

APPLIED ENERGETICS, INC.
Form 10-Q
August 13, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 30, 2018

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission File Number 001-14015

APPLIED ENERGETICS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware **77-0262908**
(State or Other Jurisdiction of (IRS Employer Identification Number)
Incorporation or Organization)

2480 W Ruthrauff Road, Suite 140 Q
Tucson, Arizona 85705
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (520) 628-7415

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), (2) has been subject to such filing requirements for the past 90 days. Yes x No "

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes x No "

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

Large accelerated filer: "

Non-accelerated filer: " (Do not check if a smaller reporting company)

Accelerated filer: "

Smaller reporting company: x

Emerging growth company "

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes " No x

As of August 13, 2018 there were 191,194,896 shares of the issuer's common stock, par value \$.001 per share, outstanding.

APPLIED ENERGETICS, INC.

QUARTERLY REPORT ON FORM 10-Q

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PART I. FINANCIAL INFORMATION**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

APPLIED ENERGETICS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$913,319	\$ 2,764
Other assets	12,832	312
Total current assets	926,151	3,076
Property and equipment	4,905	-
TOTAL ASSETS	\$931,056	\$ 3,076
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	\$ 188,200	\$ 80,743
Accrued compensation	309,833	266,480
Accrued officer compensation	206,000	230,500
Notes payable net of unamortized discount of \$-0- at June 30, 2018 and \$102,219 at December 31, 2017	-	53,097
Due to related parties	11,780	-
Accrued expenses	92,785	185,927
Accrued dividends	48,079	48,079
Total current liabilities	856,677	864,826
Total liabilities	856,677	864,826
Commitments and contingencies		
Stockholders' equity (deficit)		
Series A Convertible Preferred Stock, \$.001 par value, 2,000,000 shares authorized; 13,602 shares issued and outstanding at June 30, 2018 and at December 31, 2017	14	14
Common stock, \$.001 par value, 500,000,000 shares authorized; 191,194,896 and 157,785,520 shares issued and outstanding at June 30, 2018 and at December 31, 2017, respectively	191,195	157,785

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Additional paid-in capital	81,383,716	79,452,635	
Accumulated deficit	(81,500,546)	(80,472,184)
Total stockholders' equity (deficit)	74,379	(861,750)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$931,056	\$ 3,076	

See accompanying notes to condensed consolidated financial statements (unaudited).

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APPLIED ENERGETICS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the three months ended June 30,	
	2018	2017
Operating expenses		
General and administrative	\$542,154	\$166,417
Research and development	22,341	-
Total operating expenses	564,495	166,417
Operating loss	(564,495)	(166,417)
Other (expense)		
Interest (expense)	(139,478)	-
Total other (expense)	(139,478)	-
Net loss	(703,973)	(166,417)
Preferred stock dividends	(8,501)	(8,501)
Net loss attributable to common stockholders	\$(712,474)	\$(174,918)
Net loss per common share – basic and diluted	\$(0.01)	\$(0.01)
Weighted average number of shares outstanding, basic and diluted	178,487,937	157,752,553

See accompanying notes to condensed consolidated financial statements (unaudited).

APPLIED ENERGETICS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	For the six months ended June 30,	
	2018	2017
Operating expenses		
General and administrative	\$734,224	\$283,481
Research and development	49,491	-
Total operating expenses	783,715	283,481
Operating loss	(783,715)	(283,481)
Other income/(expense)		
Interest (expense)	(244,646)	-
Total other income	(244,646)	-
Net loss	(1,028,361)	(283,481)
Preferred stock dividends	(17,003)	(17,003)
Net loss attributable to common stockholders	\$(1,045,364)	\$(300,484)
Net loss per common share – basic and diluted	\$(0.01)	\$(0.01)
Weighted average number of shares outstanding, basic and diluted	170,449,507	155,288,282

See accompanying notes to condensed consolidated financial statements (unaudited).

APPLIED ENERGETICS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the six months ended	
	June 30,	2017
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (1,028,361)	\$ (283,481)
Adjustments to reconcile net loss to net cash used in operating activities:		
Non-cash stock based compensation expense	34,596	41,605
Loss on early payoff of note payable	174,412	-
Shares issued for services	188,524	-
Amortization of beneficial conversion feature	204,119	-
Amortization of financing costs	22,721	-
Interest expense	17,806	-
Changes in assets and liabilities:		
Prepays and deposits	(20,694)	-
Accounts payable	136,563	16,867
Accrued expenses and compensation	(74,288)	174,400
Net cash used in operating activities	(344,602)	(50,609)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	(4,905)	-
Net cash used by investing activities	(4,905)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable net of financing costs	99,750	-
Proceeds from issuance of common stock	1,510,000	62,500
Repayment on notes payable	(349,688)	-
Net cash provided by financing activities	1,260,062	62,500
Net increase in cash and cash equivalents	910,555	11,891
Cash and cash equivalents, beginning of period	2,764	680
Cash and cash equivalents, end of period	\$913,319	\$12,571
Supplemental Cash Flow Information		
Cash paid for interest	\$12,949	\$-
Cash paid for taxes	\$-	\$-

See accompanying notes to condensed consolidated financial statements (unaudited).

APPLIED ENERGETICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

1. BASIS OF PRESENTATION

The accompanying interim unaudited condensed consolidated financial statements include the accounts of Applied Energetics, Inc. and its wholly owned subsidiary North Star Power Engineering, Inc. as of June 30, 2018 (collectively, "company," "Applied Energetics," "we," "our" or "us"). All intercompany balances and transactions have been eliminated. In the opinion of management, all adjustments (which include normal recurring adjustments) necessary for a fair presentation of the results for the interim periods presented have been made. The results for the three-month and six-month periods ended June 30, 2018, may not be indicative of the results for the entire year. The interim unaudited condensed consolidated financial statements should be read in conjunction with the company's audited consolidated financial statements contained in our Annual Report on Form 10-K.

LIQUIDITY AND MANAGEMENT'S PLAN

The accompanying unaudited financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. For the six months ended June 30, 2018, the company incurred a net loss of approximately \$1,028,000, had negative cash flows from operations of approximately \$345,000, financing activities reflected \$1,510,000 proceeds from issuance of common stock, \$100,000 proceeds from a note payable, partially offset by \$350,000 repayment on note payable and expects to incur additional future losses due to the reactivation of its business activities. These matters raise substantial doubt as to the company's ability to continue as a going concern unless the company is able to obtain additional financing for its continuing operations. The financial statements do not include any adjustments relating to the recoverability of assets and the amount or classification of liabilities that might be necessary should the company be unable to continue as a going concern.

As of June 30, 2018, the company had approximately \$913,000 in cash and cash equivalents.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with United States Generally Accepted Accounting Principles (“GAAP”) requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management bases its assumptions on historical experiences and on various other estimates that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. In addition, management considers the basis and methodology used in developing and selecting these estimates, the trends in and amounts of these estimates, specific matters affecting the amount of and changes in these estimates, and any other relevant matters related to these estimates, including significant issues concerning accounting principles and financial statement presentation. Such estimates and assumptions could change in the future, as more information becomes known which could materially impact the amounts reported and disclosed herein. Significant estimates include measurements of income tax assets and liabilities.

RECENT ACCOUNTING PRONOUNCEMENTS

The company has reviewed issued accounting pronouncements and plans to adopt those that are applicable to it. The company does not expect the adoption of any other pronouncements to have an impact on its results of operations or financial position.

2.SHARE-BASED COMPENSATION

Share-Based Compensation – Contractors

For the six months ended June 30, 2018 and 2017, share-based compensation expense totaled approximately \$35,000 and \$42,000, respectively.

There was no related income tax benefit recognized because our deferred tax assets are fully offset by a valuation allowance.

APPLIED ENERGETICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

We determine the fair value of option grant share-based awards at their grant date, using a Black-Scholes-Merton Option-Pricing Model applying the assumptions in the following table:

	Six months ended June 30,	
	2018	2017
Expected life (years)	N/A	5
Dividend yield	N/A	0%
Expected volatility	N/A	80%
Risk free interest rates	N/A	1.97%
Weighted average fair value of options at grant date	N/A	\$ 0.02980

For the six months ended June 30, 2018, no options to purchase stock were granted, additionally, no options to purchase stock were exercised, expired or forfeited; no restricted stock units were granted, vested or forfeited; and no restricted stock awards were granted, vested or forfeited. At June 30, 2018, options to purchase 14,000,000 shares of common stock were outstanding with a weighted average exercise price of \$0.136 with a weighted average remaining contract term of approximately 3.7 years with an aggregate intrinsic value of \$264,000. At June 30, 2018 options for 2,750,000 shares were exercisable.

As of June 30, 2018, there was approximately \$62,000 of unrecognized compensation cost related to unvested stock options granted and outstanding, net of estimated forfeitures. The cost is expected to be recognized on a weighted average basis over a period of approximately two years.

During the three months ended June 30, 2017 the company granted each member of the Scientific Advisory Board options to purchase 2 million shares of \$.001 par value common stock at a price of \$0.05 per share for a total of 8,000,000 shares being granted. These options have a five year term and vest to the extent of 500,000 shares on the first anniversary of the grant and to the extent of 62,500 options per month during the 24 months following the initial vesting date.

During the three months ended June 30, 2017 the company also granted each member of the Scientific Advisory Board performance options to purchase 1.5 million shares of \$0.001 par value common stock at a price of \$0.25 per share for a total of 6,000,000 shares being granted. These options have a five year term and vest on the date the company has cumulative revenues of \$5 million.

3.NET LOSS PER SHARE

Basic net loss per common share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period before giving effect to stock options, stock warrants, restricted stock units and convertible securities outstanding, which are considered to be dilutive common stock equivalents. Diluted net loss per common share is calculated based on the weighted average number of common and potentially dilutive shares outstanding during the period after giving effect to convertible preferred stock, stock options, warrants and restricted stock units. Contingently issuable shares are included in the computation of basic loss per share when issuance of the shares is no longer contingent. Due to the losses from continuing operations for the six months ended June 30, 2018 and 2017, basic and diluted loss per common share were the same, as the effect of potentially dilutive securities would have been anti-dilutive.

Potentially dilutive securities not included in the diluted loss per share calculation, due to net losses from continuing operations, were as follows:

APPLIED ENERGETICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

	Six months ended June 30,	
	2018	2017
Options to purchase common shares	14,000,000	14,000,000
Convertible preferred stock	41,798	39,673
Total potentially dilutive securities	14,041,798	14,039,673

4. DIVIDENDS

Dividends on Preferred Stock are accrued when the amount and kind of dividend is determined and are payable quarterly on the first day of February, May, August and November, in cash or shares of common stock. The holders of shares of Series A Convertible Preferred Stock are entitled to receive dividends at the initial rate of 6.5% of the liquidation preference per share (the "Initial Dividend Rate"), payable, at the option of the corporation, in cash or shares of common stock or a combination of cash and common stock. Upon the occurrence of the company's failure to pay dividends in the five business days following a dividend payment date (a "Payment Default"), the dividend rate shall immediately and automatically increase to 7.5% of the liquidation preference per share for as long as such Payment Default continues (or return to the Initial Dividend Rate at such time as such Payment Default no longer continues), and if a Payment Default shall occur on two consecutive Dividend Payment Dates, the dividend rate shall immediately and automatically increase to 10% of the Liquidation Preference for as long as such Payment Default continues and shall immediately and automatically return to the Initial Dividend Rate at such time as the Payment Default is no longer continuing.

As of June 30, 2018, we had 13,602 shares of our 6.5% Series A Convertible Preferred Stock outstanding. The company has not paid the dividends commencing with the quarterly dividend due August 1, 2013. Dividend arrearages as of June 30, 2018 was approximately \$170,000. Our Board of Directors suspended the declaration of the dividend, commencing with the dividend payable as of February 1, 2015 since we did not have a surplus (as such term is defined in the Delaware general corporation Law) as of December 31, 2014, until such time as we have a surplus or net profits for a fiscal year.

Our Series A Preferred Stock has a liquidation preference of \$25.00 per Share. The Series A Preferred Stock bears dividends at the rate of 6.5% of the liquidation preference per share per annum, which accrues from the date of issuance, and is payable quarterly. Dividends may be paid in: (i) cash, (ii) shares of our common stock (valued for such purpose at 95% of the weighted average of the last sales prices of our common stock for each of the trading days in the ten trading day period ending on the third trading day prior to the applicable dividend payment date), provided that the issuance and/or resale of all such shares of our common stock are then covered by an effective registration statement or (iii) any combination of the foregoing. If the company fails to make a dividend payment within five business days following a dividend payment date, the dividend rate shall immediately and automatically increase by 1% from 6.5% of the liquidation preference per offered share of Series A preferred stock to 7.5% of such liquidation preference. If a payment default shall occur on two consecutive dividend payment dates, the dividend rate shall immediately and automatically increase to 10% of the liquidation preference for as long as such payment default continues and shall immediately and automatically return to the initial dividend rate at such time as the payment default is no longer continuing.

APPLIED ENERGETICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

5. NOTES PAYABLE

On September 15, 2017 the company borrowed \$53,000 under a convertible note maturing June 20, 2018. The note bears interest of 12% payable at maturity. Any amount of principal or interest on the note which is not paid when due shall bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid. The note is convertible into shares of the company's \$0.001 par value common stock after March 24, 2018 (the "Initial Conversion Date"). The conversion rate is variable and will be 58% of the average of the lowest one-day trading price during the twenty trading days preceding the holders notice of conversion. The number of shares issuable on conversion is limited to 4.99% of the company's then issued and outstanding common stock. The company at the request of the note holder has reserved 36,369,879 shares of its \$0.001 common stock for conversion. The note can be prepaid at the company's option until the Initial Conversion Date. The company issued the note holder warrants to purchase 1,320,598 shares of its \$0.001 par value common stock at an exercise price of \$0.0301, The Warrants are exercisable at any time over a 7-year period commencing on the date of issuance. The company calculated a beneficial conversion feature of \$53,000 on this note against which approximately \$53,000 has been amortized.

The above transaction of a note for \$53,000 and attached warrants of 1,320,598 shares were put in place by previous management. On March 12, 2018, the company's newly elected board of directors discussed its options concerning the above referenced loan and attached warrant and agreed that it would be in the best interest of the company and its shareholders to pay in full the \$53,000 convertible note funded on October 18, 2017, and additionally repurchase the warrant. On March 16, 2018, the company paid in full the \$53,000 convertible note and cancelled its associated warrant to purchase 1,320,598 shares of common stock in a negotiated transaction. This note carried special early stock conversion rights at a material discount to market, and was considered to be a dilutive derivative event that could harm the future abilities of the company to operate and raise money. The total cost to the company to pay off this \$53,000 note before the conversion date was \$81,000. Additionally, the company cancelled the above referenced attached warrant which allowed the loan holder to purchase 1,320,598 shares of common stock at a material discount to the market. This warrant was given to the noteholder by previous management as an incentive to make the above referenced loan. The cost to the company to cancel the warrant was \$40,000. The total combined cost to the company to cancel the loan and warrant was \$121,000. The payment was comprised of \$56,000 principal and accrued interest, prepayment premium of \$25,000 and \$40,000 to buy back the warrant. The note was paid in full on March 16, 2018. The company borrowed the \$121,000 used to pay off this loan before the conversion date, via an interest free loan from two directors of the company.

On October 18, 2017 the company borrowed \$33,000 under a convertible note maturing July 20, 2018. The note bears interest of 12% payable at maturity. Any amount of principal or interest on the note which is not paid when due shall bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid. The note is convertible into shares of the company's \$0.001 par value common stock after April 16, 2018 (the "Initial Conversion Date"). The conversion rate is variable and will be 58% of the average of the lowest one-day trading price during the twenty trading days preceding the holders notice of conversion. The number of shares issuable on conversion is limited to 4.99% of the company's then issued and outstanding common stock. The company at the request of the note holder has reserved 18,062,397 shares of its \$0.001 common stock for conversion. The note can be prepaid at the company's option until the Initial Conversion Date. The company calculated a beneficial conversion feature of approximately \$24,000 on this note against which \$14,000 has been amortized.

The above transaction of a note for \$33,000 was put in place by previous management. On April 10, 2018, the company's newly elected board of directors discussed its options concerning the above referenced convertible loan funded on October 18, 2017 in the amount of \$33,000 and agreed that it would be in the best interest of the company and its shareholders to pay in full the referenced note which was put in place by previous management. This note carried special early stock conversion rights at a material discount to market and was considered by the company to be a dilutive derivative event that could harm the future abilities of the company to operate and raise money. The cost to the company to pay off this \$33,000 note before the conversion date was \$51,000. The payment was comprised of \$35,000 principal and accrued interest, and prepayment premium of \$16,000. The note was paid in full on April 12, 2018.

APPLIED ENERGETICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

On November 16, 2017 the company borrowed \$38,000 under a convertible note maturing August 20, 2018. The note bears interest of 12% payable at maturity. Any amount of principal or interest on the note which is not paid when due shall bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid. The note is convertible into shares of the company's \$0.001 par value common stock after May 16, 2018 (the "Initial Conversion Date"). The conversion rate is variable and will be 58% of the average of the lowest one-day trading price during the twenty trading days preceding the holders notice of conversion. The number of shares issuable on conversion is limited to 4.99% of the company's then issued and outstanding common stock. The company at the request of the Note Holder has reserved 20,716,914 shares of its \$0.001 common stock for conversion. The note can be prepaid at the company's option until the Initial Conversion Date. The company calculated a beneficial conversion feature of approximately \$28,000 on this note against which \$13,000 has been amortized.

The above transaction of a note for \$38,000 was put in place by previous management. On May 4, 2018 the company's newly elected board of directors discussed its options concerning the above referenced convertible loan funded on November 16, 2017 in the amount of \$38,000 and agreed that it would be in the best interest of the company and its shareholders to pay in full the referenced note which was put in place by previous management. This note carried special early stock conversion rights at a material discount to market and was considered by the company to be a dilutive derivative event that could harm the future abilities of the company to operate and raise money. The cost to the company to pay off this \$38,000 note before the conversion date was \$58,000. The payment was comprised of \$40,000 principal and accrued interest, and prepayment premium of \$18,000. The note was paid in full on May 7, 2018.

On December 27, 2017 the company borrowed \$28,000 under a convertible note maturing September 20, 2018. The note bears interest of 12% payable at maturity. Any amount of principal or interest on the note which is not paid when due shall bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid. The note is convertible into shares of the company's \$0.001 par value common stock after April 16, 2018 (the "Initial Conversion Date"). The conversion rate is variable and will be 58% of the average of the lowest one-day trading price during the twenty trading days preceding the holders notice of conversion. The number of shares issuable on conversion is limited to 4.99% of the company's then issued and outstanding common stock. The company at the request of the note holder has reserved 17,164,750 shares of its \$0.001 common stock for conversion. The note can be prepaid at the company's option until the Initial Conversion Date. The company calculated a beneficial conversion feature of approximately \$20,000 on this note against which \$7,000 has been amortized.

The above transaction of a note for \$28,000 was put in place by previous management. On May 4, 2018 the company's newly elected board of directors discussed its options concerning the above referenced convertible loan funded on December 27, 2017 in the amount of \$28,000 and agreed that it would be in the best interest of the company and its shareholders to pay in full the referenced note which was put in place by previous management. This note carried special early stock conversion rights at a material discount to market and was considered by the company to be a dilutive derivative event that could harm the future abilities of the company to operate and raise money. The cost to the company to pay off this \$28,000 note before the conversion date was \$41,000. The payment was comprised of \$29,000 principal and accrued interest, and prepayment premium of \$12,000. The note was paid in full on May 18, 2018.

On January 8, 2018 the company borrowed \$105,000 under a convertible note maturing August 28, 2018. The note bears interest of 12% payable at maturity. Any amount of principal or interest on the note which is not paid when due shall bear interest at the rate of twenty-four percent (24%) per annum from the due date thereof until the same is paid. The note is convertible into shares of the company's \$0.001 par value common stock after April 27, 2018 (the "Initial Conversion Date"). The conversion rate is variable and will be 55% of the lowest one-day trading price during the twenty trading days preceding the holders notice of conversion. The number of shares issuable on any conversion is limited to 4.99% of the company's then issued and outstanding common stock. The note holder may increase the 4.99% limit to 9.99% on 61 days prior notice to the company. The company, at the request of the note holder, has reserved 40 million shares of its \$0.001 common stock for conversion. The note can be prepaid at the company's option until May 29, 2018. The company also entered into a security agreement pledging substantially all of its assets except for those related to Laser Guided Energy as collateral for the note.

The above transaction of a note for \$105,000 was put in place by previous management. On April 25, 2018, the company's newly elected board of directors discussed its options concerning the above referenced convertible loan funded on January 08, 2017 in the amount of \$105,000, the board agreed that it would be in the best interest of the company and its shareholders to pay in full the referenced note before its conversion date. The note carried special early stock conversion rights at a material discount to market, in addition it pledged virtually all the assets of the company as collateral. The company's board of directors considered this to be a significant derivative event that was extremely dilutive to existing shareholders. Additionally, it was the opinion of the company's board of directors that this loan harmed the future abilities of the company to operate as a going concern and would make it nearly impossible to raise money in the future. The cost to the company to pay off this \$105,000 note before the conversion date was \$163,000. The payment was executed as paid in full on April 27, 2018 and was comprised of \$109,000 principal and accrued interest, and a prepayment premium of \$54,000 for a total of \$163,000.

APPLIED ENERGETICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

On March 8, 2018 the company borrowed \$26,500 under a convertible note maturing December 15, 2018. The note bears interest of 12% payable at maturity. Any amount of principal or interest on the note which is not paid when due shall bear interest at the rate of twenty two percent (22%) per annum from the due date thereof until the same is paid. The note is convertible into shares of the company's \$0.001 par value common stock after September 5, 2018 (the "Initial Conversion Date"). The conversion rate is variable and will be 51% of the average of the lowest one day trading price during the thirty trading days preceding the holders notice of conversion. The number of shares issuable on conversion is limited to 4.99% of the company's then issued and outstanding Common Stock. The company at the request of the Note Holder has reserved 11,008,640 shares of its \$0.001 common stock for conversion. The note can be prepaid at the company's option until the Initial Conversion Date.

The above transaction of a note for \$26,500 was put in place by previous management. On May 4, 2018 the company's newly elected board of directors discussed its options concerning the above referenced convertible loan funded on December 27, 2017 in the amount of \$26,500 and agreed that it would be in the best interest of the company and its shareholders to pay in full the referenced note which was put in place by previous management. This note carried special early stock conversion rights at a material discount to market and was considered by the company to be a dilutive derivative event that could harm the future abilities of the company to operate and raise money. The cost to the company to pay off this \$26,500 note before the conversion date was \$37,000. The payment was comprised of \$27,000 principal and accrued interest, and prepayment premium of \$10,000. The note was paid in full on May 18, 2018.

The following reconciles notes payable as of June 30, 2018 and December 31, 2017:

	June 30, 2018	December 31, 2017
Convertible notes payable	\$ (98,903)	\$ 152,000
Accrued interest	(3,317)	3,316
Financing costs	(13,250)	(12,000)
Amortization of financing costs	22,721	2,529
Beneficial conversion feature	(111,370)	(124,689)
Amortization of beneficial conversion feature	204,119	31,941
	\$ -	\$ 53,097

6.DUE TO RELATED PARTIES

During the three months ended June 30, 2018, the company, under its new management, has borrowed \$2,500, giving a total borrowed of \$132,000 from two members of its board of directors. These loans are interest free and are payable on demand. On May 1, 2018, both directors submitted subscription agreements for \$60,000 for 1,000,000 shares of company common stock, each to be settled with the company's debt. On July 23, 2018, the remaining balance of \$12,000 was paid back to one director.

It has come to the board's attention that on July 31, 2018, our now deceased CEO deposited \$50,000 into the company's account. Although it has been suggested that the funds may have been intended for use toward Mr. Dearmin's healthcare, the board does not know for certain what the purpose of the funds were or the nature of any intended investment. Accordingly, the board is investigating the appropriate disposition of the funds which will likely be to the estate of Mr. Dearmin. Until such a determination is made, the board does not intend to use these funds for any corporate purpose. For reporting purposes, the company has treated the deposit as a due to related party.

APPLIED ENERGETICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

7.EQUITY

On April 12, 2018 the company received \$120,000 from an individual based on a subscription agreement with the company for which the company issued 2,000,000 shares of its common stock.

On April 16, 2018 the company received \$30,000 from an individual based on a subscription agreement with the company for which the company issued 500,000 shares of its common stock.

On April 17, 2018 the company received \$100,000 from an individual based on a subscription agreement with the company for which the company issued 1,666,667 shares of its common stock.

On April 26, 2018 the company received \$90,000 from an individual based on a subscription agreement with the company for which the company issued 1,500,000 shares of its common stock.

On May 4, 2018 the company received \$30,000 from an individual based on a subscription agreement with the company for which the company issued 500,000 shares of its common stock.

On May 8, 2018 the company received \$120,000 from an individual based on a subscription agreement with the company for which the company issued 2,000,000 shares of its common stock.

On May 14, 2018 the company received \$30,000 from an individual based on a subscription agreement with the company for which the company issued 500,000 shares of its common stock.

On May 14, 2018 the company received \$200,000 from an individual based on a subscription agreement with the company for which the company issued 3,333,333 shares of its common stock.

On May 15, 2018 the company received \$30,000 from an individual based on a subscription agreement with the company for which the company issued 500,000 shares of its common stock.

On May 16, 2018 the company received \$20,000 from an individual based on a subscription agreement with the company for which the company issued 333,333 shares of its common stock.

On May 25, 2018 the company received \$600,000 from an individual based on a subscription agreement with the company for which the company issued 10,000,000 shares of its common stock.

On June 13, 2018 the company received \$140,000 from an individual based on a subscription agreement with the company for which the company issued 2,333,333 shares of its common stock.

8.LEGAL PROCEEDINGS

We may from time to time be involved in legal proceedings arising from the normal course of business.

9.SUBSEQUENT EVENTS

During the three months ended June 30, 2018, the company, under its new management, has borrowed \$2,500, giving a total borrowed of \$132,000 from two members of its board of directors. These loans are interest free and are payable on demand. On May 1, 2018, both directors submitted subscription agreements for \$60,000 for 1,000,000 shares of company common stock, each to be settled with the company's debt. On July 23, 2018, the remaining balance of \$12,000 was paid back to one director.

APPLIED ENERGETICS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Unaudited)

In its Current Report on Form 8-K, filed April 9, 2018, Applied Energetics, Inc. indicated that its management was engaged in corporate due diligence on previous company financial and stock transactions with particular attention on large dilutive events, including issuance of shares that were registered on the Company's Registration Statement on Form S-1 and as executive compensation from March 2, 2015.

On July 3, 2018, having determined that sufficient evidence existed of wrongdoing by prior management, with our legal counsel, Enterprise Counsel Group, located in Irvine, CA and our Delaware counsel located in Wilmington, DE, we commenced a lawsuit in the Court of Chancery of the State of Delaware.

In connection with the lawsuit, we have filed a Verified Complaint with the following six causes of action:

1. Breach of Fiduciary Duty of Loyalty against George Farley
2. Breach of Fiduciary Duty of Care against George Farley
3. Aiding and Abetting Breach of Fiduciary Duty against AnnMarieCo LLC ("AMC")
4. Conversion against George Farley
5. Fraudulent Transfer against George Farley and AMC
6. Injunctive Relief against George Farley and AMC

We have also filed for a Temporary Restraining Order to prohibit the shares indicated in the complaint to be transferred or sold until the court makes a final judgement.

It has come to the board's attention that on July 31, 2018, our now deceased CEO deposited \$50,000 into the company's account. Although it has been suggested that the funds may have been intended for use toward Mr. Dearmin's healthcare, the board does not know for certain what the purpose of the funds were or the nature of any intended investment. Accordingly, the board is investigating the appropriate disposition of the funds which will likely be to the estate of Mr. Dearmin. Until such a determination is made, the board does not intend to use these funds for any corporate purpose. For reporting purposes, the company has treated the deposit as a due to related party.

The company's management has evaluated subsequent events occurring after June 30, 2018, the date of our most recent balance sheet, through the date our financial statements were issued. Where applicable, all material subsequent events have been disclosed in their respective footnotes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our discussion and analysis of the financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the related disclosures included elsewhere herein and in Management's Discussion and Analysis of Financial Condition and Results of Operations included as part of our Annual Report on Form 10-K for the year ended December 31, 2017.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the securities laws. Forward-looking statements include all statements that do not relate solely to the historical or current facts and can be identified by the use of forward-looking words such as "may", "believe", "will", "would", "could", "should", "expect", "project", "anticipate", "estimates", "possible", "plan", "strategy", "target", "prospect" or "continue" and other similar terms and phrases. These forward-looking statements are based on the current plans and expectations of our management and are subject to a number of uncertainties and risks that could significantly affect our current plans and expectations, as well as future results of operations and financial condition and may cause our actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Important factors that could cause our actual results to differ materially from our expectations are described in Item 1A (Risk Factors) of our Annual Report on Form 10-K, for the year ended December 31, 2017. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to have been correct. We do not assume any obligation to update these forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting such forward-looking statements.

RECENT EVENTS

Tom Dearmin Passing

On August 6, 2018, the company announced that its President and Acting Chief Executive Officer, Thomas C. Dearmin, died due to unexpectedly severe complications from a recent illness on August 3, 2018 in Orange County, CA. Tom was a dear friend to all of us here at the company, and his value was exponential as he helped the company through this transition period of building a new management team and putting the company on a new path. Tom was, and always will be, the symbol of Applied Energetics core values and dedication to its employees and partners. He will be missed dearly, and we intend to continue on the path to which he led us. . On behalf of everyone here at the company, we extend our deepest sympathies to Tom's family.

On August 6th, the board of directors held a meeting at which it discussed the continuity of the company's strategic direction and operations while the board undertakes a search for Mr. Dearmin's successor. Brad Adamczyk has agreed to assume Mr. Dearmin's managerial responsibilities and, accordingly, was elected to serve as the Principle Executive Officer. Westpark Advisors, through its agreement with the company described below, continues to lead Business Development in Washington D.C. and Steve McCahon continues to lead the Scientific Lab in Tucson, AZ.

Westpark Advisors

As previously reported on Form 8-K, on July 16, 2018, Applied Energetics, Inc. entered into a Master Services Agreement (the "Agreement") with Westpark Advisors, LLC. The Agreement calls for Westpark Advisors to perform certain development and operational services, subject to a minimum hours requirement of 1,920, as follows:

In exchange for services detailed in the Agreement, Westpark Advisors is to receive compensation as follows: \$16,700 per month in cash; upon signing of the Agreement, options to purchase 250,000 shares of the Company's common stock, at an exercise price of \$0.13 per share, which vest every 90 days in four equal tranches and expire as to each tranche three years after the vesting date; and additional options to purchase one million shares of the Company's common stock, at an exercise price of \$0.13 per share, upon the successful award of a contract in excess of \$500,000 which Westpark Advisors sourced, captured and pursued. The Agreement also calls for the Company to reimburse Westpark Advisors for all reasonable expenses that have been pre-approved in writing.

Westpark is retained to assist the company in launching its comprehensive sales and marketing strategy for the greater Washington DC area and broader DoD markets. Westpark Advisors is expected to focus on the company's 2nd generation Banshee Counter-IED technologies, along with Laser Guided Energy and the company's novel laser technologies. Westpark Advisors is to provide business development, program management and strategy consulting services, including sales and marketing of the company's product line. We expect that their expansive network and knowledge of the defense market will prove valuable in relaunching the company's brand, products, and capabilities. Managing Director, Patrick Williams is to serve as Westpark's account lead and provide full-time support to the company.

Legal

As previously reported in our Current Report on Form 8-K on July 3, 2018, we commenced a lawsuit in the Court of Chancery of the State of Delaware against prior management.

The lawsuit pertains to the following six causes of action:

1. Breach of Fiduciary Duty of Loyalty against George Farley
2. Breach of Fiduciary Duty of Care against George Farley
3. Aiding and Abetting Breach of Fiduciary Duty against AnnMarieCo LLC ("AMC")
4. Conversion against George Farley
5. Fraudulent Transfer against George Farley and AMC
6. Injunctive Relief against George Farley and AMC

We have also filed for a Temporary Restraining Order to prohibit the shares indicated in the complaint to be transferred or sold until the court makes a final judgement.

Capital Program

As of May 11, 2018, we completed a \$1.65 million-dollar offering of 27.5 million shares of the company's common stock at a price of \$0.06 per share. We believe this funding will provide management with short term operating capital while also creating flexibility for the next phase of the company's business plan. In concurrence, management had identified six short-term notes that were active at the time, all with highly onerous convertible terms, and all with early conversion rights at a substantial discount to the market price. Additionally, there were attached warrants with conversion rights at substantial discounts to the market. These notes and warrants were issued under the previous single executive board and required the company to reserve an additional 108.4 million shares of Applied Energetics common stock. The company repaid all six loans outstanding, with no share conversions or dilution to shareholders. The company also made the decision to repurchase the warrants, and that transaction has been finalized.

Patent Portfolio

During the quarter, we reviewed and listed 19 patents, all critical to the company and in good standing, and 11 current government sensitive patent applications (GSPA). Since then we have been informed of seven additional patents, all with payment due notices. Our patent attorney and our senior scientific advisor have reviewed these patents and deemed them of importance to the future business of the company. As of May 14, 2018, we have instructed our patent attorney that these patents be properly brought current. The newly revised patent list is expected to be 26 patents, and 11 government sensitive patent applications with special rights to the holder (Applied Energetics). The complete updated list will be available on our website, www.aergs.com upon receipt of our payment by the US Patent Office.

Plan of Operation

On May 7, 2018, company undertook a series of activities focused on certain high priority areas.

As such, the executive team has now developed a short-term action plan as follows:

1) Create and maintain a freshly updated website for shareholders who can visit our new website at www.aergs.com

2) Assessing and publishing the status and nature of AE's current intellectual property rights, which assessment is now available to shareholders via our website, www.aergs.com

3) The recapitalization of the company, including the recent repayment of outstanding, highly-dilutive, convertible debt which was on the company's balance sheet..

Corporate due diligence on 'previous' company financial and stock transactions with particular attention on large
4) 'dilutive events', including issuance of shares that were registered on the company's Registration Statement Form S1 and as executive compensation from March 2, 2015.

5) Reestablishing Director & Officer liability insurance that had lapsed with previous single executive board.

6) Reviewing all recent SEC filings; 10-K, 10-Q, 8-K and Form S-1 Registration Statement for filing timeliness, and content. These filings are available on Edger Online, www.sec.gov and also at our www.aergs.com website.

Consultant agreement with Cameron Associates and Keven McGrath to act as investor relations advisors to the
7) company, including investor conferences, quarterly communications, meetings, and shareholder and investor inquiries.

8) Effectively using the AE Scientific Advisory Board ("SAB") with emphasis on building corporate brand awareness, critical business contacts and participation in industry events.

9) Agreement in principle with Stephen McCahon PhD to act as high level scientific advisor with Applied Energetics. Dr. McCahon is one of three original company cofounders, a former AE company Chief Scientific Officer and architect of much of the company's critical intellectual property. Dr. McCahon is expected to work on advanced technical innovation involving LGE projects with the Department of Defense ("DoD"). Additionally, we anticipate that he will be actively involved in newly emerging commercial uses for directed energy projects, including LGE

additive processes for Manufacturing 4.0, Technology 4.0 and the rapidly growing area of Internet of Things (“IoT”).

- 10) Restart of Research and Development (“R&D”) activities in Tucson, AZ; the company has a business plan in place for operations and personnel.
- 11) Continuing to build a corporate leadership team with strong industry experience and relationships to assist in market pursuits and business development.
- 12) Working on critical outside teaming arrangements with key industry players.
- 13) Launch of targeted business development effort to engage the US Government and its existing teaming partners, while communicating the value of AE’s intellectual property and corporate capabilities.
- 14) Evaluating options concerning selection of legal and SEC counsel with respect to representing the company on important corporate law matters going forward.

AE’s executive team is committed to providing full transparency and updates with respect to the nature and timing of events listed above. AE’s immediate goal will be to leverage the current strength of its patent portfolio and its executive team’s experience in this market to develop a product road map that enables AE to engage with clients on existing and new technologies.

Overview

Applied Energetics, Inc. is a corporation organized and existing under the laws of the State of Delaware. Our executive office is located at 2480 W Ruthrauff Road, Suite 140 Q, Tucson, Arizona, 85705 and our telephone number is (520) 628-7415.

AE owns and controls critical intellectual property that is integral and necessary for the development of Ultra-Short Pulse (“USP”) Lasers, Laser Guided Energy (“LGE”) and Direct Discharge Electrical products for military and commercial applications. AE owns 30, 19 approved patents, of which 10 are classified by the DoD. and 11 Government Sensitive Patent Applications (“GSPA”)’s, which are defined as ‘held under secrecy order of the US government’. These GSPA’s are reviewed each year by the government agency that classified the application and allows AE greatly extended protection rights. The classified patents have no expiration date until such time as they are no longer classified after which that they will have the normal 17-year patent protection. Our patent portfolio was recently reviewed by the newly elected board and verified with the US Patent Office as current as of April 9, 2018. Our patent portfolio is also viewable at or website www.aergs.com. We expect to increase our patent portfolio in the near future.

RESULTS OF OPERATIONS

COMPARISON OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2018 AND 2017:

	2018	2017
General and administrative	\$(542,154)	\$(166,417)
Research and development	(22,341)	-
Interest (expense)	(139,478)	-
Net loss	\$(703,973)	\$(166,417)

GENERAL AND ADMINISTRATIVE

General and administrative expenses increased approximately \$376,000 to \$542,000 for the three months ended June 30, 2018 compared to \$166,000 for the three months ended June 30, 2017 primarily due to the increase of professional expenses of \$260,000 recognition of a loss on the early payoff of a notes payable for \$109,000 and an increase in insurance of \$6,000.

RESEARCH AND DEVELOPMENT

Research and development expenses increased approximately \$22,000 to \$22,000 for the three months ended June 30, 2018 compared to \$-0- for the three months ended June 30, 2017 primarily due to the initiation of research and development activities through our teaming agreement with Applied Optical Sciences, Inc.

INTEREST EXPENSE

Interest expense increased approximately \$139,000 to \$139,000 for the three months ended June 30, 2018 compared to \$-0- for the three months ended June 30, 2017 primarily due to the increased level of borrowing by the company.

NET LOSS

Our operations for the three months ended June 30, 2018 resulted in a net loss of approximately \$704,000, an increase of approximately \$538,000 compared to the \$1667,000 loss for the three months ended June 30, 2017 due to an increase in professional fees, loss on an early payoff of notes as well as increased borrowings and associated fees.

RESULTS OF OPERATIONS

COMPARISON OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017:

	2018	2017
General and administrative	\$(734,224)	\$(283,481)
Research and development	(49,491)	-
Interest (expense)	(244,646)	-
Net loss	\$(1,028,361)	\$(283,481)

GENERAL AND ADMINISTRATIVE

General and administrative expenses increased approximately \$451,000 to \$734,000 for the six months ended June 30, 2018 compared to \$283,000 for the six months ended June 30, 2017 primarily due to the increase of professional expenses of \$268,000, recognition of a loss on the early payoff of notes payable for \$174,000 and an increase insurance of \$6,000.

RESEARCH AND DEVELOPMENT

Research and development expenses increased approximately \$49,000 to \$49,000 for the six months ended June 30, 2018 compared to \$-0- for the six months ended June 30, 2017 primarily due to the initiation of research and development activities through our teaming agreement with Applied Optical Sciences, Inc.

INTEREST EXPENSE

Interest expense increased approximately \$245,000 to \$245,000 for the six months ended June 30, 2018 compared to \$-0- for the six months ended June 30, 2017 primarily due to the increased level of borrowing by the company.

NET LOSS

Our operations for the six months ended June 30, 2018 resulted in a net loss of approximately \$1,028,000, an increase of approximately \$745,000 compared to the \$283,000 loss for the six months ended June 30, 2017 due to an increase in professional fees, loss on an early payoff of notes as well as increased borrowings and associated fees.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2018, we had approximately \$913,000 of cash and cash equivalents, an increase of approximately \$911,000 from December 31, 2017. During the first six months of 2018, the net cash outflow from operating activities was approximately \$345,000. This amount was comprised primarily of our net loss of \$1,028,000, a decrease in accrued expenses, deposits and deferred rent of \$74,000 and an increase in prepaid expenses and deposits of \$21,000, partially offset by amortization of beneficial conversion feature of \$204,000, shares issued for services of \$189,000, , loss on the early payoff on a note payable of \$174,000, an increase in accounts payable of \$137,000, noncash stock based compensation of \$35,000, amortization of financing costs of \$23,000, and interest expense of \$18,000. Investing activities reflected the purchase of equipment for \$5,000, and financing activities reflected \$1,510,000 proceeds from issuance of common stock, \$100,000 proceeds from a note payable, partially offset by \$350,000 repayment on note payable, resulting in net cash inflow of approximately \$911,000.

In their report accompanying our financial statements, our independent auditors stated that our financial statements for the year ended December 31, 2017 were prepared assuming that we would continue as a going concern, and that they have substantial doubt as to our ability to continue as a going concern. Our auditors' have noted that our recurring losses from operations and need to raise additional capital to sustain operations raise substantial doubt about our ability to continue as a going concern.

BACKLOG OF ORDERS

At August 9, 2018, we had a backlog (workload remaining on signed contracts) of \$0, to be completed within the next twelve months.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Our management, with the participation of our Acting Chief Executive Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2018. Based on that evaluation, our Principal Executive Officer has concluded that our disclosure controls and procedures as of June 30, 2018 are not effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules

and forms.

With new management in place, during the three months ended June 30, 2018 there was a significant change in our internal controls over financial reporting that has materially affected or which is reasonably likely to materially affect our internal controls over financial reporting.

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PART II – OTHER INFORMATION

ITEM 6.

EXHIBITS

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
<u>31</u>	<u>Certification of Principal Executive Officer and Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a).</u>
<u>32</u>	<u>Principal Executive Officer and Principal Financial Officer Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

APPLIED ENERGETICS, INC.

By/s/ Bradford T Adamczyk
Bradford T Adamczyk
Principal Executive Officer

Date: August 13, 2018

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efits Committee determines and approves the compensation of our Chief Executive Officer, and it also reviews and approves Superior's compensation to other officers and key employees based upon compensation and benefit proposals presented to the Compensation and Benefits Committee by the Chief Executive Officer and the Human Resources Department.

The Compensation and Benefits Committee's responsibilities and duties include an annual review and approval of Superior's compensation strategy to ensure that it promotes stockholder interests and supports Superior's strategic and tactical objectives, and that it provides appropriate rewards and incentives for management and employees, including administration of Superior's Amended and Restated 2008 Equity Incentive Plan and review of compensation-related risk management. For 2015, the Compensation and Benefits Committee performed these oversight responsibilities and duties by, among other things, directing a review of our compensation practices and policies generally, including conducting an evaluation of the design of our executive compensation program, in light of our risk management policies and programs. Additional information regarding the Compensation and Benefits Committee's risk management review appears in the Compensation Philosophy and Objectives portion of the Compensation Discussion and Analysis.

On an annual basis, the Compensation and Benefits Committee reviews and makes recommendations to the Board regarding the compensation of non-employee directors. In 2015, the Compensation and Benefits Committee engaged

Mercer (US) Inc. to compile compensation surveys for review by the Compensation and Benefits Committee and to compare compensation paid to Superior s directors with compensation paid to directors at companies included in the surveys.

For additional description of the Compensation and Benefits Committee s processes and procedures for consideration and determination of executive officer compensation, see the Compensation Discussion and Analysis section of this Proxy Statement.

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CORPORATE GOVERNANCE PRINCIPLES AND BOARD MATTERS

Superior is committed to having sound corporate governance principles. Key information regarding Superior's corporate governance initiatives can be found on its website, including Superior's Corporate Governance Guidelines, Superior's Code of Conduct, and the charter for each committee of the Board. The corporate governance pages can be found by clicking on Corporate Governance in the Investor section of the website at www.supind.com. This website address is included for reference only. The information contained on the Company's website is not incorporated by reference into this Proxy Statement.

Corporate Governance Principles

Superior is committed to excellence in corporate governance and maintains clear policies and practices that promote good corporate governance, including:

Requirement that at least a majority of the Board be independent (with 7 out of 8 current directors being independent).

Majority withhold vote policy in uncontested elections of directors with a director resignation policy.

Separation of the role of Chairman of the Board and Chief Executive Officer (independent Chairman of the Board).

Annual election of directors (no classified board).

All members of the Audit Committee, the Compensation and Benefits Committee, and the Nominating and Corporate Governance Committee are independent.

Limit on the number of outside public directorships to three other public company boards.

The independent members of the Board meet regularly without the presence of management.

Superior has stock ownership and retention requirements for its non-employee directors and executive officers.

The charters of the committees of the Board clearly establish the committees' respective roles and responsibilities, including the authority to hire outside advisors independently of management.

Superior maintains clear and robust corporate governance guidelines that are reviewed annually by the Board.

Superior has a clear code of conduct that is monitored by Superior's management and is annually affirmed by its employees and directors.

Superior has a hotline available to all employees, and Superior's Audit Committee has procedures in place for the anonymous submission of employee complaints on accounting, internal accounting controls or auditing matters.

Superior's internal audit control function maintains critical oversight over the key areas of its business and financial processes and controls, and reports directly to Superior's Audit Committee. The full Board and committees share responsibility for risk oversight. See the Role of the Board in Risk Oversight.

Superior's stockholders have the right to call special meetings.

Superior does not have a poison pill in place.

Superior has not provided any waivers of its Code of Conduct for any director or executive officer.

Annual self-assessments by the Board and each committee.

In addition, in connection with a review of our corporate governance practices, the consideration of input from our stockholders (including the receipt of a stockholder proxy access proposal from GAMCO) and our history of costly proxy contests with GAMCO, we have included in this proxy statement a proxy access proposal

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for evaluation by our stockholders which, if supported by our stockholders and adopted by our Board, would allow any stockholder or group of stockholders that has maintained ownership of 3% or more of the Company's shares continuously for at least 3 years to include a specified number of director nominees in the Company's proxy materials for the Company's annual meeting of stockholders, subject to the procedures set forth in Proposal No. 4.

Annual Board and Committee Self-Assessments

Each year, the directors undertake a self-assessment of the Board and each committee on which they serve that elicits feedback on the performance and effectiveness of the Board and its committees. As part of this self-assessment, the directors are asked to consider the Board's role, relations with management, composition and meetings. Each committee is asked to consider its role and the responsibilities articulated in the committee charter, the composition of the committee and the committee meetings. Each committee and the full Board reviews such self-assessments and considers areas that can benefit from change. These opportunities, as well as proposed action plans, are shared with the full Board and, if support, the plan is implemented and re-assessed at the time of the next annual self-assessment.

Succession Planning

Our Board, in coordination with the Nominating and Corporate Governance Committee, oversees and is actively engaged in Chief Executive Officer and senior management succession planning, which is reviewed at least annually. As part of its succession planning process, the Board reviews the senior management team's experience, skills, competence and potential, in order to assess which executives have the ability to develop the attributes that the Board believes are necessary to lead and achieve the Company's goals. Directors engage with potential successors at Board and committee meetings and in less formal settings to allow directors to personally assess candidates.

The Role of the Board in Risk Oversight

Superior's management is responsible for day-to-day risk management activities. The Board, acting directly and through its committees, is responsible for the oversight of Superior's risk management. Superior and the Board approach risk management by integrating and communicating strategic planning, operational decision making and risk oversight. The Board commits extensive time and effort every year to discussing and agreeing upon Superior's strategic plan, and it reconsiders key elements of the strategic plan as significant events and opportunities arise during the year. As part of the review of the strategic plan, as well as in evaluating events and opportunities that occur during the year, the Board and management focus on the primary success factors and risks for Superior. With such oversight of the Board, Superior has implemented practices and programs designed to help manage the risks to which Superior is exposed in its business and to align risk-taking appropriately with its efforts to increase stockholder value. Superior's internal audit department provides both management and the Audit Committee, which oversees our financial and risk management policies, with ongoing assessments of Superior's risk management processes and system of internal control and the specific risks facing Superior.

While the Board has primary responsibility for oversight of the Company's risk management, the Board's standing committees support the Board by regularly addressing various risks in their respective area of oversight. Specifically, the Audit Committee identifies and requires reporting on areas perceived as potential risks to Superior's business. As provided in its committee charter, the Audit Committee reports regularly to the Board. As part of the overall risk oversight framework, other committees of the Board also oversee certain categories of risk associated with their respective areas of responsibility. For example, the Compensation and Benefits Committee oversees compensation-related risk management, as discussed further under "Compensation and Benefits Committee" and in the "Compensation Philosophy and Objectives" portion of the Compensation Discussion and Analysis.

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Each committee reports regularly to the full Board on its activities. In addition, the Board participates in regular discussions among the Board and with Superior's senior management of many core subjects, including strategy, operations, finance, and legal and public policy matters, in which risk oversight is an inherent element. The Board believes that the leadership structure described above under Board Leadership Structure facilitates the Board's oversight of risk management because it allows the Board, with leadership from the independent Lead Director and working through its committees, including the independent Audit Committee, to participate actively in the oversight of management's actions.

Stockholder Communications with the Board

Stockholders may communicate with Superior's Board, or any individual member or members of the Board, through Superior's Secretary at Superior Industries International, Inc., 26600 Telegraph Rd., Suite 400, Southfield, MI 48033, with a request to forward the communication to the intended recipient or recipients. In general, any stockholder communication delivered to Superior for forwarding to the Board or specified director or directors will be forwarded in accordance with the stockholder's instructions. However, the Company reserves the right not to forward to directors any abusive, threatening or otherwise inappropriate materials.

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 stockholders. 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 our website, www.supind.com, under Investors. This website address is included for reference only. The information contained on the Company's website is not incorporated by reference into this Proxy Statement.

Code of Conduct

Our Code of Conduct is included on our website, www.supind.com, under Investors, which, among others, applies to our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. This website address is included for reference only. The information contained on the Company's website is not incorporated by reference into this Proxy Statement. Upon request to Superior Industries International, Inc., Investor Relations, 26600 Telegraph Rd., Suite 400, Southfield, MI 48033, copies of our Code of Conduct are available, without charge.

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COMPENSATION OF DIRECTORS

General

Superior uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board. Superior does not provide any perquisites to its non-employee Board members. In setting the compensation of non-employee directors, Superior considers the significant amount of time that the Board members expend in fulfilling their duties to Superior as well as the experience level required to serve on the Board. The Board, through its Compensation and Benefits Committee, annually reviews the compensation arrangements and compensation policies for non-employee Board members. The Compensation and Benefits Committee recently reviewed market data compiled by Mercer to assist in assessing total non-employee director compensation. Pursuant to our Corporate Governance Guidelines, in recommending non-employee director compensation the Compensation Committee is guided by three goals: (i) compensation should fairly pay directors for work required in a company of Superior's size and scope; (ii) compensation should align directors' interests with the long-term interests of Superior's stockholders; and (iii) the structure of the compensation should be clearly disclosed to Superior's stockholders.

2015 Cash Compensation

Our non-employee director cash compensation program during 2015 consisted of the following:

Annual retainer of \$50,000 for each non-employee director except for the Chairperson, who receives a total \$150,000 retainer in lieu of any other Lead Director, committee membership or committee chair fees;

Additional annual retainer fee of \$12,000 for serving as Lead Director if the role of Lead Director and Chairperson are split;

Additional annual retainer fee of \$12,000 for serving on the Audit Committee and \$15,000 as chair of the Audit Committee;

Additional annual retainer fee of \$8,000 for serving on the Compensation and Benefits Committee and \$10,000 as chair of the Compensation and Benefits Committee; and

Additional annual retainer fee of \$6,000 for serving on the Nomination and Corporate Governance Committee and \$7,500 as chair of the Nomination and Corporate Governance Committee.

Non-employee directors typically do not receive forms of remuneration, perquisites or benefits, but are reimbursed for their expenses in attending meetings. There are no cash fees payable for attendance at Board or committee meetings.

2015 Equity Compensation

Under Superior's Amended and Restated 2008 Equity Incentive Plan, members of the Board who were not also Superior employees (other than Michael Bruynesteyn who joined the Board in November 2015) were granted shares of 3,969 shares of restricted stock on March 6, 2015. The shares subject to these restricted stock awards vest in full on

the first anniversary of the grant date.

Table of Contents**2015 Total Compensation**

The following table provides information as to compensation for services of the non-employee directors during 2015.

Director Compensation Table

Name⁽¹⁾	Fees Earned or Paid in Cash (\$)	Stock Awards⁽²⁾ (\$)	Pension Value and Nonqualified Deferred Compensation Earnings⁽³⁾ (\$)	Total (\$)
Michael R. Bruynesteyn	\$ 15,156			\$ 15,156
Phillip W. Colburn ⁽⁴⁾	\$ 22,667			\$ 22,667
Margaret S. Dano ⁽⁵⁾	\$ 150,000	\$ 72,672	\$ 74,500	\$ 297,172
Jack A. Hockema	\$ 69,180	\$ 72,672		\$ 141,852
Paul J. Humphries	\$ 70,000	\$ 72,672		\$ 142,672
James S. McElya	\$ 66,000	\$ 72,672		\$ 138,672
Timothy C. McQuay	\$ 73,000	\$ 72,672		\$ 145,672
Francisco S. Uranga	\$ 64,000	\$ 72,672	\$ 125	\$ 136,797

- (1) For a description of the annual non-employee director retainer fees and retainer fees for chair positions and for service as Lead Director, see the disclosure above under 2015 Cash Compensation.
- (2) Reflects the aggregate grant date fair value of restricted stock awards granted pursuant to the Amended and Restated 2008 Equity Incentive Plan to each non-employee director computed in accordance with FASB ASC 718 and based on the fair market value of Superior's common stock on the date of grant. As of the last day in fiscal 2015, our directors held the following number of unvested restricted shares of our stock: Ms. Dano and Messrs. Hockema, Humphries, McElya and McQuay 3,969 shares.
- (3) This value is the increase in the actuarial present value of non-employee director benefits under the Salary Continuation Plan, which is a frozen plan covering certain directors. The discount rate used in the present value calculation was 4.4% in 2015 (versus 4.2% in 2014). Subject to certain vesting requirements, the plan provides for a benefit based on final average compensation, which becomes payable on the employee's death or upon attaining age 65, if retired. The Company purchases life insurance policies on certain participants to provide in part for future liabilities. The plan was closed to new participants effective February 3, 2011.
- (4) Mr. Colburn did not stand for re-election at the 2015 Annual Meeting of Stockholders and terminated his service with the Board on May 5, 2015.
- (5) Ms. Dano serves as Lead Director of the Board and was appointed Chairperson of the Board on March 31, 2014.

Non-Employee Director Stock Ownership

Effective July 2015, the Board adopted an amended and restated stock ownership policy for members of the Board. The policy requires each non-employee director to own shares of Superior's common stock having a value equal to at least three times the non-employee director's regular annual cash retainer, with a three-year period to attain that ownership level. As a result of the non-employee directors' increased ownership of Superior's common stock, all of our non-employee directors (other than Mr. Bruynesteyn, who joined the Board in November 2015) meet the required ownership level under these guidelines.

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PROPOSAL NO. 2 ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

Superior provides its stockholders with the opportunity to cast an annual advisory vote on executive compensation (a Say-on-Pay proposal). At Superior's 2015 Annual Meeting of stockholders, approximately 49% of the votes cast on the Say-on-Pay proposal were voted in favor of the compensation of Superior's named executive officers (NEOs).

As detailed in the Compensation Discussion and Analysis beginning on page 50, members of the Compensation and Benefits Committee engaged with stockholders during 2015 (both before and after the 2015 Annual Meeting) to obtain input regarding the executive compensation policies and practices as did Superior's management team during the course of its general stockholder outreach in 2015. Several modifications to Superior's program were made as a result of input received from this stockholder engagement effort:

Executive Compensation Program Changes in 2015 and 2016

- ii Redesigned Annual Incentive Performance Plan (AIPP) aligned with performance driven culture to incorporate an individual performance multiplier for each participant other than the CEO.
- ii In 2015, implemented a Long Term Incentive Program (LTIP) driven by performance outcomes, with 2/3rds of the target value based on achievement of three performance criteria (EBITDA Margin, return on invested capital, and relative TSR).
- ii Adopted stock ownership guidelines for executives and directors and implemented a mandatory holding requirement on 100% of net shares acquired upon vesting or exercise until the requirement is met.
- ii Comprehensive review of executive compensation program in 2016 by a newly-hired independent consultant to the Compensation and Benefits Committee.
- ii In 2016, the LTI program will remain heavily (2/3rds) performance based, but with Cumulative EPS replacing EBITDA Margin as a performance measure. Performance criteria for the 2016 LTIP awards will include cumulative EPS (40%), return on invested capital (40%) and total shareholder return relative to a peer group (20%).
- ii In 2016, we are adjusting the target LTIP award size for all NEOs (other than the CEO) to increase the portion of their compensation that is performance-based and at risk.

Our executive compensation program also continues to follow several other best practices that are discussed beginning on page 55 in the Compensation Discussion and Analysis, some of which are summarized below:

Executive Compensation Program Best Practices

- ü *Significant Performance-Based Pay:* Performance-based compensation comprised 58% of our CEO's target total direct compensation for fiscal year 2015, in accordance with our pay for performance philosophy.

- ü *Alignment of Executive Pay with the Stockholder Experience:* Our overall compensation design has a significant portion of executive pay in the form of equity, a large part of which is performance-related, so that our executives' realized pay parallels the stockholder experience.

- ü *Multiple Performance Measures:* We use multiple performance measures that include short and long-term objectives to evaluate executive performance.

- ü *No Repricing:* Our outstanding stock options cannot be repriced, reset, or exchanged for cash without stockholder approval.

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- ii *Anti-Pledging:* Our executive officers are strongly discouraged from pledging Superior securities in margin accounts or as collateral for a loan.

- ii *Double Trigger:* We continued and formalized our policy of requiring a double trigger (change in control plus termination of employment) for accelerated vesting of equity upon a change in control.

- ii *Clawback:* Effective as of March 6, 2014, the Company adopted a formal clawback policy that applies to all incentive based cash and equity compensation awards granted on or after the effective date to any current or former executive officer of the Company.

- ii *No Gross-Ups:* We do not provide excise tax gross-up payments to our executives.

- ii *Anti-Hedging Policy:* Superior's insider trading policy expressly prohibits any employee or director from engaging in hedging activities involving Superior common stock, such as collars, forward sales, equity swaps or other similar arrangements.

- ii *Limited Employment Agreements:* None of the NEOs, other than the CEO, had an employment agreement in 2015.

- ii *Focused Performance-Based Metrics:* Our incentive plans are performance-based and have appropriate caps on bonus payouts. Additionally, we have no history or intention of changing performance metrics mid-year.

- ii *No Liberal change in control definition.* Our equity plan and change in control plan require the consummation of a change in control transaction to trigger any change in control benefits thereunder.

The Compensation and Benefits Committee intends to continue its stockholder outreach efforts in 2016 regarding Superior's executive compensation programs. The Compensation and Benefits Committee will continue to consider the results of future Say-on-Pay votes when making future compensation decisions for Superior's named executive officers.

As shown above, the core of Superior's executive compensation philosophy and practice continues to be an emphasis on pay for performance with approximately 2/3 of annual equity grants being subject to attainment of performance goals. Superior's executive officers are compensated in a manner consistent with Superior's strategy, competitive practice, sound corporate governance principles, and stockholder interests and concerns. We believe our compensation program is strongly aligned with the long-term interests of our stockholders. We urge you to read the Compensation Discussion and Analysis, the compensation tables and the narrative discussion set forth on pages 50 to 75 of this Proxy Statement for additional details on Superior's executive compensation program.

We are asking stockholders to vote on the following resolution:

RESOLVED, that the stockholders approve the compensation of Superior's named executive officers as disclosed pursuant to the SEC's compensation disclosure rules, including the Compensation Discussion & Analysis, the

compensation tables and narrative discussion.

Vote Required

Approval of this proposal requires (i) a majority of the shares represented and voting at the Annual Meeting at which a quorum is present and (ii) that shares voting affirmatively also constitute at least a majority of the required quorum. If you own shares through a bank, broker or other holder of record, you must instruct your bank, broker or other holder of record how to vote in order for them to vote your shares so that your vote can be counted on this proposal.

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Recommendation of the Board of Directors

The Board unanimously recommends a vote FOR the approval of the non-binding advisory resolution to approve executive compensation.

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PROPOSAL NO. 3 APPROVAL OF THE MATERIAL TERMS OF THE PERFORMANCE GOALS UNDER THE SUPERIOR INDUSTRIES INTERNATIONAL, INC. ANNUAL INCENTIVE PERFORMANCE PLAN

We are seeking stockholder approval of the material terms of the performance goals under the Superior Industries International, Inc. Annual Incentive Performance Plan, as previously amended and restated effective December 28, 2015 (the "AIPP"), in order to preserve the ability to grant annual cash incentive awards to covered executives under the AIPP that are intended to qualify as performance-based compensation that would be deductible under Code Section 162(m) ("Section 162(m)"). We must seek your approval of the performance goals at least every five years under the Section 162(m) requirements for performance-based compensation.

Important Facts About This Proposal

The Board believes that it is in the best interests of the Company and our stockholders to continue providing a cash incentive plan under which the Company may grant annual cash incentive awards to executive officers that are intended to be deductible by the Company for federal income tax purposes under Section 162(m). The AIPP has been structured in a manner such that awards granted under it may satisfy the requirements for performance-based compensation within the meaning of Section 162(m). Under Section 162(m), the federal income tax deductibility of compensation paid to our CEO and the next three most highly compensated executive officers other than the Chief Financial Officer (the "Covered Employees") may be limited to the extent that such compensation exceeds \$1 million in any fiscal year. However, compensation that satisfies the requirements for performance-based compensation as defined in Section 162(m) is not subject to this limit, and therefore, is generally deductible in full by the Company. The Compensation and Benefits Committee generally will attempt to structure awards to preserve federal income tax deductions, but the Compensation and Benefits Committee retains the discretion to approve awards that do not meet the performance-based compensation exception to Section 162(m).

For purposes of Section 162(m), the material terms that must be approved by the stockholders include (i) the employees eligible to receive compensation, (ii) a description of business criteria on which the performance measures are based, and (iii) the maximum amount of compensation that could be paid to any employee. Stockholder approval of this Proposal No. 3 is intended to constitute approval of each of these aspects of the AIPP for purposes of the stockholder approval requirements of Section 162(m). The following is a description of such aspects of the AIPP and is qualified in its entirety by reference to the full copy of the AIPP, which is attached as Annex A to this proxy statement. Capitalized terms used herein but not otherwise defined shall have the meaning assigned to such terms in the AIPP, unless the context clearly dictates otherwise.

Participants

Participants in the AIPP include employees of the Company and its affiliates who are selected to participate in the AIPP. There are currently approximately 190 employees participating in the AIPP.

Performance Measures

The performance measure(s) used to determine the level of payout or vesting of any awards designed to qualify for the performance-based exception under Section 162(m) will be chosen from among the following: (i) basic earnings per common share for the Company on a consolidated basis; (ii) diluted earnings per common share for the Company on a consolidated basis; (iii) total shareholder return; (iv) net sales; (v) cost of sales; (vi) gross profit; (vii) operating income; (viii) earnings before interest and the provision for income taxes; (ix) earnings before interest, the provision for income taxes, depreciation, and amortization; (x) net income; (xi) return on equity; (xii) return on assets; (xiii) return on invested capital; (xiv) return on sales; (xv) economic value added, or other measure of profitability that

considers the cost of capital employed; (xvi) free cash flow; (xvii) net cash provided by operating activities; and (xviii) net increase (decrease) in cash and cash equivalents.

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The Compensation and Benefits Committee may specify any reasonable definition of the performance measures it uses under the AIPP, including, as is our current practice, the use of performance measures on a pre-tax or post-tax basis. Such definitions may provide for reasonable adjustments and may include or exclude items, including but not limited to: (i) any gains or losses from the sale of assets outside the ordinary course of business; (ii) any gains or losses from discontinued operations; (iii) any items that are of an unusual nature and/or items that indicate infrequency of occurrence; (iv) the effects of accounting changes, any unusual, nonrecurring, transition, one-time or similar items or charges; (v) the diluted impact of goodwill on acquisitions; and (vi) any other item specified by the administrator.

Award Limitations

The maximum aggregate dollar amount that may be paid to any one participant for any Performance Period (as defined in the AIPP) with respect to a cash incentive award is \$3,000,000.

If stockholders do not approve the material terms of the performance goals under the AIPP under this proposal, the Company will not have the ability to grant awards under the AIPP to our Covered Employees that are intended to be fully deductible for tax purposes pursuant to Section 162(m).

Approval of this proposal will require the affirmative vote of at least a majority of shares of common stock present in person or represented by proxy and entitled to vote at the Annual Meeting, assuming the presence of a quorum. If the stockholders do not approve of this proposal, it will not be implemented and the AIPP will continue in accordance with its terms. The Company reserves the right to adopt such other compensation plans and programs as deemed appropriate and in the best interests of the Company and its stockholders.

Recommendation of the Board

The Board unanimously recommends a vote FOR the approval of the performance goals under the Superior Industries International, Inc. Annual Incentive Performance Plan. Proxies solicited by the board will be voted for the proposal unless stockholders specify a contrary vote.

We are providing a brief summary of the other material terms of the AIPP below, which is also qualified in its entirety by reference to the full copy of the AIPP, which is attached as Annex A to this proxy statement.

Purpose

The AIPP is designed to motivate employees of the Company and its affiliates employed in the United States, Mexico and elsewhere to achieve performance objectives measured on an annual basis, which is intended to result in increased value to the stockholders of the Company.

Amendment, Modification and Termination

The AIPP may be amended or terminated by the Compensation and Benefits Committee. An amendment to the AIPP will not be effective without the prior approval of the Company's stockholders if such approval is necessary to (i) continue to qualify awards as performance-based compensation under Section 162(m); or (ii) comply with other applicable law. Unless otherwise expressly provided by the Compensation and Benefits Committee, no amendment to

the AIPP after a Performance Period has begun will apply without the consent of the participant if the amendment reduces any right of a participant.

Effective Date and Term

The AIPP has been amended and restated effective as of December 28, 2015 and will remain in effect until the Company's 2021 annual meeting of stockholders unless terminated sooner by the Compensation and Benefits Committee.

Table of Contents**U.S. Federal Income Tax Considerations**

The following is a brief description of the federal income tax treatment that generally applies to AIPP awards. The description is based on current federal tax laws, rules and regulations, which are subject to change, and does not purport to be a complete description of the federal income tax aspects of the AIPP. A participant may also be subject to state and local taxes.

Awards. Cash incentive awards generally are subject to United States federal income tax at the time of payment and the Company will have a corresponding deduction as compensation expense.

Section 162(m). In general, Section 162(m) denies a publicly held corporation a deduction for U.S. federal income tax purposes for compensation in excess of \$1,000,000 per year per Covered Employee, subject to certain exceptions. The AIPP is designed to permit annual cash incentive awards to be granted as performance compensation awards intended to qualify under the performance-based compensation exception to Section 162(m).

Deferrals and Code Section 409A. The Compensation and Benefits Committee may, consistent with the requirements of Code Section 409A, permit a participant to defer receipt of cash that would otherwise be due to him or her under an annual cash incentive award. If any such deferral election is permitted, the Compensation and Benefits Committee will, in its sole discretion, establish rules and procedures for such deferrals consistent with the requirements of Code Section 409A.

New Plan Benefits

The Compensation and Benefits Committee has established target annual cash incentive awards with respect to 2016 performance for the Company's executive officers under the AIPP. The following table sets forth certain information relating to the amounts of the estimated 2016 target bonus that would be payable under the annual cash incentive awards to the Company's named executive officers and executive officers and as projected for other employees, in each case upon achievement of the applicable performance goals.

Name and Position	Estimated Target Dollar Value
Donald J. Stebbins	\$ 900,000
President and Chief Executive Officer	
Kerry A. Shiba	\$ 252,000
Executive Vice President, Chief Financial Officer and Secretary	
Parveen Kakar	\$ 195,000
Senior Vice President Sales, Marketing and Product Development	
James F. Sistik	\$ 195,000
Senior Vice President Business Operations and Systems	
Lawrence R. Oliver	\$ 195,000

Senior Vice President	Manufacturing Operations	
Executive Officers as a Group		\$ 1,794,656
Non-Executive Directors as a Group		N/A
Non-Executive Officer Employees as a Group		\$ 1,905,344*

* Bonus amounts have not been finalized for 2016 for non-executive officer employees but are estimated based on the projected total pool amount.

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PROPOSAL NO. 4 ADVISORY VOTE REGARDING PROXY ACCESS

General

In connection with a review of our corporate governance practices and the consideration of input from our stockholders (including the receipt of a stockholder proxy access proposal from GAMCO for inclusion in the 2017 annual meeting pursuant to Rule 14a-8 of the Exchange Act), the Board has decided to obtain an advisory stockholder vote regarding the adoption of proxy access.

Set forth below is a description of the Company's proxy access proposal for consideration by our stockholders. If supported by the Company's stockholders, the Board will consider an amendment to our Bylaws to incorporate the terms of the proxy access proposal described below. If such an amendment to our Bylaws is adopted by the Board, the Company will file a Current Report on Form 8-K that includes the text of the amendment to the Bylaws.

Description of the Proxy Access Proposal

Stockholder Eligibility to Nominate Directors

Any stockholder or group of up to 10 stockholders that has maintained ownership of 3% or more of the Company's shares continuously for at least 3 years would be permitted to include a specified number of director nominees in the Company's proxy materials for the Company's annual meeting of stockholders.

Calculation of Qualifying Ownership

In order to ensure that the interests of stockholders seeking to include candidates in the Company's proxy materials are aligned with those of other stockholders, a stockholder would be deemed to own only those shares of the Company as to which the stockholder possesses both (1) the full voting and investment rights pertaining to such shares and (2) the full economic interest in (including the opportunity for profit and risk of loss on) such shares. The following shares would not count as owned shares for purposes of determining whether the ownership threshold has been met:

shares sold by a person or any of its affiliates in any transaction that has not been settled or closed;

shares that a person or any of its affiliates borrowed or purchased pursuant to an agreement to resell; and

shares subject to any derivative instrument or similar agreement in respect of the Company's shares, which instrument or agreement has the purpose or effect of (1) reducing the person's or affiliates' full right to vote or direct the voting of any such shares and/or (2) hedging, offsetting or altering the gain or loss arising from the full economic ownership of such person's or affiliates' shares.

A stockholder will be deemed to own shares held in the name of a nominee or other intermediary so long as the person claiming ownership of such shares retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A stockholder's ownership of shares will also be deemed to continue during any period in which such person has loaned such shares, provided that the person has the power to recall such loaned shares on 3 business days' notice.

Number of Stockholder-Nominated Candidates

The maximum number of candidates nominated by all eligible stockholders that the Company would be required to include in its proxy materials cannot exceed 20% of the number of directors in office as of the last day on which a notice of proxy access nomination may be delivered to the Company. Any candidate who is either subsequently withdrawn, disqualified or included by the Board in the Company's proxy materials as a Board-nominated candidate would be counted against the nominee limit. In addition, candidates that the Board nominates pursuant to an agreement or other arrangement with one or more stockholders in lieu of such person

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being formally nominated as a director pursuant the Company's advance notice or proxy access provisions would be counted against the nominee limit. Moreover, directors that the Board nominates for reelection that were previously elected pursuant to the Company's proxy access provisions or pursuant to an agreement or other arrangement with one or more stockholders in lieu of such person being formally nominated as a director pursuant to the Company's advance notice or proxy access provisions, in each case, at 1 of the previous 3 annual meeting of stockholders, would be counted against the nominee limit.

Procedure for Electing Candidates if Nominee Limit is Exceeded

Any stockholder or group of stockholders that submits more than one candidate for inclusion in the Company's proxy materials would be required to rank its candidates. If the number of candidates exceeds the nominee limit, the highest ranking eligible candidate from each stockholder or group of stockholders will be included in the Company's proxy materials until the limit is reached, beginning with the stockholder or group of stockholders with the largest number of shares.

Nominating Procedures

In order to provide adequate time to assess stockholder-nominated candidates, requests to include such candidates in the Company's proxy materials must be received no earlier than 120 days and no later than 90 days before the first anniversary of the date of the Company's prior year's annual meeting of stockholders.

Information Required by All Nominating Stockholders

Each stockholder seeking to include a candidate in the Company's proxy materials would be required to provide certain information to the Company, including but not limited to:

verification of, and information regarding, the stock ownership of the stockholder as of the date of the submission and the record date for the annual meeting;

information regarding each candidate, including biographical and stock ownership information;

in the case of a nomination by a group of stockholders, the designation by all group members of one specified group member that is authorized to act on behalf of all group members with respect to the nomination and all related matters;

a copy of the Schedule 14N filed by the stockholder(s) with the SEC; and

a description of any financial arrangement with respect to the nomination between the stockholder or candidate and any other person.

Stockholders and candidates, as applicable, would also be required to make certain representations to, and agreements with, the Company, including but not limited to:

representation that such person acquired its shares in the ordinary course of business and not with the intent to change or influence control of the company and does not presently have such intent;

agreement that such stockholder will maintain qualifying ownership through the one year anniversary of the date of the annual meeting at which the stockholder is seeking to nominate director candidates;

representation that such stockholder has not nominated and agreement that such stockholder will not nominate a director candidate other than the candidate(s) being nominated pursuant to the proxy access provision;

agreement to refrain from soliciting in support of the election of any individual as a director other than its candidate(s) or a nominee of the Board;

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agreement to provide written statements verifying continuous qualifying ownership through the one year anniversary of the date of the annual meeting at which the stockholder is seeking to nominate director candidates

agreement by the candidate to refrain from becoming a party to any agreement or commitment as to how such candidate will vote on any issue if elected as a director of the Company;

unless disclosed to the Company, agreement by the candidate to refrain from becoming a party to any compensatory or other financial arrangement with any person other than with the Company in connection with such person's service as a director of the Company;

agreement to not distribute any form of proxy for the annual meeting other than the form distributed by the Company;

agreement to comply with applicable laws and Company policies and assume liability arising out of the communications with the Company and its stockholders and indemnify the Company and its directors and officers for liability arising from or relating to the nomination; and

representation as to the accuracy and completeness of all information provided to the Company.

Exclusion of Stockholder Nominees

The Company would not be required to include a candidate in the Company's proxy materials if, among other things:

any stockholder nominates a person for election pursuant to the advance notice provisions of the Company's Articles, or any director then in office was previously nominated by a stockholder pursuant to the advance notice provisions in the Company's Articles at one of the previous 3 annual meetings of stockholders;

the candidate is not independent under applicable independence standards or has been an officer or director of a competitor within the past 3 years;

the election of the candidate would cause the Company to violate its charter or bylaws, the rules and listing standards of the principal exchange upon which the Company's shares are listed, any applicable law, rule or regulation or any publicly disclosed standards of the Company applicable to directors;

the candidate is subject to pending criminal proceeding (excluding traffic violations and other minor offenses) or is subject to any order described under Rule 506(c) of Regulation D

the candidate or the stockholder has provided materially false or misleading information to the Company; or

the candidate's then-current business or personal interests or those within the preceding 10 years place the candidate in a conflict of interest with the Company or any of its subsidiaries that would cause the candidate to violate any fiduciary duties of directors.

In addition, the Board or the chairman of the annual meeting of stockholders will declare a director nomination to be defective, and such nomination will be disregarded, if the stockholder or candidate breaches any of their respective obligations under the Company's charter or bylaws, including its proxy access provision, or either the candidate or the stockholder does not appear at the annual meeting of stockholders in person.

Future Disqualification of Stockholder-Nominated Candidates and Nominating Stockholders

Any candidate who is included in the Company's proxy materials but subsequently either withdraws from or becomes ineligible for election at the meeting would be ineligible for nomination at the following 2 annual meetings of stockholders. Stockholders will be disqualified from using proxy access at the following 2 annual meetings of stockholders if they submit a candidate under either proxy access or advance notice and such candidate withdraws or becomes ineligible.

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Stockholders would be permitted to include in the Company's proxy statement for the applicable annual meeting of stockholders a written statement of up to 500 words in support of the election of the candidate. The Company would be permitted to omit any information or statement that the Company determines is materially false or misleading or whose disclosure would violate any applicable law or regulation.

Comparison to GAMCO Proposal

We received a proxy access proposal for inclusion in the 2017 Annual Meeting pursuant to Rule 14a-8 of the Exchange Act from GAMCO. As part of our review of our corporate governance practices and in consideration of input from stockholders, we considered the proposal brought forth by GAMCO and determined to seek an advisory vote from all stockholders regarding proxy access. We reviewed the proposal set forth by GAMCO and decided to propose to stockholders a more fulsome proxy access proposal, which addresses a number of administrative elements lacking in the GAMCO proposal. Below is a comparison of the proxy access proposal included herein against GAMCO's proposal.

Provision	Superior Proposal	GAMCO Proposal
Stockholder Eligibility	3% stockholders for a period of 3 years.	Same as Superior's proposal.
Limit on Number of Proxy Access Director Candidates	20%	Same as Superior's proposal.
Notice Requirement	Notice due within time period specified in the bylaws (no earlier than 120 days and no later than 90 days before the first anniversary of the prior year's annual meeting).	Same as Superior's proposal.
Support Statement	Nominator may furnish a 500-word written statement in support of the election of the candidate for inclusion in the Company's proxy materials.	Same as Superior's proposal.
Required Disclosure by Nominator	Information required to be disclosed about the director nominee and nominator by SEC rules in connection with a contested director election solicitation, Schedule 14N and a description of any financial arrangement regarding the nomination between the stockholder or candidate and any other person.	Information required to be disclosed about the director nominee and nominator by SEC rules in connection with a contested director election solicitation.

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Provision	Superior Proposal	GAMCO Proposal
Undertakings	Nominators and candidates are required to make representations regarding, among other items, share holdings, maintenance of share holdings, voting, compliance with laws, and accuracy of information provided to Superior. Nominators and candidates also shall agree to assume liability arising out of the communications with the Company and its stockholders and indemnify the Company and its directors and officers for liability arising from or relating to the nomination, not to engage in a proxy contest while utilizing proxy access, not to solicit on behalf of any candidates other than its candidate or a nominee of the Board or distribute proxy materials other than the Company's materials and the director candidate not to enter into a compensatory or other financial arrangement with any person other than Superior in connection with the candidate's service as a director of Superior.	Nominator agrees to assume all liability arising out of a violation of law or regulation in connection with Nominator's communications with Superior's stockholders, including regarding the disclosures provided to Superior.
Stockholder Group	Stockholder groups of up to 10 stockholders may form a nominating group.	No provision proposed.
Calculation of Qualifying Ownership	Nominators must have full voting and investment rights with respect to their shares and full economic interest in such shares.	No provision proposed.
Procedures for Electing Candidates if Nominee Limit is Exceeded	Superior's proposal includes a mechanism for electing candidates if nominee limit is exceeded, based on ranking and number of shares held.	No provision proposed.

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Provision	Superior Proposal	GAMCO Proposal
Basis for Exclusion of Stockholder Nominees	<p>Superior may exclude candidates from its proxy materials if, among other things, the candidate: does not meet the Company's independence standards, would cause a violation of the Company's governing documents or applicable regulations, is subject to certain criminal proceedings, provided (or the nominator provided) materially false or misleading information to Superior, has a conflict of interest with Superior or the candidate was previously nominated in a proxy contest. A candidate also who is included in the Company's proxy materials but subsequently either withdraws from or becomes ineligible for election at the meeting would be ineligible for nomination at the following 2 annual meetings of stockholders. Stockholders will be disqualified from using proxy access at the following 2 annual meetings of stockholders if they submit a candidate under either proxy access or advance notice and such candidate withdraws or becomes ineligible.</p>	<p>No provision proposed.</p>

Proposal

RESOLVED: Stockholders of the Company to ask the Board to consider a proxy access amendment to the Bylaws. Such an amendment to the Bylaws shall require the Company to include in its proxy materials prepared for a stockholder meeting at which directors are to be elected the name and supporting statement of any person nominated by a stockholder or group of stockholders that meets the criteria established in the Bylaw amendment. Such an amendment to the Bylaws shall also allow stockholders to vote for such a nominee on the Company's proxy card.

Vote Required

Approval of this proposal requires (i) a majority of the shares represented and voting at the Annual Meeting at which a quorum is present and (ii) that shares voting affirmatively also constitute at least a majority of the required quorum. If you own shares through a bank, broker or other holder of record, you must instruct your bank, broker or other holder of record how to vote in order for them to vote your shares so that your vote can be counted on this proposal.

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Recommendation of the Board of Directors

The Board is not recommending whether to vote FOR or AGAINST Proposal 4. The Board has considered this proposal and has determined not to make a recommendation either in favor of, or in opposition to, this proposal. The proposal, which is advisory in nature, would constitute a recommendation to the Board, if approved by stockholders, to provide access to the Company's proxy for stockholders meeting the criteria described in the proposal. Whether or not this proposal is adopted, the Board of Directors strongly believes that the Company provides stockholders with effective corporate governance mechanisms that ensure the accountability of the Board of Directors, including:

The Company's governing documents and corporate governance policies include a number of mechanisms designed to enhance and enforce stockholders' right to be heard by the Board of Directors, including:

Annual election of all directors;

Majority vote standard for election of directors;

Process for stockholders to nominate director candidates; and

Ability of stockholders to call special meetings.

In addition, the Nominating and Corporate Governance Committee serves an important role in identifying and evaluating director candidates that: (i) possess experiences, qualifications, attributes and skills that would be beneficial to have represented on the Board and on our committees at any particular point in time, (ii) will contribute to an effective Board and (iii) address the evolving needs of the Company and represents the best interests of the Company's stockholders. The Nominating and Corporate Governance Committee is also responsible for evaluating stockholder-nominated director candidates according to the same standards.

The Board unanimously recommends that you CAST A VOTE on the proxy access proposal.

Table of Contents**PROPOSAL NO. 5 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****General**

Superior is asking the stockholders to ratify the Audit Committee's appointment of Deloitte & Touche LLP as Superior's independent registered public accounting firm for the fiscal year ending December 25, 2016. Neither the Company's Articles of Incorporation nor the Bylaws require that stockholders ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm. However, we are requesting ratification because we believe it is a matter of good corporate practice. In the event the stockholders fail to ratify the appointment, the Audit Committee will reconsider this appointment. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in Superior's and its stockholders' best interests.

Deloitte has audited Superior's consolidated financial statements annually since 2009. Representatives of Deloitte are expected to be present at the Annual Meeting and will have the opportunity to make a statement if they desire to do so. It is also expected that those representatives will be available to respond to appropriate questions.

Principal Accountant Fees and Services

The following is a summary of the fees billed to Superior by its independent registered public accounting firm, Deloitte & Touche LLP for professional services rendered for the years ended December 27, 2015 and December 28, 2014:

Fee Category	Fiscal 2015 Fees	Fiscal 2014 Fees
Audit Fees	\$ 1,251,000	\$ 971,000
Audit-Related Fees	32,720	0
Tax Fees	695,700	67,100
All Other Fees	157,730	14,000
Total Fees	\$ 2,137,150	\$ 1,052,100

Audit Fees. Consist of fees billed for professional services rendered for the integrated audit of Superior's consolidated financial statements and of its internal control over financial reporting, for review of the interim consolidated financial statements included in quarterly reports and for the statutory audits for certain subsidiaries located in Mexico.

Audit-Related Fees. Consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Superior's consolidated financial statements and are not reported under Audit Fees. These services include accounting consultations in connection with transactions, merger and acquisition due diligence, attest services that are not required to support the integrated audit of Superior's consolidated financial statements and its internal controls over financial reporting and consultations concerning financial accounting and reporting standards.

Tax Fees. Consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and international tax compliance, assistance with tax reporting requirements and audit compliance, assistance with customs and duties compliance, value-added tax compliance, and tax advice on international, federal and state tax matters. Additionally, the tax fees include services for assistance with a corporate tax project that was undertaken and completed in 2015.

All Other Fees. Consist of fees for professional services other than the services reported above, including permissible business process advisory and consulting services.

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The Audit Committee determined that all non-audit services provided by Deloitte were compatible with maintaining such firm's audit independence.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm

The Audit Committee's policy is to pre-approve all audit and permissible non-audit services to be provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The independent registered public accounting firm and management are required to report periodically to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

Vote Required

Approval of this proposal requires (i) a majority of the shares represented and voting at the Annual Meeting at which a quorum is present and (ii) that shares voting affirmatively also constitute at least a majority of the required quorum.

Recommendation of the Board

The Board unanimously recommends that you vote FOR the ratification of the appointment of Deloitte to serve as Superior's independent registered public accounting firm for the fiscal year ending December 25, 2016. Proxies solicited by the board will be voted for the proposal unless stockholders specify a contrary vote.

Table of Contents**VOTING SECURITIES AND PRINCIPAL OWNERSHIP**

The following table sets forth certain information with respect to beneficial ownership of Superior common stock as of March 11, 2016 for (i) the named executive officers (ii) each director and director nominee, (iii) all directors and executive officers as a group, and (iv) all persons known to Superior to beneficially own 5% or more of Superior common stock.

Name and Address⁽¹⁾ of Beneficial Owner	Shares Beneficially Owned⁽¹⁾	Percentage of Total Voting Power⁽¹⁾⁽²⁾
Steven J. Borick ⁽³⁾⁽⁴⁾ 2707 Kipling Street Houston, TX 77098	2,448,200	9.7%
GAMCO Asset Management, Inc. ⁽⁵⁾ One Corporate Center Rye, NY 10580	3,124,752	12.4%
The Louis L. Borick Foundation ⁽³⁾ Dimensional Fund Advisors LP ⁽⁶⁾ Palisades West, Building One Austin, TX 78746	2,400,100	9.5%
BlackRock, Inc. ⁽⁷⁾ 40 East 52 nd Street New York, NY 10022	2,273,915	9.0%
The Vanguard Group, Inc. ⁽⁸⁾ 100 Vanguard Blvd. Malvern, PA 19355	2,232,381	8.8%
Donald J. Stebbins ⁽⁹⁾⁽¹¹⁾	1,727,377	6.8%
Parveen Kakar ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	235,090	*
Kerry A. Shiba ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾	80,408	*
Margaret S. Dano ⁽⁹⁾⁽¹⁰⁾	74,290	*
Francisco S. Uranga ⁽⁹⁾⁽¹⁰⁾	42,569	*
Timothy C. McQuay ⁽⁹⁾	33,969	*
James S. McElya ⁽⁹⁾	13,969	*
Jack A. Hockema ⁽⁹⁾	11,347	*
Michael R. Bruynesteyn	18,969	*
	3,000	*

Paul Humphries ⁽⁹⁾	3,969	*
James F. Sisteck ⁽⁹⁾⁽¹¹⁾	15,805	
Larry Oliver ⁽¹¹⁾	13,164	
Superior s Directors and Executive Officers as a Group (15 persons)	582,306	2.3%

* Less than 1%.

- (1) All persons have the Company s principal office as their address, except as otherwise indicated. Except as indicated in the footnotes to this table, and subject to applicable community property laws, the persons listed have sole voting and investment power with respect to all shares of Superior s common stock beneficially owned by them.
- (2) The percentage of shares beneficially owned is based on 25,238,212 shares of common stock outstanding as of March 11, 2016. Beneficial ownership is determined in accordance with the rules and regulations of the SEC. Shares of common stock subject to options that are currently exercisable or exercisable within 60 days after March 11, 2016 are deemed to be outstanding and beneficially owned by the person holding such options for the purpose of computing the number of shares beneficially owned and the percentage ownership of such person, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.
- (3) The information with respect to the share ownership of Steven J. Borick and The Louis L. Borick Foundation (the Foundation), of which Mr. Borick is the President, is based solely on the Schedule 13D/A, Amendment

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- No. 8 filed on March 8, 2016. The Foundation and Mr. Borick share voting and dispositive power over the shares; however, Mr. Borick disclaims beneficial ownership of the shares held by the Foundation. The Foundation shares the same address as Mr. Borick.
- (4) Also includes 100 shares of common stock and 8,000 shares held by Blake Mills David Trust, of which Mr. Borick is the sole trustee and 40,000 shares held by Liatis Foundation, of which Mr. Borick is the President and member of the board.
- (5) The information with respect to the holdings of GAMCO Asset Management Inc. (GAMCO), a registered investment advisor, is based solely on the Schedule 13D Amendment No. 31 filed February 29, 2016 by Gabelli Funds, LLC (Gabelli Funds), GAMCO, Teton Advisors, Inc. (Teton Advisors), GGCP, Inc. (GGCP), GAMCO Investors, Inc. (GBL), Associated Capital Group, Inc. (AC) and Mario G. Gabelli (Mario Gabelli), Subject to certain restrictions, (i) GAMCO holds 1,823,952 shares and has sole voting power with respect to 1,623,952 shares; (ii) Gabelli Funds holds 681,800 shares and has sole voting and dispositive power with respect to such shares; (iii) Teton Advisors holds 611,000 shares and has sole voting and dispositive power with respect to such shares; and (iv) AC holds 8,000 shares and has sole voting and dispositive power with respect to such shares. None of GGCP, GBL or Mario Gabelli directly hold or have voting or dispositive power over any shares. Each of Gabelli Funds and GAMCO is wholly-owned subsidiary of GBL. Mario Gabelli is (i) the controlling stockholder, chief executive officer, chief investment officer and a director of GGCP, (ii) chairman and executive officer of GBL, (iii) chief investment officers of Gabelli Funds, and (iv) controlling stockholder of Teton. The address for these holders is One Corporate Center, Rye, New York 10580-1435.
- (6) The information with respect to the holdings of Dimensional Fund Advisors LP (Dimensional Fund), a registered investment advisor, is based solely on the Schedule 13G/A filed February 9, 2016 by Dimensional Fund. Dimensional Fund serves as investment advisor to four registered investment companies and as investment manager to certain other commingles group trusts and separate accounts (collectively, the Funds), which own all shares. Dimensional Fund has sole voting power with respect to 2,197,316 shares owned by the Funds and sole dispositive power with respect to all 2,273,915 shares owned by the Funds.
- (7) The information with respect to the holdings of BlackRock, Inc. (BlackRock), a registered investment advisor, is based solely on the Schedule 13G/A filed January 23, 2016 by BlackRock. By virtue of being the parent holding company of the holders of such shares, BlackRock has sole voting power with respect to 2,176,298 shares and sole dispositive power with respect to all 2,232,381 shares. BlackRock's address is 55 East 52nd Street, New York, NY 10022.
- (8) The information with respect to the holdings of The Vanguard Group, Inc. (Vanguard), a registered investment advisor, is based on the Schedule 13G/A filed February 10, 2016 by Vanguard. The aggregate amount beneficially owned by Vanguard is 1,727,377 shares. Of such shares, Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of Vanguard, is the beneficial owner of 29,841 shares by virtue of its serving as investment manager of certain collective trust accounts, and Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of Vanguard, is the beneficial owner of 1,200 shares by virtue of its serving as investment manager of Australian investment offerings. Vanguard has sole voting power with respect to 31,041 shares, sole dispositive power with respect to 1,697,536 shares, and shared dispositive power with respect to 29,841 shares.
- (9) Includes 132,455 shares of restricted stock subject to vesting for Mr. Stebbins, 7,500 shares of restricted stock subject to vesting for Mr. Shiba, 5,666 shares of restricted stock subject to vesting for Mr. Kakar, 2,167 shares of restricted stock subject to vesting for Mr. Sistik, 3,969 shares of restricted stock subject to vesting for Ms. Dano, 3,969 shares of restricted stock subject to vesting for Mr. Hockema, 3,969 shares of restricted stock subject to vesting for Mr. Humphries, 3,969 shares of restricted stock subject to vesting for Mr. McElya, 3,969 shares of restricted stock subject to vesting for Mr. McQuay and 3,969 shares of restricted stock subject to vesting for Mr. Uranga.
- (10) Includes stock options in the amount of 54,500 for Mr. Kakar, 49,000 for Mr. Shiba, 20,000 for Ms. Dano and 20,000 for Mr. Uranga that are currently or will become exercisable within 60 days of March 4, 2016.

- (11) Includes the RSUs owned by our executive officers as of March 4, 2016. These RSUs are subject to all of the economic risks of stock ownership but may not be voted or sold and are subject to vesting provisions as set forth in the respective grant agreements.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, as well as those persons who own more than 10% of our common stock, to file reports of ownership and changes in ownership with the SEC. These persons are required by SEC rule to furnish us with copies of all Section 16(a) forms they file.

Based solely on a review of copies of reports filed with the SEC and submitted to us and on written representations by certain of our directors and executive officers, we believe that all of our directors and executive officers complied on a timely basis during the year ended December 27, 2015 with the reporting requirements of Section 16(a) of the Exchange Act.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with Related Persons

Superior's former headquarters, located at 7800 Woodley Avenue, Van Nuys, California, is subleased from The Louis L. Borick Foundation, a California nonprofit corporation, of which Mr. Borick, a former officer and director of Superior, is both an officer and director, and the Nita Borick Management Trust, which is controlled by Nita Borick, who is Mr. Borick's mother.

The current sublease expires in 2017, and Superior holds options to renew for periods of six months up to February 2026. During fiscal year 2015, Superior paid approximately \$276,000 in rentals under the land and building leases. Superior believes this transaction is on terms not materially less favorable to Superior than what would be usual and customary in a similar transaction between unrelated persons dealing at arm's length.

In the first quarter of 2015, we entered into an agreement to purchase a subscription to online software provided by NGS. James Sistik, our Senior Vice President, Business Operations, is a passive investor in NGS. The aggregate value of this transaction is expected to be approximately \$972,000 over the course of the agreement. The transaction was entered into in the ordinary course of business and in accordance with our normal procedures for engaging software providers and similar vendors. Mr. Sistik was not involved in the transaction or ongoing discussions or negotiations between the parties.

Review, Approval or Ratification of Transactions with Related Persons

As provided in its committee charter, the Audit Committee is primarily responsible for the review, approval and ratification of related person transactions. As mandated by the Audit Committee, Superior's management is required to inform the Audit Committee of all related person transactions, including relationships and dollar values. Superior's Code of Conduct also requires that transactions be reported to the Audit Committee. Additionally, the Nominating and Corporate Governance Committee annually reviews any related person transactions involving a director when determining director independence.

Related-person transactions are transactions between Superior and related persons in which the aggregate amount involved exceeds or may be expected to exceed \$120,000 and in which a related person has or will have a direct or indirect material interest. A related person is a director, executive officer, nominee for director, or a person known to Superior to beneficially own 5% or more of Superior common stock, in each case since the beginning of the last fiscal year, and their immediate family members.

Also see Note 11 Leases and Related Parties in Notes to the Consolidated Financial Statements in Item 8 Financial Statements and Supplementary Data of the Annual Report on Form 10-K for the fiscal year ended December 27, 2015.

Independence of Directors

Our Corporate Governance Guidelines provide that a majority of the Board and all members of the Audit, Compensation and Benefits and Nominating and Corporate Governance Committees of the Board will be independent. On an annual basis, each director and executive officer is obligated to complete a director and officer questionnaire that requires disclosure of any transactions with Superior in which a director or executive officer, or any member of his or her immediate family, has a direct or indirect interest. Following completion of these questionnaires, the Board, with the assistance of the Nominating and Corporate Governance Committee, makes an annual determination as to the independence of each director using the current standards for independence established by the New York Stock

Exchange, additional criteria set forth in Superior's Corporate Governance Guidelines, and consideration of any other material relationship a director may have with Superior.

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In March 2016, the Board determined that all of its current directors are independent under these standards, except for Mr. Stebbins. All members of each of Superior's Audit, Compensation and Benefits Committee and Nominating and Corporate Governance committees are independent directors. In addition, upon recommendation of the Nominating and Corporate Governance Committee, the Board has determined that the members of the Audit Committee and Compensation and Benefits Committee meet the additional independence criteria required for audit committee and compensation committee membership under the New York Stock Exchange applicable listing standards.

Table of Contents**EXECUTIVE COMPENSATION AND RELATED INFORMATION****COMPENSATION DISCUSSION AND ANALYSIS****Introduction**

This Compensation Discussion and Analysis discusses Superior's executive compensation structure, philosophy, decisions and results primarily for 2015 (and other relevant periods) and is organized into the following sections:

Executive Summary

2015 Say on Pay Vote and Stockholder Engagement

Compensation Governance

2015 Executive Compensation Components

Regulatory and Other Considerations

Our senior management team has been assembled to drive our performance and accomplish the performance results discussed below. This discussion focuses on the compensation structure in effect for the named executive officers (who will be referred to as the NEOs) in 2015. The tenure of each NEO with Superior is noted in the following table:

Name and Title	With Superior Since
Donald J. Stebbins Chief Executive Officer and President (CEO)	May 2014
Kerry A. Shiba Executive Vice President, Chief Financial Officer and Secretary (CFO)	October 2010
Parveen Kakar Senior Vice President, Sales, Marketing and Product Development	June 1989
James F. Sistek , Senior Vice President, Business Operations and Systems	August 2014
Lawrence R. Oliver , Senior Vice President, Manufacturing Operations	January 2015

Executive Summary

We are one of the largest suppliers of cast aluminum wheels to the world's leading automobile and light truck manufacturers, with wheel manufacturing operations in the United States and Mexico. Products made in our North American facilities are delivered primarily to global automotive manufacturers' assembly operations in North America.

Company Evolution

Since 2014, we have focused our strategic priorities with the goal of improving our financial performance and increasing value for stockholders. A key component of this strategy is to attract and retain top executive talent through competitive compensation opportunities that align executives and stockholders interests. Even though the full impact of our initiatives does not immediately flow through to our bottom line because of the approximately two-to-three year period, on average, from receipt of order to the production of the product in our industry, we are already seeing positive results for 2015 and beyond.

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Recent Business Highlights/Company Performance

- ü Our Total Shareholder Return (TSR) of 13% outperformed the TSR of our proxy peers (-26%), the Russell 2000 (-4%), and the S&P 500 (9%) from May 5, 2014 (the date Mr. Stebbins joined the Company as our CEO) through March 1, 2016, as shown in the chart below:

Source: FactSet as of March 1, 2016

- ü 173% increase in earnings per share from 2014 to 2015
- ü Maintained balance approach to capital allocation in 2015 with over \$40 million returned to stockholders in dividends and share repurchases and \$40 million in capital expenditures
- ü 2015 adjusted EBITDA⁽³⁾ of approximately \$76.1 million, a 36% increase year-over-year
- ü 2015 adjusted EBITDA⁽³⁾ as a percentage of value-added sales of approximately 21.1%, a 600 basis point improvement year-over-year
- ü 2015 adjusted EBITDA⁽³⁾ as a percentage of net sales of approximately 10.4%, achieving the goal of double digit EBITDA margin two years ahead of plan
- ü Received the 2015 supplier of the year award from General Motors
- ü Improved safety performance by 45% in 2015 versus 2014
- ü Improved quality performance by 27% in 2015 versus 2014
- ü In the fourth quarter of 2015, shipped 3.2 million wheels, the highest quarterly production since 2007
- ü Brought into full production our new facility in Mexico
- ü Completed the relocation of our headquarters from California to Michigan

- ii In January 2016, we announced a new \$50 million stock repurchase program

- (1) Total Shareholder Returns calculated as the compounded return between two time periods, assuming that dividends are re-invested at the closing share price on the ex-dividend date

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- (2) Proxy Peers reflects the simple average TSR of Accuride, Commercial Vehicle Group, Dorman Products, Drew Industries, Fuel Systems Solutions, Gentherm, Miller Industries, Modine Manufacturing, Shiloh Industries, Spartan Motors, Standard Motor Products, Stoneridge, Strattec Security, and Tower International.
- (3) For these purposes, we define adjusted EBITDA, as earnings before interest, taxes, depreciation, amortization, restructuring charges, costs from facility closures and impairments of long-lived assets and investments. This is the same definition we used in our publicly reported earnings release.

Executive Compensation Highlights

Highlights of our 2015 executive compensation program and recent changes are summarized below.

2015 Executive Compensation Highlights and Recent Changes

Strong 2015 Performance. Based on our strong EBITDA performance in 2015, the annual incentive pool for our NEOs was funded at 109.25% of target amounts. Consequently, non-equity plan compensation in 2015 increased (year over year) for the NEOs due to exceeding the 2015 target level of performance, whereas our 2014 EBITDA performance had fallen short of the 2014 target level of performance.

New Individual Performance Component of Annual Incentive. The Annual Incentive Performance Plan (AIPP) plays an important role in our approach to total compensation. We believe it motivates participants to focus on improving our performance on key financial measures during the year, and it requires that we achieve defined, objectively determinable goals before participants become eligible for an incentive payout. For all NEOs other than the CEO, the Compensation and Benefits Committee could exercise discretion to increase or decrease the fixed portion of the non-equity incentive bonus a NEO otherwise earned within a range of 0% to 200% depending the NEO's annual performance rating (against pre-specified individual performance goals).

New Long-Term Incentive Plan (LTIP) Performance Measures. We implemented a new LTIP in 2015, with performance-based restricted stock units (PRSUs) that can be earned based on our achievement over a three-year period on the following three performance measures.

Return on invested capital (ROIC) (40% weighting)

EBITDA margin (40% weighting)

Relative TSR (20% weighting)

As discussed further in the *2015 Executive Compensation Components Long-Term Equity Incentive Compensation* section of this proxy, these performance measures were developed and considered and adapted by our Compensation and Benefits Committee after a rigorous bottom up financial analysis of our business.

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2015 Executive Compensation Highlights and Recent Changes (cont.)

LTIP Heavily (2/3rds) Performance-Based. Following this redesign, approximately 2/3rds of the target annual LTIP awards consist of PRSUs and 1/3rd consist of time-based restricted stock units (RSUs). Consequently, the target total direct compensation for our NEOs is heavily performance-based as shown in the following chart:

2015 Total Direct Compensation Allocation

(assuming performance-based components at target)

2015 Say-on-Pay Vote and Stockholder Engagement

Leading up to our 2015 annual meeting, members of our senior executive team and members of our Compensation and Benefits Committee engaged with many of our largest stockholders and heard their input regarding our compensation program. As a result of these discussions and before last year's vote was tallied, we:

Pre-Annual Meeting Compensation Actions

- ü Redesigned AIPP aligned with performance driven culture to incorporate an individual performance multiplier for each participant other than the CEO
- ü Implemented a LTIP driven by performance outcomes
- ü Based the LTIP awards on 1/3rd RSUs and 2/3rds PRSUs vesting over 3 years
- ü Discontinued restricted stock (which had historically been subject solely to time based vesting) and stock option awards for key employees
- ü Adopted Stock ownership guidelines for executives and directors
- ü Adopted a formal claw back policy for all incentive-based awards granted on or after March 6, 2014

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At our 2015 annual meeting, our stockholders did not provide majority support for Superior’s NEO compensation through the Say on Pay Vote (approximately 49% support was received). As a result, during the remainder of 2015 we continued to engage in substantial outreach efforts with our major stockholders and their proxy advisors to gather feedback regarding our executive compensation programs.

Following the 2015 annual meeting, directors from our Compensation and Benefits Committee held additional meetings with significant stockholders and we also engaged and met with one proxy advisory firm regarding our programs. Senior management also continually received input in the normal course of meetings with our stockholders. In total, we spoke with stockholders representing approximately 65% of our shares during the course of these discussions in 2015. Additionally, we spoke with approximately 88% of the stockholders that voted against the 2015 Say on Pay Vote during the course of these discussions in 2015.

The main themes of the feedback we received from these stockholder meetings are summarized below:

Stockholder Feedback

Emphasis on performance-based equity awards is important and ideally represents 2/3rds of total equity awards

Large sign-on equity awards (such as Mr. Stebbins’s 2014 One-time event in 2014 inducement award) that are purely time-based are disfavored

Proxy statement description of compensation program was uneven, hard to follow and lacked detail

Introduce more balance and variety in the performance criteria used for incentive awards, where EBITDA is used in both short and long-term incentives

In addition, as a result of the Compensation and Benefits Committee’s review of our programs in light of the 2015 Say on Pay results, we took the following actions:

Our Position/Response

This 2/3rds performance-based LTIP concentration for CEO compensation is mandated by our CEO’s 2014 employment agreement. We leveraged this concentration in 2015 as the basis for our LTIP grants to all other NEOs. We have continued this performance-based LTIP concentration in 2016 for grants to all NEOs.

Three-year cliff vesting provides long-term link to stockholder value. We will continue to evaluate and consider stockholder opinion with respect to onboarding compensation in the future.

Refinements made for 2016 proxy statement disclosure

In 2016, Cumulative EPS will replace EBITDA margin as a performance measure for 40% of the PRSU awards.

Other Post-Annual Meeting Compensation Actions

- ii We expect to have Compensation and Benefits Committee members continue to schedule and meet with stockholders up until and through the 2016 annual meeting and thereafter

CEO base salary remained the same for both 2015 and 2016 (and has remained the same since the CEO's appointment in 2014)

- ii Maintained LTIP with heavy (2/3rds) emphasis on performance-based PRSU component

- ii Modified the Executive Stock Ownership Guidelines to implement a mandatory holding requirement on 100% of net shares acquired upon vesting or exercise until the requirement is met

- ii Comprehensive review of executive compensation program by a newly-hired independent consultant to the Compensation and Benefits Committee

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- ii Continue to evaluate mix of LTIP performance measures to reflect our business strategy

- ii In 2016, Cumulative EPS will replace EBITDA Margin as a performance measure. Performance criteria for the LTIP awards will include cumulative EPS (40%), ROIC (40%) and TSR relative to our peer group (20%).

- ii In 2016, we are adjusting the target LTIP award size for all NEOs (other than the CEO) to increase the portion of their compensation that is performance-based and at risk.

Compensation Governance

Philosophy

The Compensation and Benefits Committee believes that Superior's NEOs should be paid in a manner that attracts, motivates and retains the best-available talent, and rewards them for driving successful results. This philosophy is achieved through the new AIPP and LTIP as well as providing competitive base salary that recognizes the relative skills, experience, and past performance of the NEOs and their respective roles and responsibilities within the organization, and judgments about the extent to which the NEOs can impact the company-wide performance and creation of stockholder value. Within this overall philosophy, the Compensation and Benefits Committee's ongoing objectives are:

To offer a total compensation program that is flexible to adapt to evolving regulatory requirements and changing economic and social conditions, and takes into consideration the compensation practices of our peer companies identified based on an objective set of criteria;

To provide annual variable cash incentive awards based on Superior's satisfaction of financial and, to a significantly lesser degree, non-financial objectives; and

To align the financial interests of executive officers with those of stockholders by providing appropriate long-term, equity-based incentives and retention awards.

Superior's executive officers are compensated in a manner consistent with Superior's strategy, competitive practice, sound compensation governance principles and stockholder interests and concerns. Superior began placing an even greater emphasis on performance based compensation in 2015 and later years pursuant to the employment agreement entered into with our CEO in 2014 and our deployment of new annual incentive and long-term incentive programs becoming effective in 2015 (as further described below), which were developed after obtaining guidance from our independent compensation consultant and seeking and receiving feedback from some of our stockholders regarding desired plan design features.

Best Practices

The core of Superior's executive compensation philosophy enables the company to continue to attract and retain talent while driving performance. The Compensation and Benefits Committee has made significant overhauls to our executive compensation program since 2014. The Compensation and Benefits Committee continues to monitor and

review the compensation program against our financial performance and continues to monitor the market to ensure competitive and performance driven plans.

Our programs continue to have many features that our stockholders widely consider best practices and that we view as consistent with our compensation and governance philosophy, including:

BEST PRACTICES

- ü *Significant Performance-Based Pay:* Performance-based compensation comprised 58% of our CEO's target total direct compensation for fiscal year 2015, in accordance with our pay for performance philosophy.

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- ü *Alignment of Executive Pay with the Stockholder Experience:* Our overall compensation design has a significant portion of executive pay in the form of equity, a large part of which is performance-related, so that our executives' realized pay parallels the stockholder experience.
- ü *Multiple Performance Measures:* We use multiple performance measures that include short and long-term objectives to evaluate executive performance.
- ü *Stock Ownership and Holding Requirements:* We have stock ownership requirements for our directors and officers to ensure they are meaningfully invested in our stock and have personal financial interests strongly aligned with those of our stockholders. Until a person is in compliance with such requirements, they must hold 100% of the net shares received upon vesting of equity awards.
- ü *No Repricing:* Our outstanding stock options cannot be repriced, reset, or exchanged for cash without stockholder approval.
- ü *Anti-Pledging:* Our executive officers are strongly discouraged from pledging Superior securities in margin accounts or as collateral for a loan.
- ü *Double Trigger:* We continued and formalized our policy of requiring a double trigger (change in control and termination of employment) for accelerated vesting of equity upon a change in control.
- ü *Clawback:* Effective as of March 6, 2014, the Company adopted a formal clawback policy that applies to all incentive based cash and equity compensation awards granted on or after the effective date to any current or former executive officer of the Company
- ü *No Gross-Ups:* We do not provide excise tax gross-up payments to our executives.
- ü *Anti-Hedging Policy:* Superior's insider trading policy expressly prohibits any employee or director from engaging in hedging activities involving Superior common stock, such as collars, forward sales, equity swaps or other similar arrangements
- ü *Limited Employment Agreements:* None of the NEOs, other than the CEO, had an employment agreement in 2015
- ü *Focused Performance-Based Metrics:* Our incentive plans are performance-based and have appropriate caps on bonus payouts. Additionally, we have no history or intention of changing performance metrics mid-year

- ü *No Liberal change in control definition.* Our equity plan and change in control plan require the consummation of a change in control transaction to trigger any change in control benefits thereunder.

Compensation Risk Oversight

The Compensation and Benefits Committee's annual review and approval of Superior's compensation philosophy and strategy includes the review of compensation-related risk management. The Compensation and Benefits Committee believes that the following risk oversight and compensation design features described in greater detail elsewhere herein safeguard against excessive risk taking:

Prohibitions on employees engaging in any speculative transactions in Superior's common stock like hedging, and the strong discouragement of executive officers from pledging Superior securities in margin accounts or as collateral for a loan;

Executive bonus payouts are based on financial performance metrics that drive stockholder value;

Equity awards for executive officers are also based on financial metrics that drive stockholder value and all equity awards have vesting requirements that align employees' interests with stockholders' interests; and

Superior has enacted stock ownership guidelines as well as clawback provisions to further mitigate risk and promote oversight.

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Methodology for Establishing Compensation

In designing and administering the compensation programs of the NEOs, the Compensation and Benefits Committee attempts to strike a balance among the above elements, which are discussed in more detail below. The Compensation and Benefits Committee considers the pay practices of comparable companies to determine the appropriate pay mix and compensation levels, as well as Superior's own specific short and long-term strategic objectives. The following section describes the various methods the Compensation and Benefits Committee uses in its design, administration and oversight of the compensation programs for the NEOs.

The Compensation and Benefits Committee has direct responsibility for making recommendations to the Board of Directors regarding the approval, amendment or termination of Superior's executive compensation plans and programs. The Compensation and Benefits Committee establishes the annual compensation of Superior's CEO. It also reviews the compensation for other executive officers and makes recommendations to the independent members of the Board of Directors.

Consistent with its charter, the Compensation and Benefits Committee is composed of four directors. Each member of the Committee is independent, as determined by the Board of Directors and based on the New York Stock Exchange listing standards. Their independence from management allows the Compensation and Benefits Committee members to apply independent judgment when designing and overseeing our compensation program and in making pay decisions.

The Compensation and Benefits Committee from time to time engages independent compensation consultants to provide advice and ongoing recommendations regarding executive compensation programs and principles that are consistent with Superior's business goals and pay philosophy. The Compensation and Benefits Committee has the final authority to hire and terminate any consultant, as well as the responsibility to consider the independence of the consultant. The Compensation and Benefits Committee engaged Mercer, LLC (Mercer) in 2015 and Willis Towers Watson in 2016 to assist with specific assignments. The Compensation and Benefits Committee has assessed the independence of Mercer and Willis Towers Watson, and concluded that Mercer's and Willis Towers Watson's work does not raise any conflict of interest under applicable SEC and New York Stock Exchange rules.

Setting Executive Pay (Benchmarking)

The Compensation and Benefits Committee is responsible for establishing the annual compensation of Superior's CEO. For the remaining NEOs and other executives, Superior's CEO recommends compensation levels and specific components of compensation. The Compensation and Benefits Committee reviews these recommendations and adjusts them as it deems appropriate before approving or recommending any changes to either the CEO or Board.

The Compensation and Benefits Committee typically reviews broad-based third-party compensation surveys covering a wide array of public companies, some larger and some smaller than we are, to obtain a general understanding of current compensation practices. These compensation surveys provide valuable data for subjective review and confirmation of the equanimity of the salaries paid to the NEOs. The data also gives the Compensation and Benefits Committee information concerning market pay practices regarding the pay mix among base salary, annual bonus and long-term incentives of companies in the industry that compete with us for executive talent.

For 2015, the Compensation and Benefits Committee relied upon the study performed by Mercer in 2014. Mercer was retained in 2013 to assist the Compensation and Benefits Committee in evaluating the competitiveness of Superior's executive compensation program. Mercer based its competitive pay assessment on survey data from the 2014 Mercer Executive Survey to approximate a company with \$650 million in revenue. In addition, for the CEO and CFO

position, Mercer utilized proxy data from our peer group consisting of the

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following fourteen automotive part and equipment manufacturers with median and mean revenues of approximately \$788 million and \$875 million, respectively:

Company Name	Market	Symbol
Accuride Corp.	NYSE	ACW
Commercial Vehicle Group	NASDAQ	CVGI
Dorman Product, Inc.	NASDAQ	DORM
Drew Industries, Inc.	NYSE	DW
Fuel Systems Solutions, Inc.	NASDAQ	FSYS
Gentherm, Inc.	NASDAQ	THRM
Miller Industries, Inc.	NYSE	MLR
Modine Manufacturing Corp	NYSE	MOD
Shiloh Industries, Inc.	NASDAQ	SHLO
Spartan Motors Inc.	NASDAQ	SPAR
Standard Motor Products, Inc.	NYSE	SMP
Stoneridge Inc.	NYSE	SRI
Stattec Security Corp.	NASDAQ	STRT
Tower International Inc.	NYSE	TOWR

2015 Executive Compensation Components**Introduction Elements of Pay**

A summary of the 2015 direct core compensation elements (base salary, annual incentives and long-term incentives) of our executive compensation program follows below.

Element	Purpose	Performance Measure(s)	Fixed vs. Variable	Cash vs. Equity	Payout Range
Base Salary	Provide a competitive rate of pay to attract, motivate and retain executive officers of the Company	Individual performance, experience, time in position and critical skills	Fixed	Cash	n/a
AIPP	Align a portion of annual pay to a key element of performance for the year	EBITDA	Variable	Cash	0-200% of target
Performance-Based RSUs	Align executive pay with long-term stockholder interests through equity-based compensation tied to key performance metrics of the Company	EBITDA margin (40%) ROIC (40%) Relative TSR (20%)	Variable	Equity	0-200% of target number of shares (0-150% for CEO); PRSU value fluctuates with stock price movement
Time-Based RSUs		Stock price alignment	Variable	Equity	

Directly align executive pay with long-term stockholder interests through equity-based compensation

(3 yr. cliff vesting for CEO) (3 yr. ratable vesting for all other NEOs)

Fluctuates with stock price movement

In addition, Superior s NEOs were provided retirement benefits and certain other benefits.

Narrative descriptions of the individual elements of compensation are set forth below.

The Compensation and Benefits Committee does not use a specific formula for allocating compensation among the various components. Instead, the Compensation and Benefits Committee considers market pay

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practices and whether the total compensation package is fair, reasonable and in accordance with the interests of our stockholders.

Base Salary

Base salary provides a fixed element of compensation that competitively rewards the executive's skills, experience and contributions to Superior. The base salary of the CEO was established in the negotiation of his employment agreement effective May 5, 2014, to be \$900,000 per year.

For NEOs other than the CEO, base salary adjustments are based on recommendations of the CEO to the Compensation and Benefits Committee, taking into account the executive's performance, scope of work, competitive benchmarks and Company performance. In setting 2015 salaries, the CEO and the Compensation and Benefits Committee reviewed the analysis and findings of the compensation consultant. Base salaries for NEOs other than the CEO are generally adjusted when deemed necessary to meet market competition or when appropriate to recognize increased responsibilities. On March 30, 2015, certain of our NEOs received merit and market based increases, as shown in the table below:

2015 Base Salary Increase NEO

Officer Name	Date	Reason	Increase	Salary
Stebbins, Don	n/a		0.00%	\$ 900,000.00
Shiba, Kerry	3/30/15	Merit/Market Adjustment	8.00%	\$ 405,000.00
Kakar, Parveen	3/30/15	Promotion	25.00%	\$ 375,000.00
Sistek, James*	n/a		0.00%	\$ 375,000.00
Oliver, Larry*	n/a		0.00%	\$ 375,000.00

* Messrs. Sistek and Oliver (both of whom were hired in calendar year 2014 and 2015, respectively) did not get base salary raises because of the timing of the start of their employments.

2016 Update. Annual base salary rates effective March 28, 2016, which also were used in determining the 2016 long-term incentive award opportunities for the NEOs as described below, are as follows:

2016 Base Salary Increase NEO

Officer Name	Date	Reason	Increase	Salary
Stebbins, Don	n/a		0.00%	\$ 900,000.00
Shiba, Kerry	3/28/16	Merit*	3.70%	\$ 420,000.00
Kakar, Parveen	3/28/16	Merit*	4.00%	\$ 390,000.00
Sistek, James	3/28/16	Merit*	4.00%	\$ 390,000.00
Oliver, Larry	3/28/16	Merit*	4.00%	\$ 390,000.00

* Merit increase related to attainment of performance objectives under the Annual Performance Management Program (as discussed further in the following Annual Incentive Compensation and Bonuses section)

Annual Incentive Compensation and Bonuses

The 2015 annual cash incentive program continues the program implemented in 2011 which provides a correlation to Company performance by using EBITDA as a payout metric, coupled with an individual performance component for our NEOs other than the CEO based on the individual's performance rating under the Annual Performance Management Program.

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The Compensation and Benefits Committee selected EBITDA as the financial performance component of the AIPP for 2015, because it is an objective measure of core Company performance, without considering matters such as interest income or expense, taxes, or depreciation and amortization, which generally do not impact operational efficiencies. The Compensation and Benefits Committee believes that this type of program, which combines objectively measurable financial goals with adjustments for individual performance for certain NEOs, reinforces a Company culture based on team contribution towards results and provides a clear line of sight for participants to understand individual rewards.

The adjusted EBITDA target for this program was adopted after we conducted a rigorous bottom up full range comprehensive business and financial planning analysis in several layers of the Company from middle management up through our Board of Directors. Because of this comprehensive process, the Compensation and Benefits Committee approved a performance goal level that is designed to be met if we meet our business plan.

Under the 2015 CEO Annual Incentive Performance Plan (the CEO AIPP), Mr. Stebbins was eligible to receive a cash bonus ranging from 0% to 200% of his base salary depending on Superior's level of achievement of EBITDA goals, set forth below, which were set by the Compensation and Benefits Committee and approved by the Board of Directors.

The following table illustrates the minimum and maximum payout opportunities and amount paid under the 2015 CEO AIPP:

EBITDA	% of EBITDA	% of CEO	Actual % of CEO	Total Amount
Goal (\$)	Target	Salary Payable	Salary Earned	Paid
<54,400,000	<80.0	0%		
54,400,000	80.0%	80.0%		
68,000,000	100.0%	100.0%		
74,290,484*	109.25%	109.25%	109.25%	\$ 983,256
81,600,000	120.0%	200.0%		
>81,600,000	>120%	200.0%		

* Actual 2015 EBITDA achieved, on an adjusted basis. The Compensation and Benefits Committee exercised its discretion to make certain adjustments to reduce the adjusted EBITDA from \$76.1 million (our publicly reported amount) to \$74.3 million to include the impact of the impairment of the Rogers, Arkansas manufacturing facility and certain significant project costs.

The AIPP for 2015 provides annual cash incentives to our NEOs and other high ranking executives other than the CEO along the same basic structure as was used in 2014, with fixed and discretionary components. A fixed amount, expressed as a percentage of base salary, was payable if the Company achieved a set level of EBITDA. For all NEOs other than the CEO, the Compensation and Benefits Committee could exercise discretion to increase or decrease the fixed portion of the non-equity incentive bonus a NEO otherwise earned within a range of 0% to 200% depending the NEO's annual performance rating (against pre-specified individual performance goals). Under the AIPP for 2015, the target bonus percentage for the NEOs ranged from 50% to 60% of base salary if the target EBITDA was attained.

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The following table illustrates the payout opportunities under the EBITDA and individual performance components of the AIPP for 2015:

EBITDA	% of EBITDA	% of	Individual
Goal (\$)	Target	Salary Payable	Performance Multiplier
<54,400,000	<80	0%	n/a
54,400,000	80.0%	40% - 48%	0-200%
61,200,000	90.0%	45% - 54%	0-200%
68,000,000	100.0%	50% - 60%	0-200%
74,290,484*	109.25%	55% - 66%	0-200%
74,800,000	110.0%	55% - 66%	0-200%
81,600,000	120.0%	60% - 72%	0-200%
88,400,000	130.0%	65% - 78%	0-200%
95,200,000	140.0%	70% - 84%	0-200%
102,000,000	150.0%	75% - 90%	0-200%
>102,000,000	150%	75% - 90%	0-200%

* Actual 2015 EBITDA achieved, on an adjusted basis, as described above.

The following table shows the target award, EBITDA performance multiplier, individual performance multiplier, and amounts paid to the NEOs other than the CEO under the AIPP for 2015:

Name	Target Award	EBITDA Performance Multiplier	Individual Performance Multiplier	Total Amount Earned
K. A. Shiba	\$ 243,000	109.25%	100%⁽¹⁾	\$ 265,478
P. Kakar	\$ 187,500	109.25%	127%⁽²⁾	\$ 260,000
J. Sistek	\$ 187,500	109.25%	134%⁽³⁾	\$ 275,000
L. Oliver	\$ 187,500	109.25%	127%⁽⁴⁾	\$ 260,000

- (1) Mr. Shiba achieved his performance objectives due to his leadership and results of the following: financial group transition, M&A analysis, investor outreach and tax restructuring project.
- (2) Mr. Kakar exceeded his performance objectives due to his leadership and results of the following: sales growth, market analysis, product and process development, customer relationships and marketing and sales group transition.
- (3) Mr. Sistek exceeded his performance objectives due to his leadership and results of the following: establishment of shared services, supplier relationships, information technology transformation, product quality systems, global business practices and supply chain, and IT transition.
- (4) Mr. Oliver exceeded his performance objectives due to his leadership and results of: quality and safety improvement, streamlining organization, continuous improvement culture, movement to 24/7 manufacturing and launch of new facility.

Long-Term Equity Incentive Compensation

As noted above, the Compensation and Benefits Committee, after receiving feedback prior to our 2015 annual meeting from management's discussion with some of our stockholders regarding desired plan design features, approved certain changes to our long-term incentive awards in 2015. In these conversations, we discussed leveraging the performance-based features in our CEO's 2014 employment agreement across all of our NEOs. Due to the positive feedback regarding this concept, we implemented a new long-term incentive program in 2015 that mirrors the strong (2/3rds) emphasis on performance-based equity awards inherent in our CEO's 2014 employment agreement. The total value of our 2015 long-term incentive grants, which were granted on March 6, 2015 under this new program, was allocated two-thirds to performance restricted stock unit (PRSU) awards and one-third to time-based restricted stock unit (TBRSU) awards. The PRSU awards provide Mr. Stebbins the opportunity to earn up to 150% of the target award value in Company stock and our other NEOs the opportunity to earn up to 200% of the target award value in Company stock. Performance criteria for the 2015 PRSU awards include (i) EBITDA margin (40%), (ii) ROIC (40%) and (iii) TSR relative to our peer group (20%).

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The Compensation and Benefits Committee choose each criterion for the following reasons:

EBITDA Margin: The Compensation and Benefits Committee chose EBITDA margin because it believes this performance criteria best represents our business's ability to generate recurring revenue and positive cash flow in successfully executing our business strategy.

ROIC: The Compensation and Benefits Committee chose ROIC because it is a key measurement that indicates success in making long-term capital investment decisions that improve financial and operational performance and increase stockholder value.

Relative TSR: The Compensation and Benefits Committee chose relative TSR because it is a key measurement that indicates overall stockholder value as compared to our proxy peers.

The target levels of these performance criteria were designed after a rigorous bottom up full range comprehensive business and financial planning analysis in several layers of the Company from middle management up through our Board of Directors. Because of this process, the Compensation and Benefits Committee approved performance goal levels that are designed to be met if we meet our business plan.

The PRSU awards vest, if at all, based on the Company's performance with respect to the performance criteria during the three year period ending December 31, 2017. The TBRSU award for Mr. Stebbins cliff vests on December 31, 2017 and the TBRSU awards for the other NEOs vest in equal annual installments over a three-year period.

The total target award opportunities for our NEOs, expressed as a percentage of each NEO's annual base salary (at date of grant), is as follows: Mr. Stebbins 200%, Mr. Shiba 60%, Mr. Kakar 50%, Sistek 50%, and Oliver 50%. The numbers of units awarded to our NEOs in 2015 are set forth in the chart below:

2015 NEO Long-Term Incentive Awards

Name	PRSUs (at target) (#)	RSUs (#)
Don Stebbins	60,090	30,045
Kerry Shiba	8,625	4,313
Parveen Kakar	6,655	3,328
James Sistek	6,655	3,328
Larry Oliver	6,655	3,328

2016 Update. The Compensation and Benefits Committee, following the study by Willis Towers Watson and after receiving feedback from management's discussion with some of our stockholders regarding desired plan design features, has approved certain changes to our LTIP awards for 2016. Cumulative EPS will replace the EBITDA Margin component for the PRSU performance criteria. The Compensation and Benefits Committee discontinued the use of EBITDA Margin as a performance criteria because stockholders had requested that we diversify our performance metrics. The Compensation and Benefits Committee adopted cumulative EPS as a performance criteria because it is a commonly used metric that best reflects the tax efficiency and capital allocation goals we are focused

on. Therefore, with respect to the grants in 2016, the PRSU performance criteria will have the following weighting:

Return on invested capital (ROIC) (40% weighting)

Cumulative EPS (40% weighting)

Relative TSR (20% weighting)

The target value for the 2016 LTIP awards for our NEOs as a percentage of base salary are as follows: Mr. Stebbins remains at 200%; Mr. Shiba 80% ; Mr. Kakar 75%; Mr. Sistik 75%; and Mr. Oliver 75%.

Table of Contents***Retirement and Similar Benefits***

Mr. Kakar, is a participant in Superior's Salary Continuation Plan, which provides a retirement benefit for participants who terminate employment after having reached specified vesting dates and after reaching the age of 65 (or in the event of death while in our employ prior to separation from service). Upon a qualifying termination, Superior will pay to the participant a benefit equal to 30% of his or her final average compensation over the preceding 36 months. For employee participants, final average compensation includes only base salary. The benefit is paid bi-weekly and continues for the longer of 10 years or until death, provided death occurs more than 10 years after the employee's retirement date. Mr. Kakar's rights have vested under the Salary Continuation Plan. The Salary Continuation Plan was closed to new participants in 2011 and, as a result, Messrs. Stebbins, Shiba, Sistik, and Oliver are not participants.

All employees may participate in Superior's tax-qualified Savings and Retirement Plan which is a 401(k) plan. For fiscal year 2015, Superior matched 100% of the first 1% of before-tax contributions made to the plan and 50% of such contributions over 1% and up to 6%. However, Superior did not match employee contributions in excess of the legal limit of \$18,000 (\$24,000 for individuals older than 50 years of age) in 2015. All Company contributions are vested 100% after two years of service.

Other Benefits

Superior provides NEOs with incidental benefits that the Compensation and Benefits Committee believes are reasonable and consistent with the competitive market. For example, the NEOs receive an automobile allowance (which is a similar benefit provided to some of our other employees). In addition, the NEOs may participate in Superior's health and welfare benefit plans that are available to other executives and employees.

Change in Control Severance Benefits

Mr. Stebbins' Employment Agreement provides him a lump sum severance payment of one year's base salary plus a prorated amount of his current year annual bonus at target level, and 12 months' health care continuation, if he is terminated without cause or resigns for good reason other than within one year following a change in control of Superior. The severance payment is two years' base salary and two times current year annual bonus at target level, and health care continuation is 24 months if Mr. Stebbins is terminated without cause or resigns for good reason within one year following a change in control of Superior.

Messrs. Kakar, Shiba, Sistik and Oliver currently participate in the Executive Change in Control Severance Plan. The plan is intended to encourage executive officers to remain employed with the Company during an important time when prospects for continued employment are often uncertain and to provide some measure of financial security prior to and after a change of control. The amounts to be paid under the plan help ensure that the interests of Superior's executives will be materially consistent with the interests of Superior's stockholders when considering corporate transactions. Under the plan, if the employment of a participant is terminated within two years following a change in control, the participant will receive a two-times multiple of the sum of both the participant's annual base salary and the participant's target annual bonus, paid in a lump sum within 60 days after termination. The participant would also receive a pro-rata target annual bonus for the year in which the change in control occurs. The Compensation and Benefits Committee considers these protections to be an important part of the NEOs' compensation and consistent with competitive market practices.

Other Termination or Change in Control Benefits

Upon a change of control of Superior, participants will fully vest in the benefits provided under the Salary Continuation Plan. Moreover, the Amended and Restated 2008 Equity Incentive Plan provides that all outstanding equity awards will become fully vested upon the occurrence of a change in control unless the award agreement provides otherwise or the award is assumed by the successor entity. If the awards are assumed by the successor entity, a double-trigger vesting applies, so that a participant's awards vest if he incurs a qualifying termination within two years after the change of control.

Table of Contents**Risk Mitigation, Regulatory, and Other Considerations*****Executive Stock Ownership Guidelines***

In July 2015, the Board approved revised stock ownership guidelines for its executive officers, including the NEOs. The Chief Executive Officer is required to own shares equal to 5 times his annual base salary and all other executive officers are required to own shares equal to 2 times his or her annual base salary. The applicable level of stock ownership must be attained within 5 years of becoming subject to the Stock Ownership Guidelines. In addition, participants must retain 100% of the net shares received upon exercise or vesting until in compliance with the required ownership level. Ownership levels as of the last measurement date are shown below.

Name	Share Guideline (\$ value)	Total Shares Held (\$ value)*
Don Stebbins	\$ 4,500,000	\$ 4,436,148
Kerry Shiba	\$ 810,000	\$ 939,537
Parveen Kakar	\$ 750,000	\$ 1,003,091
Jim Sistek	\$ 750,000	\$ 246,103
Larry Oliver	\$ 750,000	\$ 298,240

* For purposes of determining compliance with the Stock Ownership Guidelines, the aggregate value of the shares required to be owned for the fiscal year ending December 27, 2015 was determined as of January 2, 2016 based on a stock price of \$18.87, which was the average closing price of the Company's common stock as reported on the New York Stock Exchange for the fiscal year ended immediately prior to such determination date.

Clawback Policy

The Company adopted a formal clawback policy (the "Clawback Policy") that applies to all incentive-based cash and equity compensation awards granted on or after the effective date ("Incentive Compensation") to any current or former executive officer of the Company (collectively, the "Covered Recipients"). In the event that the Company is required by applicable U.S. federal securities laws to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under such securities laws where such accounting restatement was caused or substantially caused by the intentional misconduct of the Covered Recipient, the Company will recover from such Covered Recipient who received Incentive Compensation during the three-year period preceding the date on which the Company is required to prepare an accounting restatement, based on the erroneous data, the amount, if any, in excess of what would have been paid to the Covered Recipient under the accounting restatement.

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code places a limit of \$1 million on the amount of compensation that Superior may deduct in any one year with respect to its NEOs other than the CFO. However, compensation that qualifies for the performance-based compensation exemption from Section 162(m) is fully deductible, without regard to the limits of Section 162(m).

The CEO AIPP and the Amended and Restated 2008 Equity Incentive Plan allow the Compensation and Benefits Committee to grant incentive awards that may qualify for the performance-based compensation exemption from Section 162(m). However, to maintain flexibility in compensating our executives, the Compensation and Benefits Committee reserves the right to use its judgment to authorize compensation payments that may be subject to the limit when the Compensation and Benefits Committee believes that such payments are appropriate. Service-based restricted stock awards are not eligible for the performance-based compensation exemption.

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COMPENSATION COMMITTEE REPORT

The following Compensation Committee Report is not considered proxy solicitation material and is not deemed filed with the SEC. Notwithstanding anything to the contrary set forth in any of our previous filings made under the Securities Act of 1933, as amended, or under the Exchange Act that might incorporate future filings made by Superior under those statutes, the Compensation Committee Report will not be incorporated by reference into any such prior filings or into any future filings made by Superior under those statutes.

The Compensation and Benefits Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation and Benefits Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the proxy statement for the 2016 Annual Meeting of stockholders.

Submitted by the Compensation and Benefits Committee of the Board of Directors

James S. McElya, Chairperson

Paul J. Humphries

Timothy C. McQuay

Francisco S. Uranga

Table of ContentsCOMPENSATION TABLES**Summary Compensation Table**

The following table provides summary information concerning the compensation earned for services rendered in all capacities to Superior by its Chief Executive Officer, its Chief Financial Officer, and each of its other three most highly compensated executive officers whose total compensation for 2015 was in excess of \$100,000 and who were serving as executive officers at the end of 2015.

2015 Summary Compensation Table

Name and Principal Position	Year	Salary \$	Bonus ⁽¹⁾ \$	Stock Awards ⁽²⁾ \$	Option Awards ⁽³⁾ \$	Plan Compensation ⁽⁴⁾ \$	Change in Pension Value and Non- Equity Incentive Compensation	Nonqualified Deferred Earnings Compensation ⁽³⁾⁽⁴⁾	All Other Compensation ⁽⁵⁾	Total \$
Donald J. Stebbins President and Chief Executive Officer	2015	900,000		1,765,204		983,256			28,165	3,676,625
	2014	571,153		2,574,925		480,511			80,069	3,706,658
	2013									
Kerry A. Shiba Executive Vice President, Chief Financial Officer and Secretary	2015	396,940		253,377		265,478			21,924	937,719
	2014	373,649		153,280		153,776			20,504	701,209
	2013	360,707		113,360		186,039			19,815	679,921
Parveen Kakar Senior Vice President Sales, Marketing and Product Development	2015	354,808		195,507		260,000	101,520		17,435	929,270
	2014	258,870		124,540		86,100	173,800		14,278	657,588
	2013	229,343		69,760		82,800			17,092	398,995
James F. Sitek Senior Vice President Business Operations and	2015	375,000		195,507		275,000			23,298	868,805
	2014									
	2013									

Systems

Lawrence R. Oliver	2015	353,365	109,000	195,507	260,000	53,497	971,369
Senior Vice President	2014						
Manufacturing Operations	2013						

- (1) Reflects a sign on bonus.
- (2) For 2015, reflects the aggregate grant date fair value of time-based restricted stock units and performance-based restricted stock units granted pursuant to Superior's Amended and Restated 2008 Equity Incentive Plan to each of the NEOs computed in accordance with FASB ASC 718 and based on the fair market value of Superior's common stock on the date of grant. The fair value of the RSU and PRSU awards at grant date is broken down as follows:

Name	RSU (\$)	PRSU At Target (\$)	PRSU At Maximum (\$)
Mr. Stebbins	564,245	1,200,959	1,801,438
Mr. Shiba	80,998	172,379	344,759
Mr. Kakar	62,500	133,007	266,014
Mr. Sistek	62,500	133,007	266,014
Mr. Oliver	62,500	133,007	266,014

- (3) Reflects the amounts of the actuarial increase in the present value of each NEO's benefits under Superior's Salary Continuation Plan, determined using the same assumptions used for financial statement reporting purposes, as reflected in the notes to Superior's audited financial statements included in the Annual Report on Form 10-K for the fiscal year ended December 27, 2015. Mr. Kakar's rights have vested under the Salary Continuation Plan. The Salary Continuation Plan was closed to new participants in 2011 and, as a result, Messrs. Stebbins, Shiba, Sistek, and Oliver are not participants in the Salary Continuation Plan.

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- (4) The actuarial present value of the NEOs' benefits under the Salary Continuation Plan increased in 2015 due to Mr. Kakar's salary merit increase.
- (5) The amounts shown generally include matching contributions allocated by Superior to each NEO pursuant to the Savings and Retirement Plan, the value attributable to life insurance premiums paid by Superior on behalf of the NEOs, and a car allowance for each of the NEOs.
Mr. Stebbins' other compensation in 2015 includes a housing and travel allowance of \$8,000, as well as the benefits afforded to other NEOs.
Mr. Oliver's other compensation in 2015 includes a relocation allowance of \$31,617 as well as the benefits afforded to other NEOs.

Table of Contents**Grants of Plan Based Awards**

The following table sets forth summary information regarding all grants of plan-based awards made to our NEOs during the year ended December 27, 2015.

2015 Grants of Plan Based Awards

Name	Grant Type	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Option Awards ⁽²⁾
			Threshold \$	Target \$	Maximum \$	Threshold #	Target #	Maximum #		
Donald J. Stebbins	Annual Incentive		720,000	900,000	1,800,000					
	RSU	3/6/2015							30,045	564,245
	PRSU	3/6/2015				45,068	60,090	90,135		1,200,959
Kerry A. Shiba	Annual Incentive		194,400	243,000	729,000					
	RSU	3/6/2015							4,313	80,998
	PRSU	3/6/2015				4,313	8,625	17,250		172,379
Parveen Kakar	Annual Incentive		150,000	187,500	562,500					
	RSU	3/6/2015							3,328	62,500
	PRSU	3/6/2015				3,328	6,655	13,310		133,007
James Sistik	Annual Incentive		150,000	187,500	562,500					
	RSU	3/6/2015							3,328	62,500
	PRSU	3/6/2015				3,328	6,655	13,310		133,007
Lawrence Oliver	Annual Incentive		150,000	187,500	562,500					
	RSU	3/6/2015							3,328	62,500
	PRSU	3/6/2015				3,328	6,655	13,310		133,007

⁽¹⁾ Represents threshold, target and maximum payout opportunities under Superior's annual cash incentive programs for the NEOs. Actual amounts earned by the NEOs under these programs are set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Detailed information regarding these plans for the CEO and the other NEOs can be found under *Compensation Discussion and Analysis - 2015 Executive Compensation Components - Annual Incentive Compensation and Bonuses* in this Proxy Statement.

- (2) Reflects the grant date fair value of time-based restricted stock units and performance-based restricted stock units granted pursuant to the Amended and Restated 2008 Equity Incentive Plan computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 16 to Superior's audited financial statements for the fiscal year ended December 27, 2015, included in the Annual Report on Form 10-K for the fiscal year ended December 27, 2015.
No options were granted to the NEOs in 2015.

Table of Contents**Employment Agreement**

Donald J. Stebbins, President and CEO

On April 30, 2014, in connection with his appointment as President and Chief Executive Officer, Donald J. Stebbins entered into an Executive Employment Agreement effective as of May 5, 2014 (the "Employment Agreement"). The Employment Agreement is for a three year term that expires on April 30, 2017, with additional one-year automatic renewals unless either Mr. Stebbins or Superior provides advance notice of nonrenewal of the Employment Agreement. The Employment Agreement provides for an annual base salary of \$900,000. Mr. Stebbins may receive annual bonuses based on attainment of performance goals, determined by Superior's independent compensation committee, in the amount of 80% of annual base salary at threshold level performance, 100% of annual base salary at target level performance, and up to a maximum of 200% of annual base salary for performance substantially above target level.

Mr. Stebbins received inducement grants of restricted stock for 50,000 shares vesting April 30, 2017, and as the LTIP award for the 2014-2016 period, 82,455 shares vesting on December 31, 2016. Under the Employment Agreement, Mr. Stebbins is to be granted time-vested restricted stock units each year, cliff vesting at the third fiscal year end following grant, for a number of shares equal to 66.67% of his annual base salary divided by the per share value of Superior's common stock on the date of grant. Additionally, Mr. Stebbins is to be granted performance-vested restricted stock units each year, vesting based on Company performance goals established by the independent compensation committee during the three fiscal years following grant, for a target number of shares equal to 133.33% of his annual base salary divided by the per share value of Superior's common stock on the date of grant.

In general, the equity awards vest only if Mr. Stebbins continues in employment with Superior through the vesting date or end of the performance period. A prorated portion of the inducement grants of restricted stock vest upon Mr. Stebbins' termination of employment as a result of death or disability. Vesting of his initial 50,000 share restricted stock grant partially accelerates if Mr. Stebbins is terminated without cause or resigns for good reason. If Mr. Stebbins is terminated without cause or resigns for good reason within one year following a change in control of Superior, all of the restricted stock and time-vested restricted stock units become vested in full, and the performance-vested restricted stock units are to vest and be converted into shares based upon the level of attainment of performance goals through the change in control date.

The Employment Agreement includes a clawback of unearned incentive compensation paid based upon inaccurate financial results or erroneous information.

Superior also provides Mr. Stebbins a monthly housing and travel of allowance during a 12 month transition period (which ended at the beginning of 2015), a monthly automobile allowance and reimbursement of certain attorneys' fees in connection with entering into the Employment Agreement. Mr. Stebbins is entitled to four weeks annual paid vacation and to participate in all benefit plans generally made available to executive officers of Superior.

The Employment Agreement provides Mr. Stebbins a lump sum severance payment of one year's base salary plus a prorated amount of his current year annual bonus at target level, and 12 months' health care continuation, if he is terminated without cause or resigns for good reason other than within one year following a change in control of Superior. The severance payment is two year's base salary and two times current year annual bonus at target level, and health care continuation is 24 months, if Mr. Stebbins is terminated without cause or resigns for good reason within one year following a change in control of Superior. These severance payments and benefits, and the acceleration of equity awards described above, are conditioned upon Mr. Stebbins providing Superior a release of claims.

The Employment Agreement does not provide a gross up for taxes incurred from receiving excess parachute payments on a change in control. The benefits under the Employment Agreement are to be reduced to the extent necessary to avoid the excise tax under Section 4999 of the Internal Revenue Code if such reduction results in a higher after-tax amount to Mr. Stebbins.

Table of Contents**Outstanding Equity Awards at 2015 Fiscal Year End**

The following table sets forth summary information regarding the outstanding equity awards held by the NEOs at December 27, 2015.

Outstanding Equity Awards

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Exercised Options Exercisable (#) ⁽¹⁾	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested ⁽¹⁾ (#)	Market Value of Shares or Units of Stock That Have Not Vested ⁽²⁾ (\$)	Equity Incentive Plan Awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested ⁽²⁾ (\$)
Donald J. Stebbins					30,045	566,949	90,135	1,700,847
					50,000	943,500		
					82,455	1,555,926		
Kerry A. Shiba					4,313	81,386	17,250	325,508
					5,333	100,640		
					2,145	40,476		
	12,000		16.76	4-May-2022				
	12,000	0	22.57	13-May-2021				
	25,000	0	17.71	28-Oct-2020				
Parveen Kakar					3,328	62,799	13,310	251,160
					4,333	81,770		
					1,320	24,908		
	9,000		16.76	4-May-2022				
	9,000	0	22.57	13-May-2021				
	5,000	0	16.32	20-May-2020				
	4,500	0	15.17	14-Aug-2019				
	15,000	0	21.84	16-May-2018				
	12,000	0	18.55	12-Dec-2017				
James Sistik					3,328	62,799	13,310	251,160
					4,355	82,179		

Lawrence Oliver	3,328	62,799	13,310	251,160
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- (1) Options granted other than to Mr. Stebbins have expiration dates in 2021 or later (i.e., those granted in 2011 or later), vest in annual installments over three years. In 2014, 2013 and 2012, all restricted share awards vest in annual installments over three years. Mr. Stebbins' restricted share awards cliff vest 82,455 shares on December 30, 2016 and 50,000 shares on April 30, 2017. All RSU awards in 2015 vesting in annual installments over three years except for Mr. Stebbins' award, which cliff vests on December 31, 2017.
- (2) Reflects the value calculated by multiplying the number of share or units by \$18.87, which was the closing price of Superior's stock on December 24, 2015, the last trading day in our 2015 fiscal year. Based on performance through December 27, 2015, amounts of equity incentive plan awards are reported at their maximum levels.

Table of Contents**Option Exercises and Stock Vested in Fiscal Year 2015**

The following table summarizes the vesting of restricted stock awards for the NEOs for fiscal year ended December 27, 2015. There were no options exercised during the year.

Stock Vested

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$) ⁽¹⁾
Donald J. Stebbins		
Kerry A. Shiba	5,710	103,603
Parveen Kakar	4,194	76,417
James Sistek	2,145	42,643
Lawrence Oliver		

⁽¹⁾ The value realized was computed by multiplying the number of shares of restricted stock vesting by the closing stock price of Superior's common stock on the date of vesting.

Securities Authorized for Issuance under Equity Compensation Plans

The following table contains information about securities authorized for issuance under Superior's equity compensation plans. The features of these plans are described in Note 16 to Superior's audited financial statements in the Annual Report on Form 10-K for the fiscal year ended December 27, 2015.

Securities Authorized for Issuance Under Equity Compensation Plans

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuances under equity compensation plans ⁽²⁾
	Equity Compensation Plans approved by security holders	376,033	18.89
Equity Compensation Plans not approved by			

security holders

Total	376,033	18.89	1,347,940
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- (1) As of December 27, 2015, the average remaining term of all outstanding options is 3.6 years.
- (2) Represents the number of remaining shares available for grant as of December 27, 2015 under the Amended and Restated 2008 Equity Incentive Plan. All shares remaining available for future issuance as of December 27, 2015 may be used for grants of options or stock appreciation rights, whereas 600,000 of these shares may be granted as full-value awards. As of February 17, 2015, there were 577,059 aggregate shares issuable pursuant to options granted under the Amended and Restated 2008 Stock Incentive Plan. Also as of February 17, 2015, there were 27,942,747 shares of common stock issued and outstanding.

Table of Contents**Pension Benefits**

The following table summarizes the present value of benefits under Superior's Salary Continuation Plan for each of the NEOs as of December 27, 2015.

Name	Plan Name ⁽¹⁾	Number of Years Credited Service ⁽²⁾ (#)	Present Value of Accumulated Benefit ⁽³⁾ (\$)	Payments During Last Fiscal Year (\$)
Donald J. Stebbins				
Kerry A. Shiba				
Parveen Kakar	Salary Continuation Plan		660,080	
James SisteK				
Lawrence Oliver				

- (1) Pursuant to the Salary Continuation Plan, after having reached specified vesting dates and after reaching the age of 65 (or in the event of death while employed by Superior), the Salary Continuation Plan provides for Superior to pay to the individual, upon ceasing to be employed by Superior for any reason, a benefit equal to 30% of the employee's final average compensation over the preceding 36 months. Final average compensation only includes base salary for employees. The benefit is paid weekly and continues for the later of 10 years or until death, provided death occurs more than 10 years following the employee's retirement date.
- (2) Years of credited service does not apply to the Salary Continuation Plan. Mr. Kakar's rights have vested under the Salary Continuation Plan. The Salary Continuation Plan was closed to new participants in 2011 and, as a result, Messrs. Stebbins, Shiba, SisteK, and Oliver are not participants in the Salary Continuation Plan.
- (3) Represents the present value of accumulated benefits payable to each of the NEOs, under the Salary Continuation Plan, determined using the same assumptions described in Note 12 to Superior's audited financial statements in the Annual Report on Form 10-K for the fiscal year ended December 27, 2015.

Nonqualified Deferred Compensation.

Superior does not have any nonqualified deferred compensation plans other than the Salary Continuation Plan.

Potential Payments upon Termination of Employment or Change in Control

Other than Mr. Stebbins, our President and CEO, none of Superior's NEOs has had an employment agreement specifying a term of employment, and their employment may be terminated at any time. However, Superior does provide severance benefits upon the termination of a NEO's employment under certain prescribed circumstances.

Employment Agreement with Mr. Stebbins. For a description of benefits upon termination of employment or change of control, see Employment Agreements above.

Executive Change in Control Severance Plan. Under the Executive Change in Control Severance Plan, in which Messrs. Shiba, Kakar, SisteK, and Oliver currently participate, each participant is entitled to receive a multiple of the sum of his annual base salary and target annual bonus, paid in a lump sum within 60 days after termination. The multiple applied for each NEO in the plan is two-times the participant's annual compensation base. Each participant is

also entitled to receive a pro-rata target annual bonus for the year in which the change in control occurs.

Other Arrangements. The Salary Continuation Plan, as of the end of the fiscal year 2015, provides Mr. Kakar salary continuation benefits upon termination of employment due to a change in control.

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Summary of Potential Termination Payments and Benefits. The following table summarizes the value of the termination payments and benefits that each of our NEOs would receive if he had terminated employment on December 27, 2015 under the circumstances shown. The amounts shown in the tables do not include accrued but unpaid salary, earned annual bonus for 2015, or payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment, such as distributions of plan balances under our tax-qualified 401(k) plan, and death or disability benefits under our generally available welfare programs. This table also does not include the value of unvested equity awards that vest on a change in control, as those amounts are shown in the next table and are not contingent on a termination of employment.

Name	Termination		Retirement	Death ⁽¹⁾	Disability ⁽¹⁾	Termination without Cause or Resignation For Good Reason in connection with a Change in Control	Actual Termination Amounts Received
	for Cause or Voluntary Resignation	without Cause or for Good Reason ⁽¹⁾					
Donald J. Stebbins							
Cash Severance		900,000				1,800,000	
Bonus Severance		900,000				1,800,000	
COBRA Premiums		15,948				31,893	
Equity Acceleration		929,580		1,476,462	1,476,462	4,200,273	
Total		2,745,528		1,476,462	1,476,462	7,832,166	
Kerry A. Shiba							
Cash Severance						810,000	
Target 2015 Bonus						486,000	
Equity Acceleration						385,250	
Total						1,681,250	
Parveen Kakar⁽²⁾							
Cash Severance						750,000	
Target 2015 Bonus						375,000	
Equity Acceleration						295,051	
Total						1,420,051	
James Sitek							
Cash Severance						750,000	
Target 2015 Bonus						375,000	
Equity Acceleration						270,558	
Total						1,395,558	
Lawrence Oliver							
Cash Severance						750,000	
Target 2015 Bonus						375,000	
Equity Acceleration						188,379	

Total

1,313,379

- (1) Under his employment agreement, Mr. Stebbins is entitled to pro-rated vesting of certain of his inducement awards upon his death, disability, termination by the Company without Cause or his resignation for Good Reason (each as defined in his employment agreement).
 - (2) Mr. Kakar's rights have vested under the Salary Continuation Plan and, thus, he is entitled to receive payments under the Salary Continuation Plan upon the later of age 65 or his separation from service for any reason, as disclosed in the Pension Benefits table above. Such amounts are not quantified in this table.
- Change in Control Provisions under Other Agreements.* The Amended and Restated 2008 Equity Incentive Plan provides that a change in control occurs upon the occurrence of any of the following: (1) any person

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becomes the beneficial owner of securities representing 50% or more of the total voting power of Superior's outstanding voting securities; (2) consummation of a sale or disposition by Superior of all or substantially all of its assets; (3) consummation of a merger or consolidation of Superior with any other corporation, unless Superior's stockholders continue to control at least 50% of the total voting power of the successor entity; or (4) Superior's stockholders approve a plan of complete liquidation of the Company.

The Amended and Restated 2008 Equity Incentive Plan provides that, unless otherwise provided in an applicable award agreement, all outstanding equity awards will immediately vest if (i) the participant is terminated without cause or resigns with good reason within two years following a change in control ("Double Trigger") or (ii) upon a change in control if the awards are not assumed by the successor company.

The following table shows the total additional value of the equity awards that would be payable to each of the NEOs who were employed as of December 27, 2015 under the accelerated vesting provisions of the Amended and Restated 2008 Equity Incentive Plan upon the occurrence of a Double Trigger as of December 27, 2015.

Named Executive Officer	Restricted Stock (\$) ⁽²⁾	Performance Awards (\$) ⁽³⁾	Total (\$)
Donald J. Stebbins	3,066,375	1,133,898	4,200,273
Kerry A. Shiba	222,496	162,754	385,250
Parveen Kakar	169,471	125,580	295,051
James Sistik	144,978	125,580	270,558
Lawrence Oliver	62,799	125,580	188,379

- (1) Represents the value of the unvested awards at December 27, 2015. Stock options are valued based on the excess, if any, of (i) the closing price of our common stock on the New York Stock Exchange on December 24, 2015, the last trading day in our 2015 fiscal year, of \$18.87, over (ii) the exercise price of the option.
- (2) Represents the value of the unvested awards at December 27, 2015. Awards of restricted stock are valued based upon the closing price of our common stock on the New York Stock Exchange on December 24, 2015, the last trading day in our 2015 fiscal year, of \$18.87.
- (3) Represents the value of the unvested awards at December 27, 2015. Performance awards are valued at target based upon the closing price of our common stock on the New York Stock Exchange on December 24, 2015, the last trading day in our 2015 fiscal year, of \$18.87.

Risk Assessment of Overall Compensation Program

The Compensation and Benefits Committee has designed Superior's compensation programs to avoid excessive risk-taking. The following are some of the features that are designed to help Superior appropriately manage compensation-related business risk:

Diversification of incentive-related risk by employing a variety of performance measures, including financial performance;

Fixed maximum award levels for performance-based awards; and

An assortment of vehicles for delivering compensation, including cash and equity based incentives with different time horizons, to focus our executives on specific objectives that help us achieve Superior's business plan and create an alignment with long-term stockholder interests.

The Compensation and Benefits Committee has reviewed with management the design and operation of Superior's incentive compensation arrangements for all managers and executive officers, including the performance objectives and target levels used in connection with incentive awards, for the purpose of assuring that these arrangements do not encourage inappropriate risk taking that could impose unnecessary or excessive

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risk to the value of Superior or the investments of Superior's stockholders. In connection with such review, the Compensation and Benefits Committee identified certain internal and external factors that comprise Superior's primary business risks, and then reviewed Superior's incentive compensation arrangements for the purpose of identifying any aspects of such programs that might encourage behaviors that could exacerbate the identified business risks.

In conducting this assessment, the Compensation and Benefits Committee considered the performance objectives and target levels used in connection with these incentive awards and also the features of Superior's compensation program that are designed to mitigate compensation-related risk, including those discussed above. Based on such assessment, the Compensation and Benefits Committee concluded that Superior's compensation policies and practices for its employees are not reasonably likely to have a material adverse effect on Superior.

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AUDIT COMMITTEE REPORT

The information contained in this report shall not be deemed to be soliciting material, to be filed with the SEC or be subject to Regulation 14A or Regulation 14C (other than as provided in Item 407 of Regulation S-K) or to the liabilities of Section 18 of the Securities Exchange Act of 1934, and shall not be deemed to be incorporated by reference in future filings with the SEC except to the extent that Superior specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Securities Exchange Act of 1934.

The Audit Committee has reviewed and discussed with Superior's management and Deloitte & Touche LLP the audited consolidated financial statements of Superior contained in Superior's Annual Report on Form 10-K for the 2015 fiscal year. The Audit Committee has also discussed with Deloitte & Touche LLP the matters required to be discussed pursuant to applicable auditing standards.

The Audit Committee has received and reviewed the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with Deloitte & Touche LLP its independence from Superior.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board that the audited consolidated financial statements be included in Superior's Annual Report on Form 10-K for its 2015 fiscal year for filing with the SEC.

Submitted by the Audit Committee

Timothy C. McQuay, Chairperson

Jack A. Hockema

Paul J. Humphries

Michael R. Bruynesteyn

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INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Why did you send me this proxy statement?

We sent you this proxy statement and the enclosed **WHITE** proxy card because the Board of the Company is soliciting your proxy to vote at the Annual Meeting to be held on April 26, 2016, at 10:00 a.m. Eastern Time, and at any postponements or adjournments of the Annual Meeting. This proxy statement summarizes information that is intended to assist you in making an informed vote on the proposals described in this proxy statement.

What is the purpose of the Annual Meeting?

The Annual Meeting will be held for the following purposes:

To elect the following eight nominees to the Board: Michael R. Bruynesteyn, Margaret S. Dano, Jack A. Hockema, Paul J. Humphries, James S. McElya, Timothy C. McQuay, Donald J. Stebbins and Francisco S. Uranga (Proposal No. 1);

To approve, in a non-binding advisory vote, executive compensation (Proposal No. 2);

To approve the material terms of the performance goals under the Superior Industries International, Inc. Annual Incentive Performance Plan (Proposal No. 3);

To consider a proposal regarding proxy access (Proposal No. 4);

To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 25, 2016 (Proposal No. 5); and

To act upon such other matters as may properly come before the Annual Meeting or any postponements or adjournments thereof.

What are the Board's voting recommendations?

The Board recommends that you vote your shares:

FOR all nominees to the Board (Proposal No. 1) named in this proxy statement and the **WHITE** proxy card;

FOR the approval of Superior's executive compensation (Proposal No. 2);

FOR the approval of the material terms of the performance goals under the Superior Industries International, Inc. Annual Incentive Performance Plan (Proposal No. 3);

To CAST A VOTE on the proxy access proposal (the Board is not recommending whether to vote FOR or AGAINST this proposal) (Proposal No. 4); and

FOR ratification of the appointment of Deloitte & Touche LLP as Superior's independent registered public accounting firm for the fiscal year ending December 25, 2016 (Proposal No. 5).

Will other candidates be nominated for election as directors at the 2016 Annual Meeting in opposition to the Board's nominees?

Yes. GAMCO, a stockholder of the Company, has notified us that it intends to nominate three persons for election as directors to the Board at the Annual Meeting in opposition to the nominees recommended by the Board. The Board does **NOT** endorse any nominee of GAMCO and unanimously recommends that you vote FOR ALL of the nominees proposed by Superior's Board by using the **WHITE** proxy card accompanying this proxy statement. The Board is deeply committed to Superior, its stockholders and the creation and enhancement of stockholder value. The Board believes that the election of GAMCO's nominees at the Annual Meeting is not in the best interests of Superior and its stockholders as a whole. If GAMCO proceeds with its proposed director nominees, you may receive proxy materials from GAMCO. Superior is not responsible for the accuracy of any information contained in any proxy solicitation materials used by GAMCO or any other statements that it may

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otherwise make. If you have any questions or require any assistance with voting your shares, please contact Okapi Partners LLC, toll free at (877) 629-6356.

What should I do if I receive a BLUE proxy card from GAMCO?

Director nominations made by any party other than Superior are **NOT** endorsed by the Board. The Board recommends that you **DO NOT** sign or return the **BLUE** proxy card that may be sent to you by GAMCO or another party. Voting against these other nominees on the **BLUE** proxy card that they send you is **NOT** the same as voting for the Board nominees. If you submit a proxy card other than the **WHITE** proxy card, you may revoke that proxy by voting your proxy **FOR** the Board nominees by telephone or the Internet by following the instructions on the **WHITE** proxy card or by completing, signing, dating, and returning the enclosed **WHITE** proxy card prior to the Annual Meeting.

Your Board unanimously recommends that you **disregard and do not return** any **BLUE** proxy card you receive from GAMCO. Voting to withhold with respect to any GAMCO nominee on a **BLUE** proxy card sent to you by GAMCO is not the same as voting for your Board's nominees because a vote to withhold with respect to any GAMCO nominee on its **BLUE** proxy card will revoke any proxy you previously submitted.

Only the latest validly executed proxy that you submit will be counted.

What should I do if I receive more than one WHITE proxy card or other set of proxy materials from the Company?

If you hold your shares in multiple accounts or registrations, or in both registered and street name, you will receive a **WHITE** proxy card for each account. Please sign, date and return all **WHITE** proxy cards you receive from the Company. If you choose to vote by phone or by Internet, please vote once for each **WHITE** proxy card you receive. Only your latest dated proxy for each account will be voted. If GAMCO proceeds with its previously announced alternative director nominations, we will likely conduct multiple mailings prior to the Annual Meeting date to ensure stockholders have our latest proxy information and materials to vote. We will send you a new **WHITE** proxy card with each mailing, regardless of whether you have previously voted. The latest dated proxy you submit will be counted, and, if you wish to vote as recommended by our Board then you should only submit **WHITE** proxy cards. In addition, you may receive proxy solicitation materials from GAMCO, including an opposition proxy statement and a proxy card. The Board recommends that you disregard any proxy card you receive from GAMCO and return the enclosed **WHITE** proxy card.

I share an address with another stockholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

Superior has adopted a procedure approved by the Securities and Exchange Commission (the SEC) called householding. Under this procedure, Superior delivers one set proxy materials to multiple stockholders who share the same address unless Superior has received contrary instructions from one or more of the stockholders. This procedure potentially means extra convenience for stockholders and reduces Superior's printing and mailing costs as well as the environmental impact of its Annual Meetings. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, Superior will deliver promptly a separate copy of the proxy statement and annual report to any stockholder at a shared address to which Superior delivered a single copy of the proxy materials. If you are a stockholder who shares an address with another stockholder and would like only one copy of future notices and proxy materials for your household, you may notify your broker if your shares are held in a brokerage account or notify us if you are the stockholder of records.

To receive free of charge a separate copy of the proxy materials, stockholders may contact Superior's Secretary at 26600 Telegraph Rd., Suite 400, Southfield, MI 48033 or 248-352-7300.

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Stockholders who hold shares in street name (as described below) may contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

How can I get electronic access to the proxy materials?

Superior's proxy materials also are available at www.ViewOurMaterial.com/sup. This website address is included for reference only. The information contained on this website is not incorporated by reference into this Proxy Statement.

Who is entitled to vote?

To be able to vote, you must have been a stockholder on March 11, 2016, the Record Date for determination of stockholders entitled to notice of and to vote at the Annual Meeting. As of the Record Date, 25,238,212 shares of Superior common stock were issued and outstanding.

How many votes do I have?

Each holder of record of Superior common stock will be entitled to one vote on each matter for each share of common stock held on the Record Date.

What is the difference between a stockholder of record and a beneficial owner of shares held in street name?

Stockholder of Record. If your shares are registered directly in your name with Superior's transfer agent, Computershare Trust Company, N.A., you are considered the stockholder of record with respect to those shares, and the proxy materials were sent directly to you by Superior.

Beneficial Owner of Shares Held in Street Name. If your shares are held in an account at a brokerage firm, bank, broker-dealer, or other similar organization, then you are the beneficial owner of shares held in street name, and the proxy materials were forwarded to you by that organization. As a beneficial owner, you have the right to instruct your broker, bank, trustee, or nominee how to vote your shares.

If I am a stockholder of record of Superior's shares, how do I vote?

If you are a stockholder of record, there are four ways to vote:

In person. You may vote in person at the Annual Meeting by requesting a ballot from an usher when you arrive. You must bring valid picture identification such as a driver's license or passport and proof of stock ownership as of the Record Date.

Via the Internet. You may vote by proxy via the Internet by following the instructions included on the **WHITE** proxy card included with your materials.

By Telephone. You may vote by proxy by calling the toll free number found on the **WHITE** proxy card included with your materials.

By Mail. You may vote by proxy by filling out the **WHITE** proxy card and returning it in the envelope provided.

If I am a beneficial owner of shares held in street name, how do I vote?

If you are a beneficial owner of shares held in street name, there are two ways to vote:

In person. If you are a beneficial owner of shares held in street name and wish to vote in person at the Annual Meeting, you must obtain a legal proxy from the organization that holds your shares. A legal proxy is a written document that will authorize you to vote your shares held in street name at the Annual Meeting. Please contact the organization that holds your shares for instructions regarding obtaining a legal proxy.

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You must bring a copy of the legal proxy to the Annual Meeting and ask for a ballot from an usher when you arrive. You must also bring valid picture identification such as a driver's license or passport and proof that the organization that holds your shares held such shares on the Record Date. In order for your vote to be counted, you must hand both the copy of the legal proxy and your completed ballot to an usher to be provided to the inspector of election.

By Proxy. If you are a beneficial owner of shares held in street name, this Proxy Statement and accompanying materials have been forwarded to you by the organization that holds your shares. Such organization will vote your shares in accordance with your instructions using the methods set forth in the information provided to you by such organization. **If, as expected, GAMCO files definitive proxy materials to contest the election of the Company's director nominees and mails such materials to you, then brokers will not be permitted to vote your shares with respect to any proposals at the Annual Meeting without your instructions as to how to vote. Please instruct your broker how to vote your shares using the voting instruction form provided by your broker.** See What is a broker non-vote? below.

What is a quorum?

For business to be conducted at the Annual Meeting, a quorum must be present. A majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum. Accordingly, shares representing votes must be present in person or by proxy at the Annual Meeting to constitute a quorum. Abstentions and broker non-votes will be counted for the purpose of determining whether a quorum is present for the transaction of business.

If a quorum is not present, the Annual Meeting will be adjourned until a quorum is obtained.

What happens if I do not give specific voting instructions?

Stockholders of Record. If you are a stockholder of record and you:

Indicate when voting on the Internet or by telephone that you wish to vote as recommended by the Board; or

Sign and return a **WHITE** proxy card without giving specific voting instructions, then the persons named as proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this proxy statement and, in accordance with applicable law, as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

Beneficial Owners of Shares Held in Street Name. If you are a beneficial owner of shares held in street name and do not provide the organization that holds your shares with specific voting instructions then, under applicable rules, the organization that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the organization that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, that organization will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a broker non-vote.

Which ballot measures are considered routine or non-routine ?

Typically, non-routine matters include the election of directors (Proposal No. 1), the non-binding advisory vote on executive compensation (Proposal No. 2), the approval of the performance goals under the Superior Industries International, Inc. Annual Incentive Performance Plan (Proposal No. 3) and the consideration of the

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proxy access proposal (Proposal No. 4), and routine matters include ratification of the appointment of independent auditors (Proposal No. 5). If GAMCO files definitive proxy materials to contest the election of the Company's director nominees, then, under applicable exchange rules, all of the proposals in this proxy statement will be non-routine matters for those stockholders who receive proxy materials from GAMCO, and therefore, brokers will not be permitted to exercise discretionary authority with respect to such shares regarding any of the proposals to be voted on at the Annual Meeting. We strongly encourage you to give your broker your voting instructions.

What is a broker non-vote?

The term broker non-vote refers to shares held by a brokerage firm or other nominee (for the benefit of its client) that are represented at the Annual Meeting, but with respect to which such broker or nominee is not instructed to vote on a particular proposal and does not have discretionary authority to vote on that proposal. Brokers and nominees do not have discretionary voting authority on the election of directors and on other certain non-routine matters, and accordingly may not vote on such matters absent instructions from the beneficial holder. If you hold your shares in street name or through a broker it is important that you give your broker your voting instructions.

If, as expected, GAMCO files definitive proxy materials to contest the election of the Company's director nominees, then brokers representing shares that have received materials from GAMCO will not be permitted to vote such shares with respect to any proposals at the Annual Meeting without instructions as to how to vote. We strongly encourage you to instruct your broker how to vote your shares using the voting instruction form provided by your broker. The WHITE voting instruction forms provided by your bank, broker or other nominee will also include information about how to submit your proxy over the Internet or telephonically, if such options are available. Please return your completed WHITE proxy card or voting instruction form to your broker and contact the person responsible for your account or submit your proxy by internet or telephone so that your vote can be counted.

How are broker non-votes and abstentions treated?

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present.

With respect to the election of directors (Proposal No. 1), under plurality voting, broker non-votes and abstentions would have no effect on the election of directors.

With respect to each of the other proposals (Proposals No. 2, No. 3, No. 4 and No. 5), (i) broker non-votes and abstentions will not affect the outcome requiring an affirmative vote of a majority of the shares represented and voting at the Annual Meeting, however, (ii) broker non-votes and abstentions will have the effect of a vote against the proposal with respect to the additional requirement that shares voting affirmatively also constitute at least a majority of the required quorum.

In order to minimize the number of broker non-votes, Superior encourages you to vote or to provide voting instructions with respect to each proposal to the organization that holds your shares by carefully following the instructions provided in the voting instruction form.

What is the voting requirement to approve each of the proposals?

With respect to Proposal No. 1, the election of directors is determined by plurality voting, meaning that the eight persons receiving the largest number of yes votes will be elected as directors. Under Delaware 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 directors. Proxies may not be voted for more than the eight directors and stockholders may not cumulate votes in the election of directors.

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In an uncontested election, our Corporate Governance Guidelines provide that 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 stockholder 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 decision and decision-making process. In a contested election, which will be the case if the nomination of any of the nominees proposed by GAMCO is properly presented at the Annual Meeting, should any of the Company nominees fail to receive the vote required to be elected, the term of his or her service as a director will end on the date the voting results are determined pursuant to Delaware law.

Approval of Proposals No. 2, No. 3, No. 4 and No. 5 requires (i) the affirmative vote of a majority of the shares represented and voting at the Annual Meeting at which a quorum is present and (ii) that shares voting affirmatively also constitute at least a majority of the required quorum.

Can I change my vote after I have voted?

You may revoke your proxy and change your vote at any time before the taking of the vote at the Annual Meeting. Prior to the applicable cutoff time, you may change your vote using the Internet or telephone methods described above, in which case only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted. You may also revoke your proxy and change your vote by signing and returning a new proxy card or voting instruction form dated as of a later date, or by attending the Annual Meeting and voting in person. However, your attendance at the Annual Meeting will not automatically revoke your proxy unless you properly vote at the Annual Meeting or specifically request that your prior proxy be revoked by delivering a written notice of revocation to Superior's Secretary at 26600 Telegraph Rd., Suite 400, Southfield, MI 48033 prior to the Annual Meeting.

If you vote using the **BLUE** proxy card sent to you by GAMCO, you can subsequently revoke it by signing, dating and returning the enclosed **WHITE** proxy card or voting instruction form in the postage-paid envelope provided or by submitting your proxy by telephone or by Internet by following the instructions on the **WHITE** proxy card or voting instruction form. Only your last-dated proxy will count any proxy may be revoked at any time prior to its exercise at the Annual Meeting. If you decide to attend the Annual Meeting and wish to change your proxy vote, you may do so automatically by voting in person at the Annual Meeting.

Who will serve as the inspector of election?

IVS Associates, Inc., will serve as the inspector of election.

Where can I find the voting results?

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be tallied by the inspector of election after the taking of the vote at the Annual Meeting. Superior will publish the final voting results in a Current Report on Form 8-K, which Superior is required to file with the SEC within four business days following the Annual Meeting.

Who is paying the costs of this proxy solicitation?

Superior is paying the costs of the solicitation of proxies. Superior has retained Okapi Partners LLC to assist in obtaining proxies by mail, facsimile, telephone or email from brokerage firms, banks, broker-dealers or other similar organizations representing beneficial owners of shares for the Annual Meeting. We have agreed to pay such firm a fee of approximately \$100,000 plus out-of-pocket expenses. Okapi Partners LLC may be contacted toll-free at

(877) 629-6356. Superior may also reimburse brokerage firms, banks, broker-dealers or other similar organizations for the cost of forwarding proxy materials to beneficial owners. In addition, certain of Superior's

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directors, officers and regular employees, without additional compensation, may solicit proxies on Superior's behalf in person, by telephone, by fax or by electronic mail. See "Proxy Solicitation and Costs" in this proxy statement for further information.

How can I attend the Annual Meeting?

Only stockholders as of the Record Date are entitled to attend the Annual Meeting. Each stockholder must present valid picture identification such as a driver's license or passport and provide proof of stock ownership as of the Record Date. The use of mobile phones, pagers, recording or photographic equipment, tablets and/or computers is not permitted at the Annual Meeting.

What is the deadline to propose actions for consideration or to nominate individuals to serve as directors at the 2017 Annual Meeting of stockholders?

Requirements for Stockholder Proposals to Be Considered for Inclusion in Superior's Proxy Materials. Proposals that a stockholder intends to present at the 2017 Annual Meeting of stockholders and wishes to be considered for inclusion in Superior's proxy statement and form of proxy relating to the 2017 Annual Meeting of stockholders must be received no later than November 28, 2016 (the date that is 120 calendar days before the one year anniversary date of when Superior's proxy statement was released to stockholders for this Annual Meeting). However, if the 2017 Annual Meeting date has changed more than 30 days from this year's meeting, then the deadline is a reasonable time before we begin to print and send out proxy materials. All proposals must comply with Rule 14a-8 under the Exchange Act, which lists the requirements for the inclusion of stockholder proposals in company-sponsored proxy materials. Stockholder proposals must be delivered to Superior's Secretary by mail at 26600 Telegraph Rd., Suite 400, Southfield, MI 48033.

Requirements for Other Stockholder Proposals to Be Brought Before the 2017 Annual Meeting of Stockholders and Director Nominations. Our Amended and Restated Bylaws (the "Bylaws") provide that any stockholder proposals (other than those made under Rule 14a-8 of the Exchange Act) and any nomination of one or more persons for election as a director be made not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the one-year anniversary of the date of the preceding year's annual meeting. Accordingly, in order for a stockholder proposal or director nomination to be considered at the 2017 Annual Meeting, a written notice of the proposal or the nomination must be received by the Secretary of Superior no later than January 26, 2017 (assuming that the 2017 Annual Meeting is held on April 26, 2017, the anniversary of the 2016 Annual Meeting). However, if the date of the 2017 Annual Meeting is advanced by more than 30 days prior to or delayed by more than 60 days after the one-year anniversary of the date of the 2016 Annual Meeting, then, for notice by the stockholder to be timely, it must be received by the Secretary of Superior not earlier than the 120th day prior to the date of the 2017 Annual Meeting and not later than the close of business on the later of (i) the 90th day prior to the 2017 Annual Meeting, or (ii) the tenth day following the day on which public announcement of the date of the 2017 Annual Meeting is first made. In order for stockholder proposals that are submitted outside of SEC Rule 14a-8 and are intended to be considered by the stockholders at the 2017 Annual Meeting to be considered "timely" for purposes of SEC Rule 14a-4(c) under the Exchange Act, the proposal must be received by the Secretary of Superior no later than November 28, 2016. The notice must set forth the information required by the Bylaws with respect to each director nomination and stockholder proposal that the stockholder intends to present at the 2017 Annual Meeting. The proxy solicited by the Board for the 2017 Annual Meeting will confer discretionary voting authority with respect to any proposal presented by a stockholder at that meeting for which Superior has not been provided with timely notice, or, even if there is timely notice, the stockholder does not comply with the requirements of Rule 14a-4(c)(2) promulgated under the Exchange Act. Notices must be delivered to Superior's Secretary by mail at 26600 Telegraph Rd., Suite 400, Southfield, MI 48033.

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PROXY SOLICITATION AND COSTS

Superior will bear the entire cost of this solicitation of proxies, including the preparation, assembly, printing, and mailing of this Proxy Statement, the proxy card and any additional solicitation material that Superior may provide to stockholders. Copies of solicitation material will be provided to brokerage firms, fiduciaries and custodians holding shares in their names that are beneficially owned by others so that they may forward the solicitation material to such beneficial owners. Further, the original solicitation of proxies by mail may be supplemented by solicitation by telephone and other means by directors, executive officers and employees of Superior. No additional compensation will be paid to these individuals for any such services. The Company will also post its proxy materials to its website under Investors.

In addition, Superior has retained Okapi Partners LLC to act as a proxy solicitor in conjunction with the Annual Meeting. Superior has agreed to pay that firm approximately \$100,000 plus reasonable out-of-pocket expenses, for proxy solicitation services. This proxy solicitation firm estimates that approximately 25 of its employees will assist in this proxy solicitation, which they may conduct by personal interview, mail, telephone, facsimile and email. The Company's aggregate expenses, including those of Okapi Partners LLC, related to the solicitation in excess of those normally spent for an annual meeting as a result of the potential proxy contest and excluding base annual service fees, salaries and wages of our directors, officers and regular employees, are expected to be approximately \$375,000, of which approximately \$175,000 has been incurred to date. These solicitation costs are expected to include the fee payable to our proxy solicitor; fees of outside counsel and advisors to advise us in connection with a contested solicitation of proxies; increased costs related to investor relations; increased mailing costs, such as the costs of additional mailings of solicitation material to stockholders, including printing costs, mailing costs and the reimbursement of reasonable expenses of banks, brokerage houses and other agents incurred in forwarding solicitation materials to beneficial owners of our common stock, as described above; and the costs of retaining an independent inspector of election. Appendix A sets forth information relating to our directors, executive officers and employees who are considered participants in our solicitation under the rules of the SEC by reason of their position as executive officers and directors of the Company or because they may be soliciting proxies on our behalf.

STOCKHOLDERS SHARING THE SAME ADDRESS

The SEC has adopted rules that permit companies and intermediaries (such as brokers) to implement a delivery procedure called householding. Under this procedure, multiple stockholders who reside at the same address may receive a single copy of our annual report and proxy materials, unless the affected stockholder has provided contrary instructions. This procedure reduces printing costs and postage fees.

Once again this year, a number of brokers with account holders who beneficially own our common stock will be householding our annual report and proxy materials. A single set of our annual report and other proxy materials will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholders. Once you have received notice from your broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. Stockholders may revoke their consent at any time by contacting Broadridge Financial Solutions, either by calling toll-free (800) 542-1061, or by writing to Broadridge Financial Solutions, Household Department, 51 Mercedes Way, Edgewood, New York, 11717.

Upon written or oral request, Superior will promptly deliver a separate set of the annual report and other proxy materials to any beneficial owner at a shared address to which a single copy of any of those documents was delivered. To receive a separate set of the annual report and other proxy materials, you may write or call Superior's Secretary at Superior Industries International, Inc., 26600 Telegraph Rd., Suite 400, Southfield, MI 48033, telephone

(248) 352-7300.

Stockholders who share the same address and currently receive multiple copies of our annual report and other proxy materials, who wish to receive only one set in the future, can contact their bank, broker or other holder of record to request information about householding.

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FORM 10-K

SUPERIOR WILL MAIL WITHOUT CHARGE, UPON WRITTEN REQUEST, A COPY OF SUPERIOR S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 27, 2015, INCLUDING THE CONSOLIDATED FINANCIAL STATEMENTS, SCHEDULES AND LIST OF EXHIBITS, AND ANY PARTICULAR EXHIBIT SPECIFICALLY REQUESTED. REQUESTS SHOULD BE SENT TO: SUPERIOR INDUSTRIES INTERNATIONAL, INC., 26600 TELEGRAPH RD., SUITE 400, SOUTHFIELD, MICHIGAN, ATTN: SECRETARY, OR CALL (248) 352-7300. THE ANNUAL REPORT ON FORM 10-K IS ALSO AVAILABLE AT WWW.SUPIND.COM. THIS PROXY STATEMENT AND THE 2015 ANNUAL REPORT TO STOCKHOLDERS ARE AVAILABLE ON WWW.VIEWOURMATERIAL.COM/SUP.

OTHER MATTERS

The Board knows of no other matters to be presented for stockholder action at the Annual Meeting. However, if other matters do properly come before the Annual Meeting or any adjournments or postponements thereof, the Board intends that the persons named in the proxies will vote upon such matters in accordance with their best judgment.

BY ORDER OF THE BOARD OF
DIRECTORS

/s/ Kerry A. Shiba
Kerry A. Shiba
Secretary

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Appendix A

INFORMATION CONCERNING PARTICIPANTS IN THE COMPANY'S SOLICITATION OF PROXIES

The following tables (Directors and Nominees and Executive Officers) set forth the name and business address of our directors and nominees, and the name, present principal occupation and business address of our officers who, under the rules of the SEC, are considered to be participants in our solicitation of proxies from our stockholders in connection with our 2016 annual meeting (collectively, the Participants).

Directors and Nominees

The principal occupations of our directors and nominees are set forth under Proposal 1 of this Proxy Statement, titled Election of Directors. The names of our directors and nominees are set forth below and the business address for all our directors and nominees is c/o Superior Industries International, Inc., 26600 Telegraph Rd., Suite 400, Southfield, MI 48033.

Nominees:

Michael R. Bruynesteyn

Margaret S. Dano

Jack A. Hockema

Paul J. Humphries

James S. McElya

Timothy C. McQuay

Donald J. Stebbins

Francisco S. Uranga

Executive Officers

The principal occupations of our executive officers who are considered Participants are set forth below. The principal occupation refers to his position with Superior, and the business address is c/o Superior Industries International, Inc.

Donald J. Stebbins President and Chief Executive Officer

Kerry A. Shiba Executive Vice President and Chief Financial Officer

Information Regarding Ownership of Company Securities by Participants

The number of shares of Superior common stock beneficially owned by our directors and named executive officers as of March 11, 2016 is set forth under the Voting Securities and Principal Ownership section of this Proxy Statement.

Information Regarding Transactions in Superior Securities by Participants

The following table sets forth information regarding purchases and sales of Superior securities by each Participant during the past two years. Unless otherwise indicated, all transactions were in the public market or pursuant to our equity compensation plans and none of the purchase price or market value of these securities is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding such securities.

Name	Transaction Date	# of Shares		Transaction Description
Margaret S. Dano	February 19, 2014	1,250	Acquisition	Grant of restricted common stock
	May 16, 2014	3,750	Acquisition	Grant of restricted common stock
	May 6, 2015	3,969	Acquisition	Grant of restricted common stock
	August 7, 2015	5,100	Acquisition	Open market purchase of common stock
Michael R. Bruynesteyn	February 11, 2016	3,000	Acquisition	Open market purchase of common stock

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Jack A. Hockema	May 6, 2015	3,969	Acquisition	Grant of restricted common stock
	August 7, 2015	15,000	Acquisition	Open market purchase of common stock
Paul J. Humphries	May 6, 2015	3,969	Acquisition	Grant of restricted common stock
James S. McElya	February 19, 2014	1,250	Acquisition	Grant of restricted common stock
	May 16, 2014	3,750	Acquisition	Grant of restricted common stock
	February 24, 2015	423	Disposition	For payment of taxes due on restricted stock
	May 6, 2015	3,969	Acquisition	Grant of restricted common stock
	December 22, 2015	2,800	Acquisition	Open market purchase of common stock
Timothy C. McQuay	February 19, 2014	1,250	Acquisition	Grant of restricted common stock
	May 16, 2014	3,750	Acquisition	Grant of restricted common stock
	May 6, 2015	3,969	Acquisition	Grant of restricted common stock
	February 16, 2016	1,000	Acquisition	Open market purchase of common stock
Kerry A. Shiba	May 19, 2014	341	Disposition	Open market sale of common stock
	July 11, 2014	331	Disposition	Open market sale of common stock
	August 15, 2014	8,000	Acquisition	Grant of restricted common stock
	September 30, 2014	833	Disposition	Open market sale of common stock
	December 9, 2014	396	Disposition	Open market sale of common stock
	March 6, 2015	4,313	Acquisition	Grant of restricted common stock
	August 19, 2015	1,053	Disposition	For payment of taxes due on restricted stock
	September 1, 2015	858	Disposition	For payment of taxes due on restricted stock
	March 7, 2016	4,733	Grant of restricted stock units	
Donald J. Stebbins	May 5, 2014	132,455	Acquisition	Grant of restricted common stock
	May 7, 2014	12,500	Acquisition	Open market purchase of common stock
	March 6, 2015	30,045	Acquisition	Grant of restricted common stock
	March 7, 2016	32,051	Acquisition	Grant of restricted stock units
Francisco S. Uranga	February 19, 2014	1,250	Grant of restricted common stock	
	May 16, 2014	3,750	Acquisition	Grant of restricted common stock
	May 6, 2015	3,969	Acquisition	Grant of restricted common stock

Miscellaneous Information Regarding Participants

Except as described in this Appendix A or the proxy statement, none of the participants (i) beneficially owns (within the meaning of Rule 13d-3 under the Exchange Act), directly or indirectly, any shares or other securities of us or any of our subsidiaries, (ii) has purchased or sold any of such securities within the past two years or (iii) is, or within the past year was, a party to any contract, arrangement or understanding with any person with respect to any such securities. Except as disclosed in this Appendix A or the proxy statement, no associates of a participant beneficially owns, directly or indirectly, any of our securities. Other than as disclosed in this Appendix A or the proxy statement, neither we nor any of the participants has any substantial interests, direct or indirect, by security holding or otherwise, in any matter to be acted upon at the annual meeting or is or has been within the past year a party to any contract, arrangement or understanding with any person with respect to any of our securities, including, but not limited to, joint ventures, loan or option agreements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits or the giving or withholding of proxies.

Except as disclosed in this Appendix A or the proxy statement, none of us, the participants or any of their associates has had or will have a direct or indirect material interest in any transaction or series of similar transactions since the beginning of our last fiscal year or any currently proposed transactions, or series of similar transactions, to which we or any of our subsidiaries was or is to be a party in which the amount involved exceeds \$120,000. Other than as set forth in this Appendix A or the proxy statement, none of us, any of the participants or any of their associates has any arrangements or understandings with any person with respect to any future employment by us or our affiliates or with

respect to any future transactions to which we or any of our affiliates will or may be a party.

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SUPERIOR INDUSTRIES INTERNATIONAL, INC.

ANNUAL INCENTIVE PERFORMANCE PLAN

ARTICLE 1

PURPOSE AND DURATION

Section 1.1 Purpose. Superior Industries International, Inc. (the Company) has established the Annual Incentive Performance Plan (the Plan) to motivate employees of the Company and its Affiliates employed in the United States, Mexico and elsewhere to achieve performance objectives measured on an annual basis, which is intended to result in increased value to the shareholders of the Company.

Section 1.2 Duration. The Plan is hereby amended and restated effective December 28, 2015 with respect to any Performance Period beginning on or after such date. The Plan will remain in effect through the date of the 2021 annual meeting of the Company's shareholders, unless terminated earlier pursuant to Article 10.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Section 2.1 Definitions. Wherever used in the Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized:

- (a) Administrator means, with respect to the executive officers (as defined in Rule 3b-7 under the Exchange Act) of the Company, the Committee, and with respect to all other employees, the Chief Executive Officer of the Company.
- (b) Affiliate has the meaning ascribed to such term in Rule 12b-2 promulgated under the Exchange Act, or any successor rule or regulation thereto.
- (c) Annual Performance Award means an opportunity granted to a Participant to receive a payment of cash based in whole or part on the extent to which one or more Performance Goals for one or more Performance Measures are achieved for the Performance Period, subject to the conditions described in the Plan and that the Administrator otherwise imposes.
- (d) Base Salary of a Participant means the annual rate of base pay in effect for such Participant during the Performance Period (or such other period as the Administrator may specify by action taken at the time of grant of an Annual Performance Award) and after any changes to the annual rate of base pay as a result of the annual performance appraisal process. In the event that the annual rate of base pay has changed during the Performance Period and after the annual performance appraisal process, then Base Salary will be calculated by weighting the different annual rates of base pay by the number of days such rates were in effect. For purposes of this calculation, the pre-change annual rate of base pay is treated as in effect from the beginning of the Performance Period to the date of change.
- (e) Board means the Board of Directors of the Company.
- (f) Beneficiary means the person or persons entitled to receive any amounts due to a Participant in the event of the Participant's death as provided in Article 7.

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(g) Cause means: (1) if the Participant is subject to an employment agreement that contains a definition of cause, such definition, or (2) otherwise, any of the following as determined by the Administrator: (A) violation of the provisions of any employment agreement, non-competition agreement, confidentiality agreement, or similar agreement with the Company or an Affiliate, or the Company's or an Affiliate's code of ethics, as then in effect, (B) conduct rising to the level of gross negligence or willful misconduct in the course of employment with the Company or an Affiliate, (C) violation of any federal, state or local law in connection with the Participant's employment, or (D) breach of any fiduciary duty to the Company or an Affiliate.

(h) Code means the Internal Revenue Code of 1986, as amended. Any reference to a particular provision of the Code shall be deemed to include the regulations thereunder and any successor provision or regulation thereto.

(i) Company means Superior Industries International, Inc., a Delaware corporation, and any successor thereto as provided in Article 13.

(j) Committee means the Compensation and Benefits Committee of the Board, which shall consist of not less than three (3) members of the Board each of whom is a non-employee director as defined in Securities and Exchange Commission Rule 16b-3(b)(3), or as such term may be defined in any successor regulation under Section 16 of the Securities Exchange Act of 1934, as amended. In addition, each member of the Committee shall be an outside director within the meaning of Code Section 162(m).

(k) Exchange Act means the Securities Exchange Act of 1934, as amended. Any reference to a particular provision of the Exchange Act shall be deemed to include the regulations thereunder and any successor provision or regulation thereto.

(l) Excluded Items means any gains or losses from the sale of assets outside the ordinary course of business, any gains or losses from discontinued operations, any items that are of an unusual nature and/or items that indicate infrequency of occurrence, the effects of accounting changes, any unusual, nonrecurring, transition, one-time or similar items or charges, the diluted impact of goodwill on acquisitions, and any other items specified by the Administrator; provided that, for Annual Performance Awards intended to qualify as performance-based compensation under Code Section 162(m), the Administrator shall specify the Excluded Items in writing in a manner consistent with the requirements of Code Section 162(m) regarding the same, unless after application of the Excluded Items, the amount payable under the Annual Performance Award is reduced.

(m) Inimical Conduct means any act or omission that is inimical to the best interests of the Company or any Affiliate, as determined by the Administrator in its sole discretion, including but not limited to: (1) violation of any employment, noncompete, confidentiality or other agreement in effect with the Company or any Affiliate, (2) taking any steps or doing anything which would damage or negatively reflect on the reputation of the Company or an Affiliate, or (3) failure to comply with applicable laws relating to trade secrets, confidential information or unfair competition.

(n) Participant means an employee of the Company or an Affiliate who has been selected by the Administrator to participate in the Plan.

(o) Performance Goal means the level(s) of performance for a Performance Measure that must be attained in order for a payment to be made under an Annual Performance Award, and/or to determine the amount of such payment based on the Performance Scale.

(p) Performance Measures means the following categories (in all cases after taking into account any Excluded Items, as applicable), including in each case any measure based on such category:

- (1) Basic earnings per common share for the Company on a consolidated basis.
- (2) Diluted earnings per common share for the Company on a consolidated basis.

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- (3) Total shareholder return.
- (4) Net sales.
- (5) Cost of sales.
- (6) Gross profit.
- (7) Operating income.
- (8) Earnings before interest and the provision for income taxes (EBIT).
- (9) Earnings before interest, the provision for income taxes, depreciation, and amortization (EBITDA).
- (10) Net income.
- (11) Return on equity.
- (12) Return on assets.
- (13) Return on invested capital.
- (14) Return on sales.
- (15) Economic value added, or other measure of profitability that considers the cost of capital employed.
- (16) Free cash flow.
- (17) Net cash provided by operating activities.
- (18) Net increase (decrease) in cash and cash equivalents.

The Performance Measures described in items (4) through (18) may be measured (A) for the Company on a consolidated basis, (B) for any one or more Affiliates or divisions of the Company and/or (C) for any other business unit or units of the Company or an Affiliate as defined by the Administrator at the time of selection. Further, the Performance Measures shall be determined under U.S. generally accepted accounting principles, unless the Administrator sets forth an alternate definition in the Annual Performance Award. In addition, with respect to Annual Performance Awards that are not intended to comply with Code section 162(m), the Administrator may designate other categories, including categories involving individual performance, individual and group performance ratings and other subjective targets, not listed above.

(q) **Performance Period** means a period of one fiscal year or less of the Company or an Affiliate as selected by the Administrator.

(r) **Performance Scale** means, with respect to a Performance Measure, a scale from which the level of achievement may be calculated for any given level of actual performance for such Performance Measure. The Performance Scale may be a linear function, a step function, a combination of the two, or any other manner of measurement as determined by the Administrator.

(s) Plan means the Company's Annual Incentive Performance Plan, as set forth herein, as the such may be amended, administered or interpreted from time to time.

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(t) **Retirement** means termination of employment from the Company and its Affiliates (without Cause) on or after attainment of age sixty-two (62) with at least five (5) consecutive years of service.

(u) **Total and Permanent Disability** means the Participant's inability to perform the material duties of his or her occupation as a result of a medically-determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a period of at least twelve (12) consecutive months, as determined by the Administrator. The Participant will be required to submit such medical evidence or to undergo a medical examination by a doctor selected by the Administrator as the Administrator determines is necessary in order to make a determination hereunder.

Section 2.2 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein includes the feminine, the plural includes the singular, and the singular the plural.

Section 2.3 Severability. In the event any provision of the Plan is held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the said illegal or invalid provision had not been included.

ARTICLE 3

ELIGIBILITY

Section 3.1 Selection of Participants. The Administrator shall select the employees of the Company and its Affiliates for participation in the Plan. No employee shall have any right to receive an Annual Performance Award in any year even if an Annual Performance Award has been previously granted in prior years. In general, it is expected that the Administrator will determine which employees are to receive an Annual Performance Award prior to, or within the first ninety (90) days of, the first day of the applicable Performance Period.

Section 3.2 Termination of Approval. Until the earlier of the end of a Performance Period or a Participant's termination of employment, the Administrator may at any time withdraw its approval for a Participant's participation in the Plan. In the event of the Administrator's withdrawal of approval, the employee concerned shall cease to be a Participant as of the date selected by the Administrator, the employee's Annual Performance Awards shall be cancelled, and the employee shall not be entitled to any payment under those Annual Performance Awards unless the Administrator determines otherwise. If payment is approved by the Administrator notwithstanding the withdrawal of approval, the payment shall be made in accordance with Section 5.2, at the time specified in such section, and the payment amount shall equal the award amount calculated under Section 5.1, reduced in such manner or by such amount (if at all) as determined in the sole discretion of the Administrator. A Participant shall be notified of the Administrator's withdrawal of its approval for the Participant's participation in the Plan as soon as practicable following such action.

Section 3.3 Transfers In, Out and Between Eligible Positions.

(a) Notwithstanding Section 3.1, if an employee is hired or promoted into a position that is eligible for an Annual Performance Award, the Administrator may (1) select such employee as a Participant at any time during the course of a Performance Period, (2) take action resulting in an employee's receipt of an additional Annual Performance Award, where, with respect to a particular Performance Period already in progress, the employee is currently a Participant in the Plan and already has an Annual Performance Award for that Performance Period, or (3) change the Performance Goals, Performance Measures, Performance Scale or potential award amount under an Annual Performance Award that is already in effect; provided that the Administrator may not apply the discretion described in clause (3) with

regard to any Annual Performance Award that is intended to qualify as performance-based compensation under Code Section 162(m). The Administrator shall prorate the Annual Performance Award to reflect the Participant's actual period or periods of employment during the Performance Period.

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(b) If a Participant is demoted during a Performance Period, the Administrator may decrease the potential award amount of any Annual Performance Award the Participant may be eligible to receive, or revise the Performance Goals, Performance Measures or Performance Scale applicable to the Participant (provided that any such revision as applied to an Annual Performance Award that is intended to qualify as performance-based compensation under Code Section 162(m) may result only in a reduction of the amount that would have otherwise been payable absent such revision), as the Administrator determines is necessary to reflect the Participant's demotion, or the Administrator may withdraw its approval for the Participant's participation in the Plan in accordance with Section 3.2.

(c) If a Participant is transferred from employment by the Company to the employment of an Affiliate, or vice versa, the Administrator may revise the Participant's Annual Performance Award to reflect the transfer, including but not limited to, changing the potential award amount, Performance Measures, Performance Goals and Performance Scale applicable to the Participant (provided that any such revision as applied to an Annual Performance Award that is intended to qualify as performance-based compensation under Code Section 162(m) may result only in a reduction of the amount that otherwise would have been payable absent such revision).

Section 3.4 Termination of Employment.

(a) Except as set forth in any individual employment agreement or severance plan or agreement, no Participant shall earn an incentive award for a Performance Period unless the Participant is continuously employed by the Company or an Affiliate (or is on an approved leave of absence) through the payment date for such Annual Performance, unless the Participant's employment was terminated prior to such date as a result of Retirement, Total and Permanent Disability or death, and at a time when the Participant could not have been terminated for Cause, or unless payment is approved by the Administrator after considering the cause of the Participant's termination. If payment is approved by the Administrator, the payment shall be made in accordance with Section 5.2, at the time specified in such section, and the payment amount shall equal the award amount calculated under Section 5.1, reduced in such manner or by such amount (if at all) as determined in the sole discretion of the Administrator.

(b) If a Participant's employment is terminated as a result of death, Total and Permanent Disability or Retirement, at a time when the Participant could not have been terminated for Cause, then the Participant (or the Participant's Beneficiary or estate in the event of his or her death) shall be entitled to receive an amount equal to the product of (x) the award amount calculated under Section 5.1 and (y) a fraction, the numerator of which is the number of the Participant's calendar months of employment during the Performance Period for such award and the denominator of which is the number of calendar months in the Performance Period for such award. In calculating the Participant's calendar months, any fractional month shall be rounded up to the nearest whole month. Notwithstanding the above, the Administrator may determine not to prorate the award. Payment shall be made in accordance with Section 5.2.

ARTICLE 4

CONTINGENT ANNUAL PERFORMANCE AWARDS

The Administrator shall determine, at the time an Annual Performance Award is granted, the Performance Period, the Performance Measure(s), the Performance Goal(s) for such Performance Measure, the Performance Scale (which may vary for different Performance Measures), and the amount payable to the Participant if and to the extent the Performance Goals are met (as measured under the Performance Scale). The amount payable to a Participant for meeting the Performance Goal(s) may be designated as a flat dollar amount or as a percentage of the Participant's Base Salary, or may be determined by any other means specified by the Administrator at the time the Annual Performance Award is granted.

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ARTICLE 5

PAYMENT

Section 5.1 Evaluating Performance and Computing Awards.

(a) As soon as practicable following the close of a Performance Period, the Administrator shall determine and certify whether and to what extent the Performance Goals and other material terms of the Annual Performance Award for that Performance Period were satisfied, and shall determine whether any discretionary adjustments under Subsection (b) shall be made. Based on such certification, the Administrator (or its delegate) shall determine the award amount for a Participant under the Annual Performance Award for that Performance Period, provided that the maximum award amount for any Participant shall be, with respect to any and all Annual Performance Awards of such Participant with Performance Periods covering (or ending within) the same fiscal year of the Company, no more than three million dollars (\$3,000,000).

(b) The Administrator may adjust each Participant's potential award amount under any Annual Performance Award, based upon overall individual performance and attainment of goals, as follows:

(1) With respect to an Annual Performance Award that is intended to qualify as performance-based compensation under Code Section 162(m), the amount of the Annual Performance Award may be reduced by a maximum of one hundred percent (100%) (i.e., to an amount between 0% and 100% of the Annual Performance Award amount); and

(2) With respect to all other Annual Performance Awards, the amount of the Annual Performance Award may be increased by a maximum of one hundred percent (100%) or reduced by a maximum of one hundred percent (100%) (i.e., to an amount between 0% and 200% of the Annual Performance Award amount).

Section 5.2 Timing and Form of Payment. When the payment amount for the Participant has been determined, unless otherwise deferred pursuant to a Participant's election under the Company's deferred compensation plan, payment shall be made in a cash lump sum by the 74th day following the close of the Performance Period, provided that the Participant is continuously employed by the Company or an Affiliate (or is on an approved leave of absence) through such payment date (or other requirements set forth in Section 3.4 are met).

Section 5.3 Inimical Conduct. Notwithstanding the foregoing, after the end of the Performance Period for which a payment for an Annual Performance Award has accrued, but before payment or deferral of such amount actually occurs, if the Participant engages in Inimical Conduct, or if the Company determines after the Participant's termination of employment that the Participant could have been terminated for Cause, the Annual Performance Award shall be automatically cancelled and no payment or deferral shall be made. The Administrator may suspend payment or deferral (without liability for interest thereon) pending the Administrator's determination of whether the Participant was or should have been terminated for Cause or whether the Participant has engaged in Inimical Conduct.

Section 5.4 Incentive Compensation Recoupment Policy. Notwithstanding any provision in this Plan to the contrary, all Annual Performance Awards are subject to the Incentive Compensation Recoupment Policy established by the Company, as amended from time to time.

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ARTICLE 6

ADJUSTMENTS

In the event of any change in the outstanding shares of Company Common Stock by reason of any stock dividend or split, recapitalization, reclassification, merger, consolidation or exchange of shares or other similar corporate change, then if the Administrator shall determine, in its sole discretion, that such change necessarily or equitably requires an adjustment in the Performance Goals established under an Annual Performance Award, such adjustments shall be made by the Administrator and shall be conclusive and binding for all purposes of this Plan. No adjustment shall be made in connection with the issuance by the Company of any warrants, rights, or options to acquire additional shares of Common Stock or of securities convertible into Common Stock.

ARTICLE 7

BENEFICIARY

If permitted by the Company, a Participant may designate a Beneficiary by filing a beneficiary designation on the form provided by the Administrator. In such event, if the Participant dies prior to receiving any payment due hereunder, such payment shall be made to the Participant's Beneficiary. A Participant entitled to file a beneficiary designation may change his beneficiary designation at any time, provided that each beneficiary designation form filed with the Company shall revoke the most recent form on file, and the last form received by the Company while the Participant was alive shall be given effect. In the event there is no valid beneficiary designation form on file, or in the event the Participant's designated Beneficiary is not alive at the time payment is to be made, or in the event a Participant is not entitled to file a beneficiary designation, the Participant's estate will be deemed the Beneficiary and will be entitled to receive payment. If a Participant designates his spouse as a beneficiary, such beneficiary designation automatically shall become null and void on the date of the Participant's divorce or legal separation from such spouse; provided the Administrator has notice of such divorce or legal separation prior to payment.

ARTICLE 8

RIGHTS OF PARTICIPANTS

Section 8.1 No Funding. No Participant or Beneficiary shall have any interest in any fund or in any specific asset or assets of the Company (or any Affiliate) by reason of any Annual Performance Award under the Plan. It is intended that the Company has merely a contractual obligation to make payments when due hereunder and it is not intended that the Company (or any Affiliate) hold any funds in reserve or trust to secure payments hereunder.

Section 8.2 No Transfer. No Participant may assign, pledge, or encumber his interest under the Plan, or any part thereof, except that a Participant may designate a Beneficiary as provided herein.

Section 8.3 No Implied Rights: Employment. Nothing contained in this Plan shall be construed to:

- (a) Give any employee or Participant any right to receive any award other than in the sole discretion of the Administrator;
- (b) Limit in any way the right of the Company or an Affiliate to terminate a Participant's employment at any time; or

(c) Be evidence of any agreement or understanding, express or implied, that a Participant will be retained in any particular position or at any particular rate of remuneration.

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ARTICLE 9

ADMINISTRATION

Section 9.1 General. The Plan shall be administered by the Administrator. If at any time the Committee shall not be in existence, the Board shall assume the Committee's functions and each reference to the Committee herein shall be deemed to include the Board.

Section 9.2 Authority. In addition to the authority specifically provided herein, the Administrator shall have full power and discretionary authority to: (a) administer the Plan, including but not limited to the power and authority to construe and interpret the Plan; (b) correct errors, supply omissions or reconcile inconsistencies in the terms of the Plan or any Annual Performance Award; (c) establish, amend or waive rules and regulations, and appoint such agents, as it deems appropriate for the Plan's administration; and (d) make any other determinations, including factual determinations, and take any other action as it determines is necessary or desirable for the Plan's administration.

Section 9.3 Delegation of Authority. The Administrator may delegate to one or more officers of the Company any or all of the authority and responsibility of the Administrator, except that the Committee may not delegate any authority with respect to Annual Performance Awards that are intended to comply with Code Section 162(m). If the Administrator has made such a delegation, then all references to the Administrator in this Plan include such officer(s) to the extent of such delegation.

Section 9.4 Decision Binding. The Administrator's determinations and decisions made pursuant to the provisions of the Plan and all related orders or resolutions of the Board shall be final, conclusive and binding on all persons who have an interest in the Plan or an Annual Performance Award, and such determinations and decisions shall not be reviewable.

Section 9.5 Procedures of the Committee. The Committee's determinations must be made by not less than a majority of its members present at the meeting (in person or otherwise) at which a quorum is present, or by written majority consent, which sets forth the action, is signed by each member of the Committee and filed with the minutes for proceedings of the Committee. A majority of the entire Committee shall constitute a quorum for the transaction of business. Service on the Committee shall constitute service as a director of the Company so that the Committee members shall be entitled to indemnification, limitation of liability and reimbursement of expenses with respect to their Committee services to the same extent that they are entitled under the Company's Bylaws and California law for their services as directors of the Company.

ARTICLE 10

AMENDMENT AND TERMINATION

Section 10.1 Amendment. The Committee may modify or amend, in whole or in part, any or all of the provisions of the Plan, and may suspend the Plan, and the General Counsel of the Company may modify or amend the Plan for ministerial or administrative changes or to conform the terms of the Plan to the requirements of applicable law; provided that, any such amendment or modification shall be approved by the Company's shareholders to the extent required by Code Section 162(m) (if any Annual Performance Awards are intended to qualify as performance-based compensation under Code Section 162(m)) or other applicable law; provided, however, that no such modification, amendment, or suspension may, without the consent of the Participant or his or her Beneficiary in the case of the Participant's death, reduce the right of a Participant, or his or her Beneficiary, as the case may be, to any payment due under the Plan except as specifically provided herein.

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Section 10.2 Termination During Performance Period. The Committee may terminate the Plan during a Performance Period in accordance with the provisions of this Section 10.2. In order for the provisions of this Section 10.2 to apply, the Committee must designate in writing that the Plan is being terminated in accordance with this Section. Upon termination of the Plan, the Committee may provide that all amounts accrued under the Plan to the date of the Plan termination (as determined by the Committee in its sole discretion) be paid in a lump sum no later than the 74th day after such Plan termination; provided, that such amounts be paid in an amount and a manner consistent with the requirements of Code Section 162(m) for Annual Performance Awards intended to qualify as performance-based compensation thereunder and within 74 days following the end of the year of such termination; and provided further, that to the extent any amount hereunder is not exempt from Section 409A of the Code, any accelerated distribution of such non-exempt amount shall be made only if and to the extent permissible under Treas. Reg. §1.409A-3(j)(4).

Section 10.3 Termination After Performance Period. The Committee may terminate this Plan at any time that there are no outstanding Annual Performance Awards with Performance Periods that are not completed.

ARTICLE 11

TAX WITHHOLDING

The Company shall have the right to deduct from all cash payments made hereunder (or from any other payments due a Participant) any foreign, federal, state, or local taxes required by law to be withheld with respect to such cash payments.

ARTICLE 12

OFFSET

The Company shall have the right to offset from any amount payable hereunder any amount that the Participant owes to the Company or to any Affiliate without the consent of the Participant (or his Beneficiary, in the event of the Participant's death), except to the extent that the amount payable is not exempt from Section 409A of the Code and offset against such non-exempt amount would not be permissible under Section 409A of the Code.

ARTICLE 13

SUCCESSORS

All obligations of the Company under the Plan with respect to Annual Performance Awards granted hereunder shall be binding on any successor or assign of the Company, whether the existence of such successor or assign is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company. The Plan shall be binding upon and inure to the benefit of the Participants, Beneficiaries, and their heirs, executors, administrators and legal representatives.

ARTICLE 14

DISPUTE RESOLUTION

Section 14.1 Governing Law. This Plan and the rights and obligations hereunder shall be governed by and construed in accordance with the internal laws of the State of Michigan (excluding any choice of law rules that may direct the application of the laws of another jurisdiction), except as provided in Section 14.2 hereof.

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Section 14.2 Arbitration.

(a) **Application.** Notwithstanding any employee agreement in effect between a Participant and the Company or any Affiliate employer, if a Participant or Beneficiary (the claimant) brings a claim that relates to benefits under this Plan, regardless of the basis of the claim (including but not limited to, actions under Title VII, wrongful discharge, breach of employment agreement, etc.), such claim shall be settled by final binding arbitration in accordance with the rules of the American Arbitration Association (AAA) and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(b) **Initiation of Action.** Arbitration must be initiated by serving or mailing a written notice of the complaint to the other party. Normally, such written notice should be provided the other party within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint. However, this time frame may be extended if the applicable statute of limitation provides for a longer period of time. If the complaint is not properly submitted within the appropriate time frame, all rights and claims that the complaining party has or may have against the other party shall be waived and void. Any notice sent to the Company shall be delivered to:

Human Resources Department

Superior Industries International, Inc.

26600 Telegraph Road, Suite 400

Southfield, Michigan 48034

The notice must identify and describe the nature of all complaints asserted and the facts upon which such complaints are based. Notice will be deemed given according to the date of any postmark or the date of time of any personal delivery.

(c) **Compliance with Personnel Policies.** Before proceeding to arbitration on a complaint, the claimant must initiate and participate in any complaint resolution procedure identified in the Company's or Affiliate's personnel policies. If the claimant has not initiated the complaint resolution procedure before initiating arbitration on a complaint, the initiation of the arbitration shall be deemed to begin the complaint resolution procedure. No arbitration hearing shall be held on a complaint until any applicable Company or Affiliate complaint resolution procedure has been completed.

(d) **Rules of Arbitration.** All arbitration will be conducted by a single arbitrator according to the Employment Dispute Arbitration Rules of the AAA. The arbitrator will have authority to award any remedy or relief that a court of competent jurisdiction could order or grant including, without limitation, specific performance of any obligation created under policy, the awarding of punitive damages, the issuance of any injunction, costs and attorney's fees to the extent permitted by law, or the imposition of sanctions for abuse of the arbitration process. The arbitrator's award must be rendered in a writing that sets forth the essential findings and conclusions on which the arbitrator's award is based.

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(e) Representation and Costs. Each party may be represented in the arbitration by an attorney or other representative selected by the party. The Company or Affiliate shall be responsible for its own costs, the AAA filing fee and all other fees, costs and expenses of the arbitrator and AAA for administering the arbitration. The claimant shall be responsible for his attorney's or representative's fees, if any. However, if any party prevails on a statutory claim which allows the prevailing party costs and/or attorney's fees, the arbitrator may award costs and reasonable attorney's fees as provided by such statute.

(f) Discovery; Location; Rules of Evidence. Discovery will be allowed to the same extent afforded under the Federal Rules of Civil Procedure. Arbitration will be held at a location selected by the Company. AAA rules notwithstanding, the admissibility of evidence offered at the arbitration shall be determined by the arbitrator who shall be the judge of its materiality and relevance. Legal rules of evidence will not be controlling, and the standard for admissibility of evidence will generally be whether it is the type of information that responsible people rely upon in making important decisions.

(g) Confidentiality. The existence, content or results of any arbitration may not be disclosed by a party or arbitrator without the prior written consent of both parties. Witnesses who are not a party to the arbitration shall be excluded from the hearing except to testify.

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WHITE VOTING INSTRUCTION FORM

**SUPERIOR INDUSTRIES INTERNATIONAL,
INC.**

4/26/16

**SUPERIOR INDUSTRIES
INTERNATIONAL, INC.**

1. " **FOR ALL NOMINEES**

Annual Meeting of Stockholders

" **WITHHOLD ALL NOMINEES**

**THIS VOTING INSTRUCTION FORM IS
SOLICITED BY THE BOARD OF
DIRECTORS**

" **WITHHOLD AUTHORITY TO
VOTE FOR**

**ANY INDIVIDUAL NOMINEE.
WRITE**

**NUMBER(S) OF NOMINEE(S)
BELOW.**

**THIS VOTING INSTRUCTION FORM,
WHEN PROPERLY EXECUTED AND
RETURNED IN A TIMELY MANNER,
WILL BE VOTED AT THE ANNUAL
MEETING, AND AT ANY
ADJOURNMENTS AND POSTPONEMENTS
THEREOF, IN THE MANNER HEREIN
SPECIFIED. IF NO SPECIFICATION IS
MADE, THE VOTING INSTRUCTION
FORM WILL BE VOTED FOR THE
ELECTION OF ALL NOMINEES AS
DIRECTORS, FOR PROPOSALS 2, 3 AND 5,
AND IN ACCORDANCE WITH THE
JUDGMENT OF THE PERSONS NAMED
AS PROXIES HEREIN ON ANY OTHER
MATTERS THAT MAY PROPERLY COME
BEFORE THE ANNUAL MEETING.**

PLEASE
INDICATE
YOUR
PROPOSAL
SELECTION
BY FIRMLY
PLACING AN
X IN THE
APPROPRIATE
NUMBERED
BOX WITH
BLUE OR
BLACK INK
ONLY

**The Board of Directors recommends you vote
FOR the following:**

1. Election of
Directors

SEE VOTING
INSTRUCTIONS
NO. 3 ON
REVERSE

Nominees:

- | | |
|-------------------------------|----------------------------|
| 01) Michael R.
Bruynesteyn | 05) James S.
McElya |
| 02) Margaret S.
Dano | 06) Timothy C.
McQuay |
| 03) Jack A.
Hockema | 07) Donald J.
Stebbins |
| 04) Paul J.
Humphries | 08) Francisco S.
Uranga |

A/C:

The Board of Directors recommends you vote FOR proposals 2, 3 and 5 and makes NO RECOMMENDATION regarding proposal 4.

		FOR	AGAINST	ABSTAIN
2.	To approve, in a non-binding advisory vote, executive compensation.	2.
			FOR	AGAINST
3.	Approval of the material terms of the performance goals under the Superior Industries International, Inc. Annual Incentive Performance Plan.	3.
			FOR	AGAINST
4.	Advisory vote regarding proxy access.	4.
			FOR	AGAINST
5.	To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending December 25, 2016.	5.
			FOR	AGAINST

PLEASE SIGN, DATE AND PROMPTLY RETURN THIS VOTING INSTRUCTION FORM IN THE ENCLOSED RETURN ENVELOPE THAT IS POSTAGE PREPAID IF MAILED IN THE UNITED STATES. IN ORDER FOR YOUR VOTING INSTRUCTION FORM TO BE VALID, IT MUST BE DATED.

**Important Notice Regarding the Availability of Proxy
Materials for the Shareholder Meeting.**

The following material is available at
www.proxyvote.com

<mat 4>

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**ENTER YOUR VOTING INSTRUCTIONS
AT 1-800-454-8683**

**OR WWW.PROXYVOTE.COM UP UNTIL
11:59 PM EASTERN TIME**

**THE DAY BEFORE THE CUT-OFF OR
MEETING DATE.**

White Voting Instruction Form

PLEASE MARK YOUR VOTES AS
INDICATED IN THIS EXAMPLE: x

PLACE X HERE IF YOU PLAN
TO ATTEND AND VOTE YOUR
..

SHARES AT THE
MEETING

SIGNATURE(S) DATE