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

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

For the quarterly period ended March 31, 2007

OR

o **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	**41-1746238**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
27175 Haggerty Road **Novi, Michigan**	**48377**
(Address of principal executive offices)	(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 þ No o

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 o Accelerated Filer o Non-Accelerated Filer þ

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 o No þ

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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Signatures

Certification of Post-Consummation Trust Administrator Pursuant to Rules 13a-15(e) and 15d-15(e)

Certification Pursuant to Section 906

Certification of the Post-Consummation Trust Administrator Pursuant to Section 302

Certification of the Post-Consummation Trust Administrator Pursuant to Section 906

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PART 1 FINANCIAL INFORMATION

ITEM 1. Financial Statements.

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

	March 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 86,970	$ 64,275
Accounts receivable	374,585	339,650
Inventories	108,364	107,186
Prepaid tooling and other	98,086	94,018
Assets of discontinued operations	391	24,738
Total current assets	668,396	629,867
Property, plant and equipment, net	933,742	952,942
Investments in joint ventures	256,696	253,170
Goodwill	171,579	169,617
Other assets, net	91,327	101,398
Total assets	$ 2,121,740	$ 2,106,994
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities not subject to compromise:		
Current maturities of long-term debt and capital lease obligations	$ 91,640	$ 82,849
Current portion of debtor-in-possession borrowings	653,900	595,000
Accounts payable	357,812	345,296
Accrued liabilities	157,817	166,754
Liabilities of discontinued operations	731	20,503
Total current liabilities	1,261,900	1,210,402
Liabilities subject to compromise	1,283,031	1,284,782
Non-current liabilities not subject to compromise:		
Long-term debt, net of current maturities	132,085	133,610
Capital lease obligations, net of current maturities	29,269	29,852
Other non-current liabilities	119,303	111,020
Total non-current liabilities	280,657	274,482

Stockholders deficit:				
Common stock		666		666
Additional paid-in-capital		682,084		682,031
Accumulated deficit		(1,352,639)		(1,308,906)
Accumulated other comprehensive income		15,365		12,861
Treasury stock		(49,324)		(49,324)
Total stockholders deficit		(703,848)		(662,672)
Total liabilities and stockholders deficit	$	2,121,740	$	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 March 31,	
	2007	**2006**
Revenues	$ 618,451	$ 670,759
Cost of sales	584,671	621,866
Gross profit	33,780	48,893
Selling, general and administrative expenses	31,959	34,037
Restructuring and asset impairment charges, net	5,827	2,522
Other operating income		(520)
Operating income (loss)	(4,006)	12,854
Interest expense (contractual interest of $46,963 in 2007 and $38,557 in 2006)	28,514	20,482
Interest income	(458)	(456)
Chapter 11 and related reorganization items	8,975	11,609
Loss before provision for income taxes, equity in earnings of joint ventures, and minority interest	(41,037)	(18,781)
Provision (benefit) for income taxes	3,388	(2,155)
Loss before equity in earnings of joint ventures, and minority interest	(44,425)	(16,626)
Equity in earnings of joint ventures, net of tax	3,526	6,684
Minority interest, net of tax	(2,189)	(966)
Loss from continuing operations	(43,088)	(10,908)
Income (loss) from discontinued operations	(306)	571
Net loss	$ (43,394)	$ (10,337)
Basic and diluted loss per share:		
Loss from continuing operations	$ (0.73)	$ (0.19)
Income (loss) from discontinued operations	(0.01)	0.01
Net loss	$ (0.74)	$ (0.18)
Weighted average basic and diluted shares outstanding	58,691	58,654

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)

	Three Months Ended March 31,	
	2007	**2006**
OPERATING ACTIVITIES:		
Net loss	$ (43,394)	$ (10,337)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Non-cash Chapter 11 and related reorganization items, net	3,562	6,016
Non-cash restructuring and impairment, net	2,734	679
Depreciation	40,847	41,387
Deferred income tax provision (benefit)	6,769	(7,685)
Equity in earnings of joint ventures, net	(3,526)	(6,684)
Non-cash minority interest	326	371
Change in working capital and other operating items	(32,404)	(20,440)
Net cash provided by (used in) operating activities	(25,086)	3,307
INVESTING ACTIVITIES:		
Cash disbursed for purchases of property, plant and equipment	(18,576)	(28,860)
Cash proceeds from asset disposal		32,664
Net cash provided by (used in) investing activities	(18,576)	3,804
FINANCING ACTIVITIES:		
Proceeds from borrowings	14,216	11,139
Repayments of borrowings	(6,759)	(40,830)
Proceeds from DIP credit facility	292,000	216,000
Repayments of DIP credit facility	(233,100)	(135,000)
Net cash provided by financing activities	66,357	51,309
NET CHANGE IN CASH AND CASH EQUIVALENTS	22,695	58,420
Cash and cash equivalents, beginning of period	64,275	65,791
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 86,970	$ 124,211
Supplemental Cash Flow Information:		
Interest paid, net of amounts capitalized	$ 25,272	$ 17,663

Income taxes paid (refunded)	$	3,022	$	1,043
Reorganization payments	$	5,413	$	5,605
Non-cash investing activities:				
Net decrease in liabilities for purchases of property, plant and equipment	$	(3,065)	$	(4,122)

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 March 31, 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.

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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 March 31, 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):

	March 31, 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	200,310	197,940
12% Senior notes	258,000	258,000
Total debt	842,059	839,689

Pension and other post-retirement benefits	143,081	142,841
Pre-petition accounts payable and accruals	160,842	165,203
Accrued interest on debt subject to compromise	21,343	21,343
Executory contracts	115,706	115,706
Total liabilities subject to compromise	$ 1,283,031	$ 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 $5.4 million and $5.6 million relating to these expenses during the three months ended March 31, 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 March 31, 2007 and 2006 and consist of the following (in thousands):

	Three Months Ended March 31,	
	2007	**2006**
Professional fees directly related to the filing	$ 9,801	$ 8,580
Key employee retention costs		2,961
Estimated executory contract rejection damages		68
Other reversals directly attributable to the Company s reorganization	(826)	
Total	$ 8,975	$ 11,609

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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Debtors Financial Statements

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)

	March 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,916	$ 5,705
Accounts receivable	115,783	81,713
Inventories	43,132	43,438
Prepaid tooling and other	26,195	23,408
Assets of discontinued operations	391	24,738
Total current assets	193,417	179,002
Property, plant and equipment, net	462,472	474,897
Investments in and advances to non-debtor subsidiaries	882,135	868,374
Other assets, net	22,314	32,360
Total assets	$ 1,560,338	$ 1,554,633
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities not subject to compromise:		
Current maturities of long-term debt and capital lease obligations	$ 3	$ 4
Current portion of debtor-in-possession borrowings	653,900	595,000
Accounts payable	112,348	101,804
Accrued liabilities	91,471	92,322
Liabilities of discontinued operations	731	20,503
Total current liabilities	858,453	809,633
Liabilities subject to compromise	1,299,394	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	21,588	21,776
Total non-current liabilities	106,339	106,527

Total stockholders deficit	(703,848)	(662,672)
Total liabilities and stockholders deficit	$ 1,560,338	$ 1,554,633

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

	Three Months Ended March 31,	
	2007	**2006**
Revenues	$ 262,976	$ 332,689
Cost of sales	260,678	318,192
Gross profit	2,298	14,497
Selling, general and administrative expenses	14,626	21,258
Restructuring and asset impairment charges, net	5,117	2,411
Other operating (income) loss	1,150	(1,305)
Operating loss	(18,595)	(7,867)
Interest expense	25,948	17,696
Interest income	(437)	(321)
Inter-company interest income	(8,026)	(6,094)
Chapter 11 and related reorganization items	8,975	11,609
Loss before provision for income taxes, equity in earnings of joint ventures and equity in earnings from non-Debtor subsidiaries	(45,055)	(30,757)
Provision (benefit) for income taxes	(619)	938
Loss before equity in earnings of joint ventures and equity in earnings of non-Debtor subsidiaries	(44,436)	(31,695)
Equity in earnings (loss) of joint ventures, net of tax	(51)	68
Equity in earnings of non-Debtor subsidiaries	1,399	20,719
Loss from continuing operations	(43,088)	(10,908)
Income (loss) from discontinued operations	(306)	571
Net loss	$ (43,394)	$ (10,337)

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

	Three Months Ended March 31,	
	2007	2006
OPERATING ACTIVITIES:		
Net loss	$ (43,394)	$ (10,337)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Non-cash Chapter 11 and related reorganization items, net	3,562	6,016
Non-cash restructuring and impairment, net	2,734	679
Depreciation	23,328	24,202
Equity in earnings of joint ventures and subsidiaries, net	(1,348)	(20,787)
Change in working capital and other operating items	(33,876)	(13,804)
Net cash used in operating activities	(48,994)	(14,031)
INVESTING ACTIVITIES:		
Cash disbursed for purchases of property, plant and equipment	(7,695)	(15,757)
Net cash used in investing activities	(7,695)	(15,757)
FINANCING ACTIVITIES:		
Repayments of borrowings		(3)
Proceeds from DIP credit facility	292,000	216,000
Repayments of DIP credit facility	(233,100)	(135,000)
Net cash provided by financing activities	58,900	80,997
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,211	51,209
Cash and cash equivalents, beginning of period	5,705	858
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 7,916	$ 52,067

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Note 3. Discontinued Operations

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)

	March 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Accounts receivable	$ 345	$ 24,692
Prepaid tooling and other	46	46
Total current assets	$ 391	$ 24,738
LIABILITIES		
Current liabilities		
Accounts payable	$ 731	$ 16,013
Accrued liabilities		4,490
Total current liabilities	$ 731	$ 20,503

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

	March 31, 2007	March 31, 2006
Revenues	$	$ 98,961
Cost of sales	42	98,066
Gross profit	(42)	895
Other expense	264	
Operating income (loss)	(306)	895
Interest expense		324
Net income (loss)	$ (306)	$ 571

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 March 31, 2006, the amount of interest expense allocated was $0.3 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.

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

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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):

	March 31, 2007	December 31, 2006
Raw materials	$ 46,764	$ 49,657
Work in process	27,555	26,127
Finished goods	34,045	31,402
	$ 108,364	$ 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	1,962
Balance at March 31, 2007	$ 171,579

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 months ended March 31, 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 three months ended March 31, 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	290	2,992	5,321	8,603
Cash usage		(6,042)	(2,877)	(8,919)
Non-cash charges	(290)		(2,444)	(2,734)
Balance at March 31, 2007	$	$ 6,373	$	$ 6,373

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 three months ended March 31, 2007 (in thousands):

Restructuring and related asset impairments, net	$ 8,603
Revision of estimate	
Other asset impairments, net	(2,776)
Total	$ 5,827

At March 31, 2007, the $2.8 million of other asset impairments, net is primarily related to asset sales of $0.5 million and $2.4 million of ongoing recoveries of a cancellation claim of a customer program offset by $0.1 million of other losses.

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 March 31, 2007 was $18.4 million. Contractual interest not accrued during the period from January 1, 2006 through March 31, 2006 was $18.1 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

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 March 31, 2007, $37.9 million was available for borrowing under the revolving credit and letter of credit facility. At March 31, 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 March 31, 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 March 31, 2007. The Company s foreign

subsidiary indebtedness of $168.2 million at March 31, 2007, is also not subject to compromise as the Company s operating foreign subsidiaries are not included in the bankruptcy proceedings.

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Note 10. Comprehensive Loss

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

	For the three months ended March 31,	
	2007	2006
Net loss	$ (43,394)	$ (10,337)
Change in cumulative translation adjustment	2,504	7,332
Comprehensive loss	$ (40,890)	$ (3,005)

Note 11. Income Taxes

During the three months ended March 31, 2007, the Company recognized income tax expense of $3.4 million in relation to a net pre-tax loss of $41.0 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 2007 period.

During the three months ended March 31, 2006, the Company recognized an income tax benefit of $2.2 million related to a pre-tax loss of $18.8 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 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. 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 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 58,690,867 and 58,653,829 for the three months ended March 31, 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 March 31, 2007 and 2006, as the convertible debentures have not met the requirements for conversion.

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 March 31, 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	19.25	
Expired	(2,000)	18.94	18.94	
Outstanding, March 31, 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 March 31, 2007 follows:

		Options Outstanding		Options Exercisable	
Range of Exercisable Options	Number Outstanding At 3/31/07	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable 3/31/07	Weighted-Average Exercise Price
$17.13 $22.97	88,500	1.44 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 March 31, 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:

	Shares Under Option	Exercise Price	Weighted Average Exercise Price	Weighted Average Fair Value of Options Granted	Exercisable
Outstanding, December 31, 2006	1,388,880	$ 1.99 $26.81	$ 9.88	$ 5.52	1,388,880
Forfeited	(78,300)	3.16 13.75	10.96		

Outstanding, March 31, 2007	1,310,580	1.99	26.81	9.81	5.45	1,310,580

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

	Options Outstanding			Options Exercisable	
Range of Exercisable Options	Number Outstanding At 3/31/07	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable 3/31/07	Weighted-Average Exercise Price
$1.99 $7.08	592,000	6.93 yrs.	$ 3.40	592,000	$ 3.40
11.33 15.56	597,090	3.95 yrs.	12.71	597,090	12.71
26.81	121,490	2.06 yrs.	26.81	121,490	26.81
	1,310,580	5.12 yrs.	9.81	1,310,580	9.81

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 March 31, 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, March 31, 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 3/31/07	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable 3/31/07	Weighted-Average Exercise Price
$19.25 $22.97	45,200	1.65 yrs.	$20.24	45,200	$20.24

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 March 31, (in thousands):

	Pension Benefits		Other Benefits	
	2007	**2006**	**2007**	**2006**
Service cost	$ 29	$ 1,065	$	$ 32
Interest cost	3,581	3,771	1,212	2,049
Expected return on plan assets	(3,425)	(3,238)	(134)	
Amortization of prior service cost	75	315	(660)	
Amortization of net losses	515	764	982	2,147
Net periodic benefit cost	$ 775	$ 2,677	$ 1,400	$ 4,228

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 months ended March 31, 2007, the Company made contributions of $0.2 million to its pension plans. The Company presently anticipates contributing an additional $9.8 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 $2.6 million during the three months ended March 31, 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 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.

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 March 31, 2007:			
Revenues	$ 263,096	$ 355,355	$ 618,451
Restructuring and asset impairment charges	5,660	167	5,827
Operating income (loss)	(18,150)	14,144	(4,006)
Total assets	$ 938,187	$ 1,183,553	$ 2,121,740
Three months ended March 31, 2006:			
Revenues	$ 342,426	$ 328,333	$ 670,759
Restructuring and asset impairment charges	2,411	111	2,522
Operating income (loss)	(9,751)	22,605	12,854
Total assets	$ 1,228,272	$ 1,142,666	$ 2,370,938

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 months ended March 31, 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 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.

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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 March 31, 2007 and December 31, 2006, the Company had accrued approximately $9.9 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.

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.

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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.

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 March 31, 2007
(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	$ 7,866	$	$ 50	$ 78,554	$ 500	$	$ 86,970
Accounts receivable	2,142	1,951	111,690	238,837	19,965		374,585
Inventories			43,132	54,216	11,016		108,364
Prepaid tooling and other	2,233		23,962	43,274	28,617		98,086
Assets of discontinued operations			391				391
Total current assets	12,241	1,951	179,225	414,881	60,098		668,396
Property, plant and equipment, net	357		462,115	317,429	153,841		933,742
Investments in and advances to (from) affiliates	512,346	(314,211)	(848,562)	9,985	(4,805)	901,943	256,696
Goodwill				171,579			171,579
Other assets, net	6,503		15,811	53,716	15,297		91,327
	$ 531,447	$ (312,260)	$ (191,411)	$ 967,590	$ 224,431	$ 901,943	$ 2,121,740
Liabilities and Stockholders Investment (Deficit)							
Current liabilities not subject to compromise:							
Current maturities of long-term debt and capital lease obligations	$	$	$ 3	$ 13,299	$ 78,338	$	$ 91,640
Current portion debtor-in-possession borrowings	653,900						653,900
Accounts payable	13,419		98,929	195,738	49,726		357,812
Accrued liabilities	29,533		61,938	59,283	7,063		157,817
			731				731

Liabilities of discontinued operations							
Total current liabilities	696,852		161,601	268,320	135,127		1,261,900
Liabilities subject to compromise	626,840	391,588	280,966			(16,363)	1,283,031
Non-current liabilities not subject to compromise:							
Long-term debt, net of current maturities	40,986		43,765	3,931	43,403		132,085
Obligations under capital leases, net of current maturities				29,269			29,269
Other non-current liabilities	25		21,563	86,214	11,501		119,303
Total non-current liabilities	41,011		65,328	119,414	54,904		280,657
Stockholders investment (deficit)	(833,256)	(703,848)	(699,306)	579,856	34,400	918,306	(703,848)
	$ 531,447	$ (312,260)	$ (191,411)	$ 967,590	$ 224,431	$ 901,943	$ 2,121,740

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TA DELAWARE, INC.
Consolidating Statement of Operations for the Three Months Ended March 31, 2007
(Amounts in thousands)

	R.J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
Revenues	$	$	$ 262,976	$ 285,059	$ 70,416	$	$ 618,451
Cost of sales	(539)		261,217	255,336	68,657		584,671
Gross profit	539		1,759	29,723	1,759		33,780
Selling, general and administrative expenses	(7,013)		21,639	14,347	2,986		31,959
Restructuring and asset impairment charges, net	476	(2,440)	7,081	710			5,827
Other operating expense/(income)	(3,605)		4,755	579	(1,729)		
Operating income (loss)	10,681	2,440	(31,716)	14,087	502		(4,006)
Interest expense	25,149		799	474	2,092		28,514
Interest income	(437)			72	(93)		(458)
Intercompany interest expense/(income)	(8,026)			8,369	(343)		
Chapter 11 and related reorganization items	8,975						8,975
Income (loss) before provision for income taxes, equity in earnings of joint ventures, and minority interest	(14,980)	2,440	(32,515)	5,172	(1,154)		(41,037)
Provision (benefit) for income taxes	(619)			4,324	(317)		3,388

Income (loss) before equity in earnings of joint ventures and subsidiaries and minority interest	(14,361)	2,440	(32,515)	848	(837)		(44,425)
Equity (losses) earnings in joint ventures and subsidiaries, net	(31,473)	(45,834)		3,577		77,256	3,526
Minority interest, net of tax				(2,189)			(2,189)
Income (loss) from continuing operations	(45,834)	(43,394)	(32,515)	2,236	(837)	77,256	(43,088)
Loss from discontinued operations			(306)				(306)
Net income (loss)	$ (45,834)	$ (43,394)	$ (32,821)	$ 2,236	$ (837)	$ 77,256	$ (43,394)

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TA DELAWARE, INC.
Consolidating Statement of Cash Flows for the Three Months Ended March 31, 2007
(Amounts in thousands unaudited)

	R. J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
OPERATING ACTIVITIES:							
Net income (loss)	$ (45,834)	$ (43,394)	$ (32,821)	$ 2,236	$ (837)	$ 77,256	$ (43,394)
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	3,562						3,562
Non-cash restructuring and impairment, net			2,734				2,734
Depreciation	24		23,304	11,921	5,598		40,847
Deferred income tax provision (benefit)				6,520	249		6,769
Equity in earnings (losses) of joint ventures and subsidiaries, net	31,473	45,834		(3,577)		(77,256)	(3,526)
Non-cash minority interest				326			326
Changes in working capital and other operating items	(45,950)	(2,440)	14,514	6,965	(5,493)		(32,404)
Net cash provided by (used in) operating activities	(56,725)		7,731	24,391	(483)		(25,086)
INVESTING ACTIVITIES:							
Cash disbursed for purchases of property, plant and equipment			(7,695)	(6,040)	(4,841)		(18,576)

Cash proceeds from asset disposal							
Net cash used in investing activities			(7,695)	(6,040)	(4,841)		(18,576)
FINANCING ACTIVITIES:							
Proceeds from borrowings				5,338	8,878		14,216
Repayments of borrowings				(3,555)	(3,204)		(6,759)
Proceeds from DIP credit facility	292,000						292,000
Repayments of DIP credit facility borrowings	(233,100)						(233,100)
Net cash provided by (used in) financing activities	58,900			1,783	5,674		66,357
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,175		36	20,134	350		22,695
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	5,691		14	58,420	150		64,275
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 7,866	$	$ 50	$ 78,554	$ 500	$	$ 86,970

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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

Liabilities of discontinued operations			20,503				20,503
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

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TA DELAWARE, INC.
Consolidating Statement of Operations for the Three Months Ended March 31, 2006
(Amounts in thousands)

	R.J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
Revenues	$	$	$ 332,689	$ 246,014	$ 92,056	$	$ 670,759
Cost of sales	(2,099)		320,291	215,524	88,150		621,866
Gross profit	2,099		12,398	30,490	3,906		48,893
Selling, general and administrative expenses	(9,876)		31,134	10,216	2,563		34,037
Restructuring and asset impairment charges, net	5	(4,142)	6,548	303	(192)		2,522
Other operating expense/(income)	(7,948)		6,643	785			(520)
Operating income (loss)	19,918	4,142	(31,927)	19,186	1,535		12,854
Interest expense	17,165		531	743	2,043		20,482
Interest income	(318)		(3)	47	(182)		(456)
Intercompany interest expense/(income)	(6,094)			6,427	(333)		
Chapter 11 and related reorganization items	11,541	68					11,609
Income (loss) before provision for income taxes, equity in earnings of joint ventures, and minority interest	(2,376)	4,074	(32,455)	11,969	7		(18,781)
Provision (benefit) for income taxes	746	62	130	(3,096)	3		(2,155)

Income (loss) before equity in earnings of joint ventures and subsidiaries and minority interest	(3,122)	4,012	(32,585)	15,065	4		(16,626)
Equity (losses) earnings in joint ventures and subsidiaries, net	(11,227)	(14,349)		6,616		25,644	6,684
Minority interest, net of tax				(966)			(966)
Income (loss) from continuing operations	(14,349)	(10,337)	(32,585)	20,715	4	25,644	(10,908)
Income from discontinued operations			571				571
Net income (loss)	$ (14,349)	$ (10,337)	$ (32,014)	$ 20,715	$ 4	$ 25,644	$ (10,337)

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TA DELAWARE, INC.
Consolidating Statement of Cash Flows for the Three Months Ended March 31, 2006
(Amounts in thousands unaudited)

	R. J. Tower Corporation	Parent Guarantor	Guarantor Companies	Non-Guarantor Restricted Companies	Non-Guarantor Unrestricted Companies	Eliminations	Consolidated
OPERATING ACTIVITIES:							
Net income (loss)	$ (14,349)	$ (10,337)	$ (32,014)	$ 20,715	$ 4	$ 25,644	$ (10,337)
Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities							
Non-cash chapter 11 and related reorganization iterms, net	5,948	68					6,016
Non-cash restructuring and impairment, net			679				679
Depreciation	83		24,119	11,035	6,150		41,387
Deferred income tax provision (benefit)				(11,861)	4,176		(7,685)
Equity in earnings (losses) of joint ventures and subsidiaries, net	11,227	14,349		(6,616)		(25,644)	(6,684)
Non-cash minority interest				371			371
Changes in working capital and other operating items	$ (32,603)	$ (4,080)	$ 22,879	$ (3,291)	$ (3,345)	$	$ (20,440)
Net cash provided by (used in) operating activities	(29,694)		15,663	10,353	6,985		3,307
INVESTING ACTIVITIES:							
Cash disbursed for purchases of property, plant and equipment			(15,757)	(9,031)	(4,072)		(28,860)
					32,664		32,664

Cash proceeds from asset disposal							
Net cash provided by (used in) investing activities			(15,757)	(9,031)	28,592		3,804
FINANCING ACTIVITIES:							
Proceeds from borrowings				9,886	1,253		11,139
Repayments of borrowings			(3)	(3,989)	(36,838)		(40,830)
Proceeds from DIP credit facility	216,000						216,000
Repayments of DIP credit facility borrowings	(135,000)						(135,000)
Net cash provided by (used in) financing activities	81,000		(3)	5,897	(35,585)		51,309
NET CHANGE IN CASH AND CASH EQUIVALENTS	51,306		(97)	7,219	(8)		58,420
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	702		156	64,790	143		65,791
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 52,008	$	$ 59	$ 72,009	$ 135	$	$ 124,211

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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.

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 March 31, 2007 Compared to the Three Months Ended March 31, 2006

Revenues. Sales decreased by $52.3 million, or 7.8%, during the three months ended March 31, 2007 to $618.5 million from $670.8 million during the three months ended March 31, 2006. The decrease is primarily due to lower volume and unfavorable product mix, which decreased revenue by $68.9 million during the 2007 period compared to the 2006 period. In addition, a decrease in steel price recoveries from certain customers decreased revenue by $8.8 million during the 2007 period compared to the 2006 period. These impacts were partially offset by favorable foreign exchange, which increased revenue by $25.4 million during the 2007 period compared to the 2006 period.

Gross Profit and Gross Margin. Gross margin for the quarter ended March 31, 2007 was 5.5% compared to 7.3% for the comparable period of 2006. Gross profit decreased by $15.1 million, or 30.9%, to $33.8 million during the 2007 period compared to $48.9 million during the 2006 period. The decrease in gross profit was primarily from the negative impacts of volume/product mix and raw material steel prices, in the amount of $19.0 million and $9.3 million, respectively. Improved operating and purchasing efficiencies had a positive impact on gross profit of $5.0 million and $5.9 million, respectively, for the first quarter compared to prior year first quarter figures.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by $2.1 million, or 6.1%, to $32.0 million during the three months ended March 31, 2007 from $34.0 million for the corresponding period of 2006. Selling, general and administrative expenses represented 5.2% of revenues during the 2007 period in comparison to 5.1% in the 2006 period. The $2.1 million decrease resulted primarily from lower professional and other outside service costs of $1.1 million and $1.0 million, respectively.

Interest Expense. Interest expense increased by $8.0 million, or 39.2%, to $28.5 million during the 2007 period in comparison to $20.5 million in the 2006 period. The increase was primarily attributable to: (i) increased interest of $5.1 million related to the Company s DIP financing facilities; and (ii) increased amortization expenses of $2.9 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 March 31, 2007 by $18.4 million.

Chapter 11 and Related Reorganization Items. Chapter 11 and related reorganization expense decreased by $2.6 million to $9.0 million during the 2007 period compared to $11.6 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 March 31, 2007, the Company recognized an income tax expense of $3.4 million related to a pre-tax net loss of $41.0 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.

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 three months ended March 31, 2006, the Company recognized an income tax benefit of $2.2 million related to a pre-tax loss of $18.8 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 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 $3.2 million, or 47.2%, to $3.5 million during the three months ended March 31, 2007 from $6.7 million during the three months ended March 31, 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 $1.2 million, or 126.6%, to $2.2 million during the three months ended March 31, 2007 from $1.0 million during the three months ended March 31, 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 $0.6 million, $0.3 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 months ended March 31, 2007, the Company recognized $5.8 million of expense related to restructuring and asset impairments compared to an expense of $2.5 million for the comparable period during 2006. The increase of $3.3 million is primarily the result of expenses related to additional plant closure activities, previously disclosed, during 2007 compared to 2006.

Liquidity and Capital Resources

During the first three 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 March 31, 2007, the Company had available liquidity in the amount of $124.9 million, which consisted of $87.0 million of cash on hand and the availability of $37.9 million for borrowing under the DIP Financing.

Net cash used in operating activities was $25.1 million during the three months ended March 31, 2007 compared to net cash provided by operating activities of $3.3 million during the three months ended March 31, 2006. The change was due to an increase of $16.4 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 $19.0 million. The decrease was offset by improved cash utilization from other assets and liabilities of $7.0 million.

Net cash used in investing activities was $18.6 million during the first three months of 2007 compared to net cash provided by investing activities of $3.8 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 $18.6 million for purchases of property, plant and equipment during the three months ended March 31, 2007 as compared to $28.9 million in the comparable 2006 period.

Net cash provided by financing activities was $66.4 million during the first three months of 2007 compared to net cash provided of $51.3 million during the comparable period of 2006. During the three months ended March 31, 2007, borrowings related to the DIP facility more than offset repayments by $58.9 million. Borrowings related to the Company s non-DIP debt exceeded repayments associated with that debt by $7.5 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 March 31, 2007, $37.9 million was available for borrowing under the revolving credit and letter of credit facility. At March 31, 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 March 31, 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) *Share-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 March 31, 2007, the Company had total debt not subject to compromise in the bankruptcy proceedings of $906.9 million. The debt is composed of fixed rate debt of $114.9 million and floating rate debt of $792.0 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 three 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, pursing 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 expressi 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 cyclicality 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 three months ended March 31, 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; and
- Enhanced quarterly tax provision methodology.

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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