

TA DELAWARE, INC.
Form 10-Q
November 06, 2007

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

Form 10-Q

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

For the quarterly period ended June 30, 2007

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 1-12733

TA DELAWARE, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

41-1746238

(I.R.S. Employer
Identification No.)

27175 Haggerty Road

Novi, Michigan

(Address of principal executive offices)

48377

(Zip Code)

(248) 675-6000

(Registrant's telephone number, including area code)

Tower Automotive, Inc., 27175 Haggerty Road, Novi, MI 48377

(Former name, former address and former fiscal year, if changed since last report)

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, and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12(b)-2 of the Securities and Exchange Act.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12(b)-2 of the Securities and Exchange Act).

Yes No

The number of shares outstanding of the Registrant's Common Stock, par value \$0.01 per share, at July 31, 2007 was 58,755,341 shares.

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TA DELAWARE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands unaudited)

	June 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 87,235	\$ 64,275
Accounts receivable	406,336	339,650
Inventories	110,665	107,186
Prepaid tooling and other	93,854	94,018
Assets of discontinued operations		24,738
Total current assets	698,090	629,867
Property, plant and equipment, net	915,237	952,942
Investments in joint ventures	262,167	253,170
Goodwill	173,902	169,617
Other assets, net	85,833	101,398
Total assets	\$ 2,135,229	\$ 2,106,994
 LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities not subject to compromise:		
Current maturities of long-term debt and capital lease obligations	\$ 86,423	\$ 82,849
Current portion of debtor-in-possession borrowings	651,000	595,000
Accounts payable	368,021	345,296
Accrued liabilities	174,453	166,754
Liabilities of discontinued operations		20,503
Total current liabilities	1,279,897	1,210,402
 Liabilities subject to compromise	 1,282,648	 1,284,782
Non-current liabilities not subject to compromise:		
Long-term debt, net of current maturities	132,304	133,610
Capital lease obligations, net of current maturities	28,733	29,852
Other non-current liabilities	131,589	111,020
Total non-current liabilities	292,626	274,482

Stockholders' deficit:		
Common stock	666	666
Additional paid-in-capital	682,084	682,031
Accumulated deficit	(1,374,719)	(1,308,906)
Accumulated other comprehensive income	21,351	12,861
Treasury stock	(49,324)	(49,324)
Total stockholders' deficit	(719,942)	(662,672)
Total liabilities and stockholders' deficit	\$ 2,135,229	\$ 2,106,994

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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TA DELAWARE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share amounts **unaudited**)

	Three Months Ended June		Six Months Ended June	
	30,		30,	
	2007	2006	2007	2006
Revenues	\$ 663,353	\$ 677,473	\$ 1,281,804	\$ 1,348,231
Cost of sales	587,528	620,926	1,172,199	1,242,791
Gross profit	75,825	56,547	109,605	105,440
Selling, general and administrative expenses	33,267	33,044	65,226	67,081
Restructuring and asset impairment charges, net	18,324	28,342	24,151	30,864
Other operating income				(520)
Operating income (loss)	24,234	(4,839)	20,228	8,015
Interest expense (contractual interest of \$48,835 and \$95,798 in 2007 and \$40,605 and \$79,162 in 2006)	30,256	22,340	58,770	42,822
Interest income	(1,099)	(756)	(1,557)	(1,212)
Chapter 11 and related reorganization items	11,804	43,662	20,779	55,271
Loss before provision for income taxes, equity in earnings of joint ventures, and minority interest	(16,727)	(70,085)	(57,764)	(88,866)
Provision for income taxes	8,265	11,885	11,653	9,730
Loss before equity in earnings of joint ventures, and minority interest	(24,992)	(81,970)	(69,417)	(98,596)
Equity in earnings of joint ventures, net of tax	5,471	7,533	8,997	14,217
Minority interest, net of tax	(2,559)	(2,206)	(4,748)	(3,172)
Loss from continuing operations	(22,080)	(76,643)	(65,168)	(87,551)
Income (loss) from discontinued operations		1,258	(306)	1,829
Net loss	\$ (22,080)	\$ (75,385)	\$ (65,474)	\$ (85,722)
Basic and diluted loss per share				
Loss from continuing operations	\$ (0.38)	\$ (1.31)	\$ (1.10)	\$ (1.49)
Income (loss) from discontinued operations		0.02	(0.01)	0.03
Net loss	\$ (0.38)	\$ (1.29)	\$ (1.11)	\$ (1.46)
Weighted average basic and diluted shares outstanding	58,866	58,661	58,778	58,657

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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TA DELAWARE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands unaudited)

	Six Months Ended June 30,	2007	2006
OPERATING ACTIVITIES:			
Net loss	\$	(65,474)	\$ (85,722)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Non-cash Chapter 11 and related reorganization items, net		5,782	38,682
Non-cash restructuring and impairment, net		23,351	26,313
Depreciation		77,957	81,405
Deferred income tax benefit		6,525	(7,448)
Equity in earnings of joint ventures, net		(8,997)	(14,217)
Non-cash minority interest		3,082	81
Change in working capital and other operating items		(26,649)	(10,075)
Net cash provided by operating activities		15,577	29,019
INVESTING ACTIVITIES:			
Cash disbursed for purchases of property, plant and equipment		(47,666)	(60,359)
Cash proceeds from asset disposal			32,664
Net cash used in investing activities		(47,666)	(27,695)
FINANCING ACTIVITIES:			
Proceeds from borrowings		17,677	20,894
Repayments of borrowings		(18,628)	(43,886)
Proceeds from DIP credit facility		423,000	345,500
Repayments of DIP credit facility		(367,000)	(269,500)
Net cash provided by financing activities		55,049	53,008
NET CHANGE IN CASH AND CASH EQUIVALENTS		22,960	54,332
Cash and cash equivalents, beginning of period		64,275	65,791
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$	87,235	\$ 120,123
Supplemental Cash Flow Information:			
Interest paid, net of amounts capitalized	\$	52,534	\$ 37,981
Income taxes paid (refunded)	\$	6,102	\$ 4,140
Reorganization payments	\$	14,996	\$ 16,601

Non-cash investing activities:

Net decrease in liabilities for purchases of property, plant and equipment	\$ (16,420)	\$ (12,321)
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The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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TA DELAWARE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1. Basis of Presentation

The accompanying Condensed Consolidated Financial Statements have been prepared by TA Delaware, Inc. (the Company or the Registrant), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). Effective July 31, 2007, the registrant changed its name to TA Delaware, Inc. The information furnished in this report is used in conjunction with the predecessor, Tower Automotive, Inc. The information furnished in the Condensed Consolidated Financial Statements includes primarily normal recurring adjustments and reflects all adjustments, which are, in the opinion of management, necessary for a fair presentation of such financial statements. Certain information and disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) have been condensed or omitted pursuant to the rules and regulations of the SEC. Although the Company believes that the disclosures are adequate to make the information presented not misleading, these Condensed Consolidated Financial Statements should be read in conjunction with the financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006. The interim results for the periods presented are not indicative of the Company's actual annual results.

As indicated in Note 2, the Company along with 25 of its United States (U.S.) subsidiaries (collectively, the Debtors) each filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code (Bankruptcy Code) in the U.S. Bankruptcy Court Southern District of New York (the Court). On July 11, 2007, the Court confirmed the Chapter 11 Reorganization Plan of the Debtors (the Plan) and approved the sale of substantially all of the Debtors' assets to Tower Automotive, LLC, an affiliate of Cerberus Capital Management, L.P. The Plan became effective on July 31, 2007 (the Effective Date), and, in connection therewith, the Debtors completed the sale of substantially all of their assets to Tower Automotive, LLC. Upon the effectiveness of the Plan, all of the remaining assets of the Debtors were transferred to a Post-Consummation Trust. As a result of the foregoing, the Debtors collectively have no assets and have ceased all operations.

Subsequent to the bankruptcy filing date, the provisions in Statement of Position 90-7, *Financial Reporting by Entities in Reorganization Under the Bankruptcy Code* (SOP 90-7), applies to the Debtors' financial statements while the Debtors operate under the provisions of Chapter 11. SOP 90-7 does not change the application of U.S. GAAP in the preparation of financial statements. However, SOP 90-7 does require that the financial statements, for periods including and subsequent to the filing of the Chapter 11 petition, distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the Company.

Where necessary, prior years information has been reclassified to conform to the current year presentation. Operations classified as discontinued at June 30, 2007 have been excluded from the discussions of continuing operations and are discussed separately in Note 3.

Change in Accounting Principle

As previously reported in our 2006 Annual Report on Form 10-K, the Company recognized the funded status of its benefit plans at December 31, 2006 in accordance with the recognition provisions of Statement of Financial Accounting Standards (SFAS) No. 158, *Employers' Accounting for Defined Pension and Other Postretirement Plans*, (SFAS No. 158).

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with SFAS No. 109, *Accounting for Income Taxes*. FIN 48 provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We adopted FIN 48 on January 1, 2007. See Note 11 for additional information

Table of Contents**Note 2. Chapter 11 Reorganization Proceedings**

On February 2, 2005 (the *Petition Date*), the Debtors filed a voluntary petition for relief under the Bankruptcy Code in the United States Bankruptcy Court Southern District of New York (*Bankruptcy Court*). The cases were consolidated for administrative purposes. The filing was made necessary by: customer pricing pressures, North American automotive production cuts, significantly higher material costs (primarily steel) and the termination of accelerated payment programs of certain customers adversely affecting the Debtors' liquidity and financial condition, all of which raised substantial doubt as to the Company's ability to continue as a going concern. The Debtors operated their businesses as debtors-in-possession (*DIP*) pursuant to the Bankruptcy Code. An official committee of unsecured creditors was appointed.

Pursuant to the provisions of the Bankruptcy Code, all actions to collect upon any of the Debtors' liabilities as of the *Petition Date* or to enforce pre-petition date contractual obligations were automatically stayed. As a general rule, absent approval from the Bankruptcy Court, the Debtors were prohibited from paying pre-petition obligations. In addition, as a consequence of the Chapter 11 filing, pending litigation against the Debtors was generally stayed, and no party could take any action to collect pre-petition claims except pursuant to an order of the Bankruptcy Court. However, the Debtors requested that the Bankruptcy Court approve certain pre-petition liabilities, such as employee wages and benefits and certain other pre-petition obligations. Since the filing, all orders sufficient to enable the Debtors to conduct normal business activities, including the approval of the Debtors' *DIP* financing, were entered by the Bankruptcy Court. See Note 9 for a description of the *DIP* financing.

The objectives of the Chapter 11 filing were to protect and preserve the value of assets and to restructure and improve the Debtors' operational and financial affairs in order to return to profitability. On July 11, 2007, the Court confirmed the Chapter 11 Reorganization Plan of the Debtors (the *Plan*) and approved the sale of substantially all of the Debtors' assets to Tower Automotive, LLC, an affiliate of Cerberus Capital Management, L.P. The *Plan* became effective on July 31, 2007 (the *Effective Date*), and, in connection therewith, the Debtors completed the sale of substantially all of their assets to Tower Automotive, LLC. Upon the effectiveness of the *Plan*, all of the remaining assets of the Debtors were transferred to a Post-Consummation Trust. As a result of the foregoing, the Debtors collectively have no assets and have ceased all operations. The name of the Company was also changed to TA Delaware, Inc. as of the *Effective Date*.

Financial Statement Classification

The majority of the Debtors' pre-petition debt is in default and is classified as *Liabilities Subject to Compromise* in the accompanying Consolidated Balance Sheets at June 30, 2007 and December 31, 2006. (See Note 9.)

In addition to the Debtors' pre-petition debt which is in default, liabilities subject to compromise reflect the Debtors' other liabilities incurred prior to the commencement of the bankruptcy proceedings. These amounts represent the Company's estimate of known or potential pre-petition claims to be resolved in connection with the bankruptcy proceedings. Such claims remain subject to future adjustments. Future adjustments may result from: (i) negotiations; (ii) actions of the Bankruptcy Court; (iii) further developments with respect to disputed claims; (iv) rejection of executory contracts and leases; (v) the determination of value of any collateral securing claims; (vi) proofs of claims; or (vii) other events. Payment terms for these claims will be established in connection with the plan of reorganization. Liabilities subject to compromise consist of the following (in thousands):

	June 30, 2007	December 31, 2006
Debt:		
5.75% Convertible senior debentures	\$ 124,999	\$ 124,999
6.75% Subordinated debentures	258,750	258,750
9.25% Senior Euro notes	203,115	197,940
12% Senior notes	258,000	258,000
Total debt	844,864	839,689

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Pension and other post-retirement benefits	139,878	142,841
Pre-petition accounts payable and accruals	160,857	165,203
Accrued interest on debt subject to compromise	21,343	21,343
Executory contracts	115,706	115,706
Total liabilities subject to compromise	\$ 1,282,648	\$ 1,284,782

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The Debtors have incurred certain professional and other expenses directly associated with the bankruptcy proceedings. The Company disbursed cash of approximately \$9.6 million and \$11.0 million relating to these expenses during the three months ended June 30, 2007 and 2006, respectively and \$15.0 million and \$16.6 for the six months ended June 30, 2007 and 2006, respectively. In addition, the Debtors have made certain provisions to adjust the carrying value of certain pre-petition liabilities to reflect the Debtors' estimate of allowed claims. Such costs are classified as Chapter 11 and related reorganization items in the accompanying Statements of Operations for the three months ended June 30, 2007 and 2006 and for the six months ended June 30, 2007 and 2006 and consist of the following (in thousands):

	Three Months Ended June		Six Months Ended June	
	30,		30,	
	2007	2006	2007	2006
Professional fees directly related to the filing	\$ 13,309	\$ 12,556	\$ 23,110	\$ 21,136
Key employee retention costs		875		3,836
Estimated executory contract rejection damages	(6)	30,231	(6)	30,299
Other reversals directly attributable to the Company's reorganization	(1,499)		(2,325)	
Total	\$ 11,804	\$ 43,662	\$ 20,779	\$ 55,271

Pursuant to the Bankruptcy Code, the Debtors have filed schedules with the Bankruptcy Court setting forth the assets and liabilities of the Debtors as of the Petition Date. The Debtors have issued proof of claim forms to current and prior employees, known creditors, vendors and other parties with whom the Debtors have previously conducted business. To the extent the recipients disagree with the claims quantified on these forms, the recipient may file discrepancies with the Bankruptcy Court. Differences between the amounts recorded by the Debtors and claims filed by creditors will be investigated and resolved as part of the bankruptcy proceedings. The Bankruptcy Court ultimately will determine liability amounts that will be allowed for these claims. The Company is in the process of receiving, cataloging and reconciling claims received in conjunction with this process. Because the Debtors have not received all claims and have not completed the evaluation of the claims received in connection with this process, the ultimate number and allowed amount of such claims is not presently known. The resolution of such claims could result in a material adjustment to the Company's Condensed Consolidated Financial Statements.

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Presented below are the Condensed Combined Consolidated Financial Statements of the Debtors. These statements reflect the financial position, results of operations and cash flows of the combined Debtors, including certain transactions and resulting assets and liabilities between the Debtors and non-Debtor subsidiaries of the Company, which are eliminated in the Company's Condensed Consolidated Financial Statements. Results of operations classified as discontinued are shown separately. For additional information on discontinued operations see Note 3.

Debtors Condensed Combined Balance Sheet**Debtors- in-Possession**

(Amounts in thousands)

	June 30, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,778	\$ 5,705
Accounts receivable	125,698	81,713
Inventories	39,850	43,438
Prepaid tooling and other	13,597	23,408
Assets of discontinued operations		24,738
Total current assets	180,923	179,002
Property, plant and equipment, net	445,691	474,897
Investments in and advances to non-debtor subsidiaries	919,749	868,374
Other assets, net	16,308	32,360
Total assets	\$ 1,562,671	\$ 1,554,633
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities not subject to compromise:		
Current maturities of long-term debt and capital lease obligations	\$	\$ 4
Current portion of debtor-in-possession borrowings	651,000	595,000
Accounts payable	116,234	101,804
Accrued liabilities	94,569	92,322
Liabilities of discontinued operations		20,503
Total current liabilities	861,803	809,633
Liabilities subject to compromise	1,299,011	1,301,145
Non-current liabilities not subject to compromise:		
Long-term debt, net of current maturities	84,751	84,751
Other non-current liabilities	37,048	21,776
Total non-current liabilities	121,799	106,527

Total stockholders' deficit	(719,942)	(662,672)
Total liabilities and stockholders' deficit	\$ 1,562,671	\$ 1,554,633

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Debtors Condensed Combined Statement of Operations
Debtors-in-Possession
(Amounts in thousands)

	Three Months Ended June		Six Months Ended June	
	2007	30, 2006	2007	30, 2006
Revenues	\$ 279,619	\$ 318,958	\$ 542,595	\$ 651,646
Cost of sales	250,780	297,585	511,458	615,776
Gross profit	28,839	21,373	31,137	35,870
Selling, general and administrative expenses	15,452	18,229	30,078	39,487
Restructuring and asset impairment charges, net	22,410	7,853	27,527	10,264
Other operating (income) loss	1,137	(810)	2,287	(2,115)
Operating loss	(10,160)	(3,899)	(28,755)	(11,766)
Interest expense	27,165	19,693	53,113	37,389
Interest income	(354)	(638)	(791)	(959)
Inter-company interest income	(8,245)	(6,436)	(16,271)	(12,530)
Chapter 11 and related reorganization items	11,804	43,662	20,779	55,271
Loss before provision for income taxes, equity in earnings (loss) of joint ventures and equity in earnings from non-Debtor subsidiaries	(40,530)	(60,180)	(85,585)	(90,937)
Provision for income taxes	1,104	1,166	485	2,104
Loss before equity in earnings of joint ventures and equity in earnings (loss) of non-Debtor subsidiaries	(41,634)	(61,346)	(86,070)	(93,041)
Equity in earnings (loss) of joint ventures, net of tax	(67)	68	(118)	136
Equity in earnings (losses) of non-Debtor subsidiaries	19,621	(15,365)	21,020	5,354
Loss from continuing operations	(22,080)	(76,643)	(65,168)	(87,551)
Income (loss) from discontinued operations		1,258	(306)	1,829
Net loss	\$ (22,080)	\$ (75,385)	\$ (65,474)	\$ (85,722)

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Debtors Condensed Combined Statements of Cash Flows
Debtors- in-Possession
(Amounts in thousands)

	Six Months Ended June 30,	
	2007	2006
OPERATING ACTIVITIES:		
Net loss	\$ (65,474)	\$ (85,722)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Non-cash Chapter 11 and related reorganization items, net	5,782	38,682
Non-cash restructuring and impairment, net	23,979	10,986
Depreciation	42,660	46,463
Equity in earnings of joint ventures and subsidiaries, net	(20,902)	(5,490)
Change in working capital and other operating items	(25,835)	(4,929)
 Net cash used in operating activities	 (39,790)	 (10)
 INVESTING ACTIVITIES:		
Cash disbursed for purchases of property, plant and equipment	(20,137)	(24,963)
 Net cash used in investing activities	 (20,137)	 (24,963)
 FINANCING ACTIVITIES:		
Repayments of borrowings		(6)
Proceeds from DIP credit facility	423,000	345,500
Repayments of DIP credit facility	(367,000)	(269,500)
 Net cash provided by financing activities	 56,000	 75,994
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 (3,927)	 51,021
 Cash and cash equivalents, beginning of period	 5,705	 858
 CASH AND CASH EQUIVALENTS, END OF PERIOD	 \$ 1,778	 \$ 51,879

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In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, discontinued operations include components of entities or entire entities that, through disposal transactions, were eliminated from ongoing operations of the Company. Through the Company's various restructuring plans, management disposed of Tower Automotive Lansing LLC, which is classified as discontinued as of December 31, 2006.

The following summary balance sheet information is derived from the business that is classified as discontinued, which management believes is representative of the residual net assets of the business disposed as of December 31, 2006: (in thousands)

	December 31, 2006
ASSETS	
Current assets:	
Accounts receivable	\$ 24,692
Prepaid tooling and other	46
Total current assets	\$ 24,738
LIABILITIES	
Current liabilities	
Accounts payable	\$ 16,013
Accrued liabilities	4,490
Total current liabilities	\$ 20,503

As of June 30, 2007, there were no assets or liabilities associated with discontinued operations.

The following summary results of operations information is derived from the business that was sold during 2006 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Revenues	\$	\$ 89,434	\$	\$ 188,396
Cost of sales		87,852	42	185,919
Gross profit		1,582	(42)	2,477
Other expense			264	
Operating income (loss)		1,582	(306)	2,477
Interest expense		324		648
Net income (loss)	\$	\$ 1,258	\$ (306)	\$ 1,829

In accordance with Emerging Issues Task Force 87-24, *Allocation of Interest to Discontinued Operations*, the Company has elected to allocate interest expense to discontinued operations based on debt that can be identified as specifically attributed to this operation. At June 30, 2006, the amount of interest expense allocated was \$0.6 million.

Note 4. New Accounting Pronouncements Not Yet Adopted

SFAS No. 157, *Fair Value Measurements* (SFAS No. 157) In September 2006, the FASB issued SFAS No. 157, which establishes a framework for reporting fair value and expands disclosures about fair value measurements. SFAS No. 157 becomes effective beginning with our first quarter 2008 period. In accordance with SOP 90-7, early adoption is required when an entity emerges from bankruptcy at the time fresh-start reporting is adopted. We are currently evaluating the impact of this standard on the Company's Condensed Consolidated Financial Statements.

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SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an Amendment to FASB Statement No. 115* (SFAS No. 159) In February 2007, the FASB issued SFAS No. 159, which permits an entity to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Most of the provisions in SFAS No. 159 are elective, however, the amendment to SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities with available-for-sale and trading securities. The fair value option established by SFAS No. 159 permits companies to choose to measure eligible items at fair value at specified election dates. A business entity that elects the fair value option will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. We are currently evaluating the impact of this standard on the Company's Condensed Consolidated Financial Statements.

Note 5. Inventories

Inventories are valued at the lower of first-in-first-out (FIFO) cost or market, and consist of the following (in thousands):

	June 30, 2007	December 31, 2006
Raw materials	\$ 46,986	\$ 49,657
Work in process	30,528	26,127
Finished goods	33,151	31,402
	\$ 110,665	\$ 107,186

Note 6. Goodwill

The change in the carrying amount of goodwill for the international segment is as follows (in thousands):

Balance at December 31, 2006	\$ 169,617
Currency translation adjustment	4,285
Balance at June 30, 2007	\$ 173,902

Note 7. Investments in Joint Ventures

The Company is a 40% joint venture partner in Metalsa S. de R.L. (Metalsa), which is the largest supplier of vehicle frames and structures in Mexico. Metalsa is headquartered in Monterrey, Mexico and has manufacturing facilities located in Apodaca, Saltillo and San Luis Potosi, Mexico and Roanoke, Virginia. Promotora de Empresa Zano, S.A. de C.V. (Proeza) is a 60% joint venture partner in Metalsa. The Company has a technology sharing arrangement with Metalsa, whereby Metalsa agrees to pay for administrative services and technical assistance provided. During 2004, production of the frame assembly for the Dodge Ram light truck was moved from the Company's Milwaukee, Wisconsin facility, which was expected to run production through 2009 to Metalsa. Production at the Milwaukee facility related to this program ceased in June 2005. The Company recognized no material revenue associated with the Dodge Ram frame program during the three and six months ended June 30, 2007 and 2006.

Note 8. Restructuring and Asset Impairment Charges

The Company has executed various restructuring plans and may execute additional plans in the future to respond to its bankruptcy proceedings, customer sourcing decisions, realignment of manufacturing capacity to prevailing global automotive production and to improve the utilization of remaining facilities. Estimates of restructuring charges are based on information available at the time such charges are recorded. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially recorded.

Accordingly, the Company may record revisions of previous estimates by adjusting previously established reserves.

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The table below summarizes the accrual, reflected in accrued liabilities, for the Company's various restructuring actions for the six months ended June 30, 2007 (in thousands):

	Asset Impairments	Severance and Outplacement Costs	Lease and Other Exit Costs	Total
Balance at December 31, 2006	\$	\$ 9,423	\$	\$ 9,423
Provision	21,747	8,380	9,427	39,554
Cash usage		(13,549)	(6,983)	(20,532)
Non-cash charges	(21,747)		(2,444)	(24,191)
Balance at June 30, 2007	\$	\$ 4,254	\$	\$ 4,254

Except as disclosed above, the Company does not anticipate incurring additional material cash charges associated with these actions.

The restructuring and asset impairment charges caption in the accompanying Condensed Consolidated Statements of Operations are comprised of both restructuring and non-restructuring related asset impairments. The components of that caption are as follows for the six months ended June 30, 2007 (in thousands):

Restructuring and related asset impairments, net	\$ 39,554
Revision of estimate	
Other asset impairments, net	(15,403)
Total	\$ 24,151

At June 30, 2007, the \$15.4 million of other asset impairments, net is primarily related to asset sales of \$7.3 million and \$7.2 million of ongoing recoveries of a cancellation claim of a customer program and \$0.9 million of other impairments.

Note 9. Debt**Chapter 11 Impact**

Under the terms of the Company's pre-petition credit agreement, the Chapter 11 filing created an event of default. Upon the Chapter 11 filing, the lenders' obligation to loan additional money to the Company terminated, the outstanding principal of all obligations became immediately due and payable and the Debtors were required to immediately deposit funds into a collateral account to cover the outstanding amounts under the letters of credit issued pursuant to the credit agreement. Outstanding obligations under the credit agreement amounted to \$425 million, which were refinanced through the DIP financing described below.

In addition, the Chapter 11 filing created an event of default under the Convertible Debentures, Senior Notes, Senior Euro Notes and the Subordinated Debentures (see Note 2).

Pursuant to SOP 90-7, the Company ceased recognizing interest expense on the Convertible Debentures, Senior Notes, Senior Euro Notes and the Subordinated Debentures effective February 2, 2005. Contractual interest not accrued during the period from January 1, 2007 through June 30, 2007 was \$37.0 million. Contractual interest not accrued during the period from January 1, 2006 through June 30, 2006 was \$36.3 million.

The debt of the Company's foreign subsidiaries is not subject to compromise in the bankruptcy proceedings as the Company's operating foreign subsidiaries are not included in the Chapter 11 filing.

DIP Financing

In February 2005, the Bankruptcy Court approved a Revolving Credit, Term Loan and Guaranty Agreement, as amended, (DIP Agreement) between the Company and a national banking institution as agent for the lenders (Lenders) and each of the Lenders.

The DIP Agreement provides for a \$725 million commitment of debtor-in-possession financing comprised of a revolving credit and letter of credit facility in an aggregate principal amount not to exceed \$300 million and a term loan in the aggregate principal amount of \$425 million. The proceeds of the term loan have been used to refinance the Debtors' obligations of amounts outstanding under the

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pre-petition credit agreement. The proceeds of the revolving credit loans shall be used to fund the working capital requirements of the Debtors during the Chapter 11 proceedings. Obligations under the DIP Agreement are secured by a lien on the assets of the Debtors (such lien shall have first priority with respect to a significant portion of the Debtors assets) and by a super-priority administrative expense claim in each of the bankruptcy cases. The Company believes that the existing DIP Agreement along with cash generated from operations are adequate to provide for its future liquidity needs through the Debtors Chapter 11 bankruptcy.

Advances under the DIP Agreement bear interest at a fixed rate per annum equal to (x) the greatest (as of the date the advance is made) of the prime rate, the Base CD Rate (as defined in the DIP Agreement) plus 1%, or the Federal Funds Effective Rate (as defined in the DIP Agreement) plus 0.5%, plus (y) 1.75% prior to the amendment and 2.75%, as amended, in the case of a loan under the revolving facility, or 2.25% prior to the amendment and 3.5%, as amended in the case of the term loan. Alternatively, the Debtors may request that advances be made at a variable rate equal to (x) the Adjusted LIBO Rate (as defined in the DIP Agreement), for a one-month, three-month, six-month, or nine-month period, at the election of the Debtors, plus (y) 2.75% prior to the amendment and 3.75%, as amended, in the case of a loan under the revolving facility, or 3.25% prior to the amendment and 4.5%, as amended in the case of the term loan. In addition, the DIP Agreement obligates the Debtors to pay certain fees to the Lenders as described in the DIP Agreement. At June 30, 2007, \$40.8 million was available for borrowing under the revolving credit and letter of credit facility. At June 30, 2007, the weighted average interest rate associated with borrowings pertaining to the DIP Agreement was 9.82%. The DIP Agreement matured on August 2, 2007 and the Debtors paid all borrowings pertaining to the DIP Agreement on July 31, 2007 as part of the sale transaction to Cerberus Capital Management, L.P. as discussed further in Note 1.

The DIP Agreement contains various representations, warranties and covenants by the Debtors that are customary for transactions of this nature, including (without limitation) reporting requirements and maintenance of financial covenants. On September 22, 2006, the Company circulated for approval by the lenders under its DIP Agreement the seventh amendment to the DIP Agreement (the Amendment). On October 6, 2006, the DIP Agreement was amended by the lenders. The Amendment amends certain covenants contained in the DIP Agreement. In addition, the Amendment amends certain provisions to allow for dividends to be declared and paid by less than wholly-owned subsidiaries of the Company and waives any existing covenant technical breaches related to previously declared and paid dividends by less than wholly-owned subsidiaries of the Company. The Amendment also amended certain interest rates based on the current economic environment. On January 30, 2007, the Company obtained approval by the lenders under its DIP Agreement the eighth amendment to the DIP Agreement. The eighth amendment extends the maturity date from February 2, 2007 to August 2, 2007, amends certain covenants contained in the DIP Agreement, and amends certain interest rates based on the current economic environment. In addition, the DIP Agreement was amended by the lenders on March 28, 2007 and was effective March 9, 2007. The amendment amends Section 5.01(a) of the Credit Agreement.

The Debtors obligations under the DIP Agreement may be accelerated following certain events of default, including (without limitation) any breach by the Debtors of any of the representations, warranties, or covenants made in the DIP Agreement or the conversion of any of the bankruptcy cases to a case under Chapter 7 of the Bankruptcy Code or the appointment of a trustee pursuant to Chapter 7 of the Bankruptcy Code.

Back-Stop Agreement

The Debtors have entered into a Back-Stop Agreement with a finance company (Finance Company). Under the Back-Stop Agreement, in the event any second lien lender under the pre-petition credit agreement wished to assign its deposits, rights and obligations after the Chapter 11 filing, the Finance Company agreed to take by assignment any such second lien holder s deposits, rights and obligations in an aggregate amount not to exceed \$155 million.

Draws were made against the issued second lien letters of credit in the amount of \$41 million as of June 30, 2007. The Debtors paid all borrowings pertaining to the Back-Stop Agreement on July 31, 2007 as part of the sale transaction to Cerberus Capital Management, L.P. as discussed further in Note 1.

Debt Classified as Not Subject to Compromise

The Company s industrial development revenue bonds of \$43.8 million are classified as liabilities not subject to compromise on the Company s Condensed Consolidated Balance Sheet at June 30, 2007. The Company s foreign

subsidiary indebtedness of \$162.7 million at June 30, 2007, is also not subject to compromise as the Company's operating foreign subsidiaries are not included in the bankruptcy proceedings.

Table of Contents**Note 10. Comprehensive Loss**

The following table presents comprehensive loss, net of tax (in thousands):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Net loss	\$ (22,080)	\$ (75,385)	\$ (65,474)	\$ (85,722)
Change in cumulative translation adjustment	5,985	11,598	8,490	18,930
Comprehensive loss	\$ (16,095)	\$ (63,787)	\$ (56,984)	\$ (66,792)

Note 11. Income Taxes

During the three and six months ended June 30, 2007, the Company recognized income tax expense of \$8.3 million and \$11.7 million, respectively, in relation to a pre-tax net loss of \$16.7 million and \$57.8 million, respectively. This income tax provision resulted primarily from the recognition of foreign income taxes and state taxes. Full valuation allowances were provided for U.S. Federal income tax benefits generated during the 2007 period.

During the three and six months ended June 30, 2006, the Company recognized an income tax expense of \$11.9 million and \$9.7 million, respectively, in relation to a pre-tax loss of \$70.1 million and \$88.9 million, respectively. The Company recorded income tax expense that resulted from foreign income taxes related to the Company's international operations and U.S. state taxes. Full valuation allowances were provided for U.S. Federal income tax benefits generated during the 2006 period. The 2006 income tax provision was offset by an \$8.1 million tax benefit related to the reversal of a valuation allowance for certain tax loss carry-overs during the six months ended June 30, 2006. The reversal of the valuation allowance resulted from the reorganization, completed in the first quarter of 2006, at certain of the Company's international operations. Such reorganization resulted in the ability to utilize tax loss carry-overs in future periods over a sufficiently long carry-forward period to cause the probability of their realization to be considered more likely than not.

We adopted FIN 48 as of January 1, 2007. FIN 48 clarified the accounting for uncertainty in income taxes recognized in companies' financial statements in accordance with SFAS No. 109. Unrecognized tax benefits are the difference between a tax position taken, or expected to be taken in a tax return, and the benefits recognized for accounting purposes pursuant to FIN 48. The Company applies a more-likely-than-not recognition threshold for all tax uncertainties. FIN 48 only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing FIN 48, the Company recognized a \$0.3 million decrease in retained earnings as of January 1, 2007.

Note 12. Stockholders' Deficit**Loss Per Share**

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. The average number of common shares was 58,865,780 and 58,660,940 for the three months ended June 30, 2007 and 2006.

There was a loss attributable to common stock for all periods presented, therefore, options to purchase shares of common stock were excluded from the calculations of diluted loss per share, as inclusion of these securities would have been anti-dilutive. Additionally, no shares potentially issuable to satisfy the in-the-money amount of the convertible debentures have been included in diluted earnings per share as of June 30, 2007 and 2006, as the convertible debentures have not met the requirements for conversion.

Table of Contents**Stock-Based Compensation****Stock Option Plans**

Pursuant to the 1994 Key Employee Stock Option Plan (the "Stock Option Plan"), which was approved by stockholders, any person who is a full-time, salaried employee of the Company (excluding non-management directors) is eligible to participate (a "Colleague Participant") in the Stock Option Plan. A committee of the Board of Directors selects the Colleague Participants and determines the terms and conditions of the options.

The Stock Option Plan provides for the issuance of options to purchase up to 3,000,000 shares of common stock at exercise prices equal to the market price of the common stock on the date of grant, subject to certain adjustments reflecting changes in the Company's capitalization. As of June 30, 2007, 1,169,660 shares of common stock were available for issuance under the Stock Option Plan.

Summarized information pertaining to the Stock Option Plan follows:

	Shares Under Option	Exercise Price	Weighted Average Exercise Price	Exercisable
Outstanding, December 31, 2006	91,500	\$ 17.13 \$22.97	\$ 18.23	91,500
Forfeited	(1,000)		19.25	
Expired	(2,000)		18.94	
Outstanding, June 30, 2007	88,500	17.13 22.97	18.21	88,500

The aggregate intrinsic value is zero as the fair value of the underlying stock was less than the exercise price.

A summarization of stock options outstanding related to the Stock Option Plan at June 30, 2007 follows:

Range of Exercisable Options	Number Outstanding At 6/30/07	Options Outstanding Weighted-Average Remaining Contractual Life	Weighted- Average Exercise Price	Options Exercisable Number Exercisable 6/30/07	Weighted- Average Exercise Price
\$17.13 \$22.97	88,500	1.19 yrs.	\$ 18.21	88,500	\$ 18.21

Incentive Plan

The Tower Automotive Inc. Long Term Incentive Plan ("Incentive Plan"), which was approved by stockholders and adopted in 1999, is designed to promote the long-term success of the Company through stock based compensation by aligning the interests of participants with those of its stockholders. Eligible participants under the Incentive Plan include key company colleagues, directors, and outside consultants. Awards under the Incentive Plan may include stock options, stock appreciation rights, performance shares and other stock based awards. The option exercise price must be at least equal to the fair value of the Common Stock at the time the option is granted. The Company's Board of Directors determines vesting at the date of grant, which in no event can be less than six months from the date of grant. The Incentive Plan provides for the issuance of up to 3,000,000 shares of common stock. As of June 30, 2007, 1,703,833 shares of common stock were available for issuance under the Incentive Plan. The Compensation Committee of the Board of Directors is responsible for administration, participant selection and determination of terms and conditions of the Incentive Plan. Summarized information pertaining to the Incentive Plan follows:

Weighted Average Fair

	Shares Under Option	Exercise Price		Average Exercise Price	Value of Options Granted	Exercisable
Outstanding, December 31, 2006	1,388,880	\$ 1.99	\$26.81	\$ 9.88	\$ 5.45	1,388,880
Forfeited	(112,850)	3.16	13.75	10.64		
Outstanding, June 30, 2007	1,276,030	1.99	26.81	9.81	5.43	1,276,030

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The following table summarizes certain information pertaining to stock options outstanding under the Incentive Plan:

Range of Exercisable Options	Number Outstanding		Options Outstanding		Options Exercisable	
	At 6/30/07	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable 6/30/07	Weighted-Average Exercise Price	
\$1.99 - \$7.08	581,200	6.69 yrs.	\$ 3.40	581,200	\$ 3.40	
11.33 - 15.56	573,340	3.70 yrs.	12.70	573,340	12.70	
26.81	121,490	1.81 yrs.	26.81	121,490	26.81	
	1,276,030	4.88 yrs.	9.81	1,276,030	9.81	

Information on shares of restricted stock into which options granted under this plan have been converted is set forth below under the caption Restricted Stock .

Director Option Plan

In February 1996, the Company's Board of Directors approved the Tower Automotive, Inc. Independent Director Stock Option Plan (the Director Option Plan) that provides for the grant of options to independent directors, as defined in the plan, to acquire up to 200,000 shares of the Company's Common Stock, subject to certain adjustments reflecting changes in the Company's capitalization. As of June 30, 2007, 84,800 shares of common stock were available for issuance under the Director Option Plan. The option exercise price must be at least equal to the fair value of the Common Stock at the time the option is granted. The Company's Board of Directors determines vesting at the date of grant, which in no event can be less than six months from the date of grant. Summarized information pertaining to the Director Plan follows:

	Shares Under Option	Exercise Price	Weighted Average Exercise Price	Weighted Average Fair Value of Options Granted	Exercisable
Outstanding, December 31, 2006	85,200	\$ 18.94 - \$22.97	\$ 19.63	\$ 10.33	85,200
Expired	(40,000)	18.94	18.94		
Outstanding, June 30, 2007	45,200	19.25 - 22.97	20.24	10.27	45,200

The following table summarizes certain information pertaining to stock options outstanding under the Director Option Plan follows:

Options Outstanding **Options Exercisable**

Range of Exercisable Options	Number Outstanding At 6/30/07	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable 6/30/07	Weighted-Average Exercise Price
\$19.25 \$22.97	45,200	1.40 yrs. 16	\$ 20.24	45,200	\$ 20.24

Table of Contents**Note 13. Retirement Plans**

The following table provides the components of net periodic pension benefit cost and other post-retirement benefit cost for the three months ended June 30, (in thousands):

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Service cost	\$ 29	\$ 1,065	\$	\$ 32
Interest cost	3,581	3,771	1,212	2,084
Expected return on plan assets	(3,425)	(3,238)	(134)	
Amortization of prior service cost	75	315	(627)	
Amortization of net losses	515	764	982	1,951
Net periodic benefit cost	\$ 775	\$ 2,677	\$ 1,433	\$ 4,067

The following table provides the components of net periodic pension benefit cost and other post-retirement benefit cost for the six months ended June 30, (in thousands):

	Pension Benefits		Other Benefits	
	2007	2006	2007	2006
Service cost	\$ 58	\$ 2,130	\$	\$ 64
Interest cost	7,162	7,542	2,424	4,133
Expected return on plan assets	(6,850)	(6,476)	(268)	
Amortization of prior service cost	150	630	(1,287)	
Amortization of net losses	1,030	1,528	1,964	4,098
Net periodic benefit cost	\$ 1,550	\$ 5,354	\$ 2,833	\$ 8,295

The Company previously disclosed in its Consolidated Financial Statements for the year ended December 31, 2006 that it expects its minimum pension funding requirements to be \$10.0 million during 2007. During the three and six months ended June 30, 2007, the Company made contributions of \$3.5 million and \$3.6 million to its pension plans. The Company presently anticipates contributing an additional \$6.4 million to fund its pension plans in 2007 for a total of \$10.0 million based upon the Company's most recent estimate. The Company's obligations under these retirement plans may be subject to compromise in the Company's bankruptcy proceedings.

The Company contributed \$2.9 million and \$5.5 million during the three and six months ended June 30, 2007 to its defined contribution employee savings plans.

In April 2006, the Company submitted for approval to the Bankruptcy Court settlement agreements with two groups representing current and future retirees. Both settlements include modifications of retiree health care benefits for both retired salaried employees as well as current and future retirees of the Company's Milwaukee, WI facility.

In May 2006, the Bankruptcy Court approved the agreements with the official committee representing the Company's salaried retirees (the Retiree Committee Stipulation) and with the unions representing retirees at the Company's Milwaukee, WI facility (the Milwaukee Stipulation). Pursuant to the Retiree Committee Stipulation, salaried retirees continued to receive current benefits through June 30, 2006. The salaried retirees established a Voluntary Employee Benefit Association (VEBA) trust to administer benefits after June 30, 2006. The Company will also provide certain cash and equity consideration to the VEBA upon emergence from bankruptcy. Such consideration will total approximately \$5 million. The Company will also provide certain supplemental cash payments to the VEBA, until such time as the Company emerges from bankruptcy.

Under the Milwaukee Stipulation, the Company continued current benefit payments through June 30, 2006 for hourly retirees. A separate VEBA was established and began administering benefits for retirees and their dependents beginning July 1, 2006. The Company contributed cash of approximately \$2.5 million on June 30, 2006. The

Company will also contribute additional amounts until emergence from bankruptcy. In addition, the Company may make additional cash contributions to the VEBA if the reorganized

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Company meets certain financial targets. In addition, the Company will make payments totaling approximately \$3.5 million in settlement of all other outstanding matters with the impacted employees.

The Official Committee of Unsecured Creditors in the Company Chapter 11 cases has appealed the Bankruptcy Court's approval of the Retiree Committee Stipulation and the Milwaukee Stipulation (the 1114 Appeal). The appeal is currently pending in the United States Court of Appeals for the Second Circuit.

In August 2006, the Company submitted for approval to the Bankruptcy Court settlement agreements (the UAW/IUE-CWA Stipulation) with two groups representing current retirees at certain closed plants (the Closed Plant Retirees) which were represented by the United Automobile, Aerospace and Agricultural Implement Workers of America (the UAW) and with retirees from the Company's Greenville, MI facility (the Greenville Retirees), which were represented by the IUE, the Industrial Division of the Communication Workers of America, AFL-CIO (the IUE-CWA).

In August 2006, the Bankruptcy Court approved the UAW/IUE-CWA Stipulation. Under the UAW/IUE-CWA Stipulation, the Company continued current benefit payments for the Greenville Retirees through August 31, 2006 and for the Closed Plant Retirees through September 30, 2006. A VEBA was established and began administering benefits for Greenville Retirees and their dependents beginning September 1, 2006. The Company contributed a cash payment of approximately \$0.5 million to the VEBA on September 1, 2006. The Company made a cash payment to a trust for the benefit of the Closed Plant Retirees on October 1, 2006.

The Official Committee of Unsecured Creditors in the Company's Chapter 11 cases has appealed the Bankruptcy Court's approval of the UAW/IUE-CWA Stipulation, which appeal is pending and has been consolidated with the 1114 Appeal.

For accounting purposes, the Company has concluded that the postretirement medical benefits to be paid by the VEBAs and the Company's related contribution obligations should be treated as defined benefit postretirement plans. As such, while the Company's only obligation to the VEBAs is to contribute additional amounts, which are predetermined, the Company must account for net periodic postretirement benefit costs in accordance with SFAS No. 106, *Employers Accounting for Postretirement Benefits other than Pensions*, and record any difference between the assets of each VEBA and its accumulated postretirement obligation (APBO) in the Company's financial statements. As of September 30, 2006, the Milwaukee Union and Non-Union VEBAs were included in the APBO. The Greenville Union VEBA was included during the fourth quarter of 2006.

Table of Contents**Note 14. Segment Information**

The Company produces a broad range of assemblies and modules for vehicle body structures and suspension systems for the global automotive industry. The Company's operations have similar characteristics including the nature of products, production processes and customers. The Company's products include body structures and assemblies, lower vehicle frames and structures, chassis modules and systems and suspension components. Management reviews the operating results of the Company and makes decisions based upon two operating segments: North America and International. The following is a summary of selected data for each of our segments, excluding discontinued operations, except for total assets (in thousands):

	North America	International	Total
Three months ended June 30, 2007:			
Revenues	\$ 279,575	\$ 383,778	\$ 663,353
Restructuring and asset impairment charges	16,882	1,442	18,324
Operating income (loss)	(3,084)	27,318	24,234
Total assets	\$ 906,317	\$ 1,228,912	\$ 2,135,229
Three months ended June, 2006:			
Revenues	\$ 326,390	\$ 351,083	\$ 677,473
Restructuring and asset impairment charges	25,213	3,129	28,342
Operating income (loss)	(22,520)	17,681	(4,839)
Total assets	\$ 1,129,299	\$ 1,172,412	\$ 2,301,711
Six months ended June 30, 2007:			
Revenues	\$ 542,670	\$ 739,134	\$ 1,281,804
Restructuring and asset impairment charges	22,542	1,609	24,151
Operating income (loss)	(21,235)	41,463	20,228
Total assets	\$ 906,317	\$ 1,228,912	\$ 2,135,229
Six months ended June 30, 2006:			
Revenues	\$ 668,815	\$ 679,416	\$ 1,348,231
Restructuring and asset impairment charges	27,624	3,240	30,864
Operating income (loss)	(32,271)	40,286	8,015
Total assets	\$ 1,129,299	\$ 1,172,412	\$ 2,301,711

Inter-segment revenues are not significant for any period presented.

Note 15. Commitments and Contingencies**Key Employee Retention Plan Agreements**

On March 30, 2005, the Bankruptcy Court entered an order approving the execution and implementation of a Key Employee Retention Program (KERP) by the Company and the assumption of certain executive contracts. Under the order, three separate retention funds were made available, including specific retention incentives for approximately 100 Key Employees (the Core KERP Agreements). Under the Core KERP Agreements, the Company agreed to pay the applicable employee a retention incentive. The total amount of the retention incentive (which varies by employee from 40% to 110% of base salary) is payable in four installments of 25% each, conditioned upon the employee's continued employment by the Company through each of the scheduled payment dates. The four scheduled payment dates are (1) May 2, 2005; (2) November 2, 2005; (3) the effective date of emergence in the Company's Chapter 11 proceedings; and (4) six months after the effective date of emergence in the Company's Chapter 11 proceedings. In addition, a transition incentive pool was established for Key Employees whose roles will be phased out, but whose employment during such phase out remains critical and a discretionary fund was made available to address unanticipated retention needs. The cost of the Key Employee Retention program and the assumption of certain

executive contracts is approximately \$13.2 million. The Company did not recognize any expense during the three and six months ended June 30, 2007 in relation to this plan.

Pursuant to each KERP Agreement, if the employee's employment by the Company is voluntarily terminated by the employee (other than upon retirement) or is terminated by the Company for cause (as defined in the KERP Agreement) prior to a scheduled payment date, the employee forfeits all unpaid amounts of the retention incentive. If an employee's employment by the Company is terminated

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by the Company other than for cause or is terminated as a result of retirement, disability or death, the Company is obligated to pay the employee (or his or her estate) a prorated portion of the unpaid amount of the retention incentive, based upon the date of termination of employment.

Environmental Matters

The Company owns properties which have been impacted by environmental releases. The Company is liable for costs associated with investigation and/or remediation of contamination in one or more environmental media at some of these properties. The Company is actively involved in investigation and/or remediation at several of these locations. At certain of these locations, costs incurred for environmental investigation/remediation are being paid partly or completely out of funds placed into escrow by previous property owners. Nonetheless, total costs associated with remediation of environmental contamination at these properties could be substantial and may have an adverse impact on the Company's financial condition, results of operations or cash flows.

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. The established liability for environmental matters is based upon management's best estimates of expected investigation/remediation costs related to environmental contamination. It is possible that actual costs associated with these matters will exceed the environmental reserves established by the Company. Inherent uncertainties exist in the estimates, primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability and evolving technologies for handling site remediation and restoration. As of June 30, 2007 and December 31, 2006, the Company had accrued approximately \$5.3 million and \$10.2 million, respectively, for environmental remediation.

Litigation

The Company is subject to various legal actions and claims incidental to its business. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not predictable with assurance. After discussions with counsel, it is the opinion of management that the outcome of such matters will not have a material adverse impact on the Company's financial position, results of operations or cash flows.

On February 2, 2005, the Debtors filed a voluntary petition for relief under the Bankruptcy Code. The cases of each of the Debtors were consolidated for the purpose of joint administration (see Note 2). As a result of the commencement of the Chapter 11 proceedings by the Debtors, an automatic stay has been imposed against the commencement or continuation of legal proceedings, pertaining to claims existing as of February 2, 2005, against the Debtors outside of the Bankruptcy Court. Claimants against the Debtors may assert their claims in the Chapter 11 proceedings by filing a proof of claim, to which the Debtors may object and seek a determination from the Bankruptcy Court as to the allowability of the claim. Claimants who desire to liquidate their claims in legal proceedings outside of the Bankruptcy Court will be required to obtain relief from the automatic stay by order of the Bankruptcy Court. If such relief is granted, the automatic stay will remain in effect with respect to the collection of liquidated claim amounts. Generally, all claims against the Debtors that seek a recovery from assets of the Debtors' estates will be addressed in the Chapter 11 proceedings and paid only pursuant to the terms of a confirmed plan of reorganization. The Company filed its plan of reorganization on May 1, 2007.

Following the above-referenced February 2, 2005 filing, certain claims were filed against certain current and former officers and directors of the Company, alleging various (1) violations of the federal securities laws (the Securities Litigation), and (2) breaches of fiduciary duties to participants in and beneficiaries of the Company's various 401(k) retirement plans in connection with the availability of the common stock of Tower Automotive, Inc. as an investment option under the plans (the ERISA Litigation). Defendants have moved to dismiss the claims in each of the cases, and those motions remain pending in the federal court in New York. The Company and the parties to the ERISA Litigation have reached an agreement to settle the ERISA Litigation, which motion remains subject to final district court approval.

On November 29, 2005, the Company's joint venture partner in Metalsa, Grupo, S.A. de C.V. (Proeza) filed a lawsuit in Mexico against Tower Mexico, Metalsa, and certain of Tower Mexico's directors. Proeza's lawsuit alleges certain breaches of Tower Mexico's obligations under the governing documents of the joint venture and asserts certain rights in connection with the alleged change in control of Tower Mexico. As a result of these allegations, Proeza sought either the rescission of the joint venture relationship or the redemption of Tower Mexico's investment in Metalsa. The

Company believes that Proeza's claims and assertions are without merit and has been vigorously defending this matter, including the venue of the litigation.

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The Nuevo León Supreme Court ruled upholding the jurisdiction of the Monterrey state court (Third Civil Court). Tower Mexico filed a constitutional appeal in federal court relating to the jurisdiction ruling. The federal court (Fourth District Court) ruled also upholding the jurisdiction of the Monterrey court.

On December 21, 2006, the Monterrey state court ruled as to the substance of the case and ruled in favor of Proeza but did not rule that Proeza has the right to rescind the joint venture relationship but did rule that Proeza has the right to redeem Tower Mexico's investment in Metalsa. Tower Mexico appealed the ruling of the Monterrey state court to the Nuevo León appellate court. On September 13, 2007, the Nuevo León appellate court (Seventh Court of Appeals) ruled confirming almost all aspects of the ruling of the Monterrey state court. Tower Mexico is filing its federal constitutional appeal against the ruling of the Monterrey state court.

In addition, the Company has also filed with the International Chamber of Commerce a request for arbitration of the disputes raised in the Mexico lawsuits. That arbitration proceeding is pending.

Note 16. Subsequent Events

On July 31, 2007 (the Effective Date), the Registrant's Plan of Reorganization (the POR) became effective and, in connection therewith, the Registrant completed the sale of substantially all of its assets to Tower Automotive, LLC, an affiliate of Cerberus Capital Management, L.P. The sale concludes the Company's restructuring process and finalizes its emergence from Chapter 11. The aggregate consideration paid by the purchaser in connection with the asset sale was approximately \$1.0 billion, which was used to fund the POR. In particular, the POR provides for the repayment in full of all of the allowed secured claims of the Debtors, including obligations under the Debtor-in-Possession credit facility and second lien loan facility, as well as payment in full of allowed administrative and priority claims; the assumption of the Debtors' pension plan by the purchaser; and partial recovery for holders of certain allowed unsecured claims. Upon effectiveness of the POR, all of the remaining assets (other than certain causes of action brought under Chapter 5 of the Bankruptcy Code which, pursuant to the POR, were transferred to the Unsecured Creditors Trust) of the Debtors, including the Registrant were transferred to a Post-Consummation Trust. As a result of the foregoing, the Debtors collectively have no assets and have ceased all operations.

On the Effective Date, all of the outstanding common stock, par value \$0.01 per share (the Common Stock), of the Registrant was cancelled for no consideration pursuant to the POR. In addition, all of the Tower Automotive Capital Trust's 6-3/4% Convertible Trust Preferred Securities (liquidation preference of \$50 per share) and the related guarantee by the Registrant were each cancelled for no consideration pursuant to and upon effectiveness of the POR. All of the outstanding securities issued by the Debtors were also canceled pursuant to the POR, including the 5.75% Convertible Senior Debentures due 2024 issued by the Registrant and the 12% Senior Notes due 2013 and 9.25% Senior Notes due 2010 issued by R.J. Tower Corporation, a direct wholly owned subsidiary of the Registrant.

On the Effective Date, the Registrant is now controlled by the Post-Consummation Trust Administrator pursuant to the terms of the POR. Jeffery J. Stegenga, a Managing Director of Alvarez & Marsal North America, LLC, was appointed as Post-Consummation Trust Administrator pursuant to the terms of the POR.

As of the Effective Date, control of the Registrant was vested in the Post-Consummation Trust pursuant to the terms of the POR. Accordingly, all of the existing directors and executive officers of the Registrant were deemed to have effectively resigned as of the Effective Date.

On the Effective Date, the certificate of incorporation of the Registrant was amended pursuant to the POR to change the corporate name of the Registrant to TA Delaware, Inc.

Furthermore, as part of the bankruptcy process, the Company may undertake additional actions in the future to rationalize and consolidate its operations.

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Note 17. Consolidating Guarantor and Non-Guarantor Financial Information

The following consolidating financial information presents balance sheets, statements of operations and cash flow information related to the Company's business. Certain foreign subsidiaries of R.J. Tower Corporation are subject to restrictions on their ability to pay dividends or otherwise distribute cash to R. J. Tower Corporation because they are subject to financing arrangements that restrict them from paying dividends. Each Guarantor, as defined, is a direct or indirect 100% owned subsidiary of the Company and has fully and unconditionally guaranteed the 9.25% senior unsecured Euro notes issued by R. J. Tower Corporation in 2000, the 12% senior unsecured notes issued by R. J. Tower Corporation in 2003 and the DIP financing entered into by R. J. Tower Corporation in February 2005. Tower Automotive, Inc. (the parent company) has also fully and unconditionally guaranteed the notes and the DIP financing and is reflected as the Parent Guarantor in the consolidating financial information. The Non-Guarantor Restricted Companies are the Company's foreign subsidiaries except for Seojin Industrial Company Limited, which is reflected as the Non-Guarantor Unrestricted Company in the consolidating financial information. As a result of the Chapter 11 filing by the Debtors, the above-mentioned notes are subject to compromise pursuant to the bankruptcy proceedings. Separate financial statements and other disclosures concerning the Guarantors have not been presented because management believes that such information is not material to investors.

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TA DELAWARE, INC.
Consolidating Balance Sheet at June 30, 2007
(Amounts in thousands)

	R.J.		Non-Guarantor				
	Tower	Parent	Guarantor	Restricted	Unrestricted	Eliminations	Consolidated
	Corporation	Guarantor	Companies	Companies	Companies		
Assets							
Current assets:							
Cash and cash equivalents	\$ 1,778	\$	\$	\$ 85,257	\$ 200	\$	\$ 87,235
Accounts receivable	2,352	4,276	119,070	259,067	21,571		406,336
Inventories			39,850	58,856	11,959		110,665
Prepaid tooling and other	2,273		11,324	55,679	24,578		93,854
Total current assets	6,403	4,276	170,244	458,859	58,308		698,090
Property, plant and equipment, net	561		445,130	314,508	155,038		915,237
Investments in and advances to (from) affiliates	507,019	(332,630)	(832,608)	19,991	(23,440)	923,835	262,167
Goodwill				173,902			173,902
Other assets, net	3,112		13,196	54,032	15,493		85,833
	\$ 517,095	\$ (328,354)	\$ (204,038)	\$ 1,021,292	\$ 205,399	\$ 923,835	\$ 2,135,229
Liabilities and Stockholders Investment (Deficit)							
Current liabilities not subject to compromise:							
Current maturities of long-term debt and capital lease obligations	\$	\$	\$	\$ 16,470	\$ 69,953	\$	\$ 86,423
Current portion debtor-in-possession borrowings	651,000						651,000
Accounts payable	17,416		98,818	196,398	55,389		368,021
Accrued liabilities	29,085		65,484	73,316	6,568		174,453
Total current liabilities	697,501		164,302	286,184	131,910		1,279,897

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Liabilities subject to compromise	628,168	391,588	279,255			(16,363)	1,282,648
Non-current liabilities not subject to compromise:							
Long-term debt, net of current maturities	40,986		43,765	3,346	44,207		132,304
Obligations under capital leases, net of current maturities				28,733			28,733
Other non-current liabilities	3,703		33,345	82,559	11,982		131,589
Total non-current liabilities	44,689		77,110	114,638	56,189		292,626
Stockholders investment (deficit)	(853,263)	(719,942)	(724,705)	620,470	17,300	940,198	(719,942)
	\$ 517,095	\$ (328,354)	\$ (204,038)	\$ 1,021,292	\$ 205,399	\$ 923,835	\$ 2,135,229

Table of Contents**TA DELAWARE, INC.****Consolidating Statement of Operations for the Three Months Ended June 30, 2007****(Amounts in thousands)**

			Non-Guarantor		Non-Guarantor		
	R.J. Tower Corporation	Parent Guarantor	Guarantor Companies	Restricted Companies	Unrestricted Companies	Eliminations	Consolidated
Revenues	\$	\$	\$ 279,619	\$ 304,197	\$ 79,537	\$	\$ 663,353
Cost of sales	173		250,607	262,965	73,783		587,528
Gross profit	(173)		29,012	41,232	5,754		75,825
Selling, general and administrative expenses	(5,198)		20,650	14,585	3,230		33,267
Restructuring and asset impairment charges, net	2,440	(7,226)	27,196	(4,086)			18,324
Other operating expense/(income)	(4,582)		5,719	(62)	(1,075)		
Operating income (loss)	7,167	7,226	(24,553)	30,795	3,599		24,234
Interest expense	26,299		866	899	2,192		30,256
Interest income	(354)			(635)	(110)		(1,099)
Intercompany interest expense/(income)	(8,245)			8,480	(235)		
Chapter 11 and related reorganization items	11,804						11,804
Income (loss) before provision for income taxes, equity in earnings (losses) of joint ventures, and minority interest	(22,337)	7,226	(25,419)	22,051	1,752		(16,727)
Provision (benefit) for income taxes	923	181		6,680	481		8,265

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Income (loss) before equity in earnings (losses) of joint ventures and subsidiaries and minority interest	(23,260)	7,045	(25,419)	15,371	1,271		(24,992)
Equity (losses) earnings in joint ventures and subsidiaries, net	(5,865)	(29,125)		5,538		34,923	5,471
Minority interest, net of tax				(2,559)			(2,559)
Net income (loss)	\$ (29,125)	\$ (22,080)	\$ (25,419)	\$ 18,350	\$ 1,271	\$ 34,923	\$ (22,080)

Table of Contents**TA DELAWARE, INC.****Consolidating Statement of Operations for the Six Months Ended June 30, 2007****(Amounts in thousands)**

			Non-Guarantor		Non-Guarantor		
	R.J. Tower Corporation	Parent Guarantor	Guarantor Companies	Restricted Companies	Unrestricted Companies	Eliminations	Consolidated
Revenues	\$	\$	\$ 542,595	\$ 589,256	\$ 149,953	\$	\$ 1,281,804
Cost of sales	(366)		511,824	518,301	142,440		1,172,199
Gross profit	366		30,771	70,955	7,513		109,605
Selling, general and administrative expenses	(12,211)		42,289	28,932	6,216		65,226
Restructuring and asset impairment charges, net	2,916	(9,666)	34,277	(3,376)			24,151
Other operating expense/(income)	(8,187)		10,474	517	(2,804)		
Operating income (loss)	17,848	9,666	(56,269)	44,882	4,101		20,228
Interest expense	51,448		1,665	1,373	4,284		58,770
Interest income	(791)			(563)	(203)		(1,557)
Intercompany interest expense/(income)	(16,271)			16,848	(577)		
Chapter 11 and related reorganization items	20,779						20,779
Income (loss) before provision for income taxes, equity in earnings (losses) of joint ventures, and minority interest	(37,317)	9,666	(57,934)	27,224	597		(57,764)
Provision (benefit) for income taxes	304	181		11,004	164		11,653

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Income (loss) before equity in earnings (losses) of joint ventures and subsidiaries and minority interest	(37,621)	9,485	(57,934)	16,220	433		(69,417)
Equity (losses) earnings in joint ventures and subsidiaries, net	(37,338)	(74,959)		9,115		112,179	8,997
Minority interest, net of tax				(4,748)			(4,748)
Income (loss) from continuing operations	(74,959)	(65,474)	(57,934)	20,587	433	112,179	(65,168)
Loss from discontinued operations			(306)				(306)
Net income (loss)	\$ (74,959)	\$ (65,474)	\$ (58,240)	\$ 20,587	\$ 433	\$ 112,179	\$ (65,474)

Table of Contents**TA DELAWARE, INC.****Consolidating Statement of Cash Flows for the Six Months Ended June 30, 2007**

(Amounts in thousands unaudited)

	Non-Guarantor		Non-Guarantor				
	R. J. Tower Corporation	Parent Guarantor	Guarantor Companies	Restricted Companies	Unrestricted Companies	Eliminations	Consolidated
OPERATING ACTIVITIES:							
Net income (loss)	\$ (74,959)	\$ (65,474)	\$ (58,240)	\$ 20,587	\$ 433	\$ 112,179	\$ (65,474)
Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities							
Non-cash chapter 11 and related reorganization items, net	5,782						5,782
Non-cash restructuring and impairment, net			23,979	(628)			23,351
Depreciation	(180)		42,840	24,394	10,903		77,957
Deferred income tax provision (benefit)	1,729			4,650	146		6,525
Equity in earnings (losses) of joint ventures and subsidiaries, net	37,338	74,959		(9,115)		(112,179)	(8,997)
Non-cash minority interest				3,082			3,082
Changes in working capital and other operating items	(29,623)	(9,485)	11,544	(5,688)	6,603		(26,649)
Net cash provided by (used in) operating activities	(59,913)		20,123	37,282	18,085		15,577
INVESTING ACTIVITIES:							
Cash disbursed for purchases of property, plant and equipment			(20,137)	(13,587)	(13,942)		(47,666)

Cash proceeds from asset disposal					
Net cash used in investing activities		(20,137)	(13,587)	(13,942)	(47,666)
FINANCING ACTIVITIES:					
Proceeds from borrowings			8,799	8,878	17,677
Repayments of borrowings			(5,657)	(12,971)	(18,628)
Proceeds from DIP credit facility	423,000				423,000
Repayments of DIP credit facility borrowings	(367,000)				(367,000)
Net cash provided by (used in) financing activities	56,000		3,142	(4,093)	55,049
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,913)	(14)	26,837	50	22,960
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,691	14	58,420	150	64,275
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,778	\$	\$ 85,257	\$ 200	\$ 87,235

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TA DELAWARE, INC.
Consolidating Balance Sheet at December 31, 2006
(Amounts in thousands)

	R.J. Tower Corporation		Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated						
Assets														
Current assets:														
Cash and cash equivalents	\$	5,691	\$	14	\$	58,420	\$	150	\$	64,275				
Accounts receivable		2,072		2,812		76,829		234,137		23,800		339,650		
Inventories						43,438		53,810		9,938		107,186		
Prepaid tooling and other		2,929				20,479		43,069		27,541		94,018		
Assets of discontinued operations						24,738						24,738		
Total current assets		10,692		2,812		165,498		389,436		61,429		629,867		
Property, plant and equipment, net		381				474,516		317,585		160,460		952,942		
Investments in and advances to (from) affiliates		493,126		(273,896)		(808,881)		20,898		(5,028)		826,951	253,170	
Goodwill								169,617					169,617	
Other assets, net		9,357				23,003		53,654		15,384			101,398	
	\$	513,556	\$	(271,084)	\$	(145,864)	\$	951,190	\$	232,245	\$	826,951	\$	2,106,994
Liabilities and Stockholders Investment (Deficit)														
Current liabilities not subject to compromise:														
Current maturities of long-term debt and capital lease obligations	\$		\$		\$	4	\$	10,261	\$	72,584	\$		\$	82,849
Current portion debtor-in-possession borrowings		595,000												595,000
Accounts payable		11,670				90,134		182,203		61,289				345,296
Accrued liabilities		32,647				59,675		67,768		6,664				166,754
						20,503								20,503

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Liabilities of discontinued operations							
Total current liabilities	639,317		170,316	260,232	140,537		1,210,402
Liabilities subject to compromise	624,238	391,588	285,319			(16,363)	1,284,782
Non-current liabilities not subject to compromise:							
Long-term debt, net of current maturities	40,986		43,765	4,023	44,836		133,610
Obligations under capital leases, net of current maturities				29,852			29,852
Other non-current liabilities	559		21,217	78,138	11,106		111,020
Total non-current liabilities	41,545		64,982	112,013	55,942		274,482
Stockholders investment (deficit)	(791,544)	(662,672)	(666,481)	578,945	35,766	843,314	(662,672)
	\$ 513,556	\$ (271,084)	\$ (145,864)	\$ 951,190	\$ 232,245	\$ 826,951	\$ 2,106,994

Table of Contents**TA DELAWARE, INC.****Consolidating Statement of Operations for the Three Months Ended June 30, 2006****(Amounts in thousands)**

			Non-Guarantor		Non-Guarantor		
	R.J. Tower Corporation	Parent Guarantor	Guarantor Companies	Restricted Companies	Unrestricted Companies	Eliminations	Consolidated
Revenues	\$	\$	\$ 318,958	\$ 269,277	\$ 89,238	\$	\$ 677,473
Cost of sales	(2,081)		299,666	233,860	89,481		620,926
Gross profit	2,081		19,292	35,417	(243)		56,547
Selling, general and administrative expenses	(11,349)		29,578	12,109	2,706		33,044
Restructuring and asset impairment charges, net	(65)	(4,416)	12,334	20,489			28,342
Other operating expense/(income)	(8,891)		8,081	810			
Operating income (loss)	22,386	4,416	(30,701)	2,009	(2,949)		(4,839)
Interest expense	19,093		600	712	1,935		22,340
Interest income	(640)		2	32	(150)		(756)
Intercompany interest expense/(income)	(6,436)			6,778	(342)		
Chapter 11 and related reorganization items	13,437		30,225				43,662
Income (loss) before provision for income taxes, equity in earnings of joint ventures, and minority interest	(3,068)	4,416	(61,528)	(5,513)	(4,392)		(70,085)
Provision (benefit) for income taxes	763	78	325	11,928	(1,209)		11,885

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Income (loss) before equity in earnings (losses) of joint ventures and subsidiaries and minority interest	(3,831)	4,338	(61,853)	(17,441)	(3,183)		(81,970)
Equity (losses) earnings (losses) in joint ventures and subsidiaries, net	(75,892)	(79,723)		7,465		155,683	7,533
Minority interest, net of tax				(2,206)			(2,206)
Income (loss) from continuing operations	(79,723)	(75,385)	(61,853)	(12,182)	(3,183)	155,683	(76,643)
Income from discontinued operations			1,258				1,258
Net income (loss)	\$ (79,723)	\$ (75,385)	\$ (60,595)	\$ (12,182)	\$ (3,183)	\$ 155,683	\$ (75,385)

Table of Contents**TA DELAWARE, INC.****Consolidating Statement of Operations for the Six Months Ended June 30, 2006**

(Amounts in thousands)

			Non-Guarantor		Non-Guarantor		
	R.J. Tower Corporation	Parent Guarantor	Guarantor Companies	Restricted Companies	Unrestricted Companies	Eliminations	Consolidated
Revenues	\$	\$	\$ 651,646	\$ 515,291	\$ 181,294	\$	\$ 1,348,231
Cost of sales	(4,180)		619,956	449,384	177,631		1,242,791
Gross profit	4,180		31,690	65,907	3,663		105,440
Selling, general and administrative expenses	(21,225)		60,712	22,325	5,269		67,081
Restructuring and asset impairment charges, net	(60)	(8,558)	18,882	20,792	(192)		30,864
Other operating expense/(income)	(16,839)		14,724	1,595			(520)
Operating income (loss)	42,304	8,558	(62,628)	21,195	(1,414)		8,015
Interest expense	36,258		1,131	1,455	3,978		42,822
Interest income	(958)		(1)	79	(332)		(1,212)
Intercompany interest expense/(income)	(12,530)			13,205	(675)		
Chapter 11 and related reorganization items	24,978	68	30,225				55,271
Income (loss) before provision for income taxes, equity in earnings (losses) of joint ventures, and minority interest	(5,444)	8,490	(93,983)	6,456	(4,385)		(88,866)
Provision (benefit) for income taxes	1,509	140	455	8,832	(1,206)		9,730

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Income (loss) before equity in earnings (losses) of joint ventures and subsidiaries and minority interest	(6,953)	8,350	(94,438)	(2,376)	(3,179)		(98,596)
Equity earnings (losses) in joint ventures and subsidiaries, net	(87,119)	(94,072)		14,081		181,327	14,217
Minority interest, net of tax				(3,172)			(3,172)
Income (loss) from continuing operations	(94,072)	(85,722)	(94,438)	8,533	(3,179)	181,327	(87,551)
Income from discontinued operations			1,829				1,829
Net income (loss)	\$ (94,072)	\$ (85,722)	\$ (92,609)	\$ 8,533	\$ (3,179)	\$ 181,327	\$ (85,722)

Table of Contents**TA DELAWARE, INC.****Consolidating Statement of Cash Flows for the Six Months Ended June 30, 2006**

(Amounts in thousands unaudited)

	Non-Guarantor		Non-Guarantor				
	R. J. Tower Corporation	Parent Guarantor	Guarantor Companies	Restricted Companies	Unrestricted Companies	Eliminations	Consolidated
OPERATING ACTIVITIES:							
Net income (loss)	\$ (94,072)	\$ (85,722)	\$ (92,609)	\$ 8,533	\$ (3,179)	\$ 181,327	\$ (85,722)
Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities							
Non-cash chapter 11 and related reorganization items, net	8,389	68	30,225				38,682
Non-cash restructuring and impairment, net			10,986	15,327			26,313
Depreciation	166		46,297	22,216	12,726		81,405
Deferred income tax provision (benefit)			(2)	(11,605)	4,159		(7,448)
Equity in earnings (losses) of joint ventures and subsidiaries, net	87,119	94,072		(14,081)		(181,327)	(14,217)
Non-cash minority interest				81			81
Changes in working capital and other operating items	(26,442)	(8,418)	29,933	(663)	(4,485)		(10,075)
Net cash provided by (used in) operating activities	(24,840)		24,830	19,808	9,221		29,019
INVESTING ACTIVITIES:							
Cash disbursed for purchases of property, plant and equipment	(10)		(24,953)	(21,231)	(14,165)		(60,359)

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Cash proceeds from asset disposal				32,664		32,664
Net cash provided by (used in) investing activities	(10)	(24,953)	(21,231)	18,499		(27,695)
FINANCING ACTIVITIES:						
Proceeds from borrowings			11,295	9,599		20,894
Repayments of borrowings		(6)	(6,547)	(37,333)		(43,886)
Proceeds from DIP credit facility	345,500					345,500
Repayments of DIP credit facility borrowings	(269,500)					(269,500)
Net cash provided by (used in) financing activities	76,000	(6)	4,748	(27,734)		53,008
NET CHANGE IN CASH AND CASH EQUIVALENTS	51,150	(129)	3,325	(14)		54,332
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	702	156	64,790	143		65,791
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 51,852	\$ 27	\$ 68,115	\$ 129		\$ 120,123

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
Overview

Tower Automotive, Inc. and its subsidiaries (the Company or the Registrant) is a global designer and producer of vehicle structural components and assemblies used by every major automotive original equipment manufacturer. Products include body structures and assemblies, lower vehicle frames and structures, chassis modules and systems and suspension components. Including both 100% owned subsidiaries and investments in joint ventures, the Company has facilities in the United States, Mexico, Germany, Belgium, Italy, Slovakia, Poland, Spain, Brazil, India, South Korea, Japan and China.

Since February 2, 2005, the Company and 25 of its U.S. subsidiaries (collectively, the Debtors) are operating pursuant to Chapter 11 under the Bankruptcy Code. The Debtors sought protection as a result of a deterioration in liquidity early in 2005. This deterioration was the result of the following factors, among others:

Significant capital expenditures and spending on product launch activities;

High interest costs;

Declining gross margins;

Termination of accelerated payment programs by key customers;

Lower production volumes at the Company's largest customers; and

Significant raw material price increases (primarily steel).

Continuation of the Company as a going concern was contingent upon, among other things, the Debtors' ability to:

Restructure the Company's North American operations;

Comply with the terms and conditions of the DIP financing agreement described in Note 9 to the Condensed Consolidated Financial Statements;

Obtain confirmation of a plan of reorganization under the Bankruptcy Code;

Reduce unsustainable debt and simplify the Company's complex and restrictive capital structure through the bankruptcy process; and

Obtain financing sources to meet the Debtors' future obligations.

Details regarding the Company's plans to restructure its North American operations are included in Restructuring and Asset Impairments. See Notes 1, 2 and 8 to the accompanying Condensed Consolidated Financial Statements for additional information. These matters raise substantial doubt regarding the Company's ability to continue as a going concern.

On July 31, 2007 (the Effective Date), the Registrant's Plan of Reorganization (the POR) became effective and, in connection therewith, the Registrant completed the sale of substantially all of its assets to Tower Automotive, LLC, an affiliate of Cerberus Capital Management, L.P. The sale concludes the Company's restructuring process and finalizes its emergence from Chapter 11. The aggregate consideration paid by the purchaser in connection with the asset sale was approximately \$1.0 billion, which was used to fund the POR. In particular, the POR provides for the repayment in full of all of the allowed secured claims of the Debtors, including obligations under the Debtor-in-Possession credit facility and second lien loan facility, as well as payment in full of allowed administrative and priority claims; the assumption of the Debtors' pension plan by the purchaser; and partial recovery for holders of certain allowed unsecured claims. Upon effectiveness of the POR, all of the remaining assets (other than certain causes of action brought under Chapter 5 of the Bankruptcy Code which, pursuant to the POR, were transferred to the Unsecured Creditors Trust) of the Debtors, including the Registrant were transferred to a Post-Consummation Trust. As a result

of the foregoing, the Debtors collectively have no assets and have ceased all operations.

On the Effective Date, all of the outstanding common stock, par value \$0.01 per share (the Common Stock), of the Registrant was cancelled for no consideration pursuant to the POR. In addition, all of the Tower Automotive Capital Trust s 6-3/4% Convertible Trust Preferred Securities (liquidation preference of \$50 per share) and the related guarantee by the Registrant were each cancelled for no consideration pursuant to and upon effectiveness of the POR. All of the outstanding securities issued by the Debtors were also canceled pursuant to the POR, including the 5.75% Convertible Senior Debentures due 2024 issued by the Registrant and the 12% Senior Notes due 2013 and 9.25% Senior Notes due 2010 issued by R.J. Tower Corporation, a direct wholly owned subsidiary of the Registrant.

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On the Effective Date, the Registrant is now controlled by the Post-Consummation Trust Administrator pursuant to the terms of the POR. Jeffery J. Stegenga, a Managing Director of Alvarez & Marsal North America, LLC, was appointed as Post-Consummation Trust Administrator pursuant to the terms of the POR.

As of the Effective Date, control of the Registrant was vested in the Post-Consummation Trust pursuant to the terms of the POR. Accordingly, all of the existing directors and executive officers of the Registrant were deemed to have effectively resigned as of the Effective Date.

On the Effective Date, the certificate of incorporation of the Registrant was amended pursuant to the POR to change the corporate name of the Registrant to TA Delaware, Inc.

Furthermore, as part of the bankruptcy process, the Company may undertake additional actions in the future to rationalize and consolidate its operations.

Results of Operations**Three Months Ended June 30, 2007 Compared to the Three Months Ended June 30, 2006**

Revenues. Sales decreased by \$14.1 million, or 0.2%, during the three months ended June 30, 2007 to \$663.4 million from \$677.5 million during the three months ended June 30, 2006. The decrease is primarily due to lower volume and unfavorable product mix, which decreased revenue by \$66.0 million during the 2007 period compared to the 2006 period. These impacts were partially offset by an increase in steel price recoveries from certain customers, favorable foreign exchange and other factors, which increased revenue by \$14.8 million, \$27.7 million and \$9.4 million, respectively, during the 2007 period compared to the 2006 period.

Gross Profit and Gross Margin. Gross margin for the quarter ended June 30, 2007 was 11.4% compared to 8.3% for the comparable period of 2006. Gross profit increased by \$19.3 million, or 34.1%, to \$75.8 million during the 2007 period compared to \$56.5 million during the 2006 period. The increase in gross profit was primarily the result of positive impacts of improved operating and purchasing efficiencies, customer accommodations, ongoing restructuring activities and other factors in the amounts of \$11.2 million, \$4.8 million, \$11.2 million, \$6.0 million and \$4.2 million, respectively. These impacts were partially offset by lower volume and unfavorable product mix and raw material steel prices, which decreased gross profit by \$12.2 million and \$5.9 million, respectively.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased by \$0.2 million, or 0.7%, to \$33.3 million during the three months ended June 30, 2007 from \$33.0 million for the corresponding period of 2006. Selling, general and administrative expenses represented 5.0% of revenues during the 2007 period in comparison to 4.9% in the 2006 period. The \$0.2 million increase resulted primarily from higher workers compensation expenses, director fees and other expenses in the amount of \$0.9 million, \$0.7 million and \$0.4 million, respectively. These expenses were partially offset by lower compensation costs and outside service costs of \$0.8 million and \$0.9 million, respectively.

Interest Expense. Interest expense increased by \$7.9 million, or 35.4%, to \$30.3 million during the 2007 period in comparison to \$22.3 million in the 2006 period. The \$7.9 million increase was primarily attributable to increased interest of \$5.4 million related to the Company's DIP financing facilities; and increased amortization expenses of \$1.9 million related to the amendments to these DIP financing facilities.

In accordance with SOP 90-7, Reorganization Under the Bankruptcy Code, interest expense during the Company's bankruptcy has been recognized only to the extent that it will be paid during the Company's bankruptcy proceedings or that it is probable that it will be an allowed priority, secured or unsecured claim. Interest expense recognized by the Company is lower than the Company's stated contractual interest for the three months ended June 30, 2007 and 2006 by \$18.6 million and \$18.3 million.

Chapter 11 and Related Reorganization Items. Chapter 11 and related reorganization expense decreased by \$31.9 million to \$11.8 million during the 2007 period compared to \$43.7 million in the 2006 period. These costs primarily related to professional fees related to the Company's bankruptcy proceedings, write-offs of deferred financing costs and lease rejection costs. See Notes 1 and 2 to the Condensed Consolidated Financial Statements.

Provision for Income Taxes. During the three months ended June 30, 2007, the Company recognized an income tax expense of \$8.3 million related to a pre-tax net loss of \$16.7 million. The Company recorded income tax expense that resulted from foreign income

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taxes related to the Company's international operations and U.S. state taxes. Full valuation allowances were provided for U.S. Federal income tax benefits generated during the 2007 period.

During the three months ended June 30, 2006, the Company recognized an income tax expense of \$11.9 million related to a pre-tax net loss of \$70.1 million. The Company recorded income tax expense that resulted from foreign income taxes related to the Company's international operations and U.S. state taxes. Full valuation allowances were provided for U.S. Federal income tax benefits generated during the 2006 period. These collective income tax provisions were offset by an \$8.1 million tax benefit related to the reversal of a valuation allowance for certain tax loss carry-overs. The reversal of the valuation allowance resulted from the reorganization, completed in the 2006 period, at certain of the Company's international operations. Such reorganization resulted in the ability to utilize tax loss carry-overs in future periods.

Equity in Earnings of Joint Ventures, Net of Tax. Equity in earnings of joint ventures, net of tax decreased by \$2.1 million, or 27.4%, to \$5.5 million during the three months ended June 30, 2007 from \$7.5 million during the three months ended June 30, 2006. The decrease primarily resulted from the Company's share of earnings from its joint venture interest in Metalsa.

Minority Interest, Net of Tax. Minority interest, net of tax, increased by \$0.4 million, or 16.0%, to \$2.6 million during the three months ended June 30, 2007 from \$2.2 million during the three months ended June 30, 2006. The increase resulted primarily from higher earnings at the Company's joint ventures in China, Tower Golden Ring, of \$0.4 million.

Six Months Ended June 30, 2007 Compared to the Six Months Ended June 30, 2006

Revenues. Sales decreased by \$66.4 million, or 4.9%, during the six months ended June 30, 2007 to \$1.3 billion from \$1.3 billion during the six months ended June 30, 2006. The decrease is primarily due to lower volume and unfavorable product mix, which decreased revenue by \$134.9 million during the 2007 period compared to the 2006 period. These impacts were partially offset by an increase in steel price recoveries from certain customers, favorable foreign exchange and other factors, which increased revenue by \$6.0 million, \$53.1 million and \$9.4 million, respectively, during the 2007 period compared to the 2006 period.

Gross Profit and Gross Margin. Gross margin for the six months ended June 30, 2007 was 8.6% compared to 7.8% for the comparable period of 2006. Gross profit increased by \$4.2 million, or 4.0%, to \$109.6 million during the 2007 period compared to \$105.4 million during the 2006 period. The increase in gross profit was primarily due to the positive impacts of improved operating and purchasing efficiencies, customer accommodations and ongoing restructuring activities in the amounts of \$17.1 million, \$9.8 million, \$11.2 million, and \$13.4 million, respectively. These impacts were partially offset by lower volume and unfavorable product mix, raw material steel prices and other factors in the amounts of \$31.2 million, \$15.2 million and \$0.9 million, respectively, for the six months ended June 30, 2007 compared to the 2006 period.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by \$1.9 million, or 2.8%, to \$65.2 million during the six months ended June 30, 2007 from \$67.1 million for the corresponding period of 2006. Selling, general and administrative expenses represented 5.1% of revenues during the 2007 and 5.0% during the 2006 period. The \$1.9 million decrease resulted primarily from lower compensation costs, outside service costs and other expenses of \$0.9 million, \$1.8 million and \$0.3 million, respectively. These decreases were partially offset by higher workers compensation expenses and director fees, in the amount of \$0.5 million and \$0.6 million, respectively.

Interest Expense. Interest expense increased by \$15.9 million, or 37.2%, to \$58.8 million during the 2007 period in comparison to \$42.8 million in the 2006 period. The increase was primarily attributable to increased interest of \$10.6 million related to the Company's DIP financing facilities; and increased amortization expenses of \$4.9 million related to the amendments to these DIP financing facilities.

Chapter 11 and Related Reorganization Items. Chapter 11 and related reorganization expense decreased by \$34.5 million to \$20.8 million during the 2007 period compared to \$55.3 million in the 2006 period. These costs primarily related to professional fees related to the Company's bankruptcy proceedings, write-offs of deferred financing costs and lease rejection costs. See Notes 1 and 2 to the Condensed Consolidated Financial Statements.

Provision for Income Taxes. During the six months ended June 30, 2007, the Company recognized an income tax expense of \$11.7 million related to a pre-tax net loss of \$57.8 million. The Company recorded income tax expense

that resulted from foreign income taxes related to the Company's international operations and U.S. state taxes. Full valuation allowances were provided for U.S. Federal income tax benefits generated during the 2007 period. These collective income tax provisions were offset by an \$8.1 million tax

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benefit related to the reversal of a valuation allowance for certain tax loss carry-overs. The reversal of the valuation allowance resulted from the reorganization, completed in the 2006 period, at certain of the Company's international operations. Such reorganization resulted in the ability to utilize tax loss carry-overs in future periods.

We adopted the provisions of FIN 48 on January 1, 2007, and decreased retained earnings by approximately \$0.3 million. For further discussion, see Note 11 of the Condensed Consolidated Financial Statements.

During the six months ended June 30, 2006, the Company recognized income tax expense of \$9.7 million in relation to a pre-tax net loss of \$88.9 million. This income tax provision resulted primarily from the recognition of foreign income taxes and state taxes. Full valuation allowances were provided for U.S. Federal income tax benefits generated during the 2006 period.

Equity in Earnings of Joint Ventures, Net of Tax. Equity in earnings of joint ventures, net of tax decreased by \$5.2 million, or 36.7%, to \$9.0 million during the six months ended June 30, 2007 from \$14.2 million during the six months ended June 30, 2006. The increase primarily resulted from the Company's share of earnings from its joint venture interest in Metalsa.

Minority Interest, Net of Tax. Minority interest, net of tax increased by \$1.6 million, or 49.7%, to \$4.7 million during the six months ended June 30, 2007 from \$3.2 million for the corresponding period of 2006. The increase resulted from higher earnings at the Company's joint ventures in China, Tower Golden Ring and WuHu, and the Company's joint venture in Germany, Dr. Meleghy, of \$0.8 million, \$0.4 million and \$0.3 million, respectively.

Restructuring and Asset Impairment

The Company has executed various restructuring plans and may execute additional plans in the future to respond to its bankruptcy proceedings, customer sourcing decisions, realignment of manufacturing capacity to prevailing global automotive production and to improve the utilization of remaining facilities. Estimates of restructuring charges are based on information available at the time such charges are recorded. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially recorded. Accordingly, the Company may record revisions of previous estimates by adjusting previously established reserves. See Note 8 to the accompanying Condensed Consolidated Financial Statements for further information regarding these actions.

During the three and six months ended June 30, 2007, the Company recognized expense of \$18.3 million and \$24.2 million, respectively, related to restructuring and asset impairments compared to an expense of \$28.3 million and \$30.9 million for the three and six months ended June 30, 2006, respectively. The decrease of \$10.0 million and \$6.7 million is primarily the result of additional, previously disclosed, plant closure activities during the 2006 period, which did not occur during the comparable 2007 period.

Table of Contents**Liquidity and Capital Resources**

During the first six months of 2007, the Company's cash requirements were met through operations and a \$725 million commitment of debtor-in-possession financing ("DIP Financing"). At June 30, 2007, the Company had available liquidity in the amount of \$128.0 million, which consisted of \$87.2 million of cash on hand and the availability of \$40.8 million for borrowing under facilities that expired upon the Company's emergence from bankruptcy.

Net cash provided by operating activities was \$15.6 million during the six months ended June 30, 2007 compared to net cash provided by operating activities of \$29.0 million during the six months ended June 30, 2006. The change was due to a decrease of \$0.1 million in the net loss after excluding non-cash charges, related to Chapter 11 and reorganization items, restructuring and asset impairment charges, depreciation expenses, deferred income tax expenses, and equity in earnings of joint ventures. Working capital items (accounts receivable, inventory, pre-paid tooling and other, accounts payable and accrued liabilities) decreased cash flow by \$34.6 million. The decrease was offset by improved cash utilization from other assets and liabilities of \$21.1 million.

Net cash used in investing activities was \$47.7 million during the first six months of 2007 compared to net cash used in investing activities of \$27.7 million in the corresponding period of 2006. During the first quarter of 2006, the Company sold its Gunpo, South Korea facility and received cash proceeds of approximately \$32.7 million. The Company disbursed cash of \$47.7 million for purchases of property, plant and equipment during the six months ended June 30, 2007 as compared to \$60.4 million in the comparable 2006 period.

Net cash provided by financing activities was \$55.0 million during the first six months of 2007 compared to net cash provided of \$53.0 million during the comparable period of 2006. During the six months ended June 30, 2007, borrowings related to the DIP facility more than offset repayments by \$56.0 million. Borrowings related to the Company's non-DIP debt offset repayments associated with that debt by \$1.0 million.

As disclosed in the Company's Annual Report for the year ended December 31, 2006, the Company's business has significant liquidity requirements. In addition, a summary of the liquidity factors which forced the Company to seek Chapter 11 bankruptcy protection is included as well as the Company's plans regarding these matters related to improving liquidity and operating results. On September 22, 2006, the Company circulated for approval by the lenders under its DIP Agreement the seventh amendment to the DIP Agreement (the "Amendment"). On October 6, 2006, the DIP Agreement was amended by the lenders. The Amendment amends certain covenants contained in the DIP Agreement. In addition, the Amendment amends certain provisions to allow for dividends to be declared and paid by less than wholly-owned subsidiaries of the Company and waives any existing covenant technical breaches related to previously declared and paid dividends by less than wholly-owned subsidiaries of the Company. The Amendment also amended certain interest rates based on the current economic environment. On January 30, 2007, the Company obtained approval by the lenders under its DIP Agreement of the eighth amendment to the DIP Agreement. The eighth amendment extends the maturity date from February 2, 2007 to August 2, 2007, amends certain covenants contained in the DIP Agreement, and amends certain interest rates based on the current economic environment. The Company believes that funds generated by operations, together with cash on hand and amounts available for borrowing under its DIP Financing, should it be able to obtain appropriate modifications or waivers, provide sufficient liquidity and capital resources to pursue its business strategy while operating under Chapter 11 bankruptcy protection. The DIP Agreement matured on August 2, 2007 and the Debtors' paid all borrowings pertaining to the DIP Agreement on July 31, 2007 as part of the sale transaction to Cerberus Capital Management, L.P. as discussed further in Note 1.

Chapter 11 Impact

Under the terms of the Company's then-existing credit agreement, the Chapter 11 filing created an event of default. Upon the Chapter 11 filing, the lenders' obligation to loan additional money to the Company terminated, the outstanding principal of all obligations became immediately due and payable and the Debtors were required to immediately deposit funds into a collateral account to cover the outstanding amounts under the letters of credit issued pursuant to the credit agreement. Outstanding obligations under the credit agreement amounted to \$425 million, which was refinanced through the DIP financing described below.

In addition, the Chapter 11 filing created an event of default under the Convertible Debentures, Senior Notes, Senior Euro Notes, and the amount due for the Subordinated Debentures. As a result, such indebtedness became immediately due and payable (see Note 2).

The ability of the creditors of the Debtors to seek remedies to enforce their rights under the credit facilities described above is stayed as a result of the Chapter 11 filing, and the creditors' rights of enforcement are subject to the applicable provisions of the Bankruptcy Code.

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The debt of the Company's foreign subsidiaries is not subject to compromise in the bankruptcy proceedings as the Company's operating foreign subsidiaries are not included in the Chapter 11 filing.

DIP Financing

In February 2005, the Bankruptcy Court approved a Revolving Credit, Term Loan and Guaranty Agreement, as amended, ("DIP Agreement") between the Company and a national banking institution as agent for the lenders ("Lenders") and each of the Lenders.

The DIP Agreement provides for a \$725 million commitment of debtor-in-possession financing comprised of a revolving credit and letter of credit facility in an aggregate principal amount not to exceed \$300 million and a term loan in the aggregate principal amount of \$425 million. The proceeds of the term loan have been used to refinance the Debtors' obligations of amounts outstanding under the pre-petition credit agreement. The proceeds of the revolving credit loans shall be used to fund the working capital requirements of the Debtors during the Chapter 11 proceedings. Obligations under the DIP Agreement are secured by a lien on the assets of the Debtors (such lien shall have first priority with respect to a significant portion of the Debtors' assets) and by a super-priority administrative expense claim in each of the bankruptcy cases. The Company believes that the existing DIP Agreement along with cash generated from operations are adequate to provide for its future liquidity needs through the Debtors' Chapter 11 bankruptcy.

Advances under the DIP Agreement bear interest at a fixed rate per annum equal to (x) the greatest (as of the date the advance is made) of the prime rate, the Base CD Rate (as defined in the DIP Agreement) plus 1%, or the Federal Funds Effective Rate (as defined in the DIP Agreement) plus 0.5%, plus (y) 1.75% prior to the amendment and 2.75%, as amended, in the case of a loan under the revolving facility, or 2.25% prior to the amendment and 3.5%, as amended in the case of the term loan. Alternatively, the Debtors may request that advances be made at a variable rate equal to (x) the Adjusted LIBO Rate (as defined in the DIP Agreement), for a one-month, three-month, six-month, or nine-month period, at the election of the Debtors, plus (y) 2.75% prior to the amendment and 3.75%, as amended, in the case of a loan under the revolving facility, or 3.25% prior to the amendment and 4.5%, as amended in the case of the term loan. In addition, the DIP Agreement obligates the Debtors to pay certain fees to the Lenders as described in the DIP Agreement. At June 30, 2007, \$40.8 million was available for borrowing under the revolving credit and letter of credit facility. At June 30, 2007, the weighted average interest rate associated with borrowings pertaining to the DIP Agreement was 9.82%. The DIP Agreement matured on August 2, 2007 and the Debtors paid all borrowings pertaining to the DIP Agreement on July 31, 2007 as part of the sale transaction to Cerberus Capital Management, L.P. as discussed further in Note 1.

The DIP Agreement contains various representations, warranties and covenants by the Debtors that are customary for transactions of this nature, including (without limitation) reporting requirements and maintenance of financial covenants. On September 22, 2006, the Company circulated for approval by the lenders under its DIP Agreement the seventh amendment to the DIP Agreement (the "Amendment"). On October 6, 2006, the DIP Agreement was amended by the lenders. The Amendment amends certain covenants contained in the DIP Agreement. In addition, the Amendment amends certain provisions to allow for dividends to be declared and paid by less than wholly-owned subsidiaries of the Company and waives any existing covenant technical breaches related to previously declared and paid dividends by less than wholly-owned subsidiaries of the Company. The Amendment also amended certain interest rates based on the current economic environment. On January 30, 2007, the Company obtained approval by the lenders under its DIP Agreement the eighth amendment to the DIP Agreement. The eighth amendment extends the maturity date from February 2, 2007 to August 2, 2007, amends certain covenants contained in the DIP Agreement, and amends certain interest rates based on the current economic environment. In addition, the DIP Agreement was amended by the lenders on March 28, 2007 and was effective March 9, 2007. The amendment amends Section 5.01(a) of the Credit Agreement.

The Debtors' obligations under the DIP Agreement may be accelerated following certain events of default, including (without limitation) any breach by the Debtors of any of the representations, warranties, or covenants made in the DIP Agreement or the conversion of any of the bankruptcy cases to a case under Chapter 7 of the Bankruptcy Code or the appointment of a trustee pursuant to Chapter 7 of the Bankruptcy Code.

Table of Contents**Back-Stop Agreement**

The Debtors have entered into a Back-Stop Agreement with a finance company (Finance Company). Under the Back-Stop Agreement, in the event any second lien lender under the pre-petition credit agreement wished to assign its deposits, rights and obligations after the Chapter 11 filing, the Finance Company agreed to take by assignment any such second lien holder's deposits, rights and obligations in an aggregate amount not to exceed \$155 million. Draws were made against the issued second lien letters of credit in the amount of \$41 million as of June 30, 2007. The Debtors paid all borrowings pertaining to the Back-Stop Agreement on July 31, 2007 as part of the sale transaction to Cerberus Capital Management, L.P. as discussed further in Note 1.

Stock Options

Effective January 1, 2006, the Company accounts for stock-based compensation utilizing the fair value approach described in SFAS No. 123 (R) *Shared-Based Payment* (SFAS No. 123 (R)). On September 20, 2005, the Company fully vested the entire unvested portion of its outstanding stock options. The Company accelerated the vesting of these options because it is the Company's opinion that expensing the remaining unvested portion of the options in accordance with SFAS No 123 (R) does not represent the economic cost to the Company given the Company's Chapter 11 status. Therefore, the adoption of SFAS No. 123 (R) had no material impact on the Company's financial statements.

SFAS No. 157, *Fair Value Measurements* (SFAS No. 157) In September 2006, the FASB issued SFAS No. 157, which establishes a framework for reporting fair value and expands disclosures about fair value measurements. SFAS No. 157 becomes effective beginning with our first quarter 2008 period. In accordance with SOP 90-7, early adoption is required when an entity emerges from bankruptcy at the time fresh-start reporting is adopted. We are currently evaluating the impact of this standard on the Company's Condensed Consolidated Financial Statements.

SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities including an Amendment to FASB Statement No. 115* (SFAS No. 159) In February 2007, the FASB issued SFAS No. 159, which permits an entity to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. Most of the provisions in SFAS No. 159 are elective, however, the amendment to SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, applies to all entities with available-for-sale and trading securities. The fair value option established by SFAS No. 159 permits companies to choose to measure eligible items at fair value at specified election dates. A business entity that elects the fair value option will report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. We are currently evaluating the impact of this standard on the Company's Condensed Consolidated Financial Statements.

Market Risk

The Company is exposed to various market risks, which is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange rates, interest rates, steel prices and scrap steel prices. The Company's policy is to not enter into derivatives or other financial instruments for trading or speculative purposes. The Company periodically enters into derivative instruments to manage and reduce the impact of changes in interest rates. At June 30, 2007, the Company had total debt not subject to compromise in the bankruptcy proceedings of \$898.5 million. The debt is composed of fixed rate debt of \$114.5 million and floating rate debt of \$784.0 million. The pre-tax earnings and cash flow impact for the next year resulting from a one percentage point increase in interest rates on variable rate debt not subject to compromise would be approximately \$8.0 million, holding other variables constant. A one-percentage point increase in interest rates would not materially impact the fair value of the fixed rate debt not subject to compromise.

A portion of the Company's revenues are derived from manufacturing operations in Europe, Asia and South America. The results of operations and financial position of the Company's foreign operations are principally measured in their respective currency and translated into U.S. dollars. The effects of foreign currency fluctuations in Europe, Asia and South America are somewhat mitigated by the fact that expenses are generally incurred in the same currency in which revenues are generated. The reported income of these subsidiaries will be higher or lower depending on a weakening or strengthening of the U.S. dollar against the respective foreign currency.

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A portion of the Company's assets are based in its foreign operations and are translated into U.S. dollars at foreign currency exchange rates in effect as of the end of each period, with the effect of such translation reflected as a separate component of stockholders' investment (deficit). Accordingly, the Company's consolidated stockholders' investment (deficit) will fluctuate depending upon the weakening or strengthening of the U.S. dollar against the respective foreign currency.

The Company's strategy for management of currency risk relies primarily upon conducting its operations in a country's respective currency and may, from time to time, also involve hedging programs intended to reduce the Company's exposure to currency fluctuations. Management believes the effect of a 100 basis point movement in foreign currency rates versus the dollar would not materially affect the Company's financial position, results of operations or cash flows for the periods presented.

The majority of the Company's product offerings are produced from steel. A byproduct of the production process is scrap steel, which is sold. Steel prices and scrap steel prices rose significantly during the first six months of 2007 compared to 2006. The adverse impact of higher steel prices is expected to continue in 2007. The Company is pursuing several initiatives to mitigate the impact of such raw material price increases on its results of operations. Such initiatives include moving more steel purchases to customer repurchase programs, pursuing selling price increases from customers and reducing other operating costs, among other initiatives. The Company can provide no assurance that such initiatives will be successful.

Opportunities

The Company's operations are geographically diverse including a significant presence in Europe, South America and Asia. The Company has a strategic customer portfolio strategy to leverage relationships with key customers across geographic boundaries to diversify its customer base and increase penetration with existing key customers, including the New Domestics (Nissan, Toyota and Honda).

Disclosure Regarding Forward-Looking Statements

All statements, other than statements of historical fact, included in this Form 10-Q or incorporated by reference herein, are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). When used in this Form 10-Q, the words anticipate, believe, estimate, expect, intends, project, plan and similar expressions relate to the Company, are intended to identify forward-looking statements. Such forward-looking statements are based on the beliefs of the Company's management as well as on assumptions made by and information currently available to the Company at the time such statements were made. Various economic and competitive factors could cause actual results to differ materially from those discussed in such forward-looking statements, including factors which are outside the control of the Company, such as risks relating to: (i) the Company's reliance on major customers and selected vehicle platforms; (ii) the cyclical nature and seasonality of the automotive market; (iii) the failure to realize the benefits of acquisitions and joint ventures; (iv) the Company's ability to obtain new business on new and redesigned models; (v) the Company's ability to achieve the anticipated volume of production from new and planned supply programs; (vi) the general economic or business conditions affecting the automotive industry (which is dependent on consumer spending), either nationally or regionally, being less favorable than expected; (vii) the Company's failure to develop or successfully introduce new products; (viii) increased competition in the automotive components supply market; (ix) unforeseen problems associated with international sales, including gains and losses from foreign currency exchange; (x) implementation of or changes in the laws, regulations or policies governing the automotive industry that could negatively affect the automotive components supply industry; (xi) changes in general economic conditions in the United States, Europe and Asia; and (xii) various other factors beyond the Company's control. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by such cautionary statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

See Market Risk section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Part I, Item 2.

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Item 4. Controls and Procedures.

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Company's Chief Executive Officer (the CEO) and the Company's Chief Financial Officer (the CFO) have reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Rule 13a-15(e) of the Securities and Exchange Act of 1934, as amended (the Exchange Act) as of the end of the period covered by this report. Based upon this review and evaluation, the CEO and CFO have concluded that the Company's disclosure controls and procedures were not effective as of March 31, 2007. This determination was based upon the identification of material weaknesses as of December 31, 2006, in the Company's internal control over financial reporting, which the Company views as an integral part of its disclosure controls and procedures. The effect of such weaknesses on the Company's disclosure controls and procedures and remedial actions taken and planned are described in Item 9A, Controls and Procedures of the Company's Form 10-K for the year ended December 31, 2006.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING.

During the six months ended June 30, 2007, the Company implemented changes in internal controls over financial reporting activities. Such changes included:

Enhanced monthly and quarterly financial reviews with regional finance departments and senior management;

Enhanced account reconciliations at the corporate headquarters;

Enhanced quarterly tax provision methodology; and

Invested in financial personnel in the international operations.

No other changes occurred during the most recent fiscal quarter that had a material effect or are reasonable likely to have a material effect on internal control over financial reporting.

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PART II OTHER INFORMATION

Item 1. Legal Proceedings.

A description of the Company's proceedings under Chapter 11 of the United States Bankruptcy Code is described in Part I, Item 3 of the Company's Form 10-K for the year ended December 31, 2006.

Item 1A. Risk Factors.

See Part I, Item 1A. of the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

Item 6. Exhibits.

- 31.1 Certification of the Post-Consummation Trust Administrator pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

- 32.1 Certification of the Post-Consummation Trust Administrator pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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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.

TA DELAWARE, INC.
Registrant

Date: November 6, 2007

/s/ Jeffery Stegenga
Jeffery Stegenga
Post-Consummation Trust Administrator

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