Tower International, Inc.
Form 10-K/A
April 27, 2012

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

(Amendment No. 1 to Form 10-K)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: December 31, 2011	Commission file number: 001-34903

TOWER INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

Delaware (State of Incorporation)	27-3679414 (IRS Employer Identification Number)
17672 Laurel Park Drive North, Suite 400 E Livonia, Michigan (Address of Principal Executive Offices)	48152 (Zip Code)

Registrant's telephone number, including area code: (248) 675-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15d of the Act.

Yes ¨ No x

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨ Smaller reporting company £

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

Yes ¨ No x

The aggregate market value of the common stock held by non-affiliates of the registrant, computed by reference to the average high and low trading prices of the common stock as of the closing of trading on June 30, 2011, was approximately $177,881,000.

There were 19,683,032 shares of the registrant's common stock outstanding at March 5, 2012.

DOCUMENTS INCORPORATED BY REFERENCE

None.

EXPLANATORY NOTE

On March 8, 2012, Tower International, Inc. (the “Company”) filed its Annual Report on Form 10–K for the year ended December 31, 2011 (the “Original 10-K”), with the Securities and Exchange Commission (the “SEC”). We are filing this Amendment No. 1 to our Annual Report on Form 10–K (this “Form 10-K/A”) solely to (i) file the information required to be disclosed pursuant to Part III of Form 10–K because our definitive proxy statement for our 2012 Annual Meeting of Stockholders will not be filed with the SEC within 120 days after the end of our 2011 fiscal year, and (ii) to include “LLP” after “Deloitte & Touche” on the conformed signature line of the Reports of Independent Registered Public Accounting Firm included with the Company’s Consolidated Financial Statements. This Form 10-K/A does not reflect events occurring after the filing of the Original 10-K. Except for the amendments described below, this Form 10-K/A does not modify or update the disclosures in the Original 10-K.

This Form 10–K/A amends only (i) Item 8 under Part II, solely to include “LLP” after “Deloitte & Touche” on the conformed signature line of the Reports of Independent Registered Public Accounting Firm included with the Company’s Consolidated Financial Statements, (ii) Items 10-14 under Part III to include information that was previously incorporated by reference from the Company’s 2012 Annual Meeting proxy statement, and (iii) Item 15 under Part IV to file a new exhibit and to re-file currently-dated certifications by our principal executive officer and principal financial officer.

THERE ARE NO CHANGES TO THE COMPANY’S AUDITED CONSOLIDATED FINANCIAL STATEMENTS. THE FINANCIAL STATEMENTS ARE INCLUDED IN THIS FORM 10-K/A SOLELY IN COMPLIANCE WITH RULE 12b-15, IN ORDER TO INCLUDE “LLP” AFTER “DELOITTE & TOUCHE” ON THE CONFORMED SIGNATURE LINE OF THE REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM INCLUDED WITH THE COMPANY’S CONSOLIDATED FINANCIAL STATEMENTS.

TOWER INTERNATIONAL, INC. – FORM 10-K/A

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011

TABLE OF CONTENTS

PART II

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Tower International, Inc.

Livonia, MI

We have audited the accompanying consolidated balance sheets of Tower International, Inc. (previously Tower Automotive, LLC) and subsidiaries (the "Company") as of December 31, 2011 and 2010, and the related consolidated statements of operations, equity/ (deficit), other comprehensive income/(loss), and redeemable preferred units, and cash flows for each of the three years in the period ended December 31, 2011. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Tower International, Inc. and subsidiaries as of December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 8, 2012, expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Detroit, MI

March 8, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

Tower International, Inc.

Livonia, MI

We have audited the internal control over financial reporting of Tower International, Inc. and subsidiaries (the “Company”) as of December 31, 2011, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed by, or under the supervision of, the company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the company’s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule listed in the Index at Item 15 as of and for the year ended December 31, 2011 of the Company and our report dated March 8, 2012, expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Detroit, MI

March 8, 2012

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	December 31, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	$134,984	$150,345
Accounts receivable, net of allowance of $3,612 and $1,674	327,992	297,086
Inventories (Note 3)	85,100	73,189
Deferred tax assets current	12,966	12,406
Assets held for sale (Note 5)	4,027	8,178
Prepaid tooling and other	56,189	57,754
Total current assets	621,258	598,958
Property, plant and equipment, net (Note 3)	667,686	627,497
Goodwill (Note 3)	63,983	66,309
Deferred tax assets non-current	14,450	17,377
Other assets, net	30,001	30,035
Total assets	$1,397,378	$1,340,176
LIABILITIES AND STOCKHOLDERS EQUITY		
Short-term debt and current maturities of capital lease obligations (Note 6)	$109,447	$109,848
Accounts payable	395,287	366,761
Accrued liabilities	126,416	132,614
Total current liabilities	631,150	609,223
Long-term debt, net of current maturities (Note 6)	461,838	432,726
Obligations under capital leases, net of current maturities (Note 6)	12,213	15,604
Deferred tax liabilities non-current	11,229	12,710
Pension liability (Note 10)	96,223	76,403
Other non-current liabilities	87,265	81,884
Total non-current liabilities	668,768	619,327
Total liabilities	1,299,918	1,228,550
Commitments and contingencies (Note 18)		
Stockholders equity:		
Tower International, Inc. s stockholders equity		
Common stock, $0.01 par value, 350,000,000 authorized, 19,983,403 issued and 19,683,032 outstanding at December 31, 2011 and 19,101,588 issued and outstanding at December 31, 2010 (Note 13)	200	191
Additional paid in capital	311,427	296,262
Treasury stock, at cost, 300,371 shares as of December 31, 2011	(5,130)	
Accumulated deficit	(184,492)	(192,556)
Accumulated other comprehensive loss (Note 3)	(82,002)	(36,530)
Total Tower International, Inc. s stockholders equity	40,003	67,367
Noncontrolling interests in subsidiaries	57,457	44,259

Total stockholders equity	97,460	111,626
Total liabilities and stockholders equity	$1,397,378	$1,340,176

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

7

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share amounts)

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Revenues	$2,406,089	$1,997,058	$1,634,405
Cost of sales	2,149,977	1,786,476	1,536,752
Gross profit	256,112	210,582	97,653
Selling, general and administrative expenses (Note 8)	158,392	143,975	118,331
Amortization expense	4,589	3,265	2,784
Restructuring and related asset impairment charges, net (Note 4)	2,660	14,288	13,436
Operating income/(loss)	90,471	49,054	(36,898)
Interest expense, net	62,133	66,872	57,881
Interest income	978	962	982
Other expense/(income), net (Note 6)	1,331	1,300	(33,661)
Income/(loss) before provision for income taxes	27,985	(18,156)	(60,136)
Provision/(benefit) for income taxes (Note 9)	14,812	10,297	(1,104)
Net income / (loss)	13,173	(28,453)	(59,032)
Less: Net income attributable to the noncontrolling interests	5,109	8,441	8,904
Net income/(loss) attributable to Tower International, Inc.	$8,064	$(36,894)	$(67,936)
Less: Preferred unit dividends	$	$(10,707)	$(16,087)
Income/(loss) available to common shareholders	$8,064	$(47,601)	$(84,023)
Weighted average common shares outstanding			
Basic	19,364,433	13,865,509	12,467,866
Diluted	20,069,532	13,865,509	12,467,866
Net income/(loss) per share attributable to Tower International, Inc. (Note 13):			
Basic	$0.42	$(3.43)	$(6.74)
Diluted	0.40	(3.43)	(6.74)

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

8

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
OPERATING ACTIVITIES:			
Net income/(loss)	$13,173	$(28,453)	$(59,032)
Adjustments required to reconcile net income/(loss) to net cash provided by operating activities:			
Non-cash restructuring and asset impairment charges		9,999	1,787
Deferred income tax provision	(725)	(13,851)	(13,053)
Depreciation and amortization	114,578	114,668	147,705
Gain from debt repurchase/letter of credit reduction			(33,661)
Non-cash share-based compensation	15,174	3,047	
Pension expense, net of contributions	(12,992)	(5,619)	(2,102)
Change in working capital and other operating items	(28,750)	40,568	7,231
Net cash provided by operating activities	$100,458	$120,359	$48,875
INVESTING ACTIVITIES:			
Cash disbursed for purchases of property, plant and equipment, net	$(120,409)	$(100,495)	$(85,995)
Net assets acquired, net of cash acquired	(22,300)	(16,687)	
Net cash used in investing activities	$(142,709)	$(117,182)	$(85,995)
FINANCING ACTIVITIES:			
Proceeds from letter of credit reduction	$	$	$13,250
Repayments of term debt		(3,484)	(16,381)
Repayment of first lien term loan		(414,172)	
Issuance of senior secured notes		417,203	
Retirement of senior secured notes	(42,008)	(26,000)	
Noncontrolling interest dividends		(5,257)	(4,866)
Preferred units dividends		(95)	(388)
Proceeds from borrowings	682,204	418,237	436,172
Repayments of borrowings	(608,767)	(452,286)	(375,501)
Purchase of treasury stock	(5,130)		
Financing costs		(8,356)	(1,488)
Net proceeds from initial public offering		74,021	
Net cash provided by/(used in) financing activities	$26,299	$(189)	$50,798
Effect of exchange rate changes on cash and cash equivalents	$591	$(2,445)	$9,304
NET CHANGE IN CASH AND CASH EQUIVALENTS	$(15,361)	$543	$22,982
CASH AND CASH EQUIVALENTS:			
Beginning of period	$150,345	$149,802	$126,820
End of period	$134,984	$150,345	$149,802

Supplemental Cash Flow Information:			
Interest paid, net of amounts capitalized	$64,868	$43,437	$52,429
Income taxes paid	15,278	14,384	14,950
Non-cash Investing and Financing Activities:			
Capital expenditures in liabilities for purchases of property, plant and equipment	$36,415	$26,709	$24,396
Contribution of Joint Venture	5,946		
Cumulative preferred stock units accrued		10,612	15,699
Contribution of indebtedness		25,000	
Conversion of preferred units to common shares		181,527	

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

9

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY/(DEFICIT),* OTHER COMPREHENSIVE INCOME/(LOSS), AND REDEEMABLE PREFERRED UNITS

(Amounts in thousands, except per share data)

	Common Stock Units/ Shares	Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity/(Deficit)* Attributable to Tower International, Inc.	Noncontrolling Interest Amount	Total Equity (Deficit)*	Redeemable Preferred Units: Units	Redeemable Preferred Units: Amou
nce at January 1, 2009	8,500	$12,289	$	$	$(60,932)	$(75,427)	$(124,070)	$35,545	$(88,525)	10,000	$155
oss					(67,936)		(67,936)	8,904	(59,032)		
r comprehensive ne/(loss):											
gn currency translation tment (net of tax of $0)						12,470	12,470	(19)	12,451		
ned benefit plans, net of tax of $2.9 million)						4,565	4,565		4,565		
alized gain on qualifying flow hedge of tax of $2 million)						4,029	4,029		4,029		
comprehensive income/)							(46,872)	8,885	(37,987)		
rred unit dividends paid					(388)		(388)		(388)		
ulative preferred stock units ed					(15,699)		(15,699)		(15,699)		15,6
ontrolling interest ends								(4,866)	(4,866)		
based compensation nse		306					306		306		
nce at December 31, 2009	8,500	$12,595	$	$	$(144,955)	$(54,363)	$(186,723)	$39,564	$(147,159)	10,000	$170
oss					(36,894)		(36,894)	8,441	(28,453)		
r comprehensive ne/(loss):											
gn currency translation tment (net of tax of $0)						8,597	8,597	1,511	10,108		
ned benefit plans, net of tax of $0 million)						(3,060)	(3,060)		(3,060)		

ement of interest rate swap of tax of $2 million)		12,551	12,551		12,551	
alized loss on qualifying flow hedge of tax of $0.1 million)		(255)	(255)		(255)	
comprehensive income/)			(19,061)	9,952	(9,109)	
rred unit dividends paid	(95)		(95)		(95)	
ulative preferred stock units ed	(10,612)		(10,612)		(10,612)	10,6

10

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY/(DEFICIT),* OTHER COMPREHENSIVE INCOME / (LOSS), AND REDEEMABLE PREFERRED UNITS (Continued)

(Amounts in thousands, except per share data)

	Common Stock Units/ Shares	Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Stockholders Equity/(Deficit)* Attributable to Tower International, Inc.	Noncontrolling Interest Amount	Total Equity (Deficit)*	Redee Preferr Units
transfer of erred units to	(8,500)	(12,858)	12,858							
transfer of erred units to	10,000		181,527				181,527		181,527	(10,0
ndebtedness			25,000				25,000		25,000	
sion capital shares	(10,000)									
sion capital shares	12,467,866	125	(125)							
ring	6,633,722	66	73,955				74,021		74,021	
pensation			3,047				3,047		3,047	
terest								(5,257)	(5,257)	
ensation		263					263		263	
ber 31, 2010	19,101,588	$191	$296,262	$	$(192,556)	$(36,530)	$67,367	$44,259	$111,626	
					8,064		8,064	5,109	13,173	
sive										
translation f tax of $0)						(12,095)	(12,095)	2,143	(9,952)	
lans, net million)						(33,644)	(33,644)		(33,644)	
n qualifying net of tax of						267	267		267	

sive							(37,408)	7,252	(30,156)
	881,815	9	(9)						
	(300,371)			(5,130)			(5,130)		(5,130)
pensation			15,174				15,174		15,174
ngtan								5,946	5,946
ber 31, 2011	19,683,032	$200	$311,427	$(5,130)	$(184,492)	$(82,002)	$40,003	$57,457	$97,460

* Prior to October 14, 2010 refers to members equity as the Company was not a public company

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business

Tower International, Inc. and its subsidiaries (collectively referred to as the Company or Tower International) is a leading integrated global manufacturer of engineered structural metal components and assemblies primarily serving automotive original equipment manufacturers, or OEMs, including Ford, Volkswagen Group, Hyundai/Kia, Fiat, Chrysler, Volvo, Nissan, Daimler, BMW, Toyota, PSA, Chery, and Honda. Products include body-structure stampings, frame and other chassis structures, as well as complex welded assemblies, for small and large cars, crossovers, pickups sport utility vehicles, or SUVs. Including both wholly owned subsidiaries and majority owned subsidiaries, the Company has strategically located production facilities in the United States, Belgium, Germany, Italy, Slovakia, Poland, Brazil, South Korea, and China, supported by engineering and sales locations in the United States, Germany, Italy, Brazil, South Korea, Japan, China, and India.

Note 2. Basis of Presentation and Organizational History

On October 14, 2010, in connection with its initial public offering (the IPO), Tower Automotive, LLC was converted to a Delaware corporation named Tower International, Inc. (the Corporate Conversion). Upon the Corporate Conversion, all of the equity interests in Tower Automotive, LLC were converted into common stock of Tower International, Inc. (see note 11 for further discussion). The Company is a controlled company within the meaning of the New York Stock Exchange corporate governance standards because Cerberus Capital Management, L.P. (Cerberus), through the Company s controlling stockholder, controls a majority of the Company s outstanding common stock.

On October 15, 2010, the Company s common stock began trading on the New York Stock Exchange pursuant to the Company s IPO. On October 20, 2010, the Company received $75.6 million of proceeds, after underwriting discounts and commissions, in connection with the sale of 6,250,000 shares of common stock in the IPO. On November 8, 2010, the Company sold an additional 383,722 shares of common stock resulting in additional proceeds of $4.6 million, after underwriting discounts and commissions, pursuant to a partial exercise of the underwriters over-allotment option.

All references to the Company in this Annual Report for periods prior to the effective time of our Corporate Conversion are to Tower Automotive, LLC and its subsidiaries. All references to our company in this Annual Report for periods subsequent to the effective time of our Corporate Conversion are to Tower International, Inc. and its subsidiaries.

Recent Accounting Pronouncements

Goodwill Impairment

On September 15, 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-08, which amends the guidance in Accounting Standards Codification (ASC) No. 350, *Intangibles Goodwill and Other*, on testing goodwill for impairment. The ASU permits entities testing goodwill for impairment to have the option of performing a qualitative assessment before calculating the fair value of the reporting unit (i.e., step 1 of the goodwill impairment test). If entities determine, on the basis of qualitative factors, that the fair value of the reporting unit is more likely than not less than the carrying amount, the two-step impairment test would be required. The ASU does not change how goodwill is calculated or assigned to reporting units, nor does it revise the requirement to test goodwill annually for impairment. In addition, the ASU does not amend the requirement to test goodwill for impairment between annual tests if events or circumstances warrant; however, it does revise the examples of events and circumstances that an entity should consider. The ASU is effective for interim and annual periods beginning after December 15, 2011 with early adoption permitted. The Company adopted this ASU on September 30, 2011, but did not perform a qualitative assessment before performing step 1; therefore, the adoption did not have a material impact on the Company s financial statements.

12

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Basis of Presentation and Organizational History (continued)

FASB ASU 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements

In January 2010, the FASB issued ASU 2010-06 which amended ASC No. 820-10, *Fair Value Measurement and Disclosures-Overall*. ASU 2010-06 requires new disclosures regarding transfers in and out of assets and liabilities measured at fair value classified within the valuation hierarchy as either Level 1 or Level 2 and information about sales, issuances and settlements on a gross basis for assets and liabilities classified as Level 3. ASU 2010-06 clarifies existing disclosures on the level of disaggregation required and inputs and valuation techniques. The provisions of ASU 2010-06 became effective for the Company on January 1, 2010, except for disclosure of information about sales, issuances and settlements on a gross basis for assets and liabilities classified as Level 3, which was effective for the Company on January 1, 2011. The provisions of ASU 2010-06 impact disclosures only and the Company has disclosed information in accordance with the revised provisions of ASU 2010-06 within this report.

Note 3. Significant Accounting Policies

Financial Statement Presentation

a. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries over which the Company exercises control. The Company s share of earnings or losses of nonconsolidated affiliates are included in the consolidated operating results using the equity method of accounting when the Company is able to exercise significant influence over the operating and financial decisions of the affiliates. The Company did not have any nonconsolidated affiliates during the periods presented in this report. All intercompany transactions and balances have been eliminated upon consolidation.

b. Cash and Cash Equivalents

All highly liquid investments with an original maturity of three months or less are considered to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value. Substantially all of the Company s cash is concentrated in a few financial institutions.

c. Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful receivables for estimated losses resulting from the inability of its trade customers to make required payments. The Company provides an allowance for specific customer accounts where collection is doubtful and also provides an allowance for customer deductions based on historical collection and write-off experience. Additional allowances could be required if the financial condition of the Company s customers deteriorated. Bad debt expense is not material for any period presented.

d. Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method. In addition, the Company uses a valuation account for inventory obsolescence, which has not been material for any period presented. Maintenance, repair and non-productive inventory, which are considered consumables, are expensed when acquired in cost of sales. Inventories consist of the following (in thousands):

	December 31, 2011	December 31, 2010
Raw materials	$ 37,401	$ 29,762
Work in process	23,372	19,335
Finished goods	24,327	24,092
Total inventory	$ 85,100	$ 73,189

13

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Significant Accounting Policies (continued)

e. Tooling

Tooling represents costs incurred by the Company in the development of new tooling used in the manufacture of the Company s products. All pre-production tooling costs, incurred for tools that the Company will not own and that will be used in producing products supplied under long-term supply agreements, are expensed as incurred unless the supply agreement provides the Company with the non-cancelable right to use the tools or the reimbursement of such costs is contractually guaranteed by the customer. Generally, the customer agrees to reimburse the Company for certain of its tooling costs at the time the customer awards a contract to the Company.

When the part for which tooling has been developed reaches a production-ready status, the Company is reimbursed by its customer for the cost of the tooling at which time the tooling becomes the property of the customer. The Company has certain other tooling costs, which are capitalized and amortized over the life of the related product program, related to tools which the Company has the contractual right to use during the life of the supply arrangement. Customer-owned tooling is included in prepaid tooling and other and company-owned tooling is included in other assets in the Consolidated Balance Sheet.

The components of capitalized tooling costs are as follows (in thousands):

	December 31, 2011	December 31, 2010
Customer-owned tooling, net	$ 20,212	$ 38,683
Company-owned tooling	1,595	3,828
Total tooling, net	$ 21,807	$ 42,511

Any gain recognized, which is defined as the excess of reimbursement over cost, is amortized over the life of the program. If estimated costs are expected to be in excess of reimbursement, a loss is recorded in the period when the loss is estimated.

f. Property, Plant and Equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation. Depreciation expense was $110 million, $111.4 million, and $144.9 million for the years ended December 31, 2011, 2010, and 2009. Depreciation is computed using the straight-line method over the following estimated useful lives of assets as follows:

Buildings and improvements	32 to 40 years
Machinery and equipment	3 to 20 years

Leasehold improvements are amortized over the shorter of 10 years or the remaining lease term at the date of acquisition of the leasehold improvement.

Interest is capitalized during the preparation of facilities for product programs and is amortized over the estimated lives of the programs. Interest of $1.6 million, $1.9 million and $0.9 million was capitalized in 2011, 2010, and 2009, respectively.

Costs of maintenance and repairs are charged to expense as incurred in cost of sales. Spare parts are considered capital in nature when purchased during the initial investment of a fixed asset. Amounts relating to significant improvements, which extend the useful life or utility of the related asset, are capitalized and depreciated over the remaining life of the asset. Upon disposal or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is recognized in the Consolidated Statements of Operations.

14

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Significant Accounting Policies (continued)

Property, plant and equipment consist of the following (in thousands):

	December 31, 2011	December 31, 2010
Cost:		
Land	$ 62,579	$ 61,885
Buildings and improvements	221,174	209,696
Machinery and equipment	826,752	765,670
Construction in progress	122,426	91,705
Property, plant, and equipment, gross	1,232,931	1,128,956
Less: accumulated depreciation	(565,245)	(501,459)
Property, plant, and equipment, net	$ 667,686	$ 627,497

g. Asset Retirement Obligations

FASB ASC No. 410, *Asset Retirement and Environmental Obligations*, requires the recognition of a liability for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated. An asset retirement obligation is a legal obligation to perform certain activities in connection with retirement, disposal or abandonment of assets. The fair value of a conditional asset retirement obligation should be recognized when incurred, generally upon acquisition, construction or development and through the normal operation of the asset. Uncertainty about the timing or method of settlement of a conditional asset retirement should be factored into the measurement of the liability. The liability is measured at discounted fair value and is adjusted to its present value in subsequent periods. The Company s asset retirement obligations are primarily associated with renovating, upgrading, and returning leased property to the lessor in accordance with the requirements of the lease.

Asset retirement obligations are included in other non-current liabilities in the Consolidated Balance Sheet. The following table reconciles our asset retirement obligations as of December 31, 2011 and 2010 (in thousands):

	December 31, 2011	December 31, 2010
Asset retirement obligation as of January 1	$ 11,865	$ 12,906
Accretion expense	1,018	1,104
Liabilities settled	(126)	(2,145)
Change in estimate	(489)	
Asset retirement obligation as of December 31	$ 12,268	$ 11,865

h. Impairment of Long-Lived Assets

The Company monitors its long-lived assets for impairment indicators on an ongoing basis in accordance with FASB ASC No. 360, *Property, Plant, and Equipment*. If impairment indicators exist, the Company performs the required analysis and records impairment charges. In conducting its analysis, the Company compares the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the undiscounted cash flows exceed the net book value, the long-lived assets are considered not to be impaired. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived assets. Fair value is estimated based upon discounted cash flow analyses. Cash flows are estimated using internal budgets based on recent sales data and independent automotive production volume estimates and customer commitments. Changes in economic or operating conditions impacting these estimates and assumptions could result in the impairment of long-lived assets. Refer to note 4 for discussion of impairment charges for the periods presented.

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Significant Accounting Policies (continued)

Long-lived assets held for sale are recorded at the lower of their carrying amount or estimated fair value less cost to sell.

i. Goodwill and Other Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of net assets acquired. Goodwill is not amortized but is tested for impairment on at least an annual basis. In accordance with FASB ASC No. 350, *Intangibles Goodwill and Other*, goodwill is reviewed for impairment utilizing a two-step process. The first step of the impairment test requires the identification of the reporting units, and comparison of the fair value of each of these reporting units to the respective carrying value. The Company defines its reporting units as Europe, Asia, North America, and South America. The recoverability of goodwill is evaluated at the following reporting units for which goodwill exists: Europe and South America. These reporting units exist at a lower level than our reportable segments. If the carrying value is less than the fair value, no impairment exists and the second step is not performed. In the second step, the impairment is computed by comparing the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. FASB ASC No. 350 requires goodwill to be tested for impairment annually at the same time every year, and when an event occurs or circumstances change such that it is reasonably possible that impairment may exist. The annual impairment test is performed at year end.

The Company utilizes an income approach to estimate the fair value of each of its reporting units. The income approach is based on projected debt free cash flow which is discounted to the present value using discount factors that consider the timing and risk of cash flows. The Company believes that this approach is appropriate because it provides a fair value estimate based upon the reporting units expected long-term operating cash flow performance. This approach also mitigates the impact of cyclical trends that occur in the industry. Fair value is estimated using recent automotive industry and specific platform production volume projections, which are based on internally-developed forecasts, as well as commercial, wage and benefit, inflation and discount rate assumptions. Other significant assumptions include terminal value growth rates, terminal value margin rates, future capital expenditures, known restructuring actions, and changes in future working capital requirements. While there are inherent uncertainties related to the assumptions used and to management s application of these assumptions to this analysis, the Company believes that the income approach provides a reasonable estimate of the fair value of its reporting units. However, the Company s assumptions and estimates may differ significantly from actual results. The Company also uses a second approach, which is the market multiple approach, to test the reasonableness of the income approach.

The Company s 2011 and 2010 annual goodwill impairment analysis, completed as of each year end, indicated that the carrying value of the Europe and South America reporting units was less than the respective fair values; thus, no impairment existed at either date. The Company also performed an interim goodwill impairment analysis during 2010 as the Company deemed its IPO to be a triggering event.

The change in the carrying amount of goodwill is set forth below on a segment and consolidated basis (in thousands):

	International	Americas	Consolidated

Balance at December 31, 2009	$ 67,079	$ 3,486	$ 70,565
Currency translation adjustment	(4,433)	177	(4,256)
Balance at December 31, 2010	62,646	3,663	66,309
Currency translation adjustment	(1,921)	(405)	(2,326)
Balance at December 31, 2011	$ 60,725	$ 3,258	$ 63,983

16

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Significant Accounting Policies (continued)

The Company has certain intangible assets that are related to customer relationships in Europe and Brazil. During the second quarter of 2011, the Company recorded a new intangible asset in North America for a covenant not to compete agreement related to the acquisition of substantially all of the assets of W Industries (see note 17). These intangible assets have definite lives and are amortized on a straight-line basis, which approximates the recognition of related revenue, over the estimated lives of the related assets. The intangible assets are recorded in other assets. The Company anticipates amortization expense of $4.7 million, $2.8 million, and $1.5 million for the years ended December 31, 2012, 2013, and 2014, respectively, at which time no further amortization expense will be incurred. The Company has incurred amortization expense of $4.6 million, $3.3 million, and $2.8 million, respectively, for the years ended December 31, 2011, 2010 and 2009. The following table presents information about the intangible assets of the Company at December 31, 2011 and 2010, respectively (in thousands):

		As of December 31, 2011		As of December 31, 2010	
	Weighted Average Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible:					
Europe	6 years	$ 15,939	$ 10,236	$ 16,011	$ 7,504
Brazil	7 years	5,677	3,634	5,935	2,749
North America	2 years	2,271	973		
Total		$ 23,887	$ 14,843	$ 21,946	$ 10,253

j. Fair Value of Financial Instruments

Fair value is generally determined based on quoted market prices in active markets for identical assets or liabilities. If quoted market prices are not available, the Company uses valuation techniques that place greater reliance on observable inputs and less reliance on unobservable inputs. In measuring fair value, the Company may make adjustments for risks and uncertainties, if a market participant would include such an adjustment in its pricing.

FASB ASC No. 820, *Fair Value Measurements*, establishes a fair value hierarchy that distinguishes between assumptions based on market data, referred to as observable inputs, and the Company s assumptions, referred to as unobservable inputs. Determining where an asset or liability falls within that hierarchy depends on the lowest level input that is significant to the fair value measurement as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

Level 1: Quoted market prices in active markets for identical assets and liabilities;
Level 2: Inputs other than Level 1 inputs that are either directly or indirectly observable; and
Level 3: Unobservable inputs developed using our estimates and assumptions, which reflect those that market participants would use.

At December 31, 2011, the carrying value and estimated fair value of the Company s total debt was $568.4 million and $582.9 million, respectively. At December 31, 2010, the carrying value and estimated fair value of the Company s total debt was $539.6 million and $578.5 million, respectively. The majority of the Company s debt at December 31, 2011 and December 31, 2010 is traded in the market and is classified as a Level 2 measurement based on the pricing methodology and the limited trading of the securities. The fair value was determined based on the quoted market values. The remainder of the Company s debt, primarily consisting of foreign subsidiaries debt, is asset-backed and is classified as Level 3. As this debt carries variable rates and minimal credit risk, the book value approximates the fair value for this debt.

17

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Significant Accounting Policies (continued)

The Company is party to certain derivative financial instruments, which are all classified as Level 2 measurements determined using significant other observable inputs. The Company also has certain assets that have been classified as held for sale. The fair value of the long-lived assets held for sale was determined using third-party appraisals. The third-party appraisals use current market conditions adjusted for asset specific characteristics to determine the fair market value; therefore, are classified as Level 3.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, and accruals approximate fair value because of the short maturity of these instruments.

The Company did not have any assets or liabilities that were measured at fair value on a nonrecurring basis during the year ended December 31, 2011.

The following table provides each major category of assets and liabilities measured at fair value on a nonrecurring basis during the year ended December 31, 2010 (in millions):

	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	Total Gains/ (losses)
Long-lived assets held for sale	Not applicable	Not applicable	$ 4.0	$ (2.7)
Asset impairments	Not applicable	Not applicable	$ 0.7	$ (7.3)

In accordance with FASB ASC No. 360, *Property, Plant, & Equipment*, long-lived assets held for sale with a carrying amount of $6.7 million were written down to their fair value of $4.3 million, less cost to sell of $0.3 million (or $4 million), resulting in a loss of $2.7 million, which was included in the Company s Consolidated Statement of Operations for the year ended December 31, 2010.

In accordance with FASB ASC No. 360, equipment specifically purchased for a contract with a solar customer that failed to materialize with a carrying amount of $8 million was written down to the fair value of $0.7 million, resulting in a loss of $7.3 million, which was included in the Company s Consolidated Statement of Operations for the year ended December 31, 2010.

k. Derivative Financial Instruments

Periodically, the Company uses derivative financial instruments to manage the risk that changes in interest rates will have on the amount of future interest payments. Interest rate swap contracts are used to adjust the proportion of total debt that is subject to variable and fixed interest rates. The Company is not a party to leveraged derivatives and does not enter into derivative financial instruments for trading or speculative purposes. Under FASB ASC No. 815, *Derivatives and Hedging*, all derivatives are recorded at fair value and the changes in fair value are immediately included in earnings if the derivatives do not qualify as effective cash flow hedges. If a derivative is a fair value hedge, then changes in the fair value of the derivative are offset against the changes in the fair value of the underlying hedged item. If a derivative is a cash flow hedge, then changes in the fair value of the derivative are recognized as a component of accumulated other comprehensive income until the underlying hedged item is recognized in earnings.

The Company formally documents hedge relationships, including the identification of the hedging instruments and the hedged items, as well as the risk management objectives and strategies for undertaking the hedge transaction. Effective hedges are recorded at fair value in other long-term liabilities or other long-term assets with a corresponding offset to accumulated other comprehensive income in the Consolidated Balance Sheet. This process includes linking derivatives that are designated as hedges of specific assets, liabilities, firm commitments or forecasted transactions. The Company also formally assesses, both at inception and at least quarterly thereafter, whether a derivative used in a hedging transaction is highly effective in offsetting changes in either the fair value or cash flows of the hedged item. The Company will discontinue hedge accounting when it is determined that a derivative ceases to be an effective hedge. As of December 31, 2009, an accumulated loss of $12.6 million was recorded in accumulated other comprehensive income relating to the

18

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Significant Accounting Policies (continued)

Company s two cash flow hedges which were considered effective. The hedges were terminated in August 2010 in connection with the retirement of the first lien term loan. By termination, the amounts that had been recorded in accumulated other comprehensive were expensed through interest expense and income tax expense as appropriate. Refer to note 7 for further discussion.

l. Revenue Recognition

The Company recognizes revenue once the criteria in FASB ASC No. 605, *Revenue Recognition*, have been met. These criteria are that persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the Company s price to the buyer is fixed or determinable, and collectability is reasonably assured.

The Company recognizes revenue as its products are shipped to its customers at which time title and risk of loss pass to the customer. The Company participates in certain customers steel repurchase programs. Under these programs, the Company purchases steel directly from a customer s designated steel supplier for use in manufacturing products. The Company takes delivery and title to such steel and bears the risk of loss and obsolescence. The Company invoices its customers based upon annually negotiated selling prices, which inherently include a component for steel under such repurchase programs. Under guidance provided in FASB ASC No. 605-45, *Principal Agent Considerations*, the Company has substantial risks and rewards of ownership and is acting as a principal. Therefore, for sales where the Company participates in a customer s steel resale program, revenue is recognized on a gross basis for the entire amount of the sales, including the component for purchases under that customer s steel resale program.

The Company enters into agreements to produce products for its customers at the beginning of a given vehicle program life. Once such agreements are entered into by the Company, fulfillment of the customers purchasing requirements is the obligation of the Company for the entire production period of the vehicle programs, which range from three to ten years, and generally the Company has no provisions to terminate such contracts. Additionally, the Company tracks the aging of uncollected billings and adjusts its accounts receivable allowance on a quarterly basis as necessary based on its evaluation of the probability of collection. The adjustments the Company has made due to the write-off of uncollectible amounts have been negligible.

m. Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the consolidated financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The Company records net deferred tax assets to the extent it believes that these assets will more likely than not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies and recent financial operations. Valuation allowances have been recorded where it has been determined that it is more likely than not the Company will not be able to realize the net deferred tax assets. Previously established valuation allowances are reversed into income when there is compelling evidence, typically three or more consecutive years of cumulative profit or other positive evidence, that the future tax profitability will be sufficient to utilize the deferred tax asset. Due to the significant judgment involved in determining whether deferred tax assets will be realized, the ultimate resolution of these items may be materially different from the previously estimated outcome.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Management is not aware of any such changes that would have a material effect on the Company s results of operations, cash flows or financial position.

19

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Significant Accounting Policies (continued)

The calculation of the Company s tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across the Company s global operations.

FASB ASC No. 740, provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. FASB ASC No. 740 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company recognizes tax liabilities in accordance with FASB ASC No. 740 and adjusts these liabilities when its judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the Company s current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined.

n. Segment Reporting

The Company determines its reportable segments based on the guidance in FASB ASC No. 280, *Segment Reporting*. The Company defines its operating segments as components of its business where separate financial information is available and is routinely evaluated by management. Management reviews financial information based on four operating segments: Europe, Asia, North America, and South America. The Company aggregates the four operating segments into two reportable segments consistent with the aggregation criteria in FASB ASC No. 280 as the Company s operations have similar economic characteristics, and share fundamental characteristics including the nature of the products, production processes, customers, margins, and distribution channels. The Company s two reportable segments are the Americas, consisting of North and South America, and International, consisting of Europe and Asia. See note 16 for further discussion.

o. Foreign Currency Translation

The functional currency of the Company s foreign operations is the local currency in which they operate. Assets and liabilities of the Company s foreign operations are translated into U.S. dollars using the applicable period end rates of exchange. Results of operations are translated at applicable average rates prevailing throughout the period. Translation gains or losses are reported as a separate component of accumulated other comprehensive income in the accompanying Consolidated Statements of Equity/(Deficit), Other Comprehensive Income/(Loss), and Redeemable Preferred Units. Gains and losses resulting from foreign currency transactions, the amounts of which are not material in all periods presented, are included in net income/(loss).

p. Exit or Disposal Activities

Costs to idle, consolidate, or close facilities and provide postemployment benefits to employees on an other than temporary basis are accrued based on management s best estimate of the wage and benefit costs that will be incurred. Costs related to idlings of employees that are expected to be temporary are expensed as incurred. Costs to terminate a contract without economic benefit to the Company are expensed at the time the contract is terminated. One-time termination benefits that are not subject to contractual arrangements provided to employees who are involuntarily terminated are recorded when management commits to a detailed plan of termination, that plan is communicated to employees, and actions required to complete the plan indicate that significant changes are not likely. If employees are required to render service until they are terminated in order to earn termination benefits, the benefits are recognized ratably over the future service period.

q. Share-based Compensation

The Company measures compensation cost arising from the grant of share-based awards to employees at fair value. The Company recognizes such costs in income over the period during which the requisite service is provided, usually the vesting period. See note 14 for further discussion.

20

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Significant Accounting Policies (continued)

r. Accumulated Other Comprehensive Income/(Loss) (AOCI)

The components of accumulated other comprehensive loss, net of tax, in stockholders equity is as follows (in thousands):

	December 31, 2011	December 31, 2010
Foreign currency translation	$ 17,713	$ 29,808
Defined benefit plans, net	(99,727)	(66,083)
Unrealized loss on qualifying cash flow hedge, net	12	(255)
Accumulated other comprehensive loss	$ (82,002)	$ (36,530)

During the year ended December 31, 2011, $1.9 million was transferred out of accumulated other comprehensive (AOCI) through net periodic benefit cost related to the amortization of the loss on the Company s defined benefit plan. During the year ended December 31, 2010, $1.5 million was transferred out of AOCI through net periodic benefit cost related to the amortization of the loss on the Company s defined benefit plan and $10.6 million and $2 million that had been recorded in AOCI related to the Company s cash flow hedges were transferred out of AOCI through interest expense and income tax expense, respectively.

s. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Generally, matters subject to estimation and judgment include amounts related to accounts receivable realization, inventory obsolescence, fair value measurements, pension and other postretirement benefit plan assumptions, restructuring reserves, self-insurance accruals, asset valuation reserves and accruals related to environmental remediation costs, asset retirement obligations and income taxes. Actual results may differ from those estimates and assumptions, and changes in such estimates and assumptions may affect amounts reported in future periods.

t. Accounting Standards Not Yet Adopted

Fair Value

On May 12, 2011, the FASB issued ASU 2011-04 which amended ASC No. 820, *Fair Value Measurements and Disclosures*. The ASU is the result of joint efforts by the FASB and the International Accounting Standards Board (IASB) to develop a single, converged fair value framework that provides guidance on how to measure fair value and on what disclosures to provide about fair value measurements. The ASU expands ASC No. 820 s existing disclosure requirements for fair value measurements and makes other amendments. Many of these amendments eliminate unnecessary wording differences between U.S. GAAP and International Financial Reporting Standards (IFRS). The ASU is effective for interim and annual periods beginning after December 15, 2011 for public entities. The Company is continuing to evaluate the effects, if any, that this ASU may have on its financial condition and results of operations.

Other Comprehensive Income

On June 16, 2011, the FASB issued ASU 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income, which improves the comparability, consistency and transparency of financial reporting and increases the prominence of items reported in other comprehensive income. This ASU is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2011, although early adoption is permitted. In December 2011, the FASB issued ASU 2011-12 Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05, which defers certain aspects of ASU 2011-05 related to the presentation of reclassification adjustments. The

21

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Significant Accounting Policies (continued)

adoption of the revised guidance on January 1, 2012 is not expected to have a material impact on the Company s consolidated financial statements. The new presentation will be included in the Company s Quarterly Reporting on Form 10-Q for the quarter ended March 31, 2012.

Note 4. Restructuring and Asset Impairment Charges

The Company has executed various restructuring plans and may execute additional plans in the future to realign manufacturing capacity to prevailing global automotive production and to improve the utilization of remaining facilities. Estimates of restructuring charges are based on information available at the time such charges are recorded. Due to the inherent uncertainty involved in estimating restructuring expenses, actual amounts paid for such activities may differ from amounts initially recorded. Accordingly, the Company may record revisions of previous estimates by adjusting previously established reserves.

Restructuring Charges

Restructuring charges and asset impairments for each of our segments include the following (in thousands):

	Year Ended December 31,		
	2011	2010	2009
International	$ (179)	$ 3,302	$ 12,619
Americas	2,839	10,986	817
Consolidated	$ 2,660	$ 14,288	$ 13,436

The following table sets forth net restructuring expense by type for the periods presented (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Employee termination costs	$ 1,414	$ 573	$ 12,860
Other exit costs	1,246	3,716	5,699
Asset impairments		9,999	1,787
Restructuring income			(6,910)
Total restructuring expense	$ 2,660	$ 14,288	$ 13,436

The Company incurred restructuring expense of $2.7 million and $14.3 million during the years ended December 31, 2011 and 2010. The Company incurred restructuring expense of $20.3 million during the year ended December 31, 2009 which was offset by $6.9 million of restructuring income.

The restructuring income was related to the cancellation of an old customer program relating to the Company s closed facility in Milwaukee, Wisconsin. This income was recorded in the Americas segment. As of December 31, 2009, all recoveries had been received.

The charges incurred during 2011, 2010, and 2009 primarily related to the following actions:

2011 Actions

During the year ended December 31, 2011, the charges incurred in the Americas segment related to the ongoing maintenance expense of facilities closed as a result of prior actions, in addition to severance costs in Brazil to improve manufacturing efficiencies. These charges were offset partially by a favorable liability adjustment pertaining to closed facilities.

22

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Restructuring and Asset Impairment Charges (continued)

2010 Actions

During the fourth quarter of 2010, the Company recorded an impairment charge of $7.3 million related to its non-automotive business. The charge taken relates to the equipment specifically purchased for a contract with a solar customer that failed to materialize, less any anticipated salvage value. The Company also recorded an expense of $2.3 million related to the sale of a closed facility in Granite City, Illinois. During the first quarter of 2010, the Company classified its Bergisch Gladbach facility as held for sale (see note 5), which resulted in an impairment charge of $2.7 million to align the book value with the estimated fair value, less costs to sell. The additional charges incurred in 2010 in both the International and Americas segments related to other severance costs and ongoing maintenance of facilities closed as a result of prior actions.

2009 Actions

In July 2009 in the International segment, the Company announced the closure of its press shop in Bergisch Gladbach, Germany. This closure impacted 57 employees, who ceased employment with the Company in October 2009. Total estimated costs of the closure of this facility are $10.2 million which is comprised of $9.1 million of severance costs and $1.1 million of other exit costs. The Company recorded the entire charge of $10.2 million during 2009 related to the closure of the Bergisch press shop. The additional charges incurred in 2009 in both the International and Americas segments relate to other severance costs, ongoing maintenance of facilities closed as a result of prior actions, and an additional impairment charge on an asset held for sale.

Restructuring Reserve

The table below summarizes the activity in the accrual by segment, reflected in accrued liabilities in the Consolidated Balance Sheet, for the above-mentioned actions through December 31, 2011 (in thousands):

	International	Americas	Consolidated
Balance at December 31, 2009	$ 8,187	$ 1,561	$ 9,748
Payments	(7,713)	(3,419)	(11,132)
Increase in liability	580	3,731	4,311
Adjustment to liability	(233)	(986)	(1,219)
Balance at December 31, 2010	821	887	1,708
Payments	(501)	(1,496)	(1,997)
Increase in liability		937	937
Adjustment to liability	(179)	(62)	(241)
Balance at December 31, 2011	$ 141	$ 266	$ 407

Except as disclosed in the table above, the Company does not anticipate incurring additional material cash charges associated with the actions described above. The change in the liability above does not agree with the restructuring charges in the table above as certain items are expensed as incurred related to the actions described. The liability primarily relates to severance.

The liability decreased during the year ended December 31, 2011 primarily due to payments made relating to prior accruals. The majority of the $0.4 million restructuring reserve accrued as of December 31, 2011 is expected to be paid in 2012.

The liability decreased during 2010 primarily due to severance payments made relating to the closure of the Company s facility in Bergisch Gladbach, Germany. In the Americas segment, the liability increased during the year primarily related to the sale of a closed facility; however, the majority of the payments relating to the sale were made as of December 31, 2010.

23

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Restructuring and Asset Impairment Charges (continued)

During the year ended December 31, 2011, the Company incurred payments related to prior accruals in Europe of $0.5 million and in North America of $1.5 million. During the year ended December 31, 2010, the Company incurred payments related to prior accruals in Europe of $7.7 million and in North America of $3.4 million.

Note 5. Assets Held for Sale

The Company had three locations that were considered held for sale in accordance with FASB ASC No. 360, *Property, Plant, and Equipment*. The three locations were Gunpo, South Korea; Bergisch Gladbach, Germany; and Milwaukee, Wisconsin. The Gunpo facility was classified as held for sale in 2009 and the Bergisch and Milwaukee facilities were classified as held for sale in the first quarter of 2010. During the fourth quarter of 2011, the Company s management has determined that it does not expect to sell the Bergisch or Milwaukee locations within one year. Accordingly, the Company has classified these locations as held and used. The following table summarizes assets held for sale by category (in thousands):

	December 31, 2011	December 31, 2010
Land	$ 2,335	$ 6,426
Building	1,692	1,752
Total	$ 4,027	$ 8,178

Note 6. Debt

Long-Term Debt

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

	December 31, 2011	December 31, 2010
Senior secured notes, due September 1, 2017 (net of discount of $8,685 and $11,410)	$353,307	$392,590
Revolving credit facility	54,000	
Detroit investment fund indebtedness	798	
Other foreign subsidiary indebtedness	160,266	147,034
Total long-term debt	568,371	539,624
Less current maturities	(106,533)	(106,898)

Long-term debt, net of current portion	$461,838	$432,726

The current maturities do not include capital lease obligations of $2.9 million and $3 million as of December 31, 2011 and 2010, respectively.

Future maturities of long-term debt as of December 31, 2011 are as follows (in thousands):

2012	$ 106,533
2013	40,707
2014	9,474
2015	652
2016	54,652
Thereafter	356,353
Total	$ 568,371

24

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Debt (continued)

Senior Secured Notes

On August 24, 2010, the Company s subsidiaries, Tower Automotive Holdings USA, LLC and TA Holdings Finance, Inc. (collectively, the Issuers), issued $430 million in senior secured notes (the notes offering). The senior secured notes (the notes) were issued at an original issue discount of $12.8 million and bear an annual interest rate of 10.625%. The original issue discount is being amortized on a straight-line basis, which approximates the effective interest method, through interest expense over the term of the notes which increases the effective annual interest rate to 11.25%. The notes mature on September 1, 2017. The notes are jointly and severally and unconditionally guaranteed by the Company on a senior unsecured basis and by the existing domestic subsidiaries of the Company, other than the Issuers, that are guarantors under Tower Automotive Holdings USA, LLC s existing revolving credit facility (the Amended ABL revolver) and existing letter of credit facility (the Letter of Credit Facility) (such domestic subsidiaries, the Subsidiary Guarantors) on a senior secured basis. The notes are senior secured obligations of the Issuers that, subject to certain permitted liens and exceptions, and subject to certain limitations with respect to enforcement, rank equally in right of payment to any existing and future senior indebtedness of the Issuers and are effectively junior to the extent of the collateral securing the Issuers and the Subsidiary Guarantors obligations on a first priority basis under the Amended ABL revolver. The notes and the subsidiary guarantees are effectively junior to any existing and future indebtedness of the Company s subsidiaries that are not guaranteeing the notes. The notes also restrict the Company from paying cash dividends on its common stock.

The notes are secured, on a pari passu basis with the obligations under the Letter of Credit Facility, by (i) a first priority security interest in the assets of the Issuers and the Subsidiary Guarantors which have been pledged on a first priority basis to the agent for the benefit of the lenders under the Letter of Credit Facility and (ii) on a second priority basis to all other assets of the Issuers and the Subsidiary Guarantors which have been pledged on a first priority basis to the agent for the benefit of the lenders under the Amended ABL revolver.

Upon the occurrence of certain specified changes of control, the holders of the notes will have the right to require the Issuers to purchase all or a part of their notes at a repurchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest.

At any time prior to September 1, 2014, the Issuers may redeem some or all of the notes at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus a make-whole premium and accrued and unpaid interest. Additionally, prior to September 1, 2014, during any 12-month period, the Issuers may redeem up to 10% of the principal amount of the notes at a redemption price equal to 105% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest. Further, the Issuers may redeem some or all of the notes at any time on or after September 1, 2014 at a redemption price equal to 105.313% of the principal amount of the notes to be redeemed through September 1, 2015, at any time on or after September 1, 2015 at a redemption price equal to 102.656% of the principal amount of the notes to be redeemed through September 1, 2016, and at 100% of the principal amount thereafter, plus accrued and unpaid interest. In addition, prior to September 1, 2013, the Issuers may redeem up to 35% of the original principal amount of the notes from the proceeds of certain equity offerings at a price of 110.625% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest. The Company has concluded that bifurcation is not required for the embedded derivative related to the redemption provisions of the notes as it is clearly and closely related to the debt instrument or is not material.

On December 16, 2010, the Issuers redeemed $26 million of the notes at 105% which resulted in a premium paid of $1.3 million that was recognized as other expense. In connection with the redemption, the Issuers accelerated the amortization of the original issue discount and associated debt issue costs by $1.2 million in the fourth quarter of 2010.

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Debt (continued)

On March 30, 2011, the Issuers redeemed $17 million of the notes at 105% which resulted in a premium paid of $0.9 million that was recognized as other expense. In connection with the redemption, the Issuers accelerated the amortization of the original issue discount and associated debt issue costs by $0.8 million in the first quarter of 2011.

On September 30, 2011, the Company reduced its outstanding debt by purchasing $17.5 million of the notes in the open market at 102%, which resulted in a premium paid of $0.4 million that was recognized as other expense. The notes purchased were immediately retired by the Company. In connection with the retirement, the Company accelerated the amortization of the original issue discount and associated debt issue costs by $0.7 million in the third quarter of 2011.

On October 6, 2011, the Company reduced its outstanding debt by purchasing $7.5 million of the notes in the open market at 101.75%, which resulted in a premium paid of $0.1 million that was recognized as other expense. The notes purchased were immediately retired by the Company. In connection with the retirement, the Company accelerated the amortization of the original issue discount and associated debt issue costs by $0.3 million in the third quarter of 2011.

As of December 31, 2011, the outstanding principal balance on the notes was $353.3 million (net of a remaining $8.7 million original issue discount).

Amended Revolving Credit Facility

On June 13, 2011, the Company entered into an Amended and Restated Revolving Credit and Guaranty Agreement (the Amended Revolving Credit Facility Agreement) by and among Tower Automotive Holdings USA, LLC (the Borrower), the Company, Tower Automotive Holdings I, LLC (Holdco), Tower Automotive Holdings II(a), LLC, Tower Automotive Holdings II(b), LLC, the subsidiary guarantors named therein, JPMorgan Chase Bank, N.A., Wells Fargo Capital Finance, LLC and each of the other financial institutions from time to time party thereto, as Lenders and JPMorgan Chase Bank, N.A., as Issuing Lender, as Swing Line Lender and as Administrative Agent (in such capacity, the Agent) for the Lenders.

The Amended Revolving Credit Facility Agreement amends and restates in its entirety the Revolving Credit and Guaranty Agreement dated as of July 31, 2007, by and among the Borrower, its domestic affiliate and domestic subsidiary guarantors named therein and the lenders party thereto and the Agent. The Amended Revolving Credit Facility Agreement provides for an asset-based revolving credit facility (the Amended ABL Revolver) in the aggregate amount of up to $150 million, subject to a borrowing base limitation. The maturity date for the Amended ABL Revolver is June 13, 2016.

The Revolving Credit and Guaranty Agreement dated as of July 31, 2007 provided for a revolving credit facility in the aggregate amount of $150 million, subject to a borrowing base limitation. Advances under the ABL revolver bore interest at a base rate or LIBOR, plus a margin, which were 0.75% for base rate borrowings and 1.75% for LIBOR-based borrowings prior to the amendment. The applicable margins were determined by the average availability under the ABL revolver during the preceding three months. The ABL revolver was scheduled to mature on July 31, 2012 prior to the Amended Revolving Credit Facility Agreement.

Advances under the Amended ABL Revolver will bear interest at an alternate base rate (which is the highest of the Prime Rate, the Federal Funds Rate plus ½% and the Adjusted LIBOR (as each such term is defined in the Amended Revolving Credit Facility Agreement) for a one month interest period plus 1%) plus a base rate margin or LIBOR plus a Eurodollar margin. The applicable margins are determined by the average availability under the Amended ABL Revolver over the preceding three consecutive full calendar months and as of the date of the Amended Revolving Credit Facility Agreement were 2.25% per annum and 3.25% per annum for base rate and LIBOR based borrowings, respectively.

26

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Debt (continued)

The Amended Revolving Credit Facility is guaranteed by the Company, on an unsecured basis, and certain of the Company s direct and indirect domestic subsidiaries, on a secured basis (the Subsidiary Guarantors). The Amended Revolving Credit Facility is secured by the same assets of the Borrower and the Subsidiary Guarantors that secured the obligations under the ABL revolver.

The Amended Revolving Credit Facility Agreement includes customary events of default and amounts due thereunder may be accelerated upon the occurrence of an event of default.

As of December 31, 2011, there was $137.6 million of borrowing availability under the Amended ABL Revolver, of which $54 million of borrowings were outstanding. As of December 31, 2011, the applicable margins were 2.25% per annum and 3.25% per annum for base rate and LIBOR based borrowings, respectively, resulting in a weighted average interest rate of 4.06% per annum.

Detroit Investment Fund

The Company assumed an unsecured debt instrument of $1 million owed to the Detroit Investment Fund, L.P. (DIF) upon the acquisition of substantially all of the assets of W Industries (see note 17). The debt instrument requires monthly principal and interest payments with an annual interest rate of 8.5%. The instrument is scheduled to mature in April 2014. As of December 31, 2011, the outstanding principal balance was $0.8 million.

Letter of Credit Facility

On June 13, 2011, the Company entered into a Letter of Credit Facility Agreement dated as of June 13, 2011 (the Letter of Credit Facility Agreement) by and among Tower Automotive Holdings USA, LLC (the L/C Borrower), the Company, JPMorgan Chase Bank, N.A., in its capacity as participant in respect of letters of credit issued thereunder, and JPMorgan Chase Bank, N.A., as Administrative Agent and Issuing Lender.

The Letter of Credit Facility Agreement provides for a letter of credit facility (the Letter of Credit Facility) for the issuance of up to $38 million of letters of credit with a sublimit for Euro dominated letters of credit (with an option to increase the Letter of Credit Facility to $44.5 million in the future). Upon a third party drawing on letters of credit issued under the Letter of Credit Facility, the L/C Borrower will become obligated to pay to the lenders the amounts so drawn. The expiration date of the Letter of Credit Facility is June 13, 2014.

On August 5, 2011, the Company amended the Letter of Credit Facility Agreement to reduce the Letter of Credit Facility from $38 million to $30 million (with an option to increase the Letter of Credit Facility to $44.5 million in the future). The remaining terms of the Letter of Credit Facility Agreement remained the same.

As of December 31, 2011, the outstanding letters of credit under the Letter of Credit Facility were $26.1 million. As of December 31, 2011, an 8.5% per annum fee is due on the total amount of the facility. This fee is subject to change in the future based upon then current market conditions.

The Letter of Credit Facility is guaranteed by the Company and certain of the Company s direct and indirect domestic subsidiaries on an unsecured basis pursuant to a Guaranty entered into and made as of June 13, 2011.

The Letter of Credit Facility is unsecured. The Letter of Credit Facility Agreement contains customary covenants applicable to certain of the Company s subsidiaries. The Letter of Credit Facility Agreement includes customary events of default and amounts due thereunder may be accelerated upon the occurrence of an event of default.

27

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Debt (continued)

First Lien Term Loan

The first lien term loan was borrowed in two tranches, with $250 million advanced to a U.S. borrower (the U.S. Borrower) and the Euro currency equivalent of $260 million (€190.8 million) advanced to a European borrower (the European Borrower). The first lien term loan required principal payments of 1%, paid quarterly at the end of each January, April, July and October. Immediately prior to the repayment described below, funds and accounts managed by Cerberus Capital Management, L.P. (collectively with Cerberus Capital Management, L.P., Cerberus or Members) owned approximately 90% of the first lien term loan. The first lien term loan was scheduled to mature on July 31, 2013.

On August 13, 2010, in connection with the offering of the senior secured notes described above, Cerberus agreed to convert $25 million aggregate principal amount of indebtedness under the first lien term loan and, in exchange, received equity in the Company; however, no new units were issued.

On August 24, 2010, the outstanding principal balance on the U.S. Dollar and Euro tranches was repaid in full in connection with the issuance of the senior secured notes described above.

On June 13, 2011, the Company terminated its first lien term loan agreement with the repayment of the $27.5 million Letter of Credit Facility.

$27.5 million Letter of Credit Facility

The $27.5 million letter of credit facility (the $27.5 million Letter of Credit Facility) was fully cash collateralized by third party deposit lenders for purposes of replacing or backstopping letters of credit outstanding. The $27.5 million Letter of Credit Facility was part of the First Lien Term Loan and Guaranty Agreement (the First Lien Agreement), dated as of July 31, 2007, by and among Tower Automotive Holdings USA, LLC, Tower Automotive Holding Europe B.V., the guarantors named therein, the lenders, named therein and JPMorgan Chase Bank, N.A., as agent, but remained outstanding as it was not terminated when the first lien term loan was paid off in August 2010. The cash collateral was deposited by such third party deposit lenders in a deposit account, and the Company had no right, title or interest in the deposit account.

On June 13, 2011, the Company terminated the First Lien Agreement. At termination, Cerberus owned all of the $27.5 million Letter of Credit Facility. In connection with the termination of the First Lien Agreement, a $27.5 million deposit was returned to Cerberus in its capacity as a deposit lender.

Debt Issue Costs

The Company incurred interest expense related to the amortization of debt issue costs of $2.3 million, $7.8 million, and $3.5 million, respectively, during the years ended December 31, 2011, 2010, and 2009.

Other Foreign Subsidiary Indebtedness

As of December 31, 2011, other foreign subsidiary indebtedness of $160.3 million consists primarily of borrowings in South Korea of $98.6 million, borrowings in Brazil of $30.5 million, receivables factoring in Europe of $19.7 million, and a line of credit in Europe of $11.5 million.

Generally, borrowings of foreign subsidiaries are made under credit agreements with commercial lenders and are used to fund working capital and other operating requirements.

South Korea

As of December 31, 2011, the Company s South Korean subsidiary had borrowings of $98.6 million (KRW 114.4 billion), consisting of secured indebtedness of $42.8 million (KRW 49.6 billion), secured bonds of $21.5 million (KRW 25 billion), unsecured corporate bonds of $17.2 million (KRW 20 billion) issued in connection with a government sponsored collateralized bond program, unsecured indebtedness of $12.8 million (KRW 14.8 billion), and unsecured bonds of $4.3 million (KRW 5 billion) which have annual

28

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Debt (continued)

interest rates ranging from 5.34% to 9.96% and maturity dates ranging from February 2012 to August 2014. As of December 31, 2011, the weighted average interest rate on the borrowings in South Korea was 7.05% per annum. The majority of these borrowings are subject to annual renewal. Substantially all of the assets of the Company s South Korean subsidiary serve as collateral for the secured indebtedness and secured bonds.

During the fourth quarter of 2011, the Company renewed $7.1 million (KRW 8.2 billion) of maturing secured indebtedness and $4.3 million (KRW 5 billion) of a maturing unsecured bond for an additional year. The terms of the new loans are substantially the same as the other portfolio loans.

Brazil

As of December 31, 2011, the Company s Brazilian subsidiary had borrowings of $30.5 million (R$56.8 million) which have annual interest rates ranging from 5.5% to 15.39% and maturity dates ranging from February 2012 to September 2021. As of December 31, 2011, the weighted average interest rate on the borrowings in Brazil was 13.16% per annum. This credit is provided through bilateral agreements with four local banks. Periodic interest and principal payments are required. The loans are secured by certain fixed and current assets.

During the fourth quarter of 2011, two of the local banks provided the Company with $11.5 million (R$21.5 million) in new term loans. One of the loans is a one-year term loan and the other loan has an extended maturity date through April 2013. The terms of the new loans are substantially the same as the other portfolio loans.

Europe

As of December 31, 2011, the receivables factoring facilities available to the Company were $25.8 million (€19.9 million), of which $19.7 million (€15.2 million) was drawn. These are uncommitted, demand facilities which are subject to termination at the discretion of the banks, and bear interest rates based on the average three month EURIBOR plus a spread ranging from 1.45% to 2.25%. The effective annual interest rates as of December 31, 2011 ranged from 2.88% to 3.68%, with a weighted average interest rate of 2.98% per annum. Any receivables factoring under these facilities is with recourse, and is secured by the accounts receivable factored. These receivables factoring transactions are recorded in the Company s Consolidated Balance Sheet in short-term debt and current maturities of capital lease obligations.

During the fourth quarter of 2011, the Company obtained a secured line of credit of $11.5 million (€8.9 million). The facility bears an interest rate based on the one month EURIBOR plus 4%. The effective annual interest rate as of December 31, 2011 was 5.1% per annum. The installment loan is secured by mortgages over the land, certain buildings and other assets and is subject to negotiated prepayments upon the receipt of funds from completed tooling projects.

Covenants

As of December 31, 2011, the Company was in compliance with the financial covenants that govern its credit agreements.

Capital Leases

The Company had capital lease obligations of $15.1 million and $18.6 million as of December 31, 2011 and December 31, 2010, respectively, which expire between March 2013 and March 2018. Property under capital leases was $32.7 million and $33.5 million with $12 million and $7.8 million of accumulated depreciation as of December 31, 2011 and December 31, 2010, respectively.

29

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Derivative Financial Instruments

The Company was required by its credit agreements to enter into two interest rate swap agreements during the third quarter of 2007. These derivative agreements effectively fixed interest rates on a portion of the Company s European and U.S. first lien term loan tranches at 5.06% and 4.62%, respectively, and qualified for cash flow hedge accounting treatment under FASB ASC No. 815, *Derivatives and Hedging*. The swaps were designated as hedging instruments to offset the changes in cash flows resulting from changes in interest rates on this variable rate debt through August 31, 2010. In August 2010, the first lien term loan was repaid in full and the interest rate swaps expired. Under FASB ASC No. 815, each swap was recorded as a cash flow hedge in which the fair value was recorded as an asset or liability and the changes in the fair value were recorded as a component of other comprehensive income. Periodic measurement of hedge effectiveness was performed quarterly. Any changes in the effective portion of these derivatives were recorded as a component of accumulated other comprehensive income/(loss), a component of stockholders equity, while any ineffective portion was recorded in earnings and reflected in the consolidated Statement of Operations as part of interest expense. The following table presents the notional amount of interest rate swaps by class (in thousands):

Financial Instruments	Hedge Type	Notional Amount	Start Date	Maturity Date
Floating to fixed	Cash Flow	$ 182,500	8/31/2007	8/31/2010
Floating to fixed	Cash Flow	€ 100,000	8/31/2007	8/31/2010

During 2009, a pre-tax gain of $6 million was recorded in other comprehensive income relating to the two cash flow hedges. As of December 31, 2009, no ineffective portion existed and the fair values of these derivatives were recorded as a liability of $10.6 million in the Company s Consolidated Balance Sheet in accrued liabilities. The fair value of our interest rate swaps was determined based on third-party valuation models. During the year ended December 31, 2010, $10.6 million and $2 million was expensed through interest expense and income tax expense, respectively, that had been recorded in accumulated other comprehensive income. During the year ended December 31, 2009, $6 million was expensed through interest expense that had been recorded in accumulated other comprehensive income.

Note 8. Selling, General, and Administrative Expenses

The Company s selling, general and administrative (SG&A) expenses include costs associated with the Company s sales efforts; engineering; centralized finance, human resources, purchasing, and information technology services; and other administrative functions. The Company has implemented one-time compensation programs that will result in compensation charges against earnings in 2010 and subsequent periods. See notes 14 and 18 for further description of each program. SG&A expenses include the following (in thousands):

	Year Ended December 31,		
	2011	2010	2009
SG&A (excluding items below)	$ 138,941	$ 132,221	$ 118,331
Special incentive program		6,700	
Supplemental value creation program	4,419	1,509	

Restricted stock units granted in connection with the IPO	13,932	2,866	
Acquisition costs	1,100	679	
Total	$ 158,392	$ 143,975	$ 118,331

30

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Income Taxes

Tax Summary

The summary of income/(loss) before provision for income taxes and noncontrolling interests consisted of the following (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Domestic	$ 2,721	$ (45,566)	$ (38,811)
Foreign	25,264	27,410	(21,325)
Total	$ 27,985	$ (18,156)	$ (60,136)

The provision/(benefit) for income taxes consisted of the following (in thousands):

		Year Ended December 31,		
		2011	2010	2009
Current:				
Domestic	Federal	$ 178	$	$
Domestic	State	250	(114)	192
Foreign		15,109	22,284	16,658
Total		15,537	22,170	16,850
Tax/(benefit) expense with offset in OCI:				
Domestic	Federal		1,786	(4,398)
Domestic	State		192	(503)
Total			1,978	(4,901)
Deferred				
Domestic	Federal			
Domestic	State	(370)		238
Foreign		(355)	(13,851)	(13,291)
Total		(725)	(13,851)	(13,053)
Total provision/(benefit) for income taxes		$ 14,812	$ 10,297	$ (1,104)

A reconciliation of income tax expense/(benefit) from continuing operations and the US federal statutory income tax expense/(benefit) were as follows (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Taxes at U.S. federal statutory rate	$ 9,795	$ (6,355)	$ (21,057)
State tax expense/(benefit)	(120)	372	1,626
Valuation allowance	3,136	3,607	19,496
Disallowed interest expense	1,103	1,171	1,506

Regional production tax Italy	776	838	720
Foreign withholding taxes	688	2,476	(679)
Tax/(benefit) expense in OCI		1,978	(4,901)
Cancellation of debt income		4,529	
Foreign tax rate differential	(348)	(2,017)	(1,706)
Increase/(decrease) in uncertain tax positions	(689)	1,869	2,824
Inflation adjustment Mexico	(748)	(913)	(1,277)
Other permanent differences	1,220	2,742	2,344
Total income tax expense/(benefit)	$ 14,812	$ 10,297	$ (1,104)

31

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Income Taxes (continued)

Deferred income taxes are primarily provided for temporary differences between the financial reporting basis and the tax basis of the Company s assets and liabilities. The tax effects of each type of temporary difference and carryforward that give rise to a significant portion of deferred tax assets/(liabilities) are summarized as follows (in thousands):

	December 31, 2011	December 31, 2010
Deferred tax assets are attributable to:		
Net operating loss carryforwards and tax credits	$ 140,908	$ 140,991
Accrued compensation and postretirement benefit obligations	46,130	33,505
Non-deductible reserves and other accruals	16,506	22,827
Leases	11,531	8,739
MRO inventory reserve	8,451	8,259
Total gross deferred assets	223,526	214,321
Less: valuation allowance	(188,336)	(180,395)
Net deferred income tax assets	35,190	33,926
Deferred tax liabilities are attributable to:		
Deferred cancellation of indebtedness income	(16,310)	(16,310)
Long lived assets	(2,882)	(810)
Total gross deferred liabilities	(19,192)	(17,120)
Net deferred tax asset/(liability)	$ 15,998	$ 16,806

As of December 31, 2011, the amount of valuation allowance that existed was $188.3 million. The valuation allowance increased $7.9 million during 2011 primarily as a result of not recognizing tax benefits from the increases in U.S. post retirement benefit obligations. The Company continually monitors all available evidence to determine if sufficient future taxable income will be generated to utilize the existing deferred tax assets. Based on this assessment, the Company continues to record a full valuation allowance against its deferred tax assets in the U.S. and certain international jurisdictions, primarily Mexico and the Netherlands. The amount of valuation allowance is approximately 81% domestic and 19% international. As of December 31, 2011, there is not any amount of the valuation allowance for which subsequently recognized benefits will be allocated to reduce goodwill or other intangible assets.

As of December 31, 2010, the amount of valuation allowance that existed was $180.4 million. The valuation allowance increased $8 million during 2010 primarily as a result of not recognizing tax benefits from operating losses in the U.S. where the Company has incurred cumulative losses. The $8 million worldwide increase was partially mitigated by a $9.1 benefit for the reversal of valuation allowances previously recorded on certain South Korean deferred tax assets. In 2011 the Company was able to significantly reduce most of these Korean temporary differences that had valuation allowances recorded against them in 2010.

The Company has U.S. net operating loss (NOLs) carryforwards of $194.2 million that expire during the years 2027 through 2031 and state NOL carryforwards of $46.3 million and state credit carryforwards of $22.5 million that expire during the years 2012 through 2031. The state NOL was reduced by $25.5 million from 2010 due to the enactment of a new Michigan Corporate Income Tax (CIT) in 2011. The new Michigan CIT law did not provide for the carryover of NOL s generated under the old Michigan Business Tax. The Company has recorded deferred tax assets of $68 million and $25.6 million related to federal NOL carryforwards and state NOL and credit carryforwards, respectively.

32

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Income Taxes (continued)

The Company s international subsidiaries have NOL carryforwards of $172 million, other local income tax NOL carryforwards of $28.1 million and credit carryforwards of $2.7 million at December 31, 2011 of which some expire in 2014 and others are carried forward indefinitely. The Company has recorded deferred tax assets of $47.3 million related to the foreign NOL and credit carryforwards.

As of December 31, 2011, the Company has not provided for U.S. deferred income taxes and foreign withholding tax on the unremitted earnings of the Company s international subsidiaries because such earnings are considered permanently reinvested and it is not practical to estimate the amount of income taxes that may be payable upon distribution. The Company has recorded a deferred income tax liability of $0.4 million for the expected future taxes relating to distributions within Europe and Asia.

Unrecognized Tax Benefits

A reconciliation of the beginning and ending amounts of unrecognized tax benefits are as follows (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Unrecognized tax benefit January 1	$ 10,096	$ 8,227	$ 5,647
Increase in prior year tax positions	11,107	972	882
Decrease in prior year tax positions	(2,300)	(262)	
Increase in current year tax positions	2,634	1,827	1,718
Audit settlements	(12)	(152)	(303)
Lapse in statute of limitations	(679)	(100)	(75)
Foreign currency translation	(343)	(416)	358
Total	$ 20,503	$ 10,096	$ 8,227

The increase in prior year tax positions for 2011 includes increases that did not affect income tax expense in 2011. These unrecognized tax benefits were recorded in other balance sheet accounts or offset by NOLs in prior years.

Included in the balance of unrecognized tax benefits at December 31, 2011, 2010, and 2009 are $19.5 million, $9.1 million, and $7.4 million, respectively, of tax benefits that, if recognized, would affect the effective tax rate. These amounts are primarily associated with international tax issues such as the deductibility of interest expenses and the qualification of a China joint venture for a lower tax rate than the statutory tax rate. Also included in the balance of unrecognized tax benefits at December 31, 2011, 2010 and 2009 are $1 million, $1 million, and $0.8 million, respectively, of tax benefits that, if recognized, would result in adjustments to other tax accounts, primarily deferred taxes.

The Company recognizes interest and penalties related to unrecognized tax benefits as income tax expense. As of December 31, 2011 and 2010, the Company accrued for the payment of income tax related interest and penalties $3.7 million and $3.5 million, respectively. The amount of interest and penalty expense was $0.2 million, $1.1 million and $0.5 million for the years ended December 31, 2011, 2010, and 2009, respectively.

The Company is not currently under IRS or U.S. state income tax examination for any tax year. The Company is under examination in some international jurisdictions for the 2004 2010 tax years and has appealed a German audit assessment for tax year 2004. The Company believes appropriate provisions for all outstanding tax issues have been made for all jurisdictions and all open years.

33

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Employee Benefit Plans

The Company sponsors various pension and other postretirement benefit plans for its employees.

In accordance with FASB ASC No. 805, *Business Combinations*, on August 1, 2007, the Company recorded a liability for the total projected benefit obligation in excess of plan assets for the pension plans and a liability for the total accumulated postretirement benefit obligation in excess of the fair value of plan assets for other postretirement benefit plans and for postretirement benefit settlement agreements, which were approved by the Bankruptcy Court and assumed by the Company.

Defined Benefit Retirement Plans

The Tower Automotive Consolidated Pension Plan (the Pension Plan) provides benefits for certain current and former U.S. employees. Benefits under the Pension Plan are based on years of service, compensation, and other factors. Effective October 1, 2006, the plan was frozen and ceased accruing any additional benefits. Contributions by the Company are intended to fund benefits that accrued through October 1, 2006.

The Company s funding policy is to annually contribute amounts to the Pension Plan s related trust sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and the Internal Revenue Code of 1986, as amended (the Code). The Company expects minimum contribution requirements to the Pension Plan of $20.4 million during 2012. Benefit payments under the Pension Plan are estimated to be $19.7 million, $18.9 million, $19 million, $18.2 million, and $17.7 million for the years ending December 31, 2012, 2013, 2014, 2015, and 2016, respectively, for a total of $93.5 million during that five-year period. Aggregate benefit payments under the Pension Plan for the years 2017 through 2021 are estimated to be $86.2 million.

The following table provides a reconciliation of the changes in the benefit obligations and fair value of assets for the Pension Plan (in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2010
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the period	$ 172,186	$ 165,858
Actual return on plan assets	5,918	20,210
Employer contributions	16,289	9,741
Plan expenses paid	(1,438)	(1,180)
Benefits paid	(19,716)	(22,443)
Fair value of plan assets at the end of the period	$ 173,239	$ 172,186
Change in Benefit Obligations:		
Benefit obligations at the beginning of the period	$ 248,589	$ 244,588

Service cost	30	29
Interest cost	12,601	13,211
Actuarial loss	27,958	13,204
Benefits paid	(19,716)	(22,443)
Benefit obligations at the end of the period	$ 269,462	$ 248,589
Funded status of the pension plan	$ (96,223)	$ (76,403)

At December 31, 2011 and 2010, the funded status is recorded as pension liability in the Consolidated Balance Sheet.

34

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Employee Benefit Plans (continued)

At the December 31, 2011 measurement date, the accumulated benefit obligation of the Pension Plan was approximately $269 million. At December 31, 2010, the accumulated benefit obligation of the Pension Plan was approximately $248.4 million.

The following table provides the components of net periodic pension benefit cost for the Pension Plan (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Service cost	$ 30	$ 29	$ 28
Interest cost	12,601	13,211	14,305
Expected return on plan assets	(11,259)	(10,611)	(10,063)
Amortization of net losses	1,895	1,495	1,835
Net periodic benefit cost	$ 3,267	$ 4,124	$ 6,105

Amounts recognized in other comprehensive income/(loss), pre-tax, at December 31, 2011 and 2010 consist of the following (in thousands):

	Year Ended December 31,	
	2011	2010
Net actuarial loss	$ 34,737	$ 4,786
Amortization of net losses	(1,895)	(1,495)
Amount recognized	$ 32,842	$ 3,291

The net periodic benefit cost for the year ending December 31, 2012 will contain an estimated $3.1 million to be amortized from accumulated other comprehensive income.

The assumptions used in the measurement of the Company s benefit obligation, based upon a December 31, 2011 and December 31, 2010 measurement date, are as follows:

	Year Ended December 31,	
	2011	2010
Discount rate	4.50 %	5.25 %
Rate of compensation increase	4.50 %	4.50 %

The assumptions used in determining net periodic benefit cost are shown below:

	Year Ended December 31,		
	2011	2010	2009

Discount rate	5.25 %	5.75 %	6.25 %
Expected return on plan assets	7.40 %	7.25 %	7.25 %
Rate of compensation increase	4.50 %	4.50 %	4.50 %

The present value of the Company s pension benefit obligation is calculated through the use of a discount rate. The discount rate used is established annually at the measurement date and reflects the construction of a yield curve analysis from a third party, which calculates the yield to maturity that mirrors the timing and amounts of future benefit payments.

35

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Employee Benefit Plans (continued)

The Company invests the assets of the Pension Plan in a diversified portfolio consisting of an array of asset classes that attempts to maximize returns while minimizing volatility. The Company s allocations of Pension Plan assets on the December 31, 2011 and 2010 measurement dates, as well as the 2011 target allocation, are as follows:

	Year Ended December 31,		
	2011	2010	2011 Target
Fixed income investments	43%	40%	45%
Equity securities	32%	35%	30%
Non-equity investments	25%	25%	25%
Real estate			
Cash equivalents			
Total	100%	100%	100%

The expected long-term rates of return on the plans assets assumptions are based on modeling studies completed with the assistance of the Company s actuaries and investment consultants. The models take into account inflation, asset class returns, and bond yields for both domestic and foreign markets. These studies, along with the history of returns for the plans, indicate that expected future returns, weighted by asset allocation, supported an expected long-term asset return assumption of 7.4% for 2011 and 2010.

The Company s investment goals are to achieve returns in excess of the plans actuarial assumptions, commensurate with the plans risk tolerance; to invest in a prudent manner in accordance with fiduciary requirements of ERISA; and to ensure that plan assets will meet the obligations of the plans as they come due.

Investment management of the plans is delegated to a professional investment management firm that must adhere to policy guidelines and objectives. An independent investment consultant is used to measure and report on investment performance; perform asset/liability modeling studies and recommend changes to objectives, guidelines, managers, or asset class structure; and keep the Company informed of current investment trends and issues.

The investment policy, as established by the Company s Benefit Plans Committee (the Committee), allows for effective supervision, monitoring, and evaluating of the investment of the Company s retirement plan assets. This includes setting forth an investment structure for managing assets and providing guidelines for each portfolio to control the level of overall risk and liquidity. The cash inflows and outflows will be deployed in a manner consistent with the above target allocations. If the Committee determines cash flows to be insufficient within the strategic allocation target ranges, the Committee shall decide whether to effect transactions to bring the strategic allocation within the threshold ranges. Plan assets do not include equity securities of the Company.

Based on consideration of the plans projected benefit obligation, the plans ability to tolerate risk is in the moderate range. Asset allocation is consistent with this level of risk, with assets being a mix of equities and fixed income. Equity investments are diversified across U.S. and non-U.S. stocks. Minimum and maximum ranges are established for each asset class to control risk and maximize the effectiveness of the plans asset allocation strategy. Asset allocation is reviewed quarterly and rebalanced if necessary. Specific investment guidelines, restrictions, and investment return objectives exist for each asset class and corresponding investment manager.

Pension Plan assets are recorded at fair value. Fixed income and equity securities may each be combined into commingled fund investments. Commingled funds are valued to reflect the Company s interest in the fund based on the reported year-end net asset value. The estimated fair values of debt securities held are based on

36

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Employee Benefit Plans (continued)

quoted market prices and/or market data for the same or comparable instruments. Due to the nature of pricing fixed income securities and the use of commingled fixed income funds, some of these instruments are classified as Level 2 or Level 3 investments within the fair value hierarchy described in this note. Fair value estimates for publicly-traded equity securities are based on quoted market prices and/or other market data for the same or comparable instruments. Collective trusts that hold securities directly are stated at fair value of the underlying securities, as determined by the administrator, based on readily determinable market values and as such are classified as Level 2 or Level 3 investments within the fair value hierarchy described in this note. Non-equity investments, which represent approximately 25% of Pension Plan assets, include investments in hedge funds, and are valued based on year-end reported net asset value. The balance sheet includes the funded status of the benefit plans, which represents the difference between the benefit obligations and fair value of Pension Plan assets.

The following table summarizes the Company s Pension Plan assets measured at fair value as of December 31, 2011 and 2010 (in millions). See note 3 for definitions of Levels 1, 2, and 3 fair value hierarchy and the methods and assumptions to estimate fair value of marketable securities.

	Fair Value Measurements at December 31, 2011			
Asset Classes	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$ 2	$ 2	$	$
Equity securities	14	14		
Mutual funds[a]	71	60	11	
U.S. Treasuries	5		5	
Corporate bonds	34		34	
Equity long/short hedge funds[b]	47			47
Total	$ 173	$ 76	$ 50	$ 47

	Fair Value Measurements at December 31, 2010			
Asset Classes	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)

Cash	$ 2	$ 2	$	$
Equity securities	21	21		
Mutual funds[(a)]	51	39	12	
U.S. Treasuries	14		14	
Corporate bonds	36		36	
Equity long/short hedge funds[(b)]	48			48
Total	$ 172	$ 62	$ 62	$ 48

(a) This category consists of mutual fund investments that are focused on fixed income and international equity securities.

(b) This category includes hedge funds that invest both long and short in a variety of U.S. equities, and international equities and currencies. Management of the hedge funds has the ability to shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position.

37

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Employee Benefit Plans (continued)

For Pension Plan assets with a fair value measurement using significant unobservable inputs (Level 3), the reconciliation of the beginning and ending balances are as follows (in millions):

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Equity Long/Short Hedge Funds
Beginning balance at December 31, 2009	$ 20
Actual return on plan assets:	
Relating to assets still held at the reporting date	2
Purchases	26
Balance at December 31, 2010	48
Actual return on plan assets:	
Relating to assets still held at the reporting date	(1)
Purchases	
Ending balance at December 31, 2011	$ 47

Defined Contribution Retirement Plans

The Company sponsors various qualified defined contribution retirement plans. Each plan serves a defined group of employees and has varying levels of Company contributions. The Company s contributions may be required by collective bargaining agreements for certain plans. During 2011, 2010, and 2009, the Company contributed $3.8 million, $3.3 million and $3 million, respectively.

Retirement Plans of Non-U.S. Operations

The Company has no defined benefit pension plans associated with its non-U.S. operations. The Company primarily provides severance benefits to employees that have terminated their employment due to retirement or otherwise. The amount associated with such benefits depends upon the length of service of the employee and also upon whether the termination was voluntary or at the request of the Company. During 2011, 2010, and 2009, the Company recorded expenses associated with these non-U.S. plans of $3.4 million, $3.2 million, and $3.1 million, respectively.

Other Postretirement Plans

Defined-Dollar Capped Medical Plans

For the retirees of the Company s Milwaukee, Wisconsin facility, a Voluntary Employee Beneficiary Association (VEBA) Trust was established and began administering medical insurance benefits for retirees and their dependents beginning July 1, 2006. A separate VEBA Trust was established and began administering benefits for retirees from the Company s Greenville facilities and their dependents beginning September 1, 2006.

As of July 31, 2007, the Company assumed the liabilities associated with the VEBA Trusts described above and future benefit payments were capped at specified amounts to be paid through 2011. As a result, the Company determined that these arrangements represent defined benefit postretirement plans and defined-dollar capped plans in accordance with FASB ASC No. 715, *Compensation Retirement Benefits*. The Company has accreted the interest cost through cost of sales until settlement in accordance with FASB ASC No. 715. Benefit payments during the years ended December 31, 2011, 2010, and 2009 were $0.6 million, $1.2 million, and $2 million, respectively. Interest accretion during the years ended December 31, 2011, 2010, and 2009 was less than $0.1 million, $0.1 million, and $0.2 million, respectively. At December 31, 2011 no further payments remain.

38

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Employee Benefit Plans (continued)

Life Insurance Plans

As of July 31, 2007, the Company assumed life insurance benefits for certain U.S. retirees and the benefit plans pursuant to which such life insurance benefits are provided. Expected future life insurance benefit payments amount to $0.8 million for 2012 and $0.9 million for each year 2013 through 2016 for a total of $4.4 million during the five-year period. Aggregate expected benefit payments for the years 2017 through 2021 are $4.4 million.

The following table provides a reconciliation of the changes in the benefit obligations and funded status of the Company s other post employment benefit plans (in thousands):

	Year Ended December 31, 2011(1)	Year Ended December 31, 2010(1)
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the period	$	$
Employer contributions	420	431
Benefits paid	(420)	(431)
Fair value of plan assets at the end of the period	$	$
Change in Benefit Obligations:		
Benefit obligations at the beginning of the period	$ 13,922	$ 13,831
Service cost		
Interest cost	716	753
Actuarial loss (gain)	802	(231)
Benefits paid	(420)	(431)
Benefit obligations at the end of the period	$ 15,020	$ 13,922
Funded status of life insurance plan	$ (15,020)	$ (13,922)

(1) Excludes defined-dollar capped plans as described above.

At December 31, 2011 and 2010, the funded status is recorded as accrued liabilities and other non-current liabilities in the Consolidated Balance Sheet.

The following table provides the components of net periodic benefit cost for the plans (in thousands):

	Year Ended December 31, 2011(1)	Year Ended December 31, 2010(1)	Year Ended December 31, 2009(1)

Service cost	$	$	$
Interest cost	716	753	778
Expected return on plan assets			
Amortization of net losses			
Net periodic benefit cost	$ 716	$ 753	$ 778

(1) Excludes defined-dollar capped plans as described above.

39

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Employee Benefit Plans (continued)

Amounts recognized in other comprehensive income at December 31, 2011 and 2010, pre-tax, consist of the following (in thousands):

	2011	2010
Net actuarial (gain) or loss	$ 802	$ (231)
Net prior service cost		
Amount recognized	$ 802	$ (231)

The discount rate used to measure the Company s post employment benefit obligation was 4.5% in 2011 and 5.25% in 2010. The discount rate used to determine net periodic benefit costs was 5.25% in 2011, 5.75% in 2010, and 6.25% in 2009. The rate used reflects the construction of a yield curve analysis from a third party, which calculates the yield to maturity that mirrors the timing of future benefits. The measurement dates for the Company s post retirement benefit plans were December 31, 2011 and December 31, 2010.

Note 11. Stockholders Equity and Share Based Compensation

Equity

Effective October 14, 2010, prior to the IPO, (i) all of the Company s equity owners transferred their equity interests in Tower Automotive, LLC to a newly created limited liability company, Tower International Holdings, LLC, (ii) Tower Automotive, LLC converted into a Delaware corporation named Tower International, Inc., and (iii) all of the equity interests in Tower Automotive, LLC were converted into common stock of Tower International, Inc (Corporate Conversion). Thus, immediately prior to the IPO and the commencement of trading of the Company s common stock, all of the Company s outstanding common stock was owned by Tower International Holdings, LLC. Upon the Corporate Conversion, all of the equity interests in Tower Automotive, LLC were converted into common stock of Tower International, Inc. On October 20, 2010, the Company received $75.6 million of proceeds, after underwriting discounts and commissions, in connection with the sale of 6,250,000 shares of its common stock at the closing of the IPO. On November 3, 2010, the Company sold an additional 383,722 shares of its common stock resulting in additional proceeds of $4.6 million, after underwriting discounts and commissions, pursuant to a partial exercise of the underwriters over-allotment option. As of December 31, 2011 and 2010, the Company had 19,683,032 and 19,101,588 shares of common stock outstanding, respectively.

Members Equity

Prior to August 12, 2010, the membership interests in Tower Automotive, LLC (Membership Interests) were represented by issued and outstanding Units divided into three series consisting of Redeemable Preferred Units, Common Units and MIP Units. Effective August 12, 2010, the three series of units of the Company were converted into one series of Capital Units.

Capital Units

On August 12, 2010, the Company s operating agreement was amended and restated (the Unit Conversion) to provide for the conversion of the Company s Redeemable Preferred Units, Common Units, and MIP Units into a single class of membership interests, referred to as Capital Units. Prior to the Corporate Conversion, a total of 8,500 Capital Units of Tower Automotive, LLC were owned by Cerberus (Cerberus is sometimes referred to herein as the Vested Members) and a total of 1,500 Capital Units of Tower Automotive, LLC were owned by Tower Management, LLC (Management LLC Capital Units).

The Management LLC Capital Units held by the former owner of MIP Units will not be entitled to distributions until the holders of the other Capital Units have received distributions, in addition to tax distributions, equal to $180.9 million (the Reference Amount) plus a return on the unpaid portion of such amount accruing from July 31, 2010 (Reference Date) on a quarterly cumulative basis at a rate of 10% per annum. As a result of the contribution of indebtedness (see note 6), the Reference Amount was increased by $25 million, together with a return on the unpaid portion of such amount accruing from August 24, 2010.

40

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Stockholders Equity and Share Based Compensation (continued)

The Management LLC Capital Units shall not vest until the first time subsequent to the Reference Date when the aggregate distributions made by the Company with respect to all Vested Members since the Reference Date equals the Reference Amount plus accruals (Vesting Time).

Common Units

Prior to the Unit Conversion, the Company had authorized, issued, and outstanding 8,500 units of Membership Interest (designated as Common Units). Cerberus made initial capital contributions for all of the Common Units, for total cash proceeds of $11.3 million. The Common Units were entitled to all of the rights of ownership, including voting rights. Due to the Unit Conversion, no Common Units were outstanding as of December 31, 2010.

MIP Units/Share Based Compensation

Prior to the Unit Conversion, the Company authorized 1,500 units of Membership Interest (designated as MIP Units) to be eligible for grants in connection with the Company s Management Incentive Plan (MIP). The MIP was designed to promote the long-term success of the Company through share-based compensation by aligning the interests of participants with those of its members. The Company s management determined vesting at the date of grant and assigned the original MIP Units with both service and performance conditions. Effective February 19, 2010, the Board of Managers (Board) removed the performance conditions from the MIP Units, which resulted in only a service condition remaining to each unit. The modification resulted in no incremental compensation cost as the fair value of the awards did not change based on the modified terms.

Under the fair value recognition provisions, share-based compensation cost was measured at the grant date based on the fair value of the award and was recognized as expense over the applicable vesting period of the award. The fair value of each MIP Unit was based on the fair value of the Common Units on the date of grant. The compensation cost for the MIP Plan was insignificant for the periods ended December 31, 2010 and 2009, respectively, with no income tax benefit due to the valuation allowance in the United States recognized during 2010 and 2009.

MIP Units were entitled to all of the rights of ownership but were not entitled to vote, unless required by the Limited Liability Act of the State of Delaware. In addition, MIP Units were entitled to share in the residual value of the Company based on the liquidation preferences described below.

There was no established trading market for the Company s former Common Units, Redeemable Preferred Units, or MIP Units.

Membership Interest Distributions

Prior to the Corporate Conversion, each fiscal year, the Company was able to make certain distributions to its Members, absent a Liquidation Event (as defined below), and after all amounts were paid by the Company for such fiscal year for ordinary and necessary business expenses, employee salaries and benefits, and payments of principal and interest on any Company indebtedness, in accordance with the following order of priority. First, to the Members, a tax distribution amount which is intended to enable the Members to use such distributions to satisfy their estimated and final income tax liabilities for that fiscal year. Second, until the Vesting Time, to the holders of all Capital Units other than holders of Management LLC Capital Units, an amount that is pro rata in proportion to their respective number of Capital Units. Thereafter, following the Vesting Time, to the holders of all Capital Units (including holders of Management LLC Capital Units), an amount that is pro rata in proportion to their respective number of Capital Units. If distributions are not made with respect to any fiscal year, the distributions to the holders of all Capital Units other than holders of Management LLC Capital Units were cumulative.

41

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Stockholders Equity and Share Based Compensation (continued)

Prior to the Corporate Conversion, in the event of (i) a liquidation, dissolution, or winding up of the Company; (ii) a sale of all or substantially all of the assets of the Company to an unrelated third party; (iii) a merger, acquisition, or sale of Membership Interests, in which Members immediately prior to such event received consideration for no less than half of the value of their Membership Interests; or (iv) a recapitalization, reorganization, reclassification, or other similar transaction in which the Company receives proceeds from a financing for the purpose of distributing such proceeds to the Members and the consummation of which the Board determines is a liquidation event (each, a Liquidation Event), the Board was required to make distributions in the following order of priority. First, payment of all debts and liabilities owing to creditors including, if applicable, Members in their capacity as creditors and the expenses of dissolution or liquidation; second, establishment of such reserves as are deemed necessary by the Board for any contingent or unforeseen liabilities of the Company; third, until the Vesting Time, to the holders of all Capital Units other than holders of Management LLC Capital Units, an amount equal to the Reference Amount plus accruals to be distributed to such holders pro rata in proportion to their respective number of Capital Units; and (d) thereafter, following the Vesting Time, to the holders of all Capital Units (including holders of Management LLC Capital Units), pro rata in proportion to their respective number of Capital Units.

In connection with the Corporate Conversion and initial public offering of common stock, all Capital Units were converted into shares of common stock.

Note 12. Redeemable Preferred Units

Prior to the Unit Conversion (see note 11), the Company had outstanding 10,000 units of Membership Interest (designated as Redeemable Preferred Units). This was the total number of units authorized, issued, and outstanding. The Members made initial capital contributions for all of the Redeemable Preferred Units in the amount of $213.8 million in July 2007. Redeemable Preferred Units were entitled to all of the rights of ownership, including a profits interest and a distribution preference, but had no conversion rights. Redeemable Preferred Units were non-voting, unless required by the Limited Liability Act of the State of Delaware. In accordance with FASB ASC No. 480, *Distinguishing Liabilities from Equity*, the Redeemable Preferred Units were recorded as mezzanine equity at their issuance price, as they were redeemable at the option of the holder, based on the Members control of the Board of the Company. The initial carrying amount of redeemable preferred stock was its fair value, which was equal to the redemption value at date of issue.

The redemption value of the Redeemable Preferred Units was an amount that was equal to the holder s initial capital contribution less all distributions previously made to such Redeemable Preferred Unit holders (the Unpaid Preference Amount) plus an amount accruing at the rate of 10% per quarter on the holder s Unpaid Preference Amount (the Preferred Return Amount). Therefore, if distributions were not made with respect to any fiscal year, the Redeemable Preferred Unit holders distributions were cumulative. These units were recorded at redemption value at each balance sheet date and the Preferred Return Amount was recorded as an adjustment to retained earnings. During the years ended December 31, 2010 and 2009, the Company paid distributions to the Redeemable Preferred Unit holders of $0.1 million and $0.4 million, respectively.

On August 12, 2010, the Redeemable Preferred Units were converted to Capital Units in connection with the Unit Conversion at carrying value, which approximated fair value. Due to the Unit Conversion, no Redeemable Preferred Units were outstanding as of December 31, 2010.

42

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13. Earnings per Share (EPS)

Immediately prior to the Corporate Conversion, the Company had outstanding Capital Units (see note 11). In connection with the Corporate Conversion and IPO (see note 11), existing holders of Capital Units contributed their Capital Units to Tower International Holdings, LLC and that entity received 12,467,866 shares of the Company s common stock through conversion of the Capital Units into common stock. Additionally, in the third quarter of 2010, prior to the Corporate Conversion, the Company completed the Unit Conversion whereby the Company converted its Common Units, MIP Units, and Redeemable Preferred Units into Capital Units (see note 11). The units outstanding before and after the Unit Conversion were held by the same parties. In addition, the units outstanding before and the shares outstanding after the Corporate Conversion were held by those same parties.

The impact of the Corporate Conversion has been applied on a retrospective basis to determine earnings per share for the periods presented. The weighted average number of common shares reflected in the calculation prior to the IPO is the total number of shares issued to Tower International Holdings based upon their units held on the IPO date.

Basic earnings/(loss) per share is calculated by dividing the net income/(loss) attributable to Tower International, Inc., less preferred unit dividends, by the weighted-average number of common shares outstanding.

The share count for diluted earnings/(loss) per share is computed on the basis of the weighted-average number of common shares outstanding plus the effects of dilutive common stock equivalents (CSEs) outstanding during the period. CSEs, which are securities that may entitle the holder to obtain common stock, include outstanding stock options and restricted stock units. When the average price of the common stock during the period exceeds the exercise price of a stock option, the options are considered potentially dilutive CSEs. To the extent these CSEs are anti-dilutive they are excluded from the calculation of diluted earnings per share. Also, when there is a loss from continuing operations, potentially dilutive shares are excluded from the computation of earnings per share as their effect would be anti-dilutive.

The Company excluded 0.4 million and 2.2 million, respectively, of potentially anti-dilutive shares for the years ended December 31, 2011 and 2010. There were no potentially anti-dilutive shares for the year ended December 31, 2009.

A summary of information used to compute basic and diluted net income/(loss) per share attributable to Tower International, Inc. is shown below (in thousands except share and per share amounts):

	Year Ended December 31,		
	2011	2010	2009
Net income/(loss) attributable to Tower International, Inc.	$8,064	$(36,894)	$(67,936)
Less: Preferred unit dividends		(10,707)	(16,087)
Income/(loss) available to common shareholders	$8,064	$(47,601)	$(84,023)
Weighted average common shares outstanding			
Basic	19,364,433	13,865,509	12,467,866
Diluted	20,069,532	13,865,509	12,467,866

Net income/(loss) per share attributable to Tower International, Inc.			
Basic	$0.42	$(3.43)	$(6.74)
Diluted	0.40	(3.43)	(6.74)

43

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Share-based Compensation

2010 Equity Incentive Plan

The Company adopted a new equity incentive plan in connection with the IPO that allows for the grants of stock options, restricted stock awards, and other equity-based awards to be made pursuant to the plan. The eligibility requirements and terms governing the allocation of any common stock and the receipt of other consideration under the 2010 Equity Incentive Plan are determined by the Board of Directors and/or its Compensation Committee. The number of shares of common stock that may be issued or delivered may not exceed in the aggregate 4.6 million shares. Cash settled awards do not count against the maximum aggregate number.

At December 31, 2011, there were 1,882,721 shares available for future grants of options and other types of awards under the 2010 Equity Incentive Plan. Forfeited shares may be re-issued under the plan up to the maximum amount to be issued as defined by the plan.

The following table summarizes the Company s award activity during 2011 and 2010:

	Options		Restricted Stock Units	
Outstanding at:	Shares	Weighted Average Exercise Price	Shares	Weighted Average Grant Date Fair Value
October 14, 2010		$		$
Granted	457,098	13.00	1,763,625	13.00
Vested				
Forfeited				
December 31, 2010	457,098	13.00	1,763,625	13.00
Granted	22,805	15.63	600,894	11.30
Vested			(881,815)	13.00
Forfeited	(50,463)	13.00	(76,680)	13.42
December 31, 2011	429,440	$ 13.14	1,406,024	$ 12.25

Stock options The exercise price of each stock option equals the market price of the Company s common stock on the date of grant. Compensation expense is recorded based on the fair value at the grant date and is recognized on a straight-line basis over the applicable vesting periods. The Company s stock options generally vest over three years with a maximum term of ten years.

The Company calculated the weighted-average fair value of each option at the date of the grant using a Black-Scholes valuation model. The weighted-average key assumptions used in the model for options granted in 2010 and 2011 are an expected term of 6.5 years, expected volatility of 62%, and a risk free rate of return that approximates the T-bill rate. The dividend yield is assumed to be zero since there are no current plans to pay common stock dividends. The Company used the simplified method to calculate the expected term because the Company has insufficient historical exercise data due to the limited period of time the Company s common stock has been publicly traded. During the years ended December 31, 2011 and December 31, 2010, the Company recognized an expense of $0.9 million and $0.1 million, respectively, relating to the options. The Company did not recognize any tax benefit related to this compensation expense. As of December 31, 2011, the Company has $2 million of unrecognized compensation expense associated with these stock options that will be amortized on a straight-line basis over the next 26 months on a weighted average basis.

As of December 31, 2011, the Company has an aggregate of 429,440 stock options that have been granted but have not yet vested. As of December 31, 2011, the remaining average contractual life for the options is approximately 8.75 years and the options have no intrinsic value because the market price of the Company s common stock is not in excess of the exercise price of the options granted. No stock options were exercised and 50,463 stock options were forfeited during the year ended December 31, 2011.

44

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 14. Share-based Compensation (continued)

Restricted stock units (RSUs) The grant date fair value of each RSU equals the market price of the Company s common stock on the date of grant. Compensation expense is recorded based on the fair value at the grant date, less an estimated forfeiture amount, and is recognized on a straight-line basis over the applicable vesting periods.

During the year ended December 31, 2011 and 2010, the Company recognized an expense of $13.9 million and $2.9 million, respectively, relating to the RSUs granted in connection with the Company s IPO (see note 18). The Company did not recognize any tax benefit related to this compensation expense. As of December 31, 2011, the Company has $4 million of unrecognized compensation expense associated with these RSUs that will be amortized on a straight-line basis through April 2012.

During the year ended December 31, 2011, the Company granted additional RSUs to certain executives and recognized an expense of $0.5 million relating to these RSUs. The Company did not recognize any tax benefit related to this compensation expense. As of December 31, 2011, the Company has $6.1 million of unrecognized compensation expense associated with these RSUs that will be amortized on a straight-line basis over the next 34 months on a weighted average basis. The Company s RSUs generally vest over a three year period.

As of December 31, 2011, the Company has an aggregate of 1,406,024 RSUs that have been granted but have not yet vested. In addition, 76,680 RSUs were forfeited during the year ended December 31, 2011.

On July 20, 2011, one half of the RSUs granted at the time of the Company s IPO vested resulting in the issuance of 881,815 shares at a fair value of $15.1 million. After offsets for withholding taxes, a total of 581,444 shares of common stock were issued in connection with this initial vesting. This total is net of shares repurchased to provide payment for the employee s minimum statutory withholding tax. The Company paid $5.1 million to acquire 300,371 vested shares to cover the minimum statutory withholding taxes. Compensation expense associated with the unvested RSUs will continue to be recognized through the vesting on April 20, 2012.

Note 15. Related Party Transactions

During the year ended December 31, 2009, Cerberus purchased from third parties an additional portion of the first lien term loan which resulted in ownership of approximately 86% of the Company s first lien term loan. During the years ended December 31, 2010 and 2009, the Company paid $14.8 million and $14.6 million of interest to Cerberus relating to the first lien term loan and the related letter of credit facility. On August 24, 2010, the outstanding principal balance on the U.S. Dollar and Euro tranches of the Company s first lien term loan were repaid in full in connection with the issuance of the Company s senior secured notes. During the years ended December 31, 2010 and 2009, the Company paid $374 million and $2.6 million of principal payments to Cerberus relating to the first lien term loan and letter of credit facility. On August 13, 2010, in connection with the offering of the Company s senior secured notes, Cerberus agreed to convert $25 million aggregate principal amount of indebtedness under the first lien term loan and, in exchange, received equity in the Company; however, no new units were issued.

The Company has made certain payments to Cerberus for certain operational consulting services post acquisition. The Company made minor payments to its parent totaling less than $0.1 million during the years ended December 31, 2011, 2010, and 2009. The Company also had certain service agreements with Board members whereby the Company paid them approximately $1.3 million and $2 million, respectively, during the years ended December 31, 2010 and 2009. As of December 31, 2011 and 2010, no consulting or service agreements existed with Board members.

45

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15. Related Party Transactions (continued)

On August 3, 2007, an affiliate of Cerberus acquired 80% of the Chrysler division from DaimlerChrysler Corporation. On April 30, 2009, Chrysler filed for bankruptcy and Cerberus divested its ownership in Chrysler. The Company sells certain products from its North American operations to Chrysler. The sale of these products was $17.7 million during the four months ended April 30, 2009.

The Company sells certain products from its Asian operations to our joint venture partners, FAW-VW and Chery. The sale of these products to FAW-VW was $110 million, $106.8 million, and $90.6 million for the years ended December 31, 2011, 2010, and 2009, respectively. The sale of these products to Chery was $31.7 million, $34.9 million, and $42.8 million for the years ended December 31, 2011, 2010 and 2009, respectively. The Company s accounts receivable with FAW-VW at December 31, 2011 and 2010 was $3.2 million and $11.7 million, respectively. The Company s accounts receivable with Chery at December 31, 2011 and 2010 was $9.4 million and $21 million, respectively.

Note 16. Segment Information

The Company defines its operating segments as components of its business where separate financial information is available and is routinely evaluated by management. The company s chief operating decision maker (CODM) is the Chief Executive Officer. The Company produces engineered structural metal components and assemblies primarily serving the global automotive industry. The Company s operations have similar economic characteristics, and share fundamental characteristics including the nature of the products, production processes, customers, and distribution channels. The Company s products include body structures stampings, chassis structures (including frames), and complex welded assemblies for small and large cars, crossovers, pickups and SUVs. The Company is comprised of four operating segments: Europe, Asia, North America, and South America. These operating segments are aggregated into two reportable segments. The International segment consists of Europe and Asia while the Americas segment consists of North and South America.

The Company measures segment operating performance based on Adjusted EBITDA. The Company uses segment Adjusted EBITDA as the basis for the CODM to evaluate the performance of each of the Company s reportable segments.

The following is a summary of selected data for each of our segments, excluding discontinued operations (in thousands):

	International	Americas	Total
2011:			
Revenues	$ 1,334,033	$ 1,072,056	$ 2,406,089
Adjusted EBITDA	118,290	109,323	227,613
Capital expenditures	78,316	51,799	130,115
Total assets	905,482	491,896	1,397,378

2010:			
Revenues	$ 1,147,614	$ 849,444	$ 1,997,058
Adjusted EBITDA	125,545	64,690	190,235
Capital expenditures	46,255	56,553	102,808
Total assets	867,300	472,876	1,340,176
2009:			
Revenues	$ 990,523	$ 643,882	$ 1,634,405
Adjusted EBITDA	108,650	16,350	125,000
Capital expenditures	49,753	29,185	78,938
Total assets	886,936	447,485	1,334,421

46

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16. Segment Information (continued)

Inter-segment sales are not significant for any period presented. Capital expenditures do not equal cash disbursed for purchases of property, plant, and equipment as presented in the accompanying consolidated statements of cash flows, as capital expenditures above include amounts paid and accrued during the periods presented.

The following is a reconciliation of Adjusted EBITDA to income/(loss) before provision for income taxes (in thousands):

	Years Ended December 31,		
	2011	2010	2009
Adjusted EBITDA	$ 227,613	$ 190,235	$ 125,000
Restructuring	(2,660)	(14,288)	(13,436)
Depreciation and amortization	(114,578)	(114,668)	(147,705)
Receivable factoring charges	(453)	(471)	(757)
Acquisition costs	(1,100)	(679)	
Incentive compensation related to funding events	(18,351)	(11,075)	
Interest expense, net of interest income	(61,155)	(65,910)	(56,899)
Other income/(expense), net	(1,331)	(1,300)	33,661
Income/(loss) before provision for income taxes	$ 27,985	$ (18,156)	$ (60,136)

The following is a summary of revenues and long-lived assets by geographic location (in thousands):

	Years Ended and End of Year December 31,					
	2011		2010		2009	
	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets	Revenues	Long-Lived Assets
Belgium	$154,503	$28,890	$157,709	$29,648	$161,821	$45,887
Italy	142,812	37,581	140,255	45,628	158,483	56,722
Germany	402,946	78,616	341,220	86,719	250,142	96,121
Slovakia	155,286	75,308	99,990	63,498	75,980	59,698
Other Europe	59,194	8,652	56,236	10,313	54,117	11,536
South Korea	352,381	123,817	275,730	113,858	190,362	99,833
China	155,005	44,942	166,892	26,496	147,403	20,926
U.S.	852,446	220,028	640,076	210,825	472,622	216,337
Brazil	219,753	51,447	209,515	44,340	171,273	38,580
Intercompany eliminations	(88,237)		(90,565)		(47,798)	
Total	$2,406,089	$669,281	$1,997,058	$631,325	$1,634,405	$645,640

Revenues are attributed to geographic locations based on the location of specific production. Long-lived assets consist of net property, plant and equipment and company-owned tooling.

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16. Segment Information (continued)

The following is a summary of the approximate composition by product category of the Company s revenues (in thousands):

	Years Ended December 31,		
	2011	2010	2009
Body structures and assemblies	$1,239,665	$1,052,675	$920,990
Complex body-in-white assemblies	573,572	405,849	282,582
Chassis, lower vehicle systems and suspension components	534,361	509,881	402,882
Other	58,491	28,653	27,951
Total	$2,406,089	$1,997,058	$1,634,405

The Company sells its products directly to automotive manufacturers. Following is a summary of customers that accounted for 10 percent or more of consolidated revenues in any of the three years ended December 31, 2011:

	2011	2010	2009
Ford	17 %	13 %	13 %
VW	17 %	16 %	17 %
Hyundai/Kia	14 %	13 %	10 %
Fiat	9 %	11 %	13 %
Volvo	7 %	8 %	10 %

All customers that accounted for 10 percent or more of consolidated revenues from the table above are customers in the automotive industry; therefore, the Company is subject to a concentration of credit risk.

Note 17. Acquisitions and Joint Ventures

Xiangtan Joint Venture

In July 2011, a foreign subsidiary of the Company reached an agreement with Xiangtan Ditong Automotive Industrial Machinery Co., Ltd. (DIT) to form a joint venture in which the Company exercises control that was approved by the Chinese government in September 2011. The joint venture partner contributed its facility located in Xiangtan, Hunan Province, China in exchange for 50% ownership, which resulted in a $5.9 million noncontrolling interest. The joint venture is included in the consolidated financial statements because the Company exercises control.

W Industries

On April 11, 2011, Tower Defense and Aerospace, a wholly owned subsidiary of the Company, acquired substantially all of the assets of W Industries located in Detroit, Michigan. The Company exchanged its ownership in the W Industries secured debt acquired during the first quarter of 2011 (fair value of $11.3 million) and cash for substantially all of the assets of W Industries and agreed to assume certain liabilities. The acquisition was accounted for as a purchase under the acquisition method in accordance with FASB ASC No. 805, *Business Combinations*. The total purchase price was approximately $22.3 million, which did not include direct acquisition costs of approximately $1.1 million. The acquisition was recorded by allocating the purchase price to the assets acquired, including identifiable intangible assets and liabilities assumed, based on their estimated fair values at the date of acquisition. There was no goodwill recorded in connection with the acquisition. Supplemental pro forma disclosures are not included as the amounts are deemed immaterial. Revenues and earnings of the acquiree since the acquisition date included in the Company s Consolidated Statement of Operations are immaterial for all periods presented.

48

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Acquisitions and Joint Ventures (continued)

In accordance with FASB ASC No. 805, the preliminary purchase price allocation is subject to additional adjustment within one year after the acquisition as additional information on asset and liability valuations becomes available. Through December 31, 2011, minor adjustments have been recorded related to accrued expenses and property, plant, and equipment. The Company does not expect significant changes to be made to the allocated amounts as of December 31, 2011.

As of December 31, 2011, the allocation of the purchase price for the acquisition was made to the following major opening balance sheet categories (in millions):

Assets Acquired	
Current assets	$ 4.2
Property, plant and equipment, net	25.9
Intangibles	2.3
Total assets acquired	32.4
Total liabilities assumed	10.1
Net assets acquired	$ 22.3

Facility in Artern, Germany

On March 14, 2010, a foreign subsidiary of the Company acquired the assets of the manufacturing plant of TWB Fahrzeugtechnik GmbH & Co, KG i.L. located in Artern, Germany from an insolvency administrator. The acquisition was accounted for as a purchase under the acquisition method in accordance with FASB ASC No. 805, *Business Combinations*. The total purchase price was approximately $17.7 million, which does not include direct acquisition costs of approximately $0.7 million. The acquisition was recorded by allocating the purchase price to the assets acquired, including identifiable intangible assets and liabilities assumed, based on their estimated fair values at the date of acquisition. There was no goodwill recorded in connection with the acquisition. Supplemental pro forma disclosures are not included as the amounts are deemed immaterial. Revenues and earnings of the acquiree since the acquisition date included in the Company s Consolidated Statement of Operations are immaterial for all periods presented.

The final allocation of the purchase price for the acquisition was made to the following major opening balance sheet categories (in thousands):

Assets Acquired	
Current assets	$ 1,925
Property, plant and equipment, net	14,495
Intangibles	2,055
Total assets acquired	18,475
Other non-current liabilities assumed	822
Net assets acquired	17,653

Less: Amount remaining to pay	966
Cash paid during 2010	$ 16,687

49

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Commitments and Contingencies

Leases

The Company leases office and manufacturing space and certain equipment under non-cancelable lease agreements, which require the Company to pay maintenance, insurance, taxes and other expenses in addition to rental payments. The Company has entered into leasing commitments with lease terms expiring between the years 2011 and 2021. The Company has options to extend the terms of certain leases in future periods. The properties covered under these leases include manufacturing equipment and facilities and administrative offices and equipment. Rent expense for all operating leases totaled $21.4 million, $21.3 million, and $24.1 million in 2011, 2010, and 2009, respectively.

Future minimum capital and operating lease payments at December 31, 2011 are as follows (in thousands):

Year	Operating Leases	Capital Leases
2012	$ 21,159	$ 3,767
2013	16,952	2,271
2014	16,525	1,727
2015	15,973	1,658
2016	17,697	1,589
Thereafter	42,561	7,510
Total future lease payments	$ 130,867	18,522
Less: amount representing interest		(3,396)
Present value of minimum lease payments		$ 15,126

Purchase Commitments

As of December 31, 2011, the Company was obligated under executory purchase orders for approximately $63.4 million of capital expenditures, $47.7 million of tooling, and $5.8 million of other expenditures.

Compensation Programs

The primary objectives of the Company s compensation programs are to (i) attract, motivate and retain the best executive officers with the skills necessary to successfully manage the business, and (ii) align the interests of the executive officers with equityholders by rewarding them for strong Company performance.

Special Incentive Program

The Board established the Special Incentive Program on February 19, 2010. The Special Incentive Program provided for a $5.5 million cash bonus to be paid to eight executives if a Qualifying Event occurred. For this program, a Qualifying Event was defined as the consummation of an initial public offering or the repayment of the Company s first lien term loan in full. The Company initially believed it would repay the first lien term loan on or before its July 31, 2013 expiration date; thus, the Company began recording an expense related to the Special Incentive Program on a straight line basis through July 31, 2013. On July 22, 2010, the Board modified the Special Incentive Program to provide that, in addition to the $5.5 million cash bonus payable upon consummation of an initial public offering or retirement of the Company s first lien term loan, an additional cash bonus of $1.2 million would be payable to specified executive officers of the Company on the earlier of the one year anniversary of the consummation of a notes offering or the consummation of an initial public offering. As the Company retired its first lien term loan on August 24, 2010, the Company recognized the remaining expense related to the $5.5 million in August and began recording the additional $1.2 million over the one year vesting period. On October 20, 2010, the additional $1.2 million Special Incentive Program vested immediately upon the closing of the IPO. The full amount of the compensation paid pursuant to the Special Incentive Program that had not been previously expensed was charged as a compensation expense against earnings in the fourth quarter of 2010 when the compensation was paid. The Company recorded an expense of $6.7 million during the year ended December 31, 2010. As of December 31, 2011, the Company had no liability remaining related to the Special Incentive Program.

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Commitments and Contingencies (continued)

Supplemental Value Creation Program

The Supplemental Value Creation Program was created in addition to the VC Plan discussed above on February 19, 2010. The Supplemental Value Creation Program provided for a $7.5 million cash bonus to be paid to approximately 70 executives, subject to vesting requirements of 9 and 18 months, if a Qualifying Liquidation Event were to occur. A Qualifying Liquidation Event was initially defined to have occurred if the Preferred Unit holders received a cash distribution in an amount equal to the full value of their preferred investment in the Company. On July 22, 2010, the Supplemental Value Creation Program was modified to include the retirement of the existing first lien term loan in full or consummation of an initial public offering as Qualifying Liquidation Events. As the Company retired its first lien term loan on August 24, 2010, the Company began recording a liability in August 2010 related to this Program. The Company recorded an expense of $4.4 million and $1.5 million for the years ended December 31, 2011 and 2010, respectively, and had a liability recorded of $2.6 million and $1.5 million relating to this Program.

Long Term Incentive Program

The Board established the Long Term Incentive Program on February 19, 2010. Participants were entitled to receive special cash bonuses if a Qualifying Transaction occurred. For this program, a Qualifying Transaction was defined as a distribution to the Company s Preferred Unit holders in excess of $50 million. In the event of an IPO, the special bonuses were expected to be paid in the form of restricted stock units (RSUs), the number of which was to be determined on the basis of the amount of value attributable to the Preferred Unit holders. A Qualifying Transaction was not a prerequisite to such award of RSUs. In connection with the Company s IPO, the special bonuses were paid in the form of RSUs under the 2010 Equity Incentive Plan (see note 14); therefore, no cash bonuses will be paid under this Program.

Environmental Matters

The Company owns properties which have been impacted by environmental releases. The Company is actively involved in investigation and/or remediation at several of these locations. Total costs and liabilities associated with environmental contamination could be substantial and may have an adverse impact on the Company s financial condition, results of operations or cash flows.

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. The established liability for environmental matters is based upon management s best estimates of expected investigation/remediation costs related to environmental contamination. It is possible that actual costs associated with these matters will exceed the environmental reserves established by the Company. Inherent uncertainties exist in the estimates, primarily due to unknown environmental conditions, changing governmental regulations and legal standards regarding liability and evolving technologies for handling site remediation and restoration. At December 31, 2011 and 2010, the Company had accrued approximately $2.5 million and $1.8 million, respectively, for environmental matters.

Contingent Matters

The Company will establish reserves for matters in which losses are probable and can be reasonably estimated. These types of matters may involve additional claims that, if granted, could require the Company to pay penalties or make other expenditures in amounts that will not be estimable at the time of discovery of the matter. In these cases, a liability will be recorded at the low end of the range if no amount within the range is a better estimate in accordance with FASB ASC No. 450, *Accounting for Contingencies*.

51

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Commitments and Contingencies (continued)

In connection with the bankruptcy of Tower Automotive, Inc., all of the assets not acquired by Tower Automotive, LLC were transferred to a Post-Consummation Trust (the Post-Consummation Trust). The Company agreed to pay up to $70 million to the Post-Consummation Trust to relinquish certain defined liabilities to date. The Company has made payments of $57.5 million and remains contingently liable to pay an additional $12.5 million. As of December 31, 2011, the Company has not recorded a liability for the $12.5 million since it does not believe it is probable that any additional payments to the Post-Consummation Trust will be required; therefore, these amounts were eliminated as part of the final purchase accounting adjustments. To the extent that future payments are required, the payments will be expensed.

The Company has been subject to various governmental audits in Brazil. During the first quarter of 2011, the Company received a favorable court ruling on one of these matters and was able to reduce its liability by $7 million. As of December 31, 2011, the Company has a remaining liability recorded of $2.1 million and may be required to pay up to $7 million. To the extent that future payments are required above the amount recorded as a liability, the payments will be expensed.

Litigation

The Company is subject to various legal actions and claims incidental to its business, including potential lawsuits with customers or suppliers. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not probable and estimable. After discussions with counsel litigating these matters, it is the opinion of management that the outcome of such matters will not have a material impact on the Company s financial position, results of operations or cash flows.

Note 19. Change in Working Capital and Other Operating Items

The following table summarizes the sources/(uses) of cash provided by changes in working capital and other operating items (in thousands):

	Year Ended December 31,		
	2011	2010	2009
Accounts receivable	$ (30,906)	$ (6,988)	$ (114,754)
Inventories	(11,911)	(10,578)	13,563
Prepaid tooling and other current assets	5,716	215	6,875
Accounts payable and accrued liabilities	22,139	44,495	92,999
Other assets and liabilities	(13,788)	13,424	8,548
Change in working capital	$ (28,750)	$ 40,568	$ 7,231

TOWER INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 20. Quarterly Financial Data (Unaudited)

The following table summarizes selected quarterly financial data (in thousands):

Quarter	Net Sales	Gross Profit	Net Income/ (Loss)	Net Income/ (Loss) Attributable to Tower International, Inc.	Diluted Earnings/ (Loss) per Share
2011					
1st	$ 599,635	$ 69,570	$ 10,755 [c]	$ 9,022 [c]	$ 0.45
2nd	602,718	58,699	(1,552)	(2,774)	(0.15)
3rd	588,991	59,656	(3,766)	(4,848)	(0.25)
4th	614,745	68,187	7,736	6,664	0.33
Full Year	$ 2,406,089	$ 256,112	$ 13,173	$ 8,064	$ 0.40
2010					
1st	$ 479,129	$ 53,225	$ (2,348)	$ (4,482)	$ (0.70)
2nd	501,682	55,538	4,305	1,911	(0.20)
3rd	474,640	44,878	(10,986)[a]	(13,001)[a]	(1.21)
4th	541,607	56,941	(19,424)[b]	(21,322)[b]	(1.18)
Full Year	$ 1,997,058	$ 210,582	$ (28,453)	$ (36,894)	$ (3.43)

(a) During the third quarter of 2010, the Company recorded one-time compensation charges of $6.1 million related to the Special Incentive Program and Supplemental Value Creation Program in connection with the notes offering.

(b) During the fourth quarter of 2010, the Company recorded an impairment charge of $7.3 million related to solar spending, one-time compensation charges of $5 million related to the compensation programs in connection with the initial public offering, an expense of $2.5 million related to the partial redemption of the notes, and a restructuring charge of $2.3 million in connection with the sale of a closed facility.

(c) During the first quarter of 2011, the Company recorded a net favorable settlement of $5.7 million associated with a value added tax audit in Brazil.

Note 21. Subsequent Events

In February 2012, a foreign subsidiary of the Company reached an agreement with Ningbo Beilun Ditong Auto Parts Co., Ltd. (a subsidiary of Ditong Automotive Products Co., Ltd) and Zhejiang Jirun Automobile Co. Ltd. (a subsidiary of Geely Automobile Co,. Ltd), subject to the approval of the Chinese government, to form a majority-owned joint venture located in Ningbo, China. The agreement is expected to be approved during the first half of 2012.

53

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

The Company's Certificate of Incorporation provides that the Board of Directors shall consist of not fewer than three nor more than fifteen directors, with the exact number to be fixed by the Board of Directors (subject to modification by stockholders having the right to vote at least 50% in voting power of the Company's outstanding voting stock so long as the Majority Stockholder, its affiliates and its transferees continue to own at least 50% of the Company's outstanding common stock). The Board of Directors has fixed the current number of directors at ten.

The Company's Certificate of Incorporation divides the Board of Directors into three classes, as nearly equal in number as possible, with the terms of office of the directors of each Class ending in different years. Class I and Class III each has three directors and Class II has four directors. The terms of directors in Classes I, II, and III end at the Annual Meetings in 2014, 2012, and 2013, respectively.

The following table sets forth the names and ages of the current members of the Board of Directors, as well as background information relating to each individual's business experience, qualifications, attributes and skills and why the Board of Directors and Nominating and Corporate Governance Committee believe each individual is a valuable member of the Board of Directors.

Current Directors – Terms Expiring in 2012 (Class II Directors)

Name and Experience	Class	**Director Since**
James Chapman, age 50, has been an advisory director of SkyWorks Capital, LLC, an aviation management services and consulting company, since 2004. Prior to joining SkyWorks, Mr. Chapman held a variety of investment banking positions across a range of industries. Mr. Chapman currently serves on the board of directors of Aercap Holdings N.V. and Tembec Holdings Inc., and served on such boards when these companies were public within the past five years. Within the past five years, Mr. Chapman served on the boards of SSA Global Technologies, Inc., Anchor Glass Container Corporation, Scottish Re Group Limited, Teleglobe International Holdings Ltd and Coinmach Service Corp. Mr. Chapman was elected to the Company's Board based on his financial and industry experience, as well as his service on the boards of other Cerberus portfolio companies.	II	2010
Chan Galbato, age 49, joined Cerberus Operations and Advisory Company, LLC ("**COAC**") as a Senior Operating Executive in 2009. On March 9, 2012 Mr. Galbato was named CEO of COAC. From 2007 to 2009, Mr. Galbato owned and managed CWG Hillside Investments LLC, a consulting business providing operational and strategic turnaround expertise to chief executive officers of portfolio-based companies. From 2005 to 2007, Mr. Galbato was President and CEO of the Controls division of Invensys plc, a global technology company. Prior to his position with Invensys, he served as President of Services of The Home Depot (2003 to 2005); President and Chief Executive Officer of Armstrong Floor Products, a division of Armstrong World Industries, (2001 to 2003); Chief Executive Officer of Choice Parts (2000 to 2001); and Chief Executive Officer of Coregis Insurance Company, a GE Capital company (1998 to 2000). Prior to that, Mr. Galbato held various leadership positions within General Electric's technology and industrial businesses. Since 2006, Mr. Galbato has served as a director of Brady Corporation. Since August 25, 2010, Mr. Galbato has been the chairman of the board of directors of New Page Corporation and New Page Holding Corporation. Mr. Galbato was elected to the Company's Board based on his operational experience with large companies.	II	2010
Larry Schwentor, age 57, is a business consultant and, through his consulting firm, provided consulting services to the Company from August 1, 2007 to August 1, 2010. Mr. Schwentor has held executive and managing board positions with Peguform GmbH, or Peguform, since February 2005. Peguform manufactures interior and exterior plastic parts for the automotive industry and was a CCM portfolio company. From April 2003 to February 2005, he was an Executive Vice President and Chief Financial Officer of Key Safety Systems, Inc., a manufacturer of automotive safety restraints. Prior to assuming responsibilities at Key Safety Systems, Mr. Schwentor served as the Executive Vice President and Chief Financial Officer of Key Plastics, Inc., from September 1999 through April 2003. Key Plastics is a manufacturer of plastic components and functional assemblies for manufacturers of light vehicles and their suppliers. Both Key Safety Systems and Key Plastics were portfolio companies of Carlyle Management Group. Prior to joining Key Plastics, Mr. Schwentor was the Senior Vice President and Chief Financial Officer of CMI International, Inc., a producer of highly engineered, cast and machined engine and structural components and assemblies for automobiles and trucks. Mr. Schwentor was employed by CMI International from May 1986 to February 1999.	II	2007

Mr. Schwentor was employed by the Certified Public Accounting firm of Moore, Smith and Dale from September 1976 through May 1986. During his tenure with that firm, he held various positions on the audit and management advisory services side of the firm and was responsible for auditing both public and private manufacturing companies. Mr. Schwentor was elected to the Company's Board based on his experience as a senior executive of various manufacturing companies, as well as his knowledge and background in accounting.

Scott Wille, age 31, joined CCM in 2006 as an associate and has been a Vice President since 2009. At CCM, Mr. Wille has been responsible for executing transactions, monitoring existing investments and working with existing portfolio companies' management teams to maximize value. Mr. Wille has had exposure to a broad set of businesses and industries, including automotive, industrial, consumer products, energy, retail and commercial real estate. Since joining CCM, he has continued to monitor and evaluate Cerberus' debt and equity investments in the Company. From 2004 to 2006, Mr. Wille was a financial analyst with Deutsche Bank Securities Inc., an investment banking firm. He was elected to our Board based on his familiarity with our Company and his experience in corporate finance.	II	2010

55

Current Directors – Terms Expiring in 2013 (Class III Directors)

Name and Experience	Class	**Director Since**
Nicholas D. Chabraja, age 69, is the Chairman of the Board of the Company, a position which he has held since he was elected to the Board in 2010. He has been a member of the board of directors of General Dynamics, an aerospace and defense industry contractor, since 1994. Mr. Chabraja was Chairman and Chief Executive Officer of General Dynamics from 1997 to 2009. He served General Dynamics as non-executive chairman from 2009 to May 2010. Previously, Mr. Chabraja had been vice chairman of General Dynamics. He joined General Dynamics in 1993 as senior vice president and general counsel. From 1994 to 1996, Mr. Chabraja was an executive vice president of General Dynamics, with the company's strategic planning, finance, legal and investor relations functions reporting to him. Prior to joining General Dynamics, Mr. Chabraja was a senior partner in the Chicago law firm of Jenner & Block. Mr. Chabraja has served as a director of Northern Trust Corporation since 2007. He previously served as a director of Ceridian Corporation from 2001 to 2007 (and as a director of Ceridian Corporation's predecessor from 1998-2001). Mr. Chabraja was elected to the Company's Board based on his executive level experience at General Dynamics, his understanding of corporate governance and his experience on the boards of directors of General Dynamics, Northern Trust Corporation and Ceridian Corporation.	III	2010
Dev Kapadia, age 40, has been a Managing Director of CCM since 2003. As such, one of his principal responsibilities has been to monitor Cerberus' debt and equity investments in the Company. From 1996 to 2003, Mr. Kapadia served in various capacities with The Carlyle Group, a global private investment firm, and Carlyle Management Group, an affiliate of The Carlyle Group dedicated to turnaround and special situation investments. Prior to joining Carlyle in 1996, Mr. Kapadia was a financial analyst with Donaldson, Lufkin & Jenrette, an investment banking firm. Mr. Kapadia serves on the boards of directors of several privately held companies. He was elected to the Company's Board based on his knowledge of the Company and its predecessors and his experience as a board member of, and senior executive with private equity firms that invest in, other manufacturing companies.	III	2007
Mark Malcolm, age 58, has been the President and Chief Executive Officer of the Company since August 1, 2007. Prior to assuming that role, Mr. Malcolm served as a senior member of CCM's operations team from January 2006 to July 2007 and played a leading role on behalf of CCM in the 2007 acquisition of the Company from Tower Automotive, Inc., the Company's predecessor (the "Predecessor"). Before joining CCM, Mr. Malcolm spent 28 years at Ford Motor Company in a variety of senior financial positions, including Executive Vice President and Controller of Ford Motor Credit from 2004 to 2005, Director of Finance and Strategy for Global Purchasing from 2002 to 2004 and Director of Worldwide Accounting from 2000 to 2002. Mr. Malcolm was elected to our Board based on his industry knowledge, his familiarity with all aspects of the Company's business and his experience and perspective as the Company's Chief Executive Officer.	III	2007

56

Current Directors – Terms Expiring in 2014 (Class I Directors)

Name and Experience	Class	**Director Since**
Dennis Donovan, age 63, has been a Senior Advisor of COAC, an affiliate of CCM that provides operational and other advice to Cerberus' portfolio companies, since 2009. From 2008 to 2009, Mr. Donovan was a senior executive and director of COAC. He joined COAC in 2007 as Chief Human Resource Officer. Mr. Donovan previously served as Executive Vice President, Human Resources at The Home Depot (home improvement retailer), from 2001 to 2007. He was Senior Vice President, Human Resources at Raytheon (technology provider to defense, homeland security and other governmental markets) from 1998 to 2001. Mr. Donovan spent 26 years at GE (a conglomerate), working in a number of the company's businesses and at the corporate headquarters. He was made an officer of GE in 1991. Mr. Donovan has been a Managing Director and a member of the compensation committee of the Traxis Group, B.V., an affiliate of CCM, since 2008. He has also served on the boards and compensation committees of School Bus Holdings, Traxis Financial Group and Nabi Optima Holdings, affiliates of CCM engaged in the manufacturing, financing and sales of vehicles in the transportation sector. Mr. Donovan was an advisor to our board and compensation committee during 2009 to 2010 and to the boards and compensation committees of GMI Holding Corporation, a textile company; Freedom Group, Inc., a manufacturer of sporting goods products; and NewPage Corporation, a manufacturer, marketer and distributor of printed paper; all affiliates of CCM.	I	2010
Frank E. English, Jr., 66, became a member of our board on August 24, 2010, transitioned to senior advisor status on September 28, 2010 and was again appointed to our board on May 17, 2011. Mr. English served as a Senior Advisor at Morgan Stanley & Co. from his retirement from that global financial services firm in 2009 through March 2011. From 1976 to 2009, Mr. English served in various senior roles at Morgan Stanley & Co., most recently as Managing Director and Vice Chairman of Investment Banking from 2002 to 2009. Prior to that, Mr. English held positions in research, investment banking, capital markets and fixed income at Morgan Stanley & Co. Mr. English spent a considerable part of his career at Morgan Stanley & Co. analyzing and advising companies in the automotive industry. Since 2009, Mr. English has been a director of Arthur J. Gallagher & Co. Since April 2011, Mr. English has served as a Senior Advisor to W.W. Grainger, Inc.	I	2011
Jonathan Gallen, age 52, is the president and sole principal of Ahab Capital Management, Inc., which manages Ahab Partners, L.P. and is the investment advisor to Ahab International, Ltd. In that role, which he has performed since 1993, Mr. Gallen is responsible for the investment decisions made with respect to these funds' assets. Prior to joining Ahab Capital Management, Mr. Gallen formed and operated a sports memorabilia business from 1990 to 1993. Within the past five years, Mr. Gallen served on the board of directors of Anchor Glass Container Corporation. Mr. Gallen was elected to the Company's Board based on his financial and industry experience, as well as his service on the boards of other Cerberus portfolio companies.	I	2010

Executive Officers

Set forth below are the names and ages of the executive officers of the Company who do not also serve as directors, as well as background information relating to each such individual's business experience.

James Gouin, age 52, has served as the Executive Vice President and Chief Financial Officer of the Company since November 1, 2007. Prior to joining the Company, Mr. Gouin served in 2007 as a senior managing director of the corporate financial practice of FTI Consulting, Inc., a business advisory firm. Prior to joining FTI, Mr. Gouin spent 28 years at Ford Motor Company in a variety of senior positions, including as the Vice President, Finance and Global Corporate Controller from 2003 to 2006 and as the Vice President of Finance, Strategy and Business Development of Ford Motor Company's International Operations from 2006 to 2007.

Michael Rajkovic, age 50, has been the Executive Vice President and Chief Operating Officer of the Company since August 1, 2007. Prior to assuming that role, Mr. Rajkovic served as a senior member of CCM's operations team from August 2006 to August 2007 and assisted Mr. Malcolm in various aspects of the 2007 acquisition of the Company from the Predecessor. Since April 11, 2011, Mr. Rajkovic has also served as the President of Tower Defense & Aerospace, LLC. Before joining CCM, Mr. Rajkovic was Executive Vice President and Chief Financial Officer of United States Can Corporation, a global packaging company, from May 2005 to March 2006. Prior to his service with U.S. Can Corporation, Mr. Rajkovic served as Vice President of Finance, North America and as Chairman of the Canadian subsidiary of The Goodyear Tire and Rubber Company, an automotive products manufacturer, from August 2003 to May 2005. Prior to that period, Mr. Rajkovic held a variety of manufacturing and finance positions within Visteon Corporation, a manufacturer of climate, interior, electronic and lighting products for automobiles, from January 2000 to August 2003.

James Bernard, age 48, has been President, Americas for the Company since August 15, 2011. Prior to being elected President, Americas, Mr. Bernard was the Company's Senior Vice President, Global Sales and Business Development, a position held since March 2011. From 2007 to 2011, Mr. Bernard was the Company's Vice President, North American Sales and Program Management and from 2003 to 2007 Mr. Bernard was the Company's Vice President, North American Sales and Technology.

Gyula Meleghy, age 56, has been the Company's President, International Operations since November 5, 2007. From July 2006 until November 2007, Dr. Meleghy held the position of President, Asia for the Predecessor, and then for the Company, with oversight responsibility for all of our business in Asia. Prior to that period, Dr. Meleghy served as President, Europe and South America for the Predecessor from August 2004 to July 2006. Prior to occupying that position, Dr. Meleghy served in various positions within the Predecessor's European operations from 2000 to August 2004. Before joining the Predecessor, Dr. Meleghy was the President of the Dr. Meleghy Group, a family-owned automotive supplier that was acquired by the Predecessor in 2000.

58

William Cook, age 60, has been the Company's Senior Vice President, Global Human Resources since September 2007. From 2001 to 2007 he held senior human resource leadership positions at The Goodyear Tire & Rubber Company in Akron, Ohio, including four years as Vice President of Human Resources for Goodyear North American Tire. During a fifteen year career at United Technologies Corporation Mr. Cook held key leadership positions, including four years as head of human resources for Carrier Corporation Residential and Light Commercial Systems, a supplier of heating and air conditioning equipment, and eight years as head of human resources for Otis Elevator Asia-Pacific, a supplier of elevators and escalators.

Jeffrey L. Kersten, age 44, has been the Company's and Predecessor's Senior Vice President and Corporate Controller since February 1, 2007. He transitioned to that position from the position of Senior Vice President, Restructuring, which he held since October 2006 with the Predecessor. From 2004 to 2006, Mr. Kersten was the Predecessor's Senior Vice President, Strategy and Business Development. Mr. Kersten joined the Predecessor in 1997, holding financial positions within the Predecessor's Grand Rapids, Michigan offices until 2001, when he relocated to France and became the Predecessor's European Regional Finance Leader. Mr. Kersten began his career in 1990 with the accounting firm of Arthur Andersen, where he remained until 1997, specializing in mergers and acquisitions.

Paul Radkoski, age 52, has served as the Predecessor's and the Company's Senior Vice President, Global Purchasing, since March 2006. Prior to joining the Predecessor, Mr. Radkoski held various positions within Visteon Corporation, an automotive supplier, from 2000 until 2006, including the position of Vice President, North America Purchasing and Supplier Management from 2005 to 2006. Earlier in his career, Mr. Radkoski held various purchasing, manufacturing and logistics positions with Lear Corporation from 1997 to 2000 and automobile manufacturers BMW (from 1993 to 1997) and Honda of North America (from 1986 to 1993).

Each of Mr. Kersten and Dr. Meleghy were officers of the Predecessor when the Predecessor filed for bankruptcy protection in 2005. Mr. Radkoski joined the Predecessor after it filed for bankruptcy protection. Mr. Schwentor was hired in late 1999 to assist Key Plastics through a bankruptcy process that ran from March 2000 through its conclusion in April 2001 with its sale. Mr. Schwentor remained with the successor company after its emergence from bankruptcy. Mr. Galbato was President and CEO of Armstrong Floor Products, the largest division of Armstrong World Industries, Inc. (2001-2003) after Armstrong World Industries filed for bankruptcy protection.

Advisors

The Board has engaged two advisors who assist Board members in performing their Board functions and responsibilities. These advisors are described below:

Allan D. Gilmour, age 77, became a member of the Company's Board on August 24, 2010 and transitioned to senior advisor status on September 30, 2010. In January 2011, Mr. Gilmour was named President of Wayne State University. Mr. Gilmour served as Vice Chairman of the board of directors of Ford Motor Company from 2002 to 2005, a position that he previously held from 1992 until his initial retirement in 1995. Mr. Gilmour began his career with Ford Motor Company in 1960. While at Ford, Mr. Gilmour served in a variety of roles, including: President of Ford Automotive Group; Executive Vice President, International Automotive Operations; Vice President, External and Personnel Affairs; Vice President and Controller; Chief Financial Officer; and President of Ford Motor Credit Company. From 1995 until May 2011, Mr. Gilmour served on the board of directors of DTE Energy Company. From 1990 to 2007, Mr. Gilmour served on the board of directors of Whirlpool Corporation and from 2006 to 2010 he served on the board of directors of Universal Technical Institute, Inc.

Rande Somma, age 60, became a member of the Company's Board on August 1, 2007 and transitioned to senior advisor status on September 27, 2010. Mr. Somma has been President of his consulting company, Rande Somma and Associates LLC, since May 2004. Mr. Somma, through his consulting firm, has provided consulting services to the Company since December 1, 2007. Prior to establishing his consulting business, he was the President of Automotive Operations—Worldwide, at Johnson Controls, Inc. from 2002-2003 and was President of Automotive Operations—North America at Johnson Controls from 2000-2002. From 1988 to 2000, Mr. Somma held several different managerial positions in the Automotive Systems Group at Johnson Controls. Johnson Controls is a Tier 1 supplier of automotive systems and facility management and control products. In the automotive market, it is a major supplier of integrated seating and interior systems and batteries. Prior to joining Johnson Controls, Mr. Somma served in a variety of purchasing, manufacturing and sales positions within the automotive division of Rockwell International. From 2005 until May 2011, Mr. Somma served on the board of directors of Gentex Corporation, a supplier to the global automotive industry. Additionally, Mr. Somma is currently the Chairman of the Executive Board of the NewNorth Center for Design in Business, a nonprofit learning center for the delivery of intellectual and experiential training programs focused on the development and application of design centric innovation.

Audit Committee of the Company

The Company has a standing Audit Committee. The Audit Committee, among other things, assists the Board in its oversight responsibilities relating to the integrity of the Company's financial statements, the qualifications, independence, compensation and performance of the Company's independent auditors, the systems of internal accounting and financial controls utilized by the Company, the performance of the internal audit function, the compliance of the Company with legal and regulatory requirements and compliance with the Company's Code of Business Conduct and Ethics. The Committee is governed by a charter adopted by the Board of Directors. The charter is available on the Company's website at *www.towerinternational.com* by following the links to "Investor Relations," "Corporate Governance" and "Committee Charters" or upon written request to the Company. The Audit Committee held eight meetings during 2011.

The Audit Committee currently consists of Messrs. Chapman, English and Gallen. The Board of Directors has affirmatively determined that Messrs. Chapman, English and Gallen all meet the audit committee independence requirements as defined in the applicable NYSE and SEC rules. Mr. Chapman is the Chairman of the Committee. During 2011 Mr. Schwentor also served on the Audit Committee until October 3, 2011. The Board of Directors has determined that each member of the Committee is "financially literate" as required by the listing standards of the NYSE, as such qualification is interpreted by the Board of Directors in its business judgment. In addition, the Board of Directors has determined that Mr. Chapman qualifies as an "audit committee financial expert" as defined by the rules and regulations of the SEC.

Non-Employee Director and Board Advisor Compensation

During 2011 the Company provided the following compensation to Board members and Board advisors who are neither employed by us nor parties (either individually or through entities controlled by them) to consulting agreements with us:

- an annual retainer of $150,000, or $300,000 in the case of the Chairman of the Board;
- additional annual compensation of $10,000 to the chairman of our Audit Committee;
- prorated compensation of $60,215 to Frank English for his services as an advisor to the Audit Committee prior to his election to the Board and appointment to the Audit Committee on May 17, 2011;
- additional annual compensation of $5,000 to the chairman of each of our other standing Board committees.

The Board has the discretion to convert up to one half of the annual retainer into equity interests in the Company.

The Company also reimburses each non-employee member of our Board and Board Advisor for out-of-pocket expenses incurred in connection with attending our Board and committee meetings. Board members do not participate in a nonqualified deferred compensation plan and we do not pay any life insurance policies for our Board members.

In 2007, we entered into a service agreement with Mr. Somma. The service agreement was approved and authorized by our Board comprised at that time. Mr. Somma's service agreement with the Company terminated on January 2, 2012. We made total payments of $300,000 in 2011 to Mr. Somma which was inclusive of amounts earned under his service agreement with the Company and for his role as a Board Advisor to the Company. We will make an additional payment to Mr. Somma of $249,000 in April 2012 for a bonus earned in 2011 under the terms of his service agreement. The service agreement also provided for reimbursement of certain tax, legal and other expenses incurred by Mr. Somma under the service agreement.

Effective January 3, 2012, Mr. Somma entered into a separate service agreement with Tower Defense & Aerospace, LLC ("TDA"), a wholly owned subsidiary of the Company, to provide sales and business development services to TDA. The TDA service agreement is for a term of 12 months, terminating on December 31, 2012, and provides for compensation of $150,000 and a potential bonus based on the 2012 financial performance of TDA.

60

Code of Business Conduct and Ethics

The Board of Directors has also adopted a Code of Business Conduct and Ethics ("**Code of Conduct**") that applies to, among other persons, our principal executive officer, principal financial officer, principal accounting officer and other persons performing similar functions, as well as the members of our Board of Directors. Among other things, the Code of Conduct: provides guidance for maintaining ethical behavior; requires that directors and employees, including officers, comply with applicable laws and regulations; provides guidance for protecting confidential information and Company assets; regulates conflicts of interest; addresses the Company's policies with respect to gifts and political contributions; and provides mechanisms for reporting violations of the Company's policies and procedures, including the Code of Conduct.

A copy of our Code of Conduct is available on our website, www.towerinternational.com, by following links to "Investor Relations," "Corporate Governance," "Governance Documents" and "Code of Conduct" or upon written request to the Company. In the event that we make any amendments to, or grant any waiver including an implicit waiver from, a provision of the Code of Conduct that applies to our principal executive officer, principal financial officer or principal accounting officer that requires disclosure under applicable SEC rules, we intend to disclose the amendment or waiver and the reasons therefore on our website within four business days of the date of the amendment or waiver.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who own more than 10 percent of a registered class of the Company's equity securities, to file with the SEC and the NYSE initial reports of ownership and reports of changes in ownership of the Company's common stock and other equity securities

Other than as stated below, to the Company's knowledge, based solely on a review of the copies of such filings furnished to the Company and written representations from its directors and executive officers, all Section 16(a) filing requirements applicable to the Company's directors, executive officers and greater than 10 percent beneficial owners were complied with on a timely basis during the year ended December 31, 2011. Dr. Meleghy failed to file a Form 4 Report for four transactions (with respect to the acquisition of common stock), which were subsequently reported by Dr. Meleghy on a Form 5. In addition, Form 4s for each of Messrs. Malcolm, Rajkovic, Gouin, Meleghy, Kersten, Radkoski, and Cook each reporting one transaction (with respect to a grant of restricted stock units) were filed late.

Item 11. Executive Compensation

Compensation Discussion and Analysis

Introduction

The following discusses the various components of compensation paid in 2011 to the Named Executive Officers (“NEOs”) of the Company. As used in this proxy statement, the term “NEOs” refers to:

- Mark Malcolm, our President and Chief Executive Officer;
- James Gouin, our Executive Vice President and Chief Financial Officer;
- Michael Rajkovic, our Executive Vice President and Chief Operating Officer;
- James Bernard, our President, Americas; and
- Gyula Meleghy, our President, International.

61

Compensation Program Objectives and Philosophy

The primary objectives of our compensation programs are to (i) drive executive behaviors that maximize long-term shareholder value creation (ii) attract and retain talented executive officers with the skills necessary to successfully manage our business, and (iii) align the interests of our executive officers with stockholders by rewarding them for strong company performance. In support of these objectives, we:

- **Weight a significant proportion of NEO compensation toward variable pay elements**—64% to 74% of NEO total compensation is delivered in annual or long-term incentive compensation,
- **Target a total compensation package competitive with peers**—we regularly compare our total compensation levels with companies of a similar size and complexity in our industry and related industries, and
- **Deliver a meaningful proportion of NEO compensation in share-based incentives**—30% to 40% of NEO total compensation is delivered in the form of stock options or restricted stock units ("RSUs").

Compensation-Setting Process

The Compensation Committee of our Board has responsibility for oversight and review of our total compensation strategy, including the design and monitoring of certain compensation plans such as our annual cash bonus plan. In addition, the Compensation Committee determines the compensation of our Chief Executive Officer and reviews and approves the compensation of all officers, including each of our NEOs. In setting and reviewing compensation for our NEOs, the Compensation Committee evaluates the compensation components that it believes support our compensation objectives and philosophy.

As part of its responsibilities, the Compensation Committee reviews the appropriateness and effectiveness of our compensation programs. The Compensation Committee approves target award opportunities and performance criteria to be utilized in our annual cash bonus plan. In addition, the Compensation Committee is responsible for determining equity-based awards, and establishing and monitoring long-term incentive plans.

In 2011, the Compensation Committee engaged an independent consultant, Meridian Compensation Partners, LLC ("Meridian"), to provide it with advice and comparative analyses of various elements of executive compensation, including annual salary, annual variable bonus, total targeted annual cash compensation and long-term incentives. Meridian does not provide any services as an independent compensation consultant to management and it had no relationship with management prior to its engagement by the Compensation Committee.

The Compensation Committee considers competitive market practices with respect to the compensation of our NEOs. In its discretion, the Compensation Committee also considers compensation levels of executives holding similar positions at other domestic and international manufacturing companies that the Committee views as comparable in size and complexity of business, with additional consideration given to individual credentials. For 2011, this peer group consisted of the following 13 companies, including similarly sized companies in automotive supplier and manufacturing sectors: American Axle & Manufacturing Holdings, Inc., BorgWarner Inc., Cooper Tire & Rubber Co., Dana Holding Corporation, Federal-Mogul Corporation, Linamar Corporation, Martinrea International Inc., Meritor Inc., Modine Manufacturing Company, OshKosh Corporation, Tenneco Inc., Visteon Corporation, and Westinghouse Air Brake Technologies Corporation.

Although the Compensation Committee reviews the compensation data and practices of our peer group, the Committee does not adhere to strict formulas or identify specific target percentiles with respect to such data and practices to determine the total compensation or mix of compensation elements for our executives. Instead, the Committee collectively considers various factors in exercising its discretion to determine overall compensation, including the experience, responsibilities and performance of individuals as well as the Company’s overall financial performance. In making compensation determinations, the Compensation Committee has not determined that compensation elements are to be set according to a pre-set or formulaic mix. The Compensation Committee retains full discretion to consider or disregard data collected through peer group studies in the course of setting executive compensation levels. Compensation decisions are also considered in the context of individual and Company performance, retention concerns, the importance of the position and internal equity.

62

Role of Executive Officers in Executive Compensation

The Compensation Committee determines the total compensation for our Chief Executive Officer. Our Chief Executive Officer plays no role in determining his own compensation.

The Compensation Committee also determines the total compensation of our other NEOs acting with advice from our Chief Executive Officer. Although the Compensation Committee utilizes and considers comments, advice and recommendations of our Chief Executive Officer, the final decision with respect to compensation levels and components of the other NEOs remains with the Compensation Committee.

Components of Compensation

Our compensation programs consist of several components, although particular individuals may not be eligible for each component. The guiding principles of our compensation programs remain consistent throughout the various components. In each instance, we seek to incentivize and retain our NEOs by providing competitive compensation while at the same time aligning the interests of our NEOs with those of our stockholders.

The principal components of our compensation programs for the NEOs are: annual base salary; annual incentive; long term equity incentive awards; retirement benefits; severance benefits; perquisites; and employment agreements, which contain termination benefits. The Compensation Committee considers all such components to be an appropriate compensation package for our NEOs. The charts below illustrate the general mix of salary, annual incentive and long-term incentive among our NEOs in 2011.

Annual Base Salary

We use base salary to attract and retain highly qualified executive officers. When establishing base salaries for the NEOs, the Compensation Committee and the Chief Executive Officer (other than for himself) consider a number of factors, including the seniority, skills and experience of the individual, the individual's prior salary, the functional role of the position, and the level of the Named Executive Officer's responsibilities. The leading factors in determining increases in base salary include the performance, experience and skills of the individuals, and market compensation levels for senior executives with similar levels of experience and skills.

None of our NEOs received an increase to his annual rate of base salary during 2011, except for Mr. Bernard who received an increase in March when he became our Senior Vice President, Sales and Business Development, and an increase in August when he became our President, Americas. For each of the other NEOs, the last increase to his annual rate of base salary was in August, 2010.

Annual Incentive Compensation

We believe that annual cash incentive awards motivate our NEOs and reward them for annual business results that help create value for our stockholders. Each year, the Compensation Committee establishes an annual bonus plan for the NEOs based on one or more performance measures, and the relative weighting of each factor, as determined by the Compensation Committee. Other hourly and salaried employees participate in our annual bonus plan as well.

2011 Tower Bonus Plan

In January, 2011, the Compensation Committee approved the 2011 Tower Bonus Plan, established the level of performance necessary for the NEOs to earn their targeted payouts and assigned each NEO a target percentage of base salary. Cash incentive awards are permitted to the extent selected operating results meet or exceed threshold levels of performance established by the Committee for the performance year.

For 2011, the Compensation Committee designated (1) Adjusted EBITDA, (2) Free Cash Flow, (3) Adjusted EBITDA Change in Controllable Factors and (4) Increase in 2013 Sales Backlog as the four financial measures used to determine payouts. Adjusted EBITDA performance accounted for 40% of the total award, Free Cash Flow performance accounted for 30% of the total award, Adjusted EBITDA Change in Controllable Factors performance accounted for 15% of the total award and Increase in 2013 Sales Backlog accounted for 15% of the total award.

The performance necessary for the NEOs to earn their targeted payouts were established by the Compensation Committee at levels intended to be challenging, attainable and aligned with our 2011 business plan. The Compensation Committee retained discretion to adjust the calculation of its financial measures to account for unanticipated events.

For purposes of the 2011 Tower Bonus Plan:

- **Adjusted EBITDA** is defined as net income/(loss) before interest, taxes, depreciation, amortization, restructuring items and other adjustments described in our reports filed with the Securities and Exchange Commission. The Compensation Committee chose this as a performance measure because it is consistent with how analysts and many investors evaluate the business.

- **Free Cash Flow** is defined as cash flow from operations less capital expenditures. The Compensation Committee designated Free Cash Flow as a performance measure in order to focus our management on freeing up cash to de-lever the business and fund profitable growth.

- **Adjusted EBITDA Change in Controllable Factors** is defined as the change in Adjusted EBITDA in 2011 versus 2010, excluding the impact of volume, mix and foreign exchange. We determine the impact of volume, mix and foreign exchange on Adjusted EBITDA pursuant to policies that we utilize to manage our business and measure our performance throughout the year. The Compensation Committee excluded the impact of volume, mix and foreign exchange in order to focus management on those elements of cost and efficiency that management can most influence in the near term.

- **Increase in 2013 Sales Backlog** is defined as net new business for 2013 compared to the status of this metric on January 1, 2011. The Compensation Committee added the Increase in 2013 Sales Backlog measure to encourage NEOs and other employees to focus on profitable organic revenue growth.

The 2011 Tower Bonus Plan established a scale for each performance measure displaying the percent payout relative to a 100% target bonus payout at varying achievement levels. Each scale shows a threshold amount that must be satisfied to earn a payment and the amount necessary to achieve a 100% payout. The maximum payout under the plan is two (2) times the target payout and payout percentages are adjusted ratably between bands of payout percentages. The following scale shows the payouts at various achievement levels:

Adjusted EBITDA		Free Cash Flow		Adjusted EBITDA Change in Controllable Factors		Increase in 2013 Sales Backlog	
40%		30%		15%		15%	
Achievement ($Mils)	Payout (%)	Achievement ($Mils)	Payout (%)	Achievement ($Mils)	Payout (%)	Achievement ($Mils)	Payout (%)
$ 190	0 %	$ (20)	0 %	$ (15)	0 %	$ 0	0 %
$ 210	100 %	$ 0	100 %	$ (5)	100 %	$ 100	100 %
$ 230	145 %	$ 20	145 %	$ 10	145 %	$ 200	145 %
$ 240	175 %	$ 30	175 %	$ 15	175 %	$ 250	175 %

For 2011, we met the thresholds necessary to pay bonuses under the 2011 Tower Bonus Plan for each metric except Adjusted EBITDA Change in Controllable Factors.

Our Adjusted EBITDA for 2011 was $227.6 million. For 2011 Tower Bonus Plan purposes, however, the Compensation Committee elected to increase that amount by $0.2 million to offset the small negative impact of investing in a new joint venture in China that was not contemplated when the 2011 Adjusted EBITDA target was established. Therefore, the Adjusted EBITDA used for 2011 Tower Bonus Plan calculations was $227.8 million, which was above the $190 million threshold required to generate a payout under this measure.

Our Free Cash Flow for 2011 was negative $19.6 million. For 2011 Tower Bonus Plan purposes, however, the Compensation Committee elected to increase that amount by $34.3 million. Of that amount, $4.9 million was due to acquisition payments that were included in cash flow from operations that were made related to Company's purchase of W Industries (see Note 17 of the Notes to our 2011 year-end consolidated financial statements as set forth in our Annual Report on Form 10-K for the year ended December 31, 2011 for information about the acquisition). Such acquisition was not contemplated when the 2011 Cash Flow target was established. The second adjustment accounted for $6.9 million which was the cash paid for capital expenditures and other working capital items related to the new joint venture in China that was not contemplated when the 2011 Cash Flow target was established. The final adjustment was $22.5 million received from one of our customers in January 2012. Receipt of such amount was factored into the 2011 Cash Flow target, and the Compensation Committee elected not to penalize bonus plan participants because of a short delay in receiving it. Therefore, the Cash Flow used for 2011 Tower Bonus Plan calculations was $14.7 million, which was above the negative $20 million threshold required to generate a payout under this measure.

Our calculated Adjusted EBITDA Change in Controllable Factors was negative $16.9 million, which was below the negative $15 million threshold required to generate a payout under this measure. Therefore, no payout was generated by this measure under the 2011 Tower Bonus Plan.

Our calculated Increase in 2013 Sales Backlog for 2011 was $121.7 million, which was above the $0 threshold required to generate a payout under this measure.

The Compensation Committee considers each of the adjustments noted above to be appropriate because the bonus plan participants would be otherwise penalized by factors which were outside of the influence of participants or which were not factored into the 2011 targeted results.

65

Each Named Executive Officer was assigned a target bonus, expressed as a percentage of such participant's base salary. Mr. Malcolm's target bonus was 130%. Messrs. Gouin and Rajkovic each had a target bonus of 105%. Mr. Bernard's effective target bonus was 67.4%. Mr. Bernard's target bonus was increased from 50% to 60% in March 2011 and from 60% to 80% in August 2011. Dr. Meleghy had a target bonus of 80%.

By applying the results for each measure to the 2011 Tower Bonus Plan table shown above, we calculated a final payout of 110.5% of the targeted bonus for each of the NEOs. We calculated Mr. Malcolm's 2011 Tower Bonus Plan payment as follows: the payout percentage of 110.5% *multiplied by* (ii) Mr. Malcolm's individual bonus target percentage of base salary (130%) *multiplied by* (iii) Mr. Malcolm's base salary of $840,000, resulting in a $1,206,660 overall bonus award. We calculated the 2011 Tower Bonus Plan payouts for the other NEOs in the same manner.

2012 Tower Bonus Plan

In February, 2012, the Compensation Committee approved the 2012 Tower Bonus Plan. The 2012 plan has been structured in a manner similar to the 2011 Tower Bonus Plan. The Compensation Committee established the level of performance necessary for the NEOs to earn their targeted payouts and assigned each Named Executive Officer a target percentage of base salary.

For 2012, the Compensation Committee designated (1) "Adjusted EBITDA", (2) "Free Cash Flow", (3) "Adjusted EBITDA Change in Controllable Factors" (which excludes the impact of volume, mix and foreign exchange) and (4) "Increase in 2014 Sales Backlog" as the four financial measures used to determine payouts. All four measures are similar to the ones used under the 2011 Tower Bonus Plan. Adjusted EBITDA performance will account for 40% of the total award, Cash Flow performance will account for 30% of the total award, Adjusted EBITDA Improvement in Controllable Factors will account for 15% of the total award, and Increase in 2014 Sales Backlog will account for 15% of the total award.

Equity-Based Long Term Incentive Awards – 2010 Equity Incentive Plan

We believe providing our NEOs with equity interests in our Company motivates them to make decisions that will build the long-term value of our Company and aligns their interests with those of our stockholders.

During 2010, our Board adopted our 2010 Equity Incentive Plan—pursuant to which a total of 4,600,000 shares of our common stock are authorized for issuance in the form of stock options, restricted stock awards and other equity-based awards. During 2011, we granted restricted stock units to each of our NEOs, and we granted stock options to Mr.

Bernard, under the 2010 Equity Incentive Plan.

Grants of Restricted Stock Units (RSUs) During 2011

On March 3, 2011 the Compensation Committee granted the following RSUs pursuant to our 2010 Equity Incentive Plan:

- for our NEOs: Mr. Malcolm, 22,703 RSUs; Mr. Gouin, 6,385 RSUs; Mr. Rajkovic, 10,405 shares; and Dr. Meleghy, 6,385 RSUs; and

- for other executive officers as a group: 15,135 RSUs.

On March 10, 2011 the Compensation Committee granted 2,748 RSUs to Mr. Bernard pursuant to our 2010 Equity Incentive Plan.

The RSUs granted on March 3, 2011 and March 10, 2011 will vest ratably on March 1, 2012, March 1, 2013 and March 1, 2014.

On August 15, 2011 the Board of Directors of the Company granted 2,988 RSUs to Mr. Bernard due to his promotion to President, Americas. These RSUs vest ratably on August 15, 2012, August 15, 2013 and August 15, 2014.

On December 20, 2011 the Board of Directors of the Company granted 295,858 RSUs to Mr. Malcolm, and 98,619 RSUs to each of Messrs. Gouin and Rajkovic. These RSUs cliff vest on December 31, 2014. The Board of Directors of the Company granted these RSUs upon each agreeing to extend his employment agreement through December 31, 2014.

All RSUs described above will vest on the vesting dates described above if the executive is employed by us on such vesting date. Such RSUs will also vest in full upon the occurrence of a change in control of our Company, or in the event the executive's employment terminates due to death or disability, as defined in our 2010 Equity Incentive Plan. In the case of the RSUs granted on December 20, 2011, vesting will also occur on December 31, 2014 if the executive's employment is not terminated due to voluntary resignation or Cause, with Cause defined in each executive's employment agreement described below.

66

Grants of Stock Options During 2011

On March 10, 2011 the Compensation Committee granted stock options covering 5,542 shares of our common stock to Mr. Bernard due to his expanded role as Senior Vice President, Sales and Business Development. These options will vest ratably on March 1, 2012, March 1, 2013 and March 1, 2014. These options have an exercise price of $16.65.

On August 15, 2011 the Compensation Committee granted stock options covering 12,676 shares of our common stock to Mr. Bernard due to his promotion to President, Americas. These options will vest ratably on August 15, 2012, August 15, 2013 and August 15, 2014. These options have an exercise price of $14.81.

All stock options described above will vest on the vesting dates described above if the executive is employed by us on such vesting date. Such options will also vest in full upon the occurrence of a change in control of our Company, or in the event the executive's employment terminates due to death or disability, as defined in our 2010 Equity Incentive Plan.

Equity-Based Long Term Incentive Awards – Management Incentive Plan

In 2007, Tower Automotive Management, LLC, or Tower Management LLC, an affiliate of our Company, adopted the 2007 Management Incentive Plan, which we refer to as the MIP. In 2008, Tower Management, LLC sold units of its non-voting membership interests, which we refer to as the Management MIP Units, to eight of our executive officers, including each of the NEOs (except Mr. Bernard who was not an executive officer at the time), and to certain of our board members and consultants.

In 2008, Tower Management, LLC, in turn, purchased an equal number of equity interests in our Company. In connection with our conversion in 2010 from a limited liability company to a corporation, our Corporate Conversion, these units became equity interests in Tower International Holdings, LLC, our principal stockholder. We refer to these units as MIP Units. Tower International Holdings, LLC has the same capital structure as we had prior to the consummation of the Corporate Conversion. Tower Management, LLC has no assets other than the MIP Units. Accordingly, the Management MIP Units held by executive officers and certain of our board members and consultants represent indirect ownership interests in the MIP Units.

The MIP is designed to align the interests of Management MIP Unit holders with those of our stockholders by providing such holders with an indirect ownership interest in us.

The Management MIP Units sold to executive officers became vested ratably over four years. All such Management MIP Units are now 100% vested.

Holders of Management MIP Units will not be entitled to any distributions from Tower International Holdings, LLC until Cerberus receives distributions from Tower International Holdings, LLC of $205.9 million (which is referred to as the “Reference Amount”) plus a ten percent return on unpaid distributions, such return running from July 31, 2010 with respect to $180.9 million of such Reference Amount and from August 24, 2010 with respect to the balance. At the time of the Corporate Conversion, a total of 8,500 capital units of Tower International Holdings, LLC were owned by Cerberus and a total of 1,500 capital units of Tower International Holdings, LLC were owned by Tower Management, LLC. See “Outstanding Equity Awards at Fiscal Year-End Tables” below for additional information regarding the Management MIP Units.

Defined Contribution Plan Retirement Benefits

We maintain a 401(k) Plan, a qualified defined contribution plan, and the NEOs other than Dr. Meleghy are eligible to participate in this plan. We match 100% of the first 1% of each participant’s compensation that is contributed to the plan and 50% of the next 5% of such participant’s compensation that is contributed to the plan.

Employment Agreements and Severance Benefits

We have entered into employment agreements with each of the NEOs, except Mr. Bernard. The employment agreements provide for the payment of severance benefits to the NEOs under specified circumstances. In entering into these agreements, we considered the benefit of receiving confidentiality, non-competition, non-solicitation and non-disparagement protections. The amount and type of benefits under the employment agreements are described below under “—Potential Payments Upon Termination—Severance—Employment Agreements.”

67

Perquisites and Other Benefits

Messrs. Malcolm, Gouin, Rajkovic and Bernard each receive non-accountable cash perquisites in the annual gross amount of $25,000. Because Mr. Bernard began receiving this higher amount upon being promoted to President, Americas in August, 2011, he actually received $16,909 during 2011. We consider such amounts to be market competitive and part of the compensation package we believe is necessary to attract key talent. There are no restrictions on how each Named Executive Officer may use such cash perquisites.

The NEOs participate in our other benefit plans on the same terms as other employees. These plans include medical and dental insurance and life insurance.

Stock Ownership Guidelines

There are currently no equity ownership requirements or guidelines that any of our NEOs or other employees must meet or maintain.

Policy Regarding Restatements

For 2011, we did not have a formal policy requiring a fixed course of action with respect to compensation adjustments following a restatement of financial results. If we were to consider a restatement of our financial statements for years through 2011, our Board or the Compensation Committee would evaluate whether future compensation adjustments were appropriate based upon the facts and circumstances surrounding the restatement.

The Compensation Committee will take appropriate action to comply with “clawback” regulations promulgated by the SEC pursuant to the Dodd-Frank Act in the event that we restate our financial statements due to material noncompliance with any financial reporting requirement under applicable securities laws.

Stockholder Advisory Vote to Approve Executive Compensation

Consistent with our proposal at the 2011 Annual Meeting of stockholders that was approved in an advisory vote by 94.82% of the votes cast by our stockholders, our proxy materials will include on an annual basis a non-binding resolution seeking stockholder approval of the compensation paid to our NEOs (a say-on-pay vote). The first say-on-pay vote occurred at the 2011 Annual Meeting of stockholders. With 97% of the votes cast by our stockholders approving the compensation paid to our NEOs, the Compensation Committee did not consider changing our compensation policies for 2011.

Internal Revenue Code Section 162(m)

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction for compensation in excess of $1 million per year paid by a publicly held corporation to its chief executive officer, chief financial officer and to each of its three other most highly compensated executive officers, unless the compensation qualifies as “performance-based” or is otherwise exempt from Section 162(m). Under a transition rule, for a limited period of time after a company becomes publicly held, the deduction limits do not apply to any compensation paid pursuant to a compensation plan or agreement that existed during the period in which the corporation was not publicly held. The Compensation Committee will consider the potential impact of Section 162(m) on compensation decisions, and intends to maintain flexibility to approve compensation for an executive officer that does not meet the deductibility requirements of Section 162(m) in order to provide competitive compensation packages.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on its review and discussion with management, the Committee has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company’s Proxy Statement, and in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

By the Compensation Committee,

Dev Kapadia, Chairman

Nicholas Chabraja

Dennis Donovan

68

Compensation Tables

2011 Summary Compensation Table

The following table summarizes the compensation of (1) our Chief Executive Officer, (2) our Chief Financial Officer, and (3) each of our three other most highly compensated executive officers for services rendered in fiscal 2011 who were serving as executive officers on December 31, 2011, which we refer to as our Named Executive Officers or NEOs.

Name and Principal Position	Year	Salary	Bonus	Stock **Awards (1)**	Option **Awards (2)**	Non-Equity Incentive Plan **Compensation (3)**	All Other Compensation
Mark Malcolm	2011	$ 840,000	$-	$3,378,005	$-	$ 1,206,660	$ 36,787 (4)
President and Chief Executive	2010	$ 816,667	$-	$6,608,056	$716,623	$ 2,964,850(5)	$ 37,538 (4)
Officer	2009	$ 653,333(6)	$-	$-	$-	$ 552,718	$ 34,835 (4)
James Gouin	2011	$ 472,500	$-	$1,106,307	$-	$ 548,218	$ 35,435 (4)
Executive Vice President and	2010	$ 459,375	$-	$3,083,769	$201,551	$ 1,548,986(7)	$ 35,391 (4)
Chief Financial Officer	2009	$ 408,750(8)	$-	$-	$-	$ 281,565	$ 34,230 (4)
Michael Rajkovic	2011	$ 577,500	$-	$1,173,240	$-	$ 670,044	$ 34,458 (4)
Executive Vice President and	2010	$ 561,458	$-	$4,405,375	$328,457	$ 2,020,983(9)	$ 26,831 (4)
Chief Operating Officer	2009	$ 499,584(8)	$-	$-	$-	$ 344,135	$ 27,062 (4)
James Bernard President, Americas	2011	$ 337,182	$-	$90,006	$154,003	$ 363,446(10)	$ 27,647 (11
Gyula Meleghy	(12) 2011	$ 435,456	$-	$106,310	$-	$ 384,943	$ 41,029 (13
President, International Operations(8)	(14) 2010	$ 431,200	$-	$1,762,150	$201,551	$ 1,119,949(15)	$ 40,752 (16
	(17) 2009	$ 418,560(8)	$ -	$ -	$-	$ 216,242	$ 319,967 (18

69

(1) Represents the aggregate grant date fair value of stock awards. The assumptions used by us in making these calculations are described in Note 14 of the Notes to our 2011 year-end consolidated financial statements as set forth in our Annual Report on Form 10-K for the year ended December 31, 2011.

(2) Represents the dollar amount recognized by us for financial statement purposes as the aggregate grant date fair value of stock options. The assumptions used by us in making these calculations are described in the above-mentioned Note 14.

(3) Amounts earned pursuant to the Tower Bonus Plan and, in 2010, amounts earned pursuant to our Special Incentive Program ("SIP"), and in 2011, the amount earned by Mr. Bernard pursuant to our Supplemental Value Creation Plan ("SVCP"). For 2010, our Compensation Committee established the SIP which provided an aggregate bonus pool of $5.5 million which was designed to reward the performance of NEOs and other senior executives in achieving certain operating objectives, including the retirement of certain specified debt. The SVCP was created for similar purposes for other management executives.

(4) Represents non-accountable cash perquisites of $25,000, income associated with certain benefits and company paid benefits (company paid benefits inlcude company matching contributions to our 401(k) plan that were not included in the summary compensation table in our 2011 Proxy Statement.

(5) Represents $1,750,000 earned pursuant to the SIP and $1,214,850 earned pursuant to the 2010 Tower Bonus Plan.

(6) For 2009, reflects a 20% voluntary reduction in annual base salary from February through December 2009.

(7) Represents $1,000,000 earned pursuant to the SIP and $548,986 earned pursuant to the 2010 Tower Bonus Plan.

(8) For 2009, reflects a 10% voluntary reduction in annual base salary from February through December 2009.

(9) Represents $1,350,000 earned pursuant to the SIP and $670,983 earned pursuant to the 2010 Tower Bonus Plan.

(10) Represents $112,500 earned pursuant to the SVCP and $250,946 earned pursuant to the 2011 Tower Bonus Plan.

(11) Represents non-accountable cash perquisites of $16,909, income associated with certain benefits and company paid benefits.

(12) For 2011, amounts for Dr. Meleghy were converted from Euros to U.S. dollars using an exchange rate of €1.00 to $1.296.

(13) Represents the cost of a company vehicle of $19,820, a company paid private healthcare subsidy of $14,572, cell phone costs of $6,404 and other company paid benefits.

(14) For 2010, amounts for Dr. Meleghy were converted from Euros to U.S. dollars using an exchange rate of €1.00 to $1.32.

(15) Represents $730,760 earned pursuant to the SIP and $389,189 earned pursuant to the 2010 Tower Bonus Plan.

(16) Represents the cost of a company vehicle of $19,710, a company paid private healthcare subsidy of $14,625, cell phone costs of $6,179 and other company paid benefits.

(17) For 2009, amounts for Dr. Meleghy were converted from Euros to U.S. dollars using the exchange rate of €1.00 to $1.44 and from Yen to U.S. dollars using the exchange rate of ¥92.43 to $1.00.

(18) Represents the cost of a company vehicle of $19,039, cell phone costs of $14,674, a non-accountable cash perquisite of $10,800 and company paid insurance payments of $15,846. Also, includes allowances pursuant to Dr. Meleghy's expatriate assignment which includes $48,600 as a goods and services allowance, $9,806 as a car and driver allowance, $77,825 as a housing allowance, $3,253 as a utilities allowance, $6,395 as a home leave allowance, $1,921 as a furniture allowance, $1,812 as a club membership allowance, and $109,996 in tax gross-ups.

70

Grants of Plan-Based Awards

The following sets forth certain information with respect to grants of plan-based awards for the year ended December 31, 2011 made to our NEOs.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards [1]			All Other Stock Awards: Number of Shares of Stock or Units [2]	All Other Option Awards: Number of Securities Underlying Options [3]	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards [4, 5]
		Threshold	Target	Maximum	(#)	(#)	($/Sh)	
Mark Malcolm	1/1/2011	$ 0	$ 1,092,000	$ 2,184,000				
	3/3/2011				22,703			$ 378,005
	12/20/2011				295,858			$ 3,000,000
James Gouin	1/1/2011	$ 0	$ 496,125	$ 992,250				
	3/3/2011				6,385			$ 106,310
	12/20/2011				98,619			$ 999,997
Michael Rajkovic	1/1/2011	$ 0	$ 606,375	$ 1,212,750				
	3/3/2011				10,405			$ 173,243
	12/20/2011				98,619			$ 999,997
James Bernard	1/1/2011	$ 0	$ 227,100	$ 454,200				
	3/10/2011					5,542	$ 16.65	$ 50,751
	3/10/2011				2,748			$ 45,754
	8/15/2011					12,676	$ 14.81	$ 103,252
	8/15/2011				2,988			$ 44,252
Gyula Meleghy	1/1/2011	$ 0	$ 348,365	$ 696,730				
	3/3/2011				6,385			$ 106,310

(1) These amounts relate to the 2011 Tower Bonus Plan described above. For the actual amounts earned in 2011, see the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table.

(2) Awards reflect the number of RSUs granted to the Named Executive Officers. The RSUs granted on 3/3/11 and 8/15/11 vest ratably over three years. The RSUs granted on 12/20/11 cliff vest on 12/31/14.

(3) Awards reflect the number of shares of common stock covered by the stock options granted to the Named Executive Officers. The options vest ratably over three years.

71

(4) Grant date fair value of stock options is the value per share, *multiplied by* a modified Black Scholes valuation of 55%, *multiplied by* the number of shares of common stock covered by the stock options granted to the Named Executive Officers (value per share was $16.65 for the 3/10/11 grant, and $14.81 for the 8/15/11 grant).

(5) Grant date fair value of RSUs is the value per share, *multiplied by* the number of RSUs awarded (value per share was $16.65 for the 3/10/11 grant, $14.81 for the 8/15/11 grant and $10.14 for the 12/20/11 grant).

The stock options and RSUs granted during 2011 were granted pursuant to our 2010 Equity Incentive Plan. That plan authorizes the grant of the following types of awards: nonqualified stock options, or NSOs, incentive stock options, or ISOs, stock appreciation rights, or SARs, restricted stock, restricted stock units, or RSUs, performance shares, performance units, other cash-based awards and other stock-based awards. Awards may be granted to employees, officers, non-employee board members, consultants and other service providers of our Company and its affiliates. However, ISOs may be granted only to employees.

We have authorized a total of 4,600,000 shares of common stock for issuance pursuant to all awards granted under the 2010 Equity Incentive Plan. The number of shares issued or reserved pursuant to the 2010 Equity Incentive Plan (or pursuant to outstanding awards) is subject to adjustment as a result of mergers, consolidations, reorganizations, stock splits, stock dividends and other changes in our common stock. Shares subject to awards that have been terminated, expired unexercised, forfeited or settled in cash do not count as shares issued under the 2010 Equity Incentive Plan. No person may receive awards of stock options or SARs during any calendar year for more than 500,000 shares of our common stock.

Vesting of awards granted under the 2010 Equity Incentive Plan may be subject to the satisfaction of one or more performance goals established by the Compensation Committee. The performance goals may vary from participant to participant, group to group, and period to period. Performance goals may be weighted for different factors and measures. The Compensation Committee will certify the degree of attainment of performance goals after the end of each year.

The Compensation Committee may, at the time of the grant of an award, provide for the effect of a change in control (as defined in the 2010 Equity Incentive Plan) on any award, including (i) accelerating or extending the time periods for exercising, vesting in, or realizing gain from any award, (ii) eliminating or modifying the performance or other conditions of an award, or (iii) providing for the cash settlement of an award for an equivalent cash value, as determined by the Compensation Committee. The Compensation Committee may, in its discretion and without the need for the consent of any recipient of an award, also take one or more of the following actions contingent upon the occurrence of a change in control: (a) cause any or all outstanding options and SARs to become immediately exercisable, in whole or in part; (b) cause any other awards to become non-forfeitable, in whole or in part; (c) cancel any option or SAR in exchange for a substitute option; (d) cancel any award of restricted stock, RSUs, performance shares or performance units in exchange for a similar award of the capital stock of any successor corporation; (e) redeem any restricted stock, RSU, performance share or performance unit for cash and/or other substitute consideration with a value equal to the fair market value of an unrestricted share of our common stock on the date of the change in control; (f) cancel any option or SAR in exchange for cash and/or other substitute consideration based on the value of our common stock on the date of the change in control, and cancel any option or SAR without any payment if its exercise price exceeds the value of our common stock on the date of the change in control; or (g) make such other modifications, adjustments or amendments to outstanding awards as the Compensation Committee deems necessary or appropriate. The grant agreements for the RSUs and stock options granted in connection with our IPO provide for accelerated vesting upon a change in control. The Compensation Committee currently anticipates that grants of stock options, RSUs, restricted stock and other equity-based awards in the future will contain similar accelerated vesting provisions.

Outstanding Equity Awards at Fiscal Year-End Tables

The following 2011 Outstanding Equity Awards at Fiscal Year-End table summarizes our NEOs' outstanding equity awards under the 2010 Equity Incentive Plan at December 31, 2011.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

		OPTION AWARDS			
Name	Grant Date	Number of Securities Underlying Unexercised Options [1] (#) Exercisable	Number of Securities Underlying Unexercised Options [1] (#) Unexercisable	Option Exercise Price [1] ($)	Option Expiration Date [1]
Mark Malcolm	10/14/2010 [4]	0	100,227	$ 13.00	10/14/2020
James Gouin	10/14/2010 [4]	0	28,189	$ 13.00	10/14/2020
Michael Rajkovic	10/14/2010 [4]	0	45,938	$ 13.00	10/14/2020
James Bernard	10/14/2010 [4]	0	6,364	$ 13.00	10/14/2020
	3/10/2011 [4]	0	5,542	$ 16.65	3/3/2021
	8/15/2011 [7]	0	12,676	$ 14.81	8/15/2021
Gyula Meleghy	10/14/2010 [4]	0	28,189	$ 13.00	10/14/2020

73

		STOCK AWARDS	
Name	Grant Date	Number of Shares or Units of Stock That Have Not Vested [2] (#)	Market Value of Shares or Units of Stock That Have Not Vested [2, 3] ($)
Mark Malcolm	10/15/2010 [5]	254,156	$ 2,729,635
	3/3/2011 [4]	22,703	$ 243,830
	12/20/2011 [6]	295,858	$ 3,177,515
James Gouin	10/15/2010 [5]	118,606	$ 1,273,828
	3/3/2011 [4]	6,385	$ 68,575
	12/20/2011 [6]	98,619	$ 1,059,168
Michael Rajkovic	10/15/2010 [5]	169,437	$ 1,819,753
	3/3/2011 [4]	10,405	$ 111,750
	12/20/2011 [6]	98,619	$ 1,059,168
James Bernard	3/10/2011 [4]	2,748	$ 29,514
	8/15/2011 [7]	2,988	$ 32,091
Gyula Meleghy	10/15/2010 [5]	67,775	$ 727,904
	3/3/2011 [4]	6,385	$ 68,575

(1) Refers to stock options.

(2) Refers to RSUs.

(3) Market Value is the number of RSUs multiplied by $10.74 (the closing sales price of our common stock on the New York Stock Exchange on December 30, 2011).

(4) These options and RSUs vest ratably on March 1, 2012, March 1, 2013 and March 1, 2014.

(5) These RSUs vest on April 20, 2012.

(6) These RSUs vest on December 31, 2014.

(7) These options and RSUs vest ratably on August 15, 2012, August 15, 2013 and August 15, 2014.

Equity Exercises and Vesting During 2011 Tables

No stock options were exercised by any of the NEOs during 2011.

The table below shows the number of RSUs acquired on vesting in 2011 and the value realized by the NEOs.

	Number of RSUs Acquired on Vesting in 2011	Value Realized on Vesting in **2011** [1]
Mark Malcolm	254,156	$4,340,984
James Gouin	118,607	$2,025,808
Michael Rajkovic	169,438	$2,894,001
James Bernard	0	$-
Gyula Meleghy	67,775	$1,157,597

(1) The fair market value of these RSUs at vesting is determined by multiplying the number of vested shares by $17.08 (the FMV of the shares at vesting).

74

The table below shows the Management MIP Units held by the NEOs that vested in 2011 as well as the total number of vested Management MIP Units held by the NEOs.

	MIP Unit Awards			
Name	Number of Management MIP Units Acquired on Vesting in 2011	Value Realized on Vesting in **2011** [1]	Total Vested Management MIP **Units** [2]	Market Value of Management MIP Units **That Have Vested** [3]
Mark Malcolm	75	—	300	$ -
James Gouin	25	—	100	$ -
Michael Rajkovic	43.75	—	175	$ -
James Bernard	0	—	0	$ -
Gyula Meleghy	25	—	100	$ -

(1) There is no value realized upon vesting.

(2) Represents all vested Management MIP Units held by the Named Executive Officer as of December 31, 2011.

(3) Market Value is the number of MIP Units that are vested at 12/31/2011 multiplied by $0. That amount is determined by multiplying $10.74 (representing the closing sales price of our common stock on the New York Stock Exchange on December 30, 2011) by 12,467,866 (representing the number of shares of our common stock owned by Tower International Holdings, LLC) and comparing that result ($133,904,881) to the Reference Amount plus a ten percent return on unpaid distributions (see "—Management Incentive Plan" discussion above) of $235,796,000 at December 31, 2011. Since the value of the common stock owned by Tower International Holdings, LLC is less than the value of the Reference Amount as of December 31, 2011, the MIP units have a market value of $0.

Potential Payments Upon Termination

Severance—Employment Agreements

We have employment agreements with each of Messrs. Malcolm (dated August 1, 2007, as amended), Gouin (dated November 1, 2007, as amended) and Rajkovic (dated August 16, 2007, as amended) and Dr. Meleghy (dated February 15, 2000). Each of the employment agreements was approved and authorized by the Compensation Committee or our board (other than Dr. Meleghy's agreement, which was assumed by the Predecessor). Our employment agreements with Messrs. Malcolm, Gouin and Rajkovic have been extended such that their terms will continue until December 31, 2014 with each agreement being extendable for successive one-year periods or, if the executive agrees, two-year or three-year periods. The current term of Dr. Meleghy's employment agreement expires on December 31, 2012. Dr. Meleghy's employment agreement is automatically renewable for periods of 12 months on each January 1 unless either he or we provide the other with notice of non-renewal at least six months before the term would renew. Mr. Bernard does not have an employment agreement specifying a term of employment.

75

Each agreement provides for a minimum annual base salary ($840,000 for Mr. Malcolm, $472,500 for Mr. Gouin, $577,500 for Mr. Rajkovic, and €336,000 for Dr. Meleghy), and the agreements for Messrs. Malcolm, Rajkovic and Gouin provide that the executive's base salary may be increased from time to time at our discretion. Each of the agreements also provide for eligibility for annual incentive compensation, currently at the target level of 130% of base salary for Mr. Malcolm, 105% of base salary for Messrs. Gouin and Rajkovic and 80% of base salary for Dr. Meleghy.

If Messrs. Malcolm's, Gouin's or Rajkovic's employment is terminated by us for "cause", or in the case of Messrs. Malcolm and Gouin by the executive without "good reason," as these terms are defined in their respective employment agreements, the executive will be entitled to receive the following benefits, which we refer to as the accrued benefits:

- the amount of any base salary earned and due but not paid through the date of termination;
- the amount of any annual bonus relating to the calendar year prior to the year of termination that was earned on the applicable bonus approval date but unpaid; and
- any reimbursable expenses that have not been reimbursed.

If Mr. Malcolm's, Mr. Gouin's or Mr. Rajkovic's employment is terminated due to his death or disability, if we terminate any such executive's employment without "cause," if he terminates his employment for "good reason" (other than in the case of Mr. Rajkovic) or if his employment agreement terminates because we do not elect to extend the term of the agreement, he will receive the following benefits:

- the accrued benefits;
- an aggregate amount equal to (i) in the case of Mr. Malcolm, two times his annualized base salary in effect as of the effective date of termination payable in 12 equal monthly installments, and (ii) in the case of Messrs. Gouin and Rajkovic, one times his annualized base salary in effect as of the effective date of termination payable in 12 equal monthly installments;
- a pro-rated portion (based on the number of days in the calendar year up to and including the date of termination) of the annual bonus relating to the calendar year of termination based on the actual awards for the plan year of termination (or a reasonable good faith determination of the expected amount of the actual awards if the actual awards are not determinable by March 15 of the calendar year following the calendar year of termination); and
-

COBRA premiums will be waived to the extent the cost of coverage exceeds the cost we charge for active employees for similar coverage, until the first to occur of (i) the first twelve months of COBRA coverage or (ii) the date the executive is covered under another group health plan.

If Mr. Bernard's or Dr. Meleghy's employment is terminated involuntarily and without cause, the executive will be entitled to receive, pursuant to our executive severance policy, an aggregate amount equal to one times his annualized base salary as of the effective date of termination. In Mr. Bernard's case, COBRA premiums will be waived to the extent the cost of coverage exceeds the cost we charge for active employees for similar coverage, until the first to occur of (i) the first twelve months of COBRA coverage, or (ii) the date the executive is covered under another group health plan. Each such executive will also receive any other payments due to him according to the Company's policies at the time of termination. Dr. Meleghy may be entitled to additional benefits under German law.

The following tables set forth the benefits potentially payable to each Named Executive Officer in the event of a termination of such person's employment, assuming that such events occurred as of December 31, 2011:

Mark Malcolm	Severance Amounts(1)	Benefits Continuation	Vested RSUs	Total
Termination by us for any reason (other than by us for cause) or because we do not extend the term of Mr. Malcolm's employment agreement	$1,680,000 (2)	—(3)	$5,907,150 (4)	$7,587,150
Termination by Mr. Malcolm for good reason	$1,680,000 (2)	—(3)	—	$1,680,000
Termination by us for cause	—	—	—	—
Termination by Mr. Malcolm without good reason	—	—	—	—

76

(1) In the event of any termination either by us or by the executive, the executive is entitled to the accrued benefits as described under “Severance—Employment Agreements”. In the event Mr. Malcolm’s employment is terminated by us other than for cause, the RSUs granted on October 15, 2010 and December 20, 2011 will vest assuming his employment continued until the date of vesting.

(2) Aggregate amount represents two times Mr. Malcolm’s annualized rate of base salary as of the effective date of termination in accordance with the terms of his employment agreement. Aggregate amount does not include a pro-rated portion of the 2012 annual bonus Mr. Malcolm would be entitled to receive in the event of such a termination during 2012, as more fully described above.

(3) Pursuant to Mr. Malcolm’s employment agreement, COBRA premiums will be waived to the extent the cost exceeds the cost we charge for active employees for similar coverage for 12 months. Mr. Malcolm has waived health coverage.

(4) Represents the value of RSUs that vest after termination, based on the number of unvested RSUs granted on October 15, 2010 of 254,156 and granted on December 20, 2011 of 295,858 multiplied by the closing sale price of our common stock on the New York Stock Exchange on December 30, 2011 ($10.74).

James Gouin	Severance Amounts(1)		**Benefits Continuation**		**Vested RSUs**		**Total**
Termination by us for any reason (other than by us for cause) or because we do not extend the term of Mr. Gouin’s employment agreement	$ 472,500	(2)	$ 11,866	(3)	$ 2,332,996	(4)	$ 2,817,362
Termination by Mr. Gouin for good reason	$ 472,500	(2)	$ 11,866	(3)	—		$ 484,366
Termination by us for cause	—		—		—		—
Termination by Mr. Gouin without good reason	—		—		—		—

(1) In the event of termination either by us or by the executive, the executive is entitled to the accrued benefits as described under “Severance—Employment Agreements”. In the event Mr. Gouin’s employment is terminated by us other than for cause, the RSUs granted on October 15, 2010 and December 20, 2011 will vest assuming his employment continued until the date of vesting.

(2) Aggregate amount represents one times Mr. Gouin’s annualized rate of base salary as of the effective date of termination in accordance with the terms of his employment agreement. Aggregate amount does not include a pro-rated portion of the 2012 annual bonus Mr. Gouin would be entitled to receive in the event of such a termination during 2012, as more fully described above.

(3) Pursuant to Mr. Gouin’s employment agreement, COBRA premiums will be waived to the extent the cost exceeds the cost we charge for active employees for similar coverage for 12 months.

(4) Represents the value of RSUs that vest after termination, based on the number of unvested RSUs granted on October 15, 2010 of 118,606 and granted on December 20, 2011 of 98,619 multiplied by the closing sale price of

our common stock on the New York Stock Exchange on December 30, 2011 ($10.74).

77

Michael Rajkovic	Severance Amounts(1)		Benefits Continuation		Vested RSUs		Total
Termination by us for any reason (other than by us for cause) or because we do not extend the term of Mr. Rajkovic's employment agreement	$ 577,500	(2)	$ 11,911	(3)	$2,878,921	(4)	$3,468,332
Termination by us for cause or resignation by Mr. Rajkovic	—		—		—		—

(1) In the event of termination either by us or by the executive, the executive is entitled to the accrued benefits as described under "Severance—Employment Agreements". In the event that Mr. Rajkovic's employment is terminated by us other than for cause, the RSUs granted on October 15, 2010 and December 20, 2011 will vest assuming his employment continued until the date of vesting.

(2) Aggregate amount represents one times Mr. Rajkovic's annualized rate of base salary as of the effective date of termination in accordance with the terms of his employment agreement. Aggregate amount does not include a pro-rated portion of the 2012 annual bonus Mr. Rajkovic would be entitled to receive in the event of such a termination during 2012, as more fully described above.

(3) Pursuant to Mr. Rajkovic's employment agreement, COBRA premiums will be waived to the extent the cost exceeds the cost we charge for active employees for similar coverage for 12 months.

(4) Represents the value of RSUs that vest after termination, based on the number of unvested RSUs granted on October 15, 2010 of 169,437 and granted on December 20, 2011 of 98,619 multiplied by the closing sale price of our common stock on the New York Stock Exchange on December 30, 2011 ($10.74).

James Bernard	Severance Amounts		Benefits Continuation		Supplemental Value Creation Plan		Total
Termination by us for any reason (other than by us for cause)	$400,000	(1)	$ 11,866	(2)	$ 112,500	(3)	$524,366
Termination by us for cause or by Mr. Bernard	—		—		—		—

(1) Aggregate amount represents one times Mr. Bernard's annualized rate of base salary as of the effective date of termination in accordance with the terms of our executive severance policy.

(2) Pursuant to the terms of our executive severance policy, COBRA premiums will be waived to the extent the cost exceeds the cost we charge for active employees for similar coverage for 12 months.

(3) Represents a Supplemental Value Creation Plan payment.

Dr. Meleghy	Severance Amounts		Benefits Continuation	Vested RSUs		Total
Termination by us for any reason (other than by us for cause)	$ 435,456	(1)	—	$727,904	(2)	$ 1,163,360
Termination by us for cause or by Dr. Meleghy	—		—	—		—

(1) Aggregate amount equal to one times Dr. Meleghy's annualized rate of base salary as of the effective date of termination in accordance with the terms of our executive severance policy. The executive's annual base salary is €336,000. The amount shown in the table represents the executive's base salary converted from Euros to U.S. dollars using the foreign exchange rate of €1.00 = $1.296. In the event Dr. Meleghy's employment is terminated by us other than for cause, the RSUs granted on October 15, 2010 will vest assuming his employment continued until the date of vesting.

(2) Represents the value of RSUs that vest after termination, based on the number of unvested RSUs granted on October 15, 2010 of 67,775 multiplied by the closing sale price of our common stock on the New York Stock Exchange on December 30, 2011 ($10.74).

78

Compensation of Board Members

The following table sets forth a summary of our non-employee board members' compensation for fiscal 2011.

Name	Fees Earned or Paid in **Cash**	Total
Nicholas Chabraja	$ 305,000	$305,000
James Chapman	$ 160,000	$160,000
Frank English	$ 153,763	$153,763
Dennis Donovan	$ 150,000	$150,000
Jonathan Gallen	$ 150,000	$150,000
Larry Schwentor (1)	$ 150,000	$150,000
Dev Kapadia	$ 118,333	$118,333
Chan Galbato	$ 116,667	$116,667
Scott Wille	$ 116,667	$116,667
Greg Powell (2)	$ 56,452	$56,452

(1) As of December 31, 2011, Mr. Schwentor held 37,177 unvested RSUs and held 37.5 Unvested Management MIP Units through an affiliate entity. Prior to our Corporate Conversion in 2010, and while serving as a member of our Board of Managers at the time, Mr. Schwentor acquired the Management MIP Units See "—Components of Compensation—Equity-Based Long Term Incentive Awards—Management Incentive Plan."

(2) Mr. Powell resigned from our Board effective May 17, 2011.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plan Information

The following table provides information about our equity compensation plans as of December 31, 2011.

	Number of Securities to be Is sued Upon Exercise of Outstanding Options ,	**Weighted-Average Exercise Price of Outstanding**	**Number of Securities Remaining Available for Future Issuance Under Equity**

Plan Category	Warrants and Rights	Options, Warrants and Rights	Compensation Plans
Equity compensation plans approved by security holders	1,835,464	$ 12.46	1,882,721
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	1,835,464	$ 12.46	1,882,721

79

Security Ownership

The following table sets forth as of April 20, 2012, certain information with respect to the beneficial ownership of our common stock by:

- each of our Named Executive Officers;
- each of our directors;
- all of our directors and executive officers as a group; and
- each person or group of affiliated persons who is known by us to beneficially own more than 5% of our common stock

The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the SEC's rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of such security, or investment power, which includes the power to dispose of or to direct the disposition of such security. In addition, a person who has the right to acquire beneficial ownership of securities within sixty days after a specified date is deemed to be the beneficial owner of those securities as of that date. Unless otherwise indicated below, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

The number of shares of common stock outstanding used in calculating the percentage for each listed person or entity excludes shares reserved for issuance under RSUs granted pursuant to one of our benefit plans.

Unless otherwise indicated, the address of each beneficial owner is c/o Tower International, Inc., 17672 Laurel Park Drive North, Suite 400E, Livonia, MI 48152.

	Shares Beneficially Owned	
Name of Beneficial Owner	Number	Percent
Named Executive Officers and Directors:		

Mark Malcolm(1)	357,610	1.8	%
James Gouin(2)	145,552	*	
Michael Rajkovic(3)	228,995	1.1	%
James Bernard(4)	633		
Gyula Meleghy(5)	172,468	*	
Nicholas Chabraja	2,000	*	
James Chapman	—	—	
Dennis Donovan	—	—	
Frank English	500	*	
Chan Galbato	—	—	
Jonathan Gallen	—	—	
Dev Kapadia	—	—	
Larry Schwentor(6)	55,530	*	
Scott Wille	—	—	
Executive officers and directors as a group (17 persons)(7)	1,033,923	5.3	%
5% Stockholders			
Stephen Feinberg(8)	13,049,310	66.3	%
Ameriprise Financial, Inc. (“AFI”)/Columbia Management Investment Advisers, LLC (“CMIA”)(9)	1,074,091	5.5	%
Robeco Investment Management, Inc. (10)	1,259,010	6.4	%
The Bank of New York Mellon Corporation and its direct and indirect subsidiaries (11)	929,681	4.7	%

80

* Less than 1%.

(1) Excludes 100,227 shares of common stock underlying stock options which we granted in connection with the consummation of the IPO. Also excludes 15,135 shares of common stock underlying RSUs granted on March 3, 2011; 32,280 shares of common stock underlying RSUs granted on March 6, 2012; 146,253 shares of common stock underlying stock options granted on March 6, 2012; 295,858 shares of common stock underlying RSUs granted on December 20, 2011; and the 300 Management MIP Units held by Mr. Malcolm.

(2) Excludes 28,189 shares of common stock underlying stock options which we granted in connection with the consummation of the IPO. Also excludes 4,256 RSUs granted on March 3, 2011; 9,079 shares of common stock underlying RSUs granted on March 6, 2012; 41,134 shares of common stock underlying stock options granted on March 6, 2012; 98,619 shares of common stock underlying RSUs granted on December 20, 2011; and the 100 Management MIP Units held by Mr. Gouin.

(3) Excludes 45,938 shares of common stock underlying stock options which we granted in connection with the consummation of the IPO. Also excludes 6,936 RSUs granted on March 3, 2011; 14,795 shares of common stock underlying RSUs granted on March 6, 2012; 67,033 shares of common stock underlying stock options granted on March 6, 2012; 98,619 shares of common stock underlying RSUs granted on December 20, 2011; and the 175 Management MIP Units held by Mr. Rajkovic.

(4) Excludes 6,364 shares of common stock underlying stock options which we granted in connection with the consummation of the IPO. Also excludes 1,832 shares of common stock underlying RSUs granted on March 10, 2011; 5,542 shares of common stock underlying stock options granted on March 10, 2011; 2,988 shares of common stock underlying RSUs granted on August 15, 2011; 12,676 shares of common stock underlying stock options granted on August 15, 2011; 7,686 shares of common stock underlying RSUs granted on March 6, 2012; and 34,822 shares of common stock underlying stock options granted on March 6, 2012.

(5) Excludes 28,189 shares of common stock underlying stock options which we granted in connection with the consummation of the IPO. Also excludes 4,256 shares of common stock underlying RSUs granted on March 3, 2011 and the 100 Management MIP Units held by Dr. Meleghy.

(6) Excludes 150 Management MIP Units held by Mr. Schwentor.

(7) Excludes 247,535 shares of common stock underlying stock options which we granted in connection with the consummation of the IPO. Also excludes 36,416 shares of common stock underlying RSUs which we granted on March 3, 2011; 1,832 shares of common stock underlying RSUs granted on March 10, 2011; 5,542 shares of common stock underlying stock options which we granted on March 10, 2011; 2,988 shares of common stock underlying RSUs granted on August 15, 2011; 12,676 shares of common stock underlying stock options granted on August 15, 2011; 493,096 shares of common stock underlying RSUs granted on December 20, 2011; 76,281 shares of common stock underlying RSUs which we granted on March 6, 2012; 345,611 shares of common stock underlying stock options we granted on March 6, 2012; and 975 Management MIP Units held by the executive officers and board members.

(8) Tower International Holdings, LLC owns 13,049,310 shares of our common stock. Pursuant to the limited liability company agreement of Tower International Holdings, LLC, the manager of Tower International Holdings, LLC exercises sole voting and dispositive authority over all of the securities owned by Tower International Holdings, LLC. The manager of Tower International Holdings, LLC is CCM. Stephen Feinberg is the sole shareholder of Craig Court, Inc., the managing member of Craig Court GP, LLC, which is the general partner of CCM. As a result of the foregoing, Mr. Feinberg, through one or more intermediate entities, possesses the sole power to vote and the sole power to direct the disposition of all shares of the Company's common stock held by Tower International Holdings, LLC. The address for Stephen Feinberg is c/o Cerberus Capital Management, L.P., 299 Park Avenue, New York, NY 10171. Tower International Holdings, LLC is a party to voting agreements with certain executive officers of the Company, a director of the Company and a consultant to the Company, and as a result Mr. Feinberg has the power to direct the voting of certain securities of the

Company beneficially owned by such persons.

(9) Based on information set forth in a Schedule 13G/A filed February 13, 2012. The address of AFI, the parent of CMIA, is 145 Ameriprise Financial Center, Minneapolis, Minnesota 55474. CMIA's address is 100 Federal Street, Boston, Massachusetts 02110.

(10) Based on information set forth in a Schedule 13G/A filed February 6, 2012. The stockholder's address is 909 Third Avenue, New York, New York 10022.

(11) Based on information set forth in a Schedule 13G/A filed September 9, 2011. The stockholder's address is One Wall Street, 31^{st} Floor, New York, New York 10286.

81

Item 13. Certain Relationships and Related Transactions, and Director Independence

Related Party Transactions

Cerberus does not charge us a quarterly or annual management or sponsor fee. During 2011 we reimbursed COAC, an affiliate of CCM, less than $100,000 for consulting services. If we request COAC, an affiliate of Cerberus, to provide consulting services in the future, we would expect to reimburse COAC for the salaries and benefits of the individuals providing such services on behalf of COAC.

We made pension payments of 200,000 Euro (or $300,000 based on the average exchange rate during 2011) in 2011 to the mother of Gyula Meleghy, our President, International Operations, as required pursuant to the terms of the acquisition by the Predecessor, of Dr. Meleghy & Co. GmbH on January 1, 2000.

In connection with the IPO, Tower entered into a registration rights agreement with the Majority Stockholder. The agreement provides the Majority Stockholder with certain demand and piggyback registration rights, as well as indemnification protection and expense reimbursement in the event that shares of the Majority Stockholder’s common stock are sold pursuant to a registration statement covered by that agreement.

Also in connection with the IPO, the individuals who received RSUs from the Company entered into voting agreements with Cerberus. Those voting agreements enable Cerberus to direct the voting of the shares of Tower common stock that such individuals receive pursuant to the RSU grants and upon exercise of stock option grants. However, such voting agreements do not restrict the transferability of the underlying shares of common stock.

Related Party Transaction Policy

Our Board recognizes that related person transactions, as defined in our related person transaction policy, present a risk of actual or perceived conflicts of interest that could damage the reputation and public trust of our Company. It is our policy that all related party transactions shall be subject to approval or ratification in accordance with our related person transaction policy, which was adopted in connection with the IPO.

The Audit Committee will review this policy annually and will recommend amendments, if any, to the Board for its consideration. In addition, the Board has determined that the Audit Committee shall consider, approve or ratify each related person transaction. The Audit Committee will, in determining whether to approve or ratify a related person transaction, take into account, among other factors it deems appropriate: (i) the benefits to our Company; (ii) the impact on a director's independence in the event the related person is a director, an immediate family member of a director or an entity in which a director is a partner, stockholder or executive officer; (iii) the availability of other sources for comparable products or services; (iv) the terms of the proposed related person transaction; (v) whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party; and (vi) the extent of the related person's interest in the transaction. No member of the Audit Committee will participate in any review, consideration or approval of any related person transaction with respect to which such member or any of his or her immediate family members is the related person.

None of the transactions described above under "Related Party Transactions" were approved pursuant to this policy as the policy was implemented subsequent to the transactions. However, each transaction was approved by Tower's Board comprised at that time. All future transactions of this nature will be approved pursuant to the Company's written policy now in effect, as required by the specific terms of the policy.

Director Independence

The Board of Directors has affirmatively determined that each of Nicholas Chabraja, James Chapman, Frank English and Jonathan Gallen is independent as defined in accordance with the listing standards of the New York Stock Exchange (the "**NYSE**"). To be considered "independent," a director must be determined by the Board of Directors to have no relevant material relationship with the Company, other than as a director of the Company.

The Majority Stockholder controls a majority of our outstanding common stock. As a result, the Company is a "controlled company" within the meaning of the NYSE corporate governance standards. Under the NYSE rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain NYSE corporate governance requirements, including:

- the requirement that a majority of the Company’s Board consist of independent directors;
- the requirement that the Company have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee’s purposes and responsibilities;
- the requirement that the Company have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purposes and responsibilities; and
- the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.

The Company currently utilizes these exemptions, although the Board has adopted written charters for the Board’s Nominating and Corporate Governance Committee and for the Board’s Compensation Committee. The Board also intends to conduct annual performance evaluations of both committees. As a controlled company, the Company does not have a majority of independent directors and does not have a compensation committee or nominating and corporate governance committee consisting entirely of independent directors.

Item 14. Principal Accountant Fees and Services

Pre-Approval Policies and Procedures

The Audit Committee has adopted a written policy for the pre-approval of audit, audit-related and non-audit services to be provided by the Company’s independent registered public accounting firm. In general, the Company’s independent registered public accounting firm cannot be engaged to provide any audit or non-audit services unless the engagement is pre-approved by the Audit Committee in compliance with the Sarbanes-Oxley Act of 2002. Certain basic services may also be pre-approved by the Chairman of the Audit Committee under the policy. However, any service that is not specifically pre-approved under the policy must be specifically pre-approved by the Audit Committee if it is to be provided by the independent registered public accounting firm.

Audit, Audit-Related and Non-Audit Fees

Set forth below are the fees paid by the Company to its independent registered public accounting firm, Deloitte & Touche LLP, for the years indicated, all of which were pre-approved by the Audit Committee or the Board of Directors of the Company (amounts in thousands).

Nature of the Fees	Year Ended December 31, 2011	2010
Audit fees (includes fees incurred during 2010 for services related to the Company's Initial Public Offering ("**IPO**"))	$ 2,155	$ 2,678
Audit-related fees	210	140
Tax fees	40	319
All other fees	-	-
Total	$ 2,405	$ 3,137

Audit Fees — Consist of fees for professional services rendered for the audit of the Company's annual consolidated financial statements, the audit of the Company's internal control over financial reporting and the review of financial statements included in the Company's Forms 10-Q, or services that are normally provided by the Company's independent registered public accounting firm in connection with statutory or regulatory filings or engagements for the applicable years. Such services include those associated with reports or other documents filed with the SEC, such as the issuance of consents, filings on Form 8-K, responding to SEC comment letters or other inquiries by regulators related to accounting or disclosure matters, as well as the issuance of comfort letters related to securities offerings, as applicable.

Audit-Related Fees — Consist of fees for services that are reasonably related to the performance of the audit or review of the Company's financial statements, including fees for the performance of audits and attestation services not required by statute or regulations; audits of the Company's employee benefit plans; due diligence activities related to mergers, acquisitions and investments; and accounting consultations about the application of generally accepted accounting principles to proposed transactions.

Tax Fees — Consist of fees for tax compliance, tax planning and tax advice. Corporate tax services encompass a variety of permissible services, including: technical tax advice related to U.S. and international tax matters; assistance with foreign income and withholding tax matters; assistance with sales tax, value added tax and equivalent tax related matters in local jurisdictions; preparation of reports to comply with local tax authority transfer pricing documentation requirements; and assistance with tax audits.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) List of documents filed as part of this Annual Report or incorporated herein by reference:

(1) Financial Statements: The following financial statements of the Registrant as set forth under Part II, Item 8 of this report on Form 10-K on the pages indicated:

(2) Financial Statement Schedule:

SCHEDULE II

Valuation and Qualifying Accounts for the years ended December 31, 2011, 2010, and 2009

	(in thousands)				
Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Charged to Other Accounts	**Deductions**	**Balance at End of Year**
Year Ended December 31, 2011					

Allowance for doubtful accounts	$1,674	$3,182	$—	$ (1,244)[(a)]	$ 3,612
Deferred tax asset valuation allowance	180,395	3,136	4,805	—	188,336
Year Ended December 31, 2010					
Allowance for doubtful accounts	$2,439	$(199)	$—	$ (566)[(a)]	$ 1,674
Deferred tax asset valuation allowance	172,358	3,607	4,430	—	180,395
Year Ended December 31, 2009					
Allowance for doubtful accounts	$3,974	$930	$—	$ (2,465)[(a)]	$ 2,439
Deferred tax asset valuation allowance	170,093	19,496	(17,231)	—	172,358

(a) Write off of uncollectible accounts

All other schedules are omitted because they are inapplicable or not required or the information is included in the Company's consolidated financial statements or the notes thereto.

84

(3) Exhibits

2.1	Asset Purchase Agreement, dated as of May 1, 2007, by and among Tower Automotive, Inc., a debtor-in-possession and certain of its subsidiaries, and Tower Automotive, LLC f/k/a TA Acquisition Company, LLC (filed as Exhibit 2.1 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
2.2	Form of Contribution Agreement providing for the contribution of equity interests in Tower Automotive, LLC to Tower International Holdings, LLC (filed as Exhibit 2.2 to Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
3.1	Form of Certificate of Incorporation of the Registrant (filed as Exhibit 3.1 to Amendment No. 4 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
3.2	Form of By-Laws of the Registrant (filed as Exhibit 3.2 to Amendment No. 8 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
4.1	See Exhibits 3.1 and 3.2 for provisions of the Certificate of Incorporation and Bylaws of the Registrant defining the rights of holders of common stock of the Registrant.
4.2	Specimen stock certificate (filed as Exhibit 4.2 to Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
4.3	Form of Registration Rights Agreement between the Registrant. and Tower International Holdings, LLC (filed as Exhibit 4.3 to Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
4.4	Indenture, dated as of August 24, 2010, among Tower Automotive Holdings USA, LLC and TA Holdings Finance, Inc., as issuers, the guarantors party thereto and Wilmington Trust FSB, as trustee and collateral agent (filed as Exhibit 4.4 to Amendment No. 6 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.1	Revolving Credit and Guaranty Agreement, dated as of July 31, 2007, by and among Tower Automotive Holdings USA, LLC, the Guarantors named therein, the Lenders named therein and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 10.1 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.2	Amendment No. 1 to Revolving Credit and Guaranty Agreement, dated May 5, 2008, by and among Tower Automotive Holdings USA, LLC, the Guarantors from time to time party thereto, the Lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (filed as Exhibit 10.2 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No.333-165200) and incorporated herein by reference).
10.3	Amendment No. 2 to the Revolving Credit and Guaranty Agreement, dated as of August 4, 2010, among Tower Automotive Holdings USA, LLC, the guarantors from time to time party thereto, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A., as administrative agent (filed as Exhibit 10.3 to Amendment No. 6 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.4	First Lien Term Loan and Guaranty Agreement, dated as of July 31, 2007, by and among Tower Automotive Holdings USA, LLC, Tower Automotive Holding Europe B.V., the Guarantors named therein, the Lenders, named therein and JPMorgan Chase Bank, N.A., as Agent (filed as Exhibit 10.4 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.5	Amendment No 1 to First Lien Term Loan and Guaranty Agreement, dated as of December 24, 2007, by and among Tower Automotive Holdings USA, LLC, Tower Automotive Holding Europe B.V., the Guarantors named therein, the Lenders named therein and JPMorgan Chase Bank, N.A., as Agent (filed as Exhibit 10.5 to

	the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.6	Amendment No 2 to First Lien Term Loan and Guaranty Agreement, dated as of May 5, 2008, by and among Tower Automotive Holdings USA, LLC, Tower Automotive Holding Europe B.V., the Guarantors named therein, the Lenders named therein and JPMorgan Chase Bank, N.A., as Agent (filed as Exhibit 10.6 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.7	Waiver and Amendment No 3 to First Lien Term Loan and Guaranty Agreement, April 1, 2009, by and among Tower Automotive Holdings USA, LLC, Tower Automotive Holding Europe B.V., the Guarantors named therein, the Lenders named therein and JPMorgan Chase Bank, N.A., as Agent (filed as Exhibit 10.7 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.8	Amendment No. 4 to the First Lien Term Loan and Guaranty Agreement, dated as of August 24, 2010, among Tower Automotive Holdings USA, LLC, Tower Automotive Holdings Europe B.V., the guarantors from time to time party thereto, the lenders from time to time party thereto and JPMorgan Chase Bank, N.A. (filed as Exhibit 10.8 to Amendment No. 6 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.9	Amended and Restated Intercreditor Agreement, dated as of August 24, 2010, among JPMorgan Chase Bank, N.A., as representative with respect to certain agreements identified therein, Wilmington Trust FSB, as representative with respect to the notes agreement identified therein, each additional representative from time to time party thereto, Tower Automotive Holdings USA, LLC, the other loan parties party thereto and Tower Automotive, LLC (filed as Exhibit 10.9 to Amendment No. 6 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).

85

10.10	Term Intercreditor Agreement, dated as of August 24, 2010, among JPMorgan Chase Bank, N.A., as synthetic letter of credit facility agent, Wilmington Trust FSB, as notes collateral agent, each additional term agent from time to time party thereto, each grantor from time to time party thereto and Tower Automotive, LLC (filed as Exhibit 10.10 to Amendment No. 6 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.11	Amended and Restated ABL Security Agreement, dated as of August 24, 2010, among Tower Automotive Holdings USA, LLC, the guarantors party thereto and JPMorgan Chase Bank, N.A., as agent (filed as Exhibit 10.11 to Amendment No. 6 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.12	Amended and Restated First Lien Term Loan Security Agreement, dated as of August 24, 2010, among Tower Automotive Holdings USA, LLC, the guarantors party thereto and JPMorgan Chase Bank, N.A., as agent (filed as Exhibit 10.12 to Amendment No. 6 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.13	Notes Security Agreement, dated as of August 24, 2010, among Tower Automotive Holdings USA, LLC, TA Holdings Finance, Inc., the subsidiary guarantors party thereto and Wilmington Trust FSB, as collateral agent (filed as Exhibit 10.13 to Amendment No. 6 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.14†	Registrant's Employment Agreement with James Gouin (filed as Exhibit 10.25 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.15†	Letter Agreement Amendment to Employment Agreement, dated as of June 1, 2010, between the Registrant and James Gouin (filed as Exhibit 10.52 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.16†	Registrant's Employment Agreement with Mark Malcolm (filed as Exhibit 10.26 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.17†	Letter Agreement Amendment to Employment Agreement, dated as of June 1, 2010, between the Registrant and Mark Malcolm (filed as Exhibit 10.50 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.18†	Registrant's Employment Agreement with Michael Rajkovic (filed as Exhibit 10.27 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.19†	Letter Agreement Amendment to Employment Agreement, dated as of June 1, 2010, between the Registrant and Michael Rajkovic (filed as Exhibit 10.51 to Amendment No. 5 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.20†	Registrant's Employment Agreement with William Cook (filed as Exhibit 10.28 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.21†	Registrant's Employment Agreement with Gyula Meleghy (filed as Exhibit 10.29 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.23†	Registrant's Compensation Agreement with Paul Radkoski (filed as Exhibit 10.31 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.24	Form of Indemnification Agreement (filed as Exhibit 10.24 to Amendment No. 8 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.25	Service Agreement with Rande Somma & Associates LLC (filed as Exhibit 10.33 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated

	herein by reference).
10.26	Amendment to Service Agreement with Rande Somma & Associates LLC, dated September 29, 2010 (filed as Exhibit 10.55 to Amendment No. 9 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.27	Service Agreement with Larry Schwentor and MGT4VALUE LLC (filed as Exhibit 10.34 to the Registrant's Registration Statement on Form S-1 as originally filed on March 4, 2010 (No. 333-165200) and incorporated herein by reference).
10.28†	Second Amended and Restated Value Creation Plan of Tower Automotive, LLC (filed as Exhibit 10.27 to Amendment No. 8 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.29†	Form of 2010 Equity Incentive Plan (filed as Exhibit 10.28 to Amendment No. 9 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.30†	Form of Restricted Stock Award Agreement (filed as Exhibit 10.29 to Amendment No. 8 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.31†	Form of Restricted Stock Unit Award Agreement (filed as Exhibit 10.30 to Amendment No. 8 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.32†	Form of Restricted Stock Unit Award Agreement (filed as Exhibit 10.30.1 to Amendment No. 8 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.33†	Form of Nonqualified Stock Option Grant Agreement (filed as Exhibit 10.31 to Amendment No. 8 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.34†	Form of Nonqualified Stock Option Grant Agreement (filed as Exhibit 10.31.1 to Amendment No. 8 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).

10.35†	Form of Incentive Stock Option Grant Agreement (filed as Exhibit 10.32 to Amendment No. 8 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.36†	Tower Management, LLC 2007 Management Incentive Plan (filed as Exhibit 10.33 to Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.37†	Form of Award Letter, Tower Automotive, LLC Supplemental Value Creation Program Plan (filed as Exhibit 10.34 to Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.38†	Form of Award Letter, Tower Automotive, LLC 2010 Long-Term Incentive Program (filed as Exhibit 10.35 to Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.39†	Form of Award Letter, Tower Automotive, LLC Special Incentive Program (filed as Exhibit 10.36 to Amendment No. 3 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.40††	Lease Agreement, dated as of April 10, 2002, by and among Module (DE) Limited Partnership, Tower Automotive Products Company, Inc. and Tower Automotive Tool LLC (filed as Exhibit 10.37 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.41	Amendment No. 1 to Lease Agreement, dated as of November 15, 2002, by and among Module (DE) Limited Partnership, Tower Automotive Products Company, Inc. and Tower Automotive Tool LLC (filed as Exhibit 10.38 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.42††	Amendment No. 2 to Lease Agreement, dated as of July 31, 2007, by and among Module (DE) Limited Partnership, Tower Automotive Products Company, Inc. and Tower Automotive Tool LLC (filed as Exhibit 10.39 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.43††	Lease Agreement, dated as of April 10, 2002, by and among Chassis (DE) Limited Partnership, Tower Automotive Products Company, Inc. and Tower Automotive Tool LLC (filed as Exhibit 10.40 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.44	Amendment No. 1 to Lease Agreement, dated as of October 9, 2002, by and among Chassis (DE) Limited Partnership, Tower Automotive Products Company, Inc. and Tower Automotive Tool LLC (filed as Exhibit 10.41 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.45††	Amendment No. 2 to Lease Agreement, dated as of July 31, 2007, by and among Chassis (DE) Limited Partnership, Tower Automotive Products Company, Inc. and Tower Automotive Tool LLC (filed as Exhibit 10.42 to Amendment No. 1 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.46	Unit Sale and Purchase Agreement of Mark Malcolm (filed as Exhibit 10.43 to Amendment No. 4 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.47	Unit Sale and Purchase Agreement of Jim Gouin (filed as Exhibit 10.44 to Amendment No. 4 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.48	Unit Sale and Purchase Agreement of Michael Rajkovic (filed as Exhibit 10.45 to Amendment No. 4 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.50	Unit Sale and Purchase Agreement of Gyula Meleghy (filed as Exhibit 10.47 to Amendment No. 4 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.51	Unit Sale and Purchase Agreement of Rande Somma and Associates LLC (filed as Exhibit 10.48 to Amendment No. 4 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).

10.52	Unit Sale and Purchase Agreement of MGT4VALUE LLC (filed as Exhibit 10.49 to Amendment No. 4 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.53†	Form of Amendment to Form of Award Letter, Tower Automotive, LLC 2010 Long-Term Incentive Program (filed as Exhibit 10.53 to Amendment No. 9 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.54†	Form of Award Letter, Tower Automotive, LLC 2010 Special Incentive Program (filed as Exhibit 10.54 to Amendment No. 8 to the Registrant's Registration Statement on Form S-1 (No. 333-165200) and incorporated herein by reference).
10.55	Amended and Restated Revolving Credit and Guaranty Agreement, dated as of June 13, 2011, among Tower Automotive Holdings USA, LLC, as borrower, Tower International, Inc., Tower Automotive Holdings I, LLC, Tower Automotive Holdings II(a), LLC, Tower Automotive Holdings II(b), LLC, and the other guarantors party hereto, as guarantors, the lenders party hereto and JPMorgan Chase Bank, N.A., as administrative agent (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed June 14, 2011 and incorporated herein by reference).
10.56	Letter of Credit Facility Agreement, dated as of June 13, 2011, among Tower Automotive Holdings USA, LLC, as borrower, Tower International, Inc., as holdings, JPMorgan Chase Bank, N.A., as L/C participant, and JPMorgan Chase Bank, N.A., as administrative agent and issuing lender (filed as Exhibit 10.56 to the Registrant's Annual Report on Form 10-K filed March 8, 2012 and incorporated herein by reference).
10.57†	Letter Agreement Amendment to Employment Agreement, dated as of December 19, 2011, between the Registrant and James Gouin (filed as Exhibit 10.57 to the Registrant's Annual Report on Form 10-K filed March 8, 2012 and incorporated herein by reference).
10.58†	Letter Agreement Amendment to Employment Agreement, dated as of December 19, 2011, between the Registrant and Mark Malcolm (filed as Exhibit 10.58 to the Registrant's Annual Report on Form 10-K filed March 8, 2012 and incorporated herein by reference).
10.59†	Letter Agreement Amendment to Employment Agreement, dated as of December 19, 2011, between the Registrant and Michael Rajkovic (filed as Exhibit 10.59 to the Registrant's Annual Report on Form 10-K filed March 8, 2012 and incorporated herein by reference).

10.60*†††	Amendment No. 3 to Lease Agreement, dated as of January 24, 2011, by and among Chassis (DE) Limited Partnership, Tower Automotive USA Operations I, LLC and Tower Automotive USA Operations II, LLC (successors in interest to Tower Automotive Products Company, Inc. and Tower Automotive Tool LLC) (filed as Exhibit 10.60 to the Registrant's Annual Report on Form 10-K filed March 8, 2012 and incorporated herein by reference).
10.61†††	Amendment No. 4 to Lease Agreement, dated as of October 3, 2011, by and among Chassis (DE) Limited Partnership, Tower Automotive USA Operations I, LLC and Tower Automotive USA Operations II, LLC (successors in interest to Tower Automotive Products Company, Inc. and Tower Automotive Tool LLC) (filed as Exhibit 10.61 to the Registrant's Annual Report on Form 10-K filed March 8, 2012 and incorporated herein by reference).
10.62	Amendment to Service Agreement with Rande Somma & Associates LLC, dated November 29, 2011 (filed as Exhibit 10.62 to the Registrant's Annual Report on Form 10-K filed March 8, 2012 and incorporated herein by reference).
10.63*	Service Agreement between Rande Somma & Associates LLC and Tower Defense & Aerospace, LLC, dated as of January 3, 2012.
11.1	A statement regarding the computation of earnings per share is omitted because such computation can be clearly determined from the material contained in this Report.
21.1	Subsidiaries of Tower International, Inc (filed as Exhibit 21.1 to the Registrant's Annual Report on Form 10-K filed March 8, 2012 and incorporated herein by reference).
23.1*	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14 Securities Exchange Act Rules 13a-14(a) and 15d-14(a), pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14 Securities Exchange Act Rules 13a-14(a) and 15d-14(a), pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document ***
101.SCH	XBRL Taxonomy Extension Scheme Document ***
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document ***
101.LAB	XBRL Taxonomy Extension Label Linkbase Document ***
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document ***

* Filed herewith.

** Furnished herewith.

*** Pursuant to Rule 406T of Regulation S-T, the interactive data files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Exchange Act and otherwise are not subject to liability under those sections.

† Management contract or compensatory plan or arrangement.

†† Confidential treatment has been granted for certain provisions of this Exhibit pursuant to Rule 406 promulgated under the Securities Act of 1933, as amended.

††† Portions of this exhibit have been omitted pursuant to the Company's request to the Secretary of the Securities and Exchange Commission for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

88

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Date: April 27, 2012 /s/James C. Gouin
James C. Gouin
Chief Financial Officer

89

EXHIBIT LIST

10.63*	Service Agreement between Rande Somma & Associates LLC and Tower Defense & Aerospace, LLC, dated as of January 3, 2012.
23.1*	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14 Securities Exchange Act Rules 13a-14(a) and 15d-14(a), pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14 Securities Exchange Act Rules 13a-14(a) and 15d-14(a), pursuant to section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.

*Filed herewith.
**Furnished herewith.