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TOWER AUTOMOTIVE INC
Form 10-Q
August 12, 2003

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

For the quarterly period ended June 30, 2003

OR

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

For the transition period from ___ to ___

Commission file number 1-12733

TOWER AUTOMOTIVE, INC.

(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)
5211 CASCADE ROAD SE - SUITE 300
GRAND RAPIDS, MICHIGAN
(Address of principal executive offices)

41-1746238
(I.R.S. Employer
Identification No.)
49546
(Zip Code)

(616) 802-1600
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, if
changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the Registrant's common stock, par value \$.01 per share, at July 31, 2003 was 56,305,931 shares.

TOWER AUTOMOTIVE, INC.

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ITEM 1 - FINANCIAL INFORMATION

TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (AMOUNTS IN THOUSANDS)

	June 30, 2003	December 31, 2002
	----- (unaudited)	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 205,283	\$ 13,699
Accounts receivable	371,930	249,341
Inventories	113,193	133,074
Deferred income taxes, net	16,163	20,634
Prepaid tooling and other	152,650	100,433
	-----	-----
Total current assets	859,219	517,181

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Property, plant and equipment, net	1,057,073	1,073,619
Investments in joint ventures	260,840	260,898
Deferred income taxes, net	117,477	105,699
Goodwill	486,611	472,967
Other assets, net	159,805	127,521
	<u>\$ 2,941,025</u>	<u>\$ 2,557,885</u>
Liabilities and Stockholders' Investment		
Current liabilities:		
Current maturities of long-term debt and capital lease obligations	\$ 95,420	\$ 120,470
Accounts payable	572,041	417,727
Accrued liabilities	273,543	284,450
Total current liabilities	<u>941,004</u>	<u>822,647</u>
Long-term debt, net of current maturities	757,883	535,220
Obligations under capital leases, net of current maturities	32,747	29,731
Convertible subordinated notes	199,984	199,984
Other noncurrent liabilities	226,984	199,477
Total noncurrent liabilities	<u>1,217,598</u>	<u>964,412</u>
Mandatorily redeemable trust convertible preferred securities	258,750	258,750
Stockholders' investment:		
Preferred stock	--	--
Common stock	660	659
Additional paid-in capital	684,919	683,072
Retained deficit	(48,025)	(57,174)
Deferred compensation plans	(9,618)	(10,746)
Accumulated other comprehensive loss	(44,403)	(43,875)
Treasury stock	(59,860)	(59,860)
Total stockholders' investment	<u>523,673</u>	<u>512,076</u>
	<u>\$ 2,941,025</u>	<u>\$ 2,557,885</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

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TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS - UNAUDITED)

Three Months Ended June 30,

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	2003 -----	2002 -----
Revenues	\$ 743,179	\$ 750,872
Cost of sales	664,731 -----	658,178 -----
Gross profit	78,448	92,694
Selling, general and administrative expenses	39,135	37,367
Restructuring and asset impairment charge	23,066 -----	-- -----
Operating income	16,247	55,327
Interest expense, net	18,083	17,176
Other expense	-- -----	2,939 -----
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	(1,836)	35,212
Provision (benefit) for income taxes	(625) -----	12,324 -----
Income (loss) before equity in earnings of joint ventures and minority interest	(1,211)	22,888
Equity in earnings of joint ventures, net of tax	3,144	4,277
Minority interest, net of tax	(4,356) -----	(4,274) -----
Net income (loss)	\$ (2,423) =====	\$ 22,891 =====
Basic earnings (loss) per common share	\$ (0.04) =====	\$ 0.40 =====
Weighted average number of basic shares outstanding	56,556 =====	57,841 =====
Diluted earnings (loss) per common share	\$ (0.04) =====	\$ 0.37 =====
Weighted average number of diluted shares outstanding	56,556 =====	74,130 =====

The accompanying notes are an integral part of these condensed consolidated financial statements.

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TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS - UNAUDITED)

	Six Months Ended June 30,	
	2003	2002
Revenues	\$ 1,475,757	\$ 1,418,979
Cost of sales	1,322,785	1,257,276
Gross profit	152,972	161,703
Selling, general and administrative expenses	73,811	70,362
Restructuring and asset impairment charge	23,066	75,407
Operating income	56,095	15,934
Interest expense, net	34,852	35,207
Other income	--	(900)
Income (loss) before provision for income taxes, equity in earnings of joint ventures, minority interest and cumulative effect of accounting change	21,243	(18,373)
Provision (benefit) for income taxes	7,222	(6,432)
Income (loss) before equity in earnings of joint ventures, minority interest and cumulative effect of accounting change	14,021	(11,941)
Equity in earnings of joint ventures, net of tax	3,788	8,662
Minority interest, net of tax	(8,660)	(8,347)
Income (loss) before cumulative effect of accounting change	9,149	(11,626)
Cumulative effect of change in accounting principle, net of tax	--	(112,786)
Net income (loss)	\$ 9,149	\$ (124,412)
Basic earnings (loss) per common share:		
Income (loss) before cumulative effect of change in accounting principle	\$ 0.16	\$ (0.22)
Cumulative effect of change in accounting principle	--	(2.13)
Net income (loss)	\$ 0.16	\$ (2.35)
Weighted average number of basic shares outstanding	56,375	53,047
Diluted earnings (loss) per common share:		
Income (loss) before cumulative effect of change in		

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accounting principle	\$ 0.16	\$ (0.22)
Cumulative effect of change in accounting principle	--	(2.13)
Net income (loss)	\$ 0.16	\$ (2.35)
Weighted average number of diluted shares outstanding	56,632	53,047

The accompanying notes are an integral part of these condensed consolidated financial statements.

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TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(AMOUNTS IN THOUSANDS - UNAUDITED)

	Six Months Ended June 30,	
	2003	2002
OPERATING ACTIVITIES:		
Net income (loss)	\$ 9,149	\$ (124,412)
Adjustments to reconcile net income (loss) to net cash provided by operating activities -		
Cumulative effect of change in accounting principle	--	112,786
Restructuring and asset impairment charge	23,066	75,407
Customer recovery related to program cancellation	15,600	--
Depreciation	79,106	65,373
Deferred income tax benefit	(1,808)	(15,090)
Gain on sale of plant	--	(3,839)
Equity in earnings of joint ventures, net	(3,788)	(8,662)
Change in working capital and other operating items	(8,249)	(82,255)
Net cash provided by operating activities	113,076	19,308
INVESTING ACTIVITIES:		
Capital expenditures, net	(98,726)	(69,042)
Acquisitions, including joint ventures interests, earnout payments and dividends	3,506	(38,039)
Proceeds from sale of fixed assets	--	50,313
Net cash used in investing activities	(95,220)	(56,768)
FINANCING ACTIVITIES:		
Proceeds from borrowings	1,487,428	986,256
Repayment of debt	(1,314,182)	(1,166,819)
Net proceeds from issuance of stock	482	224,903
Net cash provided by financing activities	173,728	44,340

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NET CHANGE IN CASH AND CASH EQUIVALENTS	191,584	6,880
CASH AND CASH EQUIVALENTS:		
Beginning of period	13,699	21,767
	-----	-----
End of period	\$ 205,283	\$ 28,647
	=====	=====
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid, net of amounts capitalized	\$ 33,363	\$ 33,978
	=====	=====
Income taxes paid (refunded)	\$ (415)	\$ 553
	=====	=====

The accompanying notes are an integral part of these condensed consolidated financial statements.

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TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared by Tower Automotive, Inc. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished in the condensed consolidated financial statements includes 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 footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the Company believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these condensed consolidated financial statements be read in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2002.

Revenues and operating results for the six months ended June 30, 2003 are not necessarily indicative of the results to be expected for the full year.

Certain prior year amounts were reclassified to conform to current year presentation.

2. INVENTORIES

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

JUNE 30,	DECEMBER 31,
2003	2002
-----	-----

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Raw materials	\$ 52,691	\$ 64,777
Work in process	22,347	20,630
Finished goods	38,155	47,667
	-----	-----
	\$113,193	\$ 133,074
	=====	=====

3. STOCKHOLDERS' INVESTMENT

STOCK REPURCHASE:

During 2002, the Company repurchased approximately 9.8 million shares at a total cost of \$59.9 million to complete the total original board-approved amount of \$100 million. These shares are classified as treasury stock in the Company's condensed consolidated balance sheets and may be subsequently reissued for general corporate purposes.

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EARNINGS PER SHARE:

Basic earnings per share were computed by dividing net income by the weighted average number of common shares outstanding during the respective quarters. Diluted earnings per share for the three months ended June 30, 2002 were determined on the assumptions that the Edgewood notes, the Convertible Subordinated Notes and the Preferred Securities were converted at the beginning of the period. Diluted earnings per share for the six months ended June 30, 2003 were determined on the assumption that the Edgewood notes were converted at the beginning of the period. The Convertible Subordinated Notes and Preferred Securities, totaling approximately 16.2 million shares, were not included in the computation of earnings per share for the six months ended June 30, 2003, due to their anti-dilutive effect. None of the common stock equivalents totaling approximately 16.7 million shares and 16.3 million shares were included in the computation of earnings per share for the three months ended June 30, 2003 and the six months ended June 30, 2002, respectively due to their anti-dilutive effect (in thousands, except for per share data):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2003	2002	2003	2002
Net income (loss)	\$ (2,423)	\$ 22,891	\$ 9,149	\$ (124,
Interest expense on Convertible Subordinated notes, net of tax	--	1,762	--	
Dividends on Preferred Securities, net of tax	--	2,838	--	
	-----	-----	-----	-----
Net income (loss) applicable to common stockholders -- diluted	\$ (2,423)	\$ 27,491	\$ 9,149	\$ (124,
	=====	=====	=====	=====
Weighted average number of common shares outstanding	56,556	57,841	56,375	53,
Dilutive effect of outstanding stock options and warrants after application of the				

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treasury stock method	--	119	246	
Dilutive effect of Edgewood notes, assuming conversion	--	16	11	
Dilutive effect of Convertible Subordinated Notes, assuming conversion	--	7,730	--	
Dilutive effect of Preferred Securities, assuming conversion	--	8,424	--	
	-----	-----	-----	-----
Weighted average number of diluted shares outstanding	56,556	74,130	56,632	53,
	=====	=====	=====	=====
Basic earnings (loss) per share	\$ (0.04)	\$ 0.40	\$ 0.16	\$ (2
	=====	=====	=====	=====
Diluted earnings (loss) per share	\$ (0.04)	\$ 0.37	\$ 0.16	\$ (2
	=====	=====	=====	=====

STOCK-BASED COMPENSATION:

The Company accounts for stock options under the provisions of Accounting Principles Board Opinion ("APB") No. 25, under which no compensation expense is recognized when the stock options are granted to colleagues and directors at fair market value as of the grant date. The Company may also grant stock options to outside consultants. The fair value of these option grants are expensed over the period services are rendered based on the Black-Scholes valuation model.

The Company has three stock option plans: the 1994 Stock Option Plan, the Long Term Incentive Plan, and the Independent Director Stock Option Plan and three stock purchase plans: the Employee Stock Purchase Plan, the Key Leadership Deferred Income Stock Purchase Plan and the Director Deferred Income Stock Purchase Plan. Had compensation cost for these plans been determined as required under SFAS No. 123, "Accounting for Stock-Based Compensation," amended by SFAS No. 148, "Accounting for Stock-Based Compensation -- Transition and Disclosure," the Company's pro forma net income (loss) and pro forma earnings (loss) per share would have been as follows (in thousands, except per share data):

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	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2003	2002	2003	2002
	-----	-----	-----	-----
Net income (loss)				
As Reported	\$ (2,423)	\$22,891	\$9,149	\$ (124,4
Pro Forma	\$ (3,650)	\$21,955	\$6,458	\$ (126,3
Basic earnings (loss) per share				
As Reported	\$ (0.04)	\$ 0.40	\$ 0.16	\$ (2.
Pro Forma	\$ (0.06)	\$ 0.38	\$ 0.11	\$ (2.
Diluted earnings (loss) per share				
As Reported	\$ (0.04)	\$ 0.37	\$ 0.16	\$ (2.
Pro Forma	\$ (0.06)	\$ 0.36	\$ 0.11	\$ (2.

The fair value of each option grant is estimated on the date of the grant

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using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rates of 2.91 percent in 2003 and 5.02 percent in 2002; expected life of seven years for 2003 and 2002; expected volatility of 58 percent for 2003 and 2002; and expected dividends of zero for 2003 and 2002.

4. LONG-TERM DEBT

Long-term debt consisted of the following (in thousands):

	JUNE 30, 2003	DECEMBER 31, 2002
	-----	-----
Revolving credit facility	\$ 25,808	\$ 177,303
Term credit facility	240,000	125,000
Senior Euro notes	172,050	157,440
Senior notes (net of discount of \$7,179)	250,821	--
Industrial development revenue bonds	43,765	43,765
Edgewood notes	--	50
Other foreign subsidiary indebtedness	113,166	123,518
Other	76	18,422
	-----	-----
	845,686	645,498
Less-current maturities	(87,803)	(110,278)
	-----	-----
Total long-term debt	\$ 757,883	\$ 535,220
	=====	=====

In June 2003, R. J. Tower Corporation (the "Issuer"), a wholly-owned subsidiary of the Company, completed a senior note offering with a face amount of \$258 million and a 12 percent interest rate. The notes were discounted upon issuance to yield 12.5 percent payable semi-annually. The notes rank equally with all of the Company's other senior unsecured and unsubordinated debt and mature on June 1, 2013.

In June 2003, the Company completed an amendment to its senior credit facility (the "Credit Agreement") to reduce the borrowing capacity of the facility and provide for amended financial covenants in order to enhance overall liquidity. The amendment reduced the former \$725 million facility to a \$600 million facility. The term portion of the facility increased from \$125 million to \$240 million, and the revolver portion decreased from \$600 million to \$360 million. The Company had previously amended, in June 2002, its prior credit agreement which voluntarily reduced its borrowing facility from \$1.15 billion to \$725 million. The amount available to borrow under the revolver portion of the credit facility is restricted by \$44 million of permanent letters of credit, and until October 31, 2003, is also restricted by \$200 million to provide flexibility for the Company to redeem its \$200 million convertible subordinated notes (due August 1, 2004), in the event it elects to do so without refinancing the convertible notes in another manner. The Credit Agreement also includes a multi-currency borrowing feature that allows the Company to borrow up to \$316 million in certain freely tradable offshore currencies, and letters of credit sublimits of \$250 million. As of June 30, 2003, approximately \$25.8 million of the outstanding revolver borrowings are denominated in Euro. Interest on the Credit Agreement is at the financial institutions' reference rate, LIBOR, or the Eurodollar rate plus a margin ranging from 100 to 325 basis points depending on the ratio of the consolidated funded debt for restricted subsidiaries of the Company to its total

EBITDA. The weighted average interest rate for such borrowings was 5.8 percent for the six months ended June 30, 2003 (including the effect of the interest rate swap contract discussed below). The Credit Agreement has a final maturity of 2006.

As a result of the permanent reductions of borrowing capacity under the June 2003 and June 2002 amendments, the Company recorded \$0.4 million and \$2.0 million non-cash charges during the second quarters of 2003 and 2002, respectively for the write-off of deferred financing costs associated with the credit facilities.

The Credit Agreement requires the Company to meet certain financial tests, including but not limited to a minimum interest coverage and maximum leverage ratio. The Credit Agreement limits the Company's ability to pay dividends. As of June 30, 2003, the Company was in compliance with all debt covenants and anticipates achieving covenant compliance for the remainder of 2003.

In July 2000, R. J. Tower Corporation (the "Issuer"), a wholly-owned subsidiary of the Company, issued Euro-denominated senior unsecured notes in the amount of (euro)150 million (\$172.1 million at June 30, 2003). The notes bear interest at a rate of 9.25 percent, payable semi-annually. The notes rank equally with all of the Company's other senior unsecured and unsubordinated debt and mature on August 1, 2010.

During September 2000, the Company entered into an interest rate swap contract to hedge against interest rate exposure on approximately \$160 million of its floating rate indebtedness under its Credit Agreement. The contracts have the effect of converting the floating rate interest to a fixed rate of approximately 6.9 percent, plus any applicable margin required under the revolving credit facility. The interest rate swap contract was executed to balance the Company's fixed-rate and floating-rate debt portfolios and expires in September 2005.

The Company has designated the swap as a cash flow hedge. Accordingly, gains and losses are recorded in accumulated other comprehensive income (loss), net of income taxes. As of June 30, 2003, there is \$12.0 million (net of tax) recorded in accumulated other comprehensive loss related to the cash flow hedge. Derivative liabilities relating to the interest rate swap agreement totaling \$19.2 million have been recorded in accrued liabilities in the condensed consolidated balance sheet as of June 30, 2003. The fair value of the interest rate swap agreement is based upon the difference between the contractual rates and the present value of the expected future cash flows on the hedged interest rate.

5. ACCOUNTS RECEIVABLE SECURITIZATION

At June 30, 2003, the Company had sold \$112.0 million of net accounts receivable pursuant to its accounts receivable securitization program in exchange for \$28.4 million of cash and retained a subordinated interest in the receivables sold of \$83.6 million. The receivables sold represented amounts owed to the Company from customers as of May 31, 2003. The majority of such receivables were collected in June 2003 and as a result, the Company's retained interest in accounts receivable is not significant as of June 30, 2003 and is not presented separately from accounts receivable. As of June 30, 2003, the Company recorded a liability to the funding agent of \$28.4 million, which represents receivables for which the Company has

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received collections from customers and is required to be submitted to the funding agent. Settlement of amounts due to the funding agent, as well as the cost of funding at an annual rate of approximately 2.57 percent, occurs during the month subsequent to the sale of the receivables.

6. ACQUISITIONS

The Company's acquisitions have been accounted for using the purchase method of accounting and, accordingly, the assets acquired and liabilities assumed have been recorded at the fair value as of the date of the acquisitions. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed has been recorded as goodwill.

The Company is committed under certain existing agreements, assumed in connection with prior acquisitions, to supply product to its customers at selling prices that are not sufficient to cover the direct costs to produce those parts. The Company is obligated to supply these products for the life of the related vehicles, which is typically three to ten years. Accordingly, the Company

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recognizes losses at the time these losses are probable and reasonably estimable at an amount equal to the minimum amount necessary to fulfill its obligations to its customers. The reserves established in connection with these recognized losses are reversed as the product is shipped to the customers.

In conjunction with its acquisitions, the Company has established reserves for certain costs associated with facility shutdown and consolidation activities and for provisions for acquired loss contracts. A rollforward of these reserves is as follows (in millions):

	FACILITY SHUTDOWN COSTS -----	LOSS CONTRACTS -----
Balance at December 31, 2002	\$ 4.5	\$ 6.1
Utilization	(0.2)	(1.6)
	-----	-----
Balance at June 30, 2003	\$ 4.3	\$ 4.5
	=====	=====

As of June 30, 2003, all of the identified facilities have been shutdown, but the Company continues to incur costs related to maintenance, taxes and other costs related to buildings that are held for sale. The Company's acquisition reserves have been utilized as originally intended and management believes the liabilities recorded for shutdown and consolidation activities are adequate but not excessive as of June 30, 2003.

7. INVESTMENTS IN JOINT VENTURES

On September 21, 2000, the Company acquired a 17 percent equity interest in Yorozu Corporation ("Yorozu"), a supplier of suspension modules and structural parts to the Asian and North American automotive markets, from Nissan Motor Co. Ltd. ("Nissan"). On February 20, 2001, the Company

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exercised its option to increase its holdings in Yorozu by 13.8 percent through the purchase of additional Yorozu shares. Yorozu is based in Japan and is publicly traded on the first tier of the Tokyo Stock Exchange. Its principal customers include Nissan, Auto Alliance, General Motors, Ford, and Honda. The Company paid Nissan approximately \$68 million over two and one half years for its 30.8 percent interest. As of June 30, 2003, the traded market value of shares held in Yorozu was \$42.5 million and the Company's investment in Yorozu was \$61.8 million, as compared with a traded market value of \$22.4 million and investment in Yorozu of \$60.4 million at the original dates of the investment. The Company has determined that the investment in Yorozu has not suffered an other than temporary decline in market value. This determination is based on the long-term strategic nature of the investment, which supported the Company's original investment decision, and the fact that the Company believes that there is a significant value premium associated with owning a large block of voting equity in a Japanese public company.

The Company is a 40 percent partner in Metalsa S. de R.L. ("Metalsa") with Promotora de Empresas Zano, S.A. de C.V. ("Proeza"). Metalsa is the largest supplier of vehicle frames and structures in Mexico. In addition, the parties have entered into a technology sharing arrangement that enables both companies to utilize the latest available product and process technology. Metalsa is headquartered in Monterrey, Mexico and has manufacturing facilities in Monterrey and San Luis Potosi, Mexico and Roanoke, Virginia. Metalsa's customers include DaimlerChrysler, General Motors, Ford, and Nissan. In connection with the original agreement, the Company paid \$120 million to Proeza, with an additional amount of up to \$45 million payable based upon net earnings of Metalsa for the years 1998, 1999 and 2000. Based upon Metalsa's 1998 and 1999 net earnings, the Company paid Proeza \$9.0 million and \$7.9 million of additional consideration during 1999 and 2000, respectively. Based upon Metalsa's 2000 net earnings, the Company paid \$9.7 million of additional consideration during 2002.

8. DIVESTITURE

On February 1, 2002, the Company sold its Iwahri, Korea plant to a Hyundai affiliate for net proceeds of \$4.0 million after fees and debt assumed by the purchaser and realized a gain on sale of the plant of \$3.8 million in the first quarter of 2002 that was classified as other income. The net proceeds were used to repay outstanding subsidiary indebtedness. The results of operations of the Iwahri plant, which assembles the Kia Sportage lower vehicle module, are not significant to the operating results of the Company as a whole, and therefore, pro forma financial information has not been provided as the results would not be materially different. The Company continues to manufacture body structure components in Korea, including those components used in the Kia Sportage module.

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9. SEGMENT INFORMATION

The Company produces a broad range of assemblies and modules for vehicle body structures and suspension systems for the global automotive industry. These operations have similar characteristics including the nature of products, production processes and customers, and produce lower vehicle structures, body structures (including Class A surfaces), suspension components, and suspension and powertrain modules for the automotive industry. Management reviews the operating results of the Company and makes decisions based upon two operating segments: United States/Canada and International.

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Financial information by segment is as follows (in thousands):

	UNITED STATES/ CANADA	INTERNATIONAL	TOTAL
	-----	-----	-----
THREE MONTHS ENDED JUNE 30, 2003:			
Revenues	\$ 531,502	\$ 211,677	\$ 743,179
Operating income (loss)	(4,535)	20,782	16,247
Restructuring and asset impairment charge	23,066	--	23,066
Total assets	2,102,583	838,442	2,941,025
THREE MONTHS ENDED JUNE 30, 2002:			
Revenues	\$ 581,593	\$ 169,279	\$ 750,872
Operating income	40,728	14,599	55,327
Total assets	1,699,956	800,202	2,500,158
SIX MONTHS ENDED JUNE 30, 2003:			
Revenues	\$ 1,063,564	\$ 412,193	\$ 1,475,757
Operating income	17,304	38,791	56,095
Restructuring and asset impairment charge	23,066	--	23,066
Total assets	2,102,583	838,442	2,941,025
SIX MONTHS ENDED JUNE 30, 2002:			
Revenues	\$ 1,097,989	\$ 320,990	\$ 1,418,979
Operating income (loss)	(1,972)	17,906	15,934
Restructuring and asset impairment charge	71,738	3,669	75,407
Cumulative effect of change in accounting principle	--	112,786	112,786
Total assets	1,699,956	800,202	2,500,158

The change in the carrying amount of goodwill for the six months ended June 30, 2003, by operating segment, is as follows (in thousands):

	UNITED STATES/ CANADA	INTERNATIONAL	TOTAL
	-----	-----	-----
Balance at December 31, 2002	\$ 336,653	\$ 136,314	\$ 472,967
Currency translation adjustment	1,525	12,119	13,644
Balance at June 30, 2003	\$ 338,178	\$ 148,433	\$ 486,611
	=====	=====	=====

10. RESTRUCTURING AND ASSET IMPAIRMENT CHARGES

MILWAUKEE RANGER (2003 PLAN):

On May 27, 2003, the Company announced that it would transfer the production of high-volume frame assemblies for the Ford Ranger from its Milwaukee facility to its Bellevue I facility in Bellevue, Ohio. The relocation of the Milwaukee Ranger production line is expected to be completed by June 2004 and the Company expects to realize annual cash savings, related primarily to reduced labor costs, of approximately \$10 million following the full completion of the move. As a result of the 2003

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Plan, the Company recorded a \$23.1 million pre-tax restructuring and asset impairment charge during the second quarter of 2003. This charge reflects estimated qualifying "exit costs" comprising cash charges of \$2.8 million, pension and other

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post-retirement benefit plan curtailment costs of \$7.7 million and non-cash asset impairment charges of \$12.6 million. In connection with this activity, the Company expects to incur total restructuring charges of approximately \$40 million as the costs are incurred in accordance with Statement of Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The expected additional charges of approximately \$17 million beyond the \$23.1 million recorded in the second quarter of 2003 are predominately related to additional severance costs to be recognized in future periods as the affected colleagues reach the end of their respective employment periods. The cost incurred to date as well as the cost expected to be incurred relating to the 2003 Plan are within the United States/Canada reportable segment. The 2003 Plan will result in a reduction of approximately 250 colleagues with the eliminations commencing in the fourth quarter of 2003. The estimated restructuring charge does not cover certain aspects of the 2003 Plan, including movement of equipment and colleague relocation and training. These costs will be recognized in future periods as incurred.

The accrual for the 2003 Plan is included in accrued liabilities in the accompanying condensed consolidated balance sheet as of June 30, 2003. The table below summarizes the accrued operational realignment and other charges related to the 2003 Plan through June 30, 2003 (in millions):

	ASSET IMPAIRMENT COSTS -----	SEVERANCE AND OUTPLACEMENT COSTS -----	OTHER EXIT COSTS -----	TOTAL -----
Provision	\$ 12.6	\$ 2.8	\$ 7.7	\$ 23.1
Cash usage	--	(1.1)	--	(1.1)
Non-cash charges	(12.6)	--	(7.7)	(20.3)
	-----	-----	-----	-----
Balance at June 30, 2003	\$ --	\$ 1.7	\$ -	\$ 1.7
	=====	=====	=====	=====

During the second quarter 2003, the Company charged \$7.7 million of other exit costs from the 2003 Plan restructuring reserves for expected curtailment cost against the pension liability accrual.

MILWAUKEE PRESS OPERATIONS (2002 PLAN):

On January 31, 2002, the Company announced that it would discontinue the remaining stamping and ancillary processes performed at its Milwaukee Press Operations and relocate the remaining work to other Tower locations or Tier II suppliers. The Company substantially completed the transfer process in 2002. As a result of these efforts (the "2002 Plan"), the Company recorded a restructuring charge in the first quarter of 2002 totaling \$75.4 million, which reflects the estimated qualifying "exit costs" to be incurred during the 12 months subsequent to the establishment of the 2002 Plan. During the

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fourth quarter of 2002, due to a favorable settlement of anticipated other exit costs and an assessment of remaining costs, the Company subsequently reduced the estimates associated with the 2002 and 2001 Plans by \$14.3 million, resulting in a net restructuring charge of \$61.1 million for 2002.

The 2002 Plan charge includes costs associated with asset impairments, severance and outplacement costs related to colleague terminations and certain other exit costs. These activities resulted in a reduction of approximately 500 colleagues.

The accrual for the 2002 Plan is included in accrued liabilities in the accompanying condensed consolidated balance sheet as of June 30, 2003. The table below summarizes the accrued operational realignment and other charges related to the 2002 Plan through June 30, 2003 (in millions):

	SEVERANCE AND OUTPLACEMENT COSTS	OTHER EXIT COSTS	TOTAL
	-----	-----	-----
Balance at December 31, 2002	\$ 3.5	\$ 1.0	\$ 4.5
Cash usage	(1.7)	(1.0)	(2.7)
	-----	-----	-----
Balance at June 30, 2003	\$ 1.8	\$ --	\$ 1.8
	=====	=====	=====

The Company anticipates utilizing the remaining 2002 Plan restructuring reserves as originally intended, with the ultimate disposition occurring during the year ending December 31, 2003.

SEBEWAING AND MILWAUKEE PRESS OPERATIONS (2001 PLAN):

In October 2001, the Company's board of directors approved a restructuring of the enterprise that included the closing of the Sebewaing, Michigan facility. In addition, in December 2001, the Company's board of directors approved a restructuring plan that related to the consolidation of technical activities and a reduction of other salaried colleagues in conjunction with a reorganization of the Company's U.S. and Canada operations and the relocation of some component manufacturing from the Company's Milwaukee Press Operations to other Tower locations. As a result of the 2001 Plan, the Company recorded a restructuring charge in the fourth quarter of 2001 of \$178.1 million, which reflects the estimated qualifying "exit costs" to be

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incurred during the 12 months subsequent to the establishment of the 2001 Plan. This total reflected a provision of \$184.0 million, net of certain revisions in the estimate of the 2000 Plan of \$5.9 million, which were reversed in 2001.

The 2001 Plan charge includes costs associated with asset impairments, severance and outplacement costs related to colleague terminations and certain other exit costs. These activities resulted in a reduction of more than 700 colleagues in the Company's technical and administrative centers in Novi, Rochester Hills, and Grand Rapids, Michigan; Milwaukee, Wisconsin; and its U.S. and Canada manufacturing locations.

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The accrual for the 2001 Plan is included in accrued liabilities in the accompanying condensed consolidated balance sheet as of June 30, 2003. The table below summarizes the accrued operational realignment and other charges related to the 2001 Plan through June 30, 2003 (in millions):

	SEVERANCE AND OUTPLACEMENT COSTS -----	OTHER EXIT COSTS -----	TOTAL -----
Balance at December 31, 2002	\$ 1.0	\$ 8.3	\$ 9.3
Cash usage	(1.0)	(3.2)	(4.2)
	-----	-----	-----
Balance at June 30, 2003	\$ --	\$ 5.1	\$ 5.1
	=====	=====	=====

The remaining other exit costs relate primarily to the present value of operating lease payments that the Company is obligated to pay through 2010.

11. COMPREHENSIVE INCOME (LOSS)

The following table presents comprehensive income (loss) for the three months and the six months ended June 30, 2003 and 2002, respectively (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2003 -----	2002 -----	2003 -----	2002 -----
Net income (loss)	\$ (2,423)	\$ 22,891	\$ 9,149	\$ (124,412)
Change in cumulative translation adjustment	7,772	19,153	10,145	18,584
Unrealized gain (loss) on qualifying cash flow hedges	301	(2,608)	812	(1,180)
Minimum pension liability	(11,485)	--	(11,485)	--
	-----	-----	-----	-----
Comprehensive income (loss)	\$ (5,835)	\$ 39,436	\$ 8,621	\$ (107,008)
	=====	=====	=====	=====

12. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." Among other provisions, this Statement eliminates the requirement that gains and losses from extinguishment of debt be classified as extraordinary items. SFAS No. 145 became effective for the Company on January 1, 2003. Upon adoption of SFAS No. 145, the Company now reclassifies losses on extinguishments of debt that were classified as extraordinary items in prior periods when such prior periods are presented.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This Statement requires that a liability for a cost associated with an exit or disposal activity be

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recognized when the liability is incurred, rather than when a company commits to an exit plan as was previously required. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The new standard resulted in the Company recognizing liabilities related to certain restructuring activities at the time the liability is incurred rather than the past method of recognizing the liability upon the announcement of the plan and communication to colleagues.

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In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation -- Transition and Disclosure." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS 148 is effective for financial statements for fiscal years ending after December 15, 2002. The Company has included the additional disclosures about its method of stock-based compensation in Note 3.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No 149 is generally effective for contracts entered into or modified after June 30, 2003. The Company does not believe that the adoption of SFAS No. 149 will have a material impact on its results of operations or financial condition.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This Statement requires that certain financial instruments previously accounted for as equity under previous guidance be classified as liabilities in statements of financial position. Such financial instruments include (i) mandatorily redeemable shares that the issuer is obligated to buy back in exchange for cash or other assets, (ii) instruments, including put options and forward purchase contracts, that require the issuer to buy back some of its shares in exchange for cash or other assets and (iii) obligations that can be settled with shares, the monetary value of which is fixed, tied solely or predominantly to a variable such as a market index, or varies inversely with the value of the issuer's shares. SFAS No. 150 will become effective for all financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company does not believe the adoption of SFAS No. 150 will have a material impact on its results of operations or financial condition.

In November 2002, the FASB issued FASB Interpretation No. ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The recognition and measurement provisions of FIN 45 are effective for all guarantees issued or modified after December 31, 2002. The Company

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currently does not have any guarantees requiring disclosure under FIN 45.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51." FIN 46 addresses consolidation by business enterprises of certain variable interest entities that are currently not consolidated. FIN 46 is effective for variable interests created after January 31, 2003 and to variable interest entities in which an enterprise obtains an interest after that date. For variable interest entities in which the Company holds a variable interest that it acquired before February 1, 2003, the Interpretation applies on July 1, 2003. The Company has determined that, under FIN 46, the trust which issued its mandatorily redeemable convertible preferred securities will no longer be consolidated by the Company. As a result, the Company will modify its presentation of the securities by recording an amount due to the trust of \$258.8 million as debt, and recording interest expense on the related obligation (previously recorded as minority interest, net of tax). The Company also has a synthetic lease contract relating to its Lansing, Michigan facility and is currently analyzing the impact of FIN 46 on this lease.

13. 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. Each Guarantor, as defined, is a director indirect wholly-owned subsidiary of the Company and has fully and unconditionally guaranteed the 9.25 percent senior unsecured Euro notes issued by R. J. Tower Corporation in 2000 and the 12 percent senior unsecured notes issued by R.J. Tower Corporation in 2003, on a joint and several basis. Tower Automotive, Inc. (the parent company) has also fully and unconditionally guaranteed the notes 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. 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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TOWER AUTOMOTIVE INC.
CONSOLIDATING BALANCE SHEETS AT JUNE 30, 2003
(AMOUNTS IN THOUSANDS - UNAUDITED)

	R. J. TOWER CORPORATION -----	PARENT GUARANTOR -----	GUARANTOR COMPANIES -----	NON-GUARANTOR RESTRICTED COMPANIES -----
ASSETS				
Current assets:				
Cash and cash equivalents	\$ --	\$ --	\$ 174,445	\$ 28,650
Accounts receivable	--	--	254,972	100,192
Inventories	--	--	59,720	40,096
Deferred income taxes, net	--	--	12,255	3,908
Prepaid tooling and other	--	--	106,585	35,374
	-----	-----	-----	-----
Total current assets	--	--	607,977	208,220

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Property, plant and equipment, net	--	--	703,176	231,770
Investments in joint ventures	260,496	--	--	344
Investment in subsidiaries	688,336	523,673	--	--
Deferred income taxes, net	--	21,716	83,169	3,873
Goodwill	--	--	328,431	158,180
Other assets, net	14,967	7,752	74,886	32,027
	<u>\$ 963,799</u>	<u>\$ 553,141</u>	<u>\$ 1,797,639</u>	<u>\$ 634,414</u>

LIABILITIES AND STOCKHOLDERS' INVESTMENT

Current liabilities:

Current maturities of long-term debt and capital lease obligations	\$ --	\$ --	\$ 539	\$ 19,860
Accounts payable	--	--	418,394	109,853
Accrued liabilities	8,868	4,166	165,350	86,345
Total current liabilities	<u>8,868</u>	<u>4,166</u>	<u>584,283</u>	<u>216,058</u>

Long-term debt, net of current maturities	662,897	--	43,765	45,680
Obligations under capital leases, net of current maturities	--	--	115	19,568
Convertible subordinated notes	--	199,984	--	--
Due to/(from) affiliates	(281,050)	(440,591)	685,463	20,407
Other noncurrent liabilities	--	7,159	170,536	39,554
Total noncurrent liabilities	<u>381,847</u>	<u>(233,448)</u>	<u>899,879</u>	<u>125,209</u>

Mandatorily redeemable trust convertible preferred securities	--	258,750	--	--
Stockholders' investment	573,084	523,673	313,477	293,147
	<u>\$ 963,799</u>	<u>\$ 553,141</u>	<u>\$ 1,797,639</u>	<u>\$ 634,414</u>

NON-GUARANTOR
UNRESTRICTED
COMPANIES ELIMINATIONS CONSOLIDATED

ASSETS

Current assets:				
Cash and cash equivalents	\$ 2,188	\$ --	\$ 205,283	
Accounts receivable	16,766	--	371,930	
Inventories	13,377	--	113,193	
Deferred income taxes, net	--	--	16,163	
Prepaid tooling and other	10,691	--	152,650	
Total current assets	<u>43,022</u>	<u>--</u>	<u>859,219</u>	
Property, plant and equipment, net	122,127	--	1,057,073	
Investments in joint ventures	--	--	260,840	

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Investment in subsidiaries	--	(1,212,009)	--
Deferred income taxes, net	8,719	--	117,477
Goodwill	--	--	486,611
Other assets, net	30,173	--	159,805
	-----	-----	-----
	\$ 204,041	\$ (1,212,009)	\$ 2,941,025
	=====	=====	=====

LIABILITIES AND STOCKHOLDERS' INVESTMENT

Current liabilities:

Current maturities of long-term debt and capital lease obligations	\$ 75,021	\$ --	\$ 95,420
Accounts payable	43,794	--	572,041
Accrued liabilities	8,814	--	273,543
	-----	-----	-----
Total current liabilities	127,629	--	941,004
	-----	-----	-----
Long-term debt, net of current maturities	5,541	--	757,883
Obligations under capital leases, net of current maturities	13,064	--	32,747
Convertible subordinated notes	--	--	199,984
Due to/(from) affiliates	15,771	--	--
Other noncurrent liabilities	9,735	--	226,984
	-----	-----	-----
Total noncurrent liabilities	44,111	--	1,217,598
	-----	-----	-----
Mandatorily redeemable trust convertible preferred securities	--	--	258,750
Stockholders' investment	32,301	(1,212,009)	523,673
	-----	-----	-----
	\$ 204,041	\$ (1,212,009)	\$ 2,941,025
	=====	=====	=====

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TOWER AUTOMOTIVE INC.
CONSOLIDATING STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2003
(AMOUNTS IN THOUSANDS - UNAUDITED)

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES
	-----	-----	-----	-----
Revenues	\$ --	\$ --	\$ 491,019	\$ 173,271
Cost of sales	--	--	446,051	146,695
	-----	-----	-----	-----
Gross profit	--	--	44,968	26,576
Selling, general and administrative expenses	--	--	28,286	9,305

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Restructuring and asset impairment charge	--	--	22,832	234
	-----	-----	-----	-----
Operating income (loss)	--	--	(6,150)	17,037
Interest expense, net	11,299	6,866	(3,098)	1,097
	-----	-----	-----	-----
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	(11,299)	(6,866)	(3,052)	15,940
Provision (benefit) for income taxes	(3,844)	(2,334)	(1,038)	5,421
	-----	-----	-----	-----
Income (loss) before equity in earnings of joint ventures and minority interest	(7,455)	(4,532)	(2,014)	10,519
Equity earnings in joint ventures and subsidiaries, net	12,446	4,991	--	--
Minority interest, net	--	(2,882)	--	(1,474)
	-----	-----	-----	-----
Net income (loss)	\$ 4,991	\$ (2,423)	\$ (2,014)	\$ 9,045
	=====	=====	=====	=====

	NON-GUARANTOR UNRESTRICTED COMPANIES	ELIMINATIONS	CONSOLIDATED
	-----	-----	-----
Revenues	\$ 78,889	\$ --	\$ 743,179
Cost of sales	71,985	--	664,731
	-----	-----	-----
Gross profit	6,904	--	78,448
Selling, general and administrative expenses	1,544	--	39,135
Restructuring and asset impairment charge	--	--	23,066
	-----	-----	-----
Operating income (loss)	5,360	--	16,247
Interest expense, net	1,919	--	18,083
	-----	-----	-----
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	3,441	--	(1,836)
Provision (benefit) for income taxes	1,170	--	(625)
	-----	-----	-----

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Income (loss) before equity in earnings of joint ventures and minority interest	2,271	--	(1,211)
Equity earnings in joint ventures and subsidiaries, net	--	(14,293)	3,144
Minority interest, net	--	--	(4,356)
	-----	-----	-----
Net income (loss)	\$ 2,271	\$ (14,293)	\$ (2,423)
	=====	=====	=====

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TOWER AUTOMOTIVE INC.
CONSOLIDATING STATEMENTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2003
(AMOUNTS IN THOUSANDS - UNAUDITED)

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES
	-----	-----	-----	-----
Revenues	\$ --	\$ --	\$ 991,782	\$ 328,096
Cost of sales	--	--	903,030	277,749
	-----	-----	-----	-----
Gross profit	--	--	88,752	50,347
Selling, general and administrative expenses	--	--	52,531	18,197
Restructuring and asset impairment charge	--	--	22,832	234
	-----	-----	-----	-----
Operating income	--	--	13,389	31,916
Interest expense, net	23,325	13,732	(8,499)	2,518
	-----	-----	-----	-----
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	(23,325)	(13,732)	21,888	29,398
Provision (benefit) for income taxes	(7,932)	(4,669)	7,442	9,996
	-----	-----	-----	-----
Income (loss) before equity in earnings of joint ventures and minority interest	(15,393)	(9,063)	14,446	19,402
Equity earnings in joint ventures and subsidiaries, net	39,369	23,976	--	--
Minority interest, net	--	(5,764)	--	(2,896)

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	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES
	-----	-----	-----	-----
OPERATING ACTIVITIES:				
Net income	\$ 23,976	\$ 9,149	\$ 14,446	\$ 16,506
Adjustments required to reconcile net income to net cash provided by (used in) operating activities				
Restructuring and asset impairment charge	--	--	22,832	234
Customer recovery related to program cancellation	--	--	15,600	--
Depreciation	--	--	52,299	22,821
Deferred income tax provision (benefit)	--	--	2,394	(4,581)
Equity in earnings of joint ventures, net	(3,788)	--	--	--
Changes in working capital and other operating items	(31,323)	(2,970)	(15,895)	19,407
	-----	-----	-----	-----
Net cash provided by (used in) operating activities	(11,135)	6,179	91,676	54,387
	-----	-----	-----	-----
INVESTING ACTIVITIES:				
Capital expenditures, net	--	--	(76,435)	(13,791)
Acquisitions and other, net	(192,252)	(6,661)	163,205	--
	-----	-----	-----	-----
Net cash provided by (used in) investing activities	(192,252)	(6,661)	86,770	(13,791)
	-----	-----	-----	-----
FINANCING ACTIVITIES:				
Proceeds from borrowings	1,451,296	--	896	34,377
Repayment of debt	(1,247,909)	--	(4,897)	(55,514)
Net proceeds from issuance of stock	--	482	--	--
	-----	-----	-----	-----
Net cash provided by (used for) financing activities	203,387	482	(4,001)	(21,137)
	-----	-----	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	--	--	174,445	19,459
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	--	--	--	9,191
	-----	-----	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ --	\$ --	\$ 174,445	\$ 28,650
	=====	=====	=====	=====

	NON-GUARANTOR UNRESTRICTED COMPANIES	ELIMINATIONS	CONSOLIDATED
	-----	-----	-----
OPERATING ACTIVITIES:			
Net income	\$ 4,629	\$ (59,557)	\$ 9,149

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Adjustments required to reconcile net income to net cash provided by (used in) operating activities			
Restructuring and asset impairment charge	--	--	23,066
Customer recovery related to program cancellation	--	--	15,600
Depreciation	3,986	--	79,106
Deferred income tax provision (benefit)	379	--	(1,808)
Equity in earnings of joint ventures, net	--	--	(3,788)
Changes in working capital and other operating items	2,189	20,343	(8,249)
	-----	-----	-----
Net cash provided by (used in) operating activities	11,183	(39,214)	113,076
	-----	-----	-----
INVESTING ACTIVITIES:			
Capital expenditures, net	(8,500)	--	(98,726)
Acquisitions and other, net	--	39,214	3,506
	-----	-----	-----
Net cash provided by (used in) investing activities	(8,500)	39,214	(95,220)
	-----	-----	-----
FINANCING ACTIVITIES:			
Proceeds from borrowings	859	--	1,487,428
Repayment of debt	(5,862)	--	(1,314,182)
Net proceeds from issuance of stock	--	--	482
	-----	-----	-----
Net cash provided by (used for) financing activities	(5,003)	--	173,728
	-----	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,320)	--	191,584
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,508	--	13,699
	-----	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 2,188	\$ --	\$ 205,283
	=====	=====	=====

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TOWER AUTOMOTIVE INC.
CONSOLIDATING BALANCE SHEETS AT DECEMBER 31, 2002
(AMOUNTS IN THOUSANDS - UNAUDITED)

R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES
-----	-----	-----	-----

ASSETS

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Current assets:								
Cash and cash equivalents	\$	-	\$	-	\$	-	\$	9,191
Accounts receivable		-		-		151,774		84,224
Inventories		-		-		82,765		40,051
Deferred income taxes, net		-		-		12,255		8,379
Prepaid tooling and other		-		-		55,453		41,699
		-----		-----		-----		-----
Total current assets		-		-		302,247		183,544
		-----		-----		-----		-----
Property, plant and equipment, net		-		-		709,127		217,503
Investments in joint ventures		260,898		-		-		-
Investment in subsidiaries		404,864		512,076		-		-
Deferred income taxes, net		-		-		99,313		(2,712)
Goodwill		-		-		328,308		144,659
Other assets, net		1,501		27,144		60,839		27,690
		-----		-----		-----		-----
	\$	667,263	\$	539,220	\$	1,499,834	\$	570,684
		=====		=====		=====		=====

LIABILITIES AND STOCKHOLDERS' INVESTMENT

Current liabilities:								
Current maturities of long-term debt and capital lease obligations	\$	8,352	\$	-	\$	4,274	\$	18,932
Accounts payable		-		-		285,585		91,803
Accrued liabilities		6,963		5,889		183,876		80,703
		-----		-----		-----		-----
Total current liabilities		15,315		5,889		473,735		191,438
		-----		-----		-----		-----
Long-term debt, net of current maturities		428,651		-		43,765		51,398
Obligations under capital leases, net of current maturities		-		-		370		21,050
Convertible subordinated notes		-		199,984		-		-
Due to/(from) affiliates		(337,294)		(443,582)		757,808		21,905
Other noncurrent liabilities		-		6,103		157,230		21,993
		-----		-----		-----		-----
Total noncurrent liabilities		91,357		(237,495)		959,173		116,346
		-----		-----		-----		-----
Mandatorily redeemable trust convertible preferred securities		-		258,750		-		-
Stockholders' investment		560,591		512,076		66,926		262,900
		-----		-----		-----		-----
	\$	667,263	\$	539,220	\$	1,499,834	\$	570,684
		=====		=====		=====		=====

NON-GUARANTOR UNRESTRICTED COMPANIES	ELIMINATIONS	CONSOLIDATED
-----	-----	-----

ASSETS

Current assets:						
Cash and cash equivalents	\$	4,508	\$	-	\$	13,699

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Accounts receivable	13,343	-	249,341
Inventories	10,258	-	133,074
Deferred income taxes, net	-	-	20,634
Prepaid tooling and other	3,281	-	100,433
	-----	-----	-----
Total current assets	31,390	-	517,181
	-----	-----	-----
Property, plant and equipment, net	146,989	-	1,073,619
Investments in joint ventures	-	-	260,898
Investment in subsidiaries	-	(916,940)	-
Deferred income taxes, net	9,098	-	105,699
Goodwill	-	-	472,967
Other assets, net	10,347	-	127,521
	-----	-----	-----
	\$197,824	\$ (916,940)	\$ 2,557,885
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' INVESTMENT			
Current liabilities:			
Current maturities of long-term debt and capital lease obligations	\$ 88,912	\$ -	\$ 120,470
Accounts payable	40,339	-	417,727
Accrued liabilities	7,019	-	284,450
	-----	-----	-----
Total current liabilities	136,270	-	822,647
	-----	-----	-----
Long-term debt, net of current maturities	11,406	-	535,220
Obligations under capital leases, net of current maturities	8,311	-	29,731
Convertible subordinated notes	-	-	199,984
Due to/(from) affiliates	1,163	-	-
Other noncurrent liabilities	14,151	-	199,477
	-----	-----	-----
Total noncurrent liabilities	35,031	-	964,412
	-----	-----	-----
Mandatorily redeemable trust convertible preferred securities	-	-	258,750
Stockholders' investment	26,523	(916,940)	512,076
	-----	-----	-----
	\$197,824	\$ (916,940)	\$ 2,557,885
	=====	=====	=====

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TOWER AUTOMOTIVE INC.
CONSOLIDATING STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2002
(AMOUNTS IN THOUSANDS - UNAUDITED)

R. J. TOWER PARENT GUARANTOR NON-GUARANTOR
RESTRICTED

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	CORPORATION	GUARANTOR	COMPANIES	COMPANIES
Revenues	\$ -	\$ -	\$ 536,617	\$ 150,051
Cost of sales	-	-	473,481	128,189
Gross profit	-	-	63,136	21,862
Selling, general and administrative expenses	-	-	27,652	8,054
Operating income	-	-	35,484	13,808
Interest expense, net	13,562	2,823	(1,838)	1,024
Other expense	1,993	-	946	-
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	(15,555)	(2,823)	36,376	12,784
Provision (benefit) for income taxes	(5,444)	(988)	12,735	4,720
Income (loss) before equity in earnings of joint ventures and minority interest	(10,111)	(1,835)	23,641	8,064
Equity earnings in joint ventures and subsidiaries, net	37,676	27,565	-	-
Minority interest, net	-	(2,839)	-	(733)
Net income (loss)	\$ 27,565	\$22,891	\$ 23,641	\$ 7,331

	NON-GUARANTOR UNRESTRICTED COMPANIES	ELIMINATIONS	CONSOLIDATED
Revenues	\$ 64,204	\$ -	\$ 750,872
Cost of sales	56,508	-	658,178
Gross profit	7,696	-	92,694
Selling, general and administrative expenses	1,661	-	37,367
Operating income	6,035	-	55,327
Interest expense, net	1,605	-	17,176
Other expense	-	-	2,939

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Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	4,430	-	35,212
Provision (benefit) for income taxes	1,301	-	12,324
	-----	-----	-----
Income (loss) before equity in earnings of joint ventures and minority interest	3,129	-	22,888
Equity earnings in joint ventures and subsidiaries, net	-	(60,964)	4,277
Minority interest, net	(702)	-	(4,274)
	-----	-----	-----
Net income (loss)	\$ 2,427	\$ (60,964)	\$ 22,891
	=====	=====	=====

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TOWER AUTOMOTIVE INC.
CONSOLIDATING STATEMENTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2002
(AMOUNTS IN THOUSANDS - UNAUDITED)

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES
	-----	-----	-----	-----
Revenues	\$ -	\$ -	\$ 1,015,821	\$ 277,836
Cost of sales	-	-	908,167	234,787
	-----	-----	-----	-----
Gross profit	-	-	107,654	43,049
Selling, general and administrative expenses	-	-	49,113	14,830
Restructuring and asset impairment charge	-	-	71,757	3,650
	-----	-----	-----	-----
Operating income (loss)	-	-	(13,216)	24,569
Interest expense, net	25,474	5,644	(1,418)	1,835
Other income	1,993	-	946	-
Gain on sale of plant	-	-	-	-
	-----	-----	-----	-----
Income (loss) before provision for income taxes, equity in earnings of joint ventures and				

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minority interest	(27,467)	(5,644)	(12,744)	22,734
Provision (benefit) for income taxes	(9,613)	(1,975)	(4,459)	7,954
	-----	-----	-----	-----
Income (loss) before equity in earnings of joint ventures and minority interest	(17,854)	(3,669)	(8,285)	14,780
Equity earnings in joint ventures and subsidiaries, net	(97,212)	(115,066)	-	-
Minority interest, net	-	(5,677)	-	(1,968)
	-----	-----	-----	-----
Income (loss) before cumulative effect of change in accounting principle	(115,066)	(124,412)	(8,285)	12,812
Cumulative effect of change in accounting principle, net	-	-	-	(83,108)
	-----	-----	-----	-----
Net income (loss)	\$ (115,066)	\$ (124,412)	\$ (8,285)	\$ (70,296)
	=====	=====	=====	=====

	NON-GUARANTOR UNRESTRICTED COMPANIES	ELIMINATIONS	CONSOLIDATED
	-----	-----	-----
Revenues	\$ 125,322	\$ -	\$ 1,418,979
Cost of sales	114,322	-	1,257,276
	-----	-----	-----
Gross profit	11,000	-	161,703
Selling, general and administrative expenses	6,419	-	70,362
Restructuring and asset impairment charge	-	-	75,407
	-----	-----	-----
Operating income (loss)	4,581	-	15,934
Interest expense, net	3,672	-	35,207
Other income	(3,839)	-	(900)
	-----	-----	-----
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	4,748	-	(18,373)
Provision (benefit) for income taxes	1,661	-	(6,432)
	-----	-----	-----
Income (loss) before equity in earnings of joint ventures and			

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minority interest	3,087	-	(11,941)
Equity earnings in joint ventures and subsidiaries, net	-	220,940	8,662
Minority interest, net	(702)	-	(8,347)
	-----	-----	-----
Income (loss) before cumulative effect of change in accounting principle	2,385	220,940	(11,626)
Cumulative effect of change in accounting principle, net	(29,678)	-	(112,786)
	-----	-----	-----
Net income (loss)	\$ (27,293)	\$ 220,940	\$ (124,412)
	=====	=====	=====

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TOWER AUTOMOTIVE INC.
CONSOLIDATING STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2002
(AMOUNTS IN THOUSANDS - UNAUDITED)

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES
	-----	-----	-----	-----
OPERATING ACTIVITIES:				
Net income (loss)	\$ (115,066)	\$ (124,412)	\$ (8,285)	\$ (70,285)
Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities				
Cumulative effect of change in accounting principle	-	-	-	83,100
Restructuring and asset impairment charge	-	-	71,757	3,600
Depreciation	-	-	49,173	16,200
Deferred income tax provision (benefit)	-	-	(16,434)	1,300
Gain on sale of plant	-	-	-	-
Equity in earnings of joint ventures, net	(8,662)	-	-	-
Changes in working capital and other operating items	266,917	5,011	(275,694)	20,200
	-----	-----	-----	-----
Net cash provided by (used in) operating activities	143,189	(119,401)	(179,483)	54,200
	-----	-----	-----	-----
INVESTING ACTIVITIES:				
Capital expenditures, net	-	-	(15,281)	(34,300)
Acquisitions and other, net	36,305	(105,502)	147,577	-
Proceeds from sale of fixed assets	-	-	50,313	-
	-----	-----	-----	-----

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Net cash provided by (used in) investing activities	36,305	(105,502)	182,609	(34,3
FINANCING ACTIVITIES:				
Proceeds from borrowings	899,858	-	90	72,4
Repayment of debt	(1,081,745)	-	(2,395)	(82,6
Net proceeds from issuance of stock	-	224,903	-	
Net cash provided by (used for) financing activities	(181,887)	224,903	(2,305)	(10,2
NET CHANGE IN CASH AND CASH EQUIVALENTS				
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	(2,393)	-	821	9,6
CASH AND CASH EQUIVALENTS, END OF PERIOD	2,393	-	51	15,1
	\$ -	\$ -	\$ 872	\$ 24,7

	NON-GUARANTOR UNRESTRICTED COMPANIES	ELIMINATIONS	CONSOLIDATED
OPERATING ACTIVITIES:			
Net income	\$ (27,293)	\$ 220,940	\$ (124,412)
Adjustments required to reconcile net income to net cash provided by (used in) operating activities			
Cumulative effect of change in accounting principle	29,678	-	112,786
Restructuring and asset impairment charge	-	-	75,407
Depreciation	-	-	65,373
Deferred income tax provision (benefit)	-	-	(15,090)
Gain on sale of plant	(3,839)	-	(3,839)
Equity in earnings of joint ventures, net	-	-	(8,662)
Changes in working capital and other operating items	1,809	(100,517)	(82,255)
Net cash provided by (used in) operating activities	355	120,423	19,308
INVESTING ACTIVITIES:			
Capital expenditures, net	(19,376)	-	(69,042)
Acquisitions and other, net	4,004	(120,423)	(38,039)
Proceeds from sale of fixed assets	-	-	50,313
Net cash provided by (used in) investing activities	(15,372)	(120,423)	(56,768)
FINANCING ACTIVITIES:			
Proceeds from borrowings	13,832	-	986,256
Repayment of debt	-	-	(1,166,819)

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Net proceeds from issuance of stock	-	-	224,903
Net cash provided by (used for) financing activities	13,832	-	44,340
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,185)	-	6,880
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,177	-	21,767
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 2,992	\$ -	\$ 28,647

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

RESULTS OF OPERATIONS

COMPARISON OF THE THREE MONTHS ENDED JUNE 30, 2003 TO THE THREE MONTHS ENDED JUNE 30, 2002

Revenues. Revenues for the three months ended June 30, 2003 were \$743.2 million, a 1.0 percent decrease, compared to \$750.9 million for the three months ended June 30, 2002. The decrease of \$7.7 million was composed of net volume declines of \$28.2 million, primarily in the following platforms: Dodge Dakota/Durango series and Ford Explorer and Taurus, offset by volume increases primarily in the Dodge Ram, Ford F-Series, Lincoln SUV, Cadillac CTS and various Volkswagen and Hyundai/Kia platforms. The net volume decline of \$28.2 million comprises a \$29.0 million decrease in the Company's value-added revenue platforms and a non-value-added module assembly revenue increase of \$0.8 million. In addition, the foreign exchange rate effect in Europe and Asia increased revenues by \$21.7 million in the second quarter of 2003, offset by a decline in revenues of \$1.2 million attributable to pricing and economic conditions.

Cost of Sales. Cost of sales as a percent of revenues for the three months ended June 30, 2003 was 89.4 percent compared to 87.7 percent for the three months ended June 30, 2002. Gross profit decreased \$14.3 million from \$92.7 million in the 2002 period to \$78.4 million in the 2003 period and is attributable to the combined effects of: (i) \$7.0 million decline in gross profit on value-added revenue decreases of \$29.0 million, (ii) \$4.9 million in negative profit effect of pricing and cost economics, (iii) \$3.8 million of launch costs related primarily to new programs launched for Volvo, Ford and Nissan, (iv) other costs of \$4.8 million (primarily additional lease expenses in the 2003 period), offset by (v) \$2.9 million in positive foreign exchange rate effect on gross profit and (vi) \$3.3 million in operational performance improvements in the 2003 period. As stated above, the Company's module assembly revenues increased by \$0.8 million in the 2003 period over the 2002 period which do not contribute significantly to an increase in gross profits.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to \$39.1 million, or 5.3 percent of revenues, for the three months ended June 30, 2003 compared to \$37.4 million, or 5.0 percent of revenues, for the three months ended June 30, 2002. The \$1.7 million increase in expense is due primarily to increased compensation expenses and program management costs related to engineering and support activities.

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Interest Expense, net. Interest expense (net of interest income) for the three months ended June 30, 2003 was \$18.1 million compared to \$17.2 million for the three months ended June 30, 2002. The \$0.9 million increase in net interest expense is attributable to \$1.6 million of interest related to the \$258 million senior notes and an increase of \$0.4 million due to higher short term rates, offset by lower interest expense of \$0.7 million on decreased revolver borrowings and increased capitalized interest on construction projects in the 2003 period of \$0.4 million.

Income Taxes. The effective income tax rate was 34.0 percent and 35.0 percent for the second quarters of 2003 and 2002, respectively. The effective tax rate reflects the actual rates in the tax jurisdictions in which the Company operates, adjusted for permanent differences.

Equity in Earnings of Joint Ventures, net. Equity in earnings of joint ventures, net of tax, was \$3.1 million and \$4.3 million for the three months ended June 30, 2003 and 2002, respectively. These amounts represent the Company's share of the earnings from its joint venture interests in Metalsa, Yorozu, and DTA Development. The Company's share of Metalsa's joint venture earnings has decreased quarter over quarter by \$2.6 million, Yorozu's joint venture earnings has increased quarter over quarter by \$1.3 million, and DTA Development's joint venture earnings has increased quarter over quarter by \$0.1 million.

Minority Interest, net. Minority interest, net of tax, was \$4.4 million and \$4.3 million for the three months ended June 30, 2003 and 2002, respectively, and represents dividends, net of income tax benefits, on the 6 3/4% Trust Preferred Securities and the minority interest held by the 40 percent joint venture partners in Tower Golden Ring.

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COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2003 TO THE SIX MONTHS ENDED JUNE 30, 2002

Revenues. Revenues for the six months ended June 30, 2003 were \$1,475.8 million, a 4.0 percent increase, compared to \$1,419.0 million for the prior period. The increase of \$56.8 comprises net volume increases of \$28.5 million, primarily in the following platforms: Dodge Ram, Cadillac CTS, Ford Expedition and F-Series, Lincoln SUV and various Volkswagen and Hyundai/Kia platforms offset by volume declines primarily in the Dodge Dakota/Durango series and the Ford Explorer and Taurus platforms. The net volume increase of \$28.5 million comprises a \$16.3 million increase in the Company's value-added revenue platforms and a non-value-added module assembly revenue increase of \$12.2 million. In addition, the foreign exchange rate effect in Europe and Asia increased revenues by \$41.8 million in the first six months of 2003, offset by a decline in revenues of \$12.3 million attributable to the sale of Iwahri, Korea plant which occurred during the first quarter of 2002 and \$1.2 million attributable to pricing and economic conditions.

Cost of Sales. Cost of sales as a percent of revenues for the six months ended June 30, 2003 was 89.6 percent compared to 88.6 percent for the prior period. Gross profit decreased \$8.7 million from \$161.7 million in the 2002 period to \$153.0 million in the 2003 period and is attributable to the combined effects of: (i) \$9.9 million in negative profit effect of pricing and cost economics, (ii) \$3.8 million of launch costs related primarily to new programs launched for Volvo, Ford and Nissan, (iii) other costs of \$4.7 million (primarily additional lease expenses in the 2003 period), offset by (iv) \$2.1 million in gross profit conversion on value-added revenue increases of \$16.3 million, (v) \$4.3 million in positive foreign exchange rate effect on gross profit and (vi) \$3.3 million

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in operational performance improvements in the 2003 period. As stated above, the Company's module assembly revenues increased by \$12.2 million in the 2003 period over the 2002 period which do not contribute significantly to an increase in gross profits.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were \$73.8 million, or 5.0 percent of revenues, for the six months ended June 30, 2003 compared to \$70.4 million, or 5.0 percent of revenues, for the prior period. The \$3.4 million increase in expense is due primarily to increased compensation expenses and program management costs related to engineering and support activities.

Interest Expense, net. Interest expense (net of interest income) for the six months ended June 30, 2003 was \$34.9 million compared to \$35.2 million for the prior period. The \$0.3 million reduction in net interest expense is attributable to (i) decreased interest costs due to decreased revolver borrowings during the first six months of 2003 compared to the first six months of 2002 of \$1.3 million, and (ii) increased capitalized interest on construction projects in the 2003 period of \$0.7 million, offset by (iii) increased interest of \$1.6 million related to the \$258 million senior notes and (iv) increased interest rates and increased spreads associated with the Credit Agreement of \$0.1 million.

Income Taxes. The effective income tax rate was 34.0 percent and 35.0 percent for the six months ended June 30, 2003 and 2002, respectively. The effective tax rate reflects the actual rates in the tax jurisdictions in which the Company operates, adjusted for permanent differences.

Equity in Earnings of Joint Ventures, net. Equity in earnings of joint ventures, net of tax, was \$3.8 million and \$8.7 million for the six months ended June 30, 2003 and 2002, respectively. These amounts represent the Company's share of the earnings from its joint venture interests in Metalsa, Yorozu, and DTA Development. The Company's share of joint venture earnings in Metalsa has decreased \$5.1 million and the Company's share of joint venture earnings in DTA Development has increased by \$0.2 million each.

Minority Interest, net. Minority interest, net of tax, was \$8.7 million and \$8.3 million for the six months ended June 30, 2003 and 2002, respectively, and represents dividends, net of income tax benefits, on the Preferred Securities and the minority interest held by the 40 percent joint venture partners in Tower Golden Ring.

Cumulative Effect of a Change in Accounting Principle, net. The Company adopted SFAS No. 142 relating to the accounting for goodwill and other intangible assets as of January 1, 2002. Under SFAS No. 142, the Company designated four reporting units: 1) United States/Canada, 2) Europe, 3) Asia and 4) South America/Mexico. As a result of the Company completing its formal valuation procedures under SFAS No. 142, utilizing a combination of valuation techniques including the discounted cash flow approach and the

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market multiple approach, the Company recorded a transitional impairment loss of \$112.8 million as a cumulative effect of a change in accounting principle in the first quarter of 2002, representing the write-off of all of the Company's existing goodwill in the reporting units of Asia (\$29.7 million) and South America/Mexico (\$83.1 million). There was no tax impact upon adoption of SFAS No. 142 since the Company recorded a \$24.2 million tax valuation allowance for the deductible portion of the goodwill written off in the reporting unit of South America/Mexico given the uncertainty of realization and the lack of income

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in the reporting unit. The Asia goodwill was not deductible for tax purposes.

RESTRUCTURING AND ASSET IMPAIRMENT CHARGE

The Company's growth through acquisitions coincided with an extended period of high automotive production that resulted in higher levels of utilization of the Company's acquired resources and capacity and contributed to periods of strong operating results. During the second half of 2000, the Company focused its efforts on reducing the capacity of the enterprise and improving the efficiency of its continuing operations. Beginning in the fourth quarter of 2000, the Company: (i) divested its non-core heavy truck business, (ii) consolidated its manufacturing operations by closing manufacturing locations in Kalamazoo, Michigan; Sebawaing, Michigan; and certain operations in Milwaukee, Wisconsin, (iii) reduced redundant overhead through a consolidation of its technical activities and a reduction of other salaried colleagues, (iv) reorganized the management of its U.S. and Canada region, (v) discontinued remaining stamping and ancillary processes performed at its Milwaukee Press Operations and relocated remaining work to other locations or Tier II suppliers, and (vi) transferred production of high-volume frame assemblies for the Ford Ranger from its Milwaukee facility to its Bellevue I facility in Bellevue, Ohio. These actions were accomplished through four restructurings. The first restructuring was initiated in October 2000 (the "2000 Plan"), the second restructuring was initiated in October 2001 (the "2001 Plan"), the third restructuring was initiated in January 2002 (the "2002 Plan"), and the fourth restructuring was initiated in May 2003 (the "2003 Plan"). There are cash costs remaining to be paid in connection with the 2001 Plan, 2002 Plan, and 2003 Plan; these plans are described in further detail below.

Under the 2003 Plan, the Company expects to realize annual cash savings of approximately \$10 million beginning in 2004. Under the 2002 Plan, the Company has realized cash savings of approximately \$10 million during the first six months of 2003 and expects to realize an additional \$6 million of cash savings through the remainder of 2003. Under the 2001 Plan, the Company has realized cash savings of approximately \$12 million during the first six months of 2003 and expects to realize an additional \$12 million of cash savings through the remainder of 2003. These cash savings from permanent payroll reductions are expected to be realized annually.

MILWAUKEE RANGER (2003 PLAN):

On May 27, 2003, the Company announced that it would transfer the production of high-volume frame assemblies for the Ford Ranger from its Milwaukee facility to its Bellevue I facility in Bellevue, Ohio. The relocation of the Milwaukee Ranger production line is expected to be completed by June 2004 and the Company expects to realize annual cash savings, related primarily to reduced labor costs, of approximately \$10 million following the full completion of the move. As a result of the 2003 Plan, the Company recorded a \$23.1 million pre-tax restructuring and asset impairment charge during the second quarter of 2003. This charge reflects estimated qualifying "exit costs" comprising cash charges of \$2.8 million, pension and other post-retirement benefit plan curtailment costs of \$7.7 million and non-cash asset impairment charges of \$12.6 million. In connection with this activity, the Company expects to incur total restructuring charges of approximately \$40 million as the costs are incurred in accordance with Statement of Financial Accounting Standards ("SFAS") No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." The expected additional charges of approximately \$17 million beyond the \$23.1 million recorded in the second quarter of 2003 are predominately related to additional severance costs to be recognized in future periods as the affected colleagues reach the end of their respective employment periods. The cost incurred to date as well as the cost expected to be incurred relating to the 2003 Plan are within the United States/Canada reportable segment. The 2003 Plan will result in a reduction of approximately 250 colleagues, with the eliminations commencing in the fourth

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quarter of 2003. The estimated restructuring charge does not cover certain aspects of the 2003 Plan, including movement of equipment and colleague relocation and training. These costs will be recognized in future periods as incurred.

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The accrual for the 2003 Plan is included in accrued liabilities in the accompanying condensed consolidated balance sheet as of June 30, 2003. The table below summarizes the accrued operational realignment and other charges related to the 2003 Plan through June 30, 2003 (in millions):

	ASSET IMPAIRMENT COSTS -----	SEVERANCE AND OUTPLACEMENT COSTS -----	OTHER EXIT COSTS -----	TO -----
Provision	\$ 12.6	\$ 2.8	\$ 7.7	\$
Cash usage	--	(1.1)	--	
Non-cash charges	(12.6)	--	(7.7)	
	-----	-----	-----	-----
Balance at June 30, 2003	\$ -- =====	\$ 1.7 =====	\$ -- =====	\$ =====

During the second quarter 2003, the Company charged \$7.7 million of other exit costs from the 2003 Plan restructuring reserves for expected curtailment cost against the pension liability accrual.

MILWAUKEE PRESS OPERATIONS (2002 PLAN):

On January 31, 2002, the Company announced that it would discontinue the remaining stamping and ancillary processes performed at its Milwaukee Press Operations and relocate the remaining work to other Tower locations or Tier II suppliers. The Company substantially completed the transfer process in 2002. As a result of these efforts (the "2002 Plan"), the Company recorded a restructuring charge in the first quarter of 2002 totaling \$75.4 million, which reflects the estimated qualifying "exit costs" to be incurred during the 12 months subsequent to the establishment of the 2002 Plan. During the fourth quarter of 2002, due to a favorable settlement of anticipated other exit costs and an assessment of remaining costs, the Company subsequently reduced the estimates associated with the 2002 and 2001 Plans by \$14.3 million, resulting in a net restructuring charge of \$61.1 million for 2002.

The 2002 Plan charge includes costs associated with asset impairments, severance and outplacement costs related to colleague terminations and certain other exit costs. These activities resulted in a reduction of approximately 500 colleagues.

The accrual for the 2002 Plan is included in accrued liabilities in the accompanying condensed consolidated balance sheet as of June 30, 2003. The table below summarizes the accrued operational realignment and other charges related to the 2002 Plan through June 30, 2003 (in millions):

	SEVERANCE AND OUTPLACEMENT COSTS	OTHER EXIT COSTS	TOTAL
--	--	---------------------	-------

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	-----	-----	-----
Balance at December 31, 2002	\$ 3.5	\$ 1.0	\$ 4.5
Cash usage	(1.7)	(1.0)	(2.7)
	-----	-----	-----
Balance at June 30, 2003	\$ 1.8	\$ --	\$ 1.8
	=====	=====	=====

The Company anticipates utilizing the remaining 2002 Plan restructuring reserves as originally intended, with the ultimate disposition occurring during the year ending December 31, 2003.

SEBEWAING AND MILWAUKEE PRESS OPERATIONS (2001 PLAN):

In October 2001, the Company's board of directors approved a restructuring of the enterprise that included the closing of the Sebewaing, Michigan facility. In addition, in December 2001, the Company's board of directors approved a restructuring plan that related to the consolidation of technical activities and a reduction of other salaried colleagues in conjunction with a reorganization of the Company's U.S. and Canada operations and the relocation of some component manufacturing from the Company's Milwaukee Press Operations to other Tower locations. As a result of the 2001 Plan, the Company recorded a restructuring charge in the fourth quarter of 2001 of \$178.1 million, which reflects the estimated qualifying "exit costs" to be incurred during the 12 months subsequent to the establishment of the 2001 Plan. This total reflected a provision of \$184.0 million, net of certain revisions in the estimate of the 2000 Plan of \$5.9 million, which were reversed in 2001.

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The 2001 Plan charge includes costs associated with asset impairments, severance and outplacement costs related to colleague terminations and certain other exit costs. These activities resulted in a reduction of more than 700 colleagues in the Company's technical and administrative centers in Novi, Rochester Hills, and Grand Rapids, Michigan; Milwaukee, Wisconsin; and its U.S. and Canada manufacturing locations.

The accrual for the 2001 Plan is included in accrued liabilities in the accompanying condensed consolidated balance sheet as of June 30, 2003. The table below summarizes the accrued operational realignment and other charges related to the 2001 Plan through June 30, 2003 (in millions):

	SEVERANCE AND OUTPLACEMENT COSTS	OTHER EXIT COSTS	TOTAL
	-----	-----	-----
Balance at December 31, 2002	\$ 1.0	\$ 8.3	\$ 9.3
Cash usage	(1.0)	(3.2)	\$ (4.2)
	-----	-----	-----
Balance at June 30, 2003	\$ --	\$ 5.1	\$ 5.1
	=====	=====	=====

The remaining other exit costs relate primarily to the present value of operating lease payments that the Company is obligated to pay through 2010.

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LIQUIDITY AND CAPITAL RESOURCES

SOURCES OF CASH

The Company's principal sources of cash are cash flow from operations, commercial borrowings and capital markets activities. During the six months ended June 30, 2003, the Company generated \$113.1 million of cash from operations. This compares with \$19.3 million generated during the same period in 2002. Net income before depreciation, deferred income taxes, gain on sale of plant, equity in joint venture earnings, restructuring and asset impairment charges, and cumulative effect of change in accounting principle was \$105.7 million and \$101.6 million for the 2003 and 2002 periods, respectively. In the 2003 period, operating cash flow was increased by \$15.6 million by a customer recovery related to program cancellation. Operating cash flow was reduced by \$8.0 million in 2003 and \$20.3 million in 2002 for cash restructuring payments, and was increased by net tax refunds of \$0.4 million and decreased by net tax payments of \$0.6 million in the 2003 and 2002 periods, respectively. Operating cash flow was also reduced in the 2003 and 2002 periods by \$10.9 million and \$6.9 million, respectively, for required pension contributions. Expected pension contribution funding requirements of the Company for the remainder of 2003 are approximately \$16 million. In total, working capital and other operating items decreased operating cash flow by \$8.2 million and \$82.3 million during 2003 and 2002, respectively.

In April 2002, the Company entered into a sale-leaseback transaction involving seven of its manufacturing facilities contributing \$50.3 million to the cash flow of the 2002 period. Under the terms of the sale-leaseback agreement with investment banking firm W.P. Carey and Company, LLC, the facilities will be leased to the Company under an 18-year term. The lease requires quarterly payments of approximately \$1.6 million through 2020 and is accounted for as an operating lease.

The issuance of common stock under the underwritten primary offering of 17.25 million shares completed in May 2002 contributed \$222.9 million to the cash flow of the 2002 period. The issuance of stock from the Company's colleague stock purchase plan and option plans contributed an additional \$0.5 million and \$2.0 million to cash flow for the 2003 and 2002 periods, respectively.

In June 2003, R.J. Tower Corporation (the "Issuer"), a wholly-owned subsidiary of the Company, completed a senior note offering with a face amount of \$258 million and a 12 percent interest rate. The notes were

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discounted upon issuance to yield 12.5 percent, payable semi-annually. The notes are recorded in the Company's condensed consolidated balance sheet net of discount of \$7.2 million as of June 30, 2003. The notes rank equally with all of the Company's other senior unsecured and unsubordinated debt and mature on June 1, 2013.

In June 2003, the Company completed an amendment to its senior credit facility (the "Credit Agreement") to reduce the borrowing capacity of the facility and provide for amended financial covenants in order to enhance overall liquidity. The amendment reduced the former \$725 million facility to a \$600 million facility. The term portion of the facility increased from \$125 million to \$240 million, and the revolver portion decreased from \$600 million to \$360 million. The amount available to borrow under the revolver portion of the credit facility is restricted by \$44 million of permanent letters of credit, and until October 31, 2003, is also restricted by \$200 million to provide flexibility for the Company to redeem its \$200 million convertible subordinated notes (due August 1,

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2004), in the event it elects to do so without refinancing the convertible notes in another manner. The Credit Agreement also includes a multi-currency borrowing feature that allows the Company to borrow up to \$316 million in certain freely tradable offshore currencies, and letters of credit sublimits of \$250 million. As of June 30, 2003, approximately \$25.8 million of the outstanding revolver borrowings are denominated in Euro. Interest on the Credit Agreement is at the financial institutions' reference rate, LIBOR, or the Eurodollar rate plus a margin ranging from 100 to 325 basis points depending on the ratio of the consolidated funded debt for restricted subsidiaries of the Company to its total EBITDA. The weighted average interest rate for such borrowings was 5.8 percent for the six months ended June 30, 2003 (including the effect of the interest rate swap contract discussed below). The Credit Agreement has a final maturity of 2006.

At June 30, 2003, the Company had borrowed \$25.8 million under its revolving credit facility of \$360 million. In order to borrow under the revolving facility, the Company must meet certain covenant ratio requirements, including but not limited to a minimum interest coverage and maximum leverage ratio. Under the most restrictive covenants, the amount of unused availability under the revolving facility was \$48.5 million at June 30, 2003, compared to unused availability of \$288.3 million at June 30, 2002. However, due to the restrictions discussed above, availability due to revolver capacity limits is reduced to \$27.2 million. The revolver availability combined with the Company's cash balances of \$205.3 million and \$28.6 million as of June 30, 2003 and 2002, respectively, produced total available liquidity of \$232.5 million and \$316.9 million for those same periods. The \$84.4 million decrease in available liquidity between the periods resulted from the increase in indebtedness (as defined in the credit agreement) and reduced revolver capacity under the amended credit agreement, offset by an increase in trailing four quarter EBITDA (as defined in the credit agreement) and an increase in cash between the periods. The covenant conditions contained in the credit agreement also limit the Company's ability to pay dividends. As of June 30, 2003, the Company was in compliance with all debt covenants and anticipates achieving covenant compliance for the remainder of 2003.

In July 2000, R. J. Tower Corporation (the "Issuer"), a wholly-owned subsidiary of the Company, issued Euro-denominated senior unsecured notes in the amount of (euro)150 million (\$172.1 million at June 30, 2003) The notes bear interest at a rate of 9.25 percent, payable semi-annually. The notes rank equally with all of the Company's other senior unsecured and unsubordinated debt and mature on August 1, 2010.

During September 2000, the Company entered into an interest rate swap contract to hedge against interest rate exposure on approximately \$160 million of its floating rate indebtedness under the Credit Agreement. The contracts have the effect of converting the floating rate interest to a fixed rate of approximately 6.9 percent, plus any applicable margin required under the revolving credit facility. The interest rate swap contract was executed to balance the Company's fixed-rate and floating-rate debt portfolios and expires in September 2005.

USES OF CASH

The Company's principal uses of cash are debt repayment, capital expenditures and acquisitions and investments in joint ventures. Net cash used in investing activities was \$95.2 million during the six months ended June 30, 2003, as compared to \$56.8 million in the prior period. Dividends received from investments in joint ventures increased investing cash flows by \$3.5 million in the 2003 period. Earnout payments offset by net proceeds received from the sale of a plant, reduced investing cash flows by \$38.0 million in the 2002 period. During the balance of 2003, the Company will be reviewing the merits of

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acquiring, from its joint venture partner, the remaining 34 percent interest in Seojin. Seojin is currently owed a note receivable of approximately \$8 million from this minority interest partner, which became due in March 2003. The minority interest partner's shares in Seojin are pledged as collateral for the note receivable. In order to enforce the collateral agreement, the Company must purchase the remaining shares from its joint venture partner, the terms of which are being negotiated. The Company believes that Seojin has adequate financing resources under its local revolving debt facilities, which are not covered under the Company's Credit Agreement, or can secure new local financing, if necessary, in order to fund any additional purchase of shares. If the Company were to acquire these remaining shares, the Company would own 100 percent of Seojin.

Net capital expenditures were \$98.7 million and \$69.0 million during the six months ended June 30, 2003 and 2002, respectively. Capital expenditures in 2003 include significant investments to support major product launches. The Company estimates its 2003 capital expenditures will be approximately \$200 million. Where appropriate, the Company may lease rather than purchase such equipment, which would have the effect of reducing this anticipated level of capital expenditures. The Company leases certain equipment utilized in its operations under operating lease agreements. The Company intends to continue to utilize operating lease financing on occasion when the effective interest rate equals or is lower than the Company's financing costs and the lease terms match the expected life of the respective program. Annual operating lease payments under the Company's lease agreements range from \$51 million to \$62 million for the next five years.

Net cash provided by financing activities totaled \$173.7 million and \$44.3 million for the six months ended June 30, 2003 and 2002, respectively. Net increased borrowings were \$173.2 million for the 2003 period, and net repayments of debt were \$180.6 million for the comparable 2002 period.

WORKING CAPITAL

The Company maintained significant negative levels of working capital of \$81.8 million and \$305.5 million as of June 30, 2003 and December 31, 2002, respectively, as a result of a focus on minimizing the cash flow cycle. The \$223.7 million net increase in working capital in 2003 was due to the combined effects of a \$191.6 million increase in cash primarily attributable to net proceeds of approximately \$244 million related to the senior note offering completed in June 2003, a \$122.6 million increase in accounts receivable attributable to the sales increase for the six months ended June 30, 2003 and to increased tooling receivables at June 30, 2003, a \$52.2 million timing-related increase in tooling in progress, and a \$20.6 million net increase in other working capital items, offset by a \$19.9 million decrease in inventory and a \$143.4 million net increase in accounts payable and accrued liabilities resulting from the increase in production volumes and an increase in tooling payables at June 30, 2003. The Company's management of its accounts receivable includes participation in specific receivable programs with key customers that allow for accelerated collection of receivables, subject to interest charges ranging from 5.0 percent to 6.0 percent at an annualized rate.

The Company expects to continue its focus on maintaining a large negative working capital position through the efforts discussed above and continued focus on minimizing the length of the cash flow cycle. The Company believes that the available borrowing capacity under its credit agreement, together with funds generated by operations, should provide sufficient liquidity and capital resources to pursue its business strategy for the foreseeable future, with respect to working capital, capital expenditures, and other operating needs.

EFFECTS OF INFLATION

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Inflation generally affects the Company by increasing the interest expense of floating-rate indebtedness and by increasing the cost of labor, equipment and raw materials. However, because selling prices generally cannot be increased until a model changeover, the effects of inflation must be offset by productivity improvements and volume from new business awards.

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MARKET RISK

The Company is exposed to various market risks, including changes in foreign currency exchange rates and interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange and interest rates. The Company's policy is to not enter into derivatives or other financial instruments for trading or speculative purposes. The Company periodically enters into financial instruments to manage and reduce the impact of changes in interest rates.

Interest rate swaps are entered into as a hedge of underlying debt instruments to change the effective characteristics of the interest rate without actually changing the debt instrument. Therefore, these interest rate swap agreements convert outstanding floating rate debt to fixed rate debt for a period of time. For fixed rate debt, interest rate changes affect the fair market value but do not impact earnings or cash flows. Conversely for floating rate debt, interest rate changes generally do not affect the fair market value but do impact future earnings and cash flows, assuming other factors are held constant.

At June 30, 2003, Tower Automotive had total debt and obligations under capital leases of \$1.1 billion. The debt is composed of fixed rate debt of \$782.8 million and floating rate debt of \$303.2 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 would be approximately \$3.0 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.

A portion of Tower Automotive's revenues were 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 its 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.

A portion of Tower Automotive'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. Accordingly, the Company's consolidated stockholders' investment 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 have materially affected the Company's financial position or results of operations for the

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periods presented.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections." Among other provisions, this Statement eliminates the requirement that gains and losses from extinguishment of debt be classified as extraordinary items. SFAS No. 145 became effective for the Company on January 1, 2003. Upon adoption of SFAS No. 145, the Company now reclassifies losses on extinguishments of debt that were classified as extraordinary items in prior periods when such prior periods are presented.

In July 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, rather than when a company commits to an exit plan as was previously required. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The new standard resulted in the Company recognizing liabilities related to certain

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restructuring activities at the time the liability is incurred rather than the past method of recognizing the liability upon the announcement of the plan and communication to colleagues.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation -- Transition and Disclosure." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this Statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS 148 is effective for financial statements for fiscal years ending after December 15, 2002. The Company has included the additional disclosures about its method of stock-based compensation in Note 3.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No 149 is generally effective for contracts entered into or modified after June 30, 2003. The Company does not believe that the adoption of SFAS No. 149 will have a material impact on its results of operations or financial condition.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This Statement requires that certain financial instruments previously accounted for as equity under previous guidance be classified as liabilities in statements of financial position. Such financial instruments include (i) mandatorily redeemable shares that the issuer is obligated to buy back in exchange for cash or other assets, (ii) instruments, including put options and forward purchase contracts, that require the issuer to buy back some of its shares in exchange for cash or other assets and (iii) obligations that can be settled with shares, the monetary value of which is fixed, tied solely or predominantly to a variable such as a market index, or varies inversely with the value of the issuer's shares. SFAS No. 150

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will become effective for all financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company does not believe the adoption of SFAS No. 150 will have a material impact on its results of operations or financial condition.

In November 2002, the FASB issued FASB Interpretation No. ("FIN") 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 elaborates on the disclosures to be made by a guarantor about its obligations under certain guarantees that it has issued. It also clarifies that a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The recognition and measurement provisions of FIN 45 are effective for all guarantees issued or modified after December 31, 2002. The Company currently does not have any guarantees requiring disclosure under FIN 45.

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51." FIN 46 addresses consolidation by business enterprises of certain variable interest entities that are currently not consolidated. FIN 46 is effective for variable interests created after January 31, 2003 and to variable interest entities in which an enterprise obtains an interest after that date. For variable interest entities in which the Company holds a variable interest that it acquired before February 1, 2003, the Interpretation applies on July 1, 2003. The Company has determined that, under FIN 46, the trust which issued its mandatorily redeemable convertible preferred securities will no longer be consolidated by the Company. As a result, the Company will modify its presentation of the securities by recording an amount due to the trust of \$258.8 million as debt, and recording interest expense on the related obligation (previously recorded as minority interest, net of tax). The Company also has a synthetic lease contract relating to its Lansing, Michigan facility and is currently analyzing the impact of FIN 46 on this lease.

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 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,"

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"intends" and similar expressions, as they 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 degree to which the Company is leveraged; (ii) the Company's reliance on major customers and selected models; (iii) the cyclicity and seasonality of the automotive market; (iv) the failure to realize the benefits of recent acquisitions and joint ventures; (v) obtaining new business on new and redesigned models; (vi) the Company's ability to continue to implement its acquisition strategy; (vii) the highly competitive nature of the automotive supply industry; (viii) the ability to achieve the anticipated volume of production from new and planned supply programs; and (ix) such other factors noted in this Form 10-Q with respect to the Company's businesses. All subsequent

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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 4: DISCLOSURE CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

With the participation of management, the Company's chief executive officer and chief financial officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a -- 15(e) and 15d -- 15(e)) have concluded that as of June 30, 2003 the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities in connection with the Company's filing of its Quarterly Report on Form 10-Q for the six months ended June 30, 2003.

CHANGES IN INTERNAL CONTROLS

During the period covered by this report, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II. OTHER INFORMATION

TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

Item 1. Legal Proceedings:

None.

Item 2. Change in Securities and Use of Proceeds:

None.

Item 3. Defaults Upon Senior Securities:

None.

Item 4. Submission of Matters to a Vote of Security Holders:

The registrant held its Annual Meeting of Stockholders on May 21, 2003. All director nominees (S. A. Johnson, Dugald K. Campbell, Anthony G. Fernandes, Jurgen M. Geissinger, Ali Jenab, F. J. Loughrey, James R. Lozelle, Georgia R. Nelson, and Enrique Zambrano) were elected. Each of the individuals nominated for election as a director received at least 37,684,239 votes representing 78.971% of the shares voted in the election.

Item 5. Other Information:

None.

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits:

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Exhibit 31.1 - Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 - Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 - Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 - Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) During the quarter for which this report is filed, the Company filed the following Form 8-K Current Reports with the Securities and Exchange Commission:

1. The Company's Current Report on Form 8-K dated April 22, 2003, under Item 9 (Commission File No. 1-12733).
2. The Company's Current Report on Form 8-K dated May 28, 2003, under Item 5 (Commission File No. 1-12733).
3. The Company's Current Report on Form 8-K dated June 18, 2003, under Item 5 (Commission File No. 1-12733).
4. The Company's Current Report on Form 8-K dated June 20, 2003, under Item 9 (Commission File No. 1-12733).

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SIGNATURE

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.

TOWER AUTOMOTIVE, INC.

Date: August 12, 2003

By /s/ Ernest T. Thomas

Ernest T. Thomas
Chief Financial Officer and Treasurer
(principal accounting and financial officer)

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