TOWER AUTOMOTIVE INC
Form 10-K
March 08, 2004

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

FORM 10-K

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

For the fiscal year ended:	Commission file number:
DECEMBER 31, 2003	1-12733

TOWER AUTOMOTIVE, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE	41-1746238
(State of Incorporation)	(I.R.S. Employer Identification No.)
27175 HAGGERTY ROAD NOVI, MICHIGAN (Address of Principal Executive Offices)	48377 (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:
(248) 675-6000

5211 CASCADE ROAD SE -- SUITE 300, GRAND RAPIDS, MICHIGAN 49546
(Former Name or Former Address, if Changed Since Last Report)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
COMMON STOCK, PAR VALUE $.01 PER SHARE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
NONE

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 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. [X]

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes [X] No [ ]

As of February 27, 2004, 57,341,805 shares of Common Stock of the Registrant were outstanding. As of June 30, 2003, the aggregate market value of the Common Stock of the Registrant (based upon the last reported sale price of the Common Stock at that date by the New York Stock Exchange), excluding shares owned beneficially by affiliates, was approximately $199,152,000.

Information required by Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K incorporates by reference information (to the extent specific sections are referred to herein) from the Registrant's Proxy Statement for its annual meeting to be held May 20, 2004 (the "2004 Proxy Statement").

TOWER AUTOMOTIVE, INC.

ANNUAL REPORT ON FORM 10-K

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PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF BUSINESS

BACKGROUND OF COMPANY

Tower Automotive, Inc. and its subsidiaries (collectively referred to as the "Company" or "Tower Automotive") is a leading global designer and producer of structural components and assemblies used by every major automotive original equipment manufacturer ("OEM"), including Ford, DaimlerChrysler, Renault/Nissan, Volkswagen Group, General Motors ("GM"), Toyota, Honda, BMW, Fiat, Hyundai/Kia, Mazda, and Isuzu. The Company's current products include automotive body structural stampings and assemblies including exposed sheet metal ("Class A") components, lower vehicle structural stampings and assemblies, suspension components, modules and systems. The Company believes it is the largest independent global supplier of structural components and assemblies to the automotive market (based on net revenues).

The Company has over 60 manufacturing, product development, and administrative facilities located in the United States, Canada, Mexico, Germany, Belgium, Poland, Slovakia, Italy, France, Spain, Japan, China, Korea, Brazil, and India. The Company continues to broaden its geographic coverage and strengthen its ability to supply products on a global basis as a result of targeted organic growth and disciplined operations excellence and quality initiatives.

Since its inception in April 1993, when the Company was formed to acquire R. J. Tower Corporation, the Company's revenues have grown rapidly through internal growth and acquisitions. From 1993 to 2000, the Company has successfully completed 14 acquisitions and established six joint ventures in China, Mexico, Korea, Japan and the United States. As a result of these acquisitions and internal growth, the Company's revenues have increased from approximately $86 million in 1993 to approximately $2.8 billion in 2003. The Company's North American average content per vehicle has increased from $6.23 in 1993 to $124.99 in 2003.

The Company operates in the structural metal segment of the automotive supply industry, which saw significant consolidation recently. In order to lower costs and improve quality, OEMs are reducing their supplier base by awarding sole-source contracts to broadly capable suppliers who are able to supply large portions of a vehicle on a global basis. OEMs' criteria for supplier selection include cost, quality, responsiveness, full-service design, engineering and program management capabilities. OEMs are increasingly seeking suppliers capable of providing complex structural assemblies rather than suppliers who only provide individual component parts. In addition, OEMs are increasingly requiring their suppliers to have the capability to design and manufacture their products in multiple geographic markets. As a supplier with strong OEM relationships, scale and global presence, the Company expects to continue to benefit from these trends going forward.

Approximately 71 percent of the Company's 2003 revenues were generated from sales in North America. The Company supplies products for many of the most popular car, light truck and sport utility models, including the Ford Taurus, Focus, Explorer, Ranger and F-Series pickups, Chevrolet Silverado and GMC Sierra pickups, Dodge Ram pickup, Toyota Camry, and Honda Accord and Civic. Approximately 15 percent of the Company's 2003 revenues were generated from sales in Europe, 13 percent in Asia, and 1 percent in South America.

The Company's principal executive offices are located at 27175 Haggerty Road, Novi, Michigan 48377, and its telephone number is (248) 675-6000. The Company makes available, free of charge through its internet website (www.towerautomotive.com) annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, filed with the Securities Exchange Commission ("SEC"), as soon as reasonably practicable after they are filed or furnished to the SEC.

BUSINESS STRATEGY

Tower Automotive was created through a series of acquisitions of complementary businesses that have allowed the Company to become the largest independent global supplier of structural metal components and assemblies (based on net revenues) with a diverse customer portfolio and a broad scope of product offerings. Now, the Company's challenge is to deliver on the promise of top-line revenue growth and diversification by launching the significant backlog of new business well, driving operational excellence throughout the Company to improve profitability, quality and capital utilization, and leveraging the Company's scale to realize structural cost reductions in global purchasing, integrated manufacturing strategy and common approaches to technology. The Company's medium-term goal is to improve its credit profile to investment-grade levels by strengthening its balance sheet and liquidity for long-term health.

Operating Strategy:

Focus on Operational Excellence. The Company has implemented manufacturing practices designed to maximize product quality and timeliness of delivery to reduce waste and enhance efficiency. The Company has continued to upgrade its manufacturing equipment and processes through selective investment in new equipment, maintenance of existing equipment and efficient utilization of manufacturing engineering personnel. In order to maximize return on invested capital, the Company increasingly employs flexible manufacturing processes that allow it to maximize equipment utilization in meeting customer expectations for product quality and timely delivery. Consistent with this strategy, the Company, where appropriate, outsources the production of select commodity components to Tier II manufacturers. The Company monitors existing manufacturing capacity relative to expected capacity, which is determined primarily by current and expected business backlog and by opportunities to outsource to Tier II manufacturers. As a result, beginning in the second half of 2000, the Company began restructuring its operations to reduce excess manufacturing capacity and improve the efficiency of its operations.

Leverage Scale to Realize Structural Cost Reductions. The Company offers manufacturing and support services to its customers on a global basis through a combination of wholly-owned subsidiaries and joint ventures and partnerships with foreign suppliers. Outside of North America, the Company has technical/customer service centers in Yokohama, Japan; Turin, Italy; Hyderabad, India; Bergisch-Gladbach, Germany; Seoul, Korea; Changchun, China and Sao Paulo, Brazil. The Company believes that these global, technical, and manufacturing capabilities have led to the award of several major new programs to the Company. The Company has recently established a centralized Purchasing and Manufacturing Strategy group in order to reduce costs; leverage the overall buy; and facilitate make versus buy decisions based on capacity versus demand outlooks.

Offer Technical Design, Engineering and Program Management Capabilities. The Company continues to build its competitive advantage through investment in product development, advanced engineering and program management. As a result of this investment, and of consolidation among suppliers of automotive structural components and assemblies, the Company believes that it is one of only a select group of suppliers able to provide automotive OEMs with broad technical design, engineering and program management capabilities with respect to the entire body structure of a vehicle on a global basis. The Company works with OEMs throughout the product development process from concept vehicle and prototype development through the design and implementation of manufacturing processes. In some cases, the Company places design engineers at customer facilities to coordinate its product design efforts with those of its OEM customers.

Maintain Participative and Incentive-Based Culture. The Company's approach to managing its manufacturing facilities encourages transparency, commonality, shared learning and standardized processes and cadence across the Company. To increase colleague productivity, the Company utilizes incentive programs for all salaried and hourly colleagues that provide incentives for colleagues who take advantage of continuous improvement programs and who provide cost savings ideas. The Company has recently implemented an Enterprise-wide Balanced Scorecard tied to customer, operating and financial metrics to improve visibility at all levels.

Growth Strategy:

The Company's growth strategy is focused on increased organic growth. The Company actively pursues increased organic growth from both new and replacement vehicle programs. Specifically, it is the Company's belief that the following competitive strengths have played, and will continue to play, an important role in achieving its organic growth objectives:

- Strong customer relationships with key domestic and foreign automotive OEMs;

- Scale position as the largest independent supplier of automotive structural components and assemblies;

- Global engineering and manufacturing presence including two established facilities in China.

As a result of these competitive strengths, and the efforts to increase organic growth, the Company was awarded programs during the past two years that, based on independent estimates of expected program volumes and current expectations of program pricing, represent more than $1.4 billion in new revenues. These programs have either launched in 2003 or will launch by the end of 2005. These programs will help to further the diversification of the Company's customer base. The proportion of revenues from Ford and DaimlerChrysler, the Company's two largest customers, has decreased from 68 percent in 2000 to 54 percent in 2003. Of the $1.4 billion in revenues represented by the new program awards described above, 42 percent is expected to be derived from Ford/Volvo and DaimlerChrysler, 18 percent from Nissan, and the remaining 40 percent from other customers including Honda, Toyota, GM, VW Group, Hyundai/Kia, Fiat, and BMW.

INDUSTRY TRENDS

The Company's performance and growth is directly related to certain trends within the automotive market, including the consolidation of the component supply industry. It is also directly related to automotive production, which is cyclical and depends on general economic conditions and consumer confidence.

The Company's strategy is to also capitalize on several important trends in the automotive industry that have benefited Tower Automotive in the past and will continue to benefit in the future. These trends include:

Continuation of Trend to Larger, More Capable Suppliers. In order to lower costs and improve quality, OEMs have continued to reduce their supply base by awarding sole-source contracts to suppliers who are able to supply greater vehicle content through complex subassemblies. OEMs' criteria for supplier selection include not only cost, quality and responsiveness, but also design, engineering and program management capabilities. As a result, over the past decade, the automotive supply industry has undergone significant consolidation.

Furthermore, in 2001 through 2003, a number of suppliers experienced financial difficulties. These factors have combined to provide an opportunity for further organic growth by obtaining business from smaller or troubled suppliers through providing the scale and broad capabilities that OEMs require.

OEM "Shakeout." The recent acquisition and consolidation activity among select OEMs has not led to the disadvantage of the smaller OEMs in the industry as previously predicted. Rather, smaller OEMs such as Peugeot, Honda, Hyundai/Kia and BMW have strengthened their position in the industry and their financial performance, while some of the larger OEMs have struggled to successfully integrate acquisitions. The Company's global capabilities has allowed it to continue to serve as a valuable supplier to those smaller producers.

System/Modular Sourcing. OEMs are increasingly seeking suppliers capable of providing larger assemblies, systems or modules. A system is a group of components, which may be dispersed throughout the vehicle, yet operate together to provide a specific engineering function. Modules, on the other hand, consist of sub-assemblies at a specific location in the vehicle, incorporating components from various functional systems, which are assembled and shipped to the OEM ready for installation in a vehicle as a

unit. By outsourcing complete systems or modules, OEMs are able to reduce their costs associated with the design and integration of different components and improve quality by enabling their suppliers to assemble and test major portions of the vehicle prior to production. Tower Automotive has capitalized on the system/modular sourcing trend among OEMs by offering customers high value-added supply capabilities through a focus on the production of assemblies consisting of multiple component parts that are welded or otherwise fastened together by Tower.

Growth in Emerging Markets. Countries and regions such as China, Korea, Thailand, India, Mexico and Eastern Europe are expected to experience significant growth in vehicle demand over the next ten years. OEMs are positioning themselves to reach these emerging markets in a cost-effective manner. In order to best meet these OEM requirements, the Company has over 24 manufacturing facilities outside the U.S., including locations in Canada, Brazil, Germany, Italy, Belgium, Poland, Slovakia, Mexico, Korea, and China. In addition, the Company's alliance/partnership relationships provide access to new geographic markets and customers.

PRODUCTS

The Company produces a broad range of structural components and assemblies, many of which are critical to the structural integrity of a vehicle. The Company's products generally can be classified into the following categories: body structures and assemblies; lower vehicle structures; suspension and powertrain modules; and suspension components. A brief summary of each of the Company's principal product categories follows:

PRODUCT CATEGORY/DESCRIPTION

BODY STRUCTURES AND ASSEMBLIES:

Products that form the basic upper body structure of the vehicle and include large metal stampings such as body pillars, roof rails, side sills, parcel shelves and intrusion beams. This category also includes Class A surfaces and assemblies. Class A surfaces include exposed sheet metal components such as body sides, pick-up box sides, door panels and fenders.

LOWER VEHICLE STRUCTURES:

Products that form the basic lower body structure of the vehicle and include heavy gauge metal stampings from both traditional and hydroforming methods, such as pickup truck and SUV full frames, automotive engine and rear suspension cradles, floor pan components and cross members. Critical to the strength and safety of vehicles, these products carry the load of the vehicle and provide crash integrity.

SUSPENSION AND POWERTRAIN MODULES:

Products include axle assemblies, which consist of stamped metal trailing axles, assembled brake shoes, hoses and tie rods, and front and rear structural suspension modules/systems. These modules/systems consist of control arms, suspension links, value-added assemblies and powertrain modules.

SUSPENSION COMPONENTS:

Products include stamped, formed and welded products, such as control arms, suspension links, track bars, spring and shock towers, and trailing axles. These suspension components are critical to the ride, handling and noise characteristics of a vehicle.

OTHER:

The Company manufactures a variety of other products, including heat shields and other precision stampings, for its OEM customers.

The following table summarizes the approximate composition by product category of the Company's global revenues for the last two fiscal years:

PRODUCT CATEGORY	YEAR ENDED DECEMBER 31, 2003	YEAR ENDED DECEMBER 31, 2002
Body structures and assemblies (including Class A surfaces)	43%	38%
Lower vehicle structures	34	40
Suspension and powertrain modules	12	11
Suspension components	8	8
Other	3	3
Total	100%	100%

CUSTOMERS AND MARKETING

The North American automotive manufacturing production is dominated by GM, Ford and DaimlerChrysler, but the Japanese and European OEMs are increasing their production capacity representing approximately 26 percent of production in 2003 versus 23 percent in 2002. The Company currently supplies products primarily to Ford, DaimlerChrysler and GM in North America. As a result of past growth strategies, the Company has further expanded its global presence and has

increased penetration into certain existing customers and added new customers and programs such as these from Fiat, BMW, Volkswagen Group, Nissan, and Hyundai/Kia.

OEMs typically award contracts that cover parts to be supplied for a particular vehicle model or platform. Such contracts range from one year to over the life of the model, which is generally three to ten years and do not require the purchase of any minimum number of parts by the OEM. The Company also competes for new business to supply parts for successor models and, therefore, is subject to the risk that the OEM will not select the Company to produce parts on a successor model. The Company supplies parts for a broad cross-section of both new and mature models, thereby reducing its reliance on any particular model.

Following is a summary of the global composition of the Company's significant customers for the last two fiscal years:

CUSTOMER	YEAR ENDED DECEMBER 31, 2003	2002
Ford	35%	38%
DaimlerChrysler	19	22
General Motors	10	8
Hyundai/Kia	9	7
Volkswagen Group	5	5
Fiat	4	4
Toyota	3	3
Honda	2	2
BMW	2	1
Nissan	1	1
Other	10	9
Total	100%	100%

Below is a summary of the Company's sales by geographic region for the last two fiscal years:

GEOGRAPHIC CATEGORY	YEAR ENDED DECEMBER 31, 2003	2002
U.S. and Canada	71%	75%
Europe	15	12
Asia	13	12
Mexico and South America	1	1
Total	100%	100%

The following table presents an overview of the major models for which the Company supplies products:

VEHICLE MANUFACTURER	CAR MODELS	TRUCK MODELS
Ford	Taurus/Sable, Mustang, Focus, Escort, Crown Victoria/Grand Marquis, Lincoln LS, Towncar, Thunderbird, StreetKa, Mondeo, Fiesta	Explorer/Mountaineer, Aviator, Explorer Sport Trac, Explorer Sport, Econoline, Windstar, Freestar/Monterey, Escape, Expedition, Navigator, Excursion, Ranger, F-Series LD & HD, Transit, Medium Duty Trucks
Volvo	S40/V50	
DaimlerChrysler	Concorde/Intrepid/300M, Neon, Stratus/Sebring, Sebring Convertible, Smart	Ram Pick-up, Ram Van, Dakota, Durango, Voyager/Caravan Town & Country, Jeep Wrangler, Jeep Liberty, Grand Cherokee, PT Cruiser, Pacifica
Mercedes	A-Class, C-Class, E-Class, SLK, CLK	Atego, Actros, Sprinter, Vario
General Motors	Cadillac CTS, Malibu	Silverado/Sierra, Astro/ Safari, S-10 Pick-up, Sonoma, Cadillac SRX, Medium Duty Trucks
Saturn	LS/LW	Saturn VUE
Opel	Omega, Astra, Agila, Corsa, Vectra, Zafira, Meriva	
Honda	Accord, Civic/Acura EL, Acura TL/CL, Fit	Odyssey, Acura MDX, Element, Pilot
Mazda	Mazda 6	Tribute, B-Series Pick-up
Toyota	Avalon, Camry, Solara, Corolla, Vios, Xiali, Crown	Sienna, Tacoma, Tundra, Sequoia, Lexus RX330
Renault	Clio, Twingo, Megane, Kangoo	
PSA	Peugeot 206, Citroen C3	
Nissan	Sentra, Micra	Quest, Xterra, Frontier, Titan, Pathfinder Armada
Isuzu		Rodeo, Axiom
VW	Passat, Golf/Bora, GOL, Polo, Kombi, Santana, Fox, Jetta, Phaeton	Touareg, Transporter/Microbus, Caddy Van
Audi	A3, A4, A6, Cabrio	
Skoda	Felicia/Fabia, Octavia, Superb	

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VEHICLE MANUFACTURER	CAR MODELS	TRUCK MODELS
BMW	3 Series, 5 Series	X5
Fiat	Marea, Punto, Palio, Panda, Stilo Multipla, Uno, Idea	Ducato

Alfa Romeo..................	147, 156, 166, GTV, Spider	
Lancia......................	Lybra, Thesis, Y	
Bentley.....................	Continental Coupe	
Porsche.....................		Cayenne
Land Rover..................		Range Rover
Jaguar......................	XJ, S-Type	
Suzuki......................	Wagon R+, Ignis	
Hyundai.....................	Eqquus, Click, Visto	Teracan, Galloper, Starex, Libero, Grace, SantaFe, Porter
Kia.........................	Spectra, Rio, Optima, Cerato, Potentia, Opirus	Sportage, Carens, Retona, Pregio, Carnival, Frontier, Sorento

Most of the parts the Company produces have a lead time of two to five years from product development to production. See "Design and Engineering Support." The selling prices of these products are generally negotiated between the Company and its customers.

Sales of the Company's products to OEMs are made directly by the sales and engineering teams, located at its technical/customer service centers in Novi, Michigan; Rochester Hills, Michigan; Yokohama, Japan; Turin, Italy; Bergisch-Gladbach, Germany; Sao Paolo, Brazil; Seoul, Korea; Changchun, China and Hyderabad, India. Through its technical centers, the Company services its OEM customers and manages its continuing programs of product design improvement and development. The Company periodically places engineering staff at various customer facilities to facilitate the development of new programs.

The Company's sales and marketing efforts are designed to create overall awareness of its engineering, program management, manufacturing and assembly expertise to acquire new business and to provide ongoing customer service. The sales group is organized into customer-dedicated teams within product groups. From time to time, the Company also participates in industry and customer specific trade and technical shows.

DESIGN AND ENGINEERING SUPPORT

The Company strives to maintain a technological advantage through targeted investment in product development and advanced engineering capabilities. The Company's engineering capabilities enable it to design and build high-quality and efficient manufacturing systems, processes and equipment and improve its production processes and equipment continuously. The Company's manufacturing engineers are located at each of its manufacturing facilities. The Company's engineering staff's responsibilities range from research and development, advanced product development, product design, testing and initial prototype development, to the design and implementation of manufacturing processes.

Because structural parts must be designed at an early stage in the development of new vehicles or model revisions, the Company is given the opportunity to utilize its product and process engineering resources early in the vehicle planning process. Advanced development engineering resources create original engineering designs, computer-aided designs, feasibility studies, working prototypes and testing programs to meet customer specifications. The Company's Hyderabad, India technical center allows for 24 hour engineering globally, thereby optimizing product design and analysis capabilities, leading to reduced development costs.

MANUFACTURING

The Company's manufacturing operations consist primarily of stamping and welding operations, system and modular assembly operations, roll-forming operations, hydroforming operations, associated coating and other ancillary operations.

Stamping involves passing metal through dies in a stamping press to form the metal into three-dimensional parts. The Company produces stamped parts using precision single-stage, progressive and transfer presses, ranging in size from 150 to 4,000 tons, which perform multiple functions to convert raw material into a finished product. The Company continually invests in its press technology to increase flexibility, improve safety and minimize die changeover time.

Stampings that are to be used in assemblies are fed into cell-oriented assembly operations that produce complex, value-added assemblies through the combination of multiple parts that are welded or fastened together. The Company's assembly operations are performed on either dedicated, high-volume welding/fastening machines or on flexible-cell oriented robotic lines for units with lower volume production runs. The assembly machines attach additional parts, fixtures or stampings to the original metal stampings. In addition to standard production capabilities, the Company's assembly machines are also able to perform various statistical control functions and identify improper welds and attachments. The Company works continuously with manufacturers of fixed/robotic welding systems to develop faster, more flexible machinery. Several of the Company's welding systems were designed by the Company.

The products manufactured by the Company use various grades and thicknesses of steel and aluminum, including high strength hot and cold rolled, galvanized, organically coated, stainless and aluminized steel. The Company also produces exposed sheet metal components, such as exterior body panels. See "Suppliers and Raw Materials."

OEMs have established quality rating systems involving rigorous inspections of suppliers' facilities and operations. OEMs' factory rating programs provide a quantitative measure of a company's success in improving the quality of its operations. The Company has received quality awards from Ford (Q1) and DaimlerChrysler (Pentastar). The automotive industry has adopted a quality rating system known as QS-9000. All of the Company's existing operating facilities in North America and around the world have received QS-9000 certification in compliance with the automotive industry requirements.

COMPETITION

The Company operates in a highly competitive, fragmented market segment of the automotive supply industry, with a limited number of competitors generating revenues in excess of $200 million. The number of the Company's competitors has decreased in recent years and is expected to continue to decrease due to supplier consolidation. The Company's major competitors include Thyssen-Budd, a subsidiary of Thyssen-Krupp AG; Magna International, Inc. ("Magna"); Dana Corporation; Benteler Automotive; and divisions of OEMs with internal stamping and assembly operations, all of which have substantial financial resources. The Company competes with other competitors in various segments of its product lines and in various geographic markets. The Company views Magna as its strongest competitor across most of the Company's product lines; however, the Company believes that no single competitor can provide the same range of products and capabilities as the Company across as broad of a geographic range.

The Company principally competes for new business both at the beginning of the development of new models and upon the redesign of existing models. New model development generally begins two to five years before the marketing of such models to the public. Once a supplier has been designated to supply parts for a new program, an OEM usually will continue to purchase those parts from the

designated producer for the life of the program, although not necessarily for a redesign. Competitive factors in the market for the Company's products include product quality and reliability, cost and timely delivery, technical expertise and development capability, new product innovation and customer service. In addition, there is substantial and continuing pressure at the OEMs to reduce costs, including the cost of products

purchased from outside suppliers such as the Company. Historically, the Company has been able to generate sufficient production cost savings to offset these price reductions.

SUPPLIERS AND RAW MATERIALS

The primary raw material used to produce the majority of the Company's products is steel. The Company purchases hot and cold rolled, galvanized, organically coated, stainless and aluminized steel from a variety of suppliers. The Company employs just-in-time manufacturing and sourcing systems enabling it to meet customer requirements for faster deliveries while minimizing its need to carry significant inventory levels. The Company has not experienced any significant shortages of raw materials and normally does not carry inventories of raw materials or finished products in excess of those reasonably required to meet production and shipping schedules. Raw material costs represented approximately 59 percent and 58 percent of the Company's revenues in 2003 and 2002, respectively.

Ford, Honda and DaimlerChrysler currently purchase all of the steel used by the Company for their models directly from steel producers. As a result, the Company has minimal exposure to changes in steel prices for parts supplied to Ford, Honda and DaimlerChrysler, which collectively represented 56 percent and 62 percent of the Company's revenues in 2003 and 2002, respectively.

The Company expects that the content level of metal in cars and light trucks will remain constant or increase slightly due to the trend toward increased vehicle size and a greater emphasis on metal recycling. Although the search for improved fuel economy and weight reduction has resulted in attempts to reduce the sheet metal content of light vehicles, an efficient, cost-effective substitute for steel used in the Company's structural products has not been found. While various polymers have been used recently for fenders, hoods and decks, such products do not have the inherent strength or structural integrity on a cost-effective basis to be used for structural components. The Company is involved in ongoing evaluations of the potential to use aluminum and specialty steel in its products.

Other raw materials purchased by the Company include dies, fasteners, tubing, springs, rivets and rubber products, all of which are available from numerous sources.

COLLEAGUES

As of December 31, 2003, the Company had approximately 12,000 colleagues worldwide, of whom approximately 4,500 are covered under collective bargaining agreements. These collective bargaining agreements expire between 2004 and 2009. The Company believes that its future success will depend in part on its ability to continue to recruit, retain and motivate qualified personnel at all levels of the Company. The Company has instituted a large number of colleague incentive programs to increase colleague morale and expand the colleagues' participation in the Company's business. Since its inception in 1993, the Company has not experienced any significant work stoppages and considers its relations with its colleagues to be good.

ENVIRONMENTAL MATTERS

See Item 3, "Legal Proceedings" for discussion of environmental matters.

ITEM 2. PROPERTIES

FACILITIES

The following table provides information regarding Tower Automotive's principal facilities. The Company maintains several manufacturing facilities located in close proximity to many of the high-volume vehicle assembly plants of its customers. The Company's facilities are geographically located in such a way as to enable the Company to optimize its management and logistical capabilities on a regional basis.

LOCATION	SQUARE FOOTAGE	TYPE OF INTEREST	DESCRIPTION OF USE
Milwaukee, Wisconsin............	3,118,000	Owned	Manufacturing
Elkton, Michigan................	1,100,000	Owned	Manufacturing
*Caserta, Italy (2 locations)....	751,000	Owned	Manufacturing
Milan, Tennessee................	531,000	Leased	Manufacturing
Chicago, Illinois...............	480,000	Leased	Manufacturing
Granite City, Illinois..........	458,000	Leased	Manufacturing
*Turin, Italy (3 locations)......	455,000	Owned	Manufacturing/Office
*Malacky, Slovakia..............	453,600	Owned	Manufacturing
*Zwickau, Germany...............	409,000	Owned	Manufacturing
Clinton Township, Michigan.......	385,000	Leased	Manufacturing
*Gent, Belgium..................	376,000	Leased	Manufacturing
Toronto, Ontario................	329,400	Owned	Manufacturing/Office
Bardstown, Kentucky.............	300,000	Owned	Manufacturing
Plymouth, Michigan..............	294,000	Leased	Manufacturing
Corydon, Indiana................	290,000	Leased	Manufacturing
Lansing, Michigan...............	250,000	Leased	Manufacturing
*Hwasung City, Kyunggido, Korea.........................	223,000	Owned (2)	Manufacturing
Bluffton, Ohio..................	218,000	Leased	Manufacturing
*Kunpo City, Kyunggido, Korea....	215,000	Owned (2)	Manufacturing
Bellevue, Ohio (2 locations).....	200,000	Owned	Manufacturing
Madison, Mississippi............	200,000	Leased	Manufacturing
*Sao Paolo, Brazil..............	193,000	Owned	Manufacturing/Office
*Changchun, China...............	179,200	Leased (1)	Manufacturing
Traverse City, Michigan..........	170,000	Owned	Manufacturing
Greenville, Michigan............	156,000	Owned	Manufacturing/Office
Auburn, Indiana.................	132,000	Leased	Manufacturing/Office
Kendallville, Indiana...........	131,000	Leased	Manufacturing
*Kwangju City, Pyungdong, Korea.........................	121,000	Owned (2)	Manufacturing
*Kwangju City, Hanam, Korea......	107,000	Owned (2)	Manufacturing
*Bergisch-Gladbach, Germany......	102,000	Owned	Manufacturing/Engineering/Offic
*Shiheung City, Kyunggido, Korea.........................	100,000	Owned (2)	Manufacturing
Rochester Hills, Michigan........	89,000	Leased	Office/Engineering/Design
Novi, Michigan..................	86,000	Leased	Corporate Office/Engineering/De
*Chemnitz, Germany..............	76,000	Leased	Manufacturing

LOCATION	SQUARE FOOTAGE	TYPE OF INTEREST	DESCRIPTION OF USE
Belcamp, Maryland................	70,000	Leased	Manufacturing
*Ansan City, Kyunggido, Korea....	70,000	Owned (2)	Manufacturing
*Minas Gerais, Brazil............	59,000	Owned	Manufacturing
Upper Sandusky, Ohio.............	56,000	Leased	Manufacturing
*Buchholz, Germany...............	54,000	Owned	Manufacturing
*Opole, Poland...................	54,000	Owned	Manufacturing
*Youngchun City, Korea...........	50,000	Owned (2)	Manufacturing
Bowling Green, Kentucky..........	46,000	Owned	Manufacturing
*Ulsan City, Korea...............	44,000	Owned (2)	Manufacturing
Fenton, Missouri.................	41,000	Leased	Warehouse
Grand Rapids, Michigan (2 locations).....................	28,000	Leased	Office
*Hyderabad, India................	2,800	Leased	Engineering/Design
*Yokohama, Japan.................	1,000	Leased	Sales

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* These principal facilities are located within the International reportable unit. All other principal facilities are located within the United States/Canada operating segment.

(1) Facility is leased by a joint venture in which the Company holds a 60 percent equity interest.

(2) Facility is owned by a joint venture in which the Company holds a 66 percent equity interest.

Management believes that substantially all of the Company's property and equipment is in good condition. In order to increase efficiency, the Company expects to continue to make capital expenditures for equipment upgrades at its facilities as necessary.

The Company's facilities were specifically designed for the manufacturing of the Company's products. The utilization and capacity of such facilities are dependent upon the mix of products being produced by the Company.

ITEM 3. LEGAL PROCEEDINGS

The Company is not currently involved in any material lawsuits. The Company believes it maintains adequate insurance, including product liability coverage. The Company historically has not been required to pay any material liability claims.

ENVIRONMENTAL MATTERS

The Company is subject to foreign, federal, state and local laws and regulations governing the protection of the environment and occupational health and safety, including laws regulating the generation, storage, handling, use and transportation of hazardous materials and laws regulating the health and safety of its colleagues. The Company is also required to obtain permits from

governmental authorities for certain operations. The Company has taken steps to assist in the compliance with the numerous and sometimes complex regulations, such as holding environmental and safety training for representatives from its domestic facilities. The Company is also in the process of achieving ISO 14001 registration for its facilities. The Company conducts third party or internal audits for environmental, health, and safety

compliance and uses outside expertise to assist in the filing of permits and reports when required. The Company does not expect that its capital expenditures for environmental controls will be material for the current or succeeding fiscal year.

With respect to laws imposing liability for the cleanup of contaminated property to which the Company may have sent wastes for disposal, the Company is not currently aware of any significant exposure.

The Company owns properties which have been impacted by releases to the environment. At some of these properties, the Company is liable for costs associated with investigation and/or remediation of contamination in one or more environmental media. The Company is currently actively involved in investigation and/or remediation at several of these locations. At certain of these locations, costs incurred for environmental investigation and/or remediation will be paid partly or completely out of funds placed into escrow by previous property owners. Nonetheless, total costs associated with remediating environmental contamination at the properties could be substantial, and may be material to the financial condition of the Company.

The Company has accrued reserves of $6.9 million to cover estimated environmental liabilities at its properties. This amount is based on reasonable estimates of expected investigation/remediation costs related to environmental contamination. It is possible, however, that total costs will exceed the environmental reserves.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of Stockholders during the fourth quarter of 2003.

ADDITIONAL ITEM -- EXECUTIVE OFFICERS

The following table sets forth certain information with respect to the Company's executive officers:

NAME	AGE	POSITION
Kathleen A. Ligocki......................	47	President and Chief Executive Officer
James A. Mallak..........................	48	Chief Financial Officer and Treasurer
Richard S. Burgess.......................	49	Vice President
Kathy J. Johnston........................	46	Vice President
Jeffrey L. Kersten.......................	36	Vice President
Vincent Pairet...........................	40	Vice President
Tommy G. Pitser..........................	56	Vice President
Thomas Werle.............................	45	Vice President
Antonio R. Zarate........................	59	Vice President

KATHLEEN A. LIGOCKI has served as President and Chief Executive Officer of the Company since August 2003. Ms. Ligocki joined Tower Automotive from Ford Motor Company, where she had most recently served as a corporate officer and Vice President, Ford Customer Service Division. During her five year tenure at Ford, Ms. Ligocki held various other positions, including President and CEO, Ford of Mexico, Vice President, North American Marketing and Director of Business Strategy. From 1994 to 1998, Ms. Ligocki worked for United Technologies Corporation, initially at Carrier Corporation as the Director of Manufacturing and Purchasing in Paris, France, subsequently at UT Automotive as the Vice President of Worldwide Sales and as the Vice President of the Motors Division. Ms. Ligocki worked for General Motors from 1979 to 1994 at Delco Electronics Corporation.

JAMES A. MALLAK has served as Chief Financial Officer and Treasurer of the Company since January 2004. From 2001 to 2003, Mr. Mallak served as the Executive Vice President and Chief Financial Officer of Textron Fastening Systems, a division of Textron Inc. From 1999 to 2001, Mr. Mallak served as

Executive Vice President and CFO of Textron Automotive Company. Prior to joining Textron, Mr. Mallak served as Vice President, Finance for the Heavy Vehicle Systems division of ArvinMeritor.

RICHARD S. BURGESS has served as Vice President of the Company with responsibility for colleague growth and development since January 1996. From June 1994 to January 1996, Mr. Burgess served as the colleague growth and development leader during the start-up of the Bardstown, Kentucky operation. From October 1991 to June 1994, Mr. Burgess filled various roles in colleague growth and development of R.J. Tower Corporation.

KATHY J. JOHNSTON has served as Vice President of the Company since June 2000 with current responsibility for global purchasing and manufacturing strategy and previous responsibility for enterprise strategy and commercial development. From 1997 to 2000, Ms. Johnston served as Vice President Planning and Business Development at TRW Automotive in Cleveland, Ohio. From 1981 to 1997, Ms. Johnston served in finance, sales and marketing, purchasing, operations and strategic planning roles at TRW's vehicle safety systems group in Detroit, Michigan.

JEFFREY L. KERSTEN has served as Vice President of the Company since December 2003 with current responsibility for the Company's enterprise strategy and business development. Mr. Kersten had served as the Company's European finance leader since January 2001. Prior to 2001, Mr. Kersten served in various finance roles since joining the Company in January 1997.

VINCENT PAIRET has served as Vice President of the Company since September 2002 with responsibility for the Company's Asian strategy. From 2000 to 2002, Mr. Pairet was based in Tokyo, Japan, as President of INERGY Automotive Systems, a joint venture between Solvay and Plastic-Omnium. From 1998 to 2000, Mr. Pairet was President of Solvay Automotive Asia and from 1987 to 1998, Mr. Pairet held various general management, marketing, and business development positions within the Solvay Group in Belgium and the United States.

TOMMY G. PITSER has served as Vice President of the Company since 1996, with current responsibility for the Company's North American strategy. Mr. Pitser previously had responsibility for the Company's European strategy, South American strategy and its joint venture investment in China and operations in Barrie, Ontario; Plymouth, Michigan; Yokohama, Japan; Romulus, Michigan; Manchester, Michigan and Novi, Michigan, since May 1996. Prior to joining the Company, Mr. Pitser served in various sales and marketing capacities at MSTI.

Prior to joining MSTI, Mr. Pitser served as Market Director-Automotive at AE Goetze North America. From 1969 to 1992, Mr. Pitser was an employee of Borg-Warner Corporation, most recently as General Manager-Marine & Industrial Transmissions.

THOMAS WERLE has served as Vice President of the Company since December 2003, with current responsibility for the Company's global technology strategy. Mr. Werle has served on the Company's European leadership team since 2000. From 1995 to 2000, Mr. Werle served as Managing Director of the German company Dr. Meleghy GmbH & Co., a European diversified group of operations in the tool and die, stamping and component industry.

ANTONIO R. ZARATE has served as Vice President of the Company since May 2000 with responsibility for the Company's European strategy. Mr. Zarate previously had responsibility for the Company's strategy in Mexico and South America. From 1994 to 2000, Mr. Zarate served as President of the Automotive Division of Proeza, S.A. de C.V., a diversified international company that has operations primarily in the automotive and citrus juice processing industries.

There are no family relationships between or among the above-named executive officers. There are no arrangements or understandings between any of these officers pursuant to which any of them served as an officer.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Common Stock is traded on the New York Stock Exchange under the symbol TWR. As of February 27, 2004, there were approximately 2,666 stockholders of record of the Company's stock. The following table sets forth, for the periods indicated, the low and high closing sale prices for Common Stock as reported on the New York Stock Exchange:

	LOW	HIGH
2002		
First Quarter	$ 8.19	$14.00
Second Quarter	10.85	15.21
Third Quarter	6.15	13.00
Fourth Quarter	4.23	7.13
2003		
First Quarter	$ 2.10	$ 4.72
Second Quarter	2.37	3.93
Third Quarter	3.61	5.37
Fourth Quarter	3.29	7.11

During the last two years, the Company has not paid any cash dividends on its Common Stock. The Company has no current plans to pay any cash dividends in 2004. The Company's ability to pay cash dividends on its Common Stock is dependent on the receipt of dividends or other payments from its operating subsidiaries. The payment of cash dividends to the Company by such operating subsidiaries for the purpose of paying cash dividends on the Common Stock is limited by the terms of the $600 million Credit Agreement. During the past year, the Company did not sell any of its securities that were not registered under the Securities Act of 1933.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data for Tower Automotive presented below for each of the years in the five-year period ended December 31, 2003, is derived from Tower Automotive, Inc.'s Consolidated Financial Statements. Tower Automotive, Inc.'s Consolidated Financial Statements have been audited by Deloitte & Touche LLP, independent auditors, as of and for the years ended December 31, 2003 and 2002 and by Arthur Andersen LLP, independent auditors, as of and for each of the years in the three-year period ended December 31, 2001. The consolidated financial statements as of December 31, 2003 and 2002 and for each of the three years in the period ended December 31, 2003 and the reports of independent auditors thereon are included elsewhere in this report. The consolidated financial statements as of December 31, 2001, 2000 and 1999 and for the years ended December 31, 2000 and 1999 are not included herein. This selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Results of Operations and Financial Condition" and Tower Automotive's Consolidated Financial Statements and Notes to Consolidated Financial Statements, included elsewhere in this report.

	YEAR ENDED DECEMBER 31,				
	2003	2002	2001	2000	19
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
STATEMENT OF OPERATIONS DATA:					
Revenues	$2,815,749	$2,754,464	$2,467,433	$2,531,953	$2,17
Cost of sales	2,560,689	2,456,380	2,190,248	2,160,359	1,82
Selling, general and administrative expenses	155,500	143,822	139,203	141,984	10
Amortization expense	--	--	24,804	21,517	1
Restructuring and asset impairment charges, net	157,532	61,125	383,739	141,326	
Operating income (loss)	(57,972)	93,137	(270,561)	66,767	22
Interest expense, net	92,747	70,267	73,765	64,711	3
Provision (benefit) for income taxes	(50,811)	7,636	(73,312)	626	7
Income (loss) before cumulative effect of change in accounting principle	(124,675)	15,180	(267,524)	13,434	11
Net income (loss)	(124,675)	(97,606)	(267,524)	13,434	11
Basic earnings (loss) per share before cumulative effect of change in accounting principle	$ (2.20)	$ 0.26	$ (5.87)	$ 0.29	$
Diluted earnings (loss) per share before cumulative effect of change in accounting principle	$ (2.20)	$ 0.26	$ (5.87)	$ 0.28	$
Basic earnings (loss) per share	$ (2.20)	$ (1.70)	$ (5.87)	$ 0.29	$
Diluted earnings (loss) per share	$ (2.20)	$ (1.70)	$ (5.87)	$ 0.28	$

	DEC. 31, 2003	DEC. 31, 2002	DEC. 31, 2001	DEC. 31, 2000	DEC. 19

BALANCE SHEET DATA:					
Working capital (deficiency)..........	$ (377,321)	$ (305,466)	$ (379,785)	$ 78,753	$ 12
Total assets.........................	2,846,409	2,557,885	2,533,436	2,892,747	2,55
Long-term debt and capital leases, net..............................	1,103,657	764,935	805,688	1,141,900	92
Mandatorily redeemable trust convertible preferred securities....	--	258,750	258,750	258,750	25
Stockholders' investment.............	413,510	512,076	447,408	700,095	72

As of December 31, 2003, the mandatorily redeemable trust convertible preferred securities are shown as a component of long-term debt, due to the adoption of FASB Interpretation No. (FIN) 46,

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Consolidation of Variable Interest Entities, an Interpretation of ARB 51. There were no dividends declared per common share in any period presented.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

INTRODUCTION

Since its inception in April 1993, when the Company was formed to acquire R.J. Tower Corporation, the Company's revenues have grown rapidly through internal growth and acquisitions. The Company has successfully completed 14 acquisitions and established six joint ventures in China, Mexico, Korea, Japan and the United States. As a result of these acquisitions and internal growth, the Company's revenues have increased from approximately $86 million in 1993 to approximately $2.8 billion in 2003.

Initially, the Company's growth came primarily from acquisitions of North American-based automotive suppliers, some of which had international operations. The Company succeeded in consolidating a portion of the North American automotive supplier base for structural components and assemblies and established itself as a key supplier of those products. The Company's more recent acquisitions have been intended to strengthen its ability to supply products on a global basis, grow its technology and manufacturing capabilities, and diversify its customer base. See "Recent Transactions" below.

The Company's rapid growth through acquisitions coincided with an extended period of increased automotive production that resulted in high levels of utilization of the Company's acquired resources and capacity and contributed to periods of strong operating results. Beginning in late 2000, automotive production declined relative to prior periods, leading the Company to focus its efforts on reducing the capacity of the enterprise and improving the efficiency of its continuing operations. These efforts resulted in three significant restructurings, described in more detail below, that reduced excess capacity, eliminated redundant overhead costs, and reorganized the management structure of the Company's U.S. and Canadian operations. These efforts also involved the divestiture of certain non-core functions, including the sale of the Company's heavy truck business, in December 2000, to its joint venture partner, Metalsa. Prior to these restructurings, the Company did not undertake any significant reductions in the scope of its operations or any capacity rationalizations as a result of or following any of its prior acquisitions.

The Company's objectives are to strengthen its balance sheet and reduce indebtedness by maximizing cash flow. Several cash management initiatives, such as extending its accounts payable terms to coincide with prevailing industry practices and accelerating collections from customers have resulted in

significant negative working capital levels for the Company of $377 million and $305 million as of December 31, 2003 and 2002, respectively. As a result of these actions, a sale-leaseback transaction in April 2002 and an equity offering in May 2002, as described in more detail below under "Liquidity and Capital Resources," the Company was able to reduce its indebtedness in 2002 by making net repayments of $159 million. This 2002 debt reduction by the Company is incremental to the significant reduction of indebtedness in 2001 in which net repayments were $335 million. In June 2003, the Company completed a senior note offering which provided net proceeds of $244 million which, subject to final negotiations with the Company's senior lenders, will be utilized to refund the Company's $200 million convertible subordinated notes by August 1, 2004. The $183 million in net borrowings in 2003 primarily represents this incremental debt as of December 31, 2003 (most of which is residing in the $161 million of cash and cash equivalents as of December 31, 2003).

The automotive market continues to be highly cyclical and dependent upon consumer spending. Due to the relatively long lead times required to produce many of the Company's complex structural components, it may be difficult, in the short term, for the Company to obtain new sales to replace any decline in the sales of existing products. As a result, the Company has implemented and continues to pursue the actions necessary to mitigate the effects of any production downturn, focusing on reducing costs, maximizing its cash return on invested capital, reducing debt balances and matching capital expenditures with operating cash flow.

The Company's recent growth in Europe and Asia and with foreign transplant operations in the U.S. has reduced its reliance on Ford and DaimlerChrysler, increased penetration into certain existing customers and added new customers such as Fiat, BMW, Volkswagen, Nissan, and Hyundai/Kia. The Company expects this trend to continue as a result of its anticipated organic growth outside the U.S., from recent awards to supply foreign transplant operations in the U.S and its efforts to diversify its customer base.

RECENT TRANSACTIONS

The Company has extended the geographic scope of its manufacturing base through both acquisitions and joint ventures. Below is a summary of the most recent acquisitions and joint ventures of the Company:

The Company acquired a 30.8 percent interest (17 percent in September 2000 and 13.8 percent in February 2001) in Yorozu, a supplier of suspension modules and structural parts to the Asian and North American automotive markets. The Company paid Nissan approximately $68 million over a three-year period beginning in September 2000. During the fourth quarter of 2003, the Company reevaluated the strategic nature and current intent of its investment in Yorozu. As a result, the Company recorded an impairment charge of $27.4 million to record the investment at the December 31, 2003 traded value on the Tokyo Stock Exchange. The Company has, for approximately $51 million, a 100 percent interest (49 percent in October 1999, 17 percent in October 2000 and 34 percent in February 2004) in Seojin, a supplier of frames, modules and structural components to the Korean automotive industry.

COMPARISON OF THE YEAR ENDED DECEMBER 31, 2003 TO THE YEAR ENDED DECEMBER 31, 2002

Revenues. Revenues for the year ended December 31, 2003 were $2,815.7 million, a 2.2 percent increase, compared to $2,754.5 million for the year ended December 31, 2002. The net $61.2 million increase was composed of positive foreign exchange rate effect in Europe and Asia of $75.9 million, offset by a

decline in revenues of $12.3 million attributable to the sale of the Iwahri, Korea plant which occurred during the first quarter 2002 and $10.4 million attributable to pricing and economic conditions. In addition, net volume increased $8.0 million, primarily in the platforms of Dodge Ram, GM Cadillac CTS, Ford F-Series and Lincoln SUV and various Nissan, Volkswagen and Hyundai/Kia platforms were offset by volume decreases primarily in the Dodge Dakota/Durango series, Chrysler LH and Concorde platforms and the Ford Explorer, Focus and Taurus platforms. While net volume increased $8.0 million, the Company experienced a $32.9 million decrease in value-added revenue platforms which was offset by a non-value-added module assembly revenue increase of $40.9 million.

Cost of Sales. Cost of sales as a percent of total revenues for the year ended December 31, 2003 was 90.9 percent compared to 89.1 percent for the year ended December 31, 2002. Gross profit decreased $43.0 million from $298.1 million in 2002 to $255.1 million in 2003 and is attributable to the combined effects of: (i) $10.4 million in negative profit effect of pricing and cost economics, (ii) increased health care costs of $3.3 million, (iii) $25.0 million of additional launch costs related primarily to new programs launched for Volvo, Ford, Nissan and GM, (iv) lease expense of $4.7 million not present in the 2002 period, (v) $14.8 million decline in gross profit on value-added revenue decreases, offset by (vi) $6.9 million in positive foreign exchange rate effect on gross profit, (vii) $1.2 million increase in gross profit on non-value added module assembly revenues and (viii) $7.1 million in operational performance improvements in 2003.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to $155.5 million, or 5.5 percent of revenues, for the year ended December 31, 2003 compared to $143.8 million, or 5.2 percent of revenues, for the year ended December 31, 2002. The $11.7 million increase in expense is due to increased compensation related expenses of $7.7 million due primarily to executive leadership retirement and recruitment costs of $4.4 million, increased legal and professional costs of $1.2 million, and increased program management costs of $2.8 million related to engineering and support activities.

Interest Expense, net. Interest expense, net of interest income, for the year ended December 31, 2003 was $92.7 million compared to $70.3 million for the year ended December 31, 2002. The $22.4 million increase in net interest expense is attributable to (i) increased interest of $17.2 million related to the $258.8 million senior notes issued in June 2003 (ii) $9.0 million related to the Trust Preferred Securities which was previously recorded as minority interest, and (iii) an increase of $1.4 million due to higher short-term rates, offset by (iv) decreased interest costs of $2.2 million due to decreased revolver borrowings during 2003 compared to 2002 and (v) increased capitalized interest on construction projects in the 2003 period of $3.0 million.

Income Taxes. The effective income tax rate was 33.7 percent and 35.0 percent in 2003 and 2002, respectively. The effective income tax rates reflects the actual rates in the tax jurisdiction in which the Company operates, adjusted for permanent differences.

Write-down of Joint Venture Investment to Market Value, net. Previous to the fourth quarter of 2003, the Company had determined that its investment in Yorozu had not suffered an other than temporary decline in market value. This determination was based on the strategic nature of the investment which supported the Company's original investment decision and the fact that the Company believed that there was a significant premium associated with the large block of stock held in Japan. During the fourth quarter of 2003, the Company reevaluated the strategic nature and current intent of its investment in Yorozu.

As a result, the Company recorded an impairment charge of $27.4 million to record the investment at the December 31, 2003 traded value on the Tokyo stock exchange.

Equity in Earnings of Joint Ventures, net. Equity in earnings of joint ventures, net of tax, was $13.3 million and $16.8 million for the years ended December 31, 2003 and 2002, respectively. These amounts represent the Company's share of the earnings from its joint venture interests in Metalsa, Yorozu and DTA Development. The Company's share of joint venture earnings in Metalsa has decreased by $6.0 million in the 2003 period, offset by increases during the 2003 period in the Company's share of joint venture earnings in DTA and Yorozu of $0.1 million and $2.4 million, respectively.

Minority Interest, net. Minority interest, net of tax, was $10.6 million and $15.8 million for the years ended December 31, 2003 and 2002, respectively. Minority interest in the 2003 period represents the minority interest held by the 40 percent joint venture partners in Tower Golden Ring and dividends, net of income tax benefits, on the Trust Preferred Securities, through June 2003. Minority interest in the 2002 period represents dividends, net of income tax benefits, on the Trust Preferred Securities and the minority interest held by the 40 percent joint venture partners in Tower Golden Ring. The decrease is due to the adoption of FASB Interpretation No. (FIN) 46 (see "Recently Issued Accounting Pronouncements") during the third quarter of 2003, which requires the dividends previously recorded as minority interest to be classified as interest expense.

Cumulative Effect of a Change in Accounting Principle, net. The Company adopted Statement of Financial Accounting Standards (SFAS) No. 142 relating to the accounting for goodwill and other intangible assets as of January 1, 2002. Under SFAS No. 142, the Company designated four reporting units: 1) United States/Canada, 2) Europe, 3) Asia and 4) South America/Mexico. During the second quarter of 2002, the Company completed its formal valuation procedures under SFAS No. 142, utilizing a combination of valuation techniques including the discounted cash flow approach and the market multiple approach. As a result of this valuation process as well as the application of the remaining provision of SFAS No. 142, the Company recorded a transitional impairment loss of $112.8 million, representing the write-off of all of the Company's existing goodwill in the reporting units of Asia ($29.7 million) and South America/Mexico ($83.1 million). The write-off was recorded as a cumulative effect of a change in accounting principle in the Company's consolidated statement of operations for the year ended December 31, 2002. There was no tax impact since the Company recorded a $24.2 million tax valuation allowance for the deductible portion of the goodwill written off in the reporting unit of South America/ Mexico. The Company determined that it was appropriate to record a valuation allowance against the entire amount of the $24.2 million deferred tax asset recognized in adopting SFAS No. 142, given the uncertainty of realization and the lack of income in the reporting unit. The Asia goodwill was not

deductible for tax purposes. The Company performed its annual goodwill impairment tests of as December 31, 2002 and 2003 utilizing the same valuation techniques as applied during the original adoption under SFAS No. 142 which did not provide indications of goodwill impairment relating to the United States/Canada and Europe reporting units given the excess fair value over carrying value for these reporting units.

COMPARISON OF THE YEAR ENDED DECEMBER 31, 2002 TO THE YEAR ENDED DECEMBER 31, 2001

Revenues. Revenues for the year ended December 31, 2002 were $2,754.5

million, an 11.6 percent increase, compared to $2,467.4 million for the year ended December 31, 2001. The net $287.1 million increase was composed of net volume increases of $351.3 million, primarily in the platforms of Dodge Ram pickup; Cadillac CTS; Ford Thunderbird, Econoline, Expedition, and Explorer; BMW X5; and Toyota Camry and Corolla, partially offset by volume decreases primarily in the Ford Ranger and Dodge Durango platforms. Revenue also increased in the 2002 period due to incremental revenues of $23.3 million associated with the consolidation of Tower Golden Ring, which first occurred in the third quarter of 2001. These increases were offset by a decline in revenues of $87.5 million, which were attributable to the sale of the Iwahri, Korea plant to an affiliate of Hyundai, which occurred during the first quarter of 2002.

Cost of Sales. Cost of sales as a percent of total revenues for the year ended December 31, 2002 was 89.1 percent compared to 88.8 percent for the year ended December 31, 2001. The Company's gross profit margin declined slightly in the 2002 period compared to the 2001 period. The decline was due primarily to changes in product mix on light truck, sport utility and other models served by the Company in addition to increases in module assembly sales by the Company in the 2002 period, offset by increased production volumes and the lack of significant product launch activity. Gross profit margins in 2002 were also negatively impacted by increased operating lease costs and operational inefficiencies associated with the production of the new generation Ford Explorer frame. The Company also experienced certain adjustments in the 2002 period impacting cost of sales that were not incurred in 2001. The most significant items included favorable adjustments of $9.8 million related to changes in estimate to certain purchase accounting reserves, reflecting certain plant closures, product changes and contract revisions related to the Company's restructuring actions, offset by additional expenses related to postretirement and other employee fringe benefits of $9.7 million.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased to $143.8 million, or 5.2 percent of revenues, for the year ended December 31, 2002 compared to $139.2 million, or 5.6 percent of revenues, for the year ended December 31, 2001. The $4.6 million year-over-year increase in expense is due to $2.9 million increased program management costs in the engineering and support activities of the launch of the Company's upcoming new programs related to Volvo, Ford and Nissan and incremental costs of $1.7 million associated with the Company's consolidation of Tower Golden Ring. The Company's selling, general and administrative expenses as a percentage of revenues have declined due to efficient use of management resources to support the Company's growing revenue base.

Amortization Expense. There was no amortization expense recorded for the year ended December 31, 2002 compared to $24.8 million for the year ended December 31, 2001. The decrease was due to the adoption of the requirements of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", and as a result, beginning January 1, 2002, the Company no longer records amortization expense of goodwill.

Interest Expense, net. Interest expense, net of interest income, for the year ended December 31, 2002 was $70.3 million compared to $73.8 million for the year ended December 31, 2001. The $3.5 million reduction in net interest expense is attributable to $9.9 million due to reduced borrowings in 2002 and $6.5 million due to lower interest rates, which was partially offset by decreased capitalized interest on construction projects of $8.6 million and decreased interest income of $4.3 million in 2002.

Income Taxes. The effective income tax rate was 35.0 percent and 21.3 percent in 2002 and 2001, respectively. The effective income tax rate is not

comparable between the years as the Company did not receive tax benefit for the full amount of the loss in 2001 due to the amortization and write-off of nondeductible goodwill and the provision for a valuation allowance associated with loss carryforwards.

Equity in Earnings of Joint Ventures, net. Equity in earnings of joint ventures, net of tax, was $16.8 million and $17.3 million for the years ended December 31, 2002 and 2001, respectively. These amounts represent the Company's share of the earnings from its joint venture interests in Metalsa, Yorozu, and DTA Development in the 2002 and 2001 periods. In addition, the 2001 period includes the Company's share of earnings from its joint venture interest in Tower Golden Ring prior to its consolidation. The decrease in equity earnings in the 2002 period as compared to the 2001 period was due to the Company's share of joint venture earnings in Metalsa and Yorozu increasing by $4.8 million, offset by a reduction in equity earnings of $5.3 million due to the consolidation of Tower Golden Ring beginning in the third quarter of 2001.

Minority Interest, net. Minority interest, net of tax, for the years ended December 31, 2002 and 2001 represents dividends, net of income tax benefits, on the 6 3/4% Trust Preferred Securities ("Preferred Securities") and the minority interest held by the 40 percent joint venture partners in Tower Golden Ring. The increase in minority interest expense was due to the full year of consolidation of Tower Golden Ring during 2002 compared to the third and fourth quarter consolidation of Tower Golden Ring during 2001.

Cumulative Effect of a Change in Accounting Principle, net. The Company adopted SFAS No. 142 relating to the accounting for goodwill and other intangible assets as of January 1, 2002. Under SFAS No. 142, the Company designated four reporting units: (1) United States/Canada, (2) Europe, (3) Asia and (4) South America/Mexico. During the second quarter of 2002, the Company completed its formal valuation procedures under SFAS No. 142, utilizing a combination of valuation techniques including the discounted cash flow approach and the market multiple approach. As a result of this valuation process as well as the application of the remaining provision of SFAS No. 142, the Company recorded a transitional impairment loss of $112.8 million, representing the write-off of all of the Company's existing goodwill in the reporting units of Asia ($29.7 million) and South America/Mexico ($83.1 million). The write-off was recorded as a cumulative effect of a change in accounting principle in the Company's consolidated statement of operations for the year ended December 31, 2002. There was no tax impact since the Company recorded a $24.2 million tax valuation allowance for the deductible portion of the goodwill written off in the reporting unit of South America/Mexico. The Company determined that it was appropriate to record a valuation allowance against the entire amount of the $24.2 million deferred tax asset recognized in adopting SFAS No. 142, given the uncertainty of realization and the lack of income in the reporting unit. The Asia goodwill was not deductible for tax purposes.

RESTRUCTURING AND ASSET IMPAIRMENT CHARGES

The Company's growth through acquisitions coincided with an extended period of high automotive production that resulted in higher levels of utilization of the Company's acquired resources and capacity and contributed to periods of strong operating results. During the second half of 2000, the Company focused its efforts on reducing the capacity of the enterprise and improving the efficiency of its continuing operations. Beginning in the fourth quarter of 2000, the Company: (i) divested its non-core heavy truck business; (ii) consolidated its manufacturing operations by closing manufacturing locations in Kalamazoo, Michigan, Sebewaing, Michigan, and certain operations in Milwaukee, Wisconsin; (iii) reduced redundant overhead through a consolidation of its technical activities and a reduction of other salaried colleagues; (iv) reorganized the management of its U.S. and Canada region; (v) discontinued remaining stamping and ancillary processes performed at its Milwaukee Press

Operations and relocated remaining work to other locations or Tier II suppliers, and (vi) planned the transfer of production of high-volume frame assemblies for the Ford Ranger from its Milwaukee facility to its Bellevue, Ohio facility and began consolidating its Novi, Michigan North America oversight and its Grand Rapids, Michigan corporate office activities and closing its Rochester Hills, Michigan prototype tooling and technical center facility. These actions were accomplished through four restructurings: the first restructuring was initiated in October 2000 (the "2000

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Plan"), the second restructuring was initiated in October 2001 (the "2001 Plan"), the third restructuring was initiated in January 2002 (the "2002 Plan"), and the fourth restructuring related to the Milwaukee Ford Ranger line relocation was initiated in May 2003, and subsequently reversed in December 2003, in addition to the North America/Corporate Office Consolidation initiated in October 2003 (the "2003 Plan"). There are cash costs remaining to be paid in connection with the 2001 Plan, 2002 Plan, and 2003 Plan; these plans are described in further detail below.

Under the 2003 Plan, the Company realized cash savings of $2.6 million and expects to realize approximately $8 million in 2004. Under the 2002 Plan, the Company realized cash savings of $15.8 million during 2003. Under the 2001 Plan, the Company realized cash savings of $24.6 million during 2003. These cash savings from permanent payroll reductions are expected to be realized annually.

The restructuring and asset impairment charges consist of both restructuring charges and non-restructuring related asset impairments, major components of which are discussed in the sections below. The following table summarizes the principal components of these charges (in millions):

	2003 PLAN	2002 PLAN	2001 PLAN
RESTRUCTURING AND RELATED ASSET IMPAIRMENTS			
Asset impairments	$ 14.2	$47.2	$127.4
Severance and outplacement costs	4.9	8.4	24.6
Other exit costs	9.6	19.8	32.0
Revision of estimate associated with previous plans	--	(14.3)	(5.9)
Total restructuring related charges	28.7	61.1	178.1
OTHER GOODWILL AND ASSET IMPAIRMENTS			
Goodwill write down	--	--	108.6
Other asset impairments	128.8	--	50.7
Investment impairment	--	--	46.3
Total non restructuring related goodwill and asset impairment charges	128.8	--	205.6
Total restructuring and asset impairment charges, net	$157.5	$61.1	$383.7
Estimated cash and non cash charges in the original plan are as follows:			
Non-cash charges	$143.0	$45.3	$333.0
Cash charges	$ 14.5	$15.8	$ 50.7

MILWAUKEE RANGER AND NORTH AMERICA/CORPORATE OFFICE CONSOLIDATION ACTIVITIES (2003 PLAN):

The Company announced in October 2003 plans to consolidate its Novi, Michigan North America oversight and Grand Rapids, Michigan corporate office activities and close its Rochester Hills, Michigan prototype tooling and technical center facility. Qualifying exit costs (in accordance with SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities") relating to these activities were recognized by the Company in the fourth quarter of 2003 totaling $3.7 million, comprised of cash charges of $2.1 million and non-cash asset impairment charges of $1.6 million. These costs incurred to date as well as any additional costs expected to be incurred relating to these activities are within the United States/ Canada reportable unit. The Company does not anticipate any significant additional expenses related to this restructuring activity.

On May 27, 2003, the Company announced that it would transfer the production of high-volume frame assemblies for the Ford Ranger from its Milwaukee facility to its Bellevue, Ohio facility. During 2003, the Company recorded $25.0 million pre-tax restructuring and asset impairment charges relating to this event. These charges reflect estimated qualifying "exit costs" comprising cash charges of $6.1 million, pension and other post-retirement benefit plan curtailment costs of $6.3 million and non-cash asset

impairment charges of $12.6 million, all within the United States/Canada reportable unit. These charges did not cover certain aspects of the 2003 Plan, including movement of equipment and colleague relocation and training, which are recognized in future periods as incurred. On December 5, 2003, the Company announced that it had decided not to proceed with the relocation of the Ford Ranger line based on revised economic factors from the original May 2003 decision principally due to concessions received from the Milwaukee labor unions and a need for management to focus on its 2004 new product launch schedule. Because the Company's measurement date for pension and post-retirement benefits is September 30, the decision to continue Ranger frame production in Milwaukee made in December 2003 will result in a reversal of the curtailment loss on a three-month lag (first quarter of 2004). The remaining charges related to the original decision to move the Ranger frame production will not be reversed.

The accrual for the 2003 Plan is included in accrued liabilities in the accompanying consolidated balance sheet as of December 31, 2003. The table below summarizes the accrued operational realignment and other charges related to the 2003 Plan through December 31, 2003 (in millions):

	ASSET IMPAIRMENT COSTS	SEVERANCE AND OUTPLACEMENT COSTS	OTHER EXIT COSTS	TOTAL
Provision	$ 14.2	$ 4.9	$ 9.6	$ 28.7
Cash usage	--	(2.9)	(3.3)	(6.2)
Non-cash charges	(14.2)	--	(6.3)	(20.5)
Balance at December 31, 2003	$ --	$ 2.0	$ --	$ 2.0

During 2003, the Company charged $6.3 million of other exit costs from the 2003 Plan restructuring reserves for expected curtailment cost against the pension and post-retirement benefit liability accrual. As described above, these curtailment charges will be reversed in the first quarter of 2004. The Company anticipates satisfying the remaining 2003 Plan restructuring reserves during the next twelve to eighteen months.

MILWAUKEE PRESS OPERATIONS (2002 PLAN):

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

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

The asset impairments consist of long-lived assets, including fixed assets, buildings and manufacturing equipment from the facilities the Company intends to dispose of or discontinue. The carrying value of the long-lived assets written off was $47.2 million. Fixed assets that were disposed of as part of the 2002 Plan were written down to their estimated residual values. For assets that were sold currently, the Company measured impairment based on estimated proceeds on the sale of the facilities and equipment. These asset impairments arose as a consequence of the Company making the decision to exit these activities during the first quarter of 2002.

The accrual for the 2002 Plan is included in accrued liabilities in the accompanying consolidated balance sheet as of December 31, 2003 and 2002. The table below summarizes the accrued operational realignment and other charges through December 31, 2003 (in millions):

	ASSET IMPAIRMENTS	SEVERANCE AND OUTPLACEMENT COSTS	OTHER EXIT COSTS	TOTAL
Provision..........................	$ 47.2	$ 8.4	$ 19.8	$ 75.4
Cash usage..........................	--	(4.7)	(6.6)	(11.3)
Non-cash charges....................	(47.2)	--	(11.2)	(58.4)
Revision of estimate................	--	(0.2)	(1.0)	(1.2)
Balance at December 31, 2002.........	--	3.5	1.0	4.5
Cash usage..........................	--	(1.8)	(1.0)	(2.8)
Revision of estimate................	--	(0.7)	--	(0.7)
Balance at December 31, 2003.........	$ --	$ 1.0	$ --	$ 1.0

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As of December 31, 2003, the Company anticipates future cash payments of $1.0 million under the 2002 Plan during the next twelve months. During 2002, the Company charged $11.2 million of other exit costs from the 2002 Plan restructuring reserves for expected remaining pension curtailment costs against the pension liability accrual. The revision in estimates for the 2002 Plan resulted from minor variances in severance and other exit costs, as compared to the amount initially established in the 2002 Plan. Such revisions were credited to "Restructuring and Asset Impairment Charges" in the consolidated financial statements.

SEBEWAING AND MILWAUKEE PRESS OPERATIONS (2001 PLAN):

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

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

The asset impairments consist of long-lived assets, including fixed assets, buildings and manufacturing equipment from the facilities the Company intends to dispose of or discontinue, and goodwill. The carrying value of the long-lived assets written off was $127.4 million as of December 31, 2001. For assets which were disposed of currently, the Company measured impairment based on estimated proceeds on the sale of the facilities and equipment. These asset impairments arose as a consequence of the Company making the decision to exit these activities during the fourth quarter of 2001.

The write-off of assets having a total book value of $127.4 million included $87.5 million of goodwill associated with Sebewaing and Milwaukee Press Operations, $20.6 million of property, plant and equipment associated with the Sebewaing operations and $12.1 million of property, plant and equipment associated with the Milwaukee Press Operations business that was discontinued. Additionally, there was $7.2 million of property and building write-downs associated with the decision to consolidate the Company's technical centers.

The accrual for the 2001 Plan is included in accrued liabilities in the accompanying consolidated balance sheet as of December 31, 2003 and 2002. The table below summarizes the accrued operational realignment and accrued other charges related to the 2001 Plan through December 31, 2003 (in millions):

	ASSET IMPAIRMENTS	SEVERANCE AND OUTPLACEMENT COSTS	OTHER EXIT COSTS	TOTAL
Provision	$ 127.4	$ 24.6	$ 32.0	$ 184.0
Cash usage	--	(0.7)	(0.6)	(1.3)
Non cash charges	(127.4)	--	--	(127.4)
Balance at December 31, 2001	--	23.9	31.4	55.3
Cash usage	--	(22.2)	(3.6)	(25.8)
Non cash charges	--	--	(7.1)	(7.1)
Revision of estimate	--	(0.7)	(12.4)	(13.1)
Balance at December 31, 2002	--	1.0	8.3	9.3
Cash usage	--	(2.0)	(3.5)	(5.5)
Revision of estimate	--	1.0	(0.3)	0.7
Balance at December 31, 2003	$ --	$ --	$ 4.5	$ 4.5

The remaining other exit costs of $4.5 million as of December 31, 2003 relate to the present value of operating lease payments that the Company is obligated to pay though 2010. During 2002, the Company charged $7.1 million for expected special termination benefits to be paid out in the future from the 2001 Plan restructuring reserves against the pension liability accrual. The revision in estimate for the 2001 Plan resulted from a legal settlement negotiated in 2002 with A.O. Smith, which allocated the cost of certain supplemental early retirement benefits to colleagues at the Press Operations and Heavy Truck Operations in Milwaukee. The impact of this legal settlement was to substantially reduce the cost of actuarial pension benefits due to colleagues terminated under the 2001 Plan. This difference of $11.1 million was credited to "Restructuring and Asset Impairment Charges" in the consolidated financial statements. The revision in estimates for the 2001 Plan resulted from minor variances in the execution of the 2001 Plan and were accounted for in a similar manner.

NON-RESTRUCTURING ASSET IMPAIRMENTS

During 2003, the Company evaluated the current operating plans and current and forecasted business for three of its frame assembly plants and other facilities. In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets", the Company determined that there were indicators of impairment present for each of the facilities based upon the potential for new business and evaluation of pricing. Cash flow projections were prepared which indicated that there were not sufficient cash flows projected to support the carrying value of the long-lived assets at these facilities and they were written down by $122.7 million to their fair value based upon discounted cash flows. Additionally, the Company identified assets which no longer had sufficient cash flow amounts to support their carrying amounts and were written down by $6.1 million to their fair value. The asset write-offs of $128.8 million are included in the $157.5 million restructuring and asset impairment charge in the consolidated statement of operations for the year ended December 31, 2003. The non-restructuring asset impairment charges recorded during 2003 are within the United States/ Canada operating segment.

The other goodwill and asset impairment charges of $205.6 million recorded in 2001 are a result of the Company's review of the carrying amount of certain of its goodwill, fixed assets, and certain investments based upon the Company's operating plans (including the organizational realignment initiative discussed

above) and current and forecasted trends in the automotive industry. Based upon a review of anticipated cash flows, the Company determined that goodwill of $108.6 million assigned to two of its

plants was impaired and was written down. The Company also identified assets which no longer had sufficient cash flows to support their carrying amounts and were written down by $50.7 million to fair value, in addition to a write-down of $46.3 million related to its joint venture investment in J.L. French.

LIQUIDITY AND CAPITAL RESOURCES

The following summarizes the Company's primary sources and uses of cash (in millions):

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Sources of Cash:			
Net income before depreciation and amortization, deferred income taxes, gain on sale of plant, equity in earnings of joint ventures, restructuring and asset impairment charges, write-down of joint venture investment to market value, customer recovery related to program cancellation, and cumulative effect of change in accounting principle(1)	$175.9	$194.5	$178.1
Cash advances from receivables program	(17.5)	2.3	15.2
Decrease (increase) in accounts receivable	(76.3)	(33.6)	74.5
Decrease (increase) in inventories	3.1	(20.5)	21.4
Decrease (increase) in prepaid tooling and other assets	8.8	(36.5)	129.3
Increase in accounts payable	138.3	48.8	120.5
Increase (decrease) in accrued liabilities	(18.5)	32.2	13.1
Changes in other assets and liabilities	(29.0)	(56.2)	(38.3)
Net cash provided by operating activities	184.8	131.0	513.8
Proceeds from sale of fixed assets	--	50.3	--
Proceeds from issuance of stock	0.6	225.7	39.0
Proceeds from divestiture	--	4.0	--
Net proceeds from borrowings of debt	183.4	--	--
Total sources of cash	$368.8	$411.0	$552.8
Uses of Cash:			
Capital expenditures, net(2)	230.1	159.0	194.0
Acquisitions, including joint venture interests, earnout payments and dividends received	(8.5)	40.8	5.4
Repurchase of stock	--	59.9	--
Increase (decrease) in cash balances	147.2	(8.1)	18.4
Net repayments of debt	--	159.4	335.0
Total uses of cash	$368.8	$411.0	$552.8

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(1) Net income before depreciation and amortization, deferred income taxes, gain on sale of plant, equity in earnings of joint ventures, restructuring and asset impairment charges, write-down of joint venture

investment to market value, customer recovery related to program cancellation, and cumulative effect of change in accounting principle is computed as follows (in millions):

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Net loss	$(124.7)	$(97.6)	$(267.5)
Depreciation and amortization	151.2	136.7	159.9
Deferred income tax expense (benefit)	(36.0)	2.1	(80.8)
Gain on sale of plant	--	(3.8)	--
Equity in earnings of joint ventures, net	(13.3)	(16.8)	(17.2)
Restructuring and asset impairment charges, net	155.7	61.1	383.7
Write-down of joint venture investment to market value	27.4	--	--
Customer recovery related to program cancellation	15.6	--	--
Cumulative effect of change in accounting principle, net	--	112.8	--
	$ 175.9	$194.5	$ 178.1

(2) The Company leases certain equipment utilized in its operations under operating lease agreements. If certain equipment had been purchased instead of leased, capital expenditures would have been $262.9 million, $187.2 million and $265.7 million in 2003, 2002 and 2001, respectively.

SOURCES OF CASH

The Company's principal sources of cash are cash flow from operations, commercial borrowings and capital markets activities. During the year ended December 31, 2003, the Company generated $184.8 million of cash from operations. This compares with $131.0 million generated during the same period in 2002. Net income before depreciation and amortization, deferred income taxes, gain on sale of plant, equity in joint venture earnings, restructuring and asset impairment charges, write-down of joint-venture investment to market value, customer recovery related to program cancellation, and cumulative effect of change in accounting principle was $175.9 million and $194.5 million for 2003 and 2002, respectively. Operating cash flow was reduced by $14.5 million in 2003 and $37.1 million in 2002 for cash restructuring payments, and was increased by net tax refunds of $19.8 million in 2002. Operating cash flow was also reduced in the 2003 and 2002 periods by $26.8 million and $32.9 million, respectively, for required pension contributions. Expected pension contribution funding requirements of the Company for 2004 are approximately $38 million under currently enacted pension funding relief legislation. In total, working capital and other operating items increased operating cash flow by $8.9 million during 2003 and decreased cash flow by $63.5 million during 2002.

In April 2002, the Company entered into a sale-leaseback transaction involving seven of its manufacturing facilities contributing $50.3 million to the cash flow of the 2002 period. Under the terms of the sale-leaseback

agreement with investment banking firm W.P. Carey and Company, LLC, the facilities will be leased to the Company under an 18-year term. The lease requires quarterly payments of approximately $1.6 million through 2020 and is accounted for as an operating lease.

The issuance of stock from the Company's colleague stock purchase plan and option plans contributed $0.6 million to the cash flow for the 2003 period. The issuance of common stock under the underwritten primary offering of 17.25 million shares completed in May 2002 contributed $222.4 million to the cash flow in the 2002 period. The issuance of stock for the Company's colleague stock purchase plan and option plans contributed an additional $3.3 million to cash flow for the 2002 period.

In June 2003, R.J. Tower Corporation (the "Issuer"), a wholly-owned subsidiary of the Company, completed a senior note offering with a face amount of $258 million and a 12 percent interest rate. The notes were discounted upon issuance to yield 12.5 percent, with interest payable semi-annually. The notes are recorded in the Company's consolidated balance sheet net of debt discount of $7.0 million as of

December 31, 2003. The notes rank equally with all of the Company's other senior unsecured and unsubordinated debt and mature on June 1, 2013.

In June 2003, the Company completed an amendment to its senior credit facility (the "Credit Agreement") to reduce the borrowing capacity of the facility and provide for amended financial covenants in order to enhance overall liquidity. The amendment reduced the former $725 million facility to a $600 million facility. The term portion of the facility increased from $125 million to $240 million, and the revolver portion decreased from $600 million to $360 million. The amount available to borrow under the revolver portion of the credit facility is restricted by $44 million of permanent letters of credit, and is also restricted by $200 million to provide flexibility for the Company to redeem its $200 million convertible subordinated notes (due August 1, 2004). The $200 million restricted amount is available to the Company for the redemption of these notes upon a grant of additional collateral to its lendors, in the event the Company does not elect to refinance the convertible notes in another manner. The Credit Agreement also includes a multi-currency borrowing feature that allows the Company to borrow up to $316 million in certain freely tradable offshore currencies, and letters of credit sublimits of $250 million. As of December 31, 2003, there were no borrowings outstanding on the revolver portion of the Credit Agreement. Interest on the Credit Agreement is at the financial institutions' reference rate, LIBOR, or the Eurodollar rate plus a margin ranging from 100 to 325 basis points depending on the ratio of the consolidated funded debt for restricted subsidiaries of the Company to its total EBITDA. The weighted average interest rate for such borrowings was 7.3 percent for the year ended December 31, 2003 (including the effect of the interest rate swap contract discussed below). The Credit Agreement has a final maturity of July 2006.

The Company must meet certain covenant ratio requirements, including but not limited to a minimum interest coverage and maximum leverage ratio. Under the most restrictive covenants, the amount of unused availability under the revolving facility was $8.2 million at December 31, 2003, compared to unused availability of $239 million at December 31, 2002. The Company's leverage covenant increases to 4.5 at March 31, 2004 and June 30, 2004, compared to a requirement of 4.25 at December 31, 2003. The revolver availability combined with the Company's cash balances of $160.9 million and $13.7 million as of December 31, 2003 and 2002, respectively, produced total available liquidity of $169.1 million and $252.7 million for those same periods. The $83.6 million decrease in available liquidity between the periods resulted from the increase

in indebtedness (as defined in the credit agreement) and reduced revolver capacity under the amended credit agreement and a decrease in trailing four quarter EBITDA (as defined in the credit agreement), offset by an increase in cash between the periods. The covenant conditions contained in the credit agreement include limits on the Company's ability to pay dividends. As of December 31, 2003, the Company was in compliance with all debt covenants and anticipates achieving covenant compliance throughout 2004.

In July 2000, R. J. Tower Corporation, a wholly owned subsidiary of the Company, issued Euro-denominated senior unsecured notes in the amount of E150 million ($188.6 million at December 31, 2003). The notes bear interest at a rate of 9.25 percent, payable semi-annually. The notes rank equally with all of the Company's other senior unsecured and unsubordinated debt and mature on August 1, 2010.

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

USES OF CASH

The Company's principal uses of cash are debt repayment, capital expenditures and acquisitions and investments in joint ventures. Net cash used in investing activities was $221.6 million during the year ended December 31, 2003, as compared to $145.4 million in the prior period. Dividends received from

investments in joint ventures increased investing cash flows by $8.5 million in the 2003 period, while earnout payments offset by net proceeds received from the sale of a plant, reduced investing cash flows by $36.8 million in the 2002 period. No additional earnout payments are required after 2002 under any of the Company's acquisition agreements.

Net capital expenditures were $230.1 million and $159.0 million in 2003 and 2002, respectively. Capital expenditures in 2003 included significant investments to support major product launches. The Company has commitments for capital expenditures of approximately $125 million as of December 31, 2003. The Company estimates its 2004 gross and net (of leasing activities) capital expenditures will be approximately $240 million and $195 million, respectively. Where appropriate, the Company leases rather than purchases certain equipment utilized in its operations under operating lease agreements, which has the effect of reducing cash outflows for capital spending. If certain equipment had been purchased instead of leased, capital expenditures would have been $262.9 million and $187.2 million in 2003 and 2002, respectively. The Company intends to continue to utilize operating lease financing on occasion when the effective interest rate equals or is lower than the Company's financing costs and the lease terms match the expected life of the respective program. Annual operating lease payments under the Company's lease agreements range from $54 million to $79 million over the next five years. Operating lease expense is included in cost of sales in the Company's statements of operations.

Net cash provided by financing activities totaled $184.0 million and $6.4 million for the year ended December 31, 2003 and 2002, respectively. Net increased borrowings were $183.4 million for the 2003 period primarily representing the incremental debt as of December 31, 2003 relating to the Company's June 2003 senior note offering in anticipation of refunding of the

$200 million convertible subordinated notes by August 1, 2004. Proceeds from the issuance of stock of $225.7 million were offset by net repayments of debt of $159.4 million for the comparable 2002 period. Also offsetting proceeds from the issuance of stock in the 2002 period were payments for the repurchase of common shares of $59.9 million.

The Company has a significant amount of new product launch activity that consumed a significant amount of cash resources in 2003 and will continue into 2004 (approximately $40 million of launch related costs in each period). The current launch activity is challenging for the Company, however, the launch status is on-track and the Company anticipates that it will achieve its customer's requirements on schedule. The Company is subject to unforeseen launch costs and execution risk that could utilize additional cash resources beyond those planned in 2004, however, the Company's new management team is dedicated to driving operational execution and quality performance and will monitor and update the Company's performance as necessary.

WORKING CAPITAL

The Company maintained significant negative levels of working capital of $377.3 million and $305.5 million as of December 31, 2003 and 2002, respectively, as a result of its continuing focus on minimizing the cash flow cycle. The $71.8 million net decrease in working capital in 2003 was due to the combined effects of a $3.1 million decrease in inventory, a $9.3 million decrease in prepaid tooling and other current assets, a $179.1 million increase in current maturities primarily due to the reclassification of the $200 million Convertible Subordinated Notes to current maturities, and a $103.8 million net increase in accounts payable and accrued liabilities at December 31, 2003, offset by a $147.2 million increase in cash attributable to net proceeds of approximately $244 million related to the senior note offering completed in June 2003 and a $76.3 million timing-related increase in accounts receivable. The Company's management of its accounts receivable includes participation in specific receivable programs with key customers that allow for accelerated collection of receivables, subject to interest charges ranging from 4.3 percent to 6.0 percent at an annualized rate. The Company expects to continue its focus on maintaining a large negative working capital position through the efforts discussed above and continued focus on minimizing the length of the cash flow cycle.

The Company believes that funds generated by operations, together with cash on hand and available borrowing capacity under its credit agreement, should provide sufficient liquidity and capital resources to

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pursue its business strategy for the foreseeable future, with respect to working capital, capital expenditures, and other operating needs. The Company anticipates that it will meet its liquidity requirements through the prudent use of its cash resources, effective management of operating working capital and capital expenditures and also employing other potential financing and strategic alternatives, as required. Certain assumptions underlie this belief, including among others, that there will be no material adverse developments in the Company's business, the automotive market in general, or the Company's anticipated activities and costs associated with its new program launches scheduled for the next twelve months.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

The Company's contractual obligations and commercial commitments as of December 31, 2003 are as follows:

CONTRACTUAL OBLIGATIONS	PAYMENTS DUE BY PERIOD TOTAL	LESS THAN 1 YEAR	1 - 3 YEARS	4 - 5 YEARS	AFTER 5 YEARS
Long-term debt	$1,152,794	$ 91,935	$310,754	$ 4,492	$745,613
Convertible Subordinated Notes	199,984	199,984	--	--	--
Capital lease obligations	50,460	7,662	21,360	6,696	14,742
Operating leases	495,363	79,039	209,767	106,390	100,167
Total contractual obligations at December 31, 2003	$1,898,601	$378,620	$541,881	$117,578	$860,522

- The Convertible Subordinated Notes are due on August 1, 2004 and are convertible into common stock of the Company at a conversion price of $25.88 per share; therefore, they have been included as part of the contractual obligations in the less than one year period above.

- Other anticipated 2004 contractual obligations (future amounts beyond 2004 are not readily determinable):

    1. cash interest payments of approximately $120 million,

    2. pension funding contributions of approximately $38 million,

    3. other post-retirement benefit payments of approximately $25 million and

    4. purchase obligations of approximately $315 million. The Company's significant purchase obligations consist primarily of inventory, tooling and capital expenditures. The Company's purchase orders for inventory are "requirements" based which do not require the Company to purchase minimum quantities. As of December 31, 2003, the Company was obligated under executory purchase orders for $190 million of tooling and $125 million of capital expenditures.

The Company's commercial commitments included up to $250 million of standby letters of credit which are available under the terms of the Company's $600 million Credit Agreement of which $114.7 million was outstanding as of December 31, 2003.

LOSS CONTRACTS, FACILITY SHUTDOWN AND PAYROLL RELATED COSTS

The Company is committed under certain existing agreements, assumed in connection with prior acquisitions, to supply product to its customers at selling prices that are not sufficient to cover the direct costs to produce those parts. The Company is obligated to supply these products for the life of the related vehicles, which is typically three to ten years. Accordingly, the Company recognizes liabilities at the time these losses are probable and reasonably estimable at an amount equal to the minimum amount necessary to fulfill its obligations to its customers. The reserves established in connection with these recognized losses are reversed as the product is shipped to the customers.

The Company's acquisitions have been accounted for using the purchase method of accounting and, accordingly, the assets acquired and liabilities assumed have been recorded at fair value as of the dates of

the acquisitions. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed has been recorded as goodwill. Results of operations for these acquisitions have been included in the accompanying consolidated financial statements since the dates of acquisition.

In conjunction with its acquisitions, reserves have been established for certain costs associated with facility shutdown and consolidation activities, for general and payroll related costs primarily for planned colleague termination activities, and for provisions for acquired loss contracts. A rollforward of these reserves is as follows (in millions):

	FACILITY SHUTDOWN COSTS	PAYROLL RELATED COSTS	LOSS CONTRACTS
Balance at January 1, 2002	$ 5.2	$ 1.1	$17.0
Utilization	(0.7)	(1.1)	(3.9)
Revision of estimate	--	--	(7.0)
Balance at December 31, 2002	$ 4.5	$ --	$ 6.1
Utilization	(0.4)	--	(3.0)
Revision of estimate	(2.1)	--	(0.2)
Balance at December 31, 2003	$ 2.0	$ --	$ 2.9

As of December 31, 2003, all of the identified facilities have been shutdown, but the Company continues to incur ongoing costs related to maintenance, taxes and other items related to the buildings. The revision of estimate for the remaining facility shutdown costs resulted from an analysis of future costs to be incurred. The $2.1 million was recorded as an adjustment to goodwill. The Company's acquisition reserves have been utilized as originally intended, and management believes the liabilities recorded for shutdown and consolidation activities are adequate as of December 31, 2003.

In 2002, the Company revised its accrual for estimated loss contracts to reflect the discontinuance of certain contracts that the Company was fulfilling at a loss, and the reduction of costs associated with remaining loss contracts which were transferred to lower cost locations as part of the Company's restructuring activities.

EFFECTS OF INFLATION

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

MARKET RISK

The Company is exposed to various market risks, including changes in foreign currency exchange rates and interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency exchange and interest rates. The Company's policy is to not enter into

derivatives or other financial instruments for trading or speculative purposes. The Company periodically enters into financial instruments to manage and reduce the impact of changes in interest rates.

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

At December 31, 2003, Tower Automotive had total debt and obligations under capital leases of $1,403.2 million. This debt comprises fixed rate debt of $1,058.3 million and floating rate debt of

$344.9 million. The pre-tax earnings and cash flow impact in 2004 resulting from a one percentage point increase in interest rates on the Company's variable rate debt would be approximately $3.4 million, holding other variables constant. A one percentage point increase in interest rates would not materially impact the fair value of the fixed rate debt.

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

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

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

CRITICAL ACCOUNTING POLICIES

The Company believes the following represent its critical accounting policies:

Goodwill and Impairment of Long-Lived Assets -- During the second quarter of 2002, the Company completed its formal valuation procedures upon adoption of SFAS No. 142, utilizing a combination of valuation techniques, including the discounted cash flow approach and the market multiple approach. As a result of

this valuation process, the Company recorded a transitional impairment loss of $112.8 million, representing the write-off of all of the Company's existing goodwill in the reporting units of Asia ($29.7 million) and South America/Mexico ($83.1 million). The Company utilized projections of future cash flows for each of its reporting units in determining their fair value for purposes of this analysis. Such amounts are estimates made by management using the best information available at that time. The Company annually assesses its goodwill for realizability. As of December 31, 2003, that assessment indicated there was no impairment.

During 2001, the Company recorded goodwill and long-lived asset impairment writedown provisions of $333.0 million, pursuant to restructuring of the Company's operations and revised cash flow expectations for the related business units.

Deferred Income Taxes -- The Company has total net deferred tax assets of $167.1 million as of December 31, 2003 compared to $126.3 million as of December 31, 2002, which are inclusive of deferred tax valuation allowances of $60.1 million and $48.2 million as of December 31, 2003 and 2002 respectively. The Company is required to estimate whether recoverability of its deferred tax asset is more likely than not based on forecasts of taxable earnings in each tax jurisdiction. As disclosed in Note 9, a large portion of the Company's deferred tax assets are comprised of net operating loss carryforwards and tax credits. The Company uses historical and projected future operating results, including a review of the eligible carryforward period, tax planning opportunities and other relevant considerations in determining recoverability. Key factors that could effect the determination of the need for a deferred tax valuation allowance include tax law changes and variances to future projected profitability. The Company assesses its deferred tax asset for realizability on a quarterly basis.

Other Loss Reserves -- The Company has other loss reserves such as purchase accounting reserves, restructuring reserves, and loss contract reserves that require the use of estimates and judgment regarding profitability, risk exposure, and ultimate liability. Reserves for loss contracts are estimated by determining which parts are being sold pursuant to loss contracts, their profitability per unit and expected sales volumes over the life of each contract. Other losses are estimated using consistent and appropriate methods; however, changes to the assumptions could materially affect the recorded liabilities for loss. Favorable adjustments to the Company's loss contract reserves of approximately $7.0 million during the year ended December 31, 2002 was recorded to reflect the discontinuance of certain contracts that the Company was fulfilling at a loss, and the reduction of costs associated with remaining loss contracts which were transferred to lower cost locations as part of the Company's restructuring activities.

Customer Tooling and Other Design Costs -- As indicated in Note 2 to the Consolidated Financial Statements, the Company incurs costs related to tooling for specific customer programs, which in some instances is owned by the Company's customers. Because the Company has the contractual right to use such tooling over the life of the supply arrangement with its customers, these tooling costs are capitalized and amortized over the life of the related product.

Pension and Other Post-Retirement Benefits -- The determination of the obligation and expense for pension and other postretirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 11 to the Consolidated Financial Statements and include, among others, the discount rate, expected long-term rate of return on plan assets, as well as expected increases

in compensation and healthcare costs. In accordance with generally accepted accounting principles, actual results that differ from these assumptions are accumulated and amortized over future periods and, therefore, generally affect the recognized expense and recorded obligation in such future periods. While the Company believes that its current assumptions are appropriate based on available information, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other postretirement obligations and the future expense.

The Company recorded pension expense (excluding special termination benefit costs and curtailment loss) of $17.5 million and $13.8 million for 2003 and 2002, respectively. The Company recorded other post-retirement benefit costs (excluding curtailment loss) of $12.5 million and $10.5 million for 2003 and 2002, respectively. These amounts are calculated based on a number of actuarial assumptions, most notably the discount rates used in the calculation of the Company's benefit obligations of 5.95 percent and 6.75 percent as of the Company's September 30 measurement date in 2003 and 2002, respectively. The discount rate used by the Company is developed based on consultation with the Company's actuary and is predominately based on the Moody's Aa corporate bond rate as of the last business day of the actual measurement dates. The Company feels that the 80 basis point decrease in its discount rate is warranted based on the expectation that discount rates should move with general economic trends. The Company has used consistent discount rates for its post-retirement benefit obligation calculation under SFAS 106 with those used for the measurement of its pension benefit liability under SFAS 87.

The expected rates of return on pension plan assets under SFAS 87 of 8.5 percent as of December 31, 2003 and 2002, utilized by the Company are based on consultation with the Company's actuary and represent the Company's expected long-term rate of return on plan assets. The rate of return assumptions selected by the Company reflect the Company's estimate of the average rate of earnings expected on the funds invested or to be invested in order to provide for future participant benefits to be paid out over time. As part of this estimate of the Company's rate of return assumption, the Company's actuary contemplated the composition of the Company plans' actual investment policies, as well as, the expected long-term rates of return for the various categories of investment vehicles within the plans.

The Company expects its 2004 pension benefit expense (excluding curtailment charge reversal) to be approximately $22 million and its 2004 other post-retirement benefit expense (excluding curtailment charge reversal) to approximate $13 million. If the assumption of the discount rate for 2004 were 75 basis points lower, the 2004 pension benefit expense and 2004 other post-retirement benefit expense would be increased by $1.8 million and $0.1 million, respectively. If the assumption of the expected rate of return on

pension plan assets for 2004 were 100 basis points lower, the 2004 pension benefit expense would be increased by $1.3 million.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In April 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections. Among other provisions, this Statement eliminates the requirement that gains and losses from extinguishment of debt be classified as extraordinary items. SFAS No. 145 became effective for the Company on January 1, 2003. Upon adoption, there was no material impact on the Company's results of operations or financial condition.

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

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. This Statement requires that certain financial instruments previously accounted for as equity under previous guidance be classified as liabilities in statements of financial position. Such financial instruments include (i) mandatorily redeemable shares that the issuer is obligated to buy back in exchange for cash or other assets, (ii) instruments, including put options and forward purchase contracts, that require the issuer to buy back some of its shares in exchange for cash or other assets and (iii) obligations that can be settled with shares, the monetary value of which is fixed, tied solely or predominantly to a variable such as a market index, or varies inversely with the value of the issuer's shares. SFAS No. 150 became effective for all financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 on July 1, 2003, did not have a material impact on the Company's results of operations or financial condition.

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

In January 2003, the FASB issued FIN 46, Consolidation of Variable Interest Entities, an interpretation of ARB No. 51. FIN 46 addresses consolidation by business enterprises of certain variable interest entities. In December 2003, the FASB issued FIN 46(R), Consolidation of Variable Interest Entities, which represents a revision to FIN 46. The provisions of FIN 46(R) are effective for interests in variable interest entities as of the first interim, or annual, period ending after March 15, 2004, except for variable interest entities considered special purposes entities or for those variable interest entities that had already applied FIN 46 in a previous period. FIN 46(R) requires that both the primary beneficiary and all other enterprises with a significant variable interest make additional disclosure in filings. An enterprise shall consolidate a variable interest entity if that enterprise is the primary beneficiary. An enterprise is considered the primary beneficiary if it has a variable interest that will absorb a majority of the entity's expected losses, receive a majority of the entity's expected residual returns, or both. The Company elected to adopt the provisions of FIN 46 early (July 1, 2003) as it relates to the securities issued by the Tower Automotive Capital Trust. The Company determined that, under FIN 46, the trust which issued its mandatorily redeemable convertible preferred securities will no longer be consolidated by the Company. Beginning in the quarter ended September 30, 2003, the Company modified its presentation of the

securities by recording an amount due to the trust of $258.8 million as debt, and recording interest expense on the related obligation (previously recorded as

minority interest, net of tax). During the fourth quarter of 2003, the Company adopted FIN 46(R) and consolidated the variable interest entity related to its Lansing, Michigan building and equipment leasing arrangement and therefore recorded property, plant and equipment of $25.7 million and related indebtedness of $25.7 million as of December 31, 2003. Pursuant to the transition guidance in FIN 46, the Company has elected to adopt FIN 46 on a prospective basis. As a result, prior periods have not been reclassified to the new presentation for both variable interest entities. The Company does not anticipate any further impact related to FIN 46.

In December 2003, the FASB issued SFAS No. 132(R), as revision to SFAS No. 132, Employers' Disclosure about Pensions and Other Postretirement Benefits. SFAS No. 132(R) does not change the measurement or recognition related to pension and other postretirement plans required by SFAS No. 87, Employers' Accounting for Pensions, SFAS No. 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and SFAS No. 106, Employers' Accounting for Postretirement Benefits Other than Pensions and retains the disclosure requirements contained in SFAS No. 132. SFAS No. 132(R) requires additional disclosures about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other defined postretirement plans. SFAS No. 132(R) is effective for financial statements for fiscal years ending after December 15, 2003, with the exception of disclosures related to foreign plans and estimated future benefit payments which are effective for fiscal years ending after June 15, 2004. The Company has included the required disclosures in Note 11 to its consolidated financial statements. The adoption of SFAS No. 132(R) did not impact the Company's consolidated balance sheet or results of operations.

RISK FACTORS

The Company is subject to the following risks relating to its operations and the nature of the industry in which it competes:

- THE LOSS OF FORD, DAIMLERCHRYSLER OR ANY OTHER SIGNIFICANT CUSTOMER COULD HAVE A MATERIAL ADVERSE EFFECT ON EXISTING AND FUTURE REVENUES AND NET INCOME (LOSS)

Revenues from Ford and DaimlerChrysler represented approximately 35 percent and 19 percent, respectively, of the Company's revenues in 2003. The contracts with many customers, including Ford and DaimlerChrysler, provide for supplying the customer's requirements for a particular model, rather than for manufacturing a specific quantity of products. These contracts range from one year to the life of the model, usually three to ten years, and do not require the purchase by the customer of any minimum number of parts. Therefore, the loss of any one of these customers or a significant reduction in demand for certain key models or a group of related models sold by any major customer could have a material adverse effect on the Company's existing and future revenues and net income (loss).

In February 2004, the Company announced that a decision had been finalized by DaimlerChrysler to move the current production of the frame assembly for the Dodge Ram light truck from the Company's Milwaukee, WI facility to the Company's 40% owned joint venture partner, Metalsa located in Monterrey, Mexico. The current Dodge Ram frame program produced in the Milwaukee facility was expected to run through 2009. The production move to Mexico is planned for mid-2005. The move was dictated by DaimlerChrysler economic pricing requirements given the lower cost structure in Mexico. The Company is in the process of determining the expected net economic impact of DaimlerChrysler's decision to move the Dodge Ram frame line on its future consolidated results for 2005 and beyond.

In December 2002, the Company announced its intention not to pursue the follow-on program of the next generation Ford Explorer frame. The current Ford

Explorer frame program, expected to run through 2005, is produced at the Company's Corydon, IN facility. The Company's decision was based on the fact that the expected returns at targeted pricing levels did not meet the Company's requirements.

The Company has mitigated the loss of revenue anticipated when the current Dodge Ram and Ford Explorer programs cease by winning approximately $1.4 billion in new business, which is expected to launch and be in full production by the end of 2005.

- GROSS MARGIN AND PROFITABILITY WILL BE ADVERSELY AFFECTED BY THE INABILITY TO REDUCE COSTS OR INCREASE PRICES

There is substantial continuing pressure from the major OEMs to reduce costs, including the cost of products purchased from outside suppliers. In addition, the Company's profitability is dependent, in part, on its ability to spread fixed production costs over increasing product sales. If the Company is unable to generate sufficient production cost savings in the future to offset price reductions and any reduction in consumer demand for automobiles resulting in decreased sales, the Company's gross margin and profitability would be adversely affected. In addition, the Company's customers often times require engineering, design or production changes. In some circumstances, the Company may not be able to achieve price increases sufficient in amounts to cover the costs of these changes.

- INCREASING RAW MATERIALS COSTS MAY ADVERSELY AFFECT OUR PROFITABILITY

The primary raw material used to produce the majority of the Company's products is steel. A substantial portion of the steel used for domestic-based vehicle programs is purchased from OEM customers at pre-arranged prices that we are able to pass through to such customers. In connection with international-based vehicle programs, the Company purchases steel directly at fluctuating market prices, and, in some cases, the Company may be unable to pass through any price increases to its customers. Other raw materials purchased by the Company include dies, fasteners, tubing, springs, rivets, and rubber products. It is also generally difficult to pass increased prices for these raw materials to customers in the form of price increases. Therefore, a significant increase in the costs of these items, as well as for steel purchased in the open market, could materially increase the Company's operating costs and have a material adverse effect on profit margins.

- THE COMPANY'S CASH FLOWS AND EARNINGS MAY BE NEGATIVELY IMPACTED BY ITS SIGNIFICANT LAUNCH ACTIVITIES IN 2004

The Company has a significant amount of new product launch activity that consumed a significant amount of cash resources in 2003 and will continue into 2004 (approximately $40 million of launch related costs in each period). The current launch activity is challenging for the Company; however, the launch status is on-track and the Company anticipates that it will achieve its customer's requirements on schedule. The Company is subject to unforeseen launch costs and execution risk that could utilize additional cash resources beyond those planned in 2004; however, the Company's new management team is dedicated to driving operational execution and quality performance and will monitor and update the Company's performance as necessary.

- CYCLICALITY AND SEASONALITY IN THE AUTOMOTIVE MARKET COULD ADVERSELY AFFECT REVENUES AND NET INCOME (LOSS)

The automotive market is highly cyclical and is dependent on consumer

spending. For example, during the third and fourth quarters of 2000, the automotive market began experiencing a decline in production levels. This decline continued throughout 2001, but production levels increased slightly in 2002. Economic factors adversely affecting automotive production and consumer spending could adversely impact the Company's revenues and net income. The automotive market is also somewhat seasonal. The Company typically experiences decreased revenue and operating income during the third calendar quarter of each year due to the impact of scheduled OEM plant shutdowns in July and August for vacations and new model changeovers.

- THE COMPANY IS SUBJECT TO CERTAIN RISKS ASSOCIATED WITH FOREIGN OPERATIONS THAT COULD HARM REVENUES AND PROFITABILITY

The Company has significant international operations, specifically in Europe, Asia and South America. Certain risks are inherent in international operations, including:

- difficulty in enforcing agreements and collecting receivables through certain foreign legal systems;

- foreign customers may have longer payment cycles than customers in the United States;

- tax rates in certain foreign countries may exceed those in the United States, and foreign earnings may be subject to withholding requirements or the imposition of tariffs, exchange controls or other restrictions;

- general economic and political conditions in countries where the Company operates may have an adverse effect on operations in those countries;

- the Company may find it difficult to manage a large organization spread throughout various countries; and

- required compliance with a variety of foreign laws and regulations.

As the Company continues to expand its business globally, its success will depend, in part, on the ability to anticipate and effectively manage these and other risks. The occurrence of any of the foregoing risks could have a significant effect on the Company's international operations and, as a result, its revenues and profitability.

- CURRENCY EXCHANGE RATE FLUCTUATIONS COULD HAVE AN ADVERSE EFFECT ON REVENUES AND FINANCIAL RESULTS

The Company generates a significant portion of its revenues and incurs a significant portion of its expenses in currencies other than U.S. dollars. To the extent that the Company is unable to match revenues received in foreign currencies with costs paid in the same currency, exchange rate fluctuations in any such currency could have an adverse effect on revenues and financial results.

- THE COMPANY'S BUSINESS MAY BE DISRUPTED SIGNIFICANTLY BY WORK STOPPAGES AND OTHER LABOR MATTERS

Many OEMs and their suppliers have unionized work forces. Work stoppages or slow-downs experienced by OEMs or their suppliers could result in slow-downs or closures of assembly plants where the Company's products are included in assembled vehicles. For example, strikes by the United Auto Workers led to the shutdown of most of GM's North American assembly plants in June and July of

1998. The Company estimates that this work stoppage at GM's facilities had an unfavorable impact of approximately $24.7 million on its 1998 revenues. In the event that one or more of its customers experiences a material work stoppage, such a work stoppage could have a material adverse effect on the Company's business.

In addition, approximately 4,500 of the Company's colleagues are unionized (representing approximately 38 percent of its colleagues as of December 31, 2003). The Company may encounter strikes, further unionization efforts or other types of conflicts with labor unions or the Company's colleagues, any of which could have an adverse effect on the Company's ability to produce structural components and assemblies or may limit its flexibility in dealing with its workforce.

- OPERATING RESULTS MAY BE ADVERSELY AFFECTED BY THE IMPACT OF ENVIRONMENTAL AND SAFETY REGULATIONS

The Company is subject to foreign, federal, state and local laws and regulations governing the protection of the environment and occupational health and safety, including laws regulating the generation, storage, handling, use and transportation of hazardous materials; the emission and discharge of hazardous materials into the soil, ground or air; and the health and safety of its colleagues. The Company is also required to obtain permits from governmental authorities for certain operations. Although the Company will make every effort to do so, it cannot assure that it has been or will be at all times in complete

compliance with such laws, regulations and permits. If it violates or fails to comply with these laws, regulations or permits, it could be fined or otherwise sanctioned by regulators. In some instances, such a fine or sanction could be material.

The Company is also subject to laws imposing liability for the cleanup of contaminated property. Under these laws, it could be held liable for costs and damages relating to contamination at its past or present facilities and at third party sites to which these facilities sent wastes containing hazardous substances. The amount of such liability could be material.

- THE INABILITY TO COMPETE EFFECTIVELY IN THE HIGHLY COMPETITIVE AUTOMOTIVE SUPPLY INDUSTRY COULD RESULT IN THE LOSS OF CUSTOMERS, WHICH COULD HAVE AN ADVERSE EFFECT ON THE COMPANY'S REVENUES AND OPERATING RESULTS

The automotive component supply industry is highly competitive. Some of the Company's competitors are companies, or divisions or subsidiaries of companies, that are larger than the Company and have greater financial and other resources. In addition, with respect to certain of the Company's products, it competes with divisions of its OEM customers. The Company's products may not be able to compete successfully with the products of these other companies, which could result in the loss of customers and, as a result, decreased revenues and profitability. In addition, the Company's competitive position in the automotive component supply industry could be adversely affected in the event that it is unsuccessful in making strategic acquisitions or establishing joint ventures that would enable it to expand globally.

The Company principally competes for new business both at the beginning of the development of new models and upon the redesign of existing models by its major customers. New model development generally begins two to five years prior to the marketing of such models to the public. The failure to obtain new business on new models or to retain or increase business on redesigned existing models could adversely affect the Company's business and financial results. In

addition, as a result of the relatively long lead times required for many of its complex structural components, it may be difficult in the short-term for the Company to obtain new sales to replace any unexpected decline in the sale of existing products. The Company may incur significant expense in preparing to meet anticipated customer requirements which may not be recovered.

- ACTUAL PROGRAM VOLUMES AND PRICING MAY BE LESS THAN PLANNED

The Company incurs costs and makes capital expenditures for new program awards based upon certain estimates of production volumes for certain vehicles. While the Company attempts to establish the price of its products for variances in production volumes, if the actual production of certain vehicle models is significantly less than planned, the Company's revenues and net income may be adversely affected. The Company cannot predict its customers' demands for the products it supplies either in the aggregate or for particular reporting periods. For example, the Company cannot predict whether or to what extent the expected $1.4 billion in annual new program revenue, anticipated to be fully realized by 2006, will actually result in firm orders from customers.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

All statements, other than statements of historical fact, included in this Form 10-K or incorporated by reference herein, are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). When used in this Form 10-K, the words "anticipate," "believe," "estimate," "expect," "intends", "project", "plan" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. Such forward-looking statements are based on the beliefs of the Company's management as well as on assumptions made by and information currently available to the Company at the time such statements were made. Various economic and competitive factors could cause actual results to differ materially from those discussed in such forward-looking statements, including factors which are outside the control of the Company, such as risks relating to: (i) the degree to which the

Company is leveraged and the ability to generate sufficient cash flow from operations to meet future liquidity needs; (ii) the Company's reliance on major customers and selected vehicle platforms; (iii) the cyclicality and seasonality of the automotive market; (iv) the failure to realize the benefits of recent acquisitions and joint ventures; (v) the Company's ability to obtain new business on new and redesigned models; (vi) the Company's ability to achieve the anticipated volume of production from new and planned supply programs; (vii) the general economic or business conditions affecting the automotive industry (which is dependent on consumer spending), either nationally or regionally, being less favorable than expected; (viii) the Company's failure to develop or successfully introduce new products; (ix) increased competition in the automotive components supply market; (x) unforeseen problems associated with international sales, including gains and losses from foreign currency exchange; (xi) implementation of or changes in the laws, regulations or policies governing the automotive industry that could negatively affect the automotive components supply industry; (xii) changes in general economic conditions in the United States and Europe; and (xiii) various other factors beyond the Company's control. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on behalf of the Company are expressly qualified in their entirety by such cautionary statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "Market Risk" section of Item 7.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Tower Automotive, Inc.

We have audited the accompanying consolidated balance sheets of Tower Automotive, Inc. (a Delaware corporation) and Subsidiaries (the Company) as of December 31, 2003 and 2002 and the related consolidated statements of operations, stockholders' investment, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The financial statements of the Company for the year ended December 31, 2001 were audited by other auditors who have ceased operations and whose report, dated January 25, 2002, expressed an unqualified opinion on those financial statements and included an explanatory paragraph concerning a change in accounting for derivative financial instruments as discussed in Note 2 to the financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Automotive, Inc. and Subsidiaries as of December 31, 2003 and 2002 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Notes 2 and 8 to the financial statements, the Company changed its method of accounting for certain variable interest entities to conform to Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities" in 2003. As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for goodwill in 2002.

As discussed above, the consolidated financial statements of Tower Automotive, Inc. and Subsidiaries for the year ended December 31, 2001 were audited by other auditors who have ceased operations. As described in Note 2, these financial statements have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 2 with respect to 2001 included (i) agreeing the previously reported net income to the previously issued financial statements and the adjustments to reported net income representing amortization expense (including any related tax effects) recognized in those periods related to goodwill, as a result of initially applying SFAS No. 142 to the Company's underlying records obtained from management, and (ii) testing the mathematical accuracy of the reconciliation of adjusted net income to reported net income, and the related earnings-per-share amounts. In our opinion, the disclosures for 2001 in Note 2 are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 financial statements of the Company other than with respect to such disclosures and, accordingly, we do not express an opinion or any other form of assurance on the 2001 financial statements taken as a whole.

Deloitte & Touche LLP

Minneapolis, Minnesota
March 4, 2004

The following report is a copy of a report previously issued by Arthur Andersen LLP ("Andersen"), which report has not been reissued by Andersen. Certain financial information in the year ended December 31, 2001 was not reviewed by Andersen and includes:

(i) reclassifications to conform to our fiscal 2003 and 2002 financial statement presentation and

(ii) additional disclosure to conform with new accounting pronouncements and SEC rules and regulations issued during subsequent fiscal years.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Tower Automotive, Inc.:

We have audited the accompanying consolidated balance sheets of Tower Automotive, Inc. (a Delaware corporation) and Subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' investment and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the 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, the financial statements referred to above present fairly, in all material respects, the financial position of Tower Automotive, Inc. and Subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States.

As explained in Note 2 to the financial statements, effective January 1, 2001, the Company adopted the new requirements of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."

Arthur Andersen LLP

Minneapolis, Minnesota,
January 25, 2002

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TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31,	
	2003	2002
	(AMOUNTS IN THOUSANDS, EXCEPT SHARE AMOUNTS)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 160,899	$ 13,699
Accounts receivable	325,599	249,341
Inventories	130,004	133,074
Deferred income taxes, net	20,116	20,634
Prepaid tooling and other	91,662	100,433
Total current assets	728,280	517,181
Property, Plant and Equipment, net	1,055,873	1,073,619
Investments in Joint Ventures	248,133	260,898
Deferred Income Taxes, net	146,944	105,699
Goodwill	498,663	472,967
Other Assets, net	168,516	127,521
	$2,846,409	$2,557,885
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current Liabilities:		
Current maturities of long-term debt and capital lease obligations	$ 99,597	$ 120,470
Convertible Subordinated Notes	199,984	--

Accounts payable	556,036	417,727
Accrued liabilities	249,984	284,450
Total current liabilities	1,105,601	822,647
Long-Term Debt, net of current maturities	1,060,859	535,220
Obligations Under Capital Leases, net of current maturities	42,798	29,731
Convertible Subordinated Notes	--	199,984
Other Noncurrent Liabilities	223,641	199,477
Total noncurrent liabilities	1,327,298	964,412
Commitments and Contingencies (Notes 6 and 12)		
Mandatorily Redeemable Trust Convertible Preferred Securities	--	258,750
Stockholders' Investment:		
Preferred stock, par value $1; 5,000,000 shares authorized; no shares issued or outstanding	--	--
Common stock, par value $.01; 200,000,000 shares authorized; 66,133,731 issued and 57,341,805 outstanding in 2003; 65,878,655 issued and 56,050,855 outstanding in 2002	661	659
Additional paid-in capital	680,608	683,072
Retained deficit	(181,849)	(57,174)
Deferred compensation plans	(9,609)	(10,746)
Accumulated other comprehensive loss	(22,751)	(43,875)
Treasury stock, at cost: 8,791,926 shares in 2003 and 9,827,800 shares in 2002	(53,550)	(59,860)
Total stockholders' investment	413,510	512,076
	$2,846,409	$2,557,885

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

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TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,		
	2003	2002	20
	(AMOUNTS IN THOUSANDS, EXCEPT PER SHAR		
Revenues	$2,815,749	$2,754,464	$2,46
Cost of sales	2,560,689	2,456,380	2,19
Gross profit	255,060	298,084	27
Selling, general and administrative expenses	155,500	143,822	13
Amortization expense	--	--	2
Restructuring and asset impairment charges, net	157,532	61,125	38

Operating income (loss)	(57,972)	93,137	(27
Interest expense	95,222	72,555	8
Interest income	(2,475)	(2,288)	(
Other expense, net	--	1,052	
Income (loss) before provision for income taxes, equity in earnings of joint ventures, minority interest, and cumulative effect of accounting change	(150,719)	21,818	(34
Provision (benefit) for income taxes	(50,811)	7,636	(7
Income (loss) before equity in earnings of joint ventures, minority interest, and cumulative effect of accounting change	(99,908)	14,182	(27
Write-down of joint venture investment to market value, net of tax	(27,436)	--	
Equity in earnings of joint ventures, net of tax	13,298	16,822	1
Minority interest, net of tax	(10,629)	(15,824)	(1
Income (loss) before cumulative effect of accounting change	(124,675)	15,180	(26
Cumulative effect of change in accounting principle, net of tax	--	(112,786)	
Net loss	$ (124,675)	$ (97,606)	$ (26
Basic earnings (loss) per share:			
Income (loss) before cumulative effect of accounting change	$ (2.20)	$ 0.26	$
Cumulative effect of change in accounting principle	--	(1.96)	
Net loss	$ (2.20)	$ (1.70)	$
Diluted earnings (loss) per share:			
Income (loss) before cumulative effect of accounting change	$ (2.20)	$ 0.26	$
Cumulative effect of change in accounting principle	--	(1.96)	
Net loss	$ (2.20)	$ (1.70)	$

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

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TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	DEFERRED COMPENSATION PLANS
	SHARES	AMOUNT			
	(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)				
BALANCE, DECEMBER 31, 2000	47,584,391	$476	$450,455	$ 307,956	$ (8,942)
Conversion of Edgewood and 5% convertible notes	273,862	3	825	--	--

Exercise of options...............	42,750	--	268	--	--
Sales of stock under Employee Stock Discount Purchase Plan...........	172,502	2	1,167	--	--
Deferred Income Stock Plan deferrals.......................	--	--	1,279	--	(1,279)
Restricted stock issued in exchange for stock options...............	--	--	5,350	--	(5,350)
Private placement of common stock...........................	3,637	--	(2,717)	--	--
Net loss..........................	--	--	--	(267,524)	--
Other comprehensive loss:					
Foreign currency translation adjustment....................	--	--	--	--	--
Transition adjustment relating to loss on qualifying cash flow hedges........................	--	--	--	--	--
Unrealized loss on qualifying cash flow hedges...............	--	--	--	--	--
Minimum pension liability........	--	--	--	--	--
Total comprehensive loss...........					
BALANCE, DECEMBER 31, 2001.........	48,077,142	481	456,627	40,432	(15,571)
Exercise of options...............	329,368	3	1,653	--	--
Sales of stock under Employee Stock Discount Purchase Plan...........	222,145	2	1,423	--	--
Deferred Income Stock Plan deferrals.......................	--	--	1,387	--	(1,387)
Deferred Income Stock Plan distributions....................	--	--	--	--	3,781
Restricted stock grants earned and forfeited.......................	--	--	(465)	--	2,431
Issuance of common stock...........	17,250,000	173	222,447	--	--
Repurchase of common stock.........	--	--	--	--	--
Net loss..........................	--	--	--	(97,606)	--
Other comprehensive income (loss):					
Foreign currency translation adjustment....................	--	--	--	--	--
Unrealized loss on qualifying cash flow hedges..............	--	--	--	--	--
Minimum pension liability........	--	--	--	--	--
Total comprehensive loss...........					
BALANCE, DECEMBER 31, 2002.........	65,878,655	659	683,072	(57,174)	(10,746)
Sales of stock under Employee Stock Discount Purchase Plan...........	252,156	2	650	--	--
Deferred Income Stock Plan deferrals.......................	--	--	3,395	--	(3,395)
Deferred Income Stock Plan forfeitures.....................	--	--	(199)	--	199
Deferred Income Stock Plan distributions....................	--	--	--	--	2,999
Deferred Income Stock Plan funding.........................	--	--	(6,310)	--	--
Restricted stock grants earned and forfeited.......................	--	--	--	--	1,316
Restricted stock grant distributions....................	2,920	--	--	--	18
Net loss..........................	--	--	--	(124,675)	--
Other comprehensive income (loss):					
Foreign currency translation adjustment....................	--	--	--	--	--
Unrealized gain on qualifying					

cash flow hedges..............	--	--	--	--	--
Minimum pension liability........	--	--	--	--	--
Total comprehensive loss..........					
BALANCE, DECEMBER 31, 2003.........	66,133,731	$661	$680,608	$(181,849)	$ (9,609)

	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY STOCK		TOTAL STOCKHOLDERS' INVESTMENT
		SHARES	AMOUNT	
	(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)			
BALANCE, DECEMBER 31, 2000.........	$ (9,672)	(4,112,100)	$(40,178)	$ 700,095
Conversion of Edgewood and 5% convertible notes................	--	--	--	828
Exercise of options................	--	--	--	268
Sales of stock under Employee Stock Discount Purchase Plan...........	--	--	--	1,169
Deferred Income Stock Plan deferrals........................	--	479,337	--	--
Restricted stock issued in exchange for stock options................	--	--	--	--
Private placement of common stock............................	--	3,632,763	40,178	37,461
Net loss...........................	--	--	--	
Other comprehensive loss:				
Foreign currency translation adjustment....................	(2,115)	--	--	
Transition adjustment relating to loss on qualifying cash flow hedges........................	(4,200)	--	--	
Unrealized loss on qualifying cash flow hedges..............	(4,102)	--	--	
Minimum pension liability........	(14,472)	--	--	
Total comprehensive loss..........				(292,413)
BALANCE, DECEMBER 31, 2001.........	(34,561)	--	--	447,408
Exercise of options................	--	--	--	1,656
Sales of stock under Employee Stock Discount Purchase Plan...........	--	--	--	1,425
Deferred Income Stock Plan deferrals........................	--	--	--	--
Deferred Income Stock Plan distributions....................	--	--	--	3,781
Restricted stock grants earned and forfeited........................	--	--	--	1,966
Issuance of common stock...........	--	--	--	222,620
Repurchase of common stock.........	--	(9,827,800)	(59,860)	(59,860)
Net loss...........................	--	--	--	
Other comprehensive income (loss):				
Foreign currency translation adjustment....................	19,915	--	--	
Unrealized loss on qualifying cash flow hedges..............	(4,521)	--	--	
Minimum pension liability........	(24,708)	--	--	
Total comprehensive loss..........				(106,920)
BALANCE, DECEMBER 31, 2002.........	(43,875)	(9,827,800)	(59,860)	512,076

Sales of stock under Employee Stock Discount Purchase Plan..........	--	--	--	652
Deferred Income Stock Plan deferrals.......................	--	--	--	--
Deferred Income Stock Plan forfeitures.....................	--	--	--	--
Deferred Income Stock Plan distributions...................	--	--	--	2,999
Deferred Income Stock Plan funding.........................	--	1,035,874	6,310	--
Restricted stock grants earned and forfeited.......................	--	--	--	1,316
Restricted stock grant distributions...................	--	--	--	18
Net loss..........................	--	--	--	
Other comprehensive income (loss):				
Foreign currency translation adjustment....................	28,609	--	--	
Unrealized gain on qualifying cash flow hedges..............	4,586	--	--	
Minimum pension liability........	(12,071)	--	--	
Total comprehensive loss..........				(103,551)
BALANCE, DECEMBER 31, 2003.........	$(22,751)	(8,791,926)	$(53,550)	$ 413,510

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

TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
	(AMOUNTS IN THOUSANDS)		
OPERATING ACTIVITIES:			
Net loss..	$ (124,675)	$ (97,606)	$ (267,524)
Adjustments required to reconcile net loss to net cash provided by operating activities:			
Cumulative effect of change in accounting principle, net..............................	--	112,786	--
Restructuring and asset impairment charge, net...	155,750	61,125	383,739
Customer recovery related to program cancellation................................	15,600	--	--
Depreciation and amortization..................	151,198	136,698	159,893
Deferred income tax expense (benefit)...........	(36,027)	2,107	(80,758)
Gain on sale of plant..........................	--	(3,839)	--
Write-down of joint venture investment to market value......................................	27,436	--	--
Equity in earnings of joint ventures, net.......	(13,298)	(16,822)	(17,250)
Change in other operating items:			
Accounts receivable..........................	(76,258)	(33,638)	74,515

Inventories	3,070	(20,538)	21,415
Prepaid tooling and other	8,771	(36,486)	129,339
Accounts payable and accrued liabilities	102,277	83,314	148,802
Other assets and liabilities	(29,046)	(56,149)	(38,356)
Net cash provided by operating activities	184,798	130,952	513,815
INVESTING ACTIVITIES:			
Capital expenditures, net	(230,126)	(158,964)	(193,955)
Acquisitions, net of cash acquired, including joint venture interests, earnout payments and dividends received	8,503	(40,802)	(5,418)
Net proceeds from divestitures	--	4,004	--
Proceeds from sale of fixed assets	--	50,313	--
Net cash used for investing activities	(221,623)	(145,449)	(199,373)
FINANCING ACTIVITIES:			
Proceeds from borrowings	1,664,567	2,038,037	2,308,821
Repayments of debt	(1,481,212)	(2,197,449)	(2,643,860)
Net proceeds from issuance of common stock	670	225,701	38,991
Payments for repurchase of common stock	--	(59,860)	--
Net cash provided by (used for) financing activities	184,025	6,429	(296,048)
Net Change in Cash and Cash Equivalents	147,200	(8,068)	18,394
Cash and Cash Equivalents, beginning of year	13,699	21,767	3,373
Cash and Cash Equivalents, end of year	$ 160,899	$ 13,699	$ 21,767
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid, net of amounts capitalized	$ 87,660	$ 66,095	$ 79,099
Income taxes refunded	$ (12)	$ (19,820)	$ (12,853)
NON CASH FINANCING ACTIVITIES:			
Notes payable converted to common stock	$ --	$ --	$ 828
Deferred Income Stock Plan	$ 3,395	$ 1,387	$ 1,279
Issuance of restricted stock for options	$ --	$ --	$ 5,350
Debt assumed by buyer upon sale of plant	$ --	$ 11,923	$ --

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

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TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION:

Tower Automotive, Inc. and Subsidiaries (the "Company") produces a broad range of assemblies and modules for vehicle frames, upper body structures and suspension systems for the global automotive industry. Including both wholly-owned subsidiaries and investments in joint ventures, the Company has

facilities in the United States, Canada, Italy, Germany, Belgium, Poland, France, Spain, Brazil, India, Slovakia, Korea, Japan, China, and Mexico.

2. SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION:

The accompanying consolidated financial statements include the accounts of Tower Automotive, Inc., its wholly-owned subsidiaries, and its majority-owned and majority-controlled investments. All material intercompany accounts and transactions have been eliminated in consolidation.

The Company owns a 60 percent joint venture interest in Tower Golden Ring, which produces certain parts in China. The remaining 40 percent of the joint venture is owned by unrelated third parties. Prior to the third quarter of 2001, this investment was accounted for using the equity method since all significant business decisions required the approval of 80 percent of the joint venture partners. During the third quarter of 2001, the Company determined that its relationship with the other investors and the fact that representatives appointed by the Company hold key management positions within the joint venture allowed it to exercise significant control over significant business decisions. As a result, this joint venture was consolidated effective as of the third quarter of 2001. The Company's investments in Metalsa and Yorozu are accounted for using the equity method.

CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of highly liquid investments with an original maturity of three months or less. Cash equivalents are stated at cost which approximates fair value.

SUBORDINATED INTEREST IN ACCOUNTS RECEIVABLE:

In June 2001, the Company entered into a financing agreement whereby its domestic operating units sell eligible customer receivables on an ongoing basis to a newly formed, fully consolidated, financing entity. The financing entity subsequently sells its interest in the receivables to a third party funding agent in exchange for cash and a subordinated interest in the unfunded transferred receivables. The Company acts as an administrative agent in the management and collection of accounts receivable sold, such that the amount received from the funding agent is treated as an advance and recorded in accrued liabilities in the consolidated balance sheet.

During December 2003, the Company sold approximately $83.9 million of net accounts receivable, retaining a subordinated interest in all of the receivables. The receivables sold represented amounts owed to the Company from customers as of November 30, 2003. The majority of such receivables were collected in December 2003 and as a result, the Company's retained interest in accounts receivable is not significant as of December 31, 2003 and is not presented separately from accounts receivable. As of December 31, 2003, the Company has not received collections from customers that are required to be remitted to the funding agent, and as a result, there are no amounts due to the funding agent as of December 31, 2003. Settlement of any amounts due to the funding agent, as well as the cost of funding at a rate of approximately 2.42 percent, occurs during the month subsequent to the sale of the receivables.

INVENTORIES:

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

	DECEMBER 31,	
	2003	2002
Raw materials	$ 56,100	$ 64,777
Work-in-process	23,288	20,630
Finished goods	50,616	47,667
	$130,004	$133,074

TOOLING AND OTHER DESIGN COSTS:

Tooling and other design costs represent costs incurred by the Company in the development of new tooling used in the manufacture of the Company's products. The Company follows the provisions of Emerging Issues Task Force ("EITF") Issue No. 99-5, "Accounting for Pre-Production Costs Related to Long-Term Supply Arrangements," that requires all pre-production tooling costs incurred for tools that the Company will not own and that will be used in producing products to be supplied under long-term supply agreements be expensed as incurred unless the supply agreement provides the supplier with the noncancellable right to use the tools or the reimbursement of such costs is contractually guaranteed by the customer. At the time that the customer awards a contract to the Company, the customer agrees to reimburse the Company for certain of its tooling costs either in the form of a lump sum payment or by reimbursement on a piece price basis. When the part for which tooling has been developed reaches a production-ready status, the Company is reimbursed by its customers for the cost of the tooling (in instances of lump sum payment), at which time the tooling becomes the property of the customers. For those costs related to other tooling and design costs reimbursed through the piece price as contractually guaranteed, such costs are capitalized as property, plant and equipment and amortized using the unit of production method over the life of the related product. The Company has certain other tooling costs related to tools for which the Company has the contractual right to use the tool over the life of the supply arrangement, which are capitalized as property, plant and equipment and amortized over the life of the related product. The components of capitalized tooling costs are as follows (in thousands):

	DECEMBER 31,	
	2003	2002
Reimbursable pre-production design and development costs	$ 12,959	$ 9,771
Customer-owned tooling	79,796	56,449
Supplier-owned tooling	43,073	48,253
Total	$135,828	$114,473

All tooling amounts owned by the customer for which the Company expects reimbursement are recorded in other current and other long-term assets on the accompanying consolidated balance sheet. A loss is recognized if the Company forecasts that the amount of capitalized tooling and design costs exceeds the amount to be realized through the sale of product.

PROPERTY, PLANT AND EQUIPMENT:

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

	DECEMBER 31, 2003	DECEMBER 31, 2002
Land	$ 4,913	$ 4,175
Buildings and improvements	277,050	293,281
Machinery and equipment	1,209,178	1,242,264
Construction in progress	167,157	122,072
	1,658,298	1,661,792
Less-accumulated depreciation	(602,425)	(588,173)
Property, plant and equipment, net	$1,055,873	$1,073,619

Property, plant and equipment acquired in the acquisitions discussed in Note 6 was recorded at its fair value, determined based on appraisals, as of the respective acquisition dates. Additions to property, plant and equipment following the acquisitions are stated at cost. For financial reporting purposes, depreciation and amortization are provided using the straight-line method over the following estimated useful lives:

Buildings and improvements	15 to 40 years
Machinery and equipment	3 to 20 years

Interest is capitalized during the construction of major facilities and is amortized over their estimated useful lives. Interest of $9.1 million, $6.0 million and $14.6 million was capitalized in 2003, 2002 and 2001, respectively.

Maintenance and repairs are charged to expense as incurred. Significant improvements which extend the useful life of the related item are capitalized and depreciated. The cost and accumulated depreciation of property, plant and equipment retired or otherwise disposed of are removed from the related accounts, and any residual values after considering proceeds are charged or credited to operations.

In April 2002, the Company entered into a sale-leaseback transaction on seven of its business unit facilities in the United States. This transaction resulted in net proceeds of $50.3 million after reflecting prepaid lease

payments retained by the lessor. The Company recorded a loss on the sale of the buildings of $0.3 million in the second quarter 2002 that was classified as other expense. The lease requires quarterly payments of approximately $1.6 million through 2020 and is accounted for as an operating lease.

GOODWILL:

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired, and through December 31, 2001, was being amortized on a straight-line basis over 40 years. Effective January 1, 2002, the Company adopted the new rules on accounting for goodwill and other intangible assets under Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets.

Under SFAS No. 142, the Company designated four reporting units: United States/Canada, Europe, Asia and South America/Mexico. Preliminary procedures under SFAS No. 142 indicated an excess of book value over fair value for the Asia and South America/Mexico reporting units. During the second quarter of 2002, the Company completed its formal valuation procedures under SFAS No. 142, utilizing a combination of valuation techniques including the discounted cash flow approach and the market multiple approach. As a result of this valuation process, the Company recorded a transitional impairment loss of $112.8 million, representing the write-off of all of the Company's existing goodwill in the reporting units of

Asia ($29.7 million) and South America/Mexico ($83.1 million). The write-off was recorded as a cumulative effect of a change in accounting principle in the Company's consolidated statement of operations for the year ended December 31, 2002. There was no tax impact since the Company recorded a $24.2 million tax valuation allowance for the deductible portion of the goodwill written off in the reporting unit of South America/Mexico. The Company determined that it was appropriate to record a valuation allowance against the entire amount of the $24.2 million deferred tax asset recognized in adopting SFAS No. 142 given the uncertainty of realization and the lack of historical income in the reporting unit. The Asia goodwill was not deductible for tax purposes. The Company performed its annual goodwill impairment tests of as December 31, 2002 and 2003 utilizing the same valuation techniques as applied during the original adoption under SFAS No. 142 which did not provide indications of goodwill impairment relating to the United States/Canada and Europe reporting units given the excess fair value over carrying value for these reporting units.

Under the adoption of SFAS No. 142, the Company discontinued the amortization of goodwill on January 1, 2002. The following table presents a reconciliation of net loss and loss per share adjusted for the exclusion of goodwill amortization, net of tax for the 2001 reporting period (in thousands, except per share amounts):

	2001
Reported net loss	$(267,524)
Add: Goodwill amortization, net of tax	12,859
Adjusted net loss	$(254,665)

Reported basic loss per common share	$ (5.87)
Add: Goodwill amortization, net of tax	0.28
Adjusted basic loss per common share	$ (5.59)
Reported diluted loss per common share	$ (5.87)
Add: Goodwill amortization, net of tax	0.28
Adjusted diluted loss per common share	$ (5.59)

The change in the carrying amount of goodwill for the years ended December 31, 2003 and 2002, by operating segment, is as follows (in thousands):

	UNITED STATES/ CANADA	INTERNATIONAL	TOTAL
Balance at January 1, 2002	$337,527	$ 229,553	$ 567,080
Transitional impairment loss	--	(112,786)	(112,786)
Currency translation adjustment	(874)	19,547	18,673
Balance at December 31, 2002	336,653	136,314	472,967
Adjustment of goodwill	(2,122)	--	(2,122)
Currency translation adjustment	1,937	25,881	27,818
Balance at December 31, 2003	$336,468	$ 162,195	$ 498,663

During 2003, the Company reduced goodwill due to the revision of purchase accounting reserves related to shut down cost estimates.

OTHER ASSETS:

Other assets consist primarily of intangible pension asset, prepaid rent expense, non-current tooling assets and debt issuance costs. All costs are amortized over the term of the related obligations.

FAIR VALUE OF FINANCIAL INSTRUMENTS:

The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and revolving credit facilities approximates fair value because of the short maturity of these instruments. The carrying amount of the Company's long-term debt approximates fair value because of the variability of the interest cost associated with these instruments. The fair value of the Company's Convertible Subordinated Notes and Preferred Securities approximated $198.0 million and $155.2 million, respectively, as of December 31, 2003 and $178.6 million and $102.8 million as of December 31, 2002.

DERIVATIVE FINANCIAL INSTRUMENTS:

The Company adopted SFAS No. 133, Accounting for Derivative Instruments and

Hedging Activities, effective January 1, 2001. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument, including certain derivative instruments embedded in other contracts be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge criteria are met, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. The effect of this change as of January 1, 2001, was a pretax charge to accumulated other comprehensive loss of $6.8 million ($4.2 million net of income tax benefit).

The Company uses derivative financial instruments principally to manage the risk that changes in interest rates will affect the amount of its 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. Under these agreements, the Company agrees to pay an amount equal to a specified fixed rate times a notional principal amount, and to receive in return an amount equal to a specified variable rate times the same notional principal amount. The notional amounts of the contract are not exchanged. No other cash payments are made unless the contract is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually will represent the net present value, at current rates of interest, of the remaining obligation to exchange payments under the term of the contract.

The interest rate swap contracts are recorded at fair value in the consolidated balance sheet as accrued liabilities and the related gains or losses on these contracts are recorded in stockholders' investment (as a component of accumulated other comprehensive loss). Amounts to be paid or received under the contracts are accrued as interest rates change and are recognized over the life of the contracts as an adjustment to interest expense. The net effect of this accounting is that interest expense on the portion of variable rate debt being hedged is generally recorded based on fixed interest rates.

During September of 2000, the Company entered into an interest rate swap contract to hedge against interest rate exposure on approximately $160 million of its floating rate indebtedness under its Credit Agreement. The contract has the effect of converting the floating rate interest to a fixed rate of approximately 6.9 percent, plus any applicable margin required under the revolving credit facility. The interest rate swap contract was executed to balance the Company's fixed-rate and floating-rate debt portfolios and expires in September 2005. As of December 31, 2003, this is the only swap contract the Company has outstanding. The fair value of the interest rate swap agreement at December 31, 2003 and 2002 was a liability of $13.4 million and $20.4 million, respectively, representing the cost that would be

incurred to terminate the agreement. This swap contract has been designated as a cash flow hedge and there were no gains or losses recorded due to any ineffectiveness. The amounts recorded in stockholders' investment are recognized as an adjustment to interest expense over the remaining term of the interest rate swap. In 2004, $9.3 million of the amount recorded in accumulated other comprehensive loss is expected to be reclassified to interest expense.

OTHER NONCURRENT LIABILITIES:

Other noncurrent liabilities consisted of the following (in thousands):

	DECEMBER 31,	
	2003	2002
Post-retirement benefits	$ 61,348	$ 71,254
Purchase accounting reserves	13,534	19,885
Pension liability	78,565	60,276
Minority interest	22,090	16,945
Customer prepayments on capital	20,362	13,221
Other	27,742	17,896
	$223,641	$199,477

REVENUE RECOGNITION AND SALES COMMITMENTS:

The Company recognizes revenue as its products are shipped to its customers at which time title passes. The Company enters into agreements to produce products for its customers at the beginning of a given vehicle's 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 life of the vehicle, which range from three to ten years, and the Company has no provisions to terminate such contracts. In certain instances, the Company may be committed under existing agreements to supply product to its customers at selling prices which are not sufficient to cover the variable cost to produce such product. In such situations, the Company records a liability for the estimated future amount of such losses. Such losses are recognized at the time that the loss is probable and reasonably estimable and is recorded at the minimum amount necessary to fulfill the Company's obligations to its customers. Losses are discounted and are estimated based upon information available at the time of the estimate, including future production volume estimates, length of the program, selling price and production cost information. For certain design and development projects, the Company recognizes revenues under the percentage of completion method. The amount of revenues recognized under this method is not significant for any period presented.

INCOME TAXES:

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using currently enacted tax rates. On a quarterly basis, the Company reviews whether the recoverability of its deferred tax asset is more likely than not based on forecasts of taxable earnings in each tax jurisdiction. As disclosed in Note 9, a large portion of the Company's deferred tax assets are comprised of net operating loss carryforwards and tax credits. The Company uses historical and projected future operating results, including a review of the eligible carryforward period, tax planning opportunities and other relevant considerations in determining recoverability.

COMPREHENSIVE INCOME (LOSS):

Comprehensive income (loss) reflects the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. For the Company, comprehensive income (loss) represents net loss adjusted for foreign currency translation adjustments, pension liability adjustments, and gains or losses on qualifying cash flow hedges in accordance with SFAS No. 133.

SEGMENT REPORTING:

In accordance with SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information, the Company uses the "management approach" to reporting segment disclosures. The management approach designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the Company's reportable segments. SFAS No. 131 also requires disclosures about products and services, geographic areas, and major customers.

STOCK-BASED COMPENSATION:

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

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

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Net loss			
As Reported	$(124,675)	$ (97,606)	$(267,524)
Add: Stock-based employee compensation expense included in reported net loss, net of related tax effects	793	1,225	--
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(4,126)	(6,543)	(3,872)
Pro Forma	$(128,008)	$(102,924)	$(271,396)

TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	YEAR ENDED DECEMBER 31,		
	2003	2002	2001
Basic loss per share			
As Reported	$ (2.20)	$ (1.70)	$ (5.87)
Pro Forma	(2.26)	(1.80)	(5.95)
Diluted loss per share			
As Reported	$ (2.20)	$ (1.70)	$ (5.87)
Pro Forma	(2.26)	(1.80)	(5.95)

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rates of 2.91 percent in 2003, 5.02 percent in 2002, and 4.88 percent in 2001; expected life of seven years for 2003, 2002, and 2001; expected volatility of 58 percent in 2003 and 2002, and 52 percent in 2001; expected dividends of zero in all years.

USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. The actual results could differ from those estimates.

FOREIGN CURRENCY TRANSLATION:

Assets and liabilities of the Company's foreign operations are translated into U.S. dollars using the year-end rates of exchange. Results of operations are translated at average rates prevailing throughout the period. Translation gains or losses are reported as a separate component of "accumulated other comprehensive loss" in the accompanying consolidated statements of stockholders' investment.

RECLASSIFICATIONS:

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

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

In April 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections. Among other provisions, this Statement eliminates the requirement that gains and losses from extinguishment of debt be classified as extraordinary items. SFAS No. 145 became effective for the Company on January 1, 2003. Upon adoption, there was no material impact on the Company's results of operations or financial condition.

In July 2002, the FASB issued SFAS No. 146, Accounting for Costs Associated

with Exit or Disposal Activities. This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred, rather than when a company commits to an exit plan as was previously required. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. This Statement requires that certain financial instruments previously accounted for as equity under previous guidance be classified as liabilities in statements of financial position. Such financial instruments include (i) mandatorily redeemable shares that the issuer is

obligated to buy back in exchange for cash or other assets, (ii) instruments, including put options and forward purchase contracts, that require the issuer to buy back some of its shares in exchange for cash or other assets and (iii) obligations that can be settled with shares, the monetary value of which is fixed, tied solely or predominantly to a variable such as a market index, or varies inversely with the value of the issuer's shares. SFAS No. 150 became effective for all financial instruments entered into or modified after May 31, 2003 and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of SFAS No. 150 on July 1, 2003, did not have a material impact on the Company's results of operations or financial condition.

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

In January 2003, the FASB issued FIN 46, Consolidation of Variable Interest Entities, an interpretation of ARB No. 51. FIN 46 addresses consolidation by business enterprises of certain variable interest entities. In December 2003, the FASB issued FIN 46(R), "Consolidation of Variable Interest Entities," which represents a revision to FIN 46. The provisions of FIN 46(R) are effective for interests in variable interest entities as of the first interim, or annual, period ending after March 15, 2004, except for variable interest entities considered special purposes entities or for those variable interest entities that had already applied FIN 46 in a previous period. FIN 46(R) requires that both the primary beneficiary and all other enterprises with a significant variable interest make additional disclosure in filings. An enterprise shall consolidate a variable interest entity if that enterprise is the primary beneficiary. An enterprise is considered the primary beneficiary if it has a variable interest that will absorb a majority of the entity's expected losses, receive a majority of the entity's expected residual returns, or both. The Company elected to adopt the provisions of FIN 46 early (July 1, 2003) as it relates to the securities issued by the Tower Automotive Capital Trust (see Note 8). The Company determined that, under FIN 46, the trust which issued its mandatorily redeemable convertible preferred securities will no longer be consolidated by the Company. Beginning in the quarter ended September 30, 2003,

the Company modified its presentation of the securities by recording an amount due to the trust of $258.8 million as debt, and recording interest expense on the related obligation (previously recorded as minority interest, net of tax). During the fourth quarter of 2003, the Company adopted FIN 46(R) and consolidated the variable interest entity related to its Lansing, Michigan building and equipment leasing arrangement and therefore recorded property, plant and equipment of $25.7 million and related indebtedness of $25.7 million as of December 31, 2003. Pursuant to the transition guidance in FIN 46, the Company has elected to adopt FIN 46 on a prospective basis. As a result, prior periods have not been reclassified to the new presentation for both variable interest entities. The Company does not anticipate any further impact related to FIN 46.

In December 2003, the FASB issued SFAS No. 132(R), as revision to SFAS No. 132, Employers' Disclosure about Pensions and Other Postretirement Benefits. SFAS No. 132(R) does not change the measurement or recognition related to pension and other postretirement plans required by SFAS No. 87, Employers' Accounting for Pensions, SFAS No. 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and SFAS No. 106, Employers' Accounting for Postretirement Benefits Other than Pensions and retains the disclosure requirements contained in SFAS No. 132. SFAS No. 132(R) requires additional disclosures about the assets, obligations, cash flows and net periodic benefit cost of defined benefit pension plans and other defined postretirement plans. SFAS No. 132(R) is effective for financial statements with fiscal years

ending after December 15, 2003, with the exception of disclosures related to foreign plans and estimated future benefit payments which are effective for fiscal years ending after June 15, 2004 (see Note 11). Upon adoption, there was no impact on the Company's results of operations or financial condition.

3. RESTRUCTURING AND ASSET IMPAIRMENT CHARGES:

MILWAUKEE RANGER AND NORTH AMERICA/CORPORATE OFFICE CONSOLIDATION ACTIVITIES (2003 PLAN):

The Company announced in October 2003 plans to consolidate its Novi, Michigan North America oversight and Grand Rapids, Michigan corporate office activities and close its Rochester Hills, Michigan prototype tooling and technical center facility. Qualifying exit costs (in accordance with SFAS No. 146 "Accounting for Costs Associated with Exit or Disposal Activities") relating to these activities were recognized by the Company in the fourth quarter of 2003 totaling $3.7 million, comprised of cash charges of $2.1 million and non-cash asset impairment charges of $1.6 million. These costs incurred to date as well as any additional costs expected to be incurred relating to these activities are within the United States/ Canada reportable unit. The Company does not anticipate any significant additional expenses related to this restructuring activity.

On May 27, 2003, the Company announced that it would transfer the production of high-volume frame assemblies for the Ford Ranger from its Milwaukee facility to its Bellevue, Ohio facility. During 2003, the Company recorded $25.0 million pre-tax restructuring and asset impairment charges relating to this event. These charges reflect estimated qualifying "exit costs" comprising cash charges of $6.1 million, pension and other post-retirement benefit plan curtailment costs of $6.3 million and non-cash asset impairment charges of $12.6 million, all within the United States/Canada reportable unit.

These charges did not cover certain aspects of the 2003 Plan, including movement of equipment and colleague relocation and training, which are recognized in future periods as incurred. On December 5, 2003, the Company announced that it had decided not to proceed with the relocation of the Ford Ranger line based on revised economic factors from the original May 2003 decision principally due to concessions received from the Milwaukee labor unions and a need for management to focus on its 2004 new product launch schedule. Because the Company's measurement date for pension and post-retirement benefits is September 30, the decision to continue Ranger frame production in Milwaukee made in December 2003 will result in a reversal of the curtailment loss on a three-month lag (first quarter of 2004). The remaining charges related to the original decision to move the Ranger frame production will not be reversed.

The accrual for the 2003 Plan is included in accrued liabilities in the accompanying consolidated balance sheet as of December 31, 2003. The table below summarizes the accrued operational realignment and other charges related to the 2003 Plan through December 31, 2003 (in millions):

	ASSET IMPAIRMENT COSTS	SEVERANCE AND OUTPLACEMENT COSTS	OTHER EXIT COSTS	TOTAL
Provision	$ 14.2	$ 4.9	$ 9.6	$ 28.7
Cash usage	--	(2.9)	(3.3)	(6.2)
Non-cash charges	(14.2)	--	(6.3)	(20.5)
Balance at December 31, 2003	$ --	$ 2.0	$ --	$ 2.0

During 2003, the Company charged $6.3 million of other exit costs from the 2003 Plan restructuring reserves for expected curtailment cost against the pension and post-retirement benefit liability accrual. As described above, these curtailment charges will be reversed in the first quarter of 2004. The Company anticipates satisfying the remaining 2003 plan restructuring reserves during the next twelve to eighteen months.

MILWAUKEE PRESS OPERATIONS (2002 PLAN):

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

The 2002 Plan charge includes costs associated with asset impairments,

severance and outplacement costs related to colleague terminations and certain other exit costs. These activities resulted in a reduction of approximately 500 colleagues.

The asset impairments consist of long-lived assets, including fixed assets, buildings and manufacturing equipment from the facilities the Company intends to dispose of or discontinue. The carrying value of the long-lived assets written off was $47.2 million. Fixed assets that were disposed of as part of the 2002 Plan were written down to their estimated residual values. For assets that were sold currently, the Company measured impairment based on estimated proceeds on the sale of the facilities and equipment. These asset impairments arose as a consequence of the Company making the decision to exit these activities during the first quarter of 2002.

The accrual for the 2002 Plan is included in accrued liabilities in the accompanying consolidated balance sheet as of December 31, 2003 and 2002. The table below summarizes the accrued operational realignment and other charges through December 31, 2003 (in millions):

	ASSET IMPAIRMENTS	SEVERANCE AND OUTPLACEMENT COSTS	OTHER EXIT COSTS	TOTAL
Provision	$ 47.2	$ 8.4	$ 19.8	$ 75.4
Cash usage	--	(4.7)	(6.6)	(11.3)
Non-cash charges	(47.2)	--	(11.2)	(58.4)
Revision of estimate	--	(0.2)	(1.0)	(1.2)
Balance at December 31, 2002	--	3.5	1.0	4.5
Cash usage	--	(1.8)	(1.0)	(2.8)
Revision of estimate	--	(0.7)	--	(0.7)
Balance at December 31, 2003	$ --	$ 1.0	$ --	$ 1.0

As of December 31, 2003, the Company anticipates future cash payments of $1.0 million under the 2002 Plan within the next twelve months. During 2002, the Company charged $11.2 million of other exit costs from the 2002 Plan restructuring reserves for expected remaining pension curtailment costs against the pension liability accrual. The revision in estimates for the 2002 Plan resulted from minor variances in severance and other exit costs, as compared to the amount initially established in the 2002 Plan. Such revisions were credited to "Restructuring and Asset Impairment Charges" in the consolidated financial statements.

SEBEWAING AND MILWAUKEE PRESS OPERATIONS (2001 PLAN):

In October 2001, the Company's board of directors approved a restructuring of the enterprise that included the closing of the Sebewaing, Michigan facility. In addition, in December 2001, the Company's board of directors approved a restructuring plan that related to the consolidation of technical activities and a reduction of other salaried colleagues in conjunction with a reorganization of

the Company's U.S. and Canada operations and the relocation of some component manufacturing from the Company's Milwaukee Press Operations to other Tower locations. As a result of the 2001 Plan, the Company recorded a restructuring charge in the fourth quarter of 2001 of $178.1 million, which reflects the estimated qualifying "exit costs" to be incurred pertaining to the 2001 Plan. This total reflected a provision of $184.0 million, net of certain revisions in the estimate of the 2000 Plan of $5.9 million, which were reversed in 2001.

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

The asset impairments consist of long-lived assets, including fixed assets, buildings and manufacturing equipment from the facilities the Company intends to dispose of or discontinue, and goodwill. The carrying value of the long-lived assets written off was $127.4 million as of December 31, 2001. For assets that were disposed of currently, the Company measured impairment based on estimated proceeds on the sale of the facilities and equipment. These asset impairments arose as a consequence of the Company making the decision to exit these activities during the fourth quarter of 2001.

The write-off of assets having a total book value of $127.4 million included $87.5 million of goodwill associated with Sebewaing and Milwaukee Press Operations, $20.6 million of property, plant and equipment associated with the Sebewaing operations and $12.1 million of property, plant and equipment associated with the Milwaukee Press Operations business that was discontinued. Additionally, there was $7.2 million of property and building write-downs associated with the decision to consolidate the Company's technical centers.

The accrual for the 2001 Plan is included in accrued liabilities in the accompanying consolidated balance sheet as of December 31, 2003 and 2002. The table below summarizes the accrued operational realignment and accrued other charges related to the 2001 Plan through December 31, 2003 (in millions):

	ASSET IMPAIRMENTS	SEVERANCE AND OUTPLACEMENT COSTS	OTHER EXIT COSTS	TOTAL
Provision	$ 127.4	$ 24.6	$ 32.0	$ 184.0
Cash usage	--	(0.7)	(0.6)	(1.3)
Non cash charges	(127.4)	--	--	(127.4)
Balance at December 31, 2001	--	23.9	31.4	55.3
Cash usage	--	(22.2)	(3.6)	(25.8)
Non cash charges	--	--	(7.1)	(7.1)
Revision of estimate	--	(0.7)	(12.4)	(13.1)
Balance at December 31, 2002	--	1.0	8.3	9.3
Cash usage	--	(2.0)	(3.5)	(5.5)
Revision of estimate	--	1.0	(0.3)	0.7
Balance at December 31, 2003	$ --	$ --	$ 4.5	$ 4.5

TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The remaining other exit costs of $4.5 million as of December 31, 2003 relate to the present value of operating lease payments that the Company is obligated to pay though 2010. During 2002, the Company charged $7.1 million for expected special termination benefits to be paid out in the future from the 2001 Plan restructuring reserves against the pension liability accrual. The revision in estimate for the 2001 Plan resulted from a legal settlement negotiated in 2002 with A.O. Smith, which allocated the cost of certain supplemental early retirement benefits to colleagues at the Press Operations and Heavy Truck Operations in Milwaukee. The impact of this legal settlement was to substantially reduce the cost of actuarial pension benefits due to colleagues terminated under the 2001 Plan. This difference of $11.1 million was credited to restructuring and asset impairment charges in the consolidated statement of operations for the year ended December 31, 2002. The revision in estimates for the 2001 Plan resulted from minor variances in the execution of the 2001 Plan and were accounted for in a similar manner.

The restructuring and asset impairment charges line on the accompanying consolidated statements of operations is comprised of both restructuring and non-restructuring related asset impairments. The components of that line are as follows for each of the three years ended December 31 (in millions):

	2003	2002	2001
Restructuring and related asset impairments, net...........	$ 28.7	$ 75.4	$184.0
Revision of estimate.......................................	--	(14.3)	(5.9)
Other goodwill and asset impairments.......................	128.8	--	205.6
Total..	$157.5	$ 61.1	$383.7

NON-RESTRUCTURING ASSET IMPAIRMENTS

During 2003, the Company evaluated the current operating plans and current and forecasted business for three of its frame assembly plants and other facilities. In accordance with SFAS No. 144, Accounting for Impairment or Disposal of Long-Lived Assets, the Company determined that there were indicators of impairment present for each of the facilities based upon the potential for new business and evaluation of pricing. Cash flow projections were prepared which indicated that there were not sufficient cash flows projected to support the carrying value of the long-lived assets at these facilities and they were written down by $122.7 million to their fair value based upon discounted cash flows. Additionally, the Company also identified assets which no longer had sufficient cash flows to support their carrying amounts and were written down by $6.1 million to their fair value. The asset write-offs of $128.8 million are included in the $157.5 million restructuring and asset impairment charge in the consolidated statement of operations for the year ended December 31, 2003. The non-restructuring asset impairment charges recorded during 2003 are within the United States/Canada operating segment.

The other goodwill and asset impairment charges of $205.6 million recorded in 2001 are a result of the Company's review of the carrying amount of certain of its goodwill, fixed assets, and certain investments based upon the Company's operating plans (including the organizational realignment initiative discussed

above) and current and forecasted trends in the automotive industry. Based upon a review of anticipated cash flows, the Company determined that goodwill of $108.6 million assigned to two of its plants was impaired and was written down. The Company also identified assets which no longer had sufficient cash flows to support their carrying amounts and were written down by $50.7 million to fair value, in addition to a write-down of $46.3 million related to its joint venture investment in J.L. French.

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TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

4. STOCKHOLDERS' INVESTMENT:

SALE OF COMMON STOCK:

In May 2002, the Company completed an underwritten primary offering of 17.25 million shares of Tower Automotive, Inc. common stock, which included the exercise of the underwriters' over-allotment option to acquire 2.25 million shares. The net proceeds from the offering were $222.6 million, based on an offering price of $13.75 per share. The Company used the net proceeds to repay borrowings under its Credit Agreement.

In August 2001, the Company issued 3.6 million shares of Tower Automotive, Inc. common stock at a price of $11.00 per share in a private placement transaction. The Company used the net proceeds of approximately $37.5 million to repay outstanding indebtedness under its Credit Agreement.

STOCK REPURCHASE:

In May 2000, the Company announced that its board of directors approved the purchase of up to $100 million of its Common Stock in the open market at times and amounts to be determined by the Company. During 2000, the Company repurchased approximately 4.1 million shares at a total cost of $40.1 million. In August 2002, the Company announced its plan to resume its stock repurchase program. During 2002, approximately 9.8 million shares, at a total cost of $59.9 million were purchased to complete the total original board-approved amount. Repurchased shares are placed in treasury until subsequently reissued for general corporate purposes. The Company has no current plans to repurchase its common stock.

EARNINGS PER SHARE:

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the year. None of the potentially dilutive common shares, totaling approximately 16.6 million, 16.2 million, and 16.4 million shares were included in the calculation of earnings per share in 2003, 2002, and 2001, respectively, because their impact was anti-dilutive.

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
Net loss -- basic and diluted....................	$(124,675)	$(97,606)	$(267,524)

Weighted average number of common shares outstanding -- basic and diluted	56,703	57,329	45,597
Basic loss per share	$ (2.20)	$ (1.70)	$ (5.87)
Diluted loss per share	$ (2.20)	$ (1.70)	$ (5.87)

STOCK OPTION PLANS:

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

The Stock Option Plan provides for the issuance of options to purchase up to 3,000,000 shares of common stock at exercise prices equal to the market price on the date of grant, subject to certain adjustments reflecting changes in the Company's capitalization. As of December 31, 2003, 1,103,900 shares of common stock were available for issuance under the Stock Option Plan. Information regarding the Stock Option Plan is as follows:

	SHARES UNDER OPTION	EXERCISE PRICE	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED	EXERC AT E YE
Outstanding, January 1, 2001	2,020,350	$ 4.00 - 22.97	$19.00		
Exercised	(42,750)	4.00 - 7.56	6.60		
Converted to restricted stock	(1,251,500)	17.13 - 22.97	19.98		
Forfeited	(223,500)	4.00 - 22.97	19.70		
Outstanding, December 31, 2001	502,600	4.00 - 22.97	17.29	$8.85	378
Exercised	(75,000)	4.00 - 7.56	6.11		
Forfeited	(201,250)	17.13 - 22.97	19.93		
Outstanding, December 31, 2002	226,350	4.00 - 22.97	18.65	9.36	205
Forfeited	(58,650)	4.00 - 22.97	20.03		
Outstanding, December 31, 2003	167,700	$ 4.00 - 22.97	$18.16	$9.07	167

The following table summarizes information about stock options outstanding at December 31, 2003:

OPTIONS OUTSTANDING	OPTIONS EXERCISABLE

RANGE OF EXERCISABLE OPTIONS	NUMBER OUTSTANDING AT 12/31/03	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE 12/31/03	WEIGHTED-AVERAGE EXERCISE PRICE
$ 4.00	1,950	1.2	$ 4.00	1,950	$ 4.00
7.56	8,000	2.1	7.56	8,000	7.56
17.13 - 22.97	157,750	4.8	18.88	157,750	18.88

The weighted average exercise price of options exercisable at the end of the year was $18.16 at December 31, 2003, $18.59 at December 31, 2002 and $16.59 at December 31, 2001. The weighted average remaining contractual life of outstanding options was 4.6 years at December 31, 2003.

All options granted under the Stock Option Plan have a contractual life of 10 years from the date of grant and vest ratably over a four-year or two-year period from the date of grant.

In March 1999, the Company's board of directors adopted and the stockholders approved the Tower Automotive Inc. Long Term Incentive Plan ("Incentive Plan"). The Incentive Plan is designed to promote the long-term success of the Company through stock based compensation by aligning the interests of participants with those of its stockholders. Eligible participants under the Incentive Plan include key company colleagues, directors, and outside consultants. Awards under the Incentive Plan may include stock options, stock appreciation rights, performance shares, and other stock based awards. The Incentive Plan provides for the issuance of up to 3,000,000 shares of common stock. As of December 31, 2003, 1,365,985 shares of common stock were available for issuance under the Incentive Plan. A committee of the board of directors is responsible for administration, participant selection, and determination of terms and conditions of the Incentive Plan.

Information regarding options granted under the Incentive Plan is as follows:

	SHARES UNDER OPTION	EXERCISE PRICE	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED	EXERCISABL AT END OF YEAR
Outstanding, January 1, 2001	1,987,970	$ 9.13 - 26.81	$14.61		
Granted	918,450	11.33	11.33		
Converted to restricted stock	(252,000)	19.25	19.25		
Forfeited	(273,450)	9.13 - 13.19	10.62		
Outstanding, December 31, 2001	2,380,970	9.63 - 26.81	13.36	$7.48	373,783
Granted	859,050	13.75	13.75		

Exercised..................	(33,400)	11.33 - 13.19	12.87		
Forfeited..................	(249,175)	10.19 - 19.25	13.62		

Outstanding, December 31, 2002.......................	2,957,445	9.63 - 26.81	13.46	7.79	925,605
Granted....................	562,900	3.16	3.16		
Granted....................	3,000	4.55	4.55		
Forfeited..................	(1,234,232)	3.16 - 13.75	12.35		

Outstanding, December 31, 2003.......................	2,289,113	$ 3.16 - 26.81	$11.51	$6.50	1,024,239
	==========				

The following table summarizes information about stock options outstanding at December 31, 2003:

		OPTIONS OUTSTANDING		OPTIONS EXERCISABLE	
RANGE OF EXERCISABLE OPTIONS	NUMBER OUTSTANDING AT 12/31/03	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE 12/31/03	WEIGHTED-AVE EXERCISE PR
$ 3.16 - 4.55	499,450	9.4	$ 3.17	--	N/A
9.63 - 13.75	1,603,173	7.2	8.30	853,999	$12.68
15.56	65,000	6.4	15.56	48,750	15.56
26.81	121,490	5.3	26.81	121,490	26.81

Options granted in each of the past three years have a remaining contractual life of five to 10 years and vest ratably over a four-year period from the date of grant. The weighted average exercise price of options exercisable at the end of the year was $14.49 at December 31, 2003, $14.63 at December 31, 2002, and $13.65 at December 31, 2001. The weighted average remaining contractual life of outstanding options was 7.6 years at December 31, 2003. Information on shares of restricted stock granted under this Plan is set forth below under the caption "Restricted Stock".

INDEPENDENT DIRECTOR STOCK OPTION PLAN:

In February 1996, the company's board of directors approved the Tower Automotive, Inc. Independent Director Stock Option Plan (the "Director Option Plan") that provides for the issuance of options to Independent Directors, as defined, to acquire up to 200,000 shares of the Company's Common Stock, subject to certain adjustments reflecting changes in the Company's capitalization. As of December 31, 2003, 84,800 shares of common stock were available for issuance under the Director Option Plan. The option exercise price must be at least equal to the fair value of the Common Stock at the time the option is granted. Vesting is determined by the board of directors at the date of grant and in no event

can be less than six months from the date of grant. Information regarding the Director Option Plan is as follows:

	SHARES UNDER OPTION	EXERCISE PRICE	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED	EXERCISABLE AT END OF YEAR
Outstanding, January 1, 2001...	122,000	$7.56 - 22.97	$16.64		
Forfeited....................	(6,800)	19.25	19.25		
Outstanding, December 31, 2001.........................	115,200	7.56 - 22.97	16.49	$8.75	108,400
Exercised....................	(15,000)	7.56	7.56		
Outstanding, December 31, 2002 and 2003.....................	100,200	$7.56 - 22.97	$17.82	$9.42	100,200

The following table summarizes information about stock options outstanding at December 31, 2003:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISABLE OPTIONS	NUMBER OUTSTANDING AT 12/31/03	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE 12/31/03	WEIGHTED-AVERAGE EXERCISE PRICE
$ 7.56	15,000	2.1	$ 7.56	15,000	$ 7.56
18.94-22.97	85,200	4.1	19.63	85,200	19.63

The weighted average exercise price of options exercisable at the end of the year was $17.82 at December 31, 2003, $17.82 at December 31, 2002 and $16.31 at December 31, 2001. The weighted average remaining contractual life of outstanding options was 3.8 years at December 31, 2003.

EMPLOYEE STOCK PURCHASE PLAN:

The Company also sponsors an employee stock discount purchase plan, which provides for the sale, to colleagues only, of up to 1,400,000 shares of the Company's Common Stock at discounted purchase prices, subject to certain limitations. The cost per share under this plan is 85 percent of the market value of the Company's Common Stock at the date of purchase, as defined. During the year ended December 31, 2003, 252,156 shares of Common Stock were issued to colleagues pursuant to this plan, 222,145 shares of Common Stock were issued during the year ended December 31, 2002, and 172,502 shares of Common Stock were issued during the year ended December 31, 2001. The weighted average fair value of shares sold in 2003, 2002, and 2001 was $2.59, $6.43 and $6.64, respectively.

DEFERRED STOCK PLANS:

The Company sponsors the Tower Automotive, Inc. Key Leadership Deferred Income Stock Purchase Plan and the Tower Automotive, Inc. Director Deferred Stock Purchase Plan (the "Deferred Stock Plans"), which allow certain colleagues to defer receipt of all or a portion of their annual cash bonus and outside directors to defer all or a portion of their annual retainer. The Company makes

a matching contribution of one-third of the deferral. The Company matching contribution vests on the 15th day of December of the second plan year following the date of the deferral. In accordance with the terms of the plans, the deferral and Company's matching contribution may be placed in a "Rabbi" trust, which invests solely in the Company's Common Stock. This trust arrangement offers a degree of assurance for ultimate payment of benefits without causing constructive receipt for income tax purposes. Distributions from the trust can only be made in the form of the Company's Common Stock. The assets in the trust remain subject to the claims of creditors of the Company and are not the property of the colleague or outside director; therefore, they are included as a separate component of stockholders' investment under the

caption "deferred compensation plans". Under these plans, $3.4 million, $1.4 million and $1.3 million were deferred (including employer match) during the years ended December 31, 2003, 2002 and 2001, respectively.

RESTRICTED STOCK:

In July 2001, the Company offered to its existing colleagues, and designated consultants, the right to exchange certain Company stock options, having an exercise price of $17.125 or more, for shares of restricted stock. As a result of the offer, effective September 17, 2001, the Company issued 530,671 shares of its common stock under the Tower Automotive, Inc. Long Term Incentive Plan, subject to certain restrictions and risks of forfeiture, in exchange for the surrender of options to purchase a total of 1,503,500 shares of the Company's Common Stock. The cost of this exchange was recorded in stockholders' investment as deferred compensation based upon the fair value of stock issued and is being expensed over the vesting period. During the years ended December 31, 2003 and 2002, 2,920 and 575 shares vested, respectively and 98,172 and 61,003 shares were forfeited, respectively. As of December 31, 2003, 368,767 shares remain restricted.

During the year ended December 31, 2003, a committee of the board of directors awarded 210,360 shares of its common stock under the Tower Automotive, Inc. Long Term Incentive Plan, subject to certain restriction and risks of forfeiture to existing colleagues. During the year ended December 31, 2003, 19,620 shares were forfeited. As of December 31, 2003, 190,740 shares remain restricted.

SUPPLEMENTAL RETIREMENT PLAN:

During 2001, the Company's board of directors approved the Tower Automotive Supplemental Retirement Plan (the "Supplemental Retirement Plan"), which allows certain colleagues who are restricted in their contributions to the Tower Automotive Retirement Plan by certain statutory benefit limitations to defer receipt of all or a portion of their annual cash compensation. The Company makes a matching contribution based on the terms of the plan. A portion of the Company's matching contributions vests immediately and a portion vests on the first day of the third plan year following the date of the employee's deferral.

OTHER COMMON STOCK EQUIVALENTS:

In connection with the acquisition of Edgewood Tool and Manufacturing Company ("Edgewood") in May 1994, the Company issued options to acquire 205,968 shares of Common Stock at an exercise price of $3.28 per share. All of these options were exercised during the year ended December 31, 2002.

In addition, the Company has Convertible Subordinated Notes outstanding as discussed in Note 8, and Convertible Preferred Securities as discussed in Note 5.

DIVIDENDS:

The Company has not declared or paid any cash dividends in the past. The covenant conditions contained in the Credit Agreement limit the Company's ability to pay dividends.

5. MANDATORILY REDEEMABLE TRUST CONVERTIBLE PREFERRED SECURITIES:

On June 9, 1998, Tower Automotive Capital Trust (the "Preferred Issuer"), a wholly owned statutory business trust of the Company, completed the offering of $258.8 million of its 6 3/4 percent Trust Convertible Preferred Securities ("Preferred Securities"), resulting in net proceeds of approximately $249.7 million. The Preferred Securities are redeemable, in whole or in part, on or after June 30, 2001 and all Preferred Securities must be redeemed no later than June 30, 2018. The Preferred Securities are

convertible, at the option of the holder, into common stock of the Company at a rate of 1.6280 shares of common stock for each Preferred Security, which is equivalent to a conversion price of $30.713 per share. The net proceeds of the offering were used to repay outstanding indebtedness. Minority interest reflected in the accompanying consolidated statements of operations represents dividends on the Preferred Securities at a rate of 6 3/4 percent, net of income tax benefits at the Company's incremental tax rate.

During the third quarter of 2003, the Company elected to adopt the current provisions of FASB Interpretation Number (FIN) 46, Consolidation of Variable Interest Entities, an interpretation of ARB No. 51 (see additional discussion in note 8) as it relates to its Preferred Securities prior to the required effective date. Under FIN 46, the Tower Automotive Capital Trust which was previously consolidated by the Company is no longer consolidated. As a result, the Company no longer presents the Preferred Securities as mezzanine financing, but instead records a debt obligation for the proceeds which are owed to the Trust by the Company. Interest is recorded at 6 3/4 percent on the amount owed by the Company to the Trust, which is equal to the amount that was previously presented as minority interest (net of tax) for the dividends on the preferred stock. Interest expense increased by $8.7 million in 2003 related to this reclassification. Pursuant to the guidance in FIN 46, the Company has not reclassified the presentation in prior periods.

No separate financial statements of the Preferred Issuer have been included herein. The Company does not consider that such financial statements would be material to holders of Preferred Securities because (i) all of the voting securities of the Preferred Issuer are owned, directly or indirectly, by the Company, a reporting company under the Exchange Act, (ii) the Preferred Issuer has no independent operations and exists for the sole purpose of issuing securities representing undivided beneficial interests in the assets of the Preferred Issuer and investing the proceeds thereof in 6 3/4 percent Convertible Subordinated Debentures due June 30, 2018 issued by the Company and (iii) the obligations of the Preferred Issuer under the Preferred Securities are fully and unconditionally guaranteed by the Company.

6. ACQUISITIONS AND INVESTMENT IN JOINT VENTURES:

ACQUISITIONS:

Effective February 2004, the Company has acquired all of the outstanding shares of Seojin Industrial Company Limited ("Seojin") for approximately $51 million in aggregate consideration through a series of three stages that commenced in October 1999. The Company has been consolidating Seojin since October 2000 due to its previous 66 percent controlling ownership interest. The Company acquired the remaining 34 percent ownership interest for $10.3 million in the final transaction in February 2004 to achieve its current 100 percent ownership. Seojin is a supplier of frames, modules and structural components to the Korean automotive industry with primary customers of Hyundai and Kia.

Effective January 1, 2000, the Company acquired all of the outstanding shares of Dr. Meleghy GmbH & Co. KG Werkzeugbau und Presswerk, Bergisch Gladbach ("Dr. Meleghy") for approximately $86 million plus earnout payments of $26.9 million paid in 2002 and $2.7 million paid in 2001. Dr. Meleghy designs and produces structural stampings, assemblies, exposed surface panels and modules to the European automotive industry. Dr. Meleghy also designs and manufactures tools and dies for use in its production and for the external market. Dr. Meleghy operates three facilities in Germany and one facility in Poland. Dr. Meleghy's main customers include DaimlerChrysler, Audi, Volkswagen, Ford, Opel, and BMW. Products offered by Dr. Meleghy include body side panels, floor pan assemblies, and miscellaneous structural stampings.

The Company accounts for its acquisitions using the purchase method of accounting and, accordingly, the assets acquired and liabilities assumed have been recorded at fair value as of the dates of the acquisitions. The excess of the purchase price over the fair value of the assets acquired and liabilities

assumed has been recorded as goodwill. Results of operations for these acquisitions have been included in the accompanying consolidated financial statements since the dates of acquisition.

In conjunction with its acquisitions, reserves have been established for certain costs associated with facility shutdown and consolidation activities, for general and payroll related costs primarily for planned employee termination activities, and for provisions for acquired loss contracts. A rollforward of these reserves is as follows (in millions):

	FACILITY SHUTDOWN COSTS	PAYROLL RELATED COSTS	LOSS CONTRACTS
December 31, 2001	$ 5.2	$ 1.1	$17.0
Utilization	(0.7)	(1.1)	(3.9)
Revision of estimate	--	--	(7.0)
December 31, 2002	4.5	--	6.1
Utilization	(0.4)	--	(3.0)
Revision of estimate	(2.1)	--	(0.2)
December 31, 2003	$ 2.0	$ --	$ 2.9

As of December 31, 2003, all of the identified facilities have been shutdown, but the Company continues to incur costs related to maintenance, taxes and other costs related to the buildings. The revision of estimate in 2003 for the remaining facility shut down costs resulted from an analysis of future costs to be incurred. The $2.1 million was recorded as an adjustment to goodwill. The Company's acquisition reserves have been utilized as originally intended and management believes the liabilities recorded for shutdown and consolidation activities are adequate as of December 31, 2003.

In 2002 and 2003, the Company revised its accrual for estimated loss contracts to reflect the discontinuance of certain contracts that the Company was fulfilling at a loss, and the reduction of costs associated with remaining loss contracts which were transferred to lower cost locations as part of the Company's restructuring activities. Additionally, environmental and other reserves decreased by $0.5 million based on an analysis of outstanding exposures in 2002.

A reconciliation of the purchase accounting liabilities detailed in the table above to the total purchase accounting liabilities shown in Note 2 follows (in millions):

	DECEMBER 31,	
	2003	2002
Facility shutdown costs	$ 2.0	$ 4.5
Loss contracts	2.9	6.1
Environmental liabilities	6.9	7.1
Legal and other	1.7	2.2
Total purchase accounting reserves	$13.5	$19.9

INVESTMENT IN JOINT VENTURES:

On January 2, 2001, the Company invested approximately $2 million in the formation of a prototyping joint venture with Carron Industries. The joint venture, Carron Prototype Center, located in Inkster, Michigan, provided the Company with detail stamping and tooling capabilities and had capacity for full frame prototypes and vehicle builds. During the year ended December 31, 2002, the Company determined that the investment was impaired and recognized a charge of approximately $0.7 million associated with the write-off of its investment in this joint venture.

As of December 31, 2003 and 2002, the Company held a 30.8 percent equity interest in Yorozu Corporation ("Yorozu"), a supplier of suspension modules and structural parts to the Asian and North American automotive markets, from Nissan Motor Co. Ltd. ("Nissan"). Yorozu is based in Japan and is publicly traded on the first tier of the Tokyo Stock Exchange. Its principal customers include Nissan, Auto Alliance, General Motors, Ford, and Honda. The Company paid Nissan approximately $68 million over a three-year period beginning in September 2000.

Previous to the fourth quarter of 2003, the Company had determined that its investment in Yorozu had not suffered an other than temporary decline in market value. This determination was based on the strategic nature of the investment which supported the Company's original investment decision and the fact that the Company believed that there was a significant premium associated with the large block of stock held in Japan. During the fourth quarter of 2003, the Company reevaluated the strategic nature and current intent of its investment in Yorozu, and determined that the most appropriate valuation is based upon the traded value of the shares. As a result, the Company recorded an impairment charge of $27.4 million during the fourth quarter of 2003 to record the investment at the December 31, 2003 traded value on the Tokyo stock exchange.

On March 23, 2000, the Company invested $2.1 million in the formation of a product technology and development joint venture with Defiance Testing & Engineering Services, Inc., a subsidiary of GenTek Inc. The joint venture, DTA Development, located in Westland, Michigan, provides the Company with product-testing services. Traditionally, the Company utilizes both internal and external product testing extensively to validate complex systems during the development stage of a program. This joint venture allows the Company to have access to a broader and more cost efficient range of testing capabilities. DTA Development blends the benefits of chassis product technology and development activities with leading edge commercial testing services.

On October 14, 1999, the Company loaned $30.0 million to J. L. French Automotive Castings, Inc., ("J.L. French") in exchange for a convertible subordinated promissory note due October 14, 2009 that bears interest at 7.5 percent. On November 30, 2000, the Company exercised its option to convert the note into 7,124 shares of Class A1 Common Stock of J.L. French, which has a 7.5 percent pay-in-kind dividend right. Additionally, on November 30, 2000, the Company invested $2.9 million in J.L. French through the purchase of Class P Common Stock, which has an 8 percent pay-in-kind dividend right. On May 24, 2000, the Company invested $11.0 million in J.L. French through the purchase of Class A Common Stock. As discussed in Note 3, the Company evaluated its investment in J.L. French and determined that the investment has been impaired. Due to this impairment, the Company recorded a charge of $46.3 million to write off the entire investment in J.L. French during 2001. J.L. French's capital structure was reorganized in December 2002. The Company elected not to participate in a new class of stock that now controls J.L. French and as a result, the Company effectively no longer has a substantive ownership interest in J.L. French.

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

Summarized unaudited financial information for Metalsa and Yorozu is as follows (in thousands):

	DECEMBER 31,		
	2003	2002	2001
CONDENSED STATEMENTS OF EARNINGS			
Revenues	$ 927,239	$1,023,627	$778,108
Operating income	$ 56,613	$ 58,795	$ 33,202
Net income	$ 31,179	$ 40,837	$ 23,813
CONDENSED BALANCE SHEETS			
Current assets	$ 343,505	$ 329,453	$326,628
Noncurrent assets	693,096	649,307	624,217
	$1,036,601	$ 978,760	$950,845
Current liabilities	$ 281,799	$ 196,104	$169,002
Noncurrent liabilities	299,111	360,292	370,119
Stockholders' investment	455,691	422,364	411,724
	$1,036,601	$ 978,760	$950,845

7. DIVESTITURES:

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

8. LONG-TERM DEBT:

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

	DECEMBER 31,	
	2003	2002
Revolving credit facility, due July 2006, interest at		

	2003	2002
reference, money market or LIBOR plus a margin ranging from 100 to 325 basis points (2.87 percent at December 31, 2002)	$ --	$ 93,800
Revolving credit facility, multi currency borrowings, due July 2006, interest at reference or LIBOR plus a margin ranging from 100 to 325 basis points (3.33 percent at December 31, 2002)	--	83,503
Term credit facility, due July 2006, interest at reference or LIBOR plus a margin ranging from 100 to 325 basis points (4.17 percent at December 31, 2003 and 2.91 percent at December 31, 2002)	239,512	125,000
R. J. Tower Corporation 9.25 percent Senior Euro Notes due August 2010	188,640	157,440
R. J. Tower Corporation 12 percent Senior Notes, due June 2013 (net of debt discount of $6,955)	251,005	--
Industrial development revenue bonds, due in lump sum payments in June 2024 and March 2025, interest payable monthly at a rate adjusted weekly by a bond remarketing agent (1.26 percent at December 31, 2003 and 1.60 percent at December 31, 2002)	43,765	43,765
Convertible Edgewood notes, paid in May 2003, interest at 5.75 percent	--	50
Due to Tower Automotive Capital Trust, due June 2018, interest at 6.75 percent payable quarterly	258,750	--
Other foreign subsidiary indebtedness, consisting primarily of borrowings at Seojin, interest ranging from 4.5 percent to 13.3 percent, renewable annually	145,373	123,518
Other	25,749	18,422
	1,152,794	645,498
Less -- Current maturities	(91,935)	(110,278)
	$1,060,859	$ 535,220

Future maturities of long-term debt as of December 31, 2003 are as follows (in thousands):

2004	$ 91,935
2005	95,495
2006	211,599
2007	3,660
2008	2,373
Thereafter	747,732
	$1,152,794

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

In June 2003, the Company completed an amendment to its senior credit facility (the "Credit Agreement") to reduce the borrowing capacity of the facility and provide for amended financial covenants

in order to enhance overall liquidity. The amendment reduced the former $725 million facility to a $600 million facility. The term portion of the facility increased from $125 million to $240 million, and the revolver portion decreased from $600 million to $360 million. The Company had previously amended, in June 2002, its prior credit agreement, which voluntarily reduced its borrowing facility from $1.15 billion to $725 million. The amount available to borrow under the revolver portion of the credit facility is restricted by $44 million of permanent letters of credit, and is also restricted by $200 million to provide flexibility for the Company to redeem its $200 million convertible subordinated notes (due August 1, 2004), in the event it elects to do so without refinancing the convertible notes in another manner. The Credit Agreement also includes a multi-currency borrowing feature that allows the Company to borrow up to $316 million in certain freely tradable offshore currencies, and letters of credit sublimits of $250 million. As of December 31, 2003, there were no revolver borrowings outstanding. Interest on the Credit Agreement is at the financial institutions' reference rate, LIBOR, or the Eurodollar rate plus a margin ranging from 100 to 325 basis points depending on the ratio of the consolidated funded debt for restricted subsidiaries of the Company to its total EBITDA. The weighted average interest rate for such borrowings was 7.3 percent for the year ended December 31, 2003 (including the effect of the interest rate swap contract discussed below). The Credit Agreement has a final maturity of 2006.

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

The Credit Agreement requires the Company to meet certain financial tests, including but not limited to a minimum interest coverage and maximum leverage ratio. The Credit Agreement limits the Company's ability to pay dividends. As of December 31, 2003, the Company was in compliance with all debt covenants.

In July 2000, R. J. Tower Corporation (the "Issuer"), a wholly-owned subsidiary of the Company, issued Euro-denominated senior unsecured notes in the amount of E150 million ($188.6 million at December 31, 2003). The notes bear interest at a rate of 9.25 percent, payable semi-annually. The notes rank equally with all of the Company's other senior unsecured and unsubordinated debt and mature on August 1, 2010.

During the third quarter of 2003, the Company elected to adopt the current provisions of FASB Interpretation Number (FIN) 46, "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51" (see additional discussion in note 2) as it relates to its mandatorily redeemable convertible trust preferred securities prior to the required effective date. Under FIN 46, the Tower Automotive Capital Trust, which was previously consolidated by the Company, is no longer consolidated. As a result, the Company no longer presents the mandatorily redeemable convertible trust preferred securities as mezzanine financing, but instead records a debt obligation for the proceeds which are owed to the Trust by the Company. Interest is recorded at 6 3/4 percent on the amount owed by the Company to the Trust, which is equal to the amount that was previously presented as minority interest (net of tax) for the dividends on the preferred stock. Interest expense increased by $8.7 million in 2003 related to this reclassification. Pursuant to the guidance in FIN 46, the Company has elected not to reclassify the presentation in prior periods. The $258.8 million

trust convertible preferred securities held by the Trust were issued in June 1998 at a dividend rate of 6 3/4 percent and are redeemable, in whole or in part, after June 30, 2001 but before June 30, 2018. The preferred securities are also convertible at the option of the holder into common stock of Tower at an equivalent conversion price of $30.713 per share. As of December 31, 2003, the Company consolidated the variable interest entity related to its Lansing, Michigan building and equipment leasing arrangement and therefore recorded property, plant and equipment of $25.7 million and related indebtedness of $25.7 million as of December 31, 2003.

In July 1997, the Company issued $200 million unsecured convertible subordinated notes, which bear interest at 5 percent and are due on August 1, 2004, and therefore, have been classified as a component of current maturities in the current liability section of the consolidated balance sheet as of December 31, 2003. The notes are convertible into common stock of the Company at a conversion price of $25.88 per share.

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

The Company has designated the swap as a cash flow hedge. Accordingly, gains and losses are recorded in accumulated other comprehensive income (loss), net of income taxes. As of December 31, 2003, there is $8.2 million (net of tax) recorded in accumulated other comprehensive loss related to the cash flow hedge. Derivative liabilities relating to the interest rate swap agreement totaling $13.4 million have been recorded in accrued liabilities in the consolidated balance sheet as of December 31, 2003. The fair value of the interest rate swap agreement is based upon the difference between the contractual rates and the present value of the expected future cash flows on the hedged interest rate.

9. INCOME TAXES:

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

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Current --			
Domestic	$(11,213)	$(4,981)	$ 201
Foreign	(3,571)	10,510	7,245
Total	(14,784)	5,529	7,446
Deferred --			
Domestic	(48,491)	4,321	(75,139)
Foreign	12,464	(2,214)	(5,619)

Total	(36,027)	2,107	(80,758)
Total	$(50,811)	$ 7,636	$(73,312)

A reconciliation of income taxes computed at the statutory rates to the reported income tax provision (benefit) is as follows (in thousands):

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Taxes at federal statutory rates	$(52,752)	$ 7,636	$(120,514)
Foreign taxes and other	(14,469)	(7,252)	(1,226)
Effect of permanent differences, primarily interest expense and nondeductible goodwill	(2,385)	(457)	32,174
Valuation allowance	18,795	7,709	16,254
Total	$(50,811)	$ 7,636	$ (73,312)

The summary of income (loss) before provision (benefit) for income taxes, equity in earnings of joint ventures, minority interests, extraordinary item and cumulative effect of accounting change consisted of the following (in thousands):

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Domestic	$(183,070)	$(12,246)	$(364,688)
Foreign	32,351	34,064	20,362
Total	$(150,719)	$ 21,818	$(344,326)

A summary of deferred income tax assets (liabilities) is as follows (in thousands):

	DECEMBER 31,	
	2003	2002

Deferred income tax assets:		
Accrued compensation costs	$ 36,735	$ 27,536
Postretirement benefit obligations	30,073	30,981
Loss contracts	2,894	3,770
Facility closure and consolidation costs	79,339	40,548
Net operating loss carryforwards and tax credits	191,878	113,770
Investment valuation adjustments	25,857	16,254
Other reserves and accruals not currently deductible for tax purposes	12,669	30,588
	379,445	263,447
Less: Valuation allowance	(60,103)	(48,151)
Total deferred income tax assets	319,342	215,296
Deferred income tax liabilities -- fixed asset and goodwill lives and methods	(152,282)	(88,963)
Net deferred tax assets	$ 167,060	$126,333

The Company has federal net operating loss carryforwards ("NOL's") of $323.6 million that expire 2021 through 2023. The Company has a federal alternative minimum tax ("AMT") credit carryforward of $2.7 million. The AMT credit has an indefinite carryforward period.

The Company has various state tax credit and NOL carryforwards that expire through 2023. In 2002, a $7.7 million valuation allowance was established due to the uncertainty of realization of certain state tax credits and net operating losses. In 2003, an additional valuation allowance of $13.5 million was established raising the total state tax valuation allowance to $21.2 million.

The Company's foreign subsidiaries have NOL carryforwards of $157.7 million. In 2002, the Company established a $24.2 million valuation allowance due to the uncertainty of the realization of a tax benefit associated with the writedown of goodwill under SFAS 142 related to the Company's Brazil operations. The goodwill writedown and related income tax provision were netted and reported as a cumulative effect of a change in accounting principle in the 2002 Consolidated Statement of Operations. In 2003, the Company determined that realization of the entire goodwill tax benefit is now probable and reversed the remaining portion of the valuation allowance. In 2003, a $13.1 million valuation allowance was established due to the uncertainty of realization of certain foreign net operating losses.

In 2001, a $16.2 million valuation allowance was provided due to the uncertainty of the use of the tax benefit associated with a specific reserve recorded against the carrying value of a cost-based investment.

The deferred tax valuation allowance consisted of the following unrealizable elements (in millions):

	DECEMBER 31,	
	2003	2002

Brazil non-deductible goodwill	$ --	$24.2
State NOL's	21.2	7.7
J.L. French investment capital loss	16.2	16.2
Foreign investment capital loss	9.6	--
Foreign NOL's	13.1	--
Net deferred tax valuation allowance	$60.1	$48.1

The Company records deferred taxes for its earnings on equity method investments representing the equity method earnings or losses recorded for financial reporting basis which differ from those recorded for tax. Deferred taxes are not recognized for consolidated foreign investments as such investment is deemed permanently reinvested by the Company. The Company has a $18.9 million deferred income tax liability for a temporary difference arising from undistributed earnings from its investment in a foreign joint venture recorded on the equity method. In 2003, a $9.6 million valuation allowance was provided due to the uncertainty of the use of the tax benefit associated with the write-down of the Yorozu investment to less than its carrying value for tax purposes due to the capital nature of the loss. The amount of unrecognized deferred tax liability for temporary differences related to investments in foreign subsidiaries, which are permanent in duration, is not practicable for the Company to determine.

10. SEGMENT INFORMATION:

The Company produces a broad range of assemblies and modules for vehicle body structures and suspension systems for the global automotive industry. These operations have similar characteristics including the nature of products, production processes and customers, and produce lower vehicle structures, body structures (including Class A surfaces), suspension components, and suspension and powertrain modules for the automotive industry. Management reviews the operating results of the Company and makes decisions based upon two operating segments: United States/Canada and International. The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 2).

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TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

	UNITED STATES/ CANADA	INTERNATIONAL	TOTAL
2003:			
Revenues	$1,987,701	$828,048	$2,815,749
Interest expense, net	80,111	12,636	92,747
Operating income	(111,703)	53,731	(57,972)
Total assets	1,892,602	953,807	2,846,409
Capital expenditures, net	140,226	89,900	230,126
Depreciation and amortization expense	105,084	46,114	151,198
Restructuring and asset impairment charges,			

net	153,884	3,648	157,532
Income (loss) before provision (benefit) for income taxes	(183,070)	32,351	(150,719)
Provision (benefit) for income taxes	(59,704)	8,893	(50,811)
2002:			
Revenues	$2,075,222	$679,242	$2,754,464
Interest expense, net	57,703	12,564	70,267
Operating income	37,124	56,013	93,137
Total assets	1,747,772	810,113	2,557,885
Capital expenditures, net	95,922	63,042	158,964
Depreciation and amortization expense	100,595	36,103	136,698
Restructuring and asset impairment charges, net	57,475	3,650	61,125
Income (loss) before provision (benefit) for income taxes	(12,246)	34,064	21,818
Provision (benefit) for income taxes	(660)	8,296	7,636
2001:			
Revenues	$1,777,361	$690,072	$2,467,433
Interest expense, net	61,721	12,044	73,765
Operating income (loss)	(315,387)	44,826	(270,561)
Total assets	2,041,851	491,585	2,533,436
Capital expenditures, net	131,455	62,500	193,955
Depreciation and amortization expense	126,863	33,030	159,893
Restructuring and asset impairment charges, net	383,739	--	383,739
Income (loss) before provision (benefit) for income taxes	(364,688)	20,362	(344,326)
Provision (benefit) for income taxes	(74,938)	1,626	(73,312)

TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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

	YEARS ENDED DECEMBER 31 AND END OF YEAR					
	2003		2002		2001	
	REVENUES	LONG-LIVED ASSETS	REVENUES	LONG-LIVED ASSETS	REVENUES	LONG AS
United States and Canada	$1,987,701	$ 679,634	$2,075,222	$ 743,552	$1,777,361	$ 8
Europe	426,778	242,766	322,773	176,412	278,789	1
Asia	359,583	183,995	322,951	180,298	376,040	1
Mexico and South America	41,687	12,923	33,518	10,481	35,243	
	$2,815,749	$1,119,318	$2,754,464	$1,110,743	$2,467,433	$1,1

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

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

	YEARS ENDED DECEMBER 31,		
	2003	2002	2001
Body structures and assemblies (including Class A surfaces)	$1,203,772	$1,046,696	$ 971,858
Lower vehicle structures	955,301	1,101,786	895,118
Suspension and powertrain modules	354,411	302,991	355,981
Suspension components	221,777	220,357	198,296
Other	80,488	82,634	46,180
	$2,815,749	$2,754,464	$2,467,433

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 in the period ended December 31, 2003:

	2003	2002	2001
Ford	35%	38%	35%
DaimlerChrysler	19	22	25
GM	10	8	4
Hyundai/Kia	9	7	12

Receivables from these customers represented 33 percent of total accounts receivable at December 31, 2003 and 42 percent of total accounts receivable at December 31, 2002.

11. EMPLOYEE BENEFIT PLANS:

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

RETIREMENT PLANS:

The Company's UAW Retirement Income Plan and the Tower Automotive Pension Plan provide for substantially all union employees. Benefits under the plans are based on years of service. Contributions by the Company are intended to provide not only for benefits attributed to service to date, but also for those

benefits expected to be earned in the future. The Company's funding policy is to contribute annually the amounts sufficient to meet the higher of the minimum

funding requirements set forth in the Employee Retirement Income Security Act of 1974 or the minimum funding requirements under the Company's union contracts. The Company expects minimum pension funding requirements of $38 million during 2004 subject to extension of currently enacted funding relief provisions.

The following tables provide a reconciliation of the changes in the benefit obligations and fair value of assets for the defined benefit pension plans (in thousands):

	2003	2002
RECONCILIATION OF FAIR VALUE OF PLAN ASSETS:		
Fair value of plan assets at the beginning of the year......	$ 106,572	$ 89,355
Actual return on plan assets..............................	12,710	(6,296)
Employer contributions....................................	25,772	27,959
Benefits paid...	(11,500)	(4,446)
Fair value of plan assets at the end of the year..........	$ 133,554	$106,572
CHANGE IN BENEFIT OBLIGATIONS:		
Benefit obligations at the beginning of the year...........	$ 189,095	$143,485
Service cost..	6,517	9,536
Interest cost...	13,949	11,486
Plan Amendments...	18,872	--
Actuarial loss..	24,644	21,967
Benefits paid...	(11,500)	(4,446)
Curtailment loss..	53	--
Special termination benefits..............................	--	7,067
Benefit obligations at the end of the year...............	$ 241,630	$189,095
FUNDED STATUS RECONCILIATION:		
Funded status...	$(108,076)	$(82,523)
Unrecognized transition asset.............................	(5)	(34)
Unrecognized prior service cost...........................	21,887	8,975
Unrecognized actuarial losses.............................	78,570	61,320
Contributions made after measurement date..................	5,948	4,956
Net amount recognized....................................	$ (1,676)	$ (7,306)
AMOUNTS RECOGNIZED IN THE BALANCE SHEET AS OF EACH YEAR END:		
Accrued benefit liability.................................	$(108,076)	$(81,513)
Intangible asset..	21,887	8,975
Accumulated other comprehensive income.....................	78,565	60,276
Contributions made after measurement date..................	5,948	4,956
Net amount recognized....................................	$ (1,676)	$ (7,306)

In connection with the comprehensive realignment plans discussed in Note 3, benefits for certain employees covered by the Tower Automotive Pension Plan and the UAW Retirement Income Plan are

accounted for as a curtailment and special termination benefits for the periods ending December 31, 2003 and 2002.

The following table provides the components of net periodic pension benefit cost for the plans for the years ended December 31, (in thousands):

	2003	2002	2001
Service cost	$ 6,517	$ 9,536	$ 9,956
Interest cost	13,949	11,486	9,883
Expected return on plan assets	(9,751)	(9,602)	(9,815)
Amortization of transition asset	(31)	(31)	(31)
Amortization of prior service cost	2,380	812	1,077
Amortization of net (gains) losses	4,435	1,609	(287)
Curtailment loss	3,632	--	12,839
Special termination benefit	--	7,067	311
Net periodic benefit cost	$21,131	$20,877	$23,933

The assumptions used in the measurement of the Company's benefit obligation are as follows:

	2003	2002
Weighted-average assumptions at each year end:		
Discount rate	5.95%	6.75%
Expected return on plan assets	8.50%	8.50%
Rate of compensation increase	4.50%	4.50%
Measurement date	9/30/2003	9/30/2002

The Company's percentage of plan assets as of September 30, 2003 and 2002 measurements dates is shown below:

	2003	2002
Equity securities	57%	60%
Fixed income	34	39
Real estate	5	--
Cash equivalents	4	1

The expected long-term rate of return on plan assets is based on the expected return of each of the above categories, weighted based on the median of the target allocation for each class. Equity securities are expected to return between 10 percent to 11 percent over the long-term, while cash and fixed income is expected to return between 4 percent and 6 percent. Based on historical experience, the Company expects that the asset managers overseeing plan assets will provide a modest (0.5 percent to 1.0 percent per annum) premium to their respective market benchmark indices.

The investment policy, as established by the Company's Defined Benefit Investment 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 judges 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.

The Company contributes to a union sponsored multi-employer pension plan providing defined benefits to certain Michigan hourly employees. Contributions to the pension plan are based on rates set forth in the Company's union contracts. The expense related to this plan was $1.0 million, $0.8 million, and $0.7 million for the years ended December 31, 2003, 2002 and 2001, respectively.

The Company also contributes to a union sponsored multi-employer pension plan providing defined benefits for certain hourly employees of the Milwaukee facility. Expense relating to this plan was $0.2 million, $0.4 million and $0.6 million for the years ended December 31, 2003, 2002 and 2001, respectively. The expense is determined based on contractual rates with the union.

The Company also maintains a qualified profit sharing retirement plan and 401(k) employee savings plan covering certain salaried and hourly employees. The expense related to these plans was $12.8 million during 2003, $10.6 million during 2002, and $11.0 during 2001.

The Company also sponsors a 401(k) employee savings plan covering certain union employees. The Company matches a portion of the employee contributions made to this plan. The expense under this plan in each of the three years in the period ended December 31, 2003 was not material.

POSTRETIREMENT PLANS:

The Company provides certain medical insurance benefits for retired employees. Certain employees of the Company are eligible for these benefits if they fulfill the eligibility requirements specified by the plans. Certain retirees between the ages of 55 and 62 must contribute all or a portion of the cost of their coverage. Benefits are continued for dependents of eligible retiree participants after the death of the retiree.

The following tables provide a reconciliation of the changes in the benefit obligations for the retiree medical plans (in thousands):

	2003	2002

RECONCILIATION OF FAIR VALUE OF PLAN ASSETS:		
Fair value of plan assets at the beginning of the year	$ --	$ --
Employer contributions	25,100	19,250
Benefits paid	(25,100)	(19,250)
Fair value of plan assets at the end of the year	$ --	$ --
CHANGE IN BENEFIT OBLIGATIONS:		
Benefit obligations at the beginning of the year	$ 124,355	$ 145,552
Service cost	667	858
Interest cost	8,313	8,519
Plan amendments	(9,735)	10,827
Actuarial loss (gain)	34,065	(22,151)
Benefits paid	(25,100)	(19,250)
Curtailment loss	2,644	--
Benefit obligations at the end of the year	$ 135,209	$ 124,355
FUNDED STATUS RECONCILIATION:		
Funded status	$(135,209)	$(124,355)
Unrecognized prior service cost	--	9,735
Unrecognized actuarial losses	55,862	25,365
Net amount recognized	$ (79,347)	$ (89,255)
AMOUNTS RECOGNIZED IN THE BALANCE SHEET AS OF EACH YEAR END:		
Accrued benefit liability	$ (79,347)	$ (89,255)

The following table provides the components of net periodic benefit cost for the plans for the years ended December 31, (in thousands):

	2003	2002	2001
Service cost	$ 667	$ 858	$ 862
Interest cost	8,313	8,519	10,676
Amortization of prior service cost	--	1,092	--
Amortization of net loss	3,569	3	1,484
Curtailment loss	2,644	--	115
Net periodic benefit cost	$15,193	$10,472	$13,137

The discount rate used to measure the Company's post retirement medical benefit obligation was 5.95 percent and 6.75 percent in 2003 and 2002, respectively.

For measurement purposes, a 9.5 percent annual rate of increase in per capita cost of covered health care benefits was assumed for 2003. The rate was assumed to decrease gradually to 5.5 percent for 2007 and remain at that level thereafter.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Assumed health care cost trend rates have a significant effect on the amounts reported for the post retirement medical plans. A one percentage point change in assumed health care costs trend rates would have the following effects (in thousands):

	INCREASE	DECREASE
ONE PERCENTAGE POINT:		
Effect on total service and interest cost components......	$ 239	$ 216
Effect on the accumulated benefit obligation.............	$3,310	$2,999

12. COMMITMENTS:

LEASES:

The Company leases office and manufacturing space and certain equipment under lease agreements which require it to pay maintenance, insurance, taxes and other expenses in addition to annual rentals. The Company has entered into several leasing commitments with maturities of between 2004 and 2020. The properties covered under these transactions include manufacturing equipment, facilities and administrative offices. The leases provide for fair market purchase and renewal options. Future annual rental commitments at December 31, 2003 under these leases are as follows (in thousands):

YEAR	OPERATING	CAPITAL
2004..	$ 79,039	$12,776
2005..	76,004	12,256
2006..	68,177	8,501
2007..	65,586	6,331
2008..	54,218	5,790
Thereafter..	152,339	24,294
	$495,363	$69,948
Less-amount representing interest.........................		19,488
Present value of minimum lease payments...................		$50,460

Total rent expense for all operating leases totaled $72.5 million, $57.0 million and $55.2 million in 2003, 2002 and 2001, respectively.

Rent commitments associated with acquired facilities which will not be utilized by the Company have been excluded from the above amounts and were provided for in the recording of the related acquisition, as discussed in Note 6.

LITIGATION:

The Company is party to certain claims arising in the ordinary course of business. In the opinion of management, based upon the advice of legal counsel, the outcomes of such claims are impossible to ascertain or are not expected to be material to the Company's financial position or statements of operations.

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TOWER AUTOMOTIVE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

13. RELATED PARTY TRANSACTIONS:

The Company has made payments to Hidden Creek Industries, an affiliated consultant of the Company, for certain acquisition related and other management services totaling $0.8 million during 2003 and $0.6 million during 2002 and 2001.

14. QUARTERLY FINANCIAL DATA (UNAUDITED):

The following is a condensed summary of quarterly results of operations for 2003 and 2002. The restructuring and asset impairment charges described in Note 3 are reflected in the second, third and fourth quarters of 2003 and the first and fourth quarters of 2002. The goodwill impairment loss described in Note 2 is reflected in the first quarter of 2002. The sum of the per share amounts for the quarters does not equal the total for the year due to the effects of rounding and the anti-dilutive effects of certain common stock equivalents (in thousands, except per share amounts):

	REVENUES	GROSS PROFIT	OPERATING INCOME (LOSS)	INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE	NET INCOME (LOSS)	BASIC EARNINGS (LOSS) PER SHARE BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE
2003:						
First	$ 732,578	$ 74,524	$ 39,848	$ 11,572	$ 11,572	$ 0.21
Second	743,179	78,448	23,947	2,677	2,677	0.05
Third	623,013	35,846	(138,179)	(105,890)	(105,890)	(1.87)
Fourth	716,979	66,242	16,412	(33,034)	(33,034)	(0.58)
	$2,815,749	$255,060	$ (57,972)	$(124,675)	$(124,675)	$(2.20)
2002:						
First	$ 668,107	$ 69,009	$ (39,393)	$ (34,517)	$(147,303)	$(0.72)
Second	750,872	92,694	55,327	22,891	22,891	0.40
Third	653,841	66,374	31,027	9,545	9,545	0.15
Fourth	681,644	70,007	46,176	17,261	17,261	0.30
	$2,754,464	$298,084	$ 93,137	$ 15,180	$ (97,606)	$ 0.26

DILUTED

	EARNINGS (LOSS) PER SHARE
2003:	
First.............	$ 0.21
Second............	0.05
Third.............	(1.87)
Fourth............	(0.58)
	$(2.20)
2002:	
First.............	$(3.05)
Second............	0.37
Third.............	0.15
Fourth............	0.29
	$(1.70)

The amounts for the second and third quarters of 2003 are different from the amounts originally reported as a result of a restatement of the $7.7 million curtailment loss for pension and postretirement benefits related to the 2003 restructuring (subsequently reduced to $6.3 million based upon updated actuary information in the fourth quarter -- see Note 3). The curtailment charge, which was initially recorded in the second quarter, should have been recorded in the third quarter in accordance with SFAS No. 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and the Company's policy of accounting for pension and post-retirement

benefits which requires a three-month delay in recognition due to its September 30 plan measurement date. The impact of this restatement is reflected in the following table:

	THREE MONTHS ENDED JUNE 30, 2003		THREE MONTHS ENDED SEPTEMBER 30, 2003	
	AS REPORTED	AS ADJUSTED	AS REPORTED	AS ADJUSTED
Operating income (loss)...............	$16,247	$23,947	$(130,479)	$(138,179)
Net income (loss).....................	$(2,423)	$ 2,677	$(100,790)	$(105,890)
Basic earnings (loss) per share........	$ (0.04)	$ 0.05	$ (1.78)	$ (1.87)
Diluted earnings (loss) per share......	$ (0.04)	$ 0.05	$ (1.78)	$ (1.87)

This change did not impact the Company's results of operations for the year ended December 31, 2003.

15. SUBSEQUENT EVENTS

On February 10, 2004, the Company announced that a decision had been finalized by DaimlerChrysler to move the current production of the frame assembly for the Dodge Ram light truck from the Company's Milwaukee, WI facility

to the Company's 40 percent owned joint venture partner, Metalsa located in Monterrey, Mexico. The current Dodge Ram frame program produced in the Milwaukee facility was expected to run through 2009. The production move to Mexico is planned for mid-2005. The move was dictated by DaimlerChrysler economic pricing requirements given the lower cost structure in Mexico. The Company is in the process of determining the expected net economic impact of DaimlerChrysler's decision to move the Dodge Ram frame line on its future consolidated results.

On February 27, 2004, the Company acquired the remaining 34 percent interest in Seojin from its joint venture partner bringing its total ownership to 100 percent for net cash consideration of $10.3 million financed under Korean debt facilities which are not covered under the Company's Credit Agreement. (Note 6).

16. CONSOLIDATING GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION:

The following consolidating financial information presents balance sheets, statements of operations and cash flow information related to the Company's business. Each Guarantor, as defined, is a direct or indirect wholly-owned subsidiary of the Company and has fully and unconditionally guaranteed the 9.25 percent senior unsecured Euro notes issued by R. J. Tower Corporation in 2000 and the 12 percent senior unsecured notes issued by R.J. Tower Corporation in 2003, on a joint and several basis. Tower Automotive, Inc. (the parent company) has also fully and unconditionally guaranteed the notes and is reflected as the Parent Guarantor in the consolidating financial information. The Non-Guarantor Restricted Companies are the Company's foreign subsidiaries except for Seojin Industrial Company Limited, which is reflected as the Non-Guarantor Unrestricted Company in the consolidating financial information. Separate financial statements and other disclosures concerning the Guarantors have not been presented because management believes that such information is not material to investors.

TOWER AUTOMOTIVE INC.

CONSOLIDATING BALANCE SHEETS
AT DECEMBER 31, 2003

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES	NON-GUARANT UNRESTRICTE COMPANIES
				(AMOUNTS IN THOUSANDS)	
			ASSETS		
Current assets:					
Cash and cash equivalents..............	$ --	$ --	$ 118,352	$ 40,419	$ 2,128
Accounts receivable........	--	--	177,177	129,633	18,789
Inventories................	--	--	73,760	44,876	11,368
Deferred income taxes, net......................	--	--	14,250	5,866	--
Prepaid tooling and other...................	--	--	39,849	41,445	10,368
Total current assets.....	--	--	423,388	262,239	42,653
Property, plant and					

equipment, net............	--	--	642,240	288,430	125,203
Investments in joint ventures..................	247,756	--	--	377	--
Investment in subsidiaries...	411,267	413,510	--	--	--
Deferred income taxes, net...	--	21,716	119,857	(3,406)	8,777
Goodwill....................	--	--	326,309	172,354	--
Other assets, net...........	14,881	7,096	82,162	37,574	26,803
	$673,904	$442,322	$1,593,956	$757,568	$203,436
LIABILITIES AND STOCKHOLDERS' INVESTMENT					
Current liabilities:					
Current maturities of long-term debt and capital lease obligations.............	$ --	$ --	$ 3,622	$ 32,916	$ 63,059
Convertible subordinated notes...................	--	199,984	--	--	--
Accounts payable...........	--	--	399,319	114,333	42,384
Accrued liabilities........	11,124	4,166	161,788	64,044	8,862
Total current liabilities...........	11,124	204,150	564,729	211,293	114,305
Long-term debt, net of current maturities.........	679,177	258,750	65,871	16,202	40,859
Obligations under capital leases, net of current maturities................	--	--	--	40,054	2,744
Due to/(from) affiliates.....	(479,789)	(434,088)	758,417	147,123	8,337
Other noncurrent liabilities...............	--	--	180,827	34,431	8,383
Total noncurrent liabilities...........	199,388	(175,338)	1,005,115	237,810	60,323
Stockholders' investment.....	463,392	413,510	24,112	308,465	28,808
	$673,904	$442,322	$1,593,956	$757,568	$203,436

TOWER AUTOMOTIVE INC.

CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2003

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES	NON-GUARANT UNRESTRICTE COMPANIES
			(AMOUNTS IN THOUSANDS)		
Revenues....................	$ --	$ --	$1,883,907	$635,915	$295,927
Cost of sales...............	--	--	1,738,388	546,362	275,939

Gross profit............	--	--	145,519	89,553	19,988
Selling, general and administrative expenses....	--	--	110,362	39,004	6,134
Restructuring and asset impairment charge..........	--	--	152,079	5,453	--
Operating income (loss).................	--	--	(116,922)	45,096	13,854
Interest expense (income), net.......................	61,714	27,464	(9,425)	4,454	8,540
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest..............	(61,714)	(27,464)	(107,497)	40,642	5,314
Provision (benefit) for income taxes...............	(20,549)	(9,336)	(36,552)	13,819	1,807
Income (loss) before equity in earnings of joint ventures and minority interest......	(41,165)	(18,128)	(70,945)	26,823	3,507
Write-down of joint venture investment to market value, net.......................	(27,436)	--	--	--	--
Equity earnings in joint ventures and subsidiaries, net.......................	(32,182)	(100,783)	--	--	--
Minority interest, net.......	--	(5,764)	--	(4,865)	--
Net income (loss)........	$(100,783)	$(124,675)	$ (70,945)	$ 21,958	$ 3,507

TOWER AUTOMOTIVE INC.

CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES	NON-GUARANT UNRESTRICTE COMPANIES
				(AMOUNTS IN THOUSANDS)	
OPERATING ACTIVITIES:					
Net income (loss)............	$ (100,783)	$(124,675)	$ (70,945)	$ 21,958	$ 3,507
Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities					
Restructuring and asset impairment charge.........	--	--	151,868	3,882	--
Customer recovery related to					

program cancellation......	--	--	15,600		--
Depreciation................	--	--	103,919	32,266	15,013
Deferred income tax expense (benefit).................	--	--	(37,088)	740	321
Write-down of joint venture investment to market value.....................	27,436	--	--	--	--
Equity in earnings of joint ventures, net............	(13,298)	--	--	--	--
Changes in working capital and other operating items.....................	3,727	(10,796)	34,083	48,751	6,852
Net cash provided by (used in) operating activities.............	(82,918)	(135,471)	197,437	107,597	25,693
INVESTING ACTIVITIES:					
Capital expenditures, net.....	--	--	(139,880)	(63,185)	(27,061)
Acquisitions and other, net...	(119,278)	134,801	65,440	--	--
Net cash provided by (used in) investing activities.............	(119,278)	134,801	(74,440)	(63,185)	(27,061)
FINANCING ACTIVITIES:					
Proceeds from borrowings......	1,564,234	--	1,834	55,146	43,353
Repayments of debt...........	(1,362,038)	--	(6,479)	(68,330)	(44,365)
Net proceeds from issuance of stock.......................	--	670	--	--	--
Net cash provided by (used for) financing activities.............	202,196	670	(4,645)	(13,184)	(1,012)
Net Change in Cash and Cash Equivalents.................	--	--	118,352	31,228	(2,380)
Cash and Cash Equivalents, Beginning of Period.........	--	--	--	9,191	4,508
Cash and Cash Equivalents, End of Period..................	$ --	$ --	$ 118,352	$ 40,419	$ 2,128

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TOWER AUTOMOTIVE INC.

CONSOLIDATING BALANCE SHEETS
AT DECEMBER 31, 2002

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES	NON-GUARANT UNRESTRICTE COMPANIES
				(AMOUNTS IN THOUSANDS)	

ASSETS

Current assets:					
Cash and cash equivalents..............	$ --	$ --	$ --	$ 9,191	$ 4,508
Accounts receivable........	--	--	151,774	84,224	13,343
Inventories................	--	--	82,765	40,051	10,258
Deferred income taxes, net......................	--	--	12,255	8,379	--
Prepaid tooling and other...................	--	--	55,453	41,699	3,281
Total current assets.....	--	--	302,247	183,544	31,390
Property, plant and equipment, net.............	--	--	709,127	217,503	146,989
Investments in joint ventures..................	260,898	--	--	--	--
Investment in subsidiaries...	404,864	512,076	--	--	--
Deferred income taxes, net...	--	--	99,313	(2,712)	9,098
Goodwill....................	--	--	328,308	144,659	--
Other assets, net...........	1,501	27,144	60,839	27,690	10,347
	$667,263	$539,220	$1,499,834	$570,684	$197,824
LIABILITIES AND STOCKHOLDERS' INVESTMENT					
Current liabilities:					
Current maturities of long-term debt and capital lease obligations..............	$ 8,352	$ --	$ 4,274	$ 18,932	$ 88,912
Accounts payable...........	--	--	285,585	91,803	40,339
Accrued liabilities........	6,963	5,889	183,876	80,703	7,019
Total current liabilities...........	15,315	5,889	473,735	191,438	136,270
Long-term debt, net of current maturities.........	428,651	--	43,765	51,398	11,406
Obligations under capital leases, net of current maturities................	--	--	370	21,050	8,311
Convertible subordinated notes.....................	--	199,984	--	--	--
Due to/(from) affiliates.....	(337,294)	(443,582)	757,808	21,905	1,163
Other noncurrent liabilities...............	--	6,103	157,230	21,993	14,151
Total noncurrent liabilities...........	91,357	(237,495)	959,173	116,346	35,031
Mandatorily redeemable trust convertible preferred securities................	--	258,750	--	--	--
Stockholders' investment.....	560,591	512,076	66,926	262,900	26,523
	$667,263	$539,220	$1,499,834	$570,684	$197,824

TOWER AUTOMOTIVE INC.

CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2002

(AMOUNTS IN THOUSANDS)

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES	NON-GUARANTOR UNRESTRICTED COMPANIES
Revenues	$ --	$ --	$1,937,140	$543,235	$274,089
Cost of sales	--	--	1,759,587	451,264	245,529
Gross profit	--	--	177,553	91,971	28,560
Selling, general and administrative expenses	--	--	104,026	31,481	8,315
Restructuring and asset impairment charge	--	--	57,475	3,650	--
Operating income (loss)	--	--	16,052	56,840	20,245
Interest expense (income), net	45,369	11,302	653	14,209	(1,266)
Other expense (income)	1,993	--	946	(10,257)	8,370
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest	(47,362)	(11,302)	14,453	52,888	13,141
Provision (benefit) for income taxes	(16,577)	(3,956)	5,061	18,510	4,598
Income (loss) before equity in earnings of joint ventures and minority interest	(30,785)	(7,346)	9,392	34,378	8,543
Equity earnings in joint ventures and subsidiaries, net	(48,121)	(78,906)	--	--	--
Minority interest, net	--	(11,354)	--	(4,525)	55
Income (loss) before cumulative effect of accounting change	(78,906)	(97,606)	9,392	29,853	8,598
Cumulative effect of change in accounting principle, net	--	--	--	(83,108)	(29,678)
Net income (loss)	$(78,906)	$(97,606)	$ 9,392	$(53,255)	$(21,080)

TOWER AUTOMOTIVE INC.

CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2002

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES	NON-GUARANT UNRESTRICTE COMPANIES
				(AMOUNTS IN THOUSANDS)	
OPERATING ACTIVITIES:					
Net income (loss)............	$ (78,906)	$(97,606)	$ 9,392	$(53,255)	$(21,080)
Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities					
Cumulative effect of change in accounting principle...	--	--	--	83,108	29,678
Restructuring and asset impairment charge.........	--	--	57,475	3,650	--
Depreciation...............	3,095	--	96,402	23,010	14,191
Deferred income tax expense (benefit)................	--	--	(3,902)	15,107	(9,098)
Gain on sale of plant.......	--	--	--	--	(3,839)
Equity in earnings of joint ventures, net............	(16,822)	--	--	--	--
Changes in working capital and other operating items....................	283,863	(4,811)	(280,951)	26,857	(2,174)
Net cash provided by (used in) operating activities...............	191,230	(102,417)	(121,584)	98,477	7,678
INVESTING ACTIVITIES:					
Capital expenditures, net.....	--	--	(96,176)	(44,960)	(17,828)
Acquisitions and other, net...	(88,479)	(63,424)	168,702	(33)	4,004
Proceeds from sale of fixed assets.....................	--	--	50,313	--	--
Net cash provided by (used in) investing activities...............	(88,479)	(63,424)	122,839	(44,993)	(13,824)
FINANCING ACTIVITIES:					
Proceeds from borrowings......	1,994,990	--	98	30,166	12,783
Repayments of debt...........	(2,097,741)	--	(3,797)	(89,605)	(6,306)
Net proceeds from issuance of stock......................	--	225,701	--	--	--
Payments for the repurchase of common stock...............	--	(59,860)	--	--	--
Net cash provided by (used for) financing activities...............	(102,751)	165,841	(3,699)	(59,439)	6,477
Net Change in Cash and Cash					

Equivalents.................	--	--	(2,444)	(5,955)	331
Cash and Cash Equivalents, Beginning of Period.........	--	--	2,444	15,146	4,177
Cash and Cash Equivalents, End of Period...................	$ --	$ --	$ --	$ 9,191	$ 4,508

TOWER AUTOMOTIVE INC.

CONSOLIDATING STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES	NON-GUARANTOR UNRESTRICT COMPANIES
			(AMOUNTS IN THOUSANDS)		
Revenues.........................	$ --	$ --	$1,644,357	$473,529	$349,547
Cost of sales....................	--	--	1,467,062	398,367	324,819
Gross profit...................	--	--	177,295	75,162	24,728
Selling, general and administrative expenses........	--	--	103,591	27,185	8,427
Amortization expense.............	1,774	1,301	14,660	6,287	782
Restructuring and asset impairment charge.............	--	--	383,614	125	--
Operating income (loss)........	(1,774)	(1,301)	(324,570)	41,565	15,519
Interest expense (income), net...	60,621	7,516	(7,773)	4,844	8,557
Income (loss) before provision for income taxes, equity in earnings of joint ventures and minority interest........	(62,395)	(8,817)	(316,797)	36,721	6,962
Provision (benefit) for income taxes.........................	(24,334)	(3,439)	(57,803)	9,897	2,367
Income (loss) before equity in earnings of joint ventures and minority interest........	(38,061)	(5,378)	(258,994)	26,824	4,595
Equity earnings in joint ventures and subsidiaries, net..........	(213,429)	(251,490)	300	--	--
Minority interest, net...........	--	(10,656)	--	(3,104)	--
Net income (loss).............	$(251,490)	$(267,524)	$ (258,694)	$ 23,720	$ 4,595

TOWER AUTOMOTIVE INC.

CONSOLIDATING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

	R. J. TOWER CORPORATION	PARENT GUARANTOR	GUARANTOR COMPANIES	NON-GUARANTOR RESTRICTED COMPANIES	NON-GUARANTOR UNRESTRICTED COMPANIES
	(AMOUNTS IN THOUSANDS)				
OPERATING ACTIVITIES:					
Net income (loss)..........	$ (251,490)	$(267,524)	$(258,694)	$23,720	$ 4,595
Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities					
Restructuring and asset impairment charge......	--	--	383,614	125	--
Depreciation and amortization...........	1,774	1,301	122,026	24,136	10,656
Deferred income tax expense (benefit)......	--	--	(65,976)	(12,576)	(2,206)
Equity in earnings of joint ventures, net....	(16,950)	--	(300)	--	--
Changes in working capital and other operating items........	251,214	381	281,364	(13,002)	10,440
Net cash provided by (used in) operating activities............	(15,452)	(265,842)	462,034	22,403	23,485
INVESTING ACTIVITIES:					
Capital expenditures, net.....................	--	--	(142,253)	(28,166)	(23,536)
Acquisitions and other, net.....................	366,055	226,851	(316,282)	5,145	--
Net cash provided by (used in) investing activities............	366,055	226,851	(458,535)	(23,021)	(23,536)
FINANCING ACTIVITIES:					
Proceeds from borrowings...	2,201,333	--		60,208	47,280
Repayments of debt.........	(2,533,164)	--	(2,630)	(59,735)	(48,331)
Net proceeds from issuance of stock................	--	38,991	--	--	--
Net cash provided by (used for) financing activities............	(331,831)	38,991	(2,630)	473	(1,051)
Net Change in Cash and Cash Equivalents.............	18,772	--	869	(145)	(1,102)
Cash and Cash Equivalents, Beginning of Period......	(18,772)	--	1,575	15,291	5,279
Cash and Cash Equivalents, End of Period...........	$ --	$ --	$ 2,444	$15,146	$ 4,177

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The Company determined, for itself and on behalf of its subsidiaries, to dismiss our independent auditors, Arthur Andersen LLP ("Arthur Andersen") and to engage the services of Deloitte & Touche LLP ("Deloitte & Touche") as our new independent auditors. The change in auditors was approved by the Company's Audit Committee and Board of Directors and was effective as of June 20, 2002. As a result, Deloitte & Touche audited the Company's consolidated financial statements for the year ended December 31, 2002.

Arthur Andersen's reports on the Company's consolidated financial statements for the years ended December 31, 2001 and 2000 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles. During the year ended December 31, 2001, through June 20, 2002 (the "Relevant Period"), (1) there were no disagreements with Arthur Andersen on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to Arthur Andersen's satisfaction, would have caused Arthur Andersen to make reference to the subject matter of the disagreement(s) in connection with its reports on the Company's consolidated financial statements for such year, and (2) there were no reportable events as described in Item 304(a)(1)(v) ("Reportable Events") of the Commission's Regulation S-K.

During the Relevant Period, neither the Company nor anyone acting on its behalf consulted with Deloitte & Touche regarding (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, or (ii) any matters or reportable events as set forth in Items 304(a)(1)(iv) and (v), respectively, or Regulation S-K.

The Company has not been able to obtain, after reasonable efforts, the re-issued reports or consent of Arthur Andersen related to the 2001 and 2000 consolidated financial statements and financial statement schedules. Therefore, the Company has included a copy of their previously issued report.

ITEM 9A. DISCLOSURE CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

With the participation of management, the Company's chief executive officer and chief financial officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) have concluded that as of December 31, 2003, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities in connection with the Company's filing of its Annual Report on Form 10-K for the year ended December 31, 2003.

CHANGES IN INTERNAL CONTROLS

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

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

A. DIRECTORS OF THE REGISTRANT

The information required by Item 10 with respect to the directors and director nominees is incorporated herein by reference to the section labeled "Election of Directors" and "Corporate Governance and Board Matters" which appears in the Company's 2004 Proxy Statement.

B. EXECUTIVE OFFICERS

See "Additional Item -- Executive Officers" in Part I.

C. SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The information required by Item 10 with respect to compliance with reporting requirements is incorporated herein by reference to the section labeled "Section 16(a) Beneficial Ownership Reporting Compliance" which appears in the Company's 2004 Proxy Statement.

The Company has adopted a Code of Ethics for its Chief Executive Officer and Senior Financial Officers. A copy of that Code is available on the Company's website at www.towerautomotive.com

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to the sections labeled "Compensation of Directors" and "Executive Compensation" which appear in the Company's 2004 Proxy Statement, excluding information under the headings "Compensation Committee Report on Executive Compensation" and "Performance Graph."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 12 is incorporated herein by reference to the section labeled "Ownership of Tower Automotive Common Stock" which appears in the Company's 2004 Proxy Statement.

We maintain certain equity compensation plans under which common stock is authorized for issuance to employees and directors, including our 1994 Key Employee Stock Option Plan, 1999 Long-Term Incentive Plan, Independent Director Stock Option Plan, Colleague Stock Discount Purchase Plan, Director Deferred Income Stock Purchase Plan, and Key Leadership Deferred Income Stock Purchase Plan.

The following table sets forth certain information regarding the above referenced equity compensation plans as of December 31, 2003.

EQUITY COMPENSATION PLAN INFORMATION

	(A)	(B)
	NUMBER OF SECURITIES TO	WEIGHTED-AVERAGE

PLAN CATEGORY	BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS(1)	EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS
Equity compensation plans approved by security holders	2,557,013(1)	$12.19(1)
Equity compensation plans not approved by security holders	--	--
Total	2,557,013	$12.19

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(1) Excludes purchase rights accrued under the Colleague Stock Discount Purchase Plan (which has a shareholder approved reserve of 1,400,000 shares), the Director Deferred Income Stock Purchase Plan (which has a shareholder approved reserve of 200,000 shares), and the Key Leadership Deferred Income Stock Purchase Plan (which has a shareholder approved reserve of 750,000 shares).

(2) Consists of 1,103,900 shares under the 1994 Key Employee Stock Option Plan, 1,365,985 shares under the 1999 Long-Term Incentive Plan, 84,800 shares under the Independent Director Stock Option Plan, zero shares under the Colleague Stock Discount Purchase Plan, 200,000 shares under the Director Deferred Income Stock Purchase Plan, and 750,000 shares under the Key Leadership Deferred Income Stock Purchase Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by Item 13 is incorporated herein by reference to the section labeled "Other Compensatory Agreements" which appears in the Company's 2004 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is incorporated herein by reference to the section labeled "Disclosure of Fees Paid to Independent Auditors" which appears in the Company's 2004 Proxy Statement.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) DOCUMENTS FILED AS PART OF THIS REPORT

(1) Financial Statements:

- Independent Auditors' Report for the years ended December 31, 2003 and 2002

- Report of Independent Public Accountants for the year ended December 31, 2001

- Consolidated Balance Sheets as of December 31, 2003 and 2002

- Consolidated Statements of Operations for the Years Ended December 31, 2003, 2002 and 2001

- Consolidated Statements of Stockholders' Investment for the Years Ended December 31, 2003, 2002 and 2001

- Consolidated Statements of Cash Flows for the Years Ended December 31, 2003, 2002 and 2001

- Notes to Consolidated Financial Statements

(2) Financial Statement Schedules:

- Independent Auditors' Report for the years ended December 31, 2003 and 2002

- Report of Independent Public Accountants for the year ended December 31, 2001

- Financial Statement Schedule I -- Condensed Financial Information of Registrant

- Financial Statement Schedule II -- Valuation and Qualifying Accounts of Registrant

- Financial Statement Schedule III -- Separate Financial Statements of Significant Equity Method Investee

(3) Exhibits: See "Exhibit Index" beginning on page 94.

(B) REPORTS ON FORM 8-K

(1) During the fourth quarter of 2003, the Company furnished the following Form 8-K Current Reports to the Securities and Exchange Commission:

- The Company's Current Report on Form 8-K, dated October 15, 2003 (Commission File No. 1-12733), under Item 9.

- The Company's Current Report on Form 8-K, dated October 21, 2003 (Commission File No. 1-12733), under Item 9.

- The Company's Current Report on Form 8-K, dated October 23, 2003 (Commission File No. 1-12733), under Item 12.

- The Company's Current Report on Form 8-K, dated December 5, 2005 (Commission File No. 1-12733), under Item 5.

- The Company's Current Report on Form 8-K, dated December 12, 2003 (Commission File No. 1-12733), under Item 5.

- The Company's Current Report on Form 8-K, dated December 18, 2003 (Commission File No. 1-12733), under Item 5.

TOWER AUTOMOTIVE, INC.

EXHIBIT INDEX TO ANNUAL REPORT
ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

EXHIBIT		PAGE NUMBER IN SEQUENTIAL NUMBERING OF ALL FORM 10-K AND EXHIBIT PAGES
3.1	Amended and Restated Certificate of Incorporation of the Registrant, as amended by the Certificate of Amendment to Certificate of Incorporated, dated June 2, 1997, incorporated by reference to the Registrant's Form S-3 Registration Statement (Registration No. 333-38827), filed under the Securities Act of 1933 (the "S-3")	*
3.2	Amended and Restated Bylaws of the Registrant, incorporated by reference to Exhibit 3.2 of the Company's Form S-1 Registration Statement (Registration No. 333-80320) (the "S-1").	*
4.1	Form of Common Stock Certificate, incorporated by reference to Exhibit 4.1 of the S-1.	*
4.2	Euro Indenture, dated July 25, 2000, by and among R.J. Tower Corporation, certain of its affiliates and United States Trust Company of New York, as trustee (including the form of notes), incorporated by reference to Exhibit 4.1 of the Registrant's Form S-4 Registration Statement (Registration No. 333-45528), as filed with the SEC on December 21, 2000 (the "S-4").	*
4.3	Exchange and Registration Rights Agreement, dated July 25, 2000, by and among R.J. Tower Corporation, certain of its affiliates and Chase Manhattan International Limited, Bank of America International Limited, ABN AMRO Incorporated, Donaldson, Lufkin & Jennrette International, First Chicago Limited and Scotia Capital (USA) Inc. (collectively, the"Initial Purchasers"), incorporated by reference to Exhibit 4.2 of the S-4.	*
4.4	Deposit Agreement, dated July 25, 2000, among R.J. Tower Corporation, Deutsche Bank Luxembourg S.A., and the Trustee, incorporated by reference to Exhibit 4.3 of the S-4.	*
4.5	Indenture, dated as of July 28, 1997, by and between the Registrant and Bank of New York, as trustee (including form of 5% Convertible Subordinated Note due 2004) incorporated by reference to Exhibit 4.5 of the S-3.	*
4.6	Indenture, dated June 13, 2003, among Registrant, certain subsidiaries and BNY Midwest Trust Company, as trustee, incorporated by reference to Exhibit 4.1 to the Registrant's Form S-4 Registration Statement (Registration No. 333-107232), filed under the Securities Act of 1933 (the "2003 S-4").	*
4.7	Registration Rights Agreement, dated June 13, 2003, by and among the Registrant, certain of its subsidiaries, and J.P. Morgan Securities Inc., for itself and on behalf of other Initial Purchases, incorporated by reference to Exhibit 4.2 of the 2003 S-4.	*
10.1**	1994 Key Employee Stock Option Plan, incorporated by reference to the S-1.	*
10.2**	Tower Automotive, Inc. Independent Director Stock Option Plan, incorporated by reference to Exhibit 4.3 of the Registrant's Form S-8 dated December 5, 1996, filed under the Securities Act of 1933.	*
10.3	Joint Venture Agreement by and among Promotora de Empresas	

	Zano, S.A. de C.V., Metalsa, S.A. de C.V. and R.J. Tower Corporation dated as of September 26, 1997, incorporated by reference to Exhibit 2.1 of the Registrant's Form 8-K dated October 23, 1997, filed under the Securities Exchange Act of 1934.	*
10.4	Certificate of Trust of Tower Automotive Capital Trust, incorporated by reference to Exhibit 4.1 of the Registrant's 1998 Second Quarter 10-Q, filed under the Securities Exchange Act of 1934.	*
10.5	Amended and Restated Declaration of Trust of Tower Automotive Capital Trust, dated June 9, 1998, incorporated by reference to Exhibit 4.2 of the 1998 Second Quarter 10-Q, filed under the Securities Exchange Act of 1934.	*

EXHIBIT		PAGE NUMBER IN SEQUENTIAL NUMBERING OF ALL FORM 10-K AND EXHIBIT PAGES
10.6	Junior Convertible Subordinated Indenture for the 6 3/4% Convertible Subordinated Debentures, between Registrant and the First National Bank of Chicago, as Subordinated Debt Trustee, dated as of June 9, 1998, incorporated by reference to Exhibit 4.3 of the 1998 Second Quarter 10Q.	*
10.7	Form of 6 3/4% Preferred Securities, incorporated by reference to Exhibit 4.4 of the 1998 Second Quarter 10-Q.	*
10.8	Form of 6 3/4% Junior Convertible Subordinated Debentures, incorporated by reference to Exhibit 4.5 of the 1998 Second Quarter 10Q.	*
10.9	Guarantee Agreement, dated as of June 9, 1998, between Registrant as Guarantor, and the First National Bank of Chicago, as Guarantee Trustee, incorporated by reference to Exhibit 4.6 of the 1998 Second Quarter 10-Q.	*
10.10	Amended and Restated Credit Agreement among R.J. Tower Corporation, Tower Italia, S.r.L., Bank of America National Trust and Savings Association, as agent, and the other financial institutions named therein, dated August 23, 1999, incorporated by reference to Exhibit 10.43 of the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1999, filed under the Securities Exchange Act of 1934.	*
10.11**	Tower Automotive, Inc. Long-Term Incentive Plan, incorporated by reference to Appendix A to Registrant's Proxy Statement, dated April 12, 1999.	*
10.12**	Tower Automotive, Inc. Director Deferred Stock Purchase Plan, incorporated by reference to Appendix A to Registrant's Proxy Statement, dated April 10, 2000.	*
10.13**	Tower Automotive, Inc. Key Leadership Deferred Income Stock Purchase Plan, incorporated by reference to Appendix B to Parent's Proxy Statement, dated April 12, 1999.	*
10.14**	Tower Automotive, Inc. Colleague Stock Purchase Plan, incorporated by reference to Exhibit 10.19 of the S-1.	*
10.15	Credit Agreement, dated as of July 25, 2000, among the Registrant, certain direct and indirect wholly-owned	

	subsidiaries of the Registrant and Bank of America, N.A., as administrative agent, and The Chase Manhattan Bank, as syndication agent, and the other lenders named therein, incorporated by reference to Exhibit 10.1 of the S-4.	*
10.16	Second Amendment to Credit Agreement, dated as of June 28, 2002, among R.J. Tower Corporation, Tower Automotive Europe B.V., Tower Automotive Finance B.V., the parties named as Guarantors, the financial institutions from time to time party to that Agreement, Bank of America, N.A., as administrative agent, JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), as syndication agent, and The Bank of Nova Scotia, Comerica Bank, U.S. Bank National Association and Bank One, Michigan, as co-agents, incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2002, filed under the Securities Exchange Act of 1934.	*
10.17	Third Amendment to Credit Agreement, dated June 10, 2003, among R.J. Tower Corporation, Tower Automotive Europe B.V., Tower Automotive Finance B.V., the parties named as Guarantors, the financial institutions from time to time party to that Agreement, Bank of America N.A., as administration agent, JP Morgan Chase Bank, as syndication agent, and the Bank of Nova Scotia, Comerica Bank, U.S. Bank National Association and Bank One N.A., as co-agents, incorporated by reference to the Registrant's Current Report on 8-K, dated June 18, 2003, filed under Securities Act of 1933.	*
12.1	Statement and Computation of Ratio of Earnings to Fixed Charges filed herewith.	
21.1	List of Subsidiaries filed herewith.	
23.1	Consent of Deloitte and Touche LLP filed herewith.	
23.2	Information Concerning Consent of Arthur Andersen LLP filed herewith.	
23.3	Consent of KPMG Cardenas Dosal, S.C. filed herewith.	

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EXHIBIT		PAGE NUMBER IN SEQUENTIAL NUMBERING OF ALL FORM 10-K AND EXHIBIT PAGES
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	

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* Incorporated by reference.

** Indicates compensatory arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TOWER AUTOMOTIVE, INC.

By /s/ S.A. JOHNSON

S.A. Johnson, Chairman

Date: March 5, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. Each director of the Registrant, whose signature appears below, hereby appoints Kathleen Ligocki and James A. Mallak and each of them severally, as his or her attorney-in-fact, to sign in his or her name and on his or her behalf, as director of the Registrant, and to file with the Commission any and all amendments to this Report on Form 10-K.

SIGNATURE	TITLE
/s/ S.A. JOHNSON S.A. Johnson	Chairman and Director
/s/ KATHLEEN LIGOCKI Kathleen Ligocki	Director and President and Chief Executive Officer
/s/ ANTHONY FERNANDES Anthony Fernandes	Director
/s/ JURGEN GEISSINGER Jurgen M. Geissinger	Director
/s/ ALI JENAB Ali Jenab	Director
	Director

F.J. Loughrey

/s/ JAMES R. LOZELLE James R. Lozelle	Director
/s/ GEORGIA R. NELSON Georgia R. Nelson	Director
Enrique Zambrano	Director
/s/ JAMES A. MALLAK James A. Mallak	Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
of Tower Automotive, Inc.

We have audited the consolidated financial statements of Tower Automotive, Inc. (a Delaware corporation) and Subsidiaries (the Company) as of December 31, 2003 and 2002 and for the years then ended, and have issued our report thereon dated March 4, 2004, which report expresses an unqualified opinion and includes explanatory paragraphs relating to (i) the change in its method of accounting for certain variable interest entities and the change in its method of accounting for goodwill and (ii) the application of procedures relating to certain other disclosures of financial statement amounts related to the 2001 consolidated financial statements that were audited by other auditors who have ceased operations, and for which we have expressed no opinion or other form of assurance other than with respect to such disclosures appearing in this Annual Report on Form 10-K. Our audit was made for the purpose of forming an opinion on the 2003 and 2002 consolidated financial statements taken as a whole. The consolidated financial statements and related financial statement schedules of the Company for the year ended December 31, 2001, were audited by other auditors who have ceased operations and whose report, dated January 25, 2002, expressed an unqualified opinion on those statements and schedules and included an explanatory paragraph concerning a change in accounting for derivative financial instruments as discussed in Note 2 to the consolidated financial statements.

Our audits also included the 2003 and 2002 Schedule I - Condensed Financial Information of Registrant and Schedule II - Valuation and Qualifying Accounts of Registrant (the Schedules) listed in Item 15 of this Annual Report on Form 10-K. The financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the Schedules based on our audits. In our opinion, the 2003 and 2002 Schedules, when considered in relation to the 2003 and 2002 basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Deloitte & Touche LLP

Minneapolis, Minnesota
March 4, 2004

The following report is a copy of a report previously issued by Arthur Andersen LLP ("Andersen"), which report has not been reissued by Andersen. Certain financial information for each of the two years in the period ended December 31, 2001 was not reviewed by Andersen and includes:

(ii) reclassifications to conform to our fiscal 2003 and 2002 financial statement schedule presentation and

(ii) additional disclosure to conform with new accounting pronouncements and SEC rules and regulations issued during subsequent fiscal years.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements included in the Tower Automotive, Inc. and Subsidiaries' annual report to stockholders incorporated by reference in this Form 10-K, and have issued our report thereon dated January 25, 2002.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule I - Condensed Financial Information of Registrant and Schedule II - Valuation and Qualifying Accounts of Registrant are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Minneapolis, Minnesota,
January 25, 2002

SCHEDULE I

TOWER AUTOMOTIVE, INC.
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

TOWER AUTOMOTIVE, INC. (PARENT COMPANY)
CONDENSED BALANCE SHEETS
AS OF DECEMBER 31, 2003 AND 2002

(Amounts in thousands, except share amounts)

	2003	2002
ASSETS		
Investment in consolidated subsidiaries	$ 847,598	$ 955,658
Other assets	28,812	27,144
	$ 876,410	$ 982,802
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Accrued liabilities	$ 4,166	$ 5,889
Convertible subordinated notes	199,984	199,984
Other noncurrent liabilities	--	6,103
6-3/4% convertible subordinated debentures payable to trust subsidiary	258,750	258,750
Commitments and contingencies		
Stockholders' investment:		
Preferred stock, par value $1; 5,000,000 shares authorized; no shares issued or outstanding	--	--
Common stock, par value $.01; 200,000,000 shares authorized; 66,133,731 issued and 57,341,805 outstanding in 2003; 56,050,855 and 48,077,142 shares issued and outstanding in 2002	661	659
Additional paid-in capital	680,608	683,072
Retained deficit	(181,849)	(57,174)
Deferred compensation plans	(9,609)	(10,746)
Accumulated other comprehensive loss	(22,751)	(43,875)
Treasury stock, at cost: 8,791,926 shares in 2003 and 9,827,800 shares in 2002	(53,550)	(59,860)
Total stockholders' investment	413,510	512,076
	$ 876,410	$ 982,802

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

SCHEDULE I

TOWER AUTOMOTIVE, INC.
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

TOWER AUTOMOTIVE, INC. (PARENT COMPANY)
CONDENSED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

(in thousands)

	2003	2002	
Interest expense	$ 28,768	$ 28,768	$
Interest income	--	--	

Loss before income taxes and equity in earnings of consolidated subsidiaries	(28,768)	(28,768)	
Income tax benefit	9,780	10,068	
Equity in earnings of consolidated subsidiaries	(105,687)	(78,906)	
Net loss	$ (124,675)	$ (97,606)	$

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

SCHEDULE I

TOWER AUTOMOTIVE, INC.
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

TOWER AUTOMOTIVE, INC. (PARENT COMPANY)
CONDENSED STATEMENTS OF STOCKHOLDERS' INVESTMENT
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

	COMMON STOCK		ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS (DEFICIT)	DEFERRED COMPENSATION PLANS
	SHARES	AMOUNT			
	(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)				
BALANCE, DECEMBER 31, 2000.........	47,584,391	$476	$450,455	$ 307,956	$ (8,942)
Conversion of Edgewood and 5% convertible notes................	273,862	3	825	--	--
Exercise of options................	42,750	--	268	--	--
Sales of stock under Employee Stock Discount Purchase Plan.....	172,502	2	1,167	--	--
Deferred Income Stock Plan deferrals..................	--	--	1,279	--	(1,279)
Restricted stock issued in exchange for stock options.......	--	--	5,350	--	(5,350)
Private placement of common stock	3,637	--	(2,717)	--	--
Net loss..........................	--	--	--	(267,524)	--
Other comprehensive loss:					
Foreign currency translation adjustment...................	--	--	--	--	--
Transition adjustment relating to loss on qualifying cash flow hedges..................	--	--	--	--	--
Unrealized loss on qualifying cash flow hedges..............	--	--	--	--	--
Minimum pension liability........	--	--	--	--	--
Total comprehensive loss...........					

BALANCE, DECEMBER 31, 2001	48,077,142	481	456,627	40,432	(15,571)
Exercise of options	329,368	3	1,653	--	--
Sales of stock under Employee Stock Discount Purchase Plan	222,145	2	1,423	--	--
Deferred Income Stock Plan deferrals	--	--	1,387	--	(1,387)
Deferred Income Stock Plan distributions	--	--	--	--	3,781
Restricted stock grants earned and forfeited	--	--	(465)	--	2,431
Issuance of common stock	17,250,000	173	222,447	--	--
Repurchase of common stock	--	--	--	--	--
Net loss	--	--	--	(97,606)	--
Other comprehensive income (loss):					
Foreign currency translation adjustment	--	--	--	--	--
Unrealized loss on qualifying cash flow hedges	--	--	--	--	--
Minimum pension liability	--	--	--	--	--
Total comprehensive loss					
BALANCE, DECEMBER 31, 2002	65,878,655	659	683,072	(57,174)	(10,746)
Sales of stock under Employee Stock Discount Purchase Plan	252,156	2	650	--	--
Deferred Income Stock Plan deferrals	--	--	3,395	--	(3,395)
Deferred Income Stock Plan forfeitures	--	--	(199)	--	199
Deferred Income Stock Plan distributions	--	--	--	--	2,999
Deferred Income Stock Plan funding	--	--	(6,310)	--	--
Restricted stock grants earned and forfeited	--	--	--	--	1,316
Restricted stock grant distributions	2,920	--	--	--	18
Net loss	--	--	--	(124,675)	--
Other comprehensive income (loss):					
Foreign currency translation adjustment	--	--	--	--	--
Unrealized loss on qualifying cash flow hedges	--	--	--	--	--
Minimum pension liability	--	--	--	--	--
Total comprehensive loss					
BALANCE, DECEMBER 31, 2003	66,133,731	$661	$680,608	$(181,849)	$ (9,609)

	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	TREASURY STOCK		TOTAL STOCKHOLDERS' INVESTMENT
		SHARES	AMOUNT	
	(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)			
BALANCE, DECEMBER 31, 2000	$ (9,672)	(4,112,100)	$(40,178)	$ 700,095
Conversion of Edgewood and 5% convertible notes	--	--	--	828
Exercise of options	--	--	--	268
Sales of stock under Employee				

Stock Discount Purchase Plan.....	--	--	--	1,169
Deferred Income Stock Plan deferrals..................	--	479,337	--	--
Restricted stock issued in exchange for stock options.......	--	--	--	--
Private placement of common stock	--	3,632,763	40,178	37,461
Net loss..........................	--	--	--	
Other comprehensive loss:				
Foreign currency translation adjustment...................	(2,115)	--	--	
Transition adjustment relating to loss on qualifying cash flow hedges..................	(4,200)	--	--	
Unrealized loss on qualifying cash flow hedges.............	(4,102)	--	--	
Minimum pension liability........	(14,472)	--	--	
Total comprehensive loss...........				(292,413)
	--------	----------	--------	---------
BALANCE, DECEMBER 31, 2001.........	(34,561)	--	--	447,408
Exercise of options................	--	--	--	1,656
Sales of stock under Employee Stock Discount Purchase Plan.......	--	--	--	1,425
Deferred Income Stock Plan deferrals.......................	--	--	--	--
Deferred Income Stock Plan distributions...................	--	--	--	3,781
Restricted stock grants earned and forfeited...................	--	--	--	1,966
Issuance of common stock...........	--	--	--	222,620
Repurchase of common stock.........	--	(9,827,800)	(59,860)	(59,860)
Net loss..........................	--	--	--	
Other comprehensive income (loss):				
Foreign currency translation adjustment...................	19,915	--	--	
Unrealized loss on qualifying cash flow hedges.............	(4,521)	--	--	
Minimum pension liability........	(24,708)	--	--	
Total comprehensive loss...........				(106,920)
	--------	----------	-------	---------
BALANCE, DECEMBER 31, 2002.........	(43,875)	(9,827,800)	(59,860)	512,076
Sales of stock under Employee Stock Discount Purchase Plan.......	--	--	--	652
Deferred Income Stock Plan deferrals.......................	--	--	--	--
Deferred Income Stock Plan forfeitures.....................	--	--	--	--
Deferred Income Stock Plan distributions...................	--	--	--	2,999
Deferred Income Stock Plan funding.........................	--	1,035,874	6,310	--
Restricted stock grants earned and forfeited.......................	--	--	--	1,316
Restricted stock grant distributions...................	--	--	--	18
Net loss........................	--	--	--	
Other comprehensive income (loss):				
Foreign currency translation adjustment...................	28,609	--	--	
Unrealized loss on qualifying cash flow hedges.............	4,586	--	--	
Minimum pension liability........	(12,071)	--	--	
Total comprehensive loss...........				(103,551)

BALANCE, DECEMBER 31, 2003.........	$(22,751)	(8,791,926)	$(53,550)	$ 413,510

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

SCHEDULE I

TOWER AUTOMOTIVE, INC.
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

TOWER AUTOMOTIVE, INC. (PARENT COMPANY)
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

(Amounts in thousands)

	2003
Operating Activities:	
Net loss	$ (124,675)
Equity in earnings of consolidated subsidiaries	105,687
Changes in working capital and other operating items	(10,796)
Net cash used in operating activities	(29,784)
Investing Activities:	
Dividends received from consolidated subsidiaries	27,466
Additional investment in consolidated subsidiaries	1,648
Net cash provided by (used in) investing activities	29,114
Financing Activities:	
Net proceeds from issuance of common stock	670
Payments for repurchase of common shares	--
Net cash provided by financing activities	670
Net change in cash and cash equivalents	--
Cash and cash equivalents:	
Beginning of period	--
End of period	$ --
Supplemental Cash Flow Information:	
Cash paid for -	
Interest	$ 27,466
Income taxes	$ --

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

SCHEDULE I

TOWER AUTOMOTIVE, INC.
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

TOWER AUTOMOTIVE, INC. (PARENT COMPANY)
NOTES TO CONDENSED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND OPERATIONS

Tower Automotive, Inc. (the "Parent Company") and its consolidated subsidiaries (the "Subsidiaries"), collectively "the Company", produces a broad range of assemblies and modules for vehicle frames, upper body structures and suspension systems for the global automotive industry. Including both wholly-owned subsidiaries and investments in joint ventures, the Company has facilities in the United States, Canada, Italy, Germany, Belgium, Poland, France, Spain, Brazil, India, Slovakia, Korea, Japan, China, and Mexico.

The Notes to Consolidated Financial Statements of Tower Automotive, Inc. and Subsidiaries should be read in conjunction with this Schedule I.

NOTE 2. CONVERTIBLE SUBORDINATED NOTES

In July 1997, the Parent Company completed the offering of $200 million of Convertible Subordinated Notes (the "Notes"). The net proceeds from the Notes, $194.1 million, were contributed as an additional investment in the Subsidiaries. The Notes bear interest at 5 percent, are unsecured, are due on August 1, 2004 and are convertible into Common Stock of the Parent Company at a conversion price of $25.88 per share. The Parent Company may make optional redemptions of the Notes after August 1, 2000 at amounts ranging from 102.857 percent to 100.714 percent of face value. In the event of a change in control (as defined), the holders of the Notes may require the Parent Company to redeem the Notes at face value plus accrued interest.

NOTE 3. CONVERTIBLE SUBORDINATED DEBENTURES

On June 9, 1998, Tower Automotive Capital Trust (the "Preferred Issuer"), a wholly owned statutory business trust of the Parent Company, completed the offering of $258.8 million of its 6-3/4 percent Trust Convertible Preferred Securities ("Preferred Securities"), resulting in net proceeds of approximately $249.7 million. The Preferred Securities are redeemable, in whole or in part, on or after June 30, 2001 and all Preferred Securities must be redeemed no later than June 30, 2018. The Preferred Securities are convertible, at the option of the holder, into Common Stock of the Parent Company at a rate of 1.6280 shares of Common Stock for each Preferred Security, which is equivalent to a conversion price of $30.713 per share. The obligations of the Preferred Issuer under the Preferred Securities are fully and unconditionally guaranteed by the Parent Company. Concurrently with the issuance of the Preferred Securities, the Preferred Issuer acquired $258.8 million of the Parent Company's 6-3/4 percent

Convertible Subordinated Debentures ("Debentures") for net proceeds of $249.7 million. Interest is payable quarterly and the notes mature on June 30, 2018. The net proceeds received from the issuance of the Debentures by the Parent Company were contributed as an additional investment in the Subsidiaries.

NOTE 4. INVESTMENT IN J.L. FRENCH

On October 14, 1999, the Company loaned $30.0 million to J.L. French Automotive Castings, Inc. ("J.L. French") in exchange for a convertible subordinated promissory note due October 14, 2009 that bears interest at 7.5 percent. The Company can convert, at its option, any portion of the outstanding principal of the note into Class A Common Stock of J.L. French at a preset agreed upon conversion price. On November 30, 2000, the Company exercised its option to convert the note into 7,124 shares of Class A "1" Common Stock of J. L. French, which has a 7.5 percent pay-in-kind dividend right. Additionally, on November 30, 2000, the Company invested $2.9 million in J. L. French through the purchase of Class P Common Stock, which has an 8 percent pay-in-kind dividend right. On May 24, 2000, the Company invested $11.0 million in J. L. French through the purchase of Class A Common Stock. During the fourth quarter of 2001, the Company evaluated its investment in J.L. French and determined that the investment has been impaired, and therefore, recorded a charge of $46.3 million to write off the entire investment in J.L. French. J.L. French's capital structure was reorganized in December 2002. The Company elected not to participate in a new class of stock

SCHEDULE I

TOWER AUTOMOTIVE, INC.
CONDENSED FINANCIAL INFORMATION OF REGISTRANT

that now controls J.L. French and as a result, the Company effectively no longer has a substantive ownership interest in J.L. French.

NOTE 5. GUARANTEES AND RESTRICTIONS

Guarantee of Subsidiaries' Debt

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

In June 2003, the Company completed an amendment to its senior credit facility (the "Credit Agreement") to reduce the borrowing capacity of the facility and provide for amended financial covenants in order to enhance overall liquidity. The amendment reduced the former $725 million facility to a $600 million facility. The term portion of the facility increased from $125 million to $240 million, and the revolver portion decreased from $600 million to $325 million. The Company had previously amended, in June 2002, its prior credit agreement, which voluntarily reduced its borrowing facility from $1.15 billion to $725 million. The amount available to borrow under the revolver portion of the credit facility is restricted by $44 million of permanent letters of credit, and is

also restricted by $200 million to provide flexibility for the Company to redeem its $200 million convertible subordinated notes (due August 1, 2004), in the event it elects to do so without refinancing the convertible notes in another manner. The Credit Agreement also includes a multi-currency borrowing feature that allows the Company to borrow up to $316 million in certain freely tradable offshore currencies, and letter of credit sublimits of $250 million. The Parent Company provided a guarantee for this debt. As of December 31, 2003, there were no revolver borrowings outstanding. Interest on the Credit Agreement is at the financial institutions' reference rate, LIBOR, or the Eurodollar rate plus a margin ranging from 100 to 325 basis points depending on the ratio of the consolidated funded debt for restricted subsidiaries of the Company to its total EBITDA. The weighted average interest rate for such borrowings was 7.3 percent and 6.4 percent for the years ended December 31, 2003 and 2002, respectively. The Credit Agreement has a final maturity of 2006.

As a result of the permanent reduction of borrowing capacity under the June 2003 and June 2002 amendments, the Subsidiaries recorded $0.4 million and $2.0 million non-cash charges in 2003 and 2002, respectively for the write-off of deferred financing costs associated with the credit facility.

In July 2000, R. J. Tower (the "Issuer"), a wholly-owned subsidiary of the Parent Company, issued Euro-denominated senior unsecured notes in the amount of E150 million ($188.6 million at December 31, 2003). The notes bear interest at a rate of 9.25 percent, payable semi-annually. The notes rank equally with all of the Company's other unsecured and unsubordinated debt. The notes mature on August 1, 2010.

Restrictions on Subsidiaries to Make Distributions to the Parent Company

Under the terms of the $600 million senior unsecured credit agreement described above, the Subsidiaries are restricted in their ability to dividend, loan or otherwise distribute assets, properties, cash, rights, obligations or securities to the Parent Company. These restrictions are subject to a number of exceptions, including, but not limited to, the ability of the Subsidiaries to: (i) purchase shares of the capital stock of the Parent and declare or pay cash dividends to the Parent

Company in an aggregate amount equal to $125 million (provided that no default or event of default exists under the credit agreement after giving effect to such action and provided further that no cash dividends are to be declared or paid prior to June 30, 2005); (ii) declare and pay dividends to the Parent Company to be used to pay taxes and other expenses (not relating to interest, bank fees or other payments on indebtedness) of the Parent Company and the Subsidiaries on a consolidated basis; (iii) declare and pay dividends to the Parent Company to enable the Parent Company to make regularly scheduled interest payments or the payment of principal at maturity of certain unsecured indebtedness issued by the Parent Company (including the Notes and the Debentures (see Note 3); and (iv) declare and pay dividends to the Parent to be used to pay amounts due and payable by the Parent with respect to indebtedness of joint ventures which are guaranteed by the Parent provided that such

dividends pursuant to this clause do not exceed $10 million in the aggregate. As of December 31, 2003, the Subsidiaries could have paid up to approximately $10 million to the Parent Company under the exception described in item (iv) above.

NOTE 6. SALE/REPURCHASE OF COMMON STOCK

In May 2002, the Parent Company completed an underwritten primary offering of 17.25 million shares of its common stock. The net proceeds from the offering of $222.6 million were used to repay borrowings under the Company's Credit Agreement. In August 2001, the Parent Company issued 3.6 million shares of its common stock in a private placement transaction which provided for net proceeds of $37.5 million which were used to repay outstanding indebtedness under the Company's Credit Agreement.

Under a May 2000 board of director approval amount of $100 million, the Parent Company repurchased 4.1 million shares at a total cost of $40.1 million during 2000 and 9.8 million shares at a total cost of $59.9 million during 2002.

SCHEDULE II

TOWER AUTOMOTIVE, INC.
VALUATION AND QUALIFYING ACCOUNTS OF REGISTRANT

(DOLLARS IN MILLIONS)

				RESTRUCT
DESCRIPTION	EMPLOYEE COST	FACILITY COST	LOSS CONTRACTS ESTABLISHED IN PURCHASE ACCOUNTING	RESTRUCTURING RELATED LOSS CONTRACTS
Balance, December 31, 2000	$ 3.8	$ 7.3	$ 28.7	$ 5.6
Additional Provision	--	--	--	--
Utilization	(2.7)	(2.1)	(11.7)	(4.2)
Revision of Estimate	--	--	--	(1.4)
Balance, December 31, 2001	1.1	5.2	17.0	--
Additional Provision	--	--	--	--
Utilization	(1.1)	(0.7)	(3.9)	--
Revision of Estimate	--	--	(7.0)	--
Balance, December 31, 2002	--	4.5	6.1	--
Additional Provision	--	--	--	--
Utilization	--	(0.4)	(3.0)	--
Revision of Estimate	--	(2.1)	(0.2)	--
Balance, December 31, 2003	$ --	$ 2.0	$ 2.9	$ --

SCHEDULE III

INDEPENDENT AUDITORS' REPORT

The Board of Managers
Metalsa, S. de R.L.:

We have audited the accompanying consolidated balance sheet of Metalsa, S. de R.L. and subsidiary as of December 31, 2003 and 2002, and the related consolidated statements of earnings, changes in partners' equity, and changes in financial position for the years then ended which, as described in note 2a, have been prepared on the basis of accounting principles accepted in Mexico. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and in Mexico. U.S. 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Metalsa, S. de R.L. and subsidiary as of December 31, 2003 and 2002, and the results of its operations, their changes in partners' equity and their changes in financial position for the years then ended in conformity with accounting principles generally accepted in Mexico.

The accompanying consolidated financial statements as of and for the year ended December 31, 2003 have been translated into United States dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated financial statements expressed in Mexican pesos have been translated into dollars on the basis set forth in note 2b of the notes to the consolidated financial statements.

KPMG Cardenas Dosal, S.C.

Luis A. Carrero Roman

January 23, 2004
Monterrey, N.L. Mexico

FINANCIAL STATEMENTS PREPARED UNDER ACCOUNTING PRINCIPLES ACCEPTED IN MEXICO - SEE NOTE 20

METALSA, S. DE R.L. AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2002 and 2003

(Thousands of Mexican pesos (Ps.) of constant purchasing power as of December 31, 2003 and thousands of US dollars ($))

ASSETS		2002
Current assets:		
Cash (includes cash equivalents for $102,295 in 2003 and $299,142 in 2002)	Ps.	471,566
Accounts receivable (note 7)		388,845
Inventories (note 8)		350,020
Other current assets		27,541
Total current assets		1,237,972
Goodwill, net (note 9)		112,841
Property, plant and equipment, net (note 10)		2,994,916
Deferred income tax (note 16)		-
Other non-current assets, net (notes 11)		156,275
	Ps.	4,502,004
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities:		
Current portion of long-term debt (note 12)	Ps.	322,126
Accounts payable and accrued liabilities (note 13)		495,016
Total current liabilities		817,142
Long-term debt (note 12)		1,288,509
Deferred income taxes and employees' statutory profit sharing (note 16)		357,616
Negative goodwill (note 14)		-
Accrued seniority premium		4,970
Total liabilities		2,468,237
Partners' equity (note 15):		
Social parts		18,434
Additional paid-in capital		490,656
Retained earnings		2,353,980
Result from holding non-monetary assets		(585,784)
Cumulative deferred income tax effect		(243,519)
Total partners' equity		2,033,767
Contingencies and commitments (note 19)		
	Ps.	4,502,004

See accompanying notes to consolidated financial statements.

FINANCIAL STATEMENTS PREPARED UNDER ACCOUNTING PRINCIPLES ACCEPTED IN MEXICO - SEE NOTE 20
METALSA, S. DE R.L. AND SUBSIDIARIES
Consolidated Statements of Earnings
Years ended December 31, 2001, 2002 and 2003
(Thousands of Mexican pesos (Ps.) of constant purchasing power as of December 31, 2003 and thousands of US dollars ($))

		2001	2002
		(UNAUDITED)	
Net sales (notes 6 and 7)	Ps.	3,630,697	3,706,250
Cost of sales (note 13)		2,987,941	2,876,211
Gross profit		642,756	830,039
Selling, general and administrative expenses (note 6)		223,955	258,147
Operating income		418,801	571,892
Comprehensive financial results:			
Interest expense		(136,022)	(59,716)
Interest gain		10,019	12,778
Currency exchange loss		43,979	(100,687)
Monetary position result		82,692	48,153
Comprehensive financial result, net		668	(99,472)
Earnings before other expenses, income taxes, employees' profit sharing and extraordinary item		419,469	472,420
Other expenses, net (note 2y)		(35,925)	(42,314)
Earnings before income taxes, employees' profit sharing and extraordinary item		383,544	430,106
Income taxes (note 16)			
Current		98,589	70,235
Deferred		6,677	77,252
		105,266	147,487

Employees' profit sharing (note 16)			
Current		32,906	29,152
Deferred		8,770	9,992
		41,676	39,144
Earnings before extraordinary item		236,602	243,475
Amortization of negative goodwill (note 14)		-	-
Net earnings	Ps.	236,602	243,475

See accompanying notes to consolidated financial statements.

FINANCIAL STATEMENTS PREPARED UNDER ACCOUNTING PRINCIPLES ACCEPTED IN MEXICO - SEE NOTE 20
METALSA, S. DE R.L. AND SUBSIDIARIES
Consolidated Statements of Changes in Partners' Equity Years ended December 31, 2001, 2002 and 2003
(Thousands of Mexican pesos (Ps.) of constant purchasing power as of December 31, 2003 and thousands of US dollars ($))

				RETAINED E	
		SOCIAL PARTS	ADDITIONAL PAID-IN CAPITAL	UNAPPROPRIATED	NET EARNI FOR T YEAR
Balances at December 31, 2000 (UNAUDITED)	Ps.	18,434	368,206	1,616,183	354,
Appropriation of retained earnings		--	--	354,551	(354,
Additional paid-in capital		--	122,450	--	
Dividends (note 12b)		--	--	(96,831)	
Comprehensive income		--	--	--	236,
Balances at December 31, 2001 (UNAUDITED)		18,434	490,656	1,873,903	236,
Appropriation of retained earnings		--	--	236,602	(236,

Comprehensive income		--	--	--	243,
Balances at December 31, 2002		18,434	490,656	2,110,505	243,
Appropriation of retained earnings		--	--	243,475	(243,
Dividends paid (note 15b)		--	--	(90,799)	
Cumulative effect of vacation accrual (note 3)		--	--	(6,194)	
In-kind contribution (note 15c)		--	3,209	--	
Comprehensive income		--	--	--	140,
Balances at December 31, 2003	Ps.	18,434	493,865	2,256,987	140,
Balances at December 31, 2003 (SEE NOTE 2B)	$	1,640	43,938	200,800	12,

			CUMULATIVE DEFERRED INCOME TAX EFFECT	TOTAL PARTNERS' EQUITY
Balances at December 31, 2000 (UNAUDITED)	Ps.	(512,030)	(243,519)	1,601,825
Appropriation of retained earnings		--	--	--
Additional paid-in capital		--	--	122,450
Dividends (note 12b)		--	--	(96,831)
Comprehensive income		(118,545)	--	118,057
Balances at December 31, 2001 (UNAUDITED)		(630,575)	(243,519)	1,745,501
Appropriation of retained earnings		--	--	--
Comprehensive income		44,791	--	288,266
Balances at December 31, 2002		(585,784)	(243,519)	2,033,767
Appropriation of retained earnings		--	--	--
Dividends paid (note 15b)		--	--	(90,799)
Cumulative effect of vacation accrual (note 3)		--	--	(6,194)
In-kind contribution (note 15c)		--	--	3,209

Comprehensive income		94,063	--	234,604
Balances at December 31, 2003	Ps.	(491,721)	(243,519)	2,174,587
Balances at December 31, 2003 (SEE NOTE 2B)	$	(43,747)	(21,665)	193,469

See accompanying notes to consolidated financial statements.

FINANCIAL STATEMENTS PREPARED UNDER ACCOUNTING PRINCIPLES ACCEPTED IN MEXICO - SEE NOTE 20

METALSA, S. DE R.L. AND SUBSIDIARIES

Consolidated Statements of Changes in Financial Position

Years ended December 31, 2001, 2002 and 2003

(Thousands of Mexican pesos (Ps.) of constant purchasing power as of December 31, 2003 and thousands of US dollars ($))

		2001 (UNAUDITED)	2002
Operating activities:			
Net earnings	Ps.	236,602	243,47
Plus charges (less credits) to operations not requiring (providing) resources:			
Amortization of negative goodwill		-	-
Depreciation and amortization		209,224	260,91
Impairment of fixed assets		-	35,94
Deferred income tax and employees' statutory profit sharing		(1,817)	87,68
Accrual for seniority premiums		-	1,16
Resources generated by operations		444,009	629,17
Changes in:			
Accounts receivable		9,484	110,14
Inventories		56,757	(89,92
Other current assets		9,363	(12,57
Accounts payable and accrued liabilities		251,095	(111,37
		326,699	(103,73
Resources generated by operating activities		770,708	525,44
Financing activities:			
Dividends		(96,831)	-

Additional paid-in capital		(206,321)	-
Long-term debt		122,540	106,43
Resources (used in) generated by financing activities		(180,612)	106,43
Investing activities:			
Acquisition of property, plant and equipment, net		(259,571)	(421,18
Change in other non-current assets, net		(65,675)	(35,19
Negative goodwill		18,664	-
Tax losses carry forward		-	-
Resources used in investing activities		(306,582)	(456,38
(Decreased) increase in cash and cash equivalents		283,514	175,49
Cash and cash equivalents at beginning of period		12,557	296,07
Cash and cash equivalents at end of period	Ps.	296,071	471,56

See accompanying notes to consolidated financial statements.

METALSA, S. DE R.L. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2001, 2002 and 2003

(Thousands of Mexican pesos (Ps.) of constant purchasing power as of December 31, 2003)

(1) COMPANY ACTIVITY AND SALIENT EVENTS

ACTIVITY

The Company is engaged in the manufacturing and sale of frames (chassis's), heavy truck side rails, fuel tanks, and steel stamped parts for the automotive industry, mainly to the North America Free Trade Agreement (NAFTA) market. Its partners are Promotora de Empresas Zano, S. A. de C. V. (Proeza) 60% and Tower Automotive Mexico, S. de R. L., de C.V. (Tower) 40%. The Company is structured in three Strategic Business Units (SBU) identified as follows: Heavy trucks, Upper Vehicle Structure and the Lower Vehicle Structure. The Heavy truck SBU operates two plants; one is located in Apodaca N.L., Mexico and the other in Roanoke, Virginia, USA. The Upper Vehicle Structure SBU operates in Apodaca, N.L. and San Luis Potosi, S.L.P., Mexico. The Lower Vehicle Structure operates only in Apodaca, N.L.

SALIENT EVENTS

During 2003, the following salient events took place:

1. In April, the Company and Industrial Powder Coatings de Mexico, S.A. de C.V. entered into a settlement agreement related to a litigation procedure that was outstanding at December 31, 2002. As part of this settlement agreement, the Company paid $5 million dollars. From this amount, $2.5 million were paid to acquire the painting line and the remaining was recorded as part of the other expenses.

2. The Company established or acquired various subsidiaries including: Promotow, S. de R.L. de C.V. (Promotow), Metalsa Servicios, S. de R.L. (Servicios) and Tecnicas en Procesos Aplicadas, S. de R.L. (TAP). As part of the acquisition, by an affiliated company, Ps. 65,316 were paid for TAP, whose fair value at the date of the acquisition was Ps. 444,506, of which Ps. 444,394 were tax losses and the remaining were other assets. The difference between the purchase price and the fair value was recorded as a negative goodwill. During 2003 Ps. 34,978 were amortized and recorded as an extraordinary item.

3. During 2003, Roanoke continued with its $32 million US dollar expansion program to increase its production capacity. As of December 31, 2003 the project is expected to be completed by the end of the first quarter in 2004.

4. As disclosed in note 12, the Company refinanced its long-term of debt. As a result of the refinancing, an additional line of credit, a reduction of the interest rate and an extension of the payment period were obtained. At December 31, 2003 from the $150 million dollars borrowing line, $140 million dollars have been drawn.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and practices followed by the Company in the preparation of the consolidated financial statements are described below:

A) BASIS OF PRESENTATION AND DISCLOSURE

The consolidated financial statements of the Company are prepared in accordance with Generally Accepted Accounting Principles in Mexico ("Mexican GAAP").

Mexican GAAP includes the recognition of the effects of inflation on the financial information, and are expressed in Mexican pesos of constant purchasing power, based on the National Consumer Price Index (NCPI), published by the Bank of Mexico. The indexes used for

effects of recognizing inflation were the following:

DECEMBER 31,	NCPI	% INFLATION
2003	107.098	4.10%
2002	102.858	5.30%
2001	97.6809	4.80%

For purposes of disclosure, when references is made to pesos or "Ps", it means Mexican pesos; when reference is made to dollars or $, it means currency of the United States of America ("United States"). Except when specific references are made to "U.S. dollar millions," "U.S. dollar thousands" and "number of shares", all amounts included in these notes are stated in thousands of constant Mexican pesos as of the balance sheet date.

B) CONVENIENCE TRANSLATION

The dollar amounts provided, and, unless otherwise indicated, elsewhere in the financial statements and related footnotes are translations of constant Mexican peso amounts at an exchange rate of Ps. 11.24 to U.S. $1.00, the Company's accounting exchange rate as of December 31, 2003. These translations have been prepared solely for the convenience of the reader and should not be constructed as representations that the Mexican peso amounts actually represent those dollar amounts or could be converted into dollars at the rate indicated.

C) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements includes the accounts of Metalsa, S. de R.L. and its subsidiaries Metalsa-Roanoke, Inc., Grupo Metalsa S. de R.L., Promotow, TAP and Servicios in which the Company holds a 100% interest and has control. All intercompany balances and transactions have been eliminated in consolidation. The consolidation was made based on audited financial statements of the issuing companies, which were prepared under Mexican GAAP.

D) TRANSLATION OF FOREIGN SUBSIDIARY FINANCIAL STATEMENTS

The financial statements of the foreign subsidiary are restated by the inflation of United States of America (USA) and subsequently translated into Mexican pesos by using the exchange rate at the end of the corresponding period for balance sheet and income statement. The translation effects are recorded directly in the stockholders' equity, as part of comprehensive income.

E) PRESENTATION OF PRIOR YEAR FIGURES

The restatement factor applied to the consolidated financial statements of prior periods was the NCPI.

F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include deposits in bank accounts, and other fixed interest instruments of immediate realization or, if

applicable, realizable within a three-month period. Interest and valuation gains or losses are included in the results of the period, as part of the comprehensive financial result.

METALSA, S. DE R.L. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Thousands of Mexican pesos (Ps.) of constant purchasing power as of December 31, 2003)

G) INVENTORIES AND COST OF SALES

Inventories represent raw material acquired that has not been applied to manufacturing and spare parts, and are valued at the lower of replacement cost or realization value. Replacement cost is determined through the cost of the last raw material and indirect materials acquired and the latest production cost for finished goods and in work-in process inventory. Cost of sales represents the replacement cost of the inventories at the time of the sale and is expressed in Mexican pesos of purchasing power as of the closing at the balance that date.

H) GOODWILL

Goodwill represents the excess of the foreign subsidiary acquisition cost over the book value of its net assets at the acquisition date, and it is indexed using the USA inflation rate and is translated into Mexican pesos at the year-end exchange rate. See note 9.

I) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment of national origin are updated using the NCPI. Imported assets are updated using a compound factor. This compound factor is determined by using the inflation of the machinery's country of origin and the exchange rate variation between the currency of that country and the Mexican currency.

The comprehensive financial result corresponding to assets during the construction or installation period is capitalized as part of the value of the assets.

The most significant compound factors used to update imported assets were:

	2002	2003
United States of America	1.1402	1.1174
Germany	1.3070	1.3021
Japan	1.2034	1.2031

Depreciation is calculated primarily using the straight-line method over the useful life of the assets, determined by Company's management, as disclosed in note 9. Maintenance expenses and minor repairs are recorded in operations as they are incurred.

J) OTHER NON-CURRENT ASSETS

As discussed in note 6, the major accounts included in this caption are: advance rent and a long-term receivable due from a related party. Additionally, included are direct financing cost and licenses. These balances are adjusted for inflation using factors based on the NCPI. These assets (other deferred financial costs) are amortized using the straight-line method according to their maturities.

Deferred financing costs resulting from financing activities are amortized using the interest method over the term of the related loan.

K) DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into agreements to manage certain exposures to fluctuations in interest rates and currency exchange rates. Interest-rate contracts generally involve the exchange of floating interest rates and fixed interest rate payments without the exchange of the underlying principal. Net amounts paid or received are reflected as adjustments to interest expense.

Changes in the fair value of derivative financial instruments, net of the costs and expenses or gains resulting from the assets or liabilities, are reported as part of the comprehensive financial results. Assets and liabilities arising from the derivative financial instruments are recognized on the balance sheet accounting to fair value. Premiums paid are expensed as incurred. See note 5.

L) SENIORITY PREMIUM AND SEVERANCE PAYMENT

The accumulated seniority premium benefits, to which the Mexican operations workers are entitled by the Mexican Labor Law, are recognized in the results of each period, based on actuarial calculations of the present value of this liability. The amortization of prior years service cost, which has not been recognized, is based on the estimated personnel service life. As of December 31, 2003 and 2002 the estimated service life of employees entitled of the plan benefits is approximately 5.5 and 4.85 years, respectively.

All other compensations to which personnel might be entitled are

recognized in results of the period in which they are paid. These benefits consist mainly of severance.

M) NEGATIVE GOODWILL

This represents the excess of the book value of the net assets at the acquisition date over the acquisition cost. This amount is indexed using the NCPI, and is amortized based upon the amortization of the deferred tax asset acquired, not to exceed a 5 year period. See notes 1 and 14.

N) INCOME TAX (IT), TAX ON ASSETS (TA) AND EMPLOYEE STATUTORY PROFIT SHARING (ESPS)

Income taxes are accounted for under the asset and liability method. Deferred taxes are recognized (assets and liabilities) for the future tax consequences attributable to the temporary differences between the book values of the existing assets and liabilities and their related tax bases, as well as, to the tax losses carry forward and the unused tax credits (TA). Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred taxes is recognized in the results of the period in which such changes are enacted and approved.

ESPS is calculated for the Mexican operations only. It is also required to determine the effect of deferred ESPS for those temporary differences arising from the reconciliation of the net income of the period and the taxable income for ESPS.

O) INITIAL DEFERRED INCOME TAX EFFECT

Represents the recognition of accumulated deferred income tax effects as of January 2000, the date Bulletin D-4 was adopted.

P) SOCIAL PARTS, OTHER CONTRIBUTIONS AND ACCUMULATED RESULTS RESTATEMENT

This is determined by multiplying the accumulated contributions and earnings (losses) by the NCPI, which measures the accumulated inflation from the dates the contributions, were made and the earnings (losses) were generated to the date of the most recent balance sheet. The result is intended to represent the constant values of the stockholders' investment.

Q) RESULT FROM HOLDING NON-MONETARY ASSETS

This represents the difference between the original cost of

non-monetary assets restated through specific costs and the amounts determined by application of NCPI factors, decreased by the effects of deferred taxes recorded directly in stockholders' equity, and currency translation effects.

R) COMPREHENSIVE FINANCIAL RESULT (CFR)

The CFR includes interest expense, currency exchange differences, monetary position result and the valuations effects of financial instruments. CFR is recorded in the results of the period, net of amounts capitalized (see note 10).

Transactions executed in foreign currency are recorded at the exchange rate prevailing on their execution or liquidation dates. Foreign currency assets and liabilities are converted at the exchange rate prevailing on the date of the balance sheet. The exchange differences related to assets or liabilities contracted in foreign currency are recorded in results of the period.

The monetary position result is determined by multiplying the difference between monetary assets and liabilities (define) at the beginning of each month, including deferred taxes, by the inflation rate at the end of the period. The result obtained thereby is recorded in comprehensive financial results of the period.

S) REVENUE RECOGNITION

Revenue is recognized when the risks of ownership and title are transferred to the client, which is usually when the products are delivered. The Company records sales commissions, refunds and discounts at the time the related income is recognized, which are deducted from sales or recognized as sales expense, as determined by the circumstances.

The income and costs resulting from the manufacturing of tool and die projects are recognized using the percentage-of-completion method, based mainly on the cost incurred in the contract as a proportion of the total estimated cost to be incurred. If during the project, the Company estimates that the costs incurred plus the estimated costs to be incurred will exceed total income of the project, the estimated loss is recognized in the results of operations immediately.

6

METALSA, S. DE R.L. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Thousands of Mexican pesos (Ps.) of constant purchasing power as of December 31, 2003)

T) CONCENTRATION OF BUSINESS AND CREDIT RISK

The Company had net sales to four customers representing approximately 80%, 74% and 73% of total net sales during 2001, 2002 and 2003, respectively. Accounts receivable balances of those customers as of December 31, 2002 and 2003 represent approximately

67% and 65% of total accounts receivable, respectively. The Company records reserves for losses in the collection of accounts receivable based on management analysis and estimates.

U) CONTINGENCIES

Significant obligations or losses related to contingencies are recognized when it is probable that their effects will materialize and there are reasonable bases for their estimation. If a reasonable estimate cannot be made, disclosure of the nature of the contingency is included in the notes to the consolidated financial statements. Contingent income, earnings or assets are recognized when their realization is certain.

V) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND OTHER NON-CURRENT ASSETS

The Company periodically evaluates the restated values of property, plant and equipment and other non-current assets to determine the existence of indications that such values exceed their recoverable value. The recoverable value represents the potential revenues that can reasonably be expected from the use of such assets. If it is determined that the carrying values exceed such revenues, the Company records the necessary adjustments to reduce their value. Assets held for sale are presented in the financial statements at the lower of their restated or realizable values. At December 31, 2001, 2002 and 2003 impairment charges of Ps. 7,193, Ps. 35,947 and Ps .0, respectively were recorded attributable to products whose production equipment whose utilization was reduced due to market conditions and requirements from its customers.

W) COMPREHENSIVE INCOME

Comprehensive income is presented in the consolidated statement of changes in stockholders' equity in accordance with Bulletin B-4 "Comprehensive Income". For the years ended December 31, 2001, 2002 and 2003, comprehensive income includes net earnings, the effects of inflation from holding non-monetary assets net of related deferred income taxes, and currency translation adjustments arising from the subsidiary.

X) USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in Mexico requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Y) OTHER EXPENSE

For the years ended December 31, 2002 and 2003, other expenses includes the following:

	2002	2003	2003 (SEE NOTE 2B)

IPC settlement	Ps.	-	27,321	$ 2,431
Legal expenses		16,583	8,135	723
Other		25,731	13,936	1,240
	Ps.	42,314	49,392	$ 4,394

Z) RECLASSIFICATIONS

Certain reclassifications have been made to the prior period to conform to the 2002 presentation.

(3) ACCOUNTING CHANGES

(A) LIABILITIES, ACCRUALS, CONTINGENT ASSETS AND LIABILITIES, AND COMMITMENTS-

In December 2001, the Mexican Institute of Public Accountants issued the new Bulletin C-9, "Liabilities, Accruals, Contingent Assets and Liabilities, and Commitments." New Bulletin C-9, effective for fiscal years beginning after December 31, 2002, supersedes former Bulletins C-9, "Liabilities," and C-12, "Contingencies and Commitments." New Bulletin C-9 establishes additional guidance clarifying the accounting for liabilities, accruals, and contingent assets and liabilities, and establishes new standards for the use of present value techniques to measure liabilities, and accounting for the early extinguishment of liabilities and convertible debt. Additionally, new Bulletin C-9 establishes new rules for disclosing commitments arising from current business operations.

The Company adopted this Bulletin in 2003 and, as a result, recognized a vacation accrual amounting to Ps. 9,384, which was recorded directly in the stockholders equity, net of its deferred income tax effect of Ps. 3,192. At December 31, 2003 the vacations accrual amounts to Ps. 10,027, and is included as part of the accrued liabilities.

(B) INTANGIBLE ASSETS

In January 2002, the Mexican Institute of Public Accountants issued the new Bulletin C-8, "Intangible Assets," effective for fiscal years beginning after December 31, 2002. New Bulletin C-8 supersedes former Bulletin C-8, "Intangibles," and establishes that qualifying project development costs be capitalized as intangible assets if the criteria for intangible asset recognition are met. The principal criteria are that these costs be identifiable, that there is reasonable certainty that these costs will generate future benefits

to the Company, and that the Company has control over such benefits. Other costs, not meeting the new criteria and incurred after the effective date of new Bulletin C-8, should be expensed as incurred.

This Bulletin also requires that intangibles acquired in a business combination be accounted for at fair value at the date of the purchase and be separately reported, unless their cost cannot be reasonably determined, in which case, they should be reported as goodwill. Also, if there is no active market for these assets, they should be written-down to the excess of their book value over the purchase price or to zero. These assets are also subject to periodic impairment evaluations. Amortization of goodwill should be reported in operating expenses on the statements of income.

Based on the adoption of this Bulletin, goodwill balance is no longer amortized beginning on 2003.

(4) EXCHANGE RATE AND FOREIGN MONETARY POSITION

The amounts shown in this note are expressed in thousands of US dollars; the currency in which Metalsa, S. de R. L. denominates or carries out its foreign currency transactions.

The US dollar exchange rate as of December 31, 2002 and 2003, was Ps. 10.31 and Ps. 11.24, respectively. As of February 24, 2004, it was approximately Ps.10.94

The foreign currency assets and liabilities held as of December 31, 2002 and 2003, are as follows:

	2002	2003
Current assets	65,113	55,599
Less:		
Current liabilities	(55,082)	(41,349)
Long-term liabilities	(130,822)	(151,794)
Net liabilities	(120,791)	(137,544)

In addition, as of December 31, 2002 and 2003, the Company had the following non-monetary asset position of foreign origin, or whose value

can only be denominated in US dollars:

	2002	2003
Inventories	34,727	17,369
Machinery and equipment	193,861	173,470
Goodwill	10,520	10,520

The transactions executed outside of Mexico mainly with the United States of America, excluding the machinery and equipment imports, for the years ended December 31, 2000, 2001 and 2002 are summarized below:

	2001 (UNAUDITED)	2002
Export of merchandise	$ 44,939	202,75
Import of merchandise and spares parts	(101,586)	(90,38
Interest expense	(12,536)	(3,28
Service expense	3,892	(1,39
	$ (73,075)	(107,68

Additionally, the Company had sales within Mexican territory in US dollars but payable in Mexican currency at the exchange rate on the date of payment. These sales amounted to $187,941 in 2001, $217,343 in 2002 and $211,194 in 2003.

(5) DERIVATIVE FINANCIAL INSTRUMENTS

The Company manages its debt by using interest rate agreements to achieve an overall desired position of fixed and floating rates. As of December

31, 2002 and 2003, Metalsa had the following interest rate contracts outstanding:

- Interest rate swap contract related to Metalsa's long-term debt. The swap converts $45 million dollar notional amount from variable rates to fixed rates. For the years ended December 31, 2002 and 2003, there were losses on the contract amounting to $111 and $500 thousands dollar, respectively, which were recorded in interest expense in the accompanying statement of earnings. At December 31, 2002 a liability amounting to $1 million U.S. dollar million, was recorded.

- Interest rate cap contract also related to Metalsa's long-term debt. The $80 million dollar cap agreement entitles the Company to receive from a financial institution the amounts, if any, by which debt selected market interest rates exceed the interest rates stated in the agreements. The fair value of the interest rate cap contract was estimated using quotes from brokers and represents the cash settlement amounts if the contract had been settled at December 31, 2003.

Credit and market risk exposures are limited to the impact of fluctuations in interest rates. The net payments or receipts from interest rate swaps and caps are recorded as part of interest expense and are not material. At December 31, 2003 the fair value of the abovementioned financial instruments is immaterial.

The purpose of Metalsa's currency hedging strategy is to reduce the exposure that the Company has to changes in the Mexican peso's exchange rate. The Company enters into currency exchange forward contracts to hedge part of its anticipated working capital expenses, such as salaries and wages, in Mexican pesos. These contracts cover periods, generally not more than nine months, and are negotiated with selected banks. At December 31, 2003, the notional amount of the remaining forward contracts was $6,000 U.S. dollar thousands with a fair value of approximately (Ps. 27,050), and the related adjustment is included as part of the CFR.

The Company is exposed to credit losses in the event of default by counter parties on the above instruments, but does not anticipate such event.

(6) RELATED PARTIES

At December 31, 2002 and 2003, the balances and transactions with related parties are as follows:

(A) DUE FROM

		2002	200
Teknik, S.A. de C.V.	Ps.	2,388	
Other		280	
	Ps.	2,668	

(B) DUE TO

Promotora Empresas Zano, S.A. de C.V.	Ps.	59,400	
Tower Automotive, Inc.		11,655	
Ogihara Proeza Mexico, S.A. de C.V.		-	
Other		15,224	
	Ps.	86,279	1

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(C) RELATED PARTY TRANSACTIONS

The transactions carried out during the years ended December 31, 2001, 2002 and 2003 with related parties are as follows:

		2001 (UNAUDITED)	2002	200
Sales	Ps.	84,572	44,649	
Purchases	Ps.	230,754	98,120	1
Service and technical assistance	Ps.	135,559	159,738	
Rents paid	Ps.	105	105	

During year 2001, the Company sold equipment to a related party for approximately Ps. 138,756 (nominal value) and a long-term accounts receivable was recorded. No gain or losses arise from this transaction. At the same time, the Company leased back the equipment through an operating lease with total payments of Ps. 97,750 (nominal value). For financial statement presentation, the net balance arising from this transaction was classified as a long-term accounts receivable, and included as part of other non-current assets. The receivable and payable balances bear interest at 2% plus TIIE. The net balance at December 31, 2003 amounts to Ps. 67,432, including interest of Ps. 2,580.

At December 31, 2003 the advance rent was also included as part of the other non-current assets. This advance rent is for the following years and amounts to Ps. 67,432 as follows:

Year ending December 31:

2004	Ps.	11,712	$	11,712
2005		12,288		11,712
2006		12,288		12,288
2007		12,288		12,288
2008 and thereafter		18,856		31,144
	Ps.	67,432	$	79,144

Rental expense for the year 2002 and 2003 amounted to Ps. 5,856 and Ps. 11,712 (nominal value).

The Company has a contract with an affiliated company (Proeza) and an stockholder (Tower) whereby it agrees to pay for administrative services and technical assistance provided, respectively. The amount to be paid for these services is determined based on a percentage of sales, which are 3.6% to Proeza and 1.5% to Tower. For the years ended December 31, 2001, 2002 and 2003, total expense related to the abovementioned contracts amounted to Ps. 94,689, Ps. 107,891 and Ps.97,735, respectively.

(7) ACCOUNTS RECEIVABLE

At December 31, 2002 and 2003 accounts receivable are as follows:

		2002	2003
Trade	Ps.	238,754	351,779
Receivable from tool and die projects		104,364	73,949
Related parties (note 6)		2,668	1,117
Advances for taxes and other accounts receivable		47,295	52,413
		393,081	479,258
Less allowance for doubtful accounts		4,236	1,409
	Ps.	388,845	477,849

The revenue from tool and die projects is determined using the percentage-of-completion method (see note 2s). For the years ended December 31, 2001, 2002 and 2003, the net sales include Ps. 372,184 Ps. 541,987 and Ps.261,620 of revenue from tools and dies projects, respectively. At December 31, 2003 and 2002, the unbilled portion for

tools and die projects amounts to Ps.56,124 and Ps. 71,606, respectively.

A summary of the changes in the allowance for doubtful accounts, in Ps., for the years ended December 31, 2001, 2002 and 2003 is as follows:

DESCRIPTION		BALANCES AT BEGINNING OF PERIOD	CHARGES TO EXPENSE	WRITE-OFF
Year ended:				
December 31, 2001 (UNAUDITED)	Ps.	1,265	138	(589)
December 31, 2002	Ps.	814	4,213	(791)
December 31, 2003	Ps.	4,236	(2,827)	-

(8) INVENTORIES

At December 31, 2002 and 2003, inventories are comprised of the following:

		2002	2003
Raw material	Ps.	119,928	111,18
Work-in process		88,127	76,66
Finished goods		41,514	56,35
Spare parts and merchandise in transit		90,690	103,98
Advances to suppliers		9,761	13,64
	Ps.	350,020	361,82

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(9) GOODWILL

Goodwill arose from the acquisitions by Metalsa Roanoke, Inc. in December 2000. At the date of acquisition, $11.7 million dollars of goodwill was generated. This goodwill is included as a non-current asset and its amortization is recorded as an operating expense in the consolidated statements of earnings. In 2002, Metalsa Roanoke, Inc. paid $544 thousands dollars of additional consideration arising from the original acquisition of the business from Tower.

As part of the acquisition agreement, Roanoke was required to make an additional payment to Tower of amounting to approximately $1.9 million dollars, because exceeded based upon the operating parameters established in the acquisition agreement. This amount was recorded as part of the goodwill and the related payable was accrued and included in the due to Tower balance.

At December 31, 2002 and 2003 the goodwill balance is analyzed as follows:

		2002	2003
Goodwill	Ps.	124,960	153,86
Less:			
Accumulated amortization		12,119	11,75
	Ps.	112,841	142,11

The increase in the amortizable balance of goodwill is the result of the application of inflation accounting and the effects of currency translation.

(10) PROPERTY, PLANT AND EQUIPMENT

At December 31, 2002 and 2003 the investment in property, plant and equipment consists of:

		2002	2003		2003 (SEE NOTE
Land	Ps.	114,087	118,083	$	10,
Building		797,947	913,081		81,
Plant and equipment		3,260,673	3,898,047		346,
Transportation equipment		19,359	14,680		1,
Furniture and fixtures		97,060	109,770		9,
Computer equipment		63,011	46,717		4,
Tools and dies		17,246	24,094		2,
Construction in process		152,811	132,261		11,
		4,522,194	5,256,733		467,
Less accumulated depreciation		1,527,278	1,865,744		165,
	Ps.	2,994,916	3,390,989	$	301,

During 2002 Metalsa's management performed an evaluation of the carrying amounts of fixed assets. In the performance of this evaluation, the Company recorded a pre-tax loss of Ps. 35,947, which was recorded as an operating expense. This amount reflects the write off or write down to

fair value of certain machinery and equipment no longer utilized in operations.

Property, plant and equipment includes capitalized CFR of Ps.28,431 net of accumulated amortization, of which Ps. 23,836 was capitalized during 2002 and Ps.4,595 was capitalized in 2003.

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(11) OTHER NON-CURRENT ASSETS

At December 31, 2003 and 2002, other non-current assets are integrated as follows:

		2002	200
Software	Ps.	31,773	6
Prepaid rent (note 6)		67,432	5
Due from related parties (note 6)		35,657	3
Deferred financing cost		13,700	
Others		7,713	
	Ps.	156,275	16

(12) LONG-TERM DEBT AND BANK LOANS

At December 31, 2002 and 2003, long-term debt is as follows:

		2002	200
a) Syndicated credit contract amounting to 150 million US dollars, payable in different terms from June 2003 until June 2006.	Ps.	1,610,635	1,5
b) ECA premium credit contract to EUR 5.5 million its equivalent in US dollar.		-	
Less current installments of long-term debt		322,126	
Long-term debt, net	Ps.	1,288,509	1,6

a) During 2003 the Company and Roanoke refinanced their long-term debt. Through this refinancing they obtained a $150 million dollar Dual Tranche Syndicated Facility (the facility). The facility has two tranches, A and B. Tranche A is a $125 million dollar five-year amortizing facility and Tranche B is a $25 million dollar three-year revolving credit facility. Tranche B has an extension option for and additional year, but such extension will only be possible if 100% of Tranche B lenders approve.

Tranche A has a 24 month grace period, then semi-annual amortizations as follows: 10% in months 24, 30 and 36; 15% in months 42 and 48 and 20% in months 54 and 60. Tranche B will be paid in full at maturity (year three).

The interest rate for the Tranche A will be LIBOR plus 125 basis points (bps) for the first two years, LIBOR plus 137.5 bps for year three and four and LIBOR plus 150 bps for the fifth year. For Tranche B the interest rate will be LIBOR plus 125 bps for the first two years and LIBOR plus 150 bps for the third year.

The facility imposes certain covenants, with which at December 31, 2003 the Company was in compliance. Also, the Company and Roanoke irrevocably guarantee both tranches. At December 31, 2003, $115 million dollars from the $25 million dollars of Tranche B have been drawn.

b) Additionally, the purchase of two pieces of equipment was financed with a long-term loan for the equivalent in US Dollars of EUR 4.9 million. The loan will be paid in 14 equal installments during a 7-year period beginning during 2004 and is secured with the equipment acquired. The Company and Roanoke irrevocably guarantee this loan.

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The installments of long-term debt are as follows:

Years ending December 31:		
2005	Ps.	148,2
2006		457,2
2007		429,1
2008		589,1
	Ps.	1,623,8

For the years 2001, 2002 and 2003, the average interest rate was 3.19%, 3.48% and 2.86%, respectively.

The Company has contracted several short-term credit lines for approximately $50 million dollars. As of December 31, 2003, the Company

has not used these lines of credit.

(13) ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

At December 31, 2002 and 2003, liabilities and accruals are as follows:

		2002	2003
Trade	Ps.	244,766	294,
Accrued liabilities		163,971	211,
Related parties (note 6)		86,279	118,
	Ps.	495,016	624,

The Company made purchases from a raw material supplier that represented 42% and 35% of its total purchases made during 2003 and 2002. The balance of the accounts payable to this supplier as of December 31, 2003, and 2002 represents 7% and 6% of total accounts payable, respectively.

(14) NEGATIVE GOODWILL

At December 31, 2003 the negative goodwill balance is analyzed as follows:

Negative goodwill	Ps.	379,19
Less:		
Accumulated amortization		34,97
	Ps.	344,21

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(15) PARTNERS' EQUITY

The characteristics of stockholders equity are as follows:

(A) CAPITAL

- o Social parts represent the capital of the Company, each one representing the value of the contribution made by the respective partner. Each partner has one vote for each Mexican peso of contributed capital.

- Social parts can be divided into as many as four series. Social parts series A must be owned by individuals or groups of partners that have an affiliates relation, parent, and subsidiaries and of Mexican nationals whose by-laws have the direct and indirect exclusion clause for foreign nationals that reside in Mexico as legal residents. Series B parts can be subscribed to any person or legal entity.

- The capital of the Company amounts to Ps. 7,373 (nominal value) in Series A and B.

- The partners will have the first right of refusal to subscribe new shares of each series held by them if an increase in capital is approved.

(B) PARTNERS' EQUITY TRANSACTIONS

1. In an Ordinary Partners Meeting held on January 28, 2003, the Company's partners approved a Ps. 116,900 dividend, payable in two installments. The first installment amounting to $8 million dollars was paid on February 2003 and the remaining will be paid during the second half of the year if the Company meets financial projections for 2003. As a result of the financial projections the remaining amount of the dividend was canceled.

2. The Company received, on January 7th 2002, $11.7 million dollars of additional paid-in-capital from the commitment that Tower Automotive Mexico, S. de R.L. de C.V. had. This transaction was recorded on 2001.

3. On March 2001, a dividend for $9.3 million dollars was declared and was paid to the majority equity shareholders on January 7th 2002.

(C) RETAINED EARNINGS

The principal restrictions to retained earnings are:

1. Net earnings for the year are subject to an appropriation of 5% for the legal reserve until this reserve equals 20% of the Company's capital stock. At December 31, 2002, the legal reserve amounts to Ps. 2,897 (nominal value).

2. Earnings distributed as dividends in excess of accumulated tax earnings will be subject to payment of income taxes in accordance with the Mexican Income Tax Law. At December 31, 2003, no deferred income tax has been recognized on this excess because it is expected that dividends will be paid free of taxes.

3. During 2003, Roanoke purchased land adjacent to its existing land for $10 dollars from Botetourt County. The fair value of such land amounted to $300,000 dollars at the moment of the purchase. In accordance with Mexican GAAP, the Company properly recorded the $299,990 dollars difference as part of the additional paid-in capital in the statement of changes in stockholder's equity.

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(D) COMPREHENSIVE INCOME

For the years ended December 31, 2001, 2002 and 2003, comprehensive income is as follows:

		2001 (UNAUDITED)	2002	200
Net earnings	Ps.	236,602	243,475	14
Inflation effects of non-monetary assets		(142,401)	50,054	9
Translation effects of foreign subsidiary		(27,508)	28,442	2
Deferred income taxes net		51,364	(33,704)	(2
	Ps.	118,057	288,266	23

(16) INCOME TAX (IT) TAX ON ASSETS (TA) AND EMPLOYEES' PROFIT SHARING (ESPS)

In accordance with present tax legislation, corporations must pay either the IT or TA, whichever is greater. Both taxes recognize inflation effects, in a manner different from Mexican GAAP. ESPS is calculated in the same manner as IT but without the recognition of inflation. For the years ended December 31, 2001 and 2003, the Company was subject to IT.

On January 1, 2002 a new IT Law was enacted, which reduces the IT rate by 1% each year beginning in 2002, until it reaches 32% in 2005. As a result of these changes in the rate, the Company reduced its net deferred tax liability by approximately Ps. 27 million during 2002. The enacted tax rate for 2003 was 34%.

Under the IT Law, tax losses of a period, updated for inflation, can be carried forward to offset taxable income of the immediately following ten tax periods. The tax losses have no effect on ESPS.

TA law establishes a 1.8% tax levy on assets, indexed for inflation in the case of inventory and property, plant and equipment, after deducting certain liabilities. This same law allows the use of the net assets balance of the preceding fourth period, updated with NCPI, as the basis for the calculation of this tax, which option is currently being followed by the Company. At December 31, 2002, there is no TA available to carry forward.

Income tax expense for the years ended December 31, 2002 and 2003, was as follows:

	2001	2002	2003

		----	----	----
		(UNAUDITED)		
Current Mexican taxes	Ps.	98,589	64,523	54,7
Current US Federal and state taxes		-	5,712	4
Deferred Mexican taxes		(3,947)	50,899	(7,5
Deferred US Federal and state taxes		10,624	26,353	37,7
	Ps.	105,266	147,487	85,3

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Income tax expense attributable to income from continuing operations before IT differed from the amounts computed by applying the Mexican rates of 34% in 2003 and to pretax income from continuing operations, as a result of the following:

Computed expected tax expense	Ps.	68,22
Non-deductible expenses		13,29
Tax rate differential effects of inflation and other, net		3,78
Actual income tax expense	Ps.	85,30

As mentioned above, the deferred income taxes, for its Mexican operations, were calculated assuming a 33% tax rate for current assets and current liabilities 32%, for assets whose tax effects will be reversed after 2004. Deferred ESPS was calculated for the differences arising from the Mexican operation.

The tax rate for deferred income taxes arising from Metalsa Roanoke, Inc. was calculated using a tax rate of approximately 39%. This tax rate considers US federal and state taxes.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities, as of December 31, 2002 and 2003, are presented below:

		2002	2003
Deferred tax assets:			
Allowance for doubtful accounts	Ps.	1,440	4
Liability accruals		38,315	24,5

Tax loss carry forwards		2,189	432,5
Total deferred tax assets		41,944	457,5
Deferred tax liabilities:			
Inventories		(75,955)	(69,4
Accruals		(25,556)	(17,2
Property, plant and equipment		(235,708)	(294,7
Other non-current assets		(43,574)	(29,2
Total deferred tax liabilities		(380,793)	(410,6
Deferred tax (liability) asset, net	Ps.	(338,849)	46,8

The deferred IT roll forward for the net deferred IT asset (liability) for the years ended December 31, 2001, 2002 and 2003 is presented below:

		2001 (UNAUDITED)	2002	
Initial balance of deferred income tax	Ps.	(275,772)	(231,084)	(
Deferred IT from acquisition (note1)		-	-	
Cumulative initial effects from vacation payable		-	3,190	
Deferred IT expense		(6,676)	(77,251)	
Deferred IT in partners' equity		51,364	(33,704)	
Ending balance	Ps.	(231,084)	(338,849)	

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At December 31,2003, the tax losses carry forward are integrated as follows:

		Historical Amount	Restated Amount
1994	Ps.	40,784	157,356
1995		4,126	11,379

1996		55,547	116,911
1997		4,448	7,821
1998		44,070	67,140
2001		845,384	929,077
2003		48,773	48,773
	Ps.	1,043,132	1,338,457

The tax effects of temporary differences that give rise to significant portions of the deferred ESPS liabilities, as of December 31, 2001 and 2002 are presented below:

		2001 (UNAUDITED)	2002
Other non-current assets	Ps.	5,879	7
Accruals, net		2,895	(9
Property, plant and equipment		-	9
Inventories		-	11
Total deferred ESPS liability	Ps.	8,774	18

During years 2002 and 2003, an ESPS deferred asset was created for the foreign currency exchange loss, which can be deducted for ESPS when the Company realizes the payment.

At December 31, 2003 the Company has available approximately Ps. 150 million of foreign exchange losses arising primordially from its long-term debt that can be deducted for ESPS purposes when the Company realizes the payment

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

As of December 31, 2002 and 2003, the updated balance of the partners' equity tax accounts is as follows:

		2002	2003
Contribution capital account	Ps.	853,893	889,073
Tax earnings and profits account	Ps.	65,940	98,417

Tax reinvested earnings account	Ps.	651,994	562,053

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(17) EMPLOYEE BENEFIT PLAN

Metalsa Roanoke, Inc. has a 401(k) investment plan (the Plan) for the benefit of its employee. Employees are eligible to participate in the Plan in the quarter following their first 60 days of service. Under the Plan, employees may elect to have up to 16% of their salary, subject to Internal Revenue Service limitations, withheld on a pretax basis. The company matches 100% of employees' contributions up to 3% of their compensation, then matches 50% of employees' contributions up to an additional 2% of their compensation. The company made matching contributions of $195,059, $190,736 and $262,871 dollars for the years ended December 31, 2001, 2002 and 2003, respectively.

As an additional incentive, the Company established deferred profit sharing as a part of the Plan. Deferred profit sharing is based on the Company reaching 75% of the target operating income as defined by the Plan. To be eligible, employees must be employed on the last day of the plan year or employment terminated because of retirement age, death or disability. The employee must complete at least 1,000 hours of service during the plan year. Employees receive up to 5% of their wages excluding bonuses and are 100% vested after three years of service. If the target operating income is below 75%, there is no profit sharing in the plan year. For the years ended December 31, 2001, 2002 and 2003, the Company made profit sharing contributions of $189,952, $312,348 and $423,993 dollars, respectively.

(18) SEGMENT INFORMATION

Condensed financial information is presented below per geographical area for December 31, 2001, 2002 and 2003:

DECEMBER 31, 2001

		MEXICO	USA	ELIMINAT
Current assets	Ps.	1,001,769	88,842	(7
Goodwill		-	103,305	-
Fixed assets		2,394,760	410,245	-
Investment in subsidiary		233,528	-	(233
Other long-term assets		116,872	23,825	-
Total assets	Ps.	3,746,929	626,217	(240

Current liabilities	Ps.	578,743	33,749	(7
Long-term debt		1,152,978	350,909	-
Other long-term liabilities		270,079	8,031	-
Partners' equity		1,745,129	233,528	(233
Total liabilities and partners' equity	Ps.	3,746,929	626,217	(240
Net sales	Ps.	3,328,081	318,110	(15
Operating income	Ps.	378,041	46,538	(5
Net earnings	Ps.	236,602	17,268	(17

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DECEMBER 31, 2002

		MEXICO	USA	ELIMINAT
Current assets	Ps.	1,075,301	193,653	(30
Goodwill		-	112,841	-
Fixed assets		2,532,057	462,859	-
Investment in subsidiary		320,494	-	(320
Other long-term assets		109,648	46,627	-
Total assets	Ps.	4,037,500	815,980	(351
Current liabilities	Ps.	702,389	145,735	(30
Long-term debt		987,856	300,653	-
Other long-term liabilities		313,490	49,096	-
Partners' equity		2,033,765	320,496	(320
Total liabilities and partners' equity	Ps.	4,037,500	815,980	(351
Net sales	Ps.	3,241,322	464,928	-
Operating income	Ps.	462,756	109,136	-
Net earnings	Ps.	243,475	80,411	(80

DECEMBER 31, 2003

		MEXICO	USA	ELIMINATIONS
Current assets	Ps.	857,986	194,551	(24,950)
Goodwill		-	142,112	-
Fixed assets		2,645,883	745,106	-
Investment in subsidiary		832,615	-	(832,615)
Other long-term assets		184,441	32,297	-
Total assets	Ps.	4,520,925	1,114,066	(857,565)
Current liabilities	Ps.	537,541	116,484	(24,950)
Long-term debt		1,123,600	500,238	-
Other long-term liabilities		269,139	80,787	-
Partners' equity		2,590,645	416,557	(832,615)
Total liabilities and partners' equity	Ps.	4,520,925	1,114,066	(857,565)
Net sales	Ps.	2,998,402	537,234	(142,156)
Operating income	Ps.	314,528	82,269	(26,733)
Net earnings	Ps.	220,119	75,465	(155,043)

(19) CONTINGENCIES AND COMMITMENTS

The Company has the following contingencies and commitments:

(a) There is a contingency with respect to personnel termination costs mentioned in note 2(l). However, the Company considers that this contingency is not significant for its financial position or the results of its operations.

(b) The Company has entered into contracts with external parties for services and has a commitment to pay for these services in dollars. The amount recorded in general and administrative

expenses for the year ended December 31, 2003 in thousands of dollar, was $6,769. The minimum annual payments under these contracts based on their maturities, in thousands of dollars, are as follows: $6,845 in 2004, and $6,845 in 2005.

(c) There is an agreement with a related party to supply certain parts and accessories required by the Company. This agreement establishes that should the Company require parts and accessories of Japanese origin, they will be purchases from this related party, if the costs are similar to a cost from an unrelated party.

(d) In accordance with to the tax law in force, tax authorities have the right to review up to the five tax periods prior to the last period covered by the last income tax return filed.

(e) According to the Income Tax Law, companies carrying out operations with related parties, residing in the country or abroad, are subject to tax limitations and obligations, regarding the determination of agreed-upon prices, since they must be equivalent to those that would be used with or between independent parties in comparable operations.

In case the tax authorities review the prices and reject the determined amounts, they could demand, besides collection of corresponding tax and accessories assessments (update and late charges), fines on the determined deficiencies over the omitted contributions, which could reach up to 100% of the deficiency.

(f) Metalsa Roanoke, Inc. has certain non- cancelable operating leases that expire over the next four years. Rent expense for operating leases during 2002 and 2003 approximated $43,000 and $47,000, respectively. Future minimum lease payments under no cancelable operating leases as of December 31, 2003 are as follows (all figures in dollars):

Years ending December 31:		
2004	$	25,84
2005		25,84
2006		12,92
	$	64,60

(20) SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN MEXICAN GAAP AND U.S. GAAP

The consolidated financial statements of Metalsa, S. de R.L. and subsidiaries are prepared and presented in accordance with generally accepted accounting principles and reporting practices in Mexico ("Mexican GAAP"). Mexican GAAP varies in certain significant respects from generally accepted accounting principles in the United States ("U.S. GAAP"). Certain significant differences between Mexican GAAP and U.S. GAAP relevant to the Company are summarized below:

RECOGNITION OF THE EFFECTS OF INFLATION

MEXICO. Mexican GAAP requires that effects of inflation be recorded in the basic financial statements. All financial statements should be presented in

Pesos of purchasing power as of the latest balance sheet

METALSA, S. DE R.L. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Thousands of Mexican pesos (Ps.) of constant purchasing power as of December 31, 2003)

date. Inventories can be valued at the lower of their replacement cost or net realizable value or using the inflation index. Property, machinery and equipment is restated using the inflation rate of each country and permits the use of a specific inflation index for imported property, machinery and equipment. Prior to 1997, property, machinery and equipment were stated at replacement cost determined by independent appraisers. All other nonmonetary assets are restated using the inflation rate. Stockholders' equity is also restated using the Mexican inflation rate. The accumulated effect of holding nonmonetary assets and liabilities, included in stockholders' equity, reflects the difference between the increase in the specific values of nonmonetary assets and the increase attributable to general inflation as measured by the National Consumer Price Index ("NCPI").

Included in the results of operations is a gain or loss from monetary position that represents the inflation gain or loss resulting from having net monetary liabilities or assets, respectively.

UNITED STATES. Historical costs are maintained in the basic financial statements and no gain or loss on monetary position is recognized.

DEFERRED INCOME TAX AND EMPLOYEES' STATUTORY PROFIT SHARING (ESPS)

MEXICO. As mentioned in notes 2m and 2n, beginning in 2000, Bulletin D-4 requires the determination of deferred income tax through the asset and liability method, in a manner similar to U.S. GAAP. Nonetheless, there are certain specific differences in the application of Bulletin D-4 as compared to the calculation under SFAS 109 that give rise to differences in the reconciliation to US GAAP. These differences arise from i) the recognition of the accumulated initial balance as of January 1, 2000 which is recorded directly to stockholders' equity and, therefore, does not consider the provisions of APB Opinion 16 and the effects of deferred tax on the recognition items between Mexican and U.S. GAAP.

In addition, under Mexican GAAP deferred ESPS is calculated only for temporary differences arising from the reconciliation of the net income of the period and the taxable income for ESPS. In addition ESPS expense, both current and deferred, in considered as a separate line item equivalent to income tax.

For the other hand, under Mexican GAAP, the deferred taxes and deferred ESPS are presented in the balance sheet as long-term liabilities.

UNITED STATES. U.S. GAAP requires comprehensive interperiod tax allocation. Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes", which requires deferred income taxes to be recorded for all temporary differences using the liability method at the enacted income tax rates for the years in which such taxes will be payable or refundable. Also, depending on the functional currency determination under SFAS No. 52

"Foreign Currency Translation" the tax bases of non-monetary assets and other tax credits, can be restated using inflation.

Under U.S. GAAP deferred ESPS is calculated under the asset and liability method, at the statutory rate of 10%. Also, ESPS expense is included in the determination of operating income.

ACQUISITION OF COMPANY

UNITED STATES. In relation with the acquisition mentioned in note 1, under U.S. GAAP it will be accounted different in terms of the classification of the tax asset acquired and the income statement classification.

FOREIGN CURRENCY TRANSLATION

MEXICO. The Mexican Institute of Public Accountants issued Bulletin B-15 "Foreign Currency Transactions and Translation of Foreign Currency Financial Statements," which requires financial statements of consolidated foreign companies be restated for inflation in their functional currency based on the subsidiary country's rate of inflation and subsequently translated to Mexican pesos by using the foreign exchange rate at the balance sheet date.

UNITED STATES. U.S. GAAP requires that the differences arising from the use of an average exchange rate for the income statement and the use of an exchange rate in effect at the date of the balance sheet, to be shown as a separate component of stockholders equity. Depending on the functional currency, the translation effects are recorded in the statement of operations or directly to the stockholders equity.

SEVERANCE

MEXICO. Under Mexican GAAP, post employment benefit expenses other than pension benefits are recorded when retirement occurs. Metalsa does not provide for any severance benefits. Beginning in 1997, in accordance with Mexican GAAP (Circular 50), SFAS 112 is the supplementary accounting standard for post employment benefits.

UNITED STATES. Under U.S. GAAP post employment benefits for former or inactive employees, excluding retirement benefits, are accounted for under the provisions of SFAS 112, which requires companies to accrue the cost of certain benefits, including severance, over an employee's service life.

CAPITALIZED INTEREST

MEXICO. Under Mexican GAAP, a company is allowed, but not required, to capitalize interest on assets under construction. Mexican GAAP states that the amount of financing cost to be capitalized during the period of construction of property, machinery and equipment must be comprehensively measured in order to properly include the effects of inflation. Therefore, the amount capitalized includes (i) the interest cost of the debt incurred, plus (ii) any foreign currency exchange loss that results from the related

debt, and less (iii) the related monetary position result recognized on the debt incurred to finance the construction project.

UNITED STATES. Under U.S. GAAP, interest must be considered an additional cost of constructed assets to be capitalized in property, machinery and equipment and depreciated over the lives of the related assets. However, U.S. GAAP accounting does not permit the capitalization of the monetary position result nor the foreign currency exchange loss on the debt incurred to finance construction projects.

RELATED PARTY TRANSACTIONS

The Company entered into certain related party transactions, as disclosed in note 5, that under US GAAP, would be accounted differently as follows:

The Company executed a Sale and Leaseback transaction, and under US GAAP, no long-term receivable, payable or advance rent would have been recorded.

The Company pays a total of 5% of sales as administrative and technical services to affiliated companies and under US GAAP; those amounts would have been recorded as a reduction of sales.

DISCLOSURES TO THE FINANCIAL STATEMENTS

Disclosures to the financial statements are generally more extensive under U.S. GAAP than under Mexican GAAP.

RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2003, the FASB issued FASB Interpretation No. 46 (revised December 2003), Consolidation of Variable Interest Entities, which addresses how a business enterprise should evaluate whether it has a controlling financial interest in an entity through means other than voting rights and accordingly should consolidate the entity. FIN 46R replaces FASB Interpretation No. 46 Consolidation of Variable Interest Entities, which was issued in January 2003. The Company will be required to apply FIN 46R to variable interests in VIEs created after December 31, 2003. For variable interests in VIEs created before January 1, 2004, the Interpretation will be applied beginning on January 1, 2005. 10 For any VIEs that must be

consolidated under FIN 46R that were created on January 1, 2005. 10 For any VIEs that must be consolidated under FIN 46R that were created on January 1, 2004, the assets, liabilities and noncontrolling interests of the VIE initially would be measured at their carrying amounts, with any differences between the net amount added to the balance sheet and any previously recognized interest begin recognized as the cumulative effect of an accounting change. If determining the carrying amounts is not practicable, fair value at the date FIN 46R first applies may be used to measure the assets, liabilities, and noncontrolling interest of the VIE. The application of this interpretation is not expected to have effects on the Company's financial statements.

FASB Statements No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, was issued in May 2003. This Statement establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The Statement also includes required disclosures for financial instruments within its scope. For the Company, the Statement was effective for instruments entered into or modified after May 31, 2003 and otherwise will be effective as of January 1, 2004, except for mandatory redeemable financial instruments. For certain mandatory redeemable financial instruments, the Statement will be effective for the Company on January 1, 2005. The effective date has been deferred indefinitely for certain types of mandatory redeemable financial instruments. The Company currently does not have any financial instruments that are within the scope of this Statement.

(21) RECENTLY ISSUED ACCOUNTING STANDARD

FINANCIAL INSTRUMENTS WITH CHARACTERISTICS OF LIABILITIES, EQUITY, OR BOTH-

In May 2003, the Mexican Institute of Public Accountants issued Bulletin C-12, "Financial Instruments with Characteristics of Liabilities, Equity, or Both." Bulletin C-12, is effective for fiscal years beginning after December 31, 2003, although earlier application is permitted. Bulletin C-12 puts together regulations contained in other bulletins related to issuance of complex financial instruments, and adds regulations necessary for a comprehensive resolution of general problems. Therefore, Bulletin C-12 defines the basic differences between liabilities and equity; establishes rules for the classification and valuation of the liability and equity components of combined financial instruments, upon initial recognition; and establishes rules for disclosure of combined financial instruments. Under Bulletin C-12, financial instruments should be classified as liabilities or equity at the beginning of the year of adoption, and comparative financial information for prior years should not be restated, nor a cumulative-effect-type adjustment recognized in the year of adoption.

The Company estimates that the adoption of this Bulletin will not have a material effect on its financial position or results of operations.