

SUPERIOR INDUSTRIES INTERNATIONAL INC  
Form PRER14A  
April 03, 2013

**SCHEDULE 14A INFORMATION  
(RULE 14A-101)  
INFORMATION REQUIRED IN PROXY STATEMENT**

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

Filed by the Registrant  S

Filed by a Party other than the Registrant  £

Check the appropriate box:

S Preliminary Proxy Statement

£ Definitive Proxy Statement

£ Definitive Additional Materials

£ Soliciting Material Pursuant to Rule 14a-11(c) or  
Rule 14a-12

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

**SUPERIOR INDUSTRIES INTERNATIONAL, INC.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

S No fee required.

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

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

(2) Aggregate number of securities to which transaction applies:

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

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

£ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Superior Industries International, Inc. 2013 Proxy Statement (Preliminary Copy)

**SUPERIOR INDUSTRIES INTERNATIONAL, INC.**

**7800 Woodley Avenue**

**Van Nuys, California 91406**

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**NOTICE OF 2013 ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held May 17, 2013**

To the Shareholders of

SUPERIOR INDUSTRIES INTERNATIONAL, INC.:

The Annual Meeting of Shareholders (the “Annual Meeting”) of SUPERIOR INDUSTRIES INTERNATIONAL, INC. (the “Company”) will be held at the Airtel Plaza Hotel, 7277 Valjean Avenue, Van Nuys, California 91406 on Friday, May 17, 2013 at 10:00 a.m. Pacific Time for the following purposes:

- (1) To approve an amendment to the Articles of Incorporation to declassify the Board of Directors and provide for the annual election of the Board of Directors;
- (2) In the event that Proposal 1 is approved, to elect one director candidate, Sheldon I. Ausman, to the Board of Directors;
- (3) In the event that Proposal 1 is not approved, to elect three director candidates, Sheldon I. Ausman, Steven J. Borick, and Francisco S. Uranga, as Class II directors of the Board of Directors;
- (4) To approve the Amended and Restated 2008 Equity Incentive Plan (the “Equity Incentive Plan”);
- (5) To approve the material terms of the performance goals under the Equity Incentive Plan;
- (6) To approve executive compensation on an advisory basis; and

- (7) To transact such other business as may properly come before the Annual Meeting or any postponements or adjournments thereof.

Only shareholders of record at the close of business on March 18, 2013 are entitled to notice of and to vote at the Annual Meeting.

Your vote is important. Whether or not you expect to attend the Annual Meeting in person, please vote as promptly as possible. This will ensure the presence of a quorum at the Annual Meeting. The Company will save the expense and extra work of additional solicitation if you promptly vote your shares via the Internet or by telephone using the website or toll-free telephone number shown on your WHITE proxy card, or by requesting and returning a signed and dated WHITE proxy card. Such action will not affect your right to vote in person should you choose to attend the Annual Meeting. Please review the instructions regarding your voting options described in the Notice of Internet Availability previously delivered to shareholders.

You should know that GAMCO Asset Management, Inc. ("GAMCO") has proposed an alternative director nominee for election at the Annual Meeting in opposition to the nominees recommended by your Board of Directors. We strongly urge you to vote for the nominees proposed by your Board and not to return, and simply throw away, the BLUE proxy card sent to you by GAMCO.

By Order of the Board of Directors

/s/ Robert A. Earnest

Robert A. Earnest

Vice President, General Counsel and Corporate Secretary

Van Nuys, California

Dated: April 8, 2013

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE VOTE YOUR SHARES AS PROMPTLY AS POSSIBLE BY INTERNET OR TELEPHONE USING THE WEBSITE OR TOLL-FREE NUMBER SHOWN ON YOUR WHITE PROXY CARD OR BY SIGNING AND RETURNING THE ENCLOSED WHITE PROXY CARD AS PROMPTLY AS POSSIBLE IN THE ENCLOSED POSTAGE PAID ENVELOPE.

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**2013 PROXY SUMMARY**

*This summary highlights information contained elsewhere in this proxy statement and is provided for your convenience. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.*

**Annual Meeting of Shareholders**

- Time and Date: 10:00 a.m., May 17, 2013
- Place: Airtel Plaza Hotel  
7277 Valjean Avenue  
Van Nuys, CA 91406
- Record Date: March 18, 2013
- Voting: Shareholders as of the record date are entitled to vote. Each share of common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.

**Meeting Agenda**

<b>Voting Matters</b>	<b>Board Vote Recommendation</b>	<b>Pa (fo</b>
Amendment to Articles to Provide for Annual Elections of Directors	FOR	3
Election of One Director	FOR DIRECTOR NOMINEE	5
Election of Class II Directors (if applicable)	FOR EACH DIRECTOR NOMINEE	6
Approval of Amended and Restated 2008 Equity Incentive Plan	FOR	13
Approval of Material Terms of Performance Goals under the Equity Incentive Plan	FOR	20
Advisory Vote on Executive Compensation	FOR	22

**Vote to Amend the Articles of Incorporation to Declassify the Board and Provide for Annual Elections**

We are asking our shareholders to approve the amendment and restatement of our Articles of Incorporation to permit the declassification of the Board of Directors and the annual election of directors. The annual election of directors increases the accountability of directors to shareholders and is also correlated with increased shareholder value. Additionally, under California law, if the Company maintains three classes of directors, the Board is required to have at least 9 members. The Board believes it can more efficiently discharge its duties if the size of the Board is reduced to 7 members from 9 members, which will also result in a savings to shareholders. As a consequence, the Board

recommends a FOR vote to declassify the Board and provide for annual elections because it believes that annual elections will increase the accountability of the Board to the shareholders and it will allow the Board to reduce its size to 7 members.

### **Board Nominees**

The following table provides summary information about each director nominee. If the shareholders approve the proposed Amended and Restated Articles of Incorporation, then Mr. Sheldon I. Ausman is the sole director nominee to be elected at the 2013 Annual Meeting. In the event the shareholders do not approve the proposed Amended and Restated Articles of Incorporation, then each of the three director nominees below are nominated to serve as a Class II director for a three-year term ending at the 2016 Annual Meeting.

i





100,000 shares to be granted in the form of full-value awards. Beginning in 2010, the Compensation and Benefits Committee commenced granting restricted stock to certain executives and key employees. Over the course of three years, the Committee has granted all but a few thousand full-value awards available under the plan. As a result, the Board recommends a vote FOR this proposal because it believes that for Superior's compensation program to remain competitive, the Board needs the ability to grant full value awards to offer a long-term incentive that rewards sustained performance and that is aligned with long-term shareholder interests. The Amended and Restated 2008 Equity Incentive Plan also contains certain "housekeeping" amendments that do not require shareholder approval. These are designed to modernize the plan in a number of ways that are in keeping with good corporate governance, as described in Proposal 4.

### **Vote to Approve the Material Terms of the Performance Goals under the Equity Incentive Plan**

We are asking our shareholders to approve the material terms of the performance goals under the Equity Incentive Plan to enable Superior to continue to have the ability to grant awards under the plan that may qualify as performance-based compensation that is fully deductible for purposes of Section 162(m) of the Internal Revenue Code. If this proposal is not approved, performance awards may still be granted under the Equity Incentive Plan, but certain awards to executive officers made after May 17, 2013 will not be eligible for the performance-based compensation exemption from Section 162(m).

### **Advisory Vote on Executive Compensation**

We are asking our shareholders to approve on an advisory basis our named executive officer compensation. The Board recommends a FOR vote because it believes that Superior's compensation program, with its balance of short-term incentives and long-term incentives, rewards sustained performance that is aligned with long-term shareholder interests.

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## 2012 Executive Compensation Elements

Element	Characteristics	Terms
Base salary	·Cash	Named Executives Officers (other than CEO) generally eligible for base salary adjustments when deemed necessary to meet market competition or when appropriate to recognize increased responsibilities
Performance-based short-term incentive compensation	·Cash bonus	Fixed percentage bonus amount based on quantitative company performance combined with discretionary bonus amount based on qualitative individual performance goals
Special merit bonus	·Cash bonus	One-time discretionary bonus for extraordinary effort and/or extraordinary results on corporate development projects
Long-term equity incentive compensation	·Stock options	CEO options vest one fourth per year commencing 1 year after grant date
	·Restricted stock awards	NEOs (other than CEO) options vest one third per year commencing 1 year after grant date Restricted stock awards vest one third per year commencing 1 year after grant date
Retirement	·Salary continuation plan	Benefit equal to 30% of individual's final average base salary compensation during last 3 years of employment, payable after reaching specified vesting dates and after reaching the age of 65
	·401(k) plan	Plan closed to new participants on February 3, 2011 100% match of the first 1% of before-tax contributions to the 401(k) plan and 50% of such contributions over 1% and up to 6%, but capped at legal limits
Other	·Perquisites	·Car allowance, life insurance benefits, health and welfare benefit plans

## 2012 Compensation Decisions

Amended the Executive Change in Control Severance Plan on March 30, 2012 to accommodate three classes of participation, add a claims procedure and specify a form of Separation Agreement and General Release  
Adopted 2012 Annual Incentive Performance Plan and CEO Annual Incentive Performance Plan (as approved by shareholders) to provide annual cash bonuses to Named Executive Officers and the CEO contingent on the attainment of targeted levels of EBITDA (earnings, before interest, tax, depreciation and amortization)

## 2014 Annual Meeting

Deadline for shareholder proposals: Shareholders who wish to present proposals for action at the 2014 Annual Meeting of Shareholders must give written notice to our corporate secretary by December 9, 2013 in order for such proposal to be considered for inclusion in our proxy statement and form of proxy relating to that meeting.



Superior Industries International, Inc. 2013 Proxy Statement (Preliminary Copy)  
**SUPERIOR INDUSTRIES INTERNATIONAL, INC.**

**7800 Woodley Avenue**

**Van Nuys, California 91406**

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**PROXY STATEMENT**

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**2013 ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held May 17, 2013**

This Proxy Statement is furnished to the shareholders of Superior Industries International, Inc., a California corporation (referred to herein as “Superior,” the “Company” or in the first person notation “we,” “us” and “our”), in connection with the solicitation of proxies by the Company’s Board of Directors for use at the 2013 Annual Meeting of Shareholders (the “Annual Meeting”) to be held at the Airtel Plaza Hotel, 7277 Valjean Avenue, Van Nuys, California 91406 on Friday, May 17, 2013 at 10:00 a.m. Pacific Time and at all postponements and adjournments thereof. The cost of this solicitation will be borne by Superior. The solicitation will be by mail, telephone, email, or oral communication with shareholders. We have also retained Mackenzie Partners, Inc. to assist us in the solicitation of proxies. The total amount estimated to be spent in connection with this proxy solicitation is \$21,000, including expenses. Our total expenses are estimated to be approximately \$6,000, of which \$1,500 has been incurred to date.

The Company has requested that brokers, custodians, nominees and other record holders forward copies of the soliciting materials to persons for whom they hold shares of Superior common stock and request authority for the exercise of proxies. In such cases, the Company will reimburse such record holders for their reasonable expenses, provided the Company is invoiced through Broadridge Financial Systems, Inc. within two months of the Annual Meeting.

The matters to be considered and voted upon at the Annual Meeting are set forth in the Notice of Annual Meeting of Shareholders which accompanies this Proxy Statement.

If your shares are registered directly in your name, you are considered a stockholder of record and you may vote in person at the Annual Meeting, by telephone or internet voting or by signing and returning your WHITE proxy card. A proxy, if properly executed, duly returned and not revoked, will be voted in accordance with the instructions contained thereon. If a properly executed proxy is returned without instructions, the proxy will be voted FOR the approval of the amendment to the articles to declassify the Board of Directors and provide for annual elections, FOR the election as director(s) of the individual(s) named below, FOR the approval of the Amended and Restated 2008 Equity Incentive Plan, FOR the approval of the material terms of the performance goals under the Equity Incentive Plan and FOR the approval of the advisory vote on executive compensation, in each case as recommended by the Board of Directors. If your proxy is not returned or you do not vote at the Annual Meeting, your vote will not be counted. Any shareholder who executes and delivers a proxy has the right to revoke it at any time before it is exercised, by filing with the Corporate Secretary of Superior a written notice revoking it or a duly executed proxy bearing a later date, or, if the

person executing the proxy is present at the meeting, by voting his or her shares in person. Furthermore, if you vote by Internet or telephone, you may revoke your proxy by voting again by Internet or telephone.

If your shares are registered through a bank, brokerage firm, or other nominee your shares are considered to be held beneficially in “street name.” If your shares are held beneficially in “street name,” you will receive instructions from such holder of record that you must follow for your shares to be voted. Please follow their instructions carefully. Also, please note that if the holder of record of your shares is a broker, bank or other nominee and you wish to vote in person at the Annual Meeting, you must request a legal proxy or broker’s proxy from your bank, broker or other nominee that holds your shares and present that proxy and proof of identification at the Annual Meeting.

If your shares are held beneficially in street name and you do not instruct your bank, brokerage firm, or nominee on how to vote, your bank, brokerage firm, or nominee will not be able to vote your shares on any proposals at this Annual Meeting, and your shares will be considered “broker non-votes.”

Please note that even if you plan to attend the Annual Meeting in person, the Company recommends and requests that you vote before the Annual Meeting.

A copy of Superior’s 2012 Annual Report on Form 10-K, as filed with the SEC, accompanies this Proxy Statement. Additional copies of the 2012 Annual Report on Form 10-K will be furnished to any shareholder without charge on written request to Mr. Kerry A. Shiba, E.V.P. and Chief Financial Officer, Superior Industries International, Inc., 7800 Woodley Avenue, Van Nuys, California 91406.

## Superior Industries International, Inc. 2013 Proxy Statement (Preliminary Copy)

The approximate date on which Superior anticipates first sending this Proxy Statement and form of proxy to its shareholders is April 8, 2012. The address of the principal executive offices of the Company is 7800 Woodley Avenue, Van Nuys, California 91406.

## VOTING SECURITIES AND PRINCIPAL HOLDERS

There were issued and outstanding 27,317,363 shares of Superior's common stock, no par value (the "Common Stock"), on March 18, 2013, which has been set as the record date for the purpose of determining the shareholders entitled to notice of and to vote at the Annual Meeting. Each holder of Common Stock will be entitled to one vote, in person or by proxy, for each share of Common Stock standing in his or her name on the books of Superior as of the record date; votes may not be cumulated. To constitute a quorum for the transaction of business at the Annual Meeting, there must be present, in person or by proxy, a majority of the shares entitled to vote. Abstentions will be counted for purposes of determining the presence or absence of a quorum for the transaction of business. However, broker non-votes will not be counted for purposes of determining the presence or absence of a quorum.

The following table sets forth information known to Superior as of March 18, 2013 with respect to beneficial ownership of the Common Stock by each person known to the Company to be the beneficial owner of more than 5% of the Common Stock, by each director, by each of our Named Executive Officers (as defined in the Compensation Discussion and Analysis section of this Proxy Statement) and by all directors and executive officers of Superior as a group:

Name and Address (†) of Beneficial Owner	Amount and Nature of Beneficially Owned	Percent of Class
The Louis L. Borick Foundation GAMCO Investors, Inc. One Corporate Center Rye, NY 10580	3,032,346 (1)	11.10%
Dimensional Fund Advisors LP Palisades West, Building One Austin, TX 78746	2,472,276 (2)	9.05%
Third Avenue Management LLC 622 Third Avenue, 32nd Floor New York, NY 10017	2,275,797 (3)	8.33%
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	2,104,456 (4)	7.70%
Heartland Advisors, Inc. 789 North Water Street	1,834,691 (5)	6.72%
	1,658,198 (6)	6.07%

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Milwaukee, WI 53202			
Steven J. Borick	5,450,597	(7)(8)	18.98%
Michael J. O'Rourke	168,397	(7)	*
Parveen Kakar	85,000	(7)	*
Robert A. Earnest	59,616	(7)	*
Philip W. Colburn	30,264	(7)	*
Kerry A. Shiba	29,376	(7)	*
Sheldon I. Ausman	29,334	(7)	*
V. Bond Evans	29,334	(7)	*
Michael J. Joyce	27,034	(7)	*
Margaret S. Dano	21,334	(7)	*
Francisco S. Uranga	19,834	(7)	*
Timothy C. McQuay	667	(7)	*
Superior's Directors and Executive Officers as a Group (21 persons)	6,315,549	(9)	21.37%

† All persons have the Company's principal office as their address, except as otherwise indicated.  
\* Less than 1%.



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Based on a schedule 13D/A filed with the Securities and Exchange Commission (the "SEC") on January 4, 2013, The  
(1) Louis L. Borick Foundation reports shared voting power and shared dispositive power with respect to all 3,032,346 shares.

Based on a schedule 13D (Amendment No. 5) filed with the SEC on January 16, 2013, GAMCO Investors, Inc. reports sole voting power with respect to 2,295,276 shares and sole dispositive power with respect to all 2,472,276  
(2) shares. According to the filing, the reported shares are held by funds or accounts managed by GAMCO Investors, Inc. and the reported shares may also be deemed beneficially owned by Mr. Mario J. Gabelli by virtue of his control of GAMCO Investors, Inc.

Based on a Schedule 13G filed with the SEC on February 8, 2013, Dimensional Fund Advisers LP reports sole voting power with respect to 2,238,876 shares and sole dispositive power with respect to all 2,275,797 shares.  
(3) According to the filing, the reported shares are owned by trusts and accounts managed by Dimensional Fund Advisors LP. Dimensional Fund Advisors LP disclaims beneficial ownership with respect to all 2,275,797 shares.

Based on a Schedule 13G filed with the SEC on February 14, 2013, Third Avenue Management LLC reports sole voting power and sole dispositive power with respect to all 2,104,456 shares.  
(4)

Based on a Schedule 13G filed with the SEC on February 4, 2013, BlackRock, Inc. reports sole voting power and  
(5) sole dispositive power with respect to all 1,834,691 shares. According to the filing, the reported shares are held by BlackRock, Inc. through subsidiaries.

Based on a Schedule 13G filed with the SEC on February 7, 2013, Heartland Advisors, Inc. reports shared voting power and shared dispositive power with respect to all 1,658,198 shares. According to the filing, the reported  
(6) shares are held by funds or accounts managed by Heartland Advisors, Inc. and the reported shares may also be deemed beneficially owned by Mr. William J. Nasgovitz by virtue of his control of Heartland Advisors, Inc. Mr. Nasgovitz disclaims all beneficial ownership of all such shares.

Includes stock options in the amount of 1,405,000 for Mr. Steven Borick, 161,333 for Mr. O'Rourke, 80,000 for  
(7) Mr. Kakar, 52,750 for Mr. Earnest, 27,000 for Mr. Colburn, 27,000 for Mr. Evans, 27,000 for Mr. Ausman, 24,500 for Mr. Shiba, 22,500 for Mr. Joyce, 17,500 for Ms. Dano, 17,500 for Mr. Uranga, and 0 for Mr. McQuay that are currently exercisable or will become exercisable within 60 days of March 18, 2013.

(8) Mr. Steven J. Borick is the President and a Director of The Louis L. Borick Foundation (the "Foundation") and possesses investment and voting power over the 3,032,346 shares of Common Stock owned by the Foundation. Mr. Steven J. Borick is also a trustee of the Nita Borick Management Trust, which owns 800,000 shares of Common Stock. As a result, Mr. Steven J. Borick possesses shared voting and investment power over the shares held by the Nita Borick Management Trust. Mr. Steven J. Borick may be deemed to be a beneficial owner of the securities owned directly by the Nita Borick Management Trust. Mr. Steven J. Borick disclaims beneficial ownership of the securities owned directly by the Nita Borick Management Trust, except to the extent that Mr. Steven J. Borick has

a pecuniary interest in such securities.

(9) Includes 2,231,624 shares of which the directors and executive officers have the right to acquire beneficial ownership through the exercise within 60 days from March 18, 2013 of stock options that have previously been granted. Other than as disclosed with respect to each individual director or officer, each of the directors and officers has sole investment and voting power over his or her shares.

## PROPOSAL 1

### APPROVAL OF AMENDMENT TO ARTICLES OF INCORPORATION TO DECLASSIFY THE BOARD OF DIRECTORS AND PROVIDE FOR THE ANNUAL ELECTION OF THE BOARD OF DIRECTORS

Proposal 1 seeks to amend the Company's Amended and Restated Articles of Incorporation ("Restated Articles") to provide for declassification of the Board of Directors and the annual election of all directors. The Company's Restated Articles currently provide that the Board is evenly divided into three classes of directors, with each class elected every three years. On the recommendation of the Nominating and Corporate Governance Committee, the Board has approved and recommends that the shareholders adopt the amendments to the Restated Articles to eliminate the classification of the Board over a two-year period and provide for the annual election of all directors beginning with the 2015 Annual Meeting of the Shareholders, as well as make certain conforming changes to the Restated Articles.

If shareholders approve proposal 1, at the 2013 Annual Meeting of Shareholders and at all annual meetings thereafter, directors whose terms are expiring at such meetings will be subject to election for a one-year term expiring at the next annual meeting. As a result, directors

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whose terms expire in 2014 and 2015 will first be elected for one-year terms beginning in those respective years and beginning with the 2015 Annual Meeting of Shareholders, all directors will stand for election at each Annual Meeting for one-year terms. The phase-in of annual elections is designed to comply with California law by allowing all of the sitting directors to complete the original term of office that the shareholders had elected the directors to serve.

The Board has resolved that if the shareholders approve Proposal 1, then immediately upon its taking effect, the size of the Board will be reduced from 9 members to 7 members by eliminating two directorships from Class II for which the term would otherwise expire at the 2013 Annual Meeting of the Shareholders. In this instance, one director from Class II will be elected for a one-year term expiring at the 2014 Annual Meeting of the Shareholders.

If the shareholders do not approve Proposal 1, the size of our Board will remain at 9 members. Proposal 1 does not change the Board's authority to change the number of directors or to fill any vacancies (including the vacancy that currently exists in Class III resulting from the death of our Founding Chairman, Mr. Louis L. Borick, which the Board intends to fill prior to the 2014 annual meeting) or newly created directorships.

#### *Background of Proposal*

As part of its ongoing review of corporate governance matters, the Nominating and Corporate Governance Committee reviewed "best practices" regarding various board structures, including classified or "staggered" boards and boards using annual director elections. The Nominating and Corporate Governance Committee evaluated the advantages and disadvantages of maintaining a classified board.

The Nominating and Corporate Governance Committee considered the advantages of our classified board structure, in that it enhances continuity and stability and encourages persons or firms making unsolicited takeover bids to negotiate directly with the Board. The classified board structure is designed to safeguard against a hostile purchaser replacing a majority or all of our directors with its own nominees at a single annual meeting. Because under a classified board structure only approximately one-third of the directors are elected at any annual meeting of stockholders, at least two annual meetings are required for an acquiror to be able to change a majority of the directors on our Board. As a result, most acquirors will elect to attempt to negotiate a transaction with the Board rather than wait this extended period of time to gain control of the Board.

However, the Nominating and Corporate Governance Committee ultimately concluded that the benefit of increased accountability of directors to shareholders, which may also contribute to improved performance and increased firm value as concluded by the empirical studies of the Shareholder Rights Project, justified recommending a change to a declassified board and the annual election of all directors. The Board of Directors, based on the recommendation of the Nominating and Corporate Governance Committee, unanimously agreed to submit Proposal 1 to the Company's shareholders for approval.

The Board also believes that the annual election of directors will allow the Board greater flexibility in determining its optimal size. Under California law, a board of directors that is divided into three classes must have at least nine members, while a board that is not divided into classes is not required to have a minimum number of members.

The Nominating and Corporate Governance Committee carefully reviewed the relevant considerations to determine the optimal size of the Board and determined that the workload of the Board and its committees could be completed by a board of 7 members, and that a board of 7 members would still be sufficiently large that its members would possess a diverse set of qualifications and experience. Also as a result of reducing the size of the Board by 2 members, in the event this Proposal 1 is approved, the Company will also reduce its overall cost of director compensation. Upon thorough consideration of that recommendation, the Board unanimously resolved to reduce the size of the Board by

eliminating two of the Class II directorships for which the term would otherwise expire at the 2013 Annual Meeting of the Shareholders. This resolution will take immediate effect upon the approval of Proposal 1. If Proposal 1 is not approved by our shareholders, this resolution will have no effect, the size of our Board will remain at 9 members, and the shareholders will be asked to elect three directors to Class II as set forth in Proposal 3.

*Text of Amendments*

Article Seven of the Company Restated Articles contains the provisions that will be affected if this Proposal 1 is adopted. Article Seven, set forth in Appendix A to this Proxy Statement, shows the proposed amendments with deletions indicated by strikeouts and additions indicated by underlining.

If our shareholders approve this proposal, the Board will amend and restate our Amended and Restated Articles of Incorporation to reflect the revisions set forth in Appendix A, and the resulting Amended and Restated Articles of Incorporation will be filed with the Secretary of State of the State of California which the Company intends to do as soon as shareholder approval is obtained for this Proposal.

In addition to the changes to Article Seven of the Company Restated Articles, we have made changes to Article Eleven solely to correct an administrative error in the

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copy of the Company Restated Articles on file with the Secretary of State of the State of California. The changes to Article Eleven do not impact the substantive meaning of Article Eleven.

*Vote Required and Board Recommendation*

The affirmative vote of at least eighty percent (80%) of the voting power of all the outstanding shares of Common Stock shall be required to approve this proposal. Abstentions and broker non-votes will effectively represent votes against this proposal.

**THE SUPERIOR BOARD OF DIRECTORS  
UNANIMOUSLY RECOMMENDS**

**THAT YOU VOTE FOR PROPOSAL 1.**

PROPOSAL 2

ELECTION OF ONE DIRECTOR

The Board of Directors currently consists of nine directorships divided into three classes: three Class I directors with terms expiring at the 2015 Annual Meeting of Shareholders, three Class II directors with terms expiring at this Annual Meeting and three Class III directors with terms expiring at the 2014 Annual Meeting of Shareholders. There currently is a vacancy on the Board for one of the Class III directorships. In the event that Proposal 1 is approved, the amendment and restatement of the Amended and Restated Articles of Incorporation (“Second Restated Articles”) will become effective and all of our directors will stand for election at each Annual Meeting for one-year terms. Furthermore, the size of the Board will be reduced from 9 members to 7 members pursuant to the bylaws and a resolution passed by the Board of Directors on March 22, 2013 and we will continue to have one vacancy for the Class III directorship resulting from Mr. Louis L. Borick’s death. If the shareholders do not approve Proposal 1, the size of our Board will remain at 9 members and we will have 3 vacancies after this Annual Meeting resulting from the death of our Founding Chairman, Mr. Louis L. Borick, and the retirement of Mr. V. Bond Evans and Mr. Michael Joyce, two of our current Class II directors, who are not standing for re-election at this Annual Meeting.

The Nominating and Corporate Governance Committee intends to conduct a search to identify a qualified individual to fill the vacancy resulting from Mr. Louis L. Borick’s death prior to the 2014 Annual Meeting. Furthermore, in the event that Proposal 1 is not approved and the size of the Board remains at 9 members, the Nominating and Corporate Governance Committee intends to explore the Company’s options with respect to the vacancies that would result from Mr. Evans and Mr. Joyce not standing for re-election at this Annual Meeting, including identifying qualified individuals to fill these two vacancies.

In order to implement this restructuring of the Board of Directors, two of the former Class II directorships will be terminated. Directors whose terms expire in 2014 or 2015 will complete the term of office that the shareholders had elected those directors to serve, and those directors (or their successors) will first be elected for one-year terms in 2014 or 2015, as applicable.

This Proposal 2 seeks to elect one director to serve a term of office that expires at the 2014 Annual Meeting of Shareholders. **This Proposal 2 will only be effective if Proposal 1 is approved.**

Unless instructed otherwise, the persons named in the proxy will vote the shares for the election as a director of the nominee named within this proxy. Although it is not contemplated that the nominee will decline or be unable to serve, the shares will be voted by the proxyholders in their discretion for another person if this should happen.

### **Information Regarding Director Nominee**

Mr. Sheldon I. Ausman is currently serving as a Class II director and was elected at the 2010 Annual Meeting of Shareholders for a term of office expiring at the 2013 Annual Meeting of Shareholders. In the event that Proposal 1 is approved, Mr. Ausman is nominated for election to serve a term of office expiring at the 2014 Annual Meeting of Shareholders and until his successor is elected and qualified. Mr. Evans and Mr. Joyce are currently serving as the other Class II directors. Neither Mr. Evans nor Mr. Joyce will stand for re-election at the Annual Meeting.

The Board of Directors unanimously recommends the nominee, Mr. Ausman, for re-election. For Mr. Ausman and for each of the other directors who will continue in office after the Annual Meeting, shown below and in the tables elsewhere in this Proxy Statement are the name, age, principal business or occupation, the year in which each first became a director of the Company, committee memberships, ownership of equity securities of the Company and other information.

#### ***Sheldon I. Ausman***

Mr. Ausman, age 79, has been a member of the Board of Directors since 1991 and chairs our Audit Committee and serves on our Compensation and Benefits Committee of the Board of Directors. For 34 years, Mr. Ausman was with the international firm of Arthur Andersen, accountants and auditors. He retired in 1989 as the Managing Partner of the Southwest United States, Australia, and New Zealand offices. He also served as a member of the firm's Board of Partners and various other committees.

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Subsequent to retiring from Arthur Andersen, Mr. Ausman served on the Board of Northern Trust Bank of California and was a director of Allen Telecom, Inc., a New York Stock Exchange listed manufacturer of wireless equipment to the telecommunications industry. He currently is a Principal of Gumbiner Savett, Inc., a regional public accounting firm, a position he has held since 2005. In addition, he is a director of several nonprofit and privately-owned companies. From 2007 to 2010, Mr. Ausman served as our Lead Director. He brings to Superior expertise in strategic transactions, accounting, financial reporting, and audit of manufacturing companies.

### **Notice of Other Possible Nominees**

On January 16, 2013, we received a letter from one of our shareholders, GAMCO Asset Management, Inc. (“GAMCO”), a wholly-owned subsidiary of GAMCO Investors, Inc., expressing its intention to nominate Mr. Walter M. Schenker for election as a director at the Annual Meeting, and on April 1, 2013, GAMCO filed preliminary proxy materials with the SEC regarding the nomination of Mr. Schenker. The nomination of Mr. Schenker by GAMCO was made in compliance with the nomination procedures set forth in the Company’s bylaws and described in this Proxy Statement under “*Selection of Nominees for Director*” beginning on page 9.

If GAMCO proceeds with the solicitation of proxies or nominates Mr. Schenker for election as a director at the Annual Meeting, you will receive an opposing proxy statement and BLUE proxy card or other proxy solicitation materials from GAMCO. We are not responsible for the accuracy of any information provided by or relating to GAMCO contained in any proxy solicitation materials filed or disseminated by, or on behalf of, GAMCO or any other statements they may otherwise make.

Your Board has not approved or endorsed the nomination of Mr. Schenker and strongly urges you not to sign or return the BLUE proxy card that GAMCO may send to you and to discard any proxy materials and proxy cards that you may receive from GAMCO. We believe that the current Board, with its breadth of relevant and diverse experience, represents the best interests of our stockholders and that the director nominated by the Board should be re-elected.

### **Vote Required and Board Recommendation**

The one person receiving the largest number of “yes” votes will be elected as a director. Under California law, since there is no particular percentage of either the outstanding shares or the shares represented at the meeting required to elect a director, abstentions and broker non-votes will have no effect on the election of our director. However, our Corporate Governance Guidelines require that in an uncontested election, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” such election shall promptly tender his or her resignation following certification of the shareholder vote. The Nominating and Corporate Governance Committee and the Board must then decide whether or not to accept the tendered resignation, culminating with a public disclosure explaining the Board’s decision and decision-making process.

**The superior Board of Directors UNANIMOUSLY recommends A VOTE FOR the ELECTION OF MR. SHELDON AUSMAN AS A DIRECTOR.**

### PROPOSAL 3

#### ELECTION OF THREE DIRECTORS IF AMENDMENT TO ARTICLES TO DECLASSIFY THE BOARD OF DIRECTORS IS NOT APPROVED

If Proposal 1 is not approved, then the Board of Directors will continue to be divided into three classes and three Class II directors will be elected at this Annual Meeting. The Class II directors will be elected to serve a three-year term ending at the 2016 Annual Meeting and until their successors are elected and qualified.

Unless instructed otherwise, the persons named in the proxy will vote the shares for the election of the nominees named within this proxy to be Class II directors. Although it is not contemplated that any nominee will decline or be unable to serve, the shares will be voted by the proxy holders in their discretion for another person if this should happen. **This Proposal 3 will only be effective if Proposal 1 is not approved.**

#### Information Regarding Director Nominees

Messrs. Ausman, Evans and Joyce are currently serving as Class II directors and were elected at the 2010 Annual Meeting of Shareholders for a term of office expiring at the 2013 Annual Meeting of Shareholders. Messrs. Evans and Joyce will not be standing for re-election at the Annual Meeting. In the event that Proposal 1 is not approved, Messrs. Borick and Uranga, who are currently serving as Class III directors, will resign as Class III directors and stand for immediate election as Class II directors.

The Board of Directors unanimously recommends all of the nominees for re-election.

In the event that Proposal 1 is not approved, each of the following people are nominated for election as Class II



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directors to serve a three-year term ending at the 2016 Annual Meeting and until their successors are elected and qualified.

***Sheldon I. Ausman***

Please refer to Proposal 2 for more detailed information about Mr. Ausman.

***Steven J. Borick***

Mr. Borick, age 60, has been a member of the Board since 1981 and has served as its Chairman since 2007. Mr. Borick is responsible for the formulation of our overall strategic planning and that of our subsidiaries. He served as our President since 2003, and as our Chief Executive Officer since 2005. He joined us in January 1999, after serving on our Board for 18 years, and was appointed Vice President, Strategic Planning on March 19, 1999, and Executive Vice President on January 1, 2000. Prior to joining us, he was engaged in the oil exploration business for over 20 years as President of Texakota, Inc. and general partner of Texakota Oil Co. Mr. Steven Borick has also served on the Board of Directors of M.D.C. Holdings, Inc., a New York Stock Exchange listed company, for 25 years, from April 1987 until his most recent term of office expired in May 2012. Mr. Borick's intimate knowledge of our business and operations provides the Board with company-specific experience and expertise.

***Francisco S. Uranga***

Mr. Uranga, age 49, has been a member of the Board of Directors since 2007. Mr. Uranga is Corporate Vice President and Chief Business Operations Officer for Latin America at Taiwan-based Foxconn Electronics, Inc., the largest electronic manufacturing services company in the world, a position he has held since 2004. In this position Mr. Uranga is responsible in Latin America for government relations, regulatory affairs, incentives, tax and duties, legal, customs, immigration, and land and construction issues. From 1998 to 2004, he served as Secretary of Industrial Development for the state government of Chihuahua, Mexico. Previously, Mr. Uranga was Deputy Chief of Staff and then Chief of Staff for Mexican Commerce and Trade Secretary Herminio Blanco, where he actively participated in implementing the North American Free Trade Agreement and in negotiating key agreements for the Mexican government as part of the country's trade liberalization. Earlier, Mr. Uranga was Sales and Marketing Manager for American Industries International Corporation. He earned a B.B.A. in Marketing from the University of Texas at El Paso and a Diploma in English as a Second Language from Brigham Young University. Mr. Uranga brings expertise in Mexican-American relations, operations and regulatory compliance, helping us manage our plants in Mexico, which now account for the majority of our production. Mr. Uranga serves on both our Compensation and Benefits Committee and Nominating and Corporate Governance Committee of the Board of Directors.

### **Notice of Other Possible Nominees**

On January 16, 2013, we received a letter from one of our shareholders, GAMCO Asset Management, Inc. (“GAMCO”), a wholly-owned subsidiary of GAMCO Investors, Inc., expressing its intention to nominate Mr. Walter M. Schenker for election as a director at the Annual Meeting, and on April 1, 2013, GAMCO filed preliminary proxy materials with the SEC regarding the nomination of Mr. Schenker. The nomination of Mr. Schenker by GAMCO was made in compliance with the nomination procedures set forth in the Company’s bylaws and described in this Proxy Statement under “*Selection of Nominees for Director*” beginning on page 9.

If GAMCO proceeds with the solicitation of proxies or nominates Mr. Schenker for election as a director at the Annual Meeting, you will receive an opposing proxy statement and BLUE proxy card or other proxy solicitation materials from GAMCO. We are not responsible for the accuracy of any information provided by or relating to GAMCO contained in any proxy solicitation materials filed or disseminated by, or on behalf of, GAMCO or any other statements they may otherwise make.

Your Board has not approved or endorsed the nomination of Mr. Schenker and strongly urges you not to sign or return the BLUE proxy card that GAMCO may send to you and to discard any proxy materials and proxy cards that you may receive from GAMCO. We believe that the current Board, with its breadth of relevant and diverse experience, represents the best interests of our stockholders and that the director nominated by the Board should be re-elected.

### **Vote Required and Board Recommendation**

The three persons receiving the largest number of “yes” votes will be elected as directors. Under California law, since there is no particular percentage of either the outstanding shares or the shares represented at the meeting required to elect a director, abstentions and broker non-votes will have no effect on the election of our directors. However, our Corporate Governance Guidelines require that in an uncontested election, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” such election shall promptly tender his or her resignation following certification of the shareholder vote; votes “against” the election of any director are considered equivalent to “withheld” votes. The Nominating and Corporate Governance Committee and the Board must then decide whether or not to accept the tendered resignation, culminating with a public disclosure explaining the Board’s decision and decision-making process.

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**The superior Board of Directors UNANIMOUSLY recommends A VOTE**

**FOR the ELECTION OF DIRECTORS AUSMAN, BORICK AND URANGA  
AS class II directors.**

### **Continuing Directors**

The background and business experience of the directors whose terms are not expiring at the Annual Meeting are as follows:

**Class I Serving until the 2015 Annual Meeting of Shareholders and until their respective successors are elected and qualified:**

#### ***Philip W. Colburn***

Mr. Colburn, age 84, has served on the Board of Directors since 1990. Mr. Colburn has more than 40 years of business experience as an entrepreneur, senior executive, CEO and Chairman of privately held and public companies. Mr. Colburn retired as the Chairman of Allen Telecom, Inc., a New York Stock Exchange listed manufacturer of wireless equipment to the global telecommunications industry, in July 2003. He held this position since 1988. He also served as CEO of the company from 1988 to 1993. A CPA, Mr. Colburn has a B.S. from UCLA in Finance and a Masters in Economics from the University of Denver. Mr. Colburn has been a director of nine different public companies. He has expertise in senior management, finance, management of foreign and domestic automotive operations, and transactional negotiation and brings this experience and insight to the Board. Mr. Colburn serves on our Audit and Nominating and Corporate Governance Committees of the Board of Directors.

#### ***Margaret S. Dano***

Ms. Dano, age 53, has served on the Board of Directors since 2007 and as our Lead Director since 2010. Ms. Dano brings to this position over 30 years of experience in large, industry leading companies. Ms. Dano was Vice President, Worldwide Operations of Garrett Engine Boosting Systems, a division of Honeywell International, Inc., from June 2002 until her retirement from that position in 2005. From April 2002 to June 2002, she was Vice President, Global Operations, Automation and Controls Solutions of Honeywell. She was Vice President, Supply Chain, Office Products of Avery Dennison Corporation from January 1999 to April 2002, and was Avery Dennison's Vice President, Corporate Manufacturing and Engineering from 1997 to 1999. Previously, she was Vice President, Operations Accessories, North America, of Black & Decker Corporation, and she served as a Program Manager, Product Manager and Plant Manager for General Electric Corporation for a five-year period in the early 1990s. Ms. Dano received a

B.S.M.E. in mechanical-electrical engineering from the General Motors Institute of Technology and Management. She is currently the Lead Director and a member of the Compensation Committee for International Container Services, a provider of reusable container solutions in the United States. She has served on the Board, Audit, Compensation and Governance committees of Fleetwood Enterprises, and the Board, Lead Director and Chair of the Compensation Committee for Anthony International. Ms. Dano brings expertise in strategic planning, product management, start-up and global operations, and cost and quality improvements to our Board, and also chairs our Nominating and Corporate Governance Committee and serves on our Audit Committee.

*Timothy C. McQuay*

Mr. McQuay, age 61, has served on the Board of Directors since 2011. Mr. McQuay brings with him nearly 30 years of financial advisory experience to the Board. He has served as Managing Director, Investment Banking with Noble Financial Capital Markets, an investment banking firm, since November 2011. Previously, he served as Managing Director, Investment Banking with B. Riley & Co., an investment banking firm, from September 2008 to November 2011. From August 1997 to December 2007, he served as Managing Director – Investment Banking at A.G. Edwards & Sons, Inc. From May 1995 to August 1997, Mr. McQuay was a Partner at Crowell, Weedon & Co. and from October 1994 to August 1997 he also served as Managing Director of Corporate Finance. From May 1993 to October 1994, Mr. McQuay served as Vice President, Corporate Development with Kerr Group, Inc., a New York Stock Exchange listed plastics manufacturing company. From May 1990 to May 1993, Mr. McQuay served as Managing Director of Merchant Banking with Union Bank. Mr. McQuay received an A.B. degree in economics from Princeton University and a M.B.A. degree in finance from the University of California at Los Angeles. He also serves as the Chairman of the Board of Directors of BSD Medical, Inc. and as the Chairman of the Board of Meade Instruments Corp. Mr. McQuay's qualifications to serve on the Board include, among others, his extensive business and financial experience and his public company board experience, which includes extensive experience on compensation and audit committees. Mr. McQuay also brings to the Board valuable insight into corporate finance, corporate strategy and risk management that he has gained from his 30 years of experience in the investment banking and financial services industries. Effective January 27, 2012, Mr. McQuay was elected to our Audit and Compensation and Benefits Committee and was elected to Chair of the Compensation and Benefits Committee on April 1, 2013.

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**Class III Serving until the 2014 Annual Meeting of Shareholders and until their respective successors are — elected and qualified:**

In the event that Proposal 1 is approved Messrs. Borick and Uranga will continue as Class III directors. In the event that Proposal 1 is not approved, Messrs. Borick and Uranga will resign as Class III directors and stand for election as Class II directors at the Annual Meeting in accordance with Proposal 3.

***Steven J. Borick***

Please see Proposal 3 for more detailed information about Mr. Borick.

***Francisco S. Uranga***

Please see Proposal 3 for more detailed information about Mr. Uranga.

**CORPORATE GOVERNANCE AND THE BOARD OF DIRECTORS**

**Selection of Nominees for Director**

It is the policy of the Board, as set forth in the Company's Corporate Governance Guidelines, to select director nominees who possess personal and professional integrity, sound business judgment, a willingness to devote the requisite time and energies to their duties as director, and relevant experience and skills to be an effective director in conjunction with the full Board in collectively serving the long-term interests of the Company's shareholders. Board members are evaluated and selected based on their individual merit as well as in the context of the needs of the Board as a whole.

The Nominating and Corporate Governance Committee is responsible for identifying, reviewing, and recommending for the Board's selection qualified individuals to be nominated for election or re-election to the Board, consistent with the criteria set forth in the Company's Corporate Governance Guidelines. The Nominating and Corporate Governance Committee, in conducting such evaluation, may also take into account such other factors as it deems relevant.

The Nominating and Corporate Governance Committee annually reviews the appropriate experience, skills and characteristics required of Board members in the context of the current membership of the Board to determine whether the Board would be enhanced by an increase or decrease in size of one or more directors. This review includes, among other relevant factors in the context of the perceived needs of the Board at that time, issues of experience, reputation, judgment, diversity and skills. Although the Nominating and Corporate Governance Committee does not have a diversity policy for the selection of nominees for director, the Nominating and Corporate Governance Committee does consider diversity when identifying director nominees. For this purpose, the Nominating and Corporate Governance Committee considers not only race, gender and ethnicity, but also differences in viewpoint, professional and business experience, education and skill, among other criteria.

Prior to nominating an existing director for re-election to the Board, the Nominating and Corporate Governance Committee considers and reviews the existing director's Board and committee meeting attendance and performance, length of Board service, and independence, as well as the experience, skills and contributions that the existing director brings to the Board. Further, the Nominating and Corporate Governance Committee receives disclosures relating to a director's independence and assists the Board in making determinations as to the independence of the directors. The Nominating and Corporate Governance Committee also reviews periodically the composition, size and structure of the Board as a whole.

From time to time, the Nominating and Corporate Governance Committee may engage outside search firms to assist it in identifying and contacting qualified director candidates. Additionally, due consideration is given to candidates submitted by shareholders, although shareholders are encouraged to open a dialog before submitting a candidate in order to better understand the needs of the Board of Directors and so that the Nominating and Corporate Governance Committee can better understand shareholder concerns.

Any shareholder entitled to vote in the election of directors generally may nominate one or more persons for election as director at a meeting by providing written notice of such shareholder's intent to make such nomination or nominations, either by personal delivery or by United States mail, postage prepaid, to the Corporate Secretary of the Company not later than 120 days in advance of an annual meeting of shareholders, and with respect to an election to be held at a special meeting of shareholders for the election of directors, the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. A shareholder notice must contain the following information:

the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated;

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a representation that the shareholder is a holder of record of stock of the company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder;

such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the SEC, had the nominee been nominated, or intended to be nominated, by the Board of Directors; and

the consent of each nominee to serve as a director of the corporation if so elected.

The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with these procedures, and the nomination shall be void.

The Nominating and Corporate Governance Committee recommended the directors nominated by the Board for election at the Annual Meeting. When a member of the Nominating and Corporate Governance Committee is under consideration for nomination, the nominee typically recuses himself or herself from the discussion and abstains from the voting on the recommendation.

The Company's policies and procedures regarding the selection of director nominees are described in detail in the Company's Corporate Governance Guidelines and the Nominating and Corporate Governance Committee Charter, which are available on the Company's website at <http://www.supind.com/investor/finrpt.aspx>.

### **Board Leadership Structure and Risk Oversight**

As is common practice among public companies in the United States, our Board has appointed the Company's Chief Executive Officer to serve as Chairman of the Board. The Board's leadership structure has combined the positions of Chairman and CEO since the Company was founded, except for a two-year transition period when our founder, Mr. Louis Borick, continued as Chairman and Mr. Steven Borick was our CEO. Mr. Steven Borick has served as Chairman and CEO since May, 2007.

The Board believes that combining the Chairman and CEO roles provides more consistent communication and coordination throughout the organization, which results in a more effective and efficient implementation of corporate strategy and is important in unifying the Company's strategy behind a single vision. In addition, we have found that our CEO is the most knowledgeable member of the Board regarding risks the Company may be facing and, in his role as Chairman, is able to facilitate the Board's oversight of such risks. If a structure was established that required an independent director to serve as Chairman, the Board believes it would impair its ability to select the most qualified individual to serve as Chairman. This would not be in the best interests of the Company and its shareholders.

When Mr. Borick was elected as Chairman in 2007, the independent directors of the Board also designated an independent Lead Director. The position of Lead Director is currently held by Ms. Margaret Dano. As Lead Director, Ms. Dano has the authority and responsibility to:

- Preside at the executive sessions of the independent directors;
- Advise the Chairman regarding the agenda, structure, schedule, appropriate length of Board meetings and materials to be provided to directors;
- Assign tasks to appropriate committees in consultation with the Chairman;
- Recommend committee appointments to the Nominating and Corporate Governance Committee;
- Facilitate the annual review of the CEO's performance together with the Chair of the Compensation and Benefits Committee; and
- Serve as an independent point of contact for shareholders.

With the exception of the Chairman, the Lead Director and the remaining six directors are all independent. Thus, more than three-fourths of the Board of Directors consists of independent directors. This independent majority and our governance practices provide an effective and independent oversight of management.

Regarding risk oversight, the Company's internal audit department provides both management and the independent Audit Committee, which discusses and oversees policies with respect to risk assessment and risk management, with ongoing assessments of the Company's risk management processes and system of internal control and the specific risks facing the Company. The Audit Committee reports regularly to the Board, as provided in its charter. In addition, the Audit Committee identifies and requires reporting on areas perceived as potentially posing risk to the Company's business. Furthermore, the Compensation and Benefits Committee oversees the risks relating to the Company's compensation policies and practices and the Nominating and Corporate Governance Committee oversees management development and leadership succession at the Company.

For the foregoing reasons, the Board believes that its leadership structure provides an appropriate balance between the need for strategic leadership by our Chairman and CEO, and the oversight, objectivity and independence of the Lead Director and non-management directors.



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Further, the Board believes its leadership structure is appropriate given the Company's specific circumstances, the management of risk and the Board's administration of its oversight function.

## **Committees and Meetings of the Board of Directors; Director Independence**

The Board of Directors of the Company held five regularly scheduled meetings in 2012. Each director attended all regularly scheduled meetings of the Board of Directors and only one director missed one meeting of a committee of the Board during 2012. In addition to formal meetings, the Board may, from time to time, hold informal telephonic conferences for management to update the Board on new events. These conference calls provide the Board an opportunity to ask questions of management. The conference calls, when they occur, are informal in nature, and do not have an agenda. No compensation is provided to the Board members for their participation in such calls. Although the Company has no formal policy with regard to Board members' attendance at its annual meeting of shareholders, it is customary for the Company's directors to attend. All of the Company's directors attended the Company's 2012 Annual Meeting of Shareholders. In addition to meeting as a group to review the Company's business, certain members of the Board of Directors also devote their time and talents to certain standing committees. Current committees of the Board of Directors of the Company and the respective members are discussed below.

### **Audit Committee**

The Audit Committee's functions include direct responsibility for:

appointment, compensation, retention and oversight of the work of any independent registered public accounting firm engaged to audit the Company's financial statements or to perform other audit, review or attestation services for the Company,

discussing with the independent auditors their independence,

reviewing and discussing with the Company's independent auditors and management the Company's audited financial statements,

recommending to the Company's Board of Directors whether the Company's audited financial statements should be included in the Company's Annual Report on Form 10-K for the previous fiscal year, and

discussing with management the company's risk assessment and risk management practices, including risk relating to the Company's financial statements and financial reporting processes.

The Audit Committee is composed of Sheldon I. Ausman (Committee Chair), Philip W. Colburn, Margaret S. Dano and Timothy C. McQuay. Messrs. Ausman, Colburn and McQuay and Ms. Dano are independent as that term is defined in Section 303A.02 of the New York Stock Exchange's Corporate Governance Rules and the Exchange Act Rules. The Board has determined that Mr. Ausman is an "audit committee financial expert" as defined by SEC rules based upon, among other things, his accounting background and experience. The Audit Committee met five times in 2012. See also *Audit Committee Report* on page 39 in this Proxy Statement.

## **Nominating and Corporate Governance Committee**

The Nominating and Corporate Governance Committee's functions include:

- assisting the Board in identifying qualified individuals to become directors,
- recommending to the Board qualified director nominees for election at the annual meeting of shareholders,
- determining membership on Board committees,
- reviewing and recommending amendments to the Corporate Governance Guidelines, and
- oversight of annual self-evaluations by the Board.

The Nominating and Corporate Governance Committee is composed of Margaret S. Dano (Committee Chair), Philip W. Colburn and Francisco S. Uranga. Ms. Dano and Messrs. Colburn and Uranga are independent as that term is defined under the New York Stock Exchange's Corporate Governance Rules. The Nominating and Corporate Governance Committee met twice in 2012.

## **Compensation and Benefits Committee**

The Compensation and Benefits Committee's functions include:

- review and approval of compensation for the Company's officers and key employees,
- administration of the Company's 2008 Equity Incentive Plan, and
- review and evaluate the risks involved in the Company's Compensation policies and practices.

During 2012, the Compensation and Benefits Committee consisted of V. Bond Evans (Committee Chair), Sheldon I. Ausman, Michael J. Joyce and Timothy C. McQuay. The terms of Messrs. Evans and Joyce expire at the Annual Meeting and they are not standing for re-election at the Annual Meeting. As a result, the Board of Directors on April 1, 2013, accepted the committee resignations of Messrs. Evans and Joyce, and elected Mr. Uranga as a member of the Committee, and appointed Mr. McQuay as Committee Chair. Messrs. Ausman, Evans, Joyce, McQuay and Uranga are independent as that term is defined under the New York Stock Exchange's Corporate Governance Rules. The Compensation and Benefits Committee met six times during 2012. The

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Compensation and Benefits Committee may form and delegate authority to subcommittees when it determines that such action is appropriate under the circumstances. See also *Compensation Committee Report* on page 30 in this Proxy Statement. Additional information regarding the Compensation and Benefits Committee's processes and procedures for the consideration and determination of executive compensation is provided in the *Compensation Discussion and Analysis* on page 22 in this Proxy Statement.

### **Other Committees; Committee Charters**

In addition to its standing committees, the Board of Directors may on occasion form a committee for a discrete purpose, such as the consideration of the settlement of a lawsuit or the approval of a transaction. The Board of Directors has adopted a written charter for each of the Audit Committee, the Compensation and Benefits Committee, and the Nominating and Corporate Governance Committee, which charters are available on the Company's website at [www.supind.com/investor/BOC.aspx](http://www.supind.com/investor/BOC.aspx).

### **Non-Management Executive Sessions**

Non-management directors meet generally before or after regularly scheduled meetings of the Board of Directors. The Lead Director, Ms. Dano, chairs these sessions.

### **Communications with Directors**

Shareholders and interested parties wishing to communicate directly with the Board of Directors, the Chairman of the Board, the Lead Director, the Chair of any committee, or the non-management directors as a group about matters of general interest to shareholders are welcome to do so by writing the Company's Corporate Secretary at Superior Industries International, Inc., 7800 Woodley Avenue, Van Nuys, California 91406. The Corporate Secretary will forward these communications as directed. Before submitting proposals for consideration at a meeting of shareholders, the Company strongly encourages shareholders to commence a dialogue with the Board of Directors, as the Board may be able to address the shareholder's concerns without the expense and necessity of a shareholder vote.

### **Corporate Governance Guidelines**

The Board believes in sound corporate governance practices and has adopted formal Corporate Governance Guidelines to enhance its effectiveness. Our Board has adopted these Corporate Governance Guidelines in order to ensure that it has the necessary authority and practices in place to fulfill its role of management oversight and

monitoring for the benefit of our shareholders. The Corporate Governance Guidelines set forth the practices our Board will follow with respect to, among other areas, director qualification and independence, board and committee meetings, involvement of and access to management, and Chief Executive Officer performance evaluation and succession planning. The Corporate Governance Guidelines are publicly available on the Company's website at: <http://www.supind.com/investor/CorporateGovernance.aspx>.

## **Code of Conduct**

The Company has adopted a Code of Conduct, a code of ethics that applies to all of the Company's directors, officers and employees. The Code of Conduct is publicly available on the Company's website at <http://www.supind.com/investor/CodeConduct.aspx>. Any amendments to the Code of Conduct or grant of any waiver from a provision of the code to any director or officer will be disclosed on the Company's website within five days of a vote of the Board of Directors or a designated Board committee that such an amendment or waiver is appropriate, and shall otherwise be disclosed as required by applicable law or New York Stock Exchange rules.

## **Transactions with Related Persons**

### *Policies and Procedures for Review, Approval or Ratification of Related Person Transactions*

The Audit Committee, pursuant to the Audit Committee Charter approved by our Board, has oversight for reviewing material transactions, contracts and agreements, including related person transactions. The Audit Committee Charter requires that management of the Company inform the Audit Committee of all related person transactions. In addition, our Code of Conduct requires our directors, officers and employees to report actual and potential conflicts of interest. Directors and officers are required to report such information to the Chairman of the Nominating and Corporate Governance Committee.

Our Board and the Nominating and Corporate Governance Committee annually review any related person transaction involving a director in determining the independence of our directors pursuant to our Corporate Governance Guidelines, SEC rules and the New York Stock Exchange listing standards.

### *Related Person Transactions*

Superior's main office located at 7800 Woodley Avenue, Van Nuys, California, is subleased from The Louis L. Borick Administrative Trust and the Nita Borick Management Trust. The trusts are respectively controlled by Mr. Steven Borick, who is a director and CEO of the Company, and Nita Borick, who is the mother of Mr. Steven Borick. As of

January 1, 2013, The Louis L. Borick Administrative Trust agreed to transfer its leasehold interest in Superior's main office to The Louis L. Borick Foundation, a California nonprofit corporation of which Mr. Steven Borick is both an officer and director. The current sublease expires in 2015, and the Company holds two options to renew: one for an additional five-year period, and one for an additional five-year, nine month period. During fiscal year 2012, Superior paid approximately \$424,692 in rentals under the land and building leases. The Company believes this transaction was on terms that are fair to the Company and could have been obtained on similar terms from an unrelated third party.

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## PROPOSAL 4

### APPROVAL OF THE AMENDED AND RESTATED 2008 EQUITY INCENTIVE PLAN

#### Introduction

The Superior Industries International, Inc. 2008 Equity Incentive Plan (the “Equity Plan”) was approved by our shareholders on May 30, 2008, and replaced our 2003 Equity Incentive Plan. The Equity Plan authorizes the issuance pursuant to equity-based incentive compensation awards of up to 3,500,000 shares of our Common Stock.

As of March 18, 2013, there were approximately 2,017,525 shares of our Common Stock remaining available for future grants under the Equity Plan. We are not seeking approval to increase the overall number of shares for issuance in the Equity Plan.

The Equity Plan has been effective in attracting and retaining highly-qualified employees and non-employee directors and has provided an incentive that aligns the economic interests of plan participants with those of our shareholders. On March 22, 2013, the Board approved an amendment and restatement of the Equity Plan consisting of two categories of amendments. One category of amendments, which we refer to as the “Housekeeping Amendments,” does not require approval of our shareholders but we would like for our shareholders to know about them as we believe they facilitate good corporate governance. The other amendment, which we refer to as the “Contingent Amendment,” is subject to approval of the shareholders at the Annual Meeting. By voting to approve the Amended and Restated Equity Plan, you will be voting to approve the Contingent Amendment.

**Housekeeping Amendments.** These consist of a series of amendments, described in more detail below, to modernize the plan by:

- expanding the types of awards that may be granted to include service-vesting restricted stock units, or “RSUs”;
- imposing an annual limit on grants to non-employee directors;
- specifying that awards made under the plan are subject to any compensation recoupment or “clawback” policy adopted by the Company from time to time;
- prohibiting payment of dividends or dividend equivalents with respect to performance-based awards until the performance condition is satisfied;
- prohibiting “liberal” share counting for the plan;
- expanding the current prohibition on repricing of options and stock appreciation rights;
- expanding the possible methods of exercising stock options to include net exercise as permitted under current accounting standards; and
- adding provisions to facilitate compliance with Section 409A of the Internal Revenue Code, or the “Code.”

**Contingent Amendment.** This amendment, which is contingent on shareholder approval, would increase the limit on shares (from the existing plan share reserve) that may be issued in the form of “full-value awards,” which includes restricted stock, RSUs and performance awards other than options or stock appreciation rights, or “SARs.” We propose to increase the limit on full-value awards from 100,000 shares to 600,000 shares, which represents about 26% of the

original plan reserve of 3,500,000 shares.

If the Amended and Restated Equity Plan is approved by the shareholders, it will take effect as of May 17, 2013. If the Amended and Restated Equity Plan is not approved by the shareholders, the Equity Plan, as amended only by the Housekeeping Amendments, will continue in effect (plus the performance goals described under Proposal 5, if such proposal is approved by the shareholders at the Annual Meeting) until May 30, 2018. This proposal is separate from Proposal 5 to approve the material terms of the performance goals under the Equity Plan which is discussed further below and in that proposal on page 20.

#### **Background for the Current Request to Increase the Limit on Full-Value Awards**

When adopted, the Equity Plan authorized the issuance of up to 3,500,000 shares of our Common Stock, with no more than 100,000 issuable in the form of full-value awards, such as restricted stock. Of the original share reserve of 3,500,000 shares, approximately 1,482,475 shares had been issued as of the record date, leaving approximately 2,017,525 shares for future grants, including 3,950 full-value awards. Our calculations suggest that it is prudent to free up more shares from the remaining plan reserve to be granted in the form of full-value awards. Full-value awards (i) are easily adaptable to performance-based vesting conditions that encourage and reward our employees for meeting specific financial, operational and/or personal objectives, (ii) tend to have stronger retention value for employees than options or SARs, and (iii) require

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fewer shares to deliver comparable grant value as do options or SARs. Without this reallocation of permitted uses for our share reserve, we would need to make changes to our long-term incentives program in a manner that we believe is not in keeping with current best practices or in the best interest of our shareholders. The changes to our practices would limit our flexibility to provide competitive compensation and thus our ability to attract, retain and reward the caliber of employees necessary to achieve superior performance.

### **Principal Changes to the Existing Equity Plan**

The principal changes to the existing Equity Plan as reflected in the amendment and restatement are intended to incorporate a range of compensation best practices, and are summarized as follows:

*No Change in Pool of Shares Authorized for Issuance.* Total cumulative and future shares that may be issued under the Equity Plan would not increase. There is no “evergreen” provision.

*Increase Limit on Grants of Full Value Awards.* The Equity Plan currently provides that only 100,000 of the 3,500,000 shares reserved for issuance under the plan may be issued in the form of “full-value” awards such as restricted stock and RSUs. This limit on full-value awards would be increased to 600,000 shares, which would allow us more flexibility in designing efficient, performance-oriented long-term equity compensation programs.

*No Liberal Share Recycling Provisions.* Only shares covering awards that expire, or are forfeited, cancelled or settled in cash will again be available for issuance under the Equity Plan. The following shares will not be added back to the aggregate plan reserve: (i) the number of shares with respect to which an award is granted (except as previously noted); (ii) shares not issued or delivered as a result of the net settlement of an outstanding option or SAR, (iii) shares used to pay the exercise price or withholding taxes related to an outstanding option or SAR, (iv) shares repurchased on the open market with the proceeds of the exercise price of an option, or (v) shares surrendered or withheld to cover taxes due upon the vesting of an award.

In addition, the Equity Plan as proposed to be amended and restated will continue to incorporate the following compensation best practices:

*Minimum Vesting Periods.* Restricted stock and RSUs subject to time-based vesting conditions may not vest in full in less than three years from the date of grant. Restricted stock and RSUs subject to performance-based vesting conditions may not vest in full in less than one year from the date of grant. These minimum vesting periods are subject to exceptions where vesting has occurred due to (i) a participant’s death, disability or retirement, or (ii) a change in control. There is also an exception for up to 5% of the total number of shares authorized, to accommodate for special circumstances.

*No Repricing.* Repricing of stock options and SARs (including reduction in the exercise price of stock options or replacement of an award with cash or another award type) is prohibited without prior shareholder approval.

*Option Exercise Price.* The exercise price of stock options and SARs may not be less than 100% of fair market value on the date of grant, except for stock options and SARs assumed in connection with the acquisition of another company.

*Limitation on Amendments.* No material amendments to the Equity Plan can be made without shareholder approval as required by applicable NYSE rules, such as any such amendment that would materially increase the number of shares reserved or the per-participant award limitations under the Equity Plan, or that would diminish the prohibitions on repricing stock options or SARs granted under the Equity Plan.

*Compensation Recovery Policy.* Awards under the Equity Plan are subject to “claw-back” compensation recovery policies adopted by our Board or the Compensation and Benefits Committee from time to time.

### **Significant Historical Award Information**



We believe we have been judicious in our use of shares previously authorized by our shareholders under the Equity Plan. We closely monitor share usage and in recent years have decreased our annual equity run rate and dilution by shifting to a larger percentage of full value awards as components of our long-term incentives program and allocating a lesser percentage to stock option awards.

### **Authorized Shares and Stock Price**

Our restated articles of incorporation authorize the issuance of 100,000,000 shares of Common Stock. There were 27,317,363 shares of our Common Stock issued and outstanding as of March 18, 2013, the Record Date for the Annual Meeting, and the closing price of a share of our Common Stock as of that date was \$19.23.

### **Summary of the Amended and Restated Equity Plan**

The major features of the Equity Plan as proposed to be amended and restated are summarized below. The summary is qualified in its entirety by reference to the full text of the amended and restated Equity Plan, which is attached to this Proxy Statement as Appendix B.

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**Plan Purpose.** The Equity Plan is intended to advance the interests of our shareholders by enabling the Company to attract and retain qualified individuals to serve as officers, directors, employees and consultants through opportunities for equity participation in the Company, and to reward those individuals who contribute to the achievement of our financial and strategic business goals and create long-term shareholder value through equity-based compensation.

**Administration.** The Equity Plan is administered by the Compensation and Benefits Committee of our Board, also referred to as the “Committee” or the administrator. However, our full Board of Directors may at any time act on behalf of the Committee and serve as the administrator. The administrator has the authority to interpret the provisions of the Equity Plan; to make, change and rescind rules and regulations relating to the Equity Plan; and to change or reconcile any inconsistency in any award or agreement covering an award. To the extent consistent with applicable law, the Board has discretion to delegate its authority under the Equity Plan to a Board sub-committee consisting of one or more executive officers (with respect to awards to participants other than executive officers) or, in connection with nondiscretionary administrative duties, to other parties as it deems appropriate.

Except in connection with equity restructurings and other situations in which share adjustments are specifically authorized, the Equity Plan prohibits the administrator from repricing any outstanding “underwater” stock option or SAR without prior approval of our shareholders. For these purposes, “repricing” includes amending the terms of an underwater option or SAR to lower the exercise price, canceling an underwater option or SAR and granting exchange replacement options or SARs having a lower exercise price or other forms of awards, or repurchasing the underwater option or SAR for cash.

**Eligible Participants.** The administrator may grant awards to any employee, officer, consultant or non-employee director of the Company or its affiliates. The selection of participants will be based upon the administrator’s determination that the participant is in a position to contribute materially to our continued growth and development and to our long-term financial success. The number of eligible participants in the Equity Plan varies from year to year; currently, there are approximately 1,701 persons employed by or otherwise in the service of the Company and its affiliates, including 14 executive officers and seven non-employee directors, who would be eligible to receive awards under the Equity Plan at the discretion of the administrator. Although not necessarily indicative of future grants under the Equity Plan, approximately 86 of our employees, officers and non-employee directors have been granted awards under the Equity Plan through December 31, 2012. We have not to date granted any award to consultants under the Equity Plan.

To assure the viability of awards granted to participants employed or residing in foreign countries, the administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the administrator may approve such supplements or amendments to, or subplans of, the Equity Plan as it determines is necessary or appropriate for such purposes. Any such supplement, or amendment or subplan that the administrator approves for purposes of using the Equity Plan in a foreign country will not affect the terms of the Equity Plan for any other country.

**Available Shares.** A maximum of 3,500,000 shares of our Common Stock are available for issuance under the Equity Plan. This pool of shares may be used for all types of equity awards available under the Equity Plan, except that no more than 600,000 shares may be issued in the form of full-value awards, as described in more detail below. The shares of Common Stock covered by the Equity Plan are authorized but unissued shares or shares currently held (or subsequently acquired) by the Company as treasury shares.

Shares of Common Stock that are issued under the Equity Plan or that are potentially issuable pursuant to outstanding awards will reduce the maximum number of shares remaining for issuance under the Equity Plan by one share for each share issued or issuable pursuant to an Award.

In general, if an award granted under the Equity Plan expires, is canceled or terminates without the issuance of shares, or if shares are forfeited under an award, then such shares will again be available for issuance under the Equity Plan.

### *Types of Awards*

Awards under the Equity Plan may include stock options, SARs, restricted stock and restricted stock units. The administrator may grant any type of award to any participant who is an employee, and only our and our subsidiaries' employees may receive grants of incentive stock options.

*Stock Options.* The administrator may grant to a participant options to purchase our Common Stock that qualify as incentive stock options for purposes of Section 422 of the Code ("incentive stock options"), options that do not qualify as incentive stock options ("non-qualified stock options") or a combination thereof. The terms and conditions of stock option grants, including the number of shares, exercise price, vesting periods, and other conditions on exercise, will be determined by the administrator.

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The per share exercise price for stock options will be determined by the administrator in its discretion, but may not be less than the fair market value of the Common Stock on the date when the stock option is granted. Stock options must be exercised within a period fixed by the administrator that may not exceed ten years from the date of grant.

At the administrator's discretion, payment for shares of Common Stock on the exercise of stock options may be made in cash, in shares of Common Stock held by the participant (including by attestation), by withholding a number of shares otherwise deliverable upon exercise of the option, or in any manner acceptable to the administrator (including one or more forms of broker-assisted "cashless" exercise).

*Stock Appreciation Rights.* The administrator may grant to a participant an award of SARs, which entitles the participant to receive, upon its exercise, a payment equal to (i) the excess of the fair market value of a share of Common Stock on the exercise date over the SAR exercise price, times (ii) the number of shares of Common Stock with respect to which the SAR is exercised. The payment upon exercise of a SAR may be made in cash, shares of Common Stock, or any combination thereof, as approved by the administrator in its sole discretion.

The per share exercise price of an SAR will be determined by the administrator in its discretion, but may not be less than 100% of the fair market value of one share of our Common Stock on the date when the SAR is granted. SARs must be exercised within the period fixed by the administrator that may not exceed ten years from the date of grant.

*Restricted Stock and Restricted Stock Units.* The administrator may award to a participant shares of Common Stock subject to specified restrictions ("restricted stock"). Shares of restricted stock are subject to forfeiture if the participant does not meet certain conditions such as continued employment over a specified vesting period and/or attainment of specified Company performance objectives over a specified performance period.

The administrator may also award to a participant restricted stock units ("RSUs"), each representing the right to receive in the future, in cash and/or shares of our Common Stock as determined by the administrator, the fair market value of a share of Common Stock subject to the achievement of one or more goals relating to the completion of a specified period of service by the participant and/or the achievement of specified performance or other objectives.

*Performance Awards.* Any option, SAR, or award of restricted stock or RSUs may be granted with performance-based vesting conditions. With certain exceptions, any such awards that are subject to vesting upon the achievement of performance targets shall not vest in full in less than one year from date of grant.

*Dividend and Dividend Equivalents.* The administrator may provide for the payment of dividends on restricted stock awards or dividend equivalents with respect to RSUs under the Equity Plan. Dividend equivalents are not permitted in connection with stock options and SARs. Dividends, distributions and comparable dividend equivalents paid with respect to unvested awards whose vesting is subject to performance conditions will be subject to the same restrictions as the underlying restricted shares or RSUs. Regular cash dividends or comparable dividend equivalents paid with respect to unvested awards whose vesting is based solely on the satisfaction of service-based vesting conditions will not be subject to the same restrictions as the underlying shares or RSUs unless the administrator determines otherwise.

***Performance-Based Compensation under Section 162(m)***

For restricted stock or RSU awards that are intended to qualify as "performance-based compensation" for purposes of Section 162(m) of the Code, the performance targets will be established by the Committee based on shareholder-approved "performance goals" (which are described in Proposal 5 on page 20). If the shareholders do not approve Proposal 5, no awards made after May 30, 2013 under the Equity Plan will qualify as "performance-based compensation" for purposes of Section 162(m) of the Code and, therefore, may not be fully tax deductible by the Company.

***Award Limits***

As further described in Proposal 5, in order to qualify as “performance-based compensation” under Section 162(m) of the Code, we are required to establish limits on the number of awards that we may grant to a particular participant. The award limits in the Equity Plan were established in order to provide us with maximum flexibility, and are not necessarily indicative of the size of awards that we expect to make to any particular participant. Under the Equity Plan, no participant may be granted in any 12-month period more than 200,000 options or SARs or 100,000 restricted shares or RSUs, and no non-employee director may be granted more than 10,000 awards of any type in any 12-month period. Each of these limitations is subject to adjustment as described below.

***Transferability***

Awards generally are not transferable other than by will or the laws of descent and distribution, unless the administrator allows a participant to designate in writing a beneficiary to exercise the award or receive payment under an award after the participant’s death. However, participants may make limited transfers in connection with

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qualified domestic relations orders or certain gifts to immediate family members or related trusts or foundations. Transfers of awards for value are not permitted.

### *Adjustments*

The number and kind of shares authorized for grant under the Equity Plan, the award limits, the number and kind of shares covered by each outstanding award, and the per share exercise price of each such option or SAR, shall be proportionately adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, recapitalization, combination, reclassification, spin-off, stock dividend, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company, other than a conversion of convertible securities. The Board shall make such adjustments as it deems necessary, in its sole discretion, to prevent dilution or enlargement of rights immediately resulting from such transaction, and its determination in that respect shall be final, binding and conclusive.

### *Change in Control of the Company*

If a change in control of our Company occurs that involves a corporate transaction, the consequences will be as described in this paragraph unless the administrator provides otherwise in an applicable employment, retention, change in control, severance, award or similar agreement.

The successor or purchaser in the change in control transaction may assume an award or provide a substitute award with similar terms and conditions, and preserving the same benefits, as the award it is replacing. If the awards are not so assumed or replaced, then, as of the date of the change in control, (i) each outstanding stock option or SAR will become fully vested and exercisable; (ii) all service-based restrictions and conditions on any outstanding awards will lapse; and (iii) the payout level under all performance-based awards will be deemed to have been earned as of the date of the change in control based upon an assumed achievement of all relevant performance goals at the “target” level.

If an award is assumed or substituted by the successor or purchaser in the change in control, and if, within two years after the effective date of the change in control, a participant’s employment is terminated without cause, then as of the date of employment termination (i) all of that participant’s outstanding options and SARs will become fully vested and exercisable, (ii) all service-based vesting restrictions on his or her outstanding awards will lapse, and (iii) the payout level under all of that participant’s performance-based awards will be deemed to have been earned as of the date of employment termination based upon an assumed a