
Richard S. Ward	Member	Member	Chair	
Roger M. Widmann	Member	Chair	Member	Member

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Audit Committee

The Audit Committee is responsible for: (1) recommending to the Board of Directors the engagement of the independent auditors of the Company; (2) reviewing with the independent auditors the scope and results of the Company's audits; (3) pre-approving the professional services furnished by the independent auditors to the Company; (4) reviewing the independent auditors' management letter with comments on the Company's internal accounting control; and (5) reviewing management policies relating to risk assessment and risk management. The Audit Committee held four meetings in 2017.

The Board of Directors has determined that each Audit Committee member is financially literate and independent. In addition, the Board has determined that at least one member of the Audit Committee meets the New York Stock Exchange standard of having accounting or related financial management expertise. The Board has also determined that William H. Turner (the Audit Committee's Chairman), Pamela Forbes Lieberman, Patrick S. McClymont and Roger M. Widmann meet the Securities and Exchange Commission's criteria for an "audit committee financial expert."

Compensation and Management Development Committee

The Compensation and Management Development Committee's functions are to: (1) approve the compensation packages of the Company's executive officers; (2) administer the Company's equity incentive plans and other benefit plans; (3) review the Company's overall compensation policies and practices, including compensation-related risk assessments; (4) review the performance, training and development of Company management in achieving corporate goals and objectives; and (5) oversee the Company's management succession planning. The Compensation and Management Development Committee held two meetings in 2017.

The Compensation and Management Development Committee has the exclusive authority and responsibility to determine all aspects of executive compensation packages. The Committee may, at its discretion, solicit the input of our executive officers (including our Executive Chairman and our Chief Executive Officer) or any independent consultant or advisor in satisfying its responsibilities. The Committee may also, at its discretion, form and delegate authority to subcommittees, or it may delegate authority to one or more designated members of the Board or to our executive officers.

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Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's functions are to assist the Board in discharging and performing the duties and responsibilities of the Board with respect to corporate governance, including:

· the identification and recommendation to the Board of individuals qualified to become or continue as directors;

· the continuous improvement in corporate governance policies and practices;

· the annual self-assessment of the performance of the Board and each Committee of the Board;

· the recommendation of members for each committee of the Board; and

· the compensation arrangements for members of the Board.

The Nominating and Corporate Governance Committee held three meetings in 2017. The Nominating and Corporate Governance Committee has the exclusive authority and responsibility to review and recommend to the Board all aspects of director compensation. The Committee may solicit, in its discretion, the input of an independent consultant or advisor in satisfying its responsibilities.

Qualifications for consideration as a director nominee vary according to the particular areas of expertise being sought as a complement to the existing board composition. However, in making nominations, the Nominating and Corporate Governance Committee seeks candidates who possess: (1) the highest level of integrity and ethical character; (2) a strong personal and professional reputation; (3) sound judgment; (4) financial literacy; (5) independence; (6) significant experience and proven superior performance in professional endeavors; (7) an appreciation for Board and team performance; (8) the commitment to devote the time necessary for Board activities; (9) skills in areas that will benefit the Board; and (10) the ability to make a long-term commitment to serve on the Board.

In recommending candidates for election to the Board, the Nominating and Corporate Governance Committee considers nominees recommended by directors, officers, employees, stockholders and others, using the same criteria to evaluate all candidates. The Committee does not assign specific weights to particular criteria, and no particular criterion is necessarily applicable to all prospective nominees. The Committee reviews each candidate's qualifications, taking into account diversity in professional experience, skills and background, as well as racial and gender diversity, to determine whether a candidate possesses any of the specific qualities and skills desirable in certain members of the Board. Evaluations of candidates generally involve a review of background materials, internal discussions and interviews with selected candidates as appropriate. Upon selection of a qualified candidate, the Committee recommends the candidate for consideration by the Board. The Committee may engage consultants or third-party search firms to assist in identifying and evaluating potential nominees.

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Stockholders may propose director candidates for consideration by the Nominating and Corporate Governance Committee. For stockholder candidates to be considered, written notice of such stockholder recommendation (a) must be provided to the Secretary of the Company not less than 45 days nor more than 75 days prior to the first anniversary of the record date for the preceding year's annual meeting, and (b) must contain the name of any recommended candidate for director, together with a brief biographical sketch, a document indicating the candidate's willingness to serve, if elected, and evidence of the nominating person's ownership of Company stock. Both stockholder-proposed candidates and other candidates identified and evaluated by the Nominating and Corporate Governance Committee must comply with the above procedure and meet the qualifications for directors, as outlined in the charter of the Committee and the By-laws of the Company. To recommend a prospective nominee for the Nominating and Corporate Governance Committee's consideration, a stockholder must submit the candidate's name and qualifications to Carmine J. Broccole, Secretary of the Company, at 37-18 Northern Blvd., Long Island City, NY 11101.

Strategic Planning Committee

The Strategic Planning Committee's functions are to assist the Board in discharging and performing its oversight role regarding the Company's long-term strategic planning and to give guidance to management in creating the Company's long-term strategic plans. The Committee held two meetings in 2017.

In fulfilling its role, the Committee shall, among other things, (1) assist in the development, adoption, and modification of the Company's current and future strategy; (2) review and assess external developments and other factors affecting the automotive aftermarket and their impact on the Company's strategy; (3) review and assess the Company's core competencies with regard to expanding their implementation in attractive markets beyond the automobile aftermarket; and (4) review and advise the Board and management on corporate development and growth initiatives, including acquisitions, joint ventures and strategic alliances.

Board Leadership Structure

The business of the Company is managed under the direction of the Board of Directors of the Company in the interest of the stockholders. The Board delegates its authority to senior management for managing the everyday affairs of the Company. The Board requires that senior management review major actions and initiatives with the Board prior to implementation.

Lawrence I. Sills serves as our Executive Chairman of the Board. As our Executive Chairman, Lawrence I. Sills provides leadership to the Board, leads discussions of strategic issues for the Company, and works with the Board to define its structure and activities in fulfillment of its responsibilities.

Eric P. Sills serves as our Chief Executive Officer and President. As our Chief Executive Officer and President, Eric P. Sills focuses on the day-to-day operations of our business and the implementation of our business strategy to achieve our annual and long-term strategic, financial, organizational and management goals.

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In addition, we believe that the use of a Presiding Independent Director (currently William H. Turner) is an important aspect of our board leadership structure as it provides independent oversight of management. The Presiding Independent Director approves Board agendas and meeting schedules to assure that there is sufficient time for discussion of all agenda items, as well as the quality, quantity and timeliness of information sent to the Board. The Presiding Independent Director also serves as the principal liaison between the Executive Chairman and the independent directors and presides at all meetings of the Board at which the Executive Chairman is not present, including executive sessions of the independent directors. The Presiding Independent Director has the authority to call meetings of the independent directors and retain outside counsel and other advisors to the extent necessary in the conduct of his duties and responsibilities. The Presiding Independent Director is expected to foster a cohesive Board that cooperates with the Executive Chairman and Chief Executive Officer towards the ultimate goal of creating stockholder value. The Presiding Independent Director is nominated by the Nominating and Corporate Governance Committee and approved by the independent directors of the Board every year, but a director may serve for one or more terms as Presiding Independent Director at the discretion of the Nominating and Corporate Governance Committee. A copy of the charter of the Presiding Independent Director can be viewed at www.smpcorp.com under "Investor Relations Governance Documents."

The Board's Role in Risk Oversight

Our Board oversees an enterprise-wide approach to risk management. The Board's role in the Company's risk oversight process includes receiving regular reports from members of senior management on areas of material risk to the Company. In addition, the Board (or the appropriate Committee in the case of risks that are under the purview of a particular Committee) receives these reports to enable it to understand our risk identification, risk management and risk mitigation strategies as well as to consider what level of risk is appropriate for the Company.

The involvement of the Board in setting the Company's business strategy is a key part of its assessment of management's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company. As part of its risk oversight function, the Board reviews risk throughout the business, focusing on financial risk, legal/compliance risk and operational/strategic risk.

While the Board has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. In particular, the Audit Committee focuses on financial risk, including internal controls, and receives an annual risk assessment report from the Company's internal auditors. In addition to setting compensation, the Compensation and Management Development Committee strives to create incentives that encourage a level of risk-taking behavior that is consistent with the Company's business strategy.

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Communications to the Board

Stockholders and other interested parties may communicate with the Board or individual directors, including the Presiding Independent Director, pursuant to the procedures established by the Nominating and Corporate Governance Committee from time to time. Correspondence intended for the Board or an individual director should be sent to the attention of the Secretary of the Company at 37-18 Northern Blvd., Long Island City, NY 11101, who will forward it to the members of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will have the discretion to distribute only such correspondence to the Board or individual members of the Board that the Committee determines in good faith has a valid business purpose or is otherwise appropriate for the Board or individual member thereof to receive.

Corporate Code of Ethics

The Board of Directors of the Company has adopted a Corporate Code of Ethics to: (1) promote honest and ethical conduct, including fair dealing and the ethical handling of actual or apparent conflicts of interest; (2) promote full, fair, accurate, timely and understandable disclosure; (3) promote compliance with applicable laws and governmental rules and regulations; (4) ensure the protection of the Company’s legitimate business interests, including business opportunities, assets and confidential information; and (5) deter wrongdoing. Our Corporate Code of Ethics is available at www.smpcorp.com under “Investor Relations Governance Documents.”

Director Independence

The Board has affirmatively determined that each member of the Board and Committees of the Board, other than Lawrence I. Sills, Eric P. Sills and John P. Gethin, is independent. The Board made such determination based upon the definitions and criteria established by the New York Stock Exchange and the Securities and Exchange Commission for independent board members. In that regard, the Board considered whether any director has, or has had in the most recent three years, any material relationships with the Company, including any affiliation with our independent auditors. In assessing independence, the Board considers all relevant facts and circumstances. In particular, when assessing the materiality of a director’s relationship with the Company, the Board considers the issue not just from the standpoint of the director, but also from that of the persons or organizations with which the director has an affiliation or family relationship.

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Director Compensation

The following table sets forth the compensation paid by the Company to our non-employee directors in 2017.

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	All Other Compensation (3)	Total
William H. Turner	$ 110,000	$ 97,560	$	$ 207,560
Patrick S. McClymont		208,932		208,932
Pamela Forbes Lieberman	90,000	97,560	11,308	198,868
Frederick D. Sturdivant	90,000	97,560	11,305	198,865
Roger M. Widmann	90,000	97,560	528	188,088
Richard S. Ward	82,000	105,560		187,560
Joseph W. McDonnell	80,000	97,560		177,560
Alisa C. Norris	80,000	97,560		177,560
John P. Gethin[4]	23,370	12,394	13,187	48,951

(1) Includes (a) the cash portion of the annual retainer paid to non-employee directors, and (b) the annual retainer paid to each Chairperson of our Board Committees and to our Presiding Independent Director.

(2) Represents the grant date fair value of (a) the Company Common Stock awarded to our non-employee directors as part of their annual retainer, and (b) shares of restricted stock granted to each non-employee director.

The grant date fair value of stock awards is computed in accordance with ASC Topic 718. For a discussion of the valuation assumptions, see Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017.

The number of shares of Common Stock covered by outstanding (unvested) stock awards held by each non-employee director at December 31, 2017 are set forth below:

Name	Outstanding (Unvested) Restricted Stock Awards
William H. Turner	1,000
Pamela Forbes Lieberman	1,000
Patrick McClymont	1,250
Joseph W. McDonnell	1,000
Alisa C. Norris	1,000
Frederick D. Sturdivant	1,000
Richard S. Ward	1,000
Roger M. Widmann	1,000

No directors held option awards outstanding at December 31, 2017.

(3) Represents the applicable COBRA premiums for medical, dental and vision insurance plan coverage provided to any director less contributions paid by such director.

(4) The amounts shown in this table do not reflect compensation earned by Mr. Gethin as a consultant of the Company in 2017. Mr. Gethin's compensation as a consultant is described on page 49 under the heading "Certain Relationships and Related Person Transactions."

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For 2017, each non-employee director received an annual cash retainer of $80,000, except Mr. Gethin, who received a pro rata cash retainer of $23,370. Mr. McClymont, who was elected to the Board in February 2017, received an additional pro rata cash retainer of $6,667 upon his appointment to the Board. Any portion of the cash retainer awarded to our independent directors may be taken in Company Common Stock at the discretion of the director. In 2017, Mr. Ward and Mr. McClymont elected to receive $8,000 and $86,667, respectively, of their cash retainers in Company Common Stock. These amounts are included in the “Stock Awards” column in the Director Compensation table above.

In addition, in 2017, each non-employee director (except Mr. Gethin) received an award of Common Stock valued at $55,000, based on the fair market value of the Company’s Common Stock as of the date of issuance, and a restricted stock award under the 2016 Omnibus Incentive Plan covering 1,000 shares of Common Stock with a grant date fair market value of $42.56 per share, for a total of $42,560. Mr. Gethin received a pro rata award of Common Stock valued at $7,082, and a pro rata restricted stock award of 129 shares of Common Stock with a grant date fair market value of $41.18 per share. Mr. McClymont received an additional pro rata award of Common Stock valued at $13,750, and an additional pro rata restricted stock award of 250 shares of Common Stock with a grant date fair market value of $43.82 per share upon his appointment to the Board. These amounts are included in the “Stock Awards” column in the Director Compensation table above. The restricted stock awards granted to our independent directors vest one year after the grant date, so long as the director remains continuously in office. In the event of a merger of the Company or sale of all or substantially all of the Company’s assets, vesting of all of the shares of restricted stock will accelerate, and such shares will become fully vested. Independent directors were also eligible to receive other types of awards under our 2016 Omnibus Incentive Plan, but such awards were discretionary.

In 2017, William H. Turner received additional annual retainers of $20,000 and $10,000 for his services as our Presiding Independent Director and Chairman of the Audit Committee, respectively. Pamela Forbes Lieberman and Frederick D. Sturdivant (Co-Chairpersons of the Strategic Planning Committee), Richard S. Ward (Chairman of the Nominating and Corporate Governance Committee), and Roger M. Widmann (Chairman of the Compensation and Management Development Committee) each received an additional annual retainer of $10,000 for their services as Chairperson or Co-Chairperson of their respective Committee. In addition, John P. Gethin, Pamela Forbes Lieberman, Frederick D. Sturdivant and Roger M. Widmann were covered under the Company’s medical, dental or vision plans.

Lawrence I. Sills, serving as our Executive Chairman, and Eric P. Sills, serving as our Chief Executive Officer and President during fiscal year 2017, received no payment for the fulfillment of their directorial responsibilities (see the Summary Compensation Table for disclosure regarding Lawrence Sills’ and Eric Sills’ executive officer compensation).

In 2018, the Nominating and Corporate Governance Committee engaged the consulting firm, Chernoff Diamond & Co., LLC, to conduct a study of director compensation utilizing comparable peer groups to benchmark the Company’s non-employee director compensation program. Prior to the engagement, the Committee considered factors that could affect the independence of Chernoff Diamond & Co., LLC, including any business or personal relationships between the consultant and the members of the Committee, and the fact that the consultant provides no services to the Company other than that which it provides under its engagement with the Committee. Based on this review, the Committee determined that the engagement would not create any conflicts of interest.

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Policy on Poison Pills

The Company does not have a poison pill and is not presently considering the adoption of such a device. If the Company were ever to adopt a stockholder rights agreement, the Company would seek prior stockholder approval, unless due to time constraints or other reasons, the Board, in the exercise of its fiduciary responsibilities, determines that it would be in the best interests of stockholders to adopt a stockholder rights agreement before obtaining stockholder approval. If the Board were ever to adopt a stockholder rights agreement without prior stockholder approval, the Board would submit such agreement to stockholders for ratification within one year.

Compensation Committee Interlocks and Insider Participation

All members of the Compensation and Management Development Committee during 2017 were independent directors, and none of them were employees or former employees of the Company. During 2017, no executive officer of the Company served on the compensation committee (or equivalent) or the board of directors of another entity whose executive officers served on the Company's Compensation and Management Development Committee or Board of Directors.

Management Information

All of our officers are appointed by our Board of Directors. The following table sets forth information about our officers as of the date of this Proxy Statement:

Lawrence I. Sills Executive Chairman of the Board Age 78	Mr. Sills has served as our Executive Chairman of the Board since March 2016, and as a director of the Company since 1986. Mr. Sills has also served as our Chairman of the Board from December 2000 to March 2016, Chief Executive Officer from December 2000 to March 2016, our President and Chief Operating Officer from 1986 to 2000, and our Vice President of Operations from 1983 to 1986. Mr. Sills is the father of Eric P. Sills, a director of the Company and our Chief Executive Officer and President. Mr. Sills holds an MBA from Harvard Business School and a BA from Dartmouth College.

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Eric P. Sills Director, Chief Executive Officer, President & Member of the Office of Chief Executive Age 49	Mr. Sills has served as our Chief Executive Officer and as a director of the Company since March 2016, and as our President since February 2015. Prior to serving as our President, Mr. Sills served as our Vice President Global Operations from January 2013 to February 2015, and our Vice President Engine Management Division from 2006 to January 2013. From 1991 to 2006, Mr. Sills served in various capacities in our Company, including as General Manager, LIC Operations, Director of Product Management, and Plant Manager, Oxygen Sensor Business Unit. He is the son of Lawrence I. Sills. Mr. Sills has completed an Advanced Management program at Harvard Business School, and holds an MBA from Columbia University and a BA from Bowdoin College.
James J. Burke Executive Vice President Finance, Chief Financial Officer & Member of the Office of Chief Executive Age 62	Mr. Burke has served as our Executive Vice President Finance since March 2016 and our Chief Financial Officer since 1999. Prior to his appointment as our Executive Vice President Finance, Mr. Burke served as our Vice President Finance from 1999 to March 2016, our Director of Finance and Chief Accounting Officer from 1998 to 1999, and our Corporate Controller from 1993 to 1997. Mr. Burke has completed an Executive Education program at Ross School of Business, University of Michigan, and holds an MBA from University of New Haven, and a BBA from Pace University.
Dale Burks Executive Vice President and Chief Commercial Officer & Member of the Office of Chief Executive Age 58	Mr. Burks has served as our Executive Vice President and Chief Commercial Officer since March 2016. Prior to his current appointment, Mr. Burks has served as our Vice President Global Sales and Marketing from January 2013 to March 2016, our Vice President Corporate Sales and Marketing from November 2011 to January 2013, our Vice President Temperature Control Division from 2006 to November 2011, our General Manager – Temperature Control Division from 2003 to 2006, and in various capacities throughout our Company from 1984 to 2003, including as our Director – Sales & Marketing, Regional Manager and Territory Manager. Mr. Burks has completed Executive Education programs at Ross School of Business, University of Michigan, and Kellogg School of Management, Northwestern University, and holds a BS from Oregon State University.
Carmine J. Broccole Senior Vice President General Counsel & Secretary Age 52	Mr. Broccole has served as our Senior Vice President General Counsel since March 2016 and as our Secretary since 2006. Mr. Broccole has also served as our Vice President General Counsel from 2006 to March 2016, and as our General Counsel from 2004 to 2006. Prior to such time, Mr. Broccole was a Partner of Kelley Drye & Warren LLP. Mr. Broccole holds a JD from Stanford Law School and a BA from Cornell University, and is a member of the Bars of New York and California.
Ray Nicholas Vice President Information Technology & Chief Information Officer Age 54	Mr. Nicholas has served as our Vice President Information Technology since 2006 and as our Chief Information Officer since February 2013. From 1990 to 2006, Mr. Nicholas served as the Manager and Director of Information Systems for our Temperature Control Division. Mr. Nicholas completed the Automotive Aftermarket Professional program at University of the Aftermarket, Northwood University, and an Executive Education program at University of Virginia, Darden School of Business, and holds a BS from Northeast Louisiana University.

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Thomas S. Tesoro Vice President Human Resources Age 63	Mr. Tesoro has served as our Vice President Human Resources since 2006. From 1999 to 2006, Mr. Tesoro served as Senior Vice President of Human Resources for Vertrue Inc. Prior to such time, he served in a variety of senior human resources related positions for a number of Fortune 500 companies. Mr. Tesoro holds a JD from Fordham University School of Law and a BS from Fordham University, and is a member of the Bar of New York.
William J. Fazio Chief Accounting Officer Age 63	Mr. Fazio has served as our Chief Accounting Officer since 2008. From 2007 to 2008, Mr. Fazio served as our Director, Corporate Accounting. From 2001 to 2007, he served as the Corporate Controller and Chief Accounting Officer of Hexcel Corporation. Prior to that time, Mr. Fazio served as Vice President, Controller of Kodak Polychrome Graphics. Mr. Fazio holds an MBA from Hofstra University and a BS from St. John’s University. Mr. Fazio is also a Certified Public Accountant.
Erin Pawlish Treasurer Age 42	Ms. Pawlish has served as our Treasurer since November 2015. Prior to her appointment as our Treasurer, Ms. Pawlish served as our Financial Director from January 2013 to November 2015, and as a Senior Manager at KPMG LLP from September 1998 to December 2012. Ms. Pawlish holds a BBA from Pace University. Ms. Pawlish is also a Certified Public Accountant.

Office of Chief Executive

The Company has established the Office of Chief Executive to strengthen the executive management structure of the Company. The Office of Chief Executive is primarily responsible for the development of policy, strategy and quality assurance, and the provision of leadership. Its functions also include: (a) supporting and providing timely and quality advice to the Chief Executive Officer; (b) promoting the policies of the Company; and (c) improving communications between management, customers, the Board, stockholders and other stakeholders. The Office of Chief Executive is comprised of: (1) Eric P. Sills, our Chief Executive Officer and President; (2) James J. Burke, our Executive Vice President Finance and Chief Financial Officer; and (3) Dale Burks, our Executive Vice President and Chief Commercial Officer.

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Compensation Discussion and Analysis

Overview

In this section of our Proxy Statement, we discuss the material components of our compensation program for our "named executive officers." Under SEC rules, our named executive officers for fiscal year 2017 were: Lawrence I. Sills, Executive Chairman; Eric P. Sills, Chief Executive Officer and President; James J. Burke, Executive Vice President Finance and Chief Financial Officer; Dale Burks, Executive Vice President and Chief Commercial Officer; and Carmine J. Broccole, Senior Vice President General Counsel and Secretary.

In this section of our Proxy Statement, we also discuss: (a) our financial and business performance for fiscal year 2017 and its impact on our decisions relating to executive compensation; (b) the primary responsibilities of our Compensation and Management Development Committee (referred to as our "Compensation Committee"); (c) our executive compensation philosophy and the overall objectives of our executive compensation program; (d) the process followed by our Compensation Committee in arriving at specific compensation policies and decisions; (e) the various components of our compensation package and the reasons that we provide each component; (f) the factors considered by our Compensation Committee in arriving at its compensation decisions for 2017; and (g) some additional compensation-related topics.

The Compensation Committee is comprised exclusively of independent directors. In performing its duties, the Compensation Committee may, in its discretion, solicit the input of any of our executive officers (including our Executive Chairman and our Chief Executive Officer), any of our other employees, or any independent consultant or advisor.

Summary of 2017 Financial and Business Performance

Our consolidated net sales for 2017 were $1,116.1 million, an increase of $57.6 million or 5.4% for the year, compared to $1,058.5 million in 2016. Excluding non-operational gains and losses and the impact of the Tax Cuts and Jobs Act identified on the reconciliation of GAAP and non-GAAP measures set forth on Appendix A to this Proxy Statement, earnings from continuing operations for 2017 improved to $65.6 million, or $2.83 per diluted share, from $63.9 million, or $2.77 per diluted share, in 2016. Our earnings were impacted by a drop in our gross margins, which, as a percentage of consolidated net sales, decreased to 29.3% for 2017, compared to 30.5% for 2016, as a result of higher costs incurred by our Engine Management Segment in connection with several planned production moves. The Compensation Committee considered these financial results and other factors in determining the total compensation paid to our named executive officers in 2017, as compared to 2016.

Excluding non-operational gains and losses and the impact of the Tax Cuts and Jobs Act, earnings from continuing operations and diluted earnings per share from continuing operations are non-GAAP financial measures that the Company believes are meaningful because they provide a view of the Company with respect to ongoing operating results. See Appendix A to this Proxy Statement for an illustration of how these non-GAAP measures reconcile with comparable GAAP measures.

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2017 Executive Compensation Actions

Our Compensation Committee took into account a number of factors in determining executive compensation for 2017, including our financial and business results, individual performance and competitive data. In light of these considerations, the Compensation Committee made the following executive compensation decisions in fiscal year 2017:

- Established fiscal year 2017 management performance, or management by objective ("MBO"), goals under our annual cash incentive bonus plan, including: (a) the achievement of milestones relating to our plant rationalization initiatives, and (b) the execution of the Company's business strategy relating to branding and growth initiatives.

- Awarded base salary pay increases to our named executive officers that reflected the individual performance and, in some cases, increased responsibilities of our executives.

- Approved annual cash incentive awards in the amount of 167% of target levels, reflecting the achievement of MBO goals.

- Granted annual awards of restricted stock and performance shares to our named executive officers that were consistent with our compensation philosophy and the Compensation Committee's assessment of individual performance and expected future contributions.

- Granted long-term restricted stock to certain of our named executive officers as a long-term retention tool after reducing the number of long-term restricted stock to be awarded as a result of the strong performance in the price of our Common Stock.

We believe that our executive compensation program is reasonable, competitive and focused on pay for performance principles. We emphasize compensation opportunities that reward our executives when they successfully achieve strategic objectives. The compensation of our named executive officers varies depending upon the achievement of pre-established performance goals, both individual and corporate. Through stock ownership requirements and equity incentives, we also align the interests of our executives with those of our stockholders and the long-term interests of the Company. We have not engaged in any of the most frequently criticized pay practices such as re-pricing of stock options or SARs without stockholder approval, excessive perquisites or tax gross-ups, or agreements with change-in-control provisions unreasonably favorable to our executives. Our executive compensation policies have enabled the Company to attract and retain talented and experienced executives and have benefited the Company over time. We believe that the compensation earned by each of our named executive officers in 2017 was reasonable and appropriate and aligned with the Company's financial results and achievement of the objectives of our executive compensation program.

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Say-on-Pay Vote

In compliance with the Dodd-Frank Act, we included a non-binding, advisory stockholder vote in our 2017 Proxy Statement to approve the compensation paid to our named executive officers in 2016 (referred to as a "say-on-pay" vote).

Our say-on-pay proposal was approved by approximately 98% of the votes cast at our 2017 annual meeting of stockholders. The Compensation Committee views this result as confirmation that our compensation program, including our emphasis on pay-for-performance, is structured and designed in alignment with shareholder interests. We will continue to emphasize pay-for-performance alignment, and our compensation program for the named executive officers reflects this philosophy.

Because our stockholders expressed a preference for an annual say-on-pay vote, our stockholders have the opportunity at our 2018 Annual Meeting to vote on a non-binding, advisory basis, to approve the compensation paid to our named executive officers in 2017.

Primary Responsibilities of our Compensation Committee

Our Compensation Committee is responsible for, among other things:

- reviewing the overall goals, policies, objectives and structure of our executive compensation and benefit programs and assessing whether any of the components thereof may present unreasonable risks to the Company;

- approving the compensation packages of the Company's Chief Executive Officer and our other executive officers; and

- administering our equity incentive plans.

Compensation Philosophy and Primary Objectives

Philosophy. The Compensation Committee is responsible for establishing and reviewing the overall compensation philosophy of the Company. The Compensation Committee believes that the compensation paid to executives should be structured to provide our executives with meaningful rewards, while maintaining alignment with stockholder interests, corporate values and management's strategic initiatives.

In accordance with this philosophy, the Compensation Committee believes that the executive compensation program should consist of a mix of base salary, annual cash incentive compensation, long-term incentive compensation (that may include cash or equity components, in the Compensation Committee's discretion), perquisites and other benefits.

The Compensation Committee uses its judgment and discretion in establishing compensation and strives to avoid the use of highly leveraged incentives that may drive overly risky short-term behavior on the part of executives. Our equity programs, combined with our executive share ownership requirements, reward long-term stock performance. In particular, our contingent performance share awards, which vest only at the end of a three-year performance period, reward longer-term financial and operating performance.

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Objectives. The Compensation Committee generally considers the following objectives in establishing compensation programs and setting pay levels:

- providing the Company with the ability to attract, motivate and retain exceptional talent whose abilities and leadership skills are critical to the Company's long-term success;
- maintaining a significant portion of each executive's total compensation at risk, tied to achievement of annual and long-term strategic, financial, organizational and management performance goals, that are intended to improve stockholder return;
- providing variable compensation incentives directly linked to the performance of the Company and improvement in stockholder return so that executives manage from the perspective of owners with an equity stake in the Company;
- ensuring that our executives hold Company Common Stock to align their interests with the interests of our stockholders; and
- ensuring that compensation and benefit programs are both fair and competitive in consideration of each executive's level of responsibility and contribution to the Company and reflect the size and financial resources of the Company in order to maintain long-term viability.

Compensation Process

How We Set Compensation. On an annual basis, the Compensation Committee reviews and approves the compensation of our named executive officers, including the amounts of salary, cash incentive awards and equity-based compensation provided to each executive. In determining total executive compensation packages, the Compensation Committee generally considers various measures of Company and industry performance including revenue, operating income, gross margin and total stockholder return. The Compensation Committee does not assign these performance measures relative weights. The Compensation Committee considers these performance measures as good indicators of Company performance and exercises its business judgment in determining compensation after considering all of these measures, collectively, as well as taking into account the market data and peer group information discussed below.

The Compensation Committee also evaluates the total compensation of each executive, and each element of compensation separately, to ensure that it will be effective in motivating, retaining and incentivizing the executive. The Compensation Committee's evaluation takes into consideration, among other factors, each executive's individual performance, both in general and against specific goals and targets established for the executive, and the desire to maintain internal pay equity and consistency among our executives.

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Our named executive officers generally participate in the same executive compensation plans and arrangements available to our other executive officers; however, the contingent annual cash incentive awards and performance share awards utilize targets that are based upon the Company's achievement of short-term and long-term strategic goals.

The Compensation Committee divides executive officers into three separate categories for the purposes of establishing the levels of cash and equity incentive awards. Each category consists of one or more officers who are grouped together for incentive compensation purposes and receive the same target incentive awards. For example, with respect to our annual restricted stock awards in 2017, our Executive Chairman, Chief Executive Officer, Chief Financial Officer and Chief Commercial Officer were in the first category; our Senior Vice President General Counsel was in the second category; and our other executives were in the third category. One purpose of the categories is to equalize incentive opportunities for individuals with similar levels of responsibility. This practice is intended to improve internal pay equity among our executives. Considerations of internal pay equity among executives are also factored into the Compensation Committee's consideration of the market data and peer group information discussed below with respect to base salary and target bonus compensation.

Benchmarking. In establishing total compensation for our executives, the Compensation Committee generally targets the median of the market, which it considers to be equivalent to the domestic market for executive talent within US industrial companies with gross revenues in the approximate range of $500 million to $1 billion. Our Vice President Human Resources conducts periodic benchmark reviews within the above-referenced market of the aggregate level of executive compensation, as well as the mix of elements used to compensate executive officers at such companies, and provides this market data to the Compensation Committee for its consideration. The Compensation Committee believes that compensation targeted at the median of the market reflects consideration of our stockholders' interests in paying what is necessary, but not significantly more than necessary, to achieve our corporate goals.

In addition, the Compensation Committee also reviews the practices of specific peer group companies to compare the Company's compensation programs with other manufacturing companies of comparable size and stature. Our Executive Chairman, our Chief Executive Officer and other members of management provide input on the selection of the peer group companies, and the Compensation Committee makes the final determination of which companies to include. Executive compensation information for the market data and peer group companies is compiled by management from proxy statements and other public filings, as well as surveys and other databases to which we subscribe, such as those from Aon Hewitt and ADP. The Compensation Committee may, from time to time, engage an independent consultant to establish comparable peer groups to benchmark the Company's executive compensation program. However, the Compensation Committee did not engage an independent consultant to review executive compensation in 2017.

Our Compensation Committee believes that benchmarking is a useful tool because it is a reflection of the market in which we compete for talent and provides credibility for our compensation programs with both our employees and our stockholders. The Compensation Committee also reviews this information for context and a frame of reference for decision-making; but it is not the sole source of information on which executive compensation is determined. Other factors such as internal equity, individual and business performance, and the perceived degree of alignment between the job duties of our executive with the benchmark job description to which his or her compensation is being compared are also considered.

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Role of Management. The Compensation Committee seeks and considers input from senior management in many of its decisions. Annually, our Executive Chairman and our Chief Executive Officer review with the Compensation Committee annual salary, annual incentive plan targets and long-term incentive compensation for each of our executives (excluding our Executive Chairman and our CEO). In addition, following the end of each fiscal year, our Executive Chairman and our Chief Executive Officer evaluate each executive officer's performance for the prior fiscal year (other than his own performance) and discusses the results of his evaluations with the Compensation Committee. Other members of the Office of Chief Executive also assist in the evaluations for those officers reporting to them. In addition to considering an individual's attainment of the business goals and objectives established for him or her by the Compensation Committee for the prior year, the Executive Chairman's and Chief Executive Officer's evaluations of each executive officer's performance may be based in part upon subjective factors, including the Executive Chairman's and Chief Executive Officer's evaluations of the contributions made by the executive officer to the Company's overall results and achievement of its strategic goals. These evaluations include consideration of the level of responsibility of each executive officer and the percentage of total Company revenue and/or expense that each individual officer is responsible for, where applicable. The Executive Chairman and the Chief Executive Officer then make specific recommendations to the Compensation Committee for adjustments of base salary and incentive plan targets as part of the compensation package for each executive officer (other than himself) for the next fiscal year.

The Compensation Committee reviews the performance of the Executive Chairman and the Chief Executive Officer and determines the compensation for all executive officers for the next fiscal year, considering the recommendations from the Executive Chairman and the Chief Executive Officer, as well as the benchmark and peer group information described above and any other information available to it that it considers relevant. The Compensation Committee discusses the recommendations of the Executive Chairman and the Chief Executive Officer in executive session without any members of management present and may modify the Executive Chairman's and the Chief Executive Officer's recommendations when approving final compensation packages.

Tally Sheets. When reviewing executive compensation, the Compensation Committee has historically reviewed management-provided materials which highlight the base salary, target cash incentive award, and actual cash incentive award to each of our executive officers for prior fiscal years. The Compensation Committee uses this information to review compensation trends, to compare increases or decreases year over year, and to ensure that compensation decisions are made with a view to the total compensation package awarded to each executive officer over time. No specific weight is assigned by the Compensation Committee to the tally sheets or any specific items which may appear on such tally sheets.

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Risk Management Considerations. As mentioned earlier, the Compensation Committee strives to avoid the use of highly leveraged incentives that may drive overly risky short-term behavior on the part of executives. The Compensation Committee structures our cash incentive awards and equity incentive awards as highlighted below to promote the creation of long-term value and discourage behavior that may lead to excessive risk:

- The Company’s annual Economic Value Added (“EVA”) cash incentive award (as more fully described under “Elements of Compensation – Annual Cash Incentive Awards” below) is designed to align executive compensation to continuous improvements in corporate performance and increases in stockholder value. EVA is calculated based on the year-to-year difference in net operating profit after tax, less a charge for the cost of capital. Cash incentive awards under this program are tied to EVA, such that increasing EVA year over year, which is favorable for the Company’s stockholders, are also made favorable for those executives whose compensation is based on EVA. In addition, an executive’s EVA cash incentive award is capped on an annual basis at 200% of the applicable target, no matter how much financial performance exceeds the range established for the award, thereby limiting the incentive for excessive risk-taking. However, any EVA cash incentive award in excess of the 200% target may be carried forward into the following year, subject to the risk of forfeiture depending upon the following year’s EVA performance. In addition, since cash incentive awards tied to EVA are based on overall corporate performance, rather than individual performance, the ability of an individual executive to increase his own compensation through excessive risk taking is constrained.

- EVA awards represent 70% of an executive’s total potential cash incentive awards in any year. Individual performance, or MBO bonuses (as more fully described under “Elements of Compensation – Annual Cash Incentive Awards” below), which are based upon the achievement of individual goals and objectives, and thus are more susceptible to individual risk taking, represent only 30% of an executive’s total potential cash incentive awards, thus reducing the incentive for any executive to take excessive risks.

- The measures used to determine whether performance share awards vest are based on at least three years of financial performance. The Compensation Committee believes that the longer performance period encourages executives to attain sustained performance over several years, rather than performance in a single annual period.

- Restricted stock awards generally vest at the end of a three year or longer period and an executive must hold any vested restricted stock for an additional two-year period following vesting pursuant to the terms of our Stock Ownership Guidelines, thereby encouraging executives to look to long-term appreciation in equity values.

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Elements of Compensation

Base Salary. The Compensation Committee generally reviews base salaries for executive officers at the beginning of each fiscal year. Annual salary is based upon an evaluation of each individual's performance, an executive's level of pay compared to that for similar positions at peer group companies, the responsibilities of the position, the experience of the individual, internal pay equity considerations, and Company performance. Base salaries may also be adjusted at the time of a promotion, upon a change in level of responsibilities, or when competitive circumstances may require review.

We believe that our base salaries are an important element of our executive compensation program because they provide our executives with a steady income stream that is not contingent upon our overall performance or stockholder return. We believe that maintaining base salary amounts generally in the median to 75% range of our peer group minimizes competitive disadvantage, while avoiding paying amounts in excess of what we believe to be necessary to motivate executives to meet corporate goals.

Annual Cash Incentive Awards. The Compensation Committee utilizes annual cash incentive awards to reward each of our executive officers when the executive officer achieves certain individual performance objectives (or MBO goals), and when we achieve certain company-level financial objectives under our EVA program. Our annual cash incentive awards are designed to more immediately reward our executives for their performance during the most recent year. We believe that the immediacy of these cash awards, in contrast to our equity awards which vest over a three year or longer period of time, provide a significant incentive to our executives to achieve their respective individual objectives and, thus, our company-level objectives. We believe our cash awards are an important motivating factor for our executives, in addition to being a significant factor in attracting and retaining our executives.

Our cash incentive awards utilize a target that is a percentage of each executive officer's total cash compensation for the fiscal year. The target is set at levels that are approximately 25% - 39% of an executive's expected total cash compensation for the year. They are set at levels which, assuming achievement of 100% of the applicable target amount, the Compensation Committee believes are likely to result in an annual cash award at or near the median for target cash awards in the market. Actual awards may be higher or lower, however, based upon the degree of achievement of MBO and EVA goals.

MBO. At the beginning of each year, the Compensation Committee reviews and approves a detailed set of individual MBO goals for each executive (which are generally aligned with the Company's short-term and long-term strategic goals) initially prepared by management. At the beginning of the following year, the Compensation Committee determines, in its discretion, with the input of the Executive Chairman and Chief Executive Officer, the level of achievement of each MBO goal by each executive during the prior year and the percentage of the target MBO award earned by each executive. The target MBO award represents 30% of an executive's total target cash incentive award for the applicable year.

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EVA. With respect to company-level financial objectives, the Company utilizes an EVA-based cash incentive award program to align closely executive compensation to continuous improvements in corporate performance and increases in stockholder value. We believe that the principles of an EVA program have a better statistical correlation with the creation of value for stockholders than a cash incentive program based on performance measures such as return on capital, return on equity, growth in earnings per share, and growth in cash flow. EVA measures the year-over-year difference in net operating profit after tax, less a charge for the cost of capital. EVA recognizes the productive use of capital assets and, therefore, wise, responsible decision-making regarding capital investments. Increasing EVA year over year will be favorable for the Company's stockholders as well as for those executives whose compensation is based on EVA. The target EVA award represents 70% of an executive's total target cash incentive award for the applicable year.

Depending on the Company's financial plan for the year, the Board of Directors may modify the EVA target amounts that are used to determine whether our executive officers achieve a threshold 100% payout and a maximum 200% payout of the EVA award.

In addition, in order to promote longer-term stockholder improvement and to keep part of an executive's cash incentive award at risk, the EVA award is capped on an annual basis at 200% of the applicable target. To the extent that an executive could have received an EVA award in excess of the cap, the excess EVA amounts are carried forward into the next year's calculation of an executive's EVA award. However, any EVA award that is carried forward is subject to risk of forfeiture depending upon the following year's EVA performance.

Long-Term Equity Incentive Programs. As part of the Company's compensation program, the Compensation Committee grants equity awards to the Company's executive officers. We believe that equity awards provide our executive officers with a strong link to our long-term performance goals, create an ownership culture, and closely align the interests of our executive officers and our stockholders. In addition, the vesting feature of our equity awards is designed to aid officer retention because this feature provides an incentive to our executive officers to remain in our employ throughout the vesting period, which is typically three years or longer. In determining the size and type of equity awards granted to our executive officers in 2017, the Compensation Committee awarded different amounts to: (a) our Executive Chairman, Chief Executive Officer, Chief Financial Officer and Chief Commercial Officer; (b) our Senior Vice President General Counsel; and (c) our other executives, in recognition of their differing levels of responsibility. The specific amounts awarded were based on recommendations of management, but the Compensation Committee had discretion to award different amounts. The Compensation Committee may also consider our company-level performance, the applicable executive officer's performance, the amount of equity previously awarded to the applicable executive officer, the vesting of such prior awards, and the recommendations of management and any other advisor that the Compensation Committee may choose to consult.

Our primary form of equity compensation consists of restricted stock awards and performance share awards. We believe that these awards provide a motivating form of incentive compensation, while permitting us to issue fewer shares than stock options. Because shares of restricted stock have a defined value at the time the restricted stock awards are issued, restricted stock awards are often perceived as having more immediate value than stock options, which have a value less easily determinable when issued. In addition, we provide performance shares to our executive officers because we believe that their contributions to the Company have a direct relationship to the achievement of the Company's strategic goals.

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We grant our executive officers two types of restricted stock (standard awards and long-term retention awards) and performance shares generally once per year at a regularly scheduled meeting of the Board. Our 2016 Omnibus Incentive Plan also permits us to grant incentive and nonqualified stock options, stock appreciation rights, restricted stock units, and other stock-based awards to our officers, directors, employees and consultants. However, our Compensation Committee currently intends to grant only restricted stock and performance shares under the 2016 Omnibus Incentive Plan.

Each standard restricted stock award issued under our 2016 Omnibus Incentive Plan is subject to a three-year vesting period. Each long-term retention restricted stock award issued under our 2016 Omnibus Incentive Plan is subject to an incremental vesting period based upon the participant reaching the age of 60 (25% vests), 63 (25% vests) and 65 (balance vests). If an executive officer ceases employment before the end of any vesting period, he or she forfeits the entire unvested portion of the restricted stock award. Restricted stock awards may become immediately vested in full in the event of death, retirement at or after age 65, total disability (as determined by the Compensation Committee in its sole discretion), or upon a "change in control" of the Company. Grants of long-term retention restricted stock awards to participants over the age of 65 are subject to a one-year vesting period.

We also award our executive officers performance shares in amounts comparable to the number of shares of standard restricted stock awards issued to such executives, although the actual number of performance shares ultimately issued to an executive may be higher or lower, depending upon the level of achievement of the applicable performance goals. In order for the performance shares to vest, the Company must achieve a certain level of earnings from continuing operations before taxes, excluding special items, on a cumulative basis for the three-year performance period covered by the award. A new performance period begins each January 1 and ends three years later on December 31. As a result, up to three performance periods may overlap in any given year. The level of earnings from continuing operations is tied to financial goals contained in the Company's three-year strategic plan, which is updated annually and approved by our Board. The Compensation Committee selected this performance measure because improvement in earnings from continuing operations is a key strategic focus for the Company and is believed to help the Company achieve higher margins, stronger cash flow and debt reduction.

The performance share awards are subject to a three-year vesting period. If an officer ceases to be an employee of the Company before the end of the vesting period, the entire performance share award is forfeited. The performance goals are scaled so that the recipient can receive part of an award in the event that acceptable, but not the desired, results are achieved.

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It is our policy to ensure that we do not grant equity awards in connection with the release, or the withholding, of material non-public information, and that the grant value of all equity awards is equal to the fair market value on the date of grant.

SERP. The Company has established a Supplemental Executive Retirement Plan for our executive officers (and other eligible employees). The purpose of this plan is to enable the executive officers to supplement their benefits under the Company’s Profit Sharing 401(K) Capital Accumulation Plan as well as to provide a means whereby certain amounts payable by the Company to our executive officers may be deferred to some future period. Eligible employees may irrevocably elect to defer receipt of a portion of their annual base salary and annual bonus payments earned in that plan year up to a maximum of 50% of their annual base salary and 100% of their annual bonus payments. In addition, the Company generally makes an annual cash contribution into the SERP on behalf of each participant.

Supplemental SERP. The Company maintains an unfunded Supplemental SERP. The benefits under this plan are in addition to any benefits payable to participants under the Company’s Profit Sharing 401(K) Capital Accumulation Plan and SERP. As of the date of this Proxy Statement, there are no participants in the Supplemental SERP.

ESOP. Our executive officers are eligible to receive Company Common Stock pursuant to our Employee Stock Ownership Plan, which is available for all eligible employees. This stock grant plan gives our executives an opportunity to share directly in the growth of the Company through stock ownership. The Company’s stock contributions for a particular calendar year are made in the first quarter of such year. Under the plan, each participant is subject to a six-year vesting schedule.

Compensation Actions in 2017

After careful analysis, the Compensation Committee determined to use the following companies for peer group comparisons in setting 2017 compensation:

Altra Industrial Motion Corp.	Insteel Industries, Inc.	Park-Ohio Holdings Corp.
American Railcar Industries, Inc.	LB Foster Co.	Spartan Motors, Inc.
CIRCOR International, Inc.	LCI Industries, Inc.	Superior Industries International, Inc.
Dorman Products, Inc.		

In determining executive compensation for 2017, our Compensation Committee evaluated and made its determinations in the context of the Company’s 2017 financial and business performance and the business conditions of the automotive aftermarket generally. The Compensation Committee also took into consideration each executive’s performance of their respective prior year’s MBO objectives and the Company’s ability to continue to make changes and introduce strategic initiatives critical to positioning the Company for future long-term growth.

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Base Salary. Based on the foregoing, in February 2017 the Compensation Committee approved salary increases for our executives for 2017. In addition, in view of the executives contributions to the Company as well as to motivate and assist in the retention of these individuals, in February 2018 the Compensation Committee set the salaries of the following named executive officers to the levels indicated: Lawrence I. Sills, $400,000, Eric P. Sills, $600,000; James J. Burke, $590,000; Dale Burks, $495,000; and Carmine J. Broccole, $452,000.

Annual Cash Incentive Awards. For 2017, the Compensation Committee established, among other things, the following MBO goals for our named executive officers: (a) achieving milestones relating to our plant rationalization initiatives, and (b) executing the Company's business strategy relating to branding and growth initiatives. In February 2018, the Compensation Committee determined that the named executive officers had successfully attained their goals, and a result, the Compensation Committee authorized MBO cash incentive awards at percentages of 167% of the target amount for 2017.

For 2017, the Compensation Committee established a year-over-year improvement in EVA, and set target amounts for payouts, based on the Company's forecasted financial goals. Due to the year-over-year decrease in net earnings, the Company did not achieve the threshold year-over-year improvement in EVA, resulting in the forfeiture of the EVA award that carried forward from 2016 and a 0% EVA bonus for our executives for 2017. Despite not achieving the threshold year-over-year improvement in EVA, the Compensation Committee approved a 25% EVA bonus for our named executive officers, due to the fact that the executives were successful in strengthening our Company for the future by continuing to improve its cost position through restructuring and integration programs, global sourcing initiatives, and the consummation of a strategic transaction. The total amount of all cash incentive awards earned in 2017 is reflected in the Summary Compensation Table.

Restricted Stock Awards. In October 2017, the Compensation Committee awarded the following shares of restricted stock (standard awards): (a) 2,000 shares to each of Lawrence I. Sills, our Executive Chairman, Eric P. Sills, our Chief Executive Officer, James J. Burke, our Chief Financial Officer, and Dale Burks, our Chief Commercial Officer; and (b) 1,500 shares to Carmine J. Broccole, our Senior Vice President General Counsel. These restricted stock awards vest after three years. The amount of these restricted stock awards was based upon the Compensation Committee's subjective evaluation of each executive's contribution to the Company during 2017, as well as their respective levels of responsibility.

In addition, in October 2017 the Compensation Committee granted an additional award of 2,500 shares of restricted stock (long-term retention awards) to each of Dale Burks and Carmine Broccole. These awards vest in increments when the executive reaches the ages of 60 (25% vests), 63 (25% vests) and 65 (balance vests), respectively. The Compensation Committee granted these restricted stock awards as a long-term retention tool and to incentivize executive performance through a long-term capital accumulation award. As part of its annual review of our compensation program, the Compensation Committee reduced the number of long-term retention awards granted to our executive officers in 2017, primarily as a result of the strong performance in the price of our Common Stock.

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Performance Share Awards. In October 2017, the Compensation Committee also awarded performance shares to our named executive officers with each receiving a targeted share amount equal to the number of shares of standard restricted stock awards issued to such executive, although actual award payouts may vary from 0% to 200% of the target award amount, depending upon the level of achievement of the performance goal for the three-year measurement period. In order for a named executive officer to receive an actual payout of all or a portion of the performance shares awarded to him in 2017, the Company must achieve earnings from continuing operations before taxes, excluding special items, on a cumulative basis for the three year period from January 1, 2017 to December 31, 2019, of at least $280.3 million (i.e., the threshold amount), with a maximum award resulting from achievement of earnings from continuing operations of $420.4 million or more during the specified period.

In 2014, performance shares were awarded to each of our named executive officers in accordance with the same practices described above. In order for an executive to receive an actual payout of all or a portion of the 2014 performance shares, the Company needed to achieve earnings from continuing operations before taxes, excluding special items, on a cumulative basis for the three year period from January 1, 2014 to December 31, 2016, of at least $230.3 million (i.e., the threshold amount), with a maximum award resulting from achievement of earnings from continuing operations of $345.5 million or more during the specified period. At the end of the three-year period, the Company exceeded the threshold financial goal during the measuring period, resulting in the issuance of performance shares in 2017 at the payout level of 82.5%.

Clawback Policy

In March 2011, the Compensation Committee instituted a “clawback” policy with respect to incentive-based compensation. The clawback policy provides that, in the event of a restatement of the Company’s financial results due to a material noncompliance with any financial reporting requirements, the Compensation Committee is entitled to recover from current and former executive officers any incentive-based compensation that would not otherwise have been awarded to such persons under the as-restated financials during the three years preceding the date of the restatement. The Compensation Committee will reevaluate and, if necessary, revise the Company’s clawback policy to comply with the Dodd-Frank Act once the rules implementing the clawback requirements have been finalized by the SEC.

Stock Ownership Guidelines

To directly align the interests of executive officers with the interests of our stockholders, we established stock ownership guidelines for our executive officers. Our stock ownership guidelines provide that executive officers are expected to own and hold a number of shares of Company Common Stock with a value that represents: (a) six times the base salary, with respect to our Executive Chairman of the Board and our Chief Executive Officer, (b) 100 percent of the base salary, with respect to any Executive Vice President, (c) 50 percent of the base salary, with respect to any Senior Vice President, and (d) 30 percent of their base salary, with respect to each of our other executive officers of the Company. Stock ownership levels are expected to be achieved by each executive officer within a period of time determined at the discretion of the Compensation Committee. We do not allow our executive officers to hedge the economic risk of their stock ownership. We also do not allow our executive officers to pledge their shares of Company Common Stock.

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Our stock ownership guidelines also include a mandatory stock holding period policy which requires our executive officers to hold for a period of two years any stock acquired by them upon the exercise of stock options or lapse of restrictions on restricted stock or performance shares, net of the funds necessary to pay the exercise price of stock options or for payment of applicable taxes.

Termination-Based Compensation

In December 2001, we entered into a change in control or severance agreement with James J. Burke, our Executive Vice President Finance and Chief Financial Officer. Neither our Chief Executive Officer nor any of our other executive officers has a change in control or severance agreement. As discussed in more detail under "Severance and Change of Control Arrangements" below, Mr. Burke is entitled to severance and retention payments and continued health and life insurance coverage for a limited period of time, among other benefits, upon the termination of his employment pursuant to his Severance Compensation Agreement and Retention Bonus and Insurance Agreement.

The Compensation Committee may adopt and maintain such agreements where it believes the arrangement will protect the interests of senior executives when a potential change of control could affect their job security. Since the agreements mitigate any concern these executive officers may have in connection with a termination of their employment by us, or a potential loss of employment as a result of a change in control, they promote the interests of stockholders by assuring that these executive officers focus on evaluating opportunities that are in our best interests, without concentrating on individual personal interests.

In addition, as discussed in more detail under "Severance and Change of Control Arrangements" below, our executive officers are eligible to receive termination-related benefits under the Company's Supplemental Executive Retirement Plan. Our 2006 Omnibus Incentive Plan and 2016 Omnibus Incentive Plan also contain provisions that would accelerate the vesting of restricted stock upon certain events, including a change of control of the Company. We believe these severance and change of control benefits are an essential element of our executive compensation package and assist us in recruiting and retaining talented individuals.

Tax Deductibility of Executive Compensation

The Compensation Committee has considered the potential impact of Section 162(m) of the Internal Revenue Code on the compensation paid to the Company's executive officers. Section 162(m) generally limits our ability to claim a tax deduction for individual compensation exceeding $1 million in any taxable year for any of our executive officers. For 2017 and prior years, performance-based compensation meeting certain requirements under Section 162(m) was fully deductible; however, the Tax Cuts and Jobs Act eliminated the exemption for performance-based compensation beginning in 2018, subject to certain transitional relief.

In general, the Compensation Committee structured its executives' compensation to avail itself of the benefits of deductibility under applicable tax laws, but deductibility was only one of many factors taken into consideration. Other factors include those discussed more fully in our "Compensation Discussion and Analysis" section above, under the heading "Compensation Philosophy and Primary Objectives".

In approving the amount and form of compensation for the Company's executive officers, the Compensation Committee will continue to consider all elements of the cost to the Company of providing such compensation, including the potential impact of Section 162(m).

Perquisites and Other Benefits

We provide our executive officers certain perquisites and other benefits. We provide these benefits as an additional incentive for our executives and to remain competitive in the general marketplace for executive talent. The primary perquisite for our executive officers is an allowance for leasing an automobile and reimbursement of related expenses. In addition, our executives are also offered broad-based benefits that are provided to all employees, including health insurance, life and disability insurance, accidental death and dismemberment insurance, Profit Sharing 401(K) Capital Accumulation Plan, and ESOP.

Cautionary Statement

The information appearing in this Compensation Discussion and Analysis, and elsewhere in this Proxy Statement, as to performance metrics, objectives and targets relates only to incentives established for the purpose of motivating executives to achieve results that will help to enhance stockholder value. This information is not related to the Company's expectations of future financial performance, and should not be mistaken for or correlated with any guidance that may be issued by the Company regarding its future earnings, free cash flow or other financial measures.

Report of the Compensation and

Management Development Committee

The Compensation and Management Development Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis included in this Proxy Statement. Based on this review and discussion, the Committee recommended that the Board of Directors include the Compensation Discussion and Analysis in this Proxy Statement and that it be incorporated by reference into our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Compensation and Management Development Committee

Roger M. Widmann (Chairman)	Alisa C. Norris
Pamela Forbes Lieberman	Frederick D. Sturdivant
Patrick S. McClymont	William H. Turner
Joseph W. McDonnell	Richard S. Ward

Executive Compensation and Related Information

The following table sets forth the annual compensation paid by the Company during fiscal years 2017, 2016 and 2015 to our "named executive officers." Under SEC rules, our named executive officers were: Lawrence I. Sills, Executive Chairman; Eric P. Sills, Chief Executive Officer and President; James J. Burke, Executive Vice President Finance and Chief Financial Officer; Dale Burks, Executive Vice President and Chief Commercial Officer; and Carmine J. Broccole, Senior Vice President General Counsel and Secretary.

Summary Compensation Table for 2017

Name and Principal Position	Year	Salary	Stock Awards (1)	Non-Equity Incentive Plan Compensation (2)	All Other Compensation (3)	Total
Lawrence I. Sills	2017	$400,000	$158,800	$ 169,000	$ 75,316	$803,116
Executive Chairman of the Board	2016	437,500	160,640	487,250	56,809	1,142,199
	2015	550,000	118,720	231,583	70,448	970,751
Eric P. Sills	2017	$580,000	$158,800	$ 253,500	$ 120,892	$1,113,192
Chief Executive Officer &	2016	532,500	160,640	691,895	65,206	1,450,241
President	2015	450,000	194,680	100,807	58,642	804,129
James J. Burke	2017	$573,000	$158,800	$ 246,740	$ 115,772	$1,094,312
Executive Vice President Finance &	2016	555,000	160,640	691,895	68,754	1,476,289
Chief Financial Officer	2015	540,000	111,300	182,542	84,707	918,549
Dale Burks	2017	$480,000	$262,425	$ 205,504	$ 78,905	$1,026,834
Executive Vice President &	2016	475,000	328,560	438,525	48,679	1,290,764
Chief Commercial Officer	2015	450,000	194,680	100,807	47,576	793,063
Carmine J. Broccole	2017	$452,000	$222,725	$ 140,608	$ 76,150	$891,483
Senior Vice President	2016	435,000	288,400	389,800	49,140	1,162,340
General Counsel & Secretary	2015	415,000	194,680	77,376	48,370	735,426

(1) The amounts in this column represent the grant date fair value of stock awards in the applicable year computed in accordance with ASC Topic 718 for restricted stock awards and performance share awards. The fair value of the performance share awards assumes the achievement of the target level of performance shares as the probable outcome. Assuming the achievement of the maximum level of performance shares, the above amounts for each person would be increased by the following fair value amounts in each of 2017, 2016 and 2015, respectively: (a) $79,400, $80,320, and $59,360 for Lawrence Sills; (b) $79,400, $80,320, and $37,100 for Eric Sills and Dale Burks; (c) $79,400, $80,320, and $55,650 for James Burke; and (d) $59,550, $60,240, and $37,100 for Carmine Broccole.

The amounts listed in the table do not reflect whether the named executive officers have actually realized a financial benefit from these awards. For a discussion of the valuation assumptions, see Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017. See “Grants of Plan-Based Awards” and “Outstanding Equity Awards at Fiscal Year-End” below for more information regarding our stock awards. In accordance with SEC regulations, the amounts shown exclude the impact of estimated forfeitures related to vesting conditions.

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(2) The amounts in this column constitute annual cash incentive awards. See "Grants of Plan-Based Awards" below for more information regarding annual incentive bonus awards.

(3) The amounts in this column represent (a) car allowances for leased automobiles, (b) Company contributions to the Profit Sharing 401(K) Capital Accumulation Plan, ESOP and SERP programs on behalf of the named executive officers, and (c) Company payments for life insurance premiums for Mr. Burke. The Company contributions that were earned in 2017 (but paid in March 2018) into the individual SERP accounts of Messrs. Lawrence Sills, Eric Sills, James Burke, Dale Burks and Carmine Broccole were $51,232, $83,157, $82,576, $53,831 and $47,459, respectively. Excluding the SERP contributions, the amount attributable to each perquisite for each named executive officer does not exceed the greater of $25,000 or 10% of the total amount of perquisites received by such officer.

The following table sets forth certain information with respect to stock awards granted to the named executive officers during 2017.

Grants of Plan-Based Awards for 2017

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards [1]			Estimated Future Payouts Under Equity Incentive Plan Awards [2]			All Other Stock Awards: Number of Shares of Stock or	Grant Date Fair Value
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	Units (#) [3]	[4]
Lawrence I. Sills	10/20/17				1,000	2,000	4,000		$ 79,400
	10/20/17							2,000	79,400
		$0	$250,000	$500,000					
Eric P. Sills	10/20/17				1,000	2,000	4,000		$ 79,400
	10/20/17							2,000	79,400
		$0	$375,000	$750,000					
James J. Burke	10/20/17				1,000	2,000	4,000		$ 79,400
	10/20/17							2,000	79,400
		$0	$365,000	$730,000					
Dale Burks	10/20/17				1,000	2,000	4,000		$ 79,400
	10/20/17							2,000	79,400
	10/20/17							2,500	103,625
		$0	$304,000	$608,000					
Carmine J. Broccole	10/20/17				750	1,500	3,000		$ 60,240
	10/20/17							1,500	60,240
	10/20/17							2,500	103,625
		$0	$208,000	$416,000					

(1) Represents possible threshold, target and maximum payout levels for fiscal year 2017 under our cash incentive MBO and EVA bonus programs. Bonuses paid to the named executive officers are dependent on the level of achievement of certain individual and company performance objectives. The actual bonuses paid to each named

executive officer for 2017 are reported in the Summary Compensation Table for 2017 above. Additional information regarding our cash incentive bonus program is included in “Compensation Discussion and Analysis” above.

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(2) These columns reflect threshold, target and maximum payout levels for performance share awards granted under our 2016 Omnibus Incentive Plan. The performance share awards have a three-year vesting period and performance target goals relating to the Company's earnings from continuing operations before taxes, excluding special items, measured at the end of a three-year period. To the extent that the Company does not achieve the threshold level of earnings before taxes at the end of the measuring period, these performance shares will not be issued. Performance shares were issued to the named executive officers in 2017 at an 82.3% payout level with respect to the performance share awards granted in 2014, because the Company achieved the applicable financial goals for the 2014-2016 measuring period. Holders of performance share awards are not entitled to stockholder rights, including voting rights or dividends. To the extent that an officer ceases to be an employee of the Company before the end of the vesting period, the entire performance share award will be forfeited. Additional information regarding our 2016 Omnibus Incentive Plan is included in the "Compensation Discussion and Analysis" section above.

(3) This column reflects the number of shares of both standard and long-term retention restricted stock awards issued under our 2016 Omnibus Incentive Plan. Shares of restricted stock have a three-year or longer vesting period and are not entitled to dividends; however, holders of restricted stock are entitled to voting rights. To the extent that an officer ceases to be an employee of the Company before the end of the vesting period, the entire unvested portion of the restricted stock award will be forfeited. See related discussion in "Compensation Discussion and Analysis" above. These awards are also described in "Outstanding Equity Awards at Fiscal Year-End" below.

(4) The ASC Topic 718 per share value of the standard restricted stock and long-term retention restricted stock awards granted on October 20, 2016 is $39.70 per share and $41.45 per share, respectively.

The following table summarizes the equity awards that we have made to our named executive officers, which awards were outstanding as of December 31, 2017.

Outstanding Equity Awards at Fiscal Year-End for 2017

		Stock Awards			
Name	Grant Date	Number of Shares or Units of Stock that Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested [1]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested [2]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested [1]
Lawrence I. Sills	10/13/2015	2,000 [3]	$ 89,820	2,000	$ 89,820
	10/20/2016	2,000 [3]	$ 89,820	2,000	$ 89,820
	10/20/2017	2,000 [3]	$ 89,820	2,000	$ 89,820
Eric P. Sills	12/1/2010	5,000 [4]	$ 224,550	—	$ —
	9/20/2011	5,000 [4]	$ 224,550	—	$ —
	10/9/2012	5,000 [4]	$ 224,550	—	$ —
	10/8/2013	5,000 [4]	$ 224,550	—	$ —
	10/7/2014	5,000 [4]	$ 224,550	—	$ —
	10/13/2015	4,000 [4]	$ 179,640	—	$ —
	10/13/2015	1,250 [3]	$ 56,138	1,250	$ 56,138

	10/20/2016	2,000 (3)	$ 89,820	2,000	$ 89,820
	10/20/2017	2,000 (3)	$ 89,820	2,000	$ 89,820
James J. Burke	10/13/2015	1,875 (3)	$ 84,206	1,875	$ 84,206
	10/20/2016	2,000 (3)	$ 89,820	2,000	$ 89,820
	10/20/2017	2,000 (3)	$ 89,820	2,000	$ 89,820
Dale Burks	12/1/2010	5,000 (4)	$ 224,550	—	$ —
	9/20/2011	5,000 (4)	$ 224,550	—	$ —
	10/9/2012	5,000 (4)	$ 224,550	—	$ —
	10/8/2013	5,000 (4)	$ 224,550	—	$ —
	10/7/2014	5,000 (4)	$ 224,550	—	$ —
	10/13/2015	4,000 (4)	$ 179,640	—	$ —
	10/13/2015	1,250 (3)	$ 56,138	1,250	$ 56,138
	10/20/2016	4,000 (4)	$ 179,640	—	$ —
	10/20/2016	2,000 (3)	$ 89,820	2,000	$ 89,820
	10/20/2017	2,500 (4)	$ 112,275	—	$ —
	10/20/2017	2,000 (3)	$ 89,820	2,000	$ 89,820
Carmine J. Broccole	12/1/2010	5,000 (4)	$ 224,550	—	$ —
	9/20/2011	5,000 (4)	$ 224,550	—	$ —
	10/9/2012	5,000 (4)	$ 224,550	—	$ —
	10/8/2013	5,000 (4)	$ 224,550	—	$ —
	10/7/2014	5,000 (4)	$ 224,550	—	$ —
	10/13/2015	4,000 (4)	$ 179,640	—	$ —
	10/13/2015	1,250 (3)	$ 56,138	1,250	$ 56,138
	10/20/2016	4,000 (4)	$ 179,640	—	$ —
	10/20/2016	1,500 (3)	$ 67,365	1,500	$ 67,365
	10/20/2017	2,500 (4)	$ 112,275	—	$ —
	10/20/2017	1,500 (3)	$ 67,365	1,500	$ 67,365

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(1) The market value is based on the closing price of the Company's Common Stock of $44.91 per share as of December 29, 2017 (the last trading day of the year).

(2) Performance share awards vest on the third anniversary of the date of grant, provided that certain performance goals have been met at the end of the three year measuring period. Please refer to "Compensation Discussion and Analysis" above for additional information regarding equity awards granted under our 2016 Omnibus Incentive Plan.

(3) This standard restricted stock award vests on the third anniversary of the date of grant.

(4) This long-term retention restricted stock award vests in increments upon the executive reaching 60 (25% vests), 63 (25% vests) and 65 (balance vests) years of age.

The following table provides additional information relating to the vesting of standard restricted stock and performance shares previously granted to the named executive officers during the year ended December 31, 2017. None of the named executive officers have outstanding options to purchase shares of Company Common Stock.

Stock Vested for 2017

	Stock Awards	
Name	Number of Shares Acquired on Vesting	Value Realized on Vesting [1]
Lawrence I. Sills	3,650	$ 176,843
Eric P. Sills	2,281	$ 110,514
James J. Burke	3,422	$ 165,796
Dale Burks	2,281	$ 110,514
Carmine J. Broccole	2,281	$ 110,514

(1) The market value of the restricted stock and the performance shares is based on the closing price of the Company's Common Stock on the vesting date of such stock awards, which was $48.45 per share on October 6, 2017.

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The following table shows the aggregate earnings and balances for each of our named executive officers under our Supplemental Executive Retirement Plan as of December 31, 2017.

Nonqualified Deferred Compensation for 2017

Name	Executive Contributions in Last FY [1]	Registrant Contributions in Last FY [1]	Aggregate Earnings in Last FY [2]	Aggregate Withdrawals/ Distribution	Aggregate Balance at Last FYE
Lawrence I. Sills	$ 457,190	$ 33,539	$ 765,872	$ —	$ 7,719,153
Eric P. Sills	—	30,569	33,484	—	274,309
James J. Burke	—	39,221	184,635	—	1,162,381
Dale Burks	—	25,800	69,845	—	460,805
Carmine J. Broccole	—	20,532	52,571	—	332,555

(1) The amounts shown in this column reflect amounts contributed in 2017.

(2) Earnings are not above market and therefore are not reportable in the Summary Compensation Table. See “Severance and Change of Control Arrangements—Supplemental Executive Retirement Plan (SERP)” below for further information.

The following table presents information on our existing equity plans as of December 31, 2017, under which shares of the Company’s Common Stock are authorized for issuance.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans
Equity compensation plans approved by security holders	853,958 (1)	$ 33.25	682,000 (2)
Equity compensation plans not approved by security holders			
All plans	853,958 (1)	$ 33.25	682,000 (2)

(1) Represents shares covered by outstanding unvested awards of restricted stock (standard awards and long-term retention awards) and performance shares issuable under our 2006 Omnibus Incentive Plan and 2016 Omnibus Incentive Plan.

(2) Represents shares of the Company’s Common Stock issuable under our 2016 Omnibus Incentive Plan.

Pay Ratio

The median of the annual compensation paid by the Company during fiscal year 2017 to all employees as of December 31, 2017, is estimated to be approximately $31,667 (referred to as the "2017 Median Compensation"). The ratio of the 2017 Median Compensation to the annual compensation paid by the Company to Eric P. Sills, our Chief Executive Officer and President, during fiscal year 2017, which is described in the Summary Compensation Table for 2017 above, is estimated to be one to thirty-five.

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We identified our median employee using payroll records that reflect total wages and other compensation paid to our employees during fiscal year 2017, as reported to the U.S. Internal Revenue Service on Form W-2 and the equivalent for our non-U.S. employees. Adjustments were made to annualize the compensation of all permanent employees (full-time or part-time) who were employed for less than the full fiscal year, and to convert to U.S. dollars any compensation paid to our employees in currencies other than U.S. dollars using the relevant exchange rate at year-end. The resulting ratio is a reasonable estimate calculated in a manner consistent with the compensation disclosure rules of the Securities and Exchange Commission.

Severance and Change of Control Arrangements

Severance Compensation Agreement

In December 2001, we entered into a Severance Compensation Agreement with James J. Burke. Mr. Burke’s Severance Compensation Agreement provides that if a change in control of the Company occurs and, within 12 months thereafter, Mr. Burke’s employment is terminated by the Company without cause or by Mr. Burke for certain specific reasons, then he will receive severance payments and certain other benefits. The specific reasons which allow Mr. Burke to resign and receive the benefits are: (1) a reduction or change in status, position or reporting responsibility; (2) a reduction in his annual rate of base salary; and (3) relocation of more than 15 miles from the Company’s current office.

If Mr. Burke resigns for one of the specific reasons, or is terminated without cause, he will be entitled to receive: (1) a severance payment equal to three times his base salary plus standard bonus, payable over a two year period on a pro rata, semi-monthly basis; (2) continued participation for a period of 36 months in group medical, dental and/or life insurance plans; (3) exclusive use of a company automobile for the duration of the lease then in effect; and (4) outplacement services.

For purposes of the agreement, a change in control of the Company means the occurrence of any of the following events: (1) a sale of all or substantially all of the assets of the Company to any person or group other than certain designated individuals; or (2) any person or group, other than certain designated individuals, become the beneficial owner or owners of more than 50% of the total voting stock of the Company, including by way of merger, consolidation or otherwise.

Retention Bonus and Insurance Agreements

In December 2006, the Company entered into a Retention Bonus and Insurance Agreement with James J. Burke, which agreement provides, among other things, that (1) Mr. Burke will remain an employee of the Company for a term of not less than three additional years after he reaches the age of 60 (the “Extension Period”); (2) Mr. Burke will receive additional compensation comprised of one year’s salary plus any applicable bonus at par payable in a lump sum; and (3) Mr. Burke will receive an extension of his life insurance policy during the Extension Period. The additional compensation payable under such agreement would be forfeited in the event that Mr. Burke’s employment is terminated for any reason, other than a disability, in which case Mr. Burke would be entitled to a pro rata bonus calculated as provided in the agreement.

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Supplemental Executive Retirement Plan (SERP)

The Company has established a Supplemental Executive Retirement Plan (SERP) for our executive officers and other eligible employees. The purpose of this plan is to enable the Company to supplement the benefits under the Company's Profit Sharing 401(K) Capital Accumulation Plan as well as to provide a means whereby certain amounts payable by the Company to our executive officers may be deferred to some future period. To the extent that an eligible employee retires or is terminated, their accounts in the SERP shall be paid either in a lump sum or over a period of time, at the election of the employee. In the event of a change of control of the Company, the Company shall, as soon as possible, but in no event longer than 60 days following the change of control event, make an irrevocable contribution to a rabbi trust established under the plan in an amount that is sufficient to pay each SERP participant or beneficiary the benefits to which SERP participants or their beneficiaries would be entitled pursuant to the terms of the SERP as of the date on which the change of control event occurred. Upon a change of control event, each participant's account shall be fully vested.

Supplemental SERP

The Company maintains an unfunded Supplemental SERP. The benefits under this plan are in addition to any benefits payable to participants under the Company's Profit Sharing 401(K) Capital Accumulation Plan and SERP. As of the date of this Proxy Statement, there are no participants in the Supplemental SERP.

2016 Omnibus Incentive Plan

As previously discussed under "Compensation Discussion and Analysis" above, we grant our named executive officers shares of restricted stock. Under the terms of the 2016 Omnibus Incentive Plan, any unvested shares of restricted stock will immediately vest upon death, retirement at or after the age of 65, total disability, or upon a change in control of the Company. For purposes of the Incentive Plan, a "change of control" means any of the following events:

(a) Any person, other than certain designated persons, becomes the beneficial owner of 30% or more of the total voting stock of the Company;

(b) Individuals who constituted the Board as of May 19, 2016 cease for any reason to constitute at least a majority of the Board, other than in certain circumstances;

(c) Consummation of a reorganization, merger, or consolidation of the Company, in each case unless, all or substantially all of the beneficial owners of the Company before such event hold more than 50% of the voting stock after such event; or

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(d) Any person, other than certain designated persons, acquires assets from the Company that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Company.

The following table shows the estimated benefits payable to our named executive officers following both a change in control of the Company and a hypothetical termination of employment as of December 31, 2017 under the severance and change in control arrangements discussed immediately above.

Estimated Benefits upon Termination Following a Change in Control

Name	Severance Compensation Agreement Amount (1)	SERP Amount (2)	Early Vesting of Restricted Stock (3)	Other (4)	Total
Lawrence I. Sills	$	$7,719,153	$269,460	$	$7,988,613
Eric P. Sills		274,309	1,538,168		1,812,477
James J. Burke	2,814,000	1,162,381	263,846	109,520	4,349,747
Dale Burks		460,805	1,830,083		2,290,888
Carmine J. Broccole		332,555	1,785,173		2,117,728

(1) This amount represents three times the sum of the executive officer's 2017 base salary and standard bonus and would be payable over a two year period on a semi-monthly basis.

(2) This amount represents contributions under the SERP that would be made upon a change of control. Absent a change of control, if the executive officer retired or was terminated at December 31, 2017, this amount would be paid either in a lump sum or over a period of time, at the election of the officer.

(3) This amount represents the closing price of our Common Stock on December 29, 2017 (the last trading day of the year) of $44.91 per share multiplied by the outstanding number of shares of restricted stock for each executive as follows: Lawrence Sills – 6,000 shares; Eric P. Sills – 34,250 shares; James Burke – 5,875 shares, Dale Burks – 40,750 shares; and Carmine Broccole – 39,750 shares. Absent a change of control, if Lawrence I. Sills resigned or retired at December 31, 2017, his restricted stock award would immediately vest under the terms of the award because the executive officer has reached the age of 65.

(4) For James J. Burke, this amount represents Company payments for (a) group medical, dental and/or life insurance plans for a 36 month period, (b) use of a company automobile for the duration of the lease then in effect, and (c) the cost of outplacement services, pursuant to the terms of the Severance Compensation Agreement.

Risk Considerations in our Compensation Program

Our Compensation and Management Development Committee has analyzed the concept of risk as it relates to our compensation program for all employees. The Committee does not believe our compensation program encourages excessive or inappropriate risk taking because the Company does not use highly leveraged incentives that drive risky short-term behavior. As we discussed previously with respect to our named executive officers in the Compensation Discussion and Analysis, we structure our incentive bonus programs and equity award programs to promote the creation of long-term value and discourage behavior that leads to excessive risk:

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- We structure our pay to consist of both fixed and variable compensation. The fixed (or salary) portion of compensation is designed to provide a steady income regardless of the Company's stock price so that employees do not feel pressured to focus exclusively on stock price performance to the detriment of other important business goals. The variable (cash bonus and equity) portions of compensation are designed to reward both short-term and long-term corporate performance. For short-term performance, our cash EVA-based bonus is awarded based on the Company's achievement of financial improvement. For long-term performance, our restricted stock and performance share awards vest over three years or a longer period of time.

- We cap our annual MBO and EVA bonus payouts at 200% of the applicable target, which we believe also mitigates excessive risk taking by limiting payouts. Moreover, any EVA bonus in excess of the 200% target may be carried into the following year but is subject to the risk of forfeiture depending upon the following year's EVA performance. With respect to EVA bonus payouts, since bonuses tied to EVA are based on overall corporate performance, rather than individual performance, the ability of an individual executive to increase his or her own bonus compensation through excessive risk taking is constrained.

Certain Relationships and Related Person Transactions

Our Board has adopted a written policy relating to the review, approval or ratification of transactions between the Company or its subsidiaries and related persons. Under SEC rules, a related person is a director, officer, nominee for director, or five percent or greater stockholder of the Company since the beginning of the last fiscal year and their immediate family members. The Company's policies and procedures apply to any transaction or series of transactions in which the Company or a subsidiary is a participant, the amount involved exceeds $120,000, and a related person has a direct or indirect material interest.

Our policy requires that all related person transactions be disclosed to the Nominating and Corporate Governance Committee (with respect to directors) or the Audit Committee (with respect to executive officers). The applicable Committee then reviews the material facts of such related person transactions and either approves or disapproves of the entry into or ratifies the related person transaction. In determining whether to approve or ratify a related person transaction, the applicable Committee will take into account, among other factors it deems appropriate, whether the related person transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person's interest in the transaction. In addition, our policy provides that any related person transaction may be consummated or continue if (1) the transaction is approved by the disinterested members of the Board or (2) the transaction involves compensation approved by the Company's Compensation and Management Development Committee. No director shall participate in the approval of a transaction for which he or she is the related person but may participate in any discussion regarding such transaction if requested by the Chairman of the applicable Committee.

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The Nominating and Corporate Governance Committee reviewed and approved of the Company's entry into a consulting agreement in April 2016 with John P. Gethin, a director of the Company, and our former Chief Operating Officer (the "2016 Agreement"). Pursuant to the 2016 Agreement, Mr. Gethin has advised our senior management, primarily in the development of customer relationships and corporate strategy. In consideration for such services, during the 2017 fiscal year, Mr. Gethin received a monthly consulting fee of approximately $44,000, the reimbursement of reasonable and customary out-of-pocket expenses incurred in performing such services, and a monthly allowance for leasing an automobile and reimbursement of related expenses. The 2016 Agreement expired pursuant to its terms in March 2018. In April 2018, the Nominating and Corporate Governance Committee reviewed and approved of the Company's entry into a second consulting agreement with Mr. Gethin (the "2018 Agreement") on substantially all of the same terms as the 2016 Agreement, except that the monthly consulting fee has been reduced to approximately $8,333. The term of the 2018 Agreement is for an initial period of one year, and renews automatically for successive one-year periods, subject to termination by either the Company or Mr. Gethin at any time, with or without cause, on ninety days' advance written notice.

Report of the Audit Committee

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Committee is currently comprised of eight directors who are "independent" as defined under the listing standards of the New York Stock Exchange. The Committee met four times in 2017 and operates under a written charter adopted by the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the Company's systems of internal controls. In fulfilling its oversight responsibilities, the Committee reviewed with management the audited financial statements in the Annual Report on Form 10-K for the fiscal year ended December 31, 2017, including a discussion of the quality and the acceptability of the Company's financial reporting and controls.

The Audit Committee also reviewed with KPMG LLP, the Company's independent registered public accounting firm, that is responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality and the acceptability of the Company's financial reporting, and such other matters as are required to be discussed with the Committee under the auditing standards of the Public Company Accounting Oversight Board, including the scope of the auditor's responsibilities and whether there are any significant accounting adjustments or any disagreements with management. In addition, the Committee discussed with KPMG LLP the auditors' independence from management and the Company, including the matters in the auditors' written disclosures required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Committee concerning independence.

The Committee also discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Committee meets periodically with the internal and the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

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In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the Securities and Exchange Commission.

Audit Committee

William H. Turner (Chairman)	Alisa C. Norris
Pamela Forbes Lieberman	Frederick D. Sturdivant
Patrick S. McClymont	Richard S. Ward
Joseph W. McDonnell	Roger M. Widmann

Stockholder Proposals for the 2019 Annual Meeting

To be considered for inclusion in next year's Proxy Statement pursuant to the provisions of Rule 14a-8 of the Exchange Act, stockholder proposals must be received at the Company's offices no later than the close of business on December 18, 2018. Proposals should be addressed to Carmine J. Broccole, Secretary, Standard Motor Products, Inc., 37-18 Northern Blvd., Long Island City, New York 11101.

For any stockholder proposal that is not submitted for inclusion in the next year's Proxy Statement, but is instead sought to be presented directly at the 2019 annual meeting, rules of the Securities and Exchange Commission permit management to vote proxies in its discretion if the Company: (1) receives notice of the proposal before close of business on March 3, 2019, and advises stockholders in the 2019 Proxy Statement about the nature of the matter and how management intends to vote on such matter; or (2) does not receive notice of the proposal prior to the close of business on March 3, 2019. Notice of intention to present proposals at the 2019 annual meeting should be addressed to Carmine J. Broccole, Secretary, Standard Motor Products, Inc., 37-18 Northern Blvd., Long Island City, New York 11101.

Annual Report on Form 10-K

The Company's 2017 Annual Report has been mailed to stockholders. A copy of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 is included in the 2017 Annual Report and will also be furnished to any stockholder who requests the same free of charge (except for exhibits thereto for which a nominal fee covering reproduction and mailing expenses will be charged). Requests should be addressed to the Secretary of the Company at 37-18 Northern Blvd., Long Island City, NY 11101. The 2017 Annual Report is also available at our website at www.smpcorp.com under "Investor Relations – Financial Reporting – Annual Reports."

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Other Matters

On the date this Proxy Statement went to press, management knew of no other business that will be presented for action at the Annual Meeting. In the event that any other business should come before the Annual Meeting, it is the intention of the proxy holders named by proxy to take such action as shall be in accordance with their best judgment.

By Order of the Board of Directors

/s/ Carmine J. Broccole

Carmine J. Broccole
Senior Vice President
General Counsel and Secretary

Dated: April 17, 2018

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APPENDIX A

RECONCILIATION OF
GAAP TO NON-GAAP FINANCIAL MEASURES

The table below illustrates how the non-GAAP financial measures, earnings from continuing operations and diluted earnings per share from continuing operations, excluding non-operational gains and losses and the impact of the Tax Cuts and Jobs Act, reconcile with comparable GAAP financial measures. The Company believes that these non-GAAP measures are meaningful because they provide a view of the Company with respect to ongoing operating results. Non-operational gains and losses represent significant charges or credits that are important to an understanding of the Company’s overall operating results in the periods presented. Such non-GAAP measures are not recognized in accordance with generally accepted accounting principles in the United States and should not be viewed as an alternative to comparable GAAP measures of performance.

(In thousands, except per share data)

Earnings From Continuing Operations	2016	2017
GAAP Earnings From Continuing Operations	$62,412	$43,630
Restructuring and Integration Expenses	3,957	6,173
Impairment of our Investment in Orange Electronics Co., Ltd.	-	1,815
Impact of Tax Cuts and Jobs Act	-	17,515
Certain Tax Credits and Production Deductions Finalized in Period	(235)	(463)
Gain from Sale of Buildings	(1,048)	(1,048)
Income Tax Effect Related to Reconciling Items	(1,164)	(2,050)
Non-GAAP Earnings From Continuing Operations	$63,922	$65,572

Diluted Earnings Per Share from Continuing Operations		
GAAP Diluted Earnings Per Share from Continuing Operations	$2.70	$1.88
Restructuring and Integration Expenses	0.17	0.27
Impairment of our Investment in Orange Electronics Co., Ltd.	-	0.08
Impact of Tax Cuts and Jobs Act	-	0.75
Certain Tax Credits and Production Deductions Finalized in Period	(0.01)	(0.02)
Gain from Sale of Buildings	(0.04)	(0.04)
Income Tax Effect Related to Reconciling Items	(0.05)	(0.09)
Non-GAAP Diluted Earnings Per Share from Continuing Operations	$2.77	$2.83

STANDARD MOTOR PRODUCTS, INC. 37-18 NORTHERN BOULEVARD LONG ISLAND CITY, NY 11101 VOTE BY INTERNET - www.proxyvote.com Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years. VOTE BY PHONE - 1-800-690-6903 Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions. VOTE BY MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: KEEP THIS PORTION FOR YOUR RECORDS THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY The Board of Directors recommends you vote FOR the following: For Withhold For All All All Except To withhold authority to vote for any individual nominee(s), mark “For All Except” and write the number(s) of the nominee(s) on the line below. 01) John P. Gethin 02) Pamela Forbes Lieberman 03) Patrick S. McClymont 04) Joseph W. McDonnell 05) Alisa C. Norris 06) Eric P. Sills 07) Lawrence I. Sills 08) Frederick D. Sturdivant 09) William H. Turner 10) Richard S. Ward 11) Roger M. Widmann The Board of Directors recommends you vote FOR proposals 2 and 3. 2 Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018. 3 Approval of non-binding, advisory resolution on the compensation of our named executive officers. For Against Abstain NOTE: In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting or any adjournment thereof. For address change/comments, mark here. (see reverse for instructions) Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer. Signature [PLEASE SIGN WITHIN BOX] Date Signature (Joint Owners) Date0000375824_1 R1.0.1.17

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice, Proxy Statement and Annual Report are available at www.proxyvote.com . STANDARD MOTOR PRODUCTS, INC. Annual Meeting of Stockholders May 17, 2018 at 2:00 p.m. This proxy is solicited by the Board of Directors The undersigned stockholder(s) of STANDARD MOTOR PRODUCTS, INC. (the "Company") hereby appoint(s) ERIC P. SILLS, JAMES J. BURKE and DALE BURKS as Proxies, each with the power to appoint his substitute, and hereby authorize(s) them to represent and vote, as designated on this Proxy, all of the shares of the Company's Common Stock held of record by the undersigned on April 6, 2018 at the Annual Meeting of Stockholders of the Company, to be held at the offices of Kelley Drye & Warren LLP, 101 Park Avenue, New York, NY 10178, on May 17, 2018, or at any adjournment thereof. THIS PROXY WILL BE VOTED AS DIRECTED, BUT IF NO INSTRUCTIONS ARE SPECIFIED, THIS PROXY WILL BE VOTED "FOR" ALL OF THE NOMINEES LISTED IN PROPOSAL NO. 1 AND "FOR" PROPOSALS NO. 2 AND 3. AT THE PRESENT TIME, THE BOARD OF DIRECTORS KNOWS OF NO OTHER BUSINESS TO BE PRESENTED AT THE ANNUAL MEETING. Address change/comments: (If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.) Continued and to be signed on reverse side 0000375824_2 R1.0.1.17