UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark one)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2012

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 000-54305

COOPER-STANDARD HOLDINGS INC.

(Exact name of registrant as specified in its charter)

Delaware	**20-1945088**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

39550 Orchard Hill Place Drive

Novi, Michigan 48375

(Address of principal executive offices) (Zip Code)

Registrant s telephone number, including area code: (248) 596-5900

Securities registered pursuant to Section 12(b) of the Act: None.

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

Title of Each Class	**Name of Exchange on Which Registered**
Common Stock, par value $0.001 per share	OTC Bulletin Board

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ¨ No x

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

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

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes x No ¨

The aggregate market value of voting and non-voting common stock held by non-affiliates as of June 30, 2012 was $328,003,557.

The number of the registrant s shares of common stock, $0.001 par value per share, outstanding as of February 18, 2013 was 16,985,272 shares.

Documents Incorporated by Reference

Certain portions, as expressly described in this report, of the Registrant s Proxy Statement for the 2013 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

Item 1. Business

Cooper-Standard Holdings Inc. (together with its consolidated subsidiaries, the Company, Cooper Standard, we, our or us) is a leading manufacturer of fluid handling, body sealing, and Anti-Vibration Systems (AVS) components, systems, subsystems, and modules. Our products are primarily for use in passenger vehicles and light trucks that are manufactured by global automotive original equipment manufacturers (OEMs) and replacement markets. We conduct substantially all of our activities through our subsidiaries.

We believe that we are the largest global producer of body sealing systems, the second largest global producer of the types of fluid handling products that we manufacture and one of the largest North American producers of AVS products. We design and manufacture our products in each major region of the world through a disciplined and sustained approach to engineering and operational excellence. We operate in 69 manufacturing locations and nine design, engineering, and administrative locations in 19 countries around the world.

Approximately 78% of our sales in 2012 were to OEMs, including Ford Motor Company (Ford), General Motors Company (GM), Fiat/Chrysler, Volkswagen/Audi Group, Renault/Nissan, PSA Peugeot Citroën, Daimler, BMW, Toyota, Volvo, Jaguar/Land Rover and Honda. The remaining 22% of our 2012 sales were primarily to Tier I and Tier II automotive suppliers and non-automotive manufacturers. In 2012, our products were found in 19 of the 20 top-selling models in North America and in 19 of the 20 top-selling models in Europe. Our principal executive offices are located at 39550 Orchard Hill Place Drive, Novi, Michigan 48375, and our telephone number is (248) 596-5900. Additional information is available at our website at www.cooperstandard.com, which is not a part of this Annual Report on Form 10-K.

Corporate History and Business Developments

Cooper-Standard Holdings Inc. was established in 2004 as a Delaware corporation and began operating on December 23, 2004 when it acquired the automotive segment of Cooper Tire & Rubber Company (the 2004 Acquisition). Cooper-Standard Holdings Inc. operates the business primarily through its principal operating subsidiary, Cooper-Standard Automotive Inc. (CSA U.S.).

In February 2006, the Company acquired fluid handling systems operations in North America, Europe and China (collectively, FHS) from ITT Industries, Inc. In August 2007, we acquired certain Metzeler Automotive Profile Systems sealing systems operations in Europe (MAPS) together with a MAPS joint venture interest in China from Automotive Sealing Systems S.A. We completed a related acquisition of a MAPS joint venture interest in India (MAP India) in December 2007. In addition to these transactions, we acquired a hose manufacturing operation in Mexico from the Gates Corporation and a fuel rail manufacturing operation in Mexico from Automotive Component Holdings, LLC, in 2005 and 2007, respectively. In March 2011, we acquired USi, Inc., a supplier of coatings for plastic injection molding products, from Ikyuo Co. Ltd. of Japan. In May 2011, we established a joint venture with Fonds de Modernisation des Equipementiers Automobiles (FMEA) that combined the Company s French body sealing operations and the operations of Société des Polymères Barre-Thomas (SPBT), a French supplier of anti-vibration systems, low pressure hoses, as well as body sealing products. In the fourth quarter of 2011, we acquired the automotive sealing business of Sigit S.p.A. that we were able to integrate with our operations in Italy and Poland, and in April 2012 we acquired certain automotive thermal management technologies from EDC Automotive LLC thereby expanding our thermal management capabilities.

The Company has two operating divisions, North America and International (covering Europe, South America and Asia Pacific). This operating structure allows us to offer our full portfolio of products and support our regional and global customers with complete engineering and manufacturing expertise in all major regions of the world.

We have implemented a number of operational restructuring initiatives in recent years, including the global reorganization of our operating structure in 2009, the closure or consolidation of facilities in North America, Europe, South America, Australia and Asia, the reorganization of our French body sealing operations pursuant to our joint venture agreement with FMEA and established a centralized shared services function in Europe. For information on our restructuring initiatives, see Note 5. Restructuring to the consolidated financial statements.

Reorganization

On August 3, 2009, Cooper-Standard Holdings Inc. and each of its direct and indirect wholly-owned U.S. subsidiaries (the Debtors) filed voluntary petitions for relief under chapter 11 (Chapter 11) of title 11 of the United States Code (the Bankruptcy Code), in the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court). On August 4, 2009, our Canadian subsidiary, Cooper-Standard Automotive Canada Limited (CSA Canada) commenced proceedings seeking relief from its creditors under Canada s Companies Creditors Arrangement Act in the Ontario Superior Court of Justice (Commercial List) in Toronto, Canada (the Canadian Court). Our subsidiaries and operations outside the United States and Canada were not included in the Chapter 11 cases or the Canadian proceedings (other than CSA Canada) and continued to operate in the ordinary course of business.

On March 26, 2010, the Debtors filed with the Bankruptcy Court a Second Amended Joint Chapter 11 Plan of Reorganization (as amended and supplemented, the Plan of Reorganization). On May 12, 2010, the Bankruptcy Court entered an order confirming our Plan of Reorganization. On May 27, 2010 (the Effective Date), we consummated the reorganization and emerged from Chapter 11. For further information see Note 3. Reorganization Under Chapter 11 of the Bankruptcy Code and Fresh-Start Accounting, to the consolidated financial statements.

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 852, *Reorganizations*, we adopted fresh-start accounting upon our emergence from Chapter 11 bankruptcy proceedings and became a new entity for financial reporting purposes as of June 1, 2010. Accordingly, the consolidated financial statements for the reporting entity subsequent to emergence from Chapter 11 bankruptcy proceedings (the Successor) are not comparable to the consolidated financial statements for the reporting entity prior to emergence from Chapter 11 bankruptcy proceedings (the Predecessor). The Company, when used in reference to the period subsequent to emergence from Chapter 11 bankruptcy proceedings, refers to the Successor, and when used in reference to periods prior to emergence from Chapter 11 bankruptcy proceedings, refers to the Predecessor. For further information, see Note 3. Reorganization Under Chapter 11 of the Bankruptcy Code and Fresh-Start Accounting, to the consolidated financial statements.

Business Strategy

Support our global customers with consistent processes and quality across all regions

We seek to grow our business and optimize our cost structure to succeed in the rapidly changing global automotive industry with an emphasis on creating globally consistent processes to ensure consistent world-class quality and safety levels across our operations. Our primary areas of focus are:

Expand global footprint. We are supplementing our Western European operations with Central and Eastern European facilities to support our customers evolving footprints. In addition, we continue to expand our operations in China, India, South America and Mexico. During the fourth quarter of 2011, we acquired the automotive sealing business of Sigit S.p.A. and during 2012 we opened new facilities in Romania and Brazil.

Lean enterprise. Our lean initiatives focus on optimizing operations by eliminating waste, controlling costs, improving safety and enhancing productivity.

Global manufacturing model. Our manufacturing processes are designed to provide consistency throughout our global footprint to provide customers the same world-class quality in every region. Consistent equipment specifications and processes also enable us to interchange equipment and reduce capital needs.

Consolidating facilities to reduce cost and improve capacity utilization. Our capacity utilization efforts are designed to streamline our global operations which includes taking advantage of

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opportunities to reduce overall cost structure by consolidating and closing facilities. For example, during 2012, we announced the closure of a manufacturing facility in North America and in Europe and established a centralized shared services function in Europe. We will continue to take a disciplined approach to evaluating opportunities to improve our efficiency and cost structure.

Leverage Technology for Innovative Solutions

We will continue to utilize our technical expertise to provide customers with innovative solutions. Our engineers combine product design with a broad understanding of material characteristics for enhanced vehicle performance. We believe our reputation for successful innovation in product design and various materials is the reason our customers consult us early in their vehicle development and design process of their next generation vehicles.

Recent innovations that highlight our ability to combine materials and product design expertise can be found in the following products:

Agri-Fiber Seals. Inner belt weather strips (inner belts) constructed with naturally renewable fibers such as hemp and kenaf are now in series production. By utilizing these natural agricultural fibers, read Agri-Fiber, we are displacing petroleum-based materials which are difficult to recycle, reducing the weight of our products and increasing structural rigidity, all with cost neutral impact. This is just one of many products we have designed with a focus on environmental sustainability.

Quick Connect with Sensor. Building on our patented quick connect technology, these products provide the ability to sense the pressure or temperature of liquids or vapors at various points within fluid handling systems. This technology integrates our quick connects with an Application Specific Integrated Circuit (ASIC) and electrical connection for sensing. The design allows the sensor to be in-line (or discrete with current technologies). The integrated system results in a cost-reduced, higher reliability solution.

Emissions Systems. Multiple emissions systems are required for OEMs to meet increasingly stringent emissions requirements. Our solutions allow exhaust gases to be re-burned in the engine for more efficient combustion. Exhaust Gas Recirculation (EGR) systems consist of different EGR components, such as cooler, EGR valve, bypass valve, sensor and connecting flanges, assembled to a compact module for ease of assembly and most efficient use of space. Cooper Standard can provide customers with the current high-pressure EGR technology and with the latest low-pressure EGR technology as well as ancillary emissions systems; such as waste gate actuators to ensure compliance with these regulations.

In addition to these specific technologies, we acquired EDC Technologies in 2012. Now labeled Cooper Thermal Systems (CTS), the technologies will enhance our system capability by expanding our thermal management product portfolio.

Continued emphasis on fuel efficiency, global platforms and emerging markets

We believe that by focusing on fuel efficiency, global platforms and emerging markets, we will be able to solidify and expand our global leadership position.

Fuel efficiency. With the shift in customer preferences toward light weight, fuel efficient vehicles, we intend to target small car, hybrid and alternative powertrains and increase the content we provide to these platforms. We believe that furthering our position in the small car, hybrid and alternative powertrains markets will allow us to increase market share, create greater economies of scale and provide more opportunities to partner with customers.

Global platforms. Our global presence makes us one of the select few manufacturers in our product areas who can take advantage of the many business opportunities that are becoming available worldwide as a result of the OEMs expanding emphasis on global platforms. Nine of the top twenty vehicles on which we had the most content in the fourth quarter of 2012 were based on global platforms, which is evidence that customers look to us for support on their key global platforms.

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Emerging markets. Developing regions around the world such as China, India, Russia and Brazil will be areas of emphasis for expansion and growth as 54% of global vehicle production is expected to come from emerging markets over the next five years (*IHS Global Vehicle Production Forecast dated December 2012*).

Developing systems solutions and other value-added products

We believe that significant opportunities exist to grow by providing complete subsystems, modules and assemblies. As a leader in design, engineering and technical capabilities, we focus on improving products, developing new technologies and implementing more efficient processes in each of our product lines. Our body sealing products are visible to vehicle passengers and can enhance the vehicle s aesthetic appeal, in addition to creating a barrier to wind, precipitation, dust and noise. The shift in global customer buying patterns to more fuel efficient vehicles places an increased importance on robust thermal management systems. Thermal Management systems regulate the various powertrain heating/cooling circuits as well as control cabin temperature. With our ability to provide traditional thermal management products such as tubes and hoses and new innovative products such as electronically controlled auxiliary coolant pumps & valves, waste gate actuators and throttle valves we meet the demanding requirements of today s hybrid, electric and advanced internal combustion engines. Our AVS products are an important contributor to vehicle quality, significantly improving ride and handling. Our fluid handling modules and subsystems are designed to increase functionality and decrease costs to the OEM, which can be the deciding factor in winning new business.

Pursue acquisitions and alliances to enhance capabilities and accelerate growth

We intend to continue to selectively pursue complementary acquisitions and joint ventures to enhance our customer base, geographic penetration, scale and technology. Consolidation is an industry trend and is encouraged by the OEMs desire for fewer supplier relationships. We believe we have a strong platform for growth through acquisitions based on our past integration successes, experienced management team, global presence and operational excellence. We believe joint ventures allow us to penetrate new markets with less risk and capital investments than acquisitions. We currently operate through several successful joint ventures. Key joint ventures include; Nishikawa Rubber Company (Thailand and North America), Huayu-Cooper Standard Sealing Systems Co. ltd. (Huayu) an affiliate of Shanghai Automotive Industrial Corporation (China) and FMEA (France and Poland).

Developing business in non-automotive markets

While the passenger car and light truck market will continue to be our core market, we have established Cooper Standard Performance Products Group to focus on sales growth in adjacent markets. These markets include: Commercial Vehicle, Off-Highway, Marine and Powersports. The goal is to utilize our strength and global breadth and depth in engineering and manufacturing in all of our core product groups.

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Products

We are evaluating our product portfolios and how best to maximize customer value. We supply a diverse range of products on a global basis to a broad group of customers across a wide range of vehicles. Our principal product lines are body and chassis products and fluid handling products. For the years ended December 31, 2010, 2011, and 2012, body and chassis products accounted for 66%, 68% and 63%, respectively, of our sales, and fluid handling products accounted for 34%, 32% and 37%, respectively, of our sales. The top ten vehicle platforms we supply accounted for approximately 33% of our sales in 2010, 32% of our sales in 2011 and 34% of our sales in 2012. Our principal product lines are described below.

Product Groups	**Solutions**	**Products & Modules**	**Market Position***
BODY AND CHASSIS			
Sealing Systems	Protect vehicle interiors from weather, dust and noise intrusion for improved driving experience; provide aesthetic and functional class-A exterior surface treatment	Extruded rubber and thermoplastic body sealing assemblies and modules, exterior and interior trim	Global leader
Anti-Vibration Systems	Control and isolate noise and vibration in the vehicle to improve ride and handling	Engine (elastomeric, conventional hydraulic & multi-state), body mounts (conventional & hydraulic); dampers, isolators and springs	Top 5 globally
FLUID HANDLING			
Fuel & Brake	Control, sense and deliver fluids to fuel and brake systems	Chassis and tank lines, direct injection fuel rails, quick connects (conventional & sensing) and sensors	Top 3 globally
Emissions & Thermal Management Systems	Manage and control vapors and coolant systems to increase powertrain performance & passenger comfort and emissions systems for peak performance and decreased emissions to meet increasing regulations	Electromechanical devices; pumps, valves, throttle bodies, waste gate actuators; hose lines and connection technology, EGR cooler and modules, heat exchangers	Top 10 globally for Emissions and emerging as a leader globally for Thermal

** Market position study conducted by IRN, Inc. February, 2012*

BODY AND CHASSIS PRODUCTS

We are a leading global supplier of body sealing and AVS products. Body sealing products protect vehicle interiors from water, dust and noise intrusion. Sealing Trim products, primarily exterior, provide improved aesthetics and durability as class-A surface treatment. AVS products isolate and reduce noise and vibration to improve ride and handling. Body sealing and AVS products lead to a better driving experience for all occupants. For the years ended December 31, 2010, 2011 and 2012, we generated approximately 66%, 68% and 63%, respectively, of total sales from the sale of body and chassis products.

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Sealing Systems

Based on third party analysis, we are the leading global supplier of body sealing products to the automotive industry. We are known throughout the industry to be a leader in providing innovative design and manufacturing solutions for complex automotive designs.

Our body sealing products are generally derived from ethylene propylene diene M-class rubber, (EPDM-synthetic rubber) or thermoplastic elastomers (TPE). The typical production process involves mixing of rubber compounds, extrusion (supported with metal and woven wire carriers or unsupported), cutting, notching, forming, injection molding and assembly. Below is a description of our primary sealing products:

Product Segment	Description
Dynamic seals	Designed and used for areas of the vehicle in which a gap exists between the vehicle body and movable closures. The seals function to isolate cockpit occupants and engine components from exterior climate conditions such as wind noise and water, providing the occupants with an improved vehicle experience.
	Door seals: Sectional seal design that fits the door structure and body cabin to seal rain, dust, and noise from the occupants of vehicles.
	Body seals: Secondary seal used to provide further noise and aesthetic coverage of welt flanges on the vehicle body.
	Hood seals: Located on body flanges in the engine compartment protecting against water and dust penetration while also reducing engine and road noise in the vehicle cabin during high speed travel.
	Trunk lid and lift gate seals: Located on body flanges in the trunk or lift gate compartment offering protection against water and dust penetration.
	Lower door seals/rocker seals: Offers protection in the rocker area against water and dust penetration. Reduces road noise from entering the cabin during high speed driving.
	Sunroof seals: Creates a narrow sealing space and minimizes resistance for the sunroof.
	Dynamic Tactile Obstacle Detection Sensor/Proximity Obstacle Detection Sensor: Located in a trim panel or in a body seal, this product offers a dual mode; tactical or proximity, of controlling pinching forces for a moving panel (e.g. sliding door or lift gate).
Static seals	Designed for stationary areas of the vehicle body. The seals function to isolate cockpit occupants from exterior climate conditions such as wind noise and water for improved vehicle experience.

Belt line seal: Provides protection against water, dust and noise for driver and passenger door movable glass.

Glass run assembly: Enables the movable door glass and door to form one surface, improving glass movement and sealing the vehicle cabin from the exterior environment.

Quarter window trim/glass encapsulation: Integral pillar moldings and decorative plastic or metal corner trims seal fixed quarter side glass windows.

Static Tactile Obstacle Detection Sensor/Proximity Obstacle Detection Sensor: Located in a glass run channel or other static seal, this product offers the

customer a dual mode; tactical or proximity, of controlling pinching forces of a moving window.

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Product Segment	Description
Convertible seals	Sealing materials that combine compressibility with superior design for use on a convertible vehicle soft top weather sealing application.
Trim or Interior & Exterior systems	Provide improved aesthetics and performance to the class-A surface of the vehicle.
	Appliqués: Also referred to as greenhouse moldings, these seals act as an aesthetic covering for A, B and C pillars.
	Bright trim: Act as an up-level trim option to improve class-A aesthetics of the vehicle.

Anti-Vibration Systems

Based on third party analysis, we are one of the leading innovators of AVS products in North America and Europe. We are known for utilizing our advanced development and testing of AVS products and subsystems which provides the foundation for expansion globally.

Our AVS products include components manufactured with various types of rubber natural rubber, butyl or EPDM in combination with stamped steel, aluminum or cast iron sub-components. Additionally, we supply brackets that are manufactured from stamped steel, aluminum or cast iron as individual final products. The typical production process for a rubber and metal product involves mixing of rubber compounds, metal preparation (cleaning and primer application), injection molding of the rubber and metals, final assembly and testing as required based on specific products. Below is a description of our primary chassis products:

Product Segment	Description
Body/Cradle mounts	Enables isolation of the interior cabin from the vehicle body reducing noise, vibration and harshness.
	Hydro body mounts: A body mount filled with fluid providing spring rate and damping performance that varies according to frequency and displacement of vibration. Conventional (non-hydro) mounts provide fixed response. Hydromounts can provide a more comfortable ride in a vehicle during idling or traveling.
Powertrain mounts	Secures and isolates vehicle powertrain noise, vibration, and harshness from the uni-body or frame.
	Transmission mounts: Enables mounting of transmission to vehicle body while reducing vibration and harshness from the powertrain.
	Torque strut: Controls the fore and aft movement of transverse mounted engines within their compartment while isolating engine noise and vibration from the vehicle body.
	Hydro engine mounts: This technology applies the same principles as the above mentioned hydro body mounts specific for an engine application.

	Multi-State Engine Mounts: This new innovative technology responds up to three separate inputs from the onboard vehicle computer utilizing vacuum actuation. The Multi State Mount is designed to improve isolation and ride control for Wide Open Throttle (WOT) and Part Open Throttle (POT), as well as provide increased rigidity during highway cruising.
Suspension	Provides for needed flexibility in suspension components and eliminates noise vibration from entering the interior cabin.
	Hydrobushing: Similar benefits to hydromounts; however, these are designed to be installed in a link or control versus a bracket attached to a vehicle.
	Mass damper: Developed to counteract a specific resonance at a specific frequency to eliminate undesirable vibration.

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FLUID HANDLING PRODUCTS

We are one of the leading global integrators of fluid subsystems and components that control, sense and deliver fluids and vapors in motor vehicles. We believe we are the second largest global provider of fluid handling system products manufactured in our industry. We offer an extensive product portfolio and are positioned to serve a diverse customer base around the world. Utilizing our core competencies in thermal management, fuel and brake systems, emissions management and power management systems, we strive to create the highest value for our customers by engineering unique solutions that anticipate and exceed their needs through seamless launches, lean enterprise principles and key strategic alliances. For the years ended December 31, 2010, 2011 and 2012, we generated approximately 34%, 32% and 37%, respectively, of total sales from the sale of fluid handling products.

We support the green technology trend as our customers expand towards hybrids and alternative powertrains required to meet future fuel efficiency regulation. We provide thermal management solutions that enhance hybrid and electric vehicle powertrain cooling systems and offer bio-fuel compatible materials for alternative fuel vehicles. Our products support improved fuel economy initiatives with light weight, high performance plastic and aluminum materials that reduce weight and offer an improved value equation. We specialize in complete fuel system integration encompassing products from the fuel rail to the fuel tank lines. We support reduced emissions through the control of the flow and temperature of exhaust gas.

Our fluid handling products are principally found in four major product segments: fuel and brake; power management; emissions management; and thermal management. Below is a description of our primary fluid handling products:

Product Segment	Description	
Fuel & Brake	*Direct, control and transport fuel, brake fluid and vapors throughout the vehicle*	
	Fuel supply and return lines	Flexible brake lines
	Fuel/Vapor quick connects	Vacuum brake hoses
	Fuel/Vapor lines	Fuel Rails (Port and DI)
Power Management	*Direct, control and transmit power management fluids throughout the vehicle*	
	High pressure roof lines	Power steering pressure and return lines
	Hydraulic clutch lines	Air bag tubes
Emissions Management	*Direct, control and transmit emission vapors and fluids throughout the vehicle*	
	Fully integrated EGR modules	EGR valves
	EGR coolers and bypass coolers	Diesel Particulate Filter (DPF) lines
	EGR tube assemblies	Secondary air tubes
	Waste gate actuator	Throttle body

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Product Segment	Description	
Thermal Management	*Direct, control and transport oil, coolant, water and other fluids throughout the vehicle*	
	Engine oil cooling subsystems with over-molded connections	Transmission oil cooling subsystems
	Engine oil cooler tube and hose assemblies	Transmission oil cooler tube and hose assemblies
	Engine oil cooling quick connects	Engine oil level indicator tube assemblies
	Electro/mechanical water valves and pumps	Integrated thermostats and plastic housings
	Coolant subsystems	Bypass valves
	Radiator and heater hoses	Auxiliary oil coolers

Supplies and Raw Materials

Raw material prices have fluctuated greatly in recent years. We have implemented strategies with both our suppliers and our customers to help manage increases in raw material prices. These actions include material substitutions and leveraging global purchases. Global supply chain optimization includes using benchmarks and selective sourcing from low cost regions. We have also made process improvements to ensure the efficient use of materials through scrap reduction, as well as standardization of material specifications to maximize leverage over higher volume purchases. With some customers on certain raw materials we have implemented indexes that allow price changes as underlying material costs move.

The principal raw materials for our business include synthetic rubber, fabricated metal-based components, plastic resins and components, carbon black, process oil, carbon steel and natural rubber.

Patents and Trademarks

We believe one of our competitive advantages is our application of technological innovation to customer challenges. We hold approximately 500 patents in key product technologies, such as Daylight Opening Modules, Engineered Stretched Plastics, Low Fuel Permeation Nylon Tubing and Quick Connect Fluid Couplings, as well as core process methods, such as molding, joining, and coating. Our patents are grouped into two major categories: (1) products, which relate to specific product invention claims for products which can be produced, and (2) processes, which relate to specific manufacturing processes that are used for producing products. The vast majority of our patents fall within the products category. We consider these patents to be of value and seek to protect our rights throughout the world against infringement. While in the aggregate these patents are important to our business, we do not believe that the loss or termination of any one patent would materially affect our company. We continue to seek patent protection for our new products. Additionally, we develop significant technologies that we treat as trade secrets and choose not to disclose to the public through the patent process, but which nonetheless provide significant competitive advantages and contribute to our global leadership position in various markets.

We also have technology sharing and licensing agreements with various third parties, including Nishikawa Rubber Company, one of our joint venture partners in body sealing products. We have mutual agreements with Nishikawa Rubber Company for sales, marketing and engineering services on certain body sealing products we sell. Under those agreements, each party pays for services provided by the other and royalties on certain products for which the other party provides design or development services.

We own or have licensed several trademarks that are registered in many countries, enabling us to protect and market our products worldwide. Key trademarks include StanPro® (aftermarket trim seals), SafeSeal (obstacle detection sensors), and Stratlink (proprietary TPV polymer).

Seasonality

Historically, sales to automotive customers are lowest during the months prior to model changeovers and during assembly plant shutdowns. However, economic conditions and consumer demand may change the traditional seasonality of the industry and lower production may prevail without the impact of seasonality. Historically, model changeover periods have typically resulted in lower sales volumes during July, August and December. During these periods of lower sales volumes, profit performance is reduced but working capital often improves due to the continued collection of accounts receivable.

Competition

We believe that the principal competitive factors in our industry are price, quality, service, performance, design and engineering capabilities, innovation and timely delivery and financial stability. We believe that our capabilities in these core competencies are integral to our position as a market leader in each of our product lines. Our body and chassis products compete with Toyoda Gosei, Trelleborg/Vibracoustic, Tokai, Paulstra, Hutchinson, Henniges and Standard Profil, among others. Our fluid handling products compete with TI Automotive, Martinrea, Hutchinson, Conti-Tech, Pierburg and Gustav Wahler, along with numerous smaller companies in this competitive market.

Industry

The automotive industry is one of the world s largest and most competitive. Consumer demand for new vehicles largely determines sales and production volumes of global OEMs.

The automotive supplier industry is generally characterized by high barriers to entry, significant start-up costs and long-standing customer relationships. The criteria by which OEMs judge automotive suppliers include price, quality, service, performance, design and engineering capabilities, innovation, timely delivery and, more recently, financial stability. Over the last decade, suppliers that have been able to achieve manufacturing scale, reduce structural costs, diversify their customer base and establish a global manufacturing footprint have been successful.

The severe decline in vehicle sales and production in 2009 led to major restructuring activity in the industry, particularly in North America. GM and Chrysler reorganized through Chapter 11 bankruptcy proceedings and undertook other strategic actions, including the divestiture or discontinuance of non-core businesses and brands and the acceleration or broadening of operational and financial restructuring activities. A number of significant automotive suppliers, including us, restructured through Chapter 11 bankruptcy proceedings or through other means.

Several significant trends and developments have contributed to improvement in the automotive supplier industry. These include increased light vehicle sales of approximately 11% and light vehicle production increase of approximately 17% in North America in 2012 compared to 2011, a more positive credit environment, the continued growth of new markets in Asia, particularly China, and increased emphasis on green and other innovative technologies. These favorable trends, however, have been offset in part by recent difficulties in the European market resulting in decreased light vehicle sales of approximately 5% and light vehicle production decrease of approximately 6% in Europe in 2012 compared to 2011.

Customers

We are a leading supplier to the following manufacturers in each of our product categories and are increasing our presence with all major OEMs throughout the world. The following table shows approximate percentage of sales to our top customers for the years ended December 31, 2011 and 2012:

Customer	2011	2012
Ford	26%	25%
GM	14%	13%
Fiat/Chrysler	11%	12%
PSA Peugeot Citroën	7%	7%
Volkswagen/Porsche	7%	6%

Our other major customers include OEMs such as Renault/Nissan, Daimler, BMW and various Indian and Chinese OEMs. We also sell products to Visteon, Toyota, and through Nishikawa Standard Company (NISCO), Honda. Our business with any given customer is typically split among several contracts for different parts on a number of platforms.

Backlog

Our OEM sales are generally based upon purchase orders issued by the OEMs, with updated releases for volume adjustments, and as such we do not have a backlog of orders at any point in time. Once selected to supply products for a particular platform, we typically supply those products for the platform life, which is normally three to five years, although there is no guarantee that this will occur. In addition, when we are the incumbent supplier to a given platform, we believe we have a competitive advantage in winning the redesign or replacement platform.

Research and Development

We operate nine design, engineering, and administration facilities throughout the world and employ approximately 615 research and development personnel, some of whom reside at our customers facilities. We utilize Design for Six Sigma and other methodologies that emphasize manufacturability and quality. We are aggressively pursuing innovations which assist in resource conservation with particular attention to developing materials that are lighter weight and made of recyclable materials. Our development teams are also working closely with our customers to design and deliver thermal management solutions for cooling electric motors and batteries for new hybrids. Our highly experienced AVS engineering teams work closely with our customers to provide high value state of the art solutions. These activities are applied not only in our AVS product lines, but also in vehicle sealing (noise transmission isolation and abatement via vehicle windows and doors), fuel delivery systems (isolation of fuel injectors on fuel rails) and thermal management (noise and vibration free coolant pumps and valves). We spend significantly each year to maintain and enhance our technical centers, enabling us to quickly and effectively respond to customer demands. We spent $68.8 million, $83.9 million, and $94.2 million in 2010, 2011, and 2012, respectively, on engineering, research and development.

Joint Ventures and Strategic Alliances

Joint ventures represent an important part of our business, both operationally and strategically. We have used joint ventures to enter into new geographic markets such as China, Korea, India and Thailand, to acquire new customers and to develop new technologies. In entering new geographic markets, teaming with a local partner can reduce capital investment by leveraging pre-existing infrastructure. In addition, local partners in these markets can provide knowledge and insight into local practices and access to local suppliers of raw materials and components.

The following table shows our significant unconsolidated joint ventures that are accounted for under the equity method:

Country	Name	Ownership Percentage
China	Huayu-Cooper Standard Sealing Systems Co. Ltd.	47.5%
India	Sujan Barre Thomas AVS Private Limited	50%
Korea	Guyoung Technology Co. Ltd.	20%
Thailand	Nishikawa Tachaplalert Cooper Ltd.	20%
United States	Nishikawa Cooper LLC	40%

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Geographic Information

In 2012, we generated approximately 52% of our sales in North America, 35% in Europe, 5% in South America and 8% in Asia Pacific. Approximately 28% of our sales were generated from our United States operations and approximately 72% of our sales were generated from our operations in all other countries, including 15%, 11%, 10% and 9% generated from our Mexican, French, Canadian and German operations, respectively.

In 2011, we generated approximately 50% of our sales in North America, 38% in Europe, 5% in South America and 7% in Asia Pacific. Approximately 26% of our sales were generated from our United States operations and approximately 74% of our sales were generated from our operations in all other countries, including 13%, 11%, 10% and 10% generated from our Mexican, French, German and Canadian operations, respectively.

In 2010, we generated approximately 52% of our sales in North America, 34% in Europe, 6% in South America and 8% in Asia Pacific. Approximately 27% of our sales were generated from our United States operations and approximately 73% of our sales were generated from our operations in all other countries, including 14%, 11% and 10% generated from our Mexican, German and Canadian operations, respectively.

See Note 20. Business Segments to the consolidated financial statements for additional geographic information.

Employees

As of December 31, 2012, we had approximately 22,400 full-time and temporary employees. We maintain good relations with both our union and non-union employees and, in the past ten years, have not experienced any major work stoppages. We renegotiated some of our domestic and international union agreements in 2012 and have several contracts set to expire in the next twelve months. As of December 31, 2012, approximately 31% of our employees were represented by unions and approximately 9% of the unionized employees were located in the United States.

Environmental

We are subject to a broad range of federal, state, and local environmental and occupational safety and health laws and regulations in the United States and other countries, including regulations governing: emissions to air, discharges to water, noise and odor emissions; the generation, handling, storage, transportation, treatment, reclamation and disposal of chemicals and waste materials; the cleanup of contaminated properties; and human health and safety. We have made and will continue to make expenditures to comply with environmental requirements. While our costs to defend and settle known claims arising under environmental laws are not currently estimated to be material, such costs may be material in the future.

Market Data

Some market data and other statistical information used throughout this Annual Report on Form 10-K is based on data available from IHS Automotive, an independent market research firm. Other data is based on good faith estimates, which are derived from our review of internal surveys, as well as third party sources. Although we believe these third party sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness. To the extent that we have been unable to obtain information from third party sources, we have expressed our belief on the basis of our own internal analyses of our products and capabilities in comparison to our competitors.

Available Information

We make available free of charge on or through our Internet website (http://www.cooperstandard.com) our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, (the Exchange Act), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission (SEC).

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Executive Officers

Set forth below is certain information with respect to the current executive officers of the Company.

Name	Age	Position
Jeffrey S. Edwards	50	President and Chief Executive Officer and Director
Allen J. Campbell	55	Executive Vice President and Chief Financial Officer
Keith D. Stephenson	52	Chief Operating Officer
Song Min Lee	53	President, Asia Pacific
Juan Fernando de Miguel Posada	54	President, Europe
D. William Pumphrey, Jr.	54	President, North America
Timothy W. Hefferon	59	Vice President, General Counsel and Secretary
Helen T. Yantz	52	Vice President, Corporate Controller and Assistant Secretary

Jeffrey S. Edwards is our President and Chief Executive Officer and Director, a position he has held since October 2012. Mr. Edwards also serves on the Board of Directors of the Company. Previously, Mr. Edwards gained more than 28 years of automotive industry experience through various positions of increasing responsibility at Johnson Controls, Inc. He most recently led the Automotive Experience Asia Group, serving as Corporate Vice President, Group Vice President and General Manager from 2004 to 2012. Prior to this, he served as Group Vice President and General Manager for Automotive Experience North America from 2002 to 2004. Mr. Edwards completed an executive training program at INSEAD and earned a BS from Clarion University.

Allen J. Campbell is our Executive Vice President and Chief Financial Officer, a position he has held since March 17, 2011, previously having served as Vice President and Chief Financial Officer since the 2004 Acquisition. He was Vice President, Asian Operations of the Cooper Standard Automotive division of Cooper Tire & Rubber Company from 2003 until the 2004 Acquisition and served as Vice President, Finance of the division from 1999 to 2003. Prior to joining Cooper Tire, Mr. Campbell was with The Dow Chemical Company for 18 years and held executive finance positions for both U.S. and Canadian operations. Mr. Campbell is a certified public accountant and received his MBA in Finance from Xavier University and a Bachelor of Arts from Ball State University.

Keith D. Stephenson is our Chief Operating Officer, a position he has held since December 2010. He served as President, International from March 2009 to December 2010. He served as President, Global Body & Chassis Systems from June 2007 to March 2009. Mr. Stephenson was Chief Development Officer at Boler Company from January 2004 until October 2006. From 1985 to January 2004, he held various senior positions at Hendrickson, a division of Boler Company, including President of International Operations, Senior Vice President of Global Business Operations and President of the Truck Systems Group.

Song Min Lee is our President, Asia Pacific, a position he has held since January 2013. Previously, Mr. Lee served as Vice President and General Manager of Johnson Controls, Inc. from 2007 to 2012. From 2006 to 2007, Mr. Lee served as Vice President and President, Korea, for Autoliv, Inc. Mr. Lee served as Plant Manager for Lear Corporation from 2004 to 2006 and held various engineering positions at Ford Motor Company from 1994 to 2004. Mr. Lee completed the Advanced Management Program at Seoul National University. Mr. Lee also earned a Masters of Science in Management Technology from Rensselaer Polytechnic Institute and a Bachelor of Science in Chemistry from Washburn University.

Juan Fernando de Miguel Posada, effective March 1, 2013, will serve as our President, Europe. Mr. de Miguel served as western European chief executive officer of Avincis Emergency Services from September 2012 until joining the Company. From May 2011 to September 2012, he served as consulting president for Europe for Argo Consulting. Mr. de Miguel served as managing director of the Paper Division of SAICA in Spain from 2009 to 2011. From 2007 to 2009, he served as president of the Protective Packaging division of Pregis in Belguim. Mr. de Miguel served as senior vice president of Northern Europe for Alstom Transport in France from 2006 to 2007. Previously, Mr. de Miguel held numerous senior level positions at Johnson Controls, Inc., beginning in 1988, ultimately serving as group vice president and general manager, Electronics, Europe and International. Mr. de Miguel received an electrical engineering degree and a Master s Degree in industrial engineering from Universidad Politecnica de Barcelona, as well as an executive master s degree in business administration from the IESE Business School University of Navarra in Spain.

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D. William Pumphrey, Jr. is our President, North America, a position he has held since August 2011. Mr. Pumphrey served as President, Americas for Tower Automotive from 2008 through August 2011. From 2005 to 2008, he served as president of Tower s North America operations. From 1999 to 2004, Mr. Pumphrey held various positions at Lear Corporation in Southfield, Michigan, most recently, serving as president of the company s Asia Pacific operations. Mr. Pumphrey earned an MBA from the University of Michigan and a Bachelor of Arts from Kenyon College.

Timothy W. Hefferon is our Vice President, General Counsel and Secretary, a position he has held since 2004. Prior to joining the Company, Mr. Hefferon was with ThyssenKrupp USA Inc. from 1999 to 2004, where he served as Deputy General Counsel and with Federal-Mogul Corporation from 1994 to 1999, where he served as Associate General Counsel. He was a partner from 1985 to 1994 of Hill Lewis, a Detroit-based law firm, where he served on the executive committee. Mr. Hefferon received his law degree from the University of Michigan Law School.

Helen T. Yantz is our Vice President, Corporate Controller and Assistant Secretary, a position she has held since January 2005. Previously, Ms. Yantz held the position of Director of Accounting and Assistant Vice President from 2001 to 2005. Prior to joining the Company, Ms. Yantz was Manager of Financial Reporting at Trinity Health Systems from 2000 to 2001. Previously, Ms. Yantz held various positions in finance at CMS Generations Co., a subsidiary of CMS Energy, from 1990 to 2000, ultimately serving as the Director of Accounting. Ms. Yantz is a certified public accountant and has a BS from Arizona State University.

Forward-Looking Statements

This Annual Report on Form 10-K includes forward-looking statements within the meaning of U.S. federal securities laws, and we intend that such forward-looking statements be subject to the safe harbor created thereby. We make forward-looking statements in this Annual Report on Form 10-K and may make such statements in future filings with the SEC. We may also make forward-looking statements in our press releases or other public or stockholder communications. These forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, business trends, and other information that is not historical information and, in particular, appear under Management s Discussion and Analysis of Financial Condition and Results of Operations, Risk Factors and Business. When used in this report, the words estimates, expects, anticip projects, plans, intends, believes, forecasts, or future or conditional verbs, such as will, should, could, or may, and variations of s similar expressions are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, management s examination of historical operating trends and data are based upon our current expectations and various assumptions. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, no assurances can be made that these expectations, beliefs and projections will be achieved. Forward-looking statements are not guarantees of future performance and are subject to significant risks and uncertainties that may cause actual results or achievements to be materially different from the future results or achievements expressed or implied by the forward-looking statements.

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There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this Annual Report on Form 10-K. Important factors that could cause our actual results to differ materially from the forward-looking statements we make in this report are set forth in this Annual Report on Form 10-K, including under Item 1A. Risk Factors. Risks and uncertainties and other important factors set forth in this Annual Report on Form 10-K, including under Item 1A. Risk Factors, include, but are not limited to:

- cyclicality of the automotive industry and the possibility of further material contractions in automotive sales and production;
- our ability to generate sufficient cash to service our indebtedness and meet dividend obligations on our 7% preferred stock;
- viability of our supply base or shortage of supplies;
- escalating pricing pressures and decline of customer volume requirements;
- our ability to meet a significant increase in demand;
- our ability to compete in the highly competitive automotive parts industry;
- our significant non-U.S. operations;
- our dependence on certain major customers;
- foreign currency exchange rate fluctuations;
- effectiveness of lean manufacturing and other cost savings plans;
- labor conditions;
- our ability to meet our customers needs for new and improved products in a timely manner;
- our legal rights to our intellectual property portfolio;
- our underfunded pension plans;
- environmental, health, safety and other regulations;

- impact of product liability, warranty and recall claims and legal proceedings and other commercial disputes;
- the success of our acquisition strategy and operational results of our joint ventures;
- availability and increasing volatility in cost of raw materials;
- impact of certain natural disasters;
- the possibility of future impairment charges to our goodwill and long-lived assets; and
- global sovereign fiscal matters and creditworthiness, including potential defaults and the related impacts on economic activity, including the possible effects on credit markets, currency values, monetary union, international treaties and fiscal policies.

There may be other factors beyond the factors listed above and those set forth in this Annual Report on Form 10-K, including under Item 1A. Risk Factors, that may cause our actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this Annual Report on Form 10-K and other reports we file with the SEC, and are expressly qualified in their entirety by the cautionary statements included herein and therein. We undertake no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.

Item 1A. Risk Factors

Our business and financial condition can be impacted by a number of factors, including the risks described below and elsewhere in this Annual Report on Form 10-K. Any of these risks could cause our actual results to vary materially from recent or anticipated results and could materially and adversely affect our business, results of operations and financial condition.

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We are highly dependent on the automotive industry. A prolonged or material contraction in automotive sales and production volumes could materially adversely affect our liquidity, the viability of our supply base and the financial conditions of our customers and could have a material adverse effect on our business, results of operations and financial condition.

Automotive sales and production are highly cyclical and depend, among other things, on general economic conditions and consumer spending, vehicle demand and preferences (which can be affected by a number of factors, including fuel costs, employment levels and the availability of consumer financing). As the volume of automotive production fluctuates, the demand for our products also fluctuates. Prolonged or material contraction in automotive sales and production volume, especially in Europe and North America, which accounted for approximately 35% and 52%, respectively of our 2012 sales, could have a material adverse effect on our results of operations and liquidity. Continued overcapacity at European automotive manufacturers and stagnant or deteriorating sales in the region will impact the Company s sales in the region. In addition, when lower levels of sales and production volume are forecasted, the value of certain long-lived assets is reduced resulting in potential non-cash impairment charges that could materially affect our financial condition and results of operations.

Our supply base has also been adversely affected by the industry environment. Volatile global automotive production, turmoil in the credit markets and extreme volatility over the past several years in raw material, energy and commodity costs have resulted in financial distress within our supply base and an increase in the risk of supply disruption. In addition, several automotive suppliers filed for bankruptcy protection or have ceased operations. If a significant supplier s viability was to become impaired, it could impact the supplier s ability to perform as we expect and consequently our ability to meet our own commitments. While we have developed and implemented strategies to mitigate the negative effects of these factors, these strategies may offset only a portion of the adverse impact. The continuation or worsening of these industry conditions could adversely affect our financial condition, operating results and cash flows, thereby making it more difficult for us to make payments under our indebtedness and our 7% cumulative participating convertible preferred stock (7% preferred stock).

In addition, if our suppliers were to reduce normal trade credit terms, our liquidity could be adversely impacted. Likewise, our liquidity could be adversely impacted if our customers were to extend their normal payment terms, whether or not permitted under our contracts. If either of these situations occurs, we may need to rely on other sources of funding to bridge the additional gap between the time we pay our suppliers and the time we receive corresponding payments from our customers.

Global economic uncertainty, particularly in Europe, sovereign debt issues and over capacity at certain OEMs may adversely affect our results of operations and financial condition.

Significantly lower global production levels, particularly in Europe, overcapacity issues, economic and financial turmoil related to sovereign debt issues in certain countries, especially in Europe and tightened liquidity have combined to cause severe financial distress among many of our customers and have forced those companies to implement various forms of restructuring actions. In some cases, these actions have involved significant capacity reductions, the discontinuation of entire vehicle brands or even closure of manufacturing facilities. As a result, the Company has experienced and may continue to experience a decrease of production levels in the affected regions. Continued overcapacity and instability could adversely affect our results of operations and financial condition.

Our business could be materially adversely affected if we lost any of our largest customers or significant platforms.

While we provide parts to virtually every major global OEM for use on a multitude of different platforms, sales to our three largest customers, Ford, GM and Fiat/Chrysler, on a worldwide basis represented approximately 50% of our sales. Although business with each customer is typically split among numerous contracts, loss of a major customer, significant reduction in purchases of our products by such customer, or any discontinuance or resourcing of a significant platform (whether as a result of a decline in such customer s market share due to increased competition from successful vertical integration by other OEMs or otherwise) could have a materially adverse effect on our business, results of operations and financial condition.

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We could be adversely affected by any shortage of supplies.

In the event of a rapid increase in production demands, either we or our customers or other suppliers may experience supply shortages of raw materials or components. This could be caused by a number of factors, including a lack of production line capacity or manpower or working capital constraints. In order to manage and reduce the cost of purchased goods and services, we and others within our industry have been rationalizing and consolidating our supply base. In addition, due to the turbulence in the automotive industry, several suppliers have restructured or ceased operations. As a result, there is greater dependence on fewer sources of supply for certain components and materials, which could increase the possibility of a supply shortage of any particular component. If any of our customers experience a material supply shortage, either directly or as a result of a supply shortage at another supplier, that customer may halt or limit the purchase of our products. Similarly, if we or one of our own suppliers experience a supply shortage, we may become unable to produce the affected products if we cannot procure the components from another source. Such production interruptions could impede a ramp-up in vehicle production and could have a material adverse effect on our business, results of operations and financial condition.

Escalating pricing pressures and decline of volume requirements from our customers may adversely affect our business.

Pricing pressure in the automotive supply industry has been substantial and is likely to continue. Virtually all vehicle manufacturers seek price reductions in both the initial bidding process and during the term of the contract. Price reductions have adversely impacted our sales and profit margins and are expected to do so in the future. If we are not able to offset continued price reductions through improved operating efficiencies and reduced expenditures, those price reductions may have a material adverse effect on our results of operations. Our agreements with our customers are generally requirements contracts and a decline in volume for our customers could adversely impact our revenues and profitability.

We may be at risk of not being able to meet significant increases in demand.

If demand continues to increase significantly from what has been a historical low for production in recent years, we may have difficulty meeting such demand, particularly if such increase in demand occurs rapidly. This difficulty may include not having sufficient manpower or relying on suppliers who may not be able to respond quickly to a changed environment when demand significantly increases. Our inability to meet significant increases in demand could require us to delay delivery dates and could result in customers cancelling their orders, requesting discounts or ceasing to do business with us. In addition, as demand and volumes increase, we will need to purchase more inventory, which will increase our working capital needs. If our working capital needs exceed our cash flows from operations, we will be required to use our cash balances and available borrowings, as well as potential sources of additional capital, which may not be available on satisfactory terms and in adequate amounts, if at all, to satisfy those needs.

Increasing costs for, or reduced availability of, manufactured components and raw materials may adversely affect our profitability.

The principal raw materials we purchase include synthetic rubber, fabricated metal-based components, plastic resins and components, carbon black, process oil, carbon steel and natural rubber. Raw materials comprise the largest component of our costs, representing approximately 51% of our total cost of products in 2012. A significant increase in the price of these items could materially increase our operating costs and materially and adversely affect our profit margins because it is generally difficult to pass through these increased costs to our customers. Raw material costs remain volatile and could have an adverse impact on our profitability in the foreseeable future.

Because we purchase various types of raw materials and manufactured components, we may be materially and adversely affected by the failure of our suppliers of those materials to perform as expected. This non-performance may consist of delivery delays or failures caused by production issues or delivery of non-conforming products. The risk of non-performance may also result from the insolvency or bankruptcy of one or

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more of our suppliers. Our suppliers ability to supply products to us is also subject to a number of risks to such suppliers, including availability of raw materials, such as steel and natural rubber, destruction of their facilities or work stoppages. In addition, our failure to promptly pay, or order sufficient quantities of inventory from, our suppliers may increase the cost of products we purchase or may lead to suppliers refusing to sell products to us at all. Our efforts to protect against and to minimize these risks may not always be effective.

We consider the production capacities and financial condition of suppliers in our selection process and expect that they will meet our delivery requirements. However, there can be no assurance that strong demand, capacity limitations, shortages of raw materials or other problems will not result in any shortages or delays in the supply of components to us.

Some of our raw materials and other supplies used in our operations are not normally available from a variety of suppliers, therefore leaving our business vulnerable to increasing costs. In addition, our need to maintain a continuing supply of raw materials and components has made it difficult, in some cases, to resist price increases and surcharges imposed by our suppliers.

We could be materially adversely affected if we are unable to continue to compete successfully in the highly competitive automotive parts industry.

The automotive parts industry is highly competitive. We face numerous competitors in each of the product lines we serve. In general, there are three or more significant competitors and numerous smaller competitors for most of the products we offer. We also face increased competition for certain of our products from suppliers producing in lower-cost regions such as Asia and Eastern Europe. We may not be able to continue to compete favorably with such competitors, and increased competition in our markets may have a material adverse effect on our business.

We are subject to other risks associated with our non-U.S. operations.

We have significant manufacturing operations outside the United States, including joint ventures and other alliances. Our operations are located in 19 countries, and we export to several other countries. In 2012, approximately 72% of our sales were attributable to products manufactured outside the United States. Risks are inherent in international operations, including:

- exchange controls and currency restrictions;
- currency fluctuations and devaluations;
- changes in local economic conditions;
- repatriation restrictions (including the imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries);
- global sovereign uncertainty and hyperinflation in certain foreign countries, including the sovereign debt crisis in certain European countries;
- changes in laws and regulations, including export and import restrictions and the imposition of embargos;
- exposure to possible expropriation or other government actions; and
- exposure to local political or social unrest including resultant acts of war, terrorism, drug related violence or similar events.

These and other factors may have a material adverse effect on our international operations and on our business, results of operations and financial condition. For example, we are faced with potential difficulties in staffing and managing local operations and we have to design local solutions to manage credit risks of local customers and distributors. In certain areas, such as Mexico, drug related violence and social unrest may directly affect our employees and may cause them to relocate out of the region or may otherwise present risks to our business operations in the region. Also, the cost and complexity of streamlining operations in certain European countries is greater than would be the case in the United States, due primarily to labor laws in those countries that

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can make reducing employment levels more time-consuming and expensive than in the United States. Our flexibility in our foreign operations can also be somewhat limited by agreements we have entered into with our foreign joint venture partners.

Our overall success as a global business depends, in part, upon our ability to succeed in differing economic, social and political conditions. We may not continue to succeed in developing and implementing policies and strategies that are effective in each location where we do business, and failure to do so could adversely affect our business, results of operations and financial condition.

Foreign currency exchange rate fluctuations could materially impact our results from operations.

Our sales outside the United States expose us to currency risks. Our sales and earnings denominated in foreign currencies are translated into U.S. dollars for our consolidated financial statements. This translation is calculated based on average exchange rates during the reporting period. Our reported international sales and earnings could be adversely impacted in periods of a strengthening U.S. dollar.

We generally produce in the same geographic region as our products are sold. Some of our commodities are purchased in or pegged to the U.S. dollar therefore; our earnings could be adversely impacted during the periods of a strengthening U.S. dollar to other foreign currencies. We employ financial instruments to hedge certain portions of our foreign currency exposures however this will not completely insulate us from the effects of currency fluctuation.

A portion of our operations are conducted by joint ventures that cannot be operated for our sole benefit.

Many of our operations are carried on by joint ventures. In joint ventures we share the management of the company with one or more owners who may not have the same goals, resources or priorities as we do. Joint ventures require attention to be paid to the relationships with our co-owners which influences each owner s decisions. Joint ventures are intended to operate for the benefit of all owners and therefore we do not receive all the benefits from our joint ventures.

Our lean manufacturing and other cost savings plans may not be effective.

Our operations strategy includes cutting costs by reducing production errors, inventory levels, operator motion, overproduction and operator waiting while fostering the increased flow of material, information and communication. The cost savings that we anticipate from these initiatives may not be achieved on schedule or at the level anticipated by management. If we are unable to realize these anticipated savings, our operating results and financial condition may be materially adversely affected. Moreover, the implementation of cost saving plans and facilities integration may disrupt our operations and performance.

We may incur material losses and costs as a result of product liability and warranty and recall claims that may be brought against us.

We may be exposed to product liability and warranty claims in the event that our products actually or allegedly fail to perform as expected or the use of our products results, or is alleged to result, in bodily injury and/or property damage. Accordingly, we could experience material warranty or product liability expenses in the future and incur significant costs to defend against these claims. In addition, if any of our products are, or are alleged to be, defective, we may be required to participate in a recall of that product if the defect or the alleged defect relates to automotive safety. Product recalls could cause us to incur material costs and could harm our reputation or cause us to lose customers, particularly if any such recall causes customers to question the safety or reliability of our products. As suppliers become more integrally involved in the vehicle design process and assume more of the vehicle assembly functions, customers are increasingly seeking to change contract terms and conditions concerning warranty and recall participation. Also, while we possess considerable historical warranty and recall data with respect to the products we currently produce, we do not have such data relating to new products, assembly programs or technologies, including any new fuel and emissions technology and systems being brought into production to allow us to accurately estimate future warranty or recall costs. In addition, the increased focus on systems integration platforms utilizing fuel and emissions technology with more sophisticated components from multiple sources could result in an increased risk of component warranty costs over which we have little or no control and for which we may be subject to an increasing share of liability to the extent any of the other component suppliers are in financial distress or are otherwise incapable of fulfilling their warranty or product recall obligations. Our costs associated with providing product warranties and responding to product recall claims could be material and we do not have insurance covering product recalls. Product liability, warranty and recall costs may have a material adverse effect on our business, results of operations and financial condition.

Work stoppages or similar difficulties could disrupt our operations.

We may be subject to work stoppages and may be affected by other labor disputes. A number of our collective bargaining agreements expire in any given year, including several in 2013. There is no certainty that we will be successful in negotiating new agreements with these unions that extend beyond the current expiration dates, or that these new agreements will be on terms as favorable to us as past labor agreements. Failure to renew these agreements when they expire or to establish new collective bargaining agreements on terms acceptable to us and the unions could result in work stoppages or other labor disruptions which may have a material adverse effect on customer relationships and our business and results of operations. Additionally, a work stoppage at one or more of our suppliers, our customers or our customers suppliers could materially adversely affect our operations if an alternative source of supply were not readily available. Work stoppages by employees of our customers also could result in reduced demand for our products and could have a material adverse effect on our business. As of December 31, 2012, approximately 31% of our employees were represented by unions, approximately 9% of the unionized employees were located in the United States. It is possible that our workforce will become more unionized in the future. A work stoppage at one or more of our plants may have a material adverse effect on our business. Unionization activities could also increase our costs, which could have a material adverse effect on our profitability.

Certain natural disasters may adversely affect our business.

Natural disasters such as earthquakes, tsunamis and coastal flooding or other adverse climate conditions, whether occurring in the U.S. or abroad, and the consequences and effects thereof, including energy shortages and public health issues, may adversely affect our business. Such natural disasters could cause damage or disruption to our business operations or the operations of our customers, suppliers or joint venture affiliates or result in economic instability.

Our ability to operate our Company effectively could be impaired if we fail to attract and retain key personnel.

Our ability to operate our business and implement our strategies depends, in part, on the efforts of our executive officers and other key employees. In addition, our future success will depend on, among other factors, our ability to attract and retain other qualified personnel, particularly research and development engineers and technical sales professionals globally. The loss of the services of any of our key employees or the failure to attract or retain other qualified personnel could have a material adverse effect on our business or business prospects.

Our success depends in part on our development of improved products, and our efforts may fail to meet the needs of customers on a timely or cost-effective basis.

Our continued success depends on our ability to maintain advanced technological capabilities, machinery and knowledge necessary to adapt to changing market demands as well as to develop and commercialize innovative products. We may be unable to develop new products as successfully as in the past or to keep pace with technological developments by our competitors and the industry generally. In addition, we may develop specific technologies and capabilities in anticipation of customers demands for new innovations and technologies. If such demand does not materialize, we may be unable to recover the costs incurred in such programs. If we are unable to recover these costs or if any such programs do not progress as expected, our business, results of operations and financial condition could be materially adversely affected.

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If our acquisition strategy is not successful, we may not achieve our growth and profit objectives.

We may selectively pursue complementary acquisitions in the future as part of our growth strategy. While we will evaluate business opportunities on a regular basis, we may not be successful in identifying any attractive acquisitions. We may not have, or be able to raise on acceptable terms, sufficient financial resources to make acquisitions. Our ability to make investments may also be limited by the terms of our existing or future financing arrangements. In addition, any acquisitions we make will be subject to all of the risks inherent in an acquisition strategy, including integrating financial and operational reporting systems, establishing satisfactory budgetary and other financial controls, funding increased capital needs and overhead expenses, obtaining management personnel required for expanded operations and funding cash flow shortages that may occur if anticipated sales are not realized or are delayed, whether by general economic or market conditions or unforeseen internal difficulties.

Our intellectual property portfolio is subject to legal challenges and considerable uncertainty.

We have developed and actively pursue the development of proprietary technology in the automotive industry and rely on intellectual property laws and a number of patents in many jurisdictions to protect such technology. There can be no assurances that the protections we have available for our proprietary technology in the United States and other countries will be available to us in many places we sell our products. Therefore, we may be unable to prevent third parties from using our intellectual property without authorization. Any infringement or misappropriation of our technology that we cannot control could have a material adverse effect on our business and results of operations. If we had to litigate to protect our intellectual property rights, any proceedings could be costly, and we may not prevail. We also face increasing exposure to the claims of others for infringement of intellectual property rights. We may have material intellectual property claims asserted against us in the future and could incur significant costs or losses related to such claims. These claims, regardless of their merit or resolution, are frequently costly to prosecute, defend or settle and divert the efforts and attention of our management and employees. Claims of this sort also could harm our reputation and our relationships with our customers and might deter future customers from doing business with us. If any such claim were to result in an adverse outcome, we could be required to take actions which may include: cease the manufacture, use or sale of the infringing products; pay substantial damages to third parties, including to customers to compensate them for the discontinued use of a product or to replace infringing technology with non-infringing technology; or expend significant resources to develop or license non-infringing products.

We are subject to a broad range of environmental, health and safety laws and regulations, which could adversely affect our business and results of operations.

We are subject to a broad range of federal, state and local environmental and occupational safety and health laws and regulations in the United States and other countries, including those governing: emissions to air; discharges to water; noise and odor emissions; the generation, handling, storage, transportation, treatment, reclamation and disposal of chemicals and waste materials; the cleanup of contaminated properties; and human health and safety. We may incur substantial costs associated with hazardous substance contamination or exposure, including cleanup costs, fines and civil or criminal sanctions, third party property or natural resource damage, personal injury claims or costs to upgrade or replace existing equipment as a result of violations of or liabilities under environmental laws or the failure to maintain or comply with environmental permits required at our locations. In addition, many of our current and former facilities are located on properties with long histories of industrial or commercial operations and some of these properties have been subject to certain environmental investigations and remediation activities. We maintain environmental reserves for certain of these sites. As of December 31, 2012, we have $7.9 million reserved in accrued liabilities and other liabilities on the consolidated balance sheet on an undiscounted basis which we believe are adequate. Because some environmental laws (such as the Comprehensive Environmental Response, Compensation and Liability Act and analogous state laws) can impose joint and several liability retroactively and regardless of fault on potentially responsible parties for the entire cost of cleanup at currently or formerly owned or operated facilities, as well as sites at which such parties disposed or arranged for disposal of hazardous waste, we could become liable for investigating or remediating contamination at our current or former properties or other properties (including offsite waste disposal locations).

We may not always be in complete compliance with all applicable requirements of environmental law or regulation, and we may receive notices of violation or become subject to enforcement actions or incur material costs or liabilities in connection with such requirements. In addition, new environmental requirements or changes to interpretations of existing requirements, or in their enforcement, could have a material adverse effect on our business, results of operations and financial condition. We have made and will continue to make expenditures to comply with environmental requirements. While our costs to defend and settle known claims arising under environmental laws have not been material in the past and are not currently estimated to be material, such costs may be material in the future.

We are involved in legal proceedings as well as commercial and contractual disputes, from time to time, which may have an adverse impact on our results of operations.

We are involved in legal proceedings, commercial and contractual disputes which may, at times, be significant. These claims include warranty, commercial and contractual disputes, intellectual property disputes, employment matters, tax and administrative matters and third party liability, including product liability and personal injury claims. We believe our reserves are adequate, however, the final liability could differ materially from our estimates and our results of operations could be adversely affected.

Our expected annual effective tax rate could be volatile and could materially change as a result of changes in many items including mix of earnings, debt and capital structure and other factors.

Many items could impact our effective tax rate including changes in our debt and capital structure, mix of earnings and many other factors. Our overall effective tax rate is based upon the consolidated tax expense as a percentage of consolidated earnings before tax. However, tax expenses and benefits are not recognized on a consolidated or global basis, but rather on a jurisdictional, legal entity basis. Further, certain jurisdictions in which we operate generate losses where no current financial statement benefit is realized. In addition, certain jurisdictions have statutory rates greater than or less than the United States statutory rate. As such, changes in the mix and source of earnings between jurisdictions could have a significant impact on our overall effective tax rate in future years. Changes in rules related to accounting for income taxes, changes in tax laws and rates or adverse outcomes from tax audits that occur regularly in any of our jurisdictions could also have a significant impact on our overall effective tax rate in future periods.

Our capital structure includes a substantial amount of indebtedness and preferred stock, which impose demands on our liquidity that could have a material adverse effect on our financial condition or on our ability to obtain financing in the future.

We have a substantial amount of debt outstanding, including our Senior Notes and the debt of certain foreign subsidiaries, aggregating approximately $483.4 million that requires significant principal and interest payments, and preferred stock outstanding requires preferred dividend payments. We are permitted by the terms of the Senior Notes and Senior ABL facility to incur substantial additional indebtedness, subject to the restrictions therein, which could:

- make it more difficult for us to satisfy our obligations under the Senior Notes, the ABL facility and our preferred stock;
- increase our vulnerability to adverse economic and general industry conditions, including interest rate fluctuations, since a portion of our borrowings are at variable rates of interest;
- require us to dedicate a substantial portion of our cash flow from operations to principal and interest payments on our debt and, if we so elect, cash dividend payments on our preferred stock, which would reduce the availability of our cash flow from operations to service additional debt or to fund working capital, capital expenditures or other general corporate purposes; and
- increase our cost of borrowing.

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We may not be able to generate sufficient cash to service all of our indebtedness and to meet any dividend obligations of our preferred stock.

Our ability to make scheduled payments on our debt and meet the potential cash dividend obligations of our preferred stock or to refinance these obligations depends on our financial condition and operating performance. If our cash flows and capital resources are insufficient to fund our debt service obligations and any cash dividend obligations on our preferred stock, we may be forced to reduce or delay investments and capital expenditures, sell material assets, seek additional capital or restructure or refinance our indebtedness or our preferred stock, which could have a material adverse effect on our business, results of operations and financial condition.

Our pension plans are currently underfunded and we may have to make cash payments to the plans, reducing the cash available for our business.

We sponsor various pension plans worldwide that are underfunded and will require cash payments. Additionally, if the performance of the assets in our pension plans does not meet our expectations, or if other actuarial assumptions are modified, our required contributions may be higher than we expect. If our cash flow from operations is insufficient to fund our worldwide pension liabilities, we may be forced to reduce or delay capital expenditures, seek additional capital or seek to restructure or refinance our indebtedness or sell assets.

As of December 31, 2012, our $325.8 million projected benefit obligation (PBO), for U.S. pension benefit obligations exceeded the fair value of the relevant plans assets, which totaled $246.5 million, by $79.3 million. Additionally, the international employees plans PBO exceeded plan assets by approximately $127.9 million as of December 31, 2012. The PBO for other postretirement benefits (OPEB), was $64.5 million as of December 31, 2012. Our estimated funding requirement for pensions and OPEB during 2013 is approximately $25.7 million. Net periodic benefit costs for U.S. and international plans, including pension benefits and OPEB, were $12.7 million and $8.4 million for the years ended December 31, 2011 and 2012, respectively. For more information, see Note 9. Pensions, and Note 10. Postretirement Benefits Other Than Pensions, to the consolidated financial statements.

Significant changes in discount rates, the actual return on pension assets and other factors could adversely affect our liquidity, results of operations and financial condition.

Our earnings may be positively or negatively impacted by the amount of income or expense recorded related to our qualified pension plans. Accounting principles generally accepted in the United States (U.S. GAAP) require that income or expense related to the pension plans be calculated at the annual measurement date using actuarial calculations, which reflect certain assumptions. The most significant of these assumptions relate to interest rates, the capital markets and other economic conditions. Changes in key economic indicators can change these assumptions. These assumptions, as well as the actual value of pension assets at the measurement date, will impact the calculation of pension expense for the year. Although U.S. GAAP expense and pension contributions are not directly related, the key economic indicators that affect U.S. GAAP expense also affect the amount of cash that we will contribute to our pension plans. Because the values of these pension assets have fluctuated and will continue to fluctuate in response to changing market conditions, the amount of gains or losses that will be recognized in subsequent periods, the impact on the funded status of the pension plans and the future minimum required contributions, if any, could adversely affect our liquidity, results of operations and financial condition.

Impairment charges relating to our goodwill and long-lived assets could adversely affect our results of operations.

We regularly monitor our goodwill and long-lived assets for impairment indicators. In conducting our goodwill impairment testing, we compare the fair value of each of our reporting units to the related net book value. In conducting our impairment analysis of long-lived assets, we compare the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. Changes in economic or operating conditions impacting our estimates and assumptions could result in the impairment of our goodwill or

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long-lived assets. In the event that we determine that our goodwill or long-lived assets are impaired, we may be required to record a significant charge to earnings, which could adversely affect our results of operations. During 2012 it was determined that the book value of our South American reporting unit exceeded the fair value resulting in a goodwill impairment charge of $2.8 million. In addition, the book value of one of our European facilities exceeded its fair value resulting in a long-lived asset impairment charge of $7.3 million.

Certain shareholders with nomination agreements nominated certain members of the Company s Board of Directors and the interests of these shareholders may conflict with your interests.

Our board of directors is currently comprised of eight directors. In accordance with our Plan of Reorganization, two are independent directors from our pre-emergence board of directors. In addition, pursuant to separate nomination agreements with the Company, each of Barclays Capital Inc., and the group of parties comprised of Capital Research and Management Company, Lord, Abbett & Co. LLC, TCW Asset Management Company and TD Asset Management Inc. nominated one non-management member of our board of directors in reasonable consultation with (but without the need for the approval of) our former chief executive officer and an executive search firm, Korn/Ferry International, mutually acceptable to such parties and us. With respect to the two non-management members nominated as described above, such nominations were made in consultation with the creditors committee appointed in the Chapter 11 cases, solely to determine whether such nominees had any prior relationship with any party that provided for the backstop of our rights offering conducted pursuant to the Plan of Reorganization (Backstop Party) that would reasonably be expected to influence the exercise of his business judgment. Neither of these two non-management members are subject to re-nomination by the parties who initially nominated them, but in the event either is not re-nominated through the Company s normal nomination processes, the shareholder who initially nominated such member would have the right to nominate the successor. In addition to the above, pursuant to separate nomination agreements, each of Oak Hill Advisors, L.P. and Silver Point Capital, L.P. nominated one member of our board of directors. The non-management members nominated by these parties are subject to re-nomination by the parties who nominated them for the duration of the nomination agreements. Our President and Chief Executive Officer also serves on our board of directors. Finally, our Chairman of the Board is our former Chief Executive Officer.

The nomination agreements described above remain in effect until the earlier of (i) termination of the applicable nomination agreement at the election of the applicable Backstop Party by written notice to us, (ii) immediately prior to the annual meeting of stockholders held during the calendar year 2013 and (iii) if the applicable Backstop Party together with its affiliates ceases to beneficially own at least 7.5% of our outstanding equity (on an as converted basis). Our nomination agreement with Barclays Capital Inc. has terminated, but the remaining nomination agreements remain in effect, subject to the above conditions.

As long as the Backstop Parties (whether or not acting in a coordinated manner) and any other substantial stockholder own, directly or indirectly, a substantial portion of our outstanding shares, they will be able to exert significant influence over us, including:

- the composition of our board of directors and, through it, any determination with respect to our business;
- direction and policies, including the appointment and removal of officers;
- the determination of incentive compensation, which may affect our ability to retain key employees;
- any determinations with respect to mergers or other business combinations;
- our acquisition or disposition of assets;
- our financing decisions and our capital raising activities;
- the payment of dividends;

conduct in regulatory and legal proceedings; and

amendments to our certificate of incorporation.

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The concentration of ownership of our outstanding equity in the Backstop Parties may make some transactions more difficult or impossible without the support of the Backstop Parties or more likely with the support of the Backstop Parties. The interests of any of the Backstop Parties, any other substantial stockholder or any of their respective affiliates could conflict with or differ from our interests or the interests of holders of the Senior Notes. For example, the concentration of ownership held by the Backstop Parties could delay, defer or prevent a change of control of our Company or impede a merger, takeover or other business combination which may otherwise be favorable for our stockholders. A Backstop Party, substantial stockholder or affiliate thereof may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us.

The indenture governing the Senior Notes and the credit agreement governing our Senior ABL Facility impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities.

The indenture governing the Senior Notes and the credit agreement governing our Senior ABL Facility impose significant operating and financial restrictions on us. These restrictions limit our ability, among other things, to:

- incur additional indebtedness or issue certain disqualified stock and preferred stock;
- pay dividends or certain other distributions on our capital stock or repurchase our capital stock;
- make certain investments or other restricted payments;
- place restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to us;
- engage in transactions with affiliates;
- sell certain assets or merge with or into other companies;
- guarantee indebtedness; and
- create liens.

There are limitations on our ability to incur the full $125 million of commitments under our Senior ABL Facility. Borrowings under our Senior ABL Facility are limited by a specified borrowing base consisting of a percentage of eligible accounts receivable and eligible inventory, less customary reserves imposed by the agent under our Senior ABL Facility. In addition, under our Senior ABL Facility, a monthly fixed charge maintenance covenant would become applicable if excess availability under our Senior ABL Facility is at any time less than a specified percentage (or amount) of the total revolving loan commitments. If the covenant trigger were to occur, Cooper-Standard Holdings Inc. would be required to satisfy and maintain, on a consolidated basis, on the last day of each month a fixed charge coverage ratio of at least 1.1 to 1.0. Our ability to meet the required fixed charge coverage ratio can be affected by events beyond our control, and we cannot assure that we will meet this ratio. A breach of any of these covenants could result in a default under our Senior ABL Facility.

Moreover, our Senior ABL Facility provides the lenders considerable discretion to impose reserves, which could materially reduce the amount of borrowings that would otherwise be available to us. There can be no assurance that the lenders under our Senior ABL Facility will not impose such reserves during the term of our Senior ABL Facility and further, were they to do so, the resulting impact of this action could materially and adversely impair our ability to make interest payments on the Senior Notes. Also, when (and for as long as) the availability under our Senior ABL Facility is less than a specified amount for a certain period of time, the agent under our Senior ABL Facility would exercise cash dominion.

As a result of these covenants and restrictions, we are limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders or holders of the Senior Notes and/or amend the covenants.

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Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties

As of December 31, 2012, our operations were conducted through 78 facilities in 19 countries, of which 69 are manufacturing facilities and nine are used for multiple purposes, including design, engineering and administration. Our corporate headquarters is located in Novi, Michigan. Our manufacturing facilities are located in North America, Europe, Asia, South America and Australia. We believe that substantially all of our properties are in generally good condition and that we have sufficient capacity to meet our current and projected manufacturing and design needs. The following table summarizes our key property holdings by geographic region:

Region	Type	Total Facilities	Owned Facilities
North America	Manufacturing(a)	27	23
	Other(a)	3	
Asia	Manufacturing	18	9
	Other(a)	2	
Europe	Manufacturing	20	16
	Other(a)	3	
South America	Manufacturing	3	1
	Other(a)	1	
Australia	Manufacturing	1	1

(a) Includes design, engineering or administrative locations.

Our principal owned and leased properties, and the number of facilities in each location with more than one facility is set forth below.

Location	Principal Products	Owned/Leased
North America		
United States		
Auburn, Indiana	Anti-Vibration Systems	Owned
Auburn Hills, Michigan	Design, engineering and administration	Leased
Bowling Green, Ohio	Body Sealing and Fluid Handling	Owned
Bremen, Indiana(a)	Body Sealing	Owned
East Tawas, Michigan	Fluid Handling	Owned
Fairview, Michigan	Fluid Handling	Owned
Farmington Hills, Michigan	Design, engineering and administration	Leased
Gaylord, Michigan	Body Sealing	Owned
Goldsboro, North Carolina(2)	Body Sealing	Owned
Leonard, Michigan	Fluid Handling	Owned
Mt. Sterling, Kentucky	Fluid Handling	Owned
New Lexington, Ohio	Fluid Handling	Owned

Novi, Michigan	Design, engineering and administration	Leased
Oscoda, Michigan	Fluid Handling	Owned
Rockford, Tennessee	Body Sealing	Owned
Spartanburg, South Carolina	Body Sealing	Owned
Surgoinsville, Tennessee	Fluid Handling	Leased
Topeka, Indiana(a)	Body Sealing	Owned

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Location	Principal Products	Owned/Leased
Canada		
Georgetown, Ontario	Body Sealing	Owned
Glencoe, Ontario	Fluid Handling	Owned
Mitchell, Ontario	Anti-Vibration Systems	Owned
Stratford, Ontario(2)	Body Sealing	Owned
Mexico		
Aguascalientes	Body Sealing	Leased
Atlacomulco	Fluid Handling	Owned
Guaymas	Fluid Handling	Leased
Juarez	Fluid Handling	Owned
Saltillo	Fluid Handling	Leased
Torreon	Fluid Handling	Owned
South America		
Brazil		
Atibaia	Body Sealing	Leased
Camaçari	Fluid Handling	Leased
Sao Bernardo	Sales & Administration	Leased
Varginha	Body Sealing and Fluid Handling	Owned
Europe		
Belgium		
Gent(b)	Body Sealing	Leased
Czech Republic		
Zdar	Fluid Handling	Owned
France		
Creutzwald	Fluid Handling	Owned
Lillebonne(a)	Body Sealing	Owned
Rennes(a)	Body Sealing	Owned
Vitré(a)	Body Sealing	Owned
Germany		
Grünberg	Fluid Handling	Leased
Hockenheim	Fluid Handling	Owned
Lindau	Body Sealing	Owned
Mannheim	Body Sealing	Owned
Schelklingen	Fluid Handling	Owned
Italy		
Battipaglia	Body Sealing	Owned
Ciriè	Body Sealing	Owned
Netherlands		
Amsterdam	Administration	Leased
Poland		
Bielsko-Biala	Body Sealing	Owned
Bielsko-Biala	Administration	Leased
Czestochowa	Anti-Vibration and Body Sealing	Owned
Dzierzoniow(2)	Body Sealing	Owned
Myslenice	Body Sealing	Leased
Piotrkow	Body Sealing	Owned
Romania		
Craiova	Body Sealing and Fluid Handling	Leased
United Kingdom		
Coventry	Design, engineering and administration	Leased

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Location	Principal Products	Owned/Leased
Asia Pacific		
Australia		
Adelaide	Industrial Products	Owned
China		
Chongqing	Fluid Handling	Owned
Huai-an(a)	Body Sealing	Leased
Jingzhou(a)	Fluid Handling	Owned
Kunshan	Anti-Vibration, Body Sealing and Fluid Handling	Owned
Panyu(a)	Body Sealing	Leased
Shanghai(a)	Body Sealing	Owned
Wuhu	Body Sealing	Owned
India		
Chennai	Body Sealing and Fluid Handling	Owned
Dharuhera(a)	Body Sealing	Leased
Mumbai(a)	Anti-Vibration	Leased
Sahibabad(a)	Body Sealing	Leased
Manesar(a)	Body Sealing	Leased
Pune	Fluid Handling	Leased
Japan		
Hiroshima	Design, engineering and administration	Leased
Nagoya	Design, engineering and administration	Leased
South Korea		
CheongJu	Body Sealing	Owned
Gimhae	Body Sealing	Leased
Gunsan	Body Sealing and Fluid Handling	Leased
SeoCheon Gun	Body Sealing	Owned
Thailand		
Nakon Ratchasma(a)	Body Sealing	Owned

(a) Denotes a joint venture facility.
(b) Denotes a location will be closed in 2013.

Item 3. Legal Proceedings

We are periodically involved in claims, litigation and various legal matters that arise in the ordinary course of business. In addition, we conduct and monitor environmental investigations and remedial actions at certain locations. Each of these matters is subject to various uncertainties, and some of these matters may be resolved unfavorably for us. If appropriate we establish a reserve estimate for each matter and update our estimate as additional information becomes available. We do not believe that the ultimate resolution of any of these matters will have a material adverse effect on our business, financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

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PART II

Item 5. Market for Registrant s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Market Information

Our common stock is quoted on the OTC Bulletin Board since May 27, 2010, under the symbol COSH and our warrants are quoted on the OTC Bulletin Board since June 4, 2010, under the symbol COSHW. No prior established public trading market existed for our common stock or warrants prior to these dates.

There currently is a limited trading market for our common stock and warrants. The following chart lists the high and low sale prices for shares of our common stock and warrants for the calendar quarters indicated through December 31, 2011 and December 31, 2012. These prices are between dealers and do not include retail markups, markdowns or other fees and commissions and may not represent actual transactions:

	Common Stock		Warrants	
2011	**High**	**Low**	**High**	**Low**
March 31, 2011	$ 52.00	$ 43.75	$ 35.00	$ 24.00
June 30, 2011	51.50	41.48	30.00	23.00
September 30, 2011	49.75	37.00	26.99	22.00
December 31, 2011	41.50	33.25	20.00	14.20

	Common Stock		Warrants	
2012	**High**	**Low**	**High**	**Low**
March 31, 2012	$ 50.00	$ 34.00	$ 24.99	$ 14.25
June 30, 2012	43.48	34.00	21.25	11.00
September 30, 2012	37.75	34.00	14.74	12.30
December 31, 2012	38.50	32.00	13.25	11.37

Holders of Common Stock

As of the date hereof, an aggregate of 7,619,230 shares of our common stock may be purchased upon the exercise of outstanding options, issued upon the exercise of our outstanding warrants and issued upon the conversion of our outstanding shares of 7% preferred stock.

As of February 1, 2013 we had approximately 696 holders of record of our common stock, based on information provided by our transfer agent.

Dividends

Cooper-Standard Holdings Inc. has never paid or declared a dividend on its common stock. The declaration of any prospective dividends is at the discretion of the Board of Directors and would be dependent upon sufficient earnings, capital requirements, financial position, general economic conditions, state law requirements, and other relevant factors. Additionally, our credit agreement governing our Senior ABL Facility and the Senior Notes indenture contain covenants that among other things restrict our ability to pay certain dividends and distributions subject to certain qualifications and limitations. We do not anticipate paying any dividends on our common stock in the foreseeable future.

Securities Repurchase

On November 9, 2012, the Company announced that its Board of Directors approved a securities repurchase program (the Program) authorizing the Company to repurchase, in the aggregate, up to $25 million of its outstanding common stock, 7% cumulative participating convertible preferred stock or warrants to

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purchase common stock. Under the program authorized by the Board of Directors, repurchases may be made on the open market or through private transactions, as determined by the Company s management and in accordance with prevailing market conditions and Securities and Exchange Commission requirements. The Company expects to fund all repurchases from cash on hand and future cash flows from operations. The Company is not obligated to acquire a particular number of securities, and the program may be discontinued at any time at the Company s discretion. The Board s authorization terminated on February 14, 2013.

The following table presents repurchases of common stock during the period:

2012	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (in millions)
October 1 - October 31	115,800	(1)	$ 37.62	-	$ -
November 1 - November 30	175,000	(2)	$ 34.29	175,000	$ 19.0
December 1 - December 31	171,500	(2)	$ 34.50	171,500	$ 11.1
Total	462,300		$ 35.20	346,500	$ 11.1

(1) 115,800 shares of common stock were purchased by the Company from stockholders in open market transactions.
(2) 346,500 shares of common stock were purchased by the Company under the Program from stockholders in open market transactions.

The following table presents repurchases of preferred stock during the period:

2012	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Program (in millions)
October 1 - October 31	-		$ -	-	$ -
November 1 - November 30	-		$ -	-	$ -
December 1 - December 31	12,226	(1)	$ 160.91	12,226	$ 11.1
Total	12,226		$ 160.91	12,226	$ 11.1

(1) 12,226 shares of preferred stock were purchased by the Company under the Program from stockholders in open market transactions.

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Performance Graph

The following graph compares the cumulative total stockholder return from May 27, 2010, the date of our emergence from Chapter 11 bankruptcy proceedings, through December 31, 2012, for Cooper-Standard Holdings Inc. existing common stock, the Standard & Poor s 500 Index and the Standard & Poor s Supercomposite Auto Parts & Equipment Index based on currently available data. The graph assumes an initial investment of $100 on May 27, 2010 and reflects the cumulative total return on that investment, including the reinvestment of all dividends where applicable, through December 31, 2012.

Comparison of Cumulative Return

	Ticker	5/27/2010	12/31/2010	12/30/2011 (1)	12/31/2012
Cooper-Standard Holdings Inc.	COSH	$ 100.00	$ 130.43	$ 100.00	$ 110.14
S&P 500	SPX	$ 100.00	$ 115.24	$ 117.63	$ 120.46
S&P Supercomposite Auto Parts & Equipment Index	S15AUTP	$ 100.00	$ 142.48	$ 124.22	$ 126.52

(1) Represents last trading day of the year

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Item 6. Selected Financial Data

The selected financial data for the years ended December 31, 2008, 2009, the five months ended May 31, 2010, the seven months ended December 31, 2010 and the years ended December 31, 2011 and 2012 have been derived from our consolidated financial statements, which have been audited by Ernst & Young LLP, our Independent Registered Public Accounting Firm.

The audited consolidated statements of net income, statements of comprehensive income, statements of changes in equity (deficit) and statements of cash flows for the five months ended May 31, 2010, the seven months ended December 31, 2010 and the years ended December 31, 2011 and 2012 are included elsewhere in this Annual Report on Form 10-K. The audited consolidated balance sheets as of December 31, 2011 and 2012 are included elsewhere in this Annual Report on Form 10-K. See Item 8. Financial Statements and Supplementary Data.

In connection with our emergence from bankruptcy effective May 31, 2010, we implemented fresh-start accounting. As required by fresh-start accounting, assets and liabilities were recorded at fair value, based on values determined in connection with the implementation of the Debtors Joint Chapter 11 Plan of Reorganization or our Plan of Reorganization. Accordingly, our financial condition and results of operations from and after our emergence from bankruptcy are not comparable to the financial condition or results of operations reflected in our historical financial statements for periods prior to our emergence from bankruptcy.

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You should read the following data in conjunction with Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and the notes thereto included elsewhere in this Annual Report on Form 10-K.

	Predecessor				Successor	
	Year Ended December 31,		Five Months Ended May 31,	Seven Months Ended December 31, 2010	Year Ended December 31,	
	2008	2009	2010		2011	2012
	(dollar amounts in millions, except per share amounts)					
Statement of operations:						
Sales	$ 2,594.6	$ 1,945.3	$ 1,009.1	$ 1,405.0	$ 2,853.5	$ 2,880.9
Cost of products sold	2,260.1	1,679.0	832.2	1,172.4	2,402.9	2,442.0
Gross profit	334.5	266.3	176.9	232.6	450.6	438.9
Selling, administration, & engineering expenses	231.7	199.5	92.1	159.5	257.6	281.3
Amortization of intangibles	31.0	15.0	0.3	9.0	15.6	15.4
Impairment charges	33.4	363.5	-	-	-	10.1
Restructuring	38.3	32.4	5.9	0.5	52.2	28.8
Operating profit (loss)	0.1	(344.1)	78.6	63.6	125.2	103.3
Interest expense, net of interest income	(92.9)	(64.3)	(44.5)	(25.0)	(40.5)	(44.8)
Equity earnings	0.9	4.0	3.6	3.4	5.4	8.8
Reorganization items and fresh-start accounting adjustments, net	-	(17.4)	303.4	-	-	-
Other income (expense), net	(1.4)	9.9	(21.2)	4.2	7.2	-
Income (loss) before income taxes	(93.3)	(411.9)	319.9	46.2	97.3	67.3
Provision (benefit) for income taxes	29.3	(55.7)	39.9	5.1	20.8	(31.5)
Consolidated net income (loss)	(122.6)	(356.2)	280.0	41.1	76.5	98.8
Net (income) loss attributable to noncontrolling interests	1.1	0.1	(0.3)	(0.5)	26.3	4.0
Net income (loss) attributable to Cooper-Standard Holdings Inc.	$ (121.5)	$ (356.1)	$ 279.7	$ 40.6	$ 102.8	$ 102.8
Net income available to Cooper-Standard Holdings Inc. common stockholders				$ 28.7	$ 75.3	$ 76.7
Basic net income per share attributable to Cooper-Standard Holdings Inc.				$ 1.64	$ 4.27	$ 4.40
Diluted net income per share attributable to Cooper-Standard Holdings Inc.				$ 1.55	$ 3.93	$ 4.14
Balance sheet data (at end of period):						
Cash and cash equivalents	$ 111.5	$ 380.3		$ 294.5	$ 361.7	$ 270.6
Net working capital [(1)]	154.5	240.8		175.3	193.9	265.6
Total assets	1,818.3	1,737.4		1,853.8	2,003.8	2,026.0
Total non-current liabilities	1,346.9	263.9		745.7	779.3	774.0
Total debt [(2)]	1,144.1	204.3		476.7	488.7	483.4
Liabilities subject to compromise	-	1,261.9		-	-	-
Preferred stock	-	-		130.3	125.9	121.6

Total equity/(deficit)	19.7	(306.5)		563.1	601.2	629.2
Statement of cash flows data:						
Net cash provided (used) by:						
Operating activities	$ 136.5	$ 130.0	$ (75.4)	$ 170.6	$ 172.3	$ 84.4
Investing activities	(73.9)	(45.5)	(19.1)	(51.8)	(73.8)	(117.6)
Financing activities	14.1	166.1	(112.6)	(1.4)	(24.6)	(58.1)
Other financial data:						
Capital expenditures, including other intangible assets	$ 92.1	$ 46.1	$ 22.9	$ 54.4	$ 108.3	$ 131.1

(1) Net working capital is defined as current assets (excluding cash and cash equivalents) less current liabilities (excluding debt payable within one year).
(2) Includes $450.0 million of our Senior Notes, $0.3 million in capital leases, and $33.1 million of other third-party debt at December 31, 2012.

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

This management s discussion and analysis of financial condition and results of operations is intended to assist in understanding and assessing the trends and significant changes in our results of operations and financial condition. Our historical results may not indicate, and should not be relied upon as an indication of, our future performance. Our forward-looking statements reflect our current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. See Item 1. Business Forward-Looking Statements for a discussion of risks associated with reliance on forward-looking statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in Item 1A. Risk Factors. Management s discussion and analysis of financial condition and results of operations should be read in conjunction with Item 6. Selected Financial Data and our consolidated financial statements and the notes to those statements included elsewhere in this Annual Report on Form 10-K.

Reorganization and Basis of Presentation

On May 31, 2010 we adopted fresh-start accounting and became a new entity for financial reporting purposes as of June 1, 2010. Accordingly, the consolidated financial statements for the reporting entity subsequent to emergence from Chapter 11 bankruptcy proceedings (the Successor) are not comparable to the consolidated financial statements for the reporting entity prior to emergence from Chapter 11 bankruptcy proceedings (the Predecessor). The Company, when used in reference to the period subsequent to emergence from Chapter 11 bankruptcy proceedings, refers to the Successor, and when used in reference to periods prior to emergence from Chapter 11 bankruptcy proceedings, refers to the Predecessor. The financial information included in this Annual Report on Form 10-K represents our consolidated financial position as of December 31, 2011 and 2012 and our consolidated results of operations and cash flows for the five months ended May 31, 2010, the seven months ended December 31, 2010 and the years ended December 31, 2011 and 2012. For further information, see Note 3. Reorganization Under Chapter 11 of the Bankruptcy Code and Fresh-Start Accounting to the consolidated financial statements.

Company Overview

We design, manufacture and sell body sealing, AVS and fluid handling components, systems, subsystems and modules for use in passenger vehicles and light trucks manufactured by global OEMs. In 2012, approximately 78% of our sales consisted of original equipment sold directly to OEMs for installation on new vehicles. The remaining 22% of our sales were primarily to Tier I and Tier II suppliers and non-automotive manufacturers. Accordingly, sales of our products are directly affected by the annual vehicle production of OEMs and, in particular, the production levels of the vehicles for which we provide specific parts. Most of our products are custom designed and engineered for a specific vehicle platform. Our sales and product development personnel frequently work directly with the OEMs engineering departments in the design and development of our various products.

Although each OEM may emphasize different requirements as the primary criteria for judging its suppliers, we believe success as an automotive supplier generally requires outstanding performance with respect to price, quality, service, performance, design and engineering capabilities, innovation and timely delivery. Importantly, we believe our continued commitment to investment in our design and engineering capability, including enhanced computerized software design capabilities, is important to our future success, and many of our present initiatives are designed to enhance these capabilities. In addition, in order to remain competitive we must also consistently achieve and sustain cost savings. In an effort to continuously reduce our cost structure, we seek to identify and implement lean initiatives, which focus on optimizing manufacturing by eliminating waste, controlling costs and enhancing productivity. We evaluate opportunities to consolidate facilities and to relocate certain operations to lower cost countries. We believe we will continue to be successful in our efforts to improve our design and engineering capability and manufacturing processes while achieving cost savings, including through our lean initiatives.

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Our OEM sales are principally generated from purchase orders issued by OEMs and as a result we have no order backlog. Once selected by an OEM to supply products for a particular platform, we typically supply those products for the life of the platform, which is normally three to five years; although there is no guarantee that this will occur. In addition, when we are the incumbent supplier to a given platform, we believe we have a competitive advantage in winning the redesign or replacement platform.

In the year ended December 31, 2012, approximately 52% of our sales were generated in North America and approximately 48% of our sales were generated outside of North America. Because of our significant international operations, we are subject to the risks associated with doing business in other countries. Historically, our operations in Canada and Western Europe have not presented materially different risks or problems from those we have encountered in the United States, although the cost and complexity of streamlining operations in certain European countries is greater than would be the case in the United States. This is due primarily to labor laws in those countries that can make reducing employment levels more time-consuming and expensive than in the United States. We believe the risks of conducting business in less developed markets, including Brazil, Mexico, Poland, Czech Republic, China, Korea and India are sometimes greater than in the U.S., Canadian and Western European markets. This is due to the potential for currency volatility, high interest and inflation rates, and the general political and economic instability that are associated with some of these markets.

Business Environment and Outlook

Our business is directly affected by the automotive build rates in North America and Europe. It is also becoming increasingly impacted by build rates in Brazil and Asia Pacific. New vehicle demand is driven by macro-economic and other factors, such as interest rates, manufacturer and dealer sales incentives, fuel prices, consumer confidence, employment levels, income growth trends and government and tax incentives.

Details on light vehicle production in certain regions for 2011 and 2012 are provided in the following table:

(In millions of units)	2011[1,2]	2012[1]	% Change
North America	13.1	15.3	17%
Europe	20.2	19.0	(6)%
South America	4.3	4.3	-
Asia Pacific	37.0	40.9	11%

(1) Production data based on IHS Automotive, December 2012.
(2) Production data for 2011 has been updated to reflect actual production levels.

The expected annualized vehicle production volumes for 2013 are provided in the following table:

(In millions of units)	2013[1]
North America	15.6
Europe	18.7
South America	4.5
Asia Pacific	42.1

(1) Production data based on IHS Automotive, December 2012.

Competition in the automotive supplier industry is intense and has increased in recent years as OEMs have demonstrated a preference for stronger relationships with fewer suppliers. There are typically three or more significant competitors and numerous smaller competitors for most of the products we produce. Globalization and the importance to service customers around the world will continue to shape the success of suppliers going forward.

OEMs have shifted some research and development, design and testing responsibility to suppliers, while at the same time shortening new product cycle times. To remain competitive, suppliers must have state-of-the-art engineering and design capabilities and must be able to continuously improve their engineering, design and

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manufacturing processes to effectively service the customer. Suppliers are increasingly expected to collaborate on, or assume the product design and development of, key automotive components and to provide innovative solutions to meet evolving technologies aimed at improved emissions and fuel economy.

Pricing pressure has continued as competition for market share has reduced the overall profitability of the industry and resulted in continued pressure on suppliers for price concessions. Consolidations and market share shifts among vehicle manufacturers continues to put additional pressures on the supply chain. These pricing and market pressures, along with the reduced production volumes, will continue to drive our focus on reducing our overall cost structure through lean initiatives, capital redeployment, restructuring and other cost management processes.

In March 2012, an explosion at a supplier s chemical plant in Germany shut down the facility and interrupted production. The facility not only made one-third of the global output of PA-12 resin used in automotive fuel and brake components and other general industry products, but also made one-half of the world s CDT which is a key ingredient in the production of PA-12 resin. We do use PA-12 resin in our products and immediately put a global team in place following the shutdown of the chemical plant to find solutions to ensure uninterrupted supply of product to our customers. The team was able to fast track alternative materials, gain necessary approvals and bring these alternatives to market. We were able to meet all of our customers needs during the shutdown of this resin facility.

The facility reopened in December 2012 and will ramp-up to full production in the first quarter of 2013. The facility also added additional capacity and the flow of resin to customers and is expected to be at full capacity throughout the supply base by the end of the third quarter of 2013. To alleviate dependence on any one supplier for this commodity, Cooper Standard has developed alternative approved materials and sourced other PA-12 resin suppliers.

Our business has also been impacted by our acquisition of USi and the joint venture agreement with FMEA. Our sales have increased as a result of these two acquisitions, but we continue to incur additional costs as we integrate and restructure these businesses. In evaluating these businesses, management considers EBITDA and Adjusted EBITDA as key indicators of operating performance. For further information, see Non-GAAP Financial Measures. The following table shows combined gross profit for the acquisitions and reconciles EBITDA and Adjusted EBITDA for the acquisitions to their net income, which is the most directly comparable financial measure in accordance with U.S. GAAP:

	Year Ended December 31, 2012 (dollars in millions)	
Sales	$	197.6
Cost of products sold		178.8
Gross profit	$	18.8
Net income	$	4.2
Benefit for income tax expense		(3.3)
Interest expense		0.4
Depreciation and amortization		8.6
EBITDA	$	9.9
Noncontrolling interest restructuring		(3.0)
Noncontrolling interest deferred tax valuation reversal		2.0
Adjusted EBITDA	$	8.9

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Results of Operations

As a result of our emergence from Chapter 11 bankruptcy proceedings on May 27, 2010, and the adoption of fresh-start accounting on May 31, 2010, in accordance with ASC 852, *Reorganizations,* Cooper-Standard Holdings Inc. is considered a new entity for financial reporting purposes. Accordingly, our financial statements for the year ended December 31, 2010 separately present the 2010 Predecessor Period and the 2010 Successor Period. Although the 2010 Predecessor Period and the 2010 Successor Period are distinct reporting periods, the effects of emergence and fresh-start accounting did not have a material impact on the comparability of our results of operations between the periods, except as discussed below.

	Predecessor	Successor		
	Five Months Ended May 31, 2010	Seven Months Ended December 31, 2010	Year Ended December 31, 2011	2012
	(dollar amounts in thousands)			
Sales	$ 1,009,128	$ 1,405,019	$ 2,853,509	$ 2,880,902
Cost of products sold	832,201	1,172,350	2,402,920	2,442,014
Gross profit	176,927	232,669	450,589	438,888
Selling, administration & engineering expenses	92,166	159,573	257,559	281,268
Amortization of intangibles	319	8,982	15,601	15,456
Impairment charges	-	-	-	10,069
Restructuring	5,893	488	52,206	28,763
Operating profit	78,549	63,626	125,223	103,332
Interest expense, net of interest income	(44,505)	(25,017)	(40,559)	(44,762)
Equity earnings	3,613	3,397	5,425	8,778
Reorganization items and fresh-start accounting adjustments, net	303,453	-	-	-
Other income (expense), net	(21,156)	4,214	7,174	(63)
Income before income taxes	319,954	46,220	97,263	67,285
Provision (benefit) for income tax expense	39,940	5,095	20,765	(31,531)
Consolidated net income	280,014	41,125	76,498	98,816
Net (income) loss attributable to noncontrolling interests	(322)	(549)	26,346	3,988
Net income attributable to Cooper-Standard Holdings Inc.	$ 279,692	$ 40,576	$ 102,844	$ 102,804

Year ended December 31, 2012 Compared to Year ended December 31, 2011.

Sales. Sales were $2,880.9 million for the year ended December 31, 2012, compared to $2,853.5 million for the year ended December 31, 2011, an increase of $27.4 million, or 1%. Sales were favorably impacted by an increase in volumes in North America as well as the USi acquisition and the joint venture with FMEA which were completed March, 2011 and May, 2011, respectively. These favorable items were partially offset by unfavorable foreign exchange of $129.4 million and decreased volumes in the International segment.

Cost of Products Sold. Cost of products sold is primarily comprised of material, labor, manufacturing overhead, depreciation and amortization and other direct operating expenses. Cost of products sold was $2,442 million for the year ended December 31, 2012, compared to $2,402.9 million for the year ended December 31, 2011, an increase of $39.1 million or 1.6%. Raw materials comprise the largest component of our cost of products sold and represented 51% of total cost of products sold for the years ended December 31, 2012 and 2011. The period was impacted by higher material costs, increases in other fixed and variable costs as a result of improved North American production volumes, and higher labor costs due to the additional hires to support the increased volumes. In addition, the period was impacted by the USi acquisition and the joint venture with FMEA, which were completed March, 2011 and May, 2011, respectively. These items were partially offset by lean savings and favorable foreign exchange.

Gross Profit. Gross profit for the year ended December 31, 2012 was $438.9 million compared to $450.6 million for the year ended December 31, 2011. As a percentage of sales, gross profit was 15.2% and 15.8% of

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sales for the years ended December 31, 2012 and 2011, respectively. The decrease was driven primarily by higher material costs, increases in other expenses associated with launch and expansion activities and unfavorable foreign exchange. In addition, the gross profit margins associated with our 2011 acquisitions are lagging behind our base business. These items were partially offset by the favorable impact of increased volumes in North America and lean savings.

Selling, Administration and Engineering. Selling, administration and engineering expense for the year ended December 31, 2012 was $281.3 million or 9.8% of sales compared to $257.6 million or 9% of sales for the year ended December 31, 2011. Selling, administration and engineering expense for the year ended December 31, 2012 was impacted by increased staffing and compensation expenses as we increase our research and development and engineering resources to support our growth initiatives around the world. In addition, the year ended December 31, 2012 was impacted by the USi acquisition and the joint venture with FMEA, which were completed March, 2011 and May, 2011, respectively.

Impairment Charges. Due to changes in the forecast for our South American reporting unit resulting from launch activities and operational inefficiencies incurred in 2012 and that are expected to continue into the near future as additional time will be needed to improve operational performance, a goodwill impairment charge of $2.8 million was recorded during the fourth quarter of 2012. Due to recent and a projected decline in vehicle production volumes and increased costs the undiscounted cash flows at one of our European facilities did not exceed its book value resulting in an asset impairment charge of $7.3 million being recorded in the fourth quarter of 2012.

Restructuring. Restructuring charges of $28.8 million for the year ended December 31, 2012 consisted primarily of costs associated with European initiatives announced during 2012 and additional costs associated with the reorganization of our French body sealing operations in relation to the joint venture with FMEA. Restructuring charges of $52.2 million for the year ended December 31, 2011 consisted primarily of costs associated with the reorganization of our French body sealing operations in relation to the joint venture with FMEA, the closure of a facility in North America and the establishment of a centralized shared services function in Europe.

Interest Expense, net. Net interest expense of $44.8 million for the year ended December 31, 2012 resulted primarily from interest and debt issuance amortization recorded on the Senior Notes. Net interest expense of $40.6 million for the year ended December 31, 2011 consisted primarily of interest and debt issuance amortization recorded on the Senior Notes, partially offset by interest income of $4.9 million.

Other Income (Expense), net. Other expense for the year ended December 31, 2012 was $0.1 million, which consisted of $6.8 million of foreign currency losses and $1.0 million of loss on sale of receivables, partially offset by $4.4 million of gains related to forward contracts and $3.3 million of other miscellaneous income. Other income for the for the year ended December 31, 2011 was $7.2 million, which consisted of a gain on the partial sale of ownership in our NISCO joint venture of $11.4 million and foreign currency gains of $2.8 million, partially offset by unrealized losses related to forward contracts of $5.3 million and loss on factoring of receivables and miscellaneous expense of $1.7 million.

Provision for Income Tax Expense (Benefit): Income taxes for the twelve months ended December 31, 2012 included a benefit of ($31.5) million on earnings before taxes of $67.3 million. This compares to an expense of $20.8 million and $97.3 million on earnings before taxes for the twelve months ended December 31, 2011. Tax expense in 2012 differs from the statutory rate due to the benefit resulting from the reversal of the valuation allowance on net deferred tax assets in the U.S., income in jurisdictions with valuation allowances offset by incremental valuation allowance recorded on tax losses and credits generated in certain foreign jurisdictions; the distribution of income between the U.S. and foreign sources; tax credits and incentives; and other non-recurring discrete items.

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Year ended December 31, 2011, Seven Months Ended December 31, 2010 and Five Months Ended May 31, 2010.

Sales. Sales for the year ended December 31, 2011 were $2,853.5 million. Sales were favorably impacted by an increase in volumes in most regions and favorable foreign exchange of $70.9 million. In addition, the USi acquisition and the joint venture with FMEA provided $157.9 million of sales. Sales for the seven months ended December 31, 2010 were $1,405 million. Sales were favorably impacted by a significant increase in volume, partially offset by unfavorable foreign exchange of $29.3 million. Sales were $1,009.1 million for the five months ended May 31, 2010. Sales were favorably impacted by a significant increase in volume and favorable foreign exchange of $52.5 million.

Cost of Products Sold. Cost of products sold is primarily comprised of material, labor, manufacturing overhead, depreciation and amortization and other direct operating expenses. Cost of products sold was $2,402.9 million for the year ended December 31, 2011 and raw materials represented 51% of total cost of products sold. The period was impacted by higher material costs and other variable costs as a result of increases in production volumes, increases in commodity costs and higher labor costs due to the additional hires to support the increase in volumes. In addition, the period was impacted by the USi acquisition, the joint venture with FMEA and depreciation and amortization expense of $99.1 million. Cost of products sold was $1,172.4 million for the seven month Successor period ended December 31, 2010 and $832.2 million for the five month Predecessor period ended May 31, 2010. Raw materials comprise the largest component of our cost of products sold and represented approximately 49% of total cost of products sold for both the Successor and Predecessor periods in 2010. Cost of products sold for the seven months ended December 31, 2010 was impacted by higher material costs and other variable costs as a result of increases in production volumes, increases in commodity costs and higher labor costs due to the additional hires to support the significant increase in volumes in most regions as well as the restoration of certain employee pay and benefits. In addition, the period was impacted by depreciation and amortization expense of $52.2 million and by an inventory cost adjustment resulting from fresh-start accounting of $8.1 million. Cost of products sold for the five months ended May 31, 2010 was impacted by higher material costs and other variable costs as a result of increases in volumes, increases in commodity costs and higher labor costs due to the additional hires to support the significant increase in volumes in most regions as well as the restoration of certain employee pay and benefits. Additionally, the period was impacted by depreciation and amortization expense of $32.1 million.

Gross Profit. Gross profit for the year ended December 31, 2011 was $450.6 million or 15.8% of sales. Gross profit and gross profit margin for the period were favorably impacted by an increase in volumes in most regions and the favorable impact of our lean savings. These positive items were partially offset by higher raw material costs and costs associated with the FMEA joint venture and the USi acquisition as we continue to integrate and restructure these businesses. Gross profit for the seven months ended December 31, 2010 and the five months ended May 31, 2010 were $232.7 million and $176.9 million, respectively. Gross profit as a percentage of sales was 16.6% for the seven months ended December 31, 2010 and 17.5% for the five months ended May 31, 2010. Gross profit and gross profit margin for these two periods were favorably impacted by a significant increase in volumes in most regions and our lean savings, partially offset by the restoration of certain employee pay and benefits and slightly higher raw material costs. The seven months ended December 31, 2010 was also impacted by the liquidation of the fair value adjustment to inventory of $8.1 million, which was recognized in cost of sales as the inventory was sold.

Selling, Administration and Engineering. Selling, administration and engineering expense for the year ended December 31, 2011 was $257.6 million or 9% of sales and was favorably impacted by certain lower compensation expenses. Selling, administration and engineering expense for the seven months ended December 31, 2010 and the five months ended May 31, 2010 was $159.6 million and $92.2 million or 11.4% and 9.1% of sales, respectively. Both periods were primarily impacted by the restoration of certain employee pay and benefits.

Restructuring. Restructuring charges were $52.2 million for the year ended December 31, 2011, primarily related to the reorganization of our French body sealing operations in relation to the joint venture with FMEA, the closure of a facility in North America, the establishment of a centralized shared services function in Europe and the transfer of certain sealing business from one of our German facilities to other sealing operations in Europe. Restructuring charges were $0.5 million for the seven months ended December 31, 2010, which were favorably impacted by a curtailment gain relating to pension benefits of $3.4 million. Restructuring expense for the five months ended May 31, 2010 were $5.9 million, primarily representing the continuation of previously announced actions.

Interest Expense, net. Net interest expense of $40.6 million for the year ended December 31, 2011 resulted primarily from interest and debt issue amortization recorded on the Senior Notes, partially offset by interest income of $4.9 million. Net interest expense for the seven months ended December 31, 2010 consisted primarily of interest on our Senior Notes. The net interest expense for the five months ended May 31, 2010 included $28 million of interest on certain prepetition debt obligations from the period August 3, 2009 through May 27, 2010 and interest on the DIP facility. The interest on the prepetition debt obligation was recorded when our Plan of Reorganization was approved by the claimholders.

Reorganization Items and Fresh-Start Accounting Adjustments, net. In the five months ended May 31, 2010, we recognized a gain of $163.6 million for reorganization items as a result of the bankruptcy proceedings. This gain reflects the cancellation of certain prepetition obligations, partially offset by the recognition of professional fees incurred as a direct result of the bankruptcy proceedings. In addition, we recognized a gain of $139.9 million related to the valuation of our net assets upon emergence from Chapter 11 bankruptcy proceedings pursuant to the provisions of fresh-start accounting.

Other Income (Expense), net. Other income for the for the year ended December 31, 2011 was $7.2 million, which primarily relates to a gain on the partial sale of ownership in our NISCO joint venture of $11.4 million and foreign currency gains of $2.8 million, partially offset by unrealized losses related to forward contracts of $5.3 million and loss on factoring of receivables and miscellaneous expense of $1.7 million. Other income for the seven months ended December 31, 2010 was $4.2 million, which consisted of $3.4 million of foreign currency gains and $1.5 million other income, partially offset by $0.7 million of losses on factoring of receivables. Other expense of $21.2 million for the five months ended May 31, 2010, consisted primarily of foreign currency losses.

Provision for Income Tax Expense (Benefit). For the year ended December 31, 2011, we recorded an income tax provision of $20.8 million on earnings before income taxes of $97.3 million. This compares to an income tax provision of $5.1 million on earnings before income taxes of $46.2 million for the seven months ended December 31, 2010 and an income tax provision of $39.9 million on earnings before income taxes of $319.9 million for the five months ended May 31, 2010. Income tax expense for the twelve months ended December 31, 2011 differs from the statutory rate primarily as a result of income in jurisdictions with valuation allowances offset by incremental valuation allowance recorded on tax losses and credits generated in certain foreign jurisdictions; the distribution of income between the U.S. and foreign sources; tax credits and incentives; and other non-recurring discrete items.

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Segment Results of Operations

The following table presents sales and segment profit (loss) for each of the reportable segments for the five months ended May 31, 2010, the seven months ended December 31, 2010 and the years ended December 31, 2011 and 2012:

	Predecessor	Successor		
	Five Months Ended May 31, 2010	Seven Months Ended December 31, 2010	Year Ended December 31, 2011	2012
	(dollar amounts in thousands)			
Sales to external customers				
North America	$ 508,738	$ 739,419	$ 1,417,281	$ 1,503,736
International	500,390	665,600	1,436,228	1,377,166
Consolidated	$ 1,009,128	$ 1,405,019	$ 2,853,509	$ 2,880,902
Segment profit (loss)				
North America	$ 233,526	$ 58,004	$ 158,178	$ 136,456
International	86,428	(11,784)	(60,915)	(69,171)
Income (loss) before income taxes	$ 319,954	$ 46,220	$ 97,263	$ 67,285

Year ended December 31, 2012 Compared to the Year Ended December 31, 2011.

North America. Sales for the year ended December 31, 2012 increased $86.5 million or 6.1%, compared to the year ended December 31, 2011, primarily due to an increase in sales volume, offset by unfavorable foreign exchange of $12.5 million. Segment profit for the year ended December 31, 2012 decreased $21.7 million, primarily due to higher raw material costs, increased staffing and a gain of $11.4 million recognized in 2011 for the partial sale of ownership in our NISCO joint venture, partially offset by the favorable impact of lean savings and increased sales volume.

International. Sales for the year ended December 31, 2012 decreased $59.1 million, or 4.1%, compared to the year ended December 31, 2011, primarily due to unfavorable foreign exchange of $116.9 million and decreased production volumes primarily in Europe, partially offset by sales from our joint venture with FMEA. Segment loss increased by $8.3 million, primarily due to impairment charges of goodwill and fixed assets of $10.1 million, higher raw material costs, unfavorable foreign exchange and decreased volumes, partially offset by restructuring costs that were recorded in 2011 for the joint venture agreement with FMEA and the favorable impact of lean savings.

Year ended December 31, 2011, Seven Months Ended December 31, 2010 and Five Months Ended May 31, 2010.

North America. Sales for the year ended December 31, 2011 were $1,417.3 million. Sales were favorably impacted by an increase in sales volume and favorable foreign exchange of $13 million. Segment profit for the year ended December 31, 2011 was $158.2 million, which was favorably impacted by the increase in volumes and the favorable impact of our lean savings, partially offset by higher raw material costs and increased staffing.

Sales for the seven months ended December 31, 2010 were $739.4 million. Sales were favorably impacted by a significant increase in volume and favorable foreign exchange of $10 million. Sales for the five months ended May 31, 2010 were $508.7 million. Sales were favorably impacted by a significant increase in volume and favorable foreign exchange of $19.3 million. Segment profit for the seven months ended December 31, 2010 was $58 million, which was favorably impacted by the improved volumes and our lean savings, partially offset by the restoration of certain employee pay and benefits and slightly higher raw material costs. Segment profit for the five months ended May 31, 2010 was $233.5 million. As a result of the reorganization and fresh-start accounting adjustments, a gain of $208.6 million was recognized in the North America segment. Segment profit also increased due to improved volumes and the favorable impact of our lean savings, partially offset by the restoration of certain employee pay and benefits, slightly higher raw material costs and recognition of interest on

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certain prepetition debt obligations for the period of August 3, 2009 through May 27, 2010, which was recorded when our Plan of Reorganization was approved by the claimholders.

International. Sales for the year ended December 31, 2011 were $1,436.2 million. Sales were favorably impacted by an increase in sales volume in most regions, the joint venture agreement with FMEA and foreign exchange of $57.9 million. Segment loss for the year ended December 31, 2011 was $60.9 million, which was negatively impacted by the restructuring and integration costs associated with the joint venture agreement with FMEA, increased staffing, higher raw material costs and higher depreciation and amortization resulting from the adoption of fresh-start accounting in the Successor period, partially offset by improved volumes and our lean savings.

Sales for the seven months ended December 31, 2010 were $665.6 million. Sales were favorably impacted by a significant increase in volume partially offset by unfavorable foreign exchange of $39.3 million. Sales for the five months ended May 31, 2010 were $500.4 million. Sales were favorably impacted by a significant increase in volume and favorable foreign exchange of $33.2 million. Segment loss for the seven months ended December 31, 2010 was $11.8 million, which was negatively impacted by higher raw material costs, restoration of certain employee pay and benefits and unfavorable foreign exchange partially offset by the improved volumes and our lean savings. Segment profit for the five months ended May 31, 2010 was $86.4 million. As a result of the reorganization and fresh-start accounting adjustments, a gain of $94.9 million was recognized in the International segment. Segment profit was unfavorably impacted by the restoration of certain employee pay and benefits and slightly higher raw material costs partially offset by improved volumes and the favorable impact of our lean savings.

Off-Balance Sheet Arrangements

As a part of our working capital management, we sell certain receivables through third party financial institutions without recourse. The amount sold varies each month based on the amount of underlying receivables and cash flow needs. At December 31, 2011 and 2012, we had $90.8 million and $73.7 million, respectively, of receivables outstanding under receivable transfer agreements entered into by various locations. For the years ended December 31, 2011 and 2012, total accounts receivables factored were $257.5 million, and $332 million, respectively. Costs incurred on the sale of receivables were $2 million and $2.2 million for the years ended December 31, 2011 and 2012, respectively. These amounts are recorded in other income (expense), net and interest expense, net of interest income in the consolidated statements of net income. These are permitted transactions under our credit agreement governing our Senior ABL Facility.

As of December 31, 2012, we had no other material off-balance sheet arrangements.

Liquidity and Capital Resources

Short and Long-Term Liquidity Considerations and Risks

We intend to fund our ongoing capital and working capital requirements through a combination of cash flows from operations, cash on hand and borrowings under our Senior ABL Facility in addition to certain receivable factoring. We anticipate that funds generated by operations, cash on hand and funds available under our Senior ABL Facility will be sufficient to meet working capital requirements for the next 12 months. For additional information, see Note 8. Debt to the consolidated financial statements.

Based on our current and anticipated levels of operations and the condition in our markets and industry, we believe that our cash on hand, cash flow from operations and availability under our Senior ABL Facility will enable us to meet our working capital, capital expenditures, debt service and other funding requirements for the foreseeable future. However, our ability to fund our working capital needs, debt payments and other obligations, and to comply with the financial covenants, including borrowing base limitations, under our Senior ABL Facility, depends on our future operating performance and cash flow and many factors outside of our control, including the costs of raw materials, the state of the overall automotive industry and financial and economic conditions and other factors. Any future acquisitions, joint ventures or other similar transactions will likely require additional capital and there can be no assurance that any such capital will be available to us on acceptable terms, if at all.

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Cash Flows

Operating activities. Net cash provided by operations was $84.4 million for the year ended December 31, 2012, which included $119.9 million of cash used that related to changes in operating assets and liabilities. The use of cash related to operating assets and liabilities was primarily a result of increased accounts receivables of $61.7 million due primarily to increased demand for our products. In addition, pension contributions of $33.5 million were made during the year ended December 31, 2012. Net cash provided by operations was $172.3 million for the year ended December 31, 2011, which included $30 million of cash used that related to changes in operating assets and liabilities. The use of cash related to operating assets and liabilities was primarily a result of increased accounts receivables and inventories, partially offset by increased accounts payable due to increased volumes.

Investing activities. Net cash used in investing activities was $117.6 million for the year ended December 31, 2012, which consisted primarily of $131.1 million of capital spending, offset by proceeds of $14.6 million for the sale of fixed assets. Net cash used in investing activities was $73.8 million for the year ended December 31, 2011, which consisted primarily of $108.3 million of capital spending and $10.5 million for an investment in affiliate, partially offset by $28.4 million of cash acquired as part of the joint venture with FMEA, net of the acquisitions of USi Inc. and Sigit S.p.A, and proceeds of $16 million from the partial sale of a joint venture. We anticipate that we will spend approximately $160 million on capital expenditures in 2013.

Financing activities. Net cash used in financing activities totaled $58.1 million for the year ended December 31, 2012, which consisted primarily of repurchase of preferred stock of $6.8 million, repurchase of common stock of $36.9 million, a decrease in short-term debt and payments on long-term debt aggregating $5.5 million, and payment of cash dividends of $6.8 million. Net cash used in financing activities totaled $24.6 million for the year ended December 31, 2011, which consisted primarily of a decrease in short-term debt and payments on long-term debt aggregating $9.9 million, payment of cash dividends of $7.1 million and repurchase of preferred stock and other of $7.6 million.

Financing Arrangements

As part of our Plan of Reorganization, we issued $450 million of our Senior Notes and entered into our $125 million Senior ABL Facility. Proceeds from our Senior Notes offering, together with proceeds of the rights offering and cash on hand, were used to pay claims under the prepetition credit agreement, our DIP credit agreement and the portion of the prepetition senior notes payable in cash, in full, together with related fees and expenses. We intend to fund our ongoing capital and working capital requirements through a combination of cash flows from operations and borrowings under our Senior ABL Facility. We anticipate that funds generated by operations and funds available under our Senior ABL Facility will be sufficient to meet working capital requirements for the next 12 months. Our Senior Notes and Senior ABL Facility are described below. For additional information, see Note 8. Debt to the consolidated financial statements.

Senior ABL Facility

On the date of our emergence from bankruptcy, Cooper-Standard Holdings Inc. (Parent), CSA U.S. (the Issuer or the U.S. Borrower), CSA Canada (the Canadian Borrower and, together with the U.S. Borrower, the Borrowers), and certain subsidiaries of the U.S. Borrower entered into the Senior ABL Facility, with certain lenders, Bank of America, N.A., as agent (the Agent) for such lenders, Deutsche Bank Trust Company Americas, as syndication agent, and Banc of America Securities LLC, Deutsche Bank Securities Inc., UBS Securities LLC and Barclays Capital, as joint lead arrangers and bookrunners. A summary of our Senior ABL Facility is set forth below. This description is qualified in its entirety by reference to the credit agreement governing our Senior ABL Facility.

General. Our Senior ABL Facility provides for an aggregate revolving loan availability of up to $125 million, subject to borrowing base availability, including a $45 million letter of credit sub-facility and a $20 million swing line sub-facility. Our Senior ABL Facility also provides for an uncommitted $25 million incremental loan facility, for a potential total Senior ABL Facility of $150 million (if requested by the Borrowers and any existing lenders or new lenders agree to fund such increase, consent of a non-participating lender or lenders is not required). On December 31, 2012, subject to borrowing base availability, the Company had $125 million in availability less outstanding letters of credit of $27 million.

Maturity. Any borrowings under our Senior ABL Facility will mature, and the commitments of the lenders under our Senior ABL Facility will terminate, on May 27, 2014.

Borrowing base. Loan (and letter of credit) availability under our Senior ABL Facility is subject to a borrowing base, which at any time is limited to the lesser of: (A) the maximum facility amount (subject to certain adjustments) and (B) (i) up to 85% of eligible accounts receivable; plus (ii) up to the lesser of 70% of eligible inventory or 85% of the appraised net orderly liquidation value of eligible inventory; minus reserves established by the Agent. The accounts receivable portion of the borrowing base is subject to certain formulaic limitations (including concentration limits). The inventory portion of the borrowing base is limited to eligible inventory, as determined by an independent appraisal. The borrowing base is also subject to certain reserves, which are established by the Agent (which may include changes to the advance rates indicated above). Loan availability under our Senior ABL Facility is apportioned as follows: $100 million to the U.S. Borrower and $25 million to the Canadian Borrower.

Guarantees; security. The obligations of the U.S. Borrower under our Senior ABL Facility and cash management arrangements and interest rate, foreign currency or commodity swaps entered into by us, in each case with the lenders and their affiliates, or, collectively, additional ABL secured obligations, are guaranteed on a senior secured basis by Parent and all of Parent s wholly-owned U.S. subsidiaries (other than CS Automotive LLC), and the obligations of the Canadian Borrower under our Senior ABL Facility and additional ABL secured obligations of the Canadian Borrower and its Canadian subsidiaries are guaranteed on a senior secured basis by Parent, all of the Canadian subsidiaries of the Canadian Borrower and all of Parent s wholly-owned U.S. subsidiaries. The U.S. Borrower guarantees the additional ABL secured obligations of its subsidiaries and the Canadian Borrower guarantees the additional ABL secured obligations of its Canadian subsidiaries. The obligations under our Senior ABL Facility and related guarantees are secured by a first priority lien on all of each Borrower s and each guarantor s existing and future personal property consisting of accounts receivable, payment intangibles, inventory, documents, instruments, chattel paper and investment property, certain money, deposit accounts, securities accounts, letters of credit, commercial tort claims and certain related assets and proceeds of the foregoing.

Interest. Borrowings under our Senior ABL Facility bear interest at a rate equal to, at the Borrowers option:

- in the case of borrowings by the U.S. Borrower, LIBOR or the base rate plus, in each case, an applicable margin; or

- in the case of borrowings by the Canadian Borrower, bankers acceptance (BA) rate, Canadian prime rate or Canadian base rate plus, in each case, an applicable margin.

The applicable margin may vary between 3.25% and 3.75% with respect to the LIBOR or BA-based borrowings and between 2.25% and 2.75% with respect to base rate, Canadian prime rate and Canadian base rate borrowings. The applicable margin is subject, in each case, to quarterly pricing adjustments based on usage over the immediately preceding quarter.

Covenants; Events of Default. Our Senior ABL Facility includes affirmative and negative covenants that will impose substantial restrictions on our financial and business operations, including our ability to incur and secure debt, make investments, sell assets, pay dividends or make acquisitions. Our Senior ABL Facility also includes a requirement to maintain a monthly fixed charge coverage ratio of no less than 1.1 to 1.0 when availability under our Senior ABL Facility is less than specified levels. Our Senior ABL Facility also contains various events of default that are customary for comparable facilities.

Our current revenue forecast for 2013 is determined from specific platform volume projections consistent with a North American and European light vehicle production estimate of 15.6 million units and 18.7 million units, respectively. Adverse changes to the vehicle production levels could have a negative impact on our future sales, liquidity, results of operations and ability to comply with our debt covenants under our Senior ABL Facility or any future financing arrangements we enter into. We took significant actions during the second half of 2008 and first quarter of 2009 to reduce our cost base and improve profitability. While we believe the vehicle production and other assumptions within our forecast are reasonable, we have also considered the possibility of even weaker demand. In addition to the potential impact of changes on our sales, our current operating performance and future compliance with the covenants under our Senior ABL Facility or any future financing arrangements we enter into are dependent upon a number of other external and internal factors, such as changes in raw material costs, changes in foreign currency rates, our ability to execute our cost savings initiatives, our ability to implement and achieve the savings expected by the changes in our operating structure and other factors beyond our control.

8 $^{1}/_{2}$% Senior Notes due 2018

On May 11, 2010, CSA Escrow Corporation (the escrow issuer), an indirect wholly-owned non-Debtor subsidiary of the Issuer closed an offering of $450 million aggregate principal amount of its Senior Notes. The Senior Notes were issued in a private placement exempt from registration under the Securities Act of 1933, as amended (the Securities Act). A summary description of the Senior Notes is set forth below. This description is qualified in its entirety by reference to the Senior Notes indenture.

General. The Senior Notes were issued pursuant to an indenture dated May 11, 2010 by and between the escrow issuer and the trustee thereunder. On the effective date of our Plan of Reorganization, the escrow issuer was merged with and into the Issuer, with the Issuer as the surviving entity, and upon the consummation of the merger, the Issuer assumed the obligations under the Senior Notes and the Senior Notes indenture and the guarantees by the guarantors described below became effective.

Guarantees. The Senior Notes are unconditionally guaranteed, jointly and severally, on a senior unsecured basis, by Parent and all of the Issuer s wholly-owned domestic restricted subsidiaries (collectively, the guarantors and, together with the Issuer, the obligors). If the Issuer or any of its domestic restricted subsidiaries acquires or creates another wholly-owned domestic restricted subsidiary that guarantees certain debt of the Issuer or a guarantor, such newly acquired or created subsidiary is also required to guarantee the Senior Notes.

Ranking. The Senior Notes and each guarantee constitute senior debt of the Issuer and each guarantor, respectively. The Senior Notes and each guarantee (1) rank equally in right of payment with all of the applicable obligor s existing and future senior debt, (2) rank senior in right of payment to all of the applicable obligor s existing and future subordinated debt, (3) are effectively subordinated in right of payment to all of the applicable obligor s existing and future secured indebtedness and secured obligations to the extent of the value of the collateral securing such indebtedness and obligations and (4) are structurally subordinated to all existing and future indebtedness and other liabilities of the Issuer s non-guarantor subsidiaries (other than indebtedness and liabilities owed to the Issuer or one of the guarantors).

Optional redemption. The Issuer has the right to redeem the Senior Notes at the redemption prices set forth below:

on and after May 1, 2014, all or a portion of the Senior Notes may be redeemed at a redemption price of 104.250% of the principal amount thereof if redeemed during the twelve-month period beginning on May 1, 2014, 102.125% of the principal amount thereof if redeemed during the twelve-month period beginning on May 1, 2015, and 100% of the principal amount thereof if redeemed on or after May 1, 2016, in each case plus any accrued and unpaid interest to the redemption date;

prior to May 1, 2013, up to 35% of the Senior Notes issued under the Senior Notes indenture may be redeemed with the proceeds from certain equity offerings at a redemption price of 108.50% of the principal amount thereof, plus any accrued and unpaid interest to the redemption date; and

prior to May 1, 2014, all or a portion of the Senior Notes may be redeemed at a price equal to 100% of the principal amount thereof plus a make-whole premium.

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Change of control. If a change of control occurs with respect to Parent or the Issuer, unless the Issuer has exercised its right to redeem all of the outstanding Senior Notes, each noteholder shall have the right to require that the Issuer repurchase such noteholder s Senior Notes at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase, subject to the right of the noteholders of record on the relevant record date to receive interest due on the relevant interest payment date.

Covenants. The Senior Notes indenture limits, among other things, the ability of the Issuer and its restricted subsidiaries, (currently, all majority owned subsidiaries) to pay dividends or make distributions, repurchase equity, prepay subordinated debt or make certain investments, incur additional debt or issue certain disqualified stock or preferred stock, sell assets, incur liens, enter into transactions with affiliates and allow to exist certain restrictions on the ability of a restricted subsidiary to pay dividends or to make other payments or loans to or transfer assets to the Issuer; in each case, subject to certain exclusions and other customary exceptions. The Senior Notes indenture also limits the ability of the Issuer, Parent and a subsidiary guarantor to merge or consolidate with another entity or sell all or substantially all of its assets. In addition, certain of these covenants will not be applicable during any period of time when the Senior Notes have an investment grade rating. The Senior Notes indenture contains customary events of default.

The Senior Notes were initially issued in a private placement which was exempt from registration under the Securities Act. Pursuant to the terms of the registration rights agreement between the issuer, the guarantors and the initial purchasers of the Senior Notes, we consummated a registered exchange offer in February 2011, pursuant to which we exchanged all $450 million principal amount of the outstanding privately placed Senior Notes, or old notes, for $450 million principal amount of new 8$\frac{1}{2}$% Senior Notes due 2018, or exchange notes. The exchange notes were issued under the same indenture as the old notes and are identical to the old notes, except that the new notes have been registered under the Securities Act. References herein to the Senior Notes refer to the old notes prior to the consummation of the exchange offer and to the exchange notes thereafter.

Non-GAAP Financial Measures

In evaluating our business, management considers EBITDA and Adjusted EBITDA as key indicators of our operating performance. Our management also uses EBITDA and Adjusted EBITDA:

- because similar measures are utilized in the calculation of the financial covenants and ratios contained in our financing arrangements;
- in developing our internal budgets and forecasts;
- as a significant factor in evaluating our management for compensation purposes;
- in evaluating potential acquisitions;
- in comparing our current operating results with corresponding historical periods and with the operational performance of other companies in our industry; and
- in presentations to the members of our board of directors to enable our board of directors to have the same measurement basis of operating performance as is used by management in their assessments of performance and in forecasting and budgeting for our company.

In addition, we believe EBITDA and Adjusted EBITDA and similar measures are widely used by investors, securities analysts and other interested parties in evaluating our performance. We define Adjusted EBITDA as net income (loss) plus provision (benefit) for income tax expense, interest expense, net of interest income, depreciation and amortization or EBITDA, as adjusted for items that management does not consider to be reflective of our core operating performance. These adjustments include restructuring costs, impairment charges, non-cash fair value adjustments, acquisition related costs, non-cash stock based compensation and non-cash gains and losses from certain foreign currency transactions and translation.

We calculate EBITDA and Adjusted EBITDA by adjusting net income (loss) to eliminate the impact of a number of items we do not consider indicative of our ongoing operating performance. You are encouraged to evaluate each adjustment and the reasons we consider it appropriate for supplemental analysis. EBITDA and Adjusted EBITDA are not financial measurements recognized under U.S. GAAP, and when analyzing our operating performance, investors should use EBITDA and Adjusted EBITDA in addition to, and not as alternatives for, net income (loss), operating income, or any other performance measure derived in accordance with U.S. GAAP, or as an alternative to cash flow from operating activities as a measure of our liquidity. EBITDA and Adjusted EBITDA have limitations as analytical tools, and they should not be considered in isolation or as substitutes for analysis of our results of operations as reported under U.S. GAAP. These limitations include:

- they do not reflect our cash expenditures or future requirements for capital expenditure or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect interest expense or cash requirements necessary to service interest or principal payments under our Senior Notes and Senior ABL Facility;
- they do not reflect certain tax payments that may represent a reduction in cash available to us;
- although depreciation and amortization are non-cash charges, the assets being depreciated or amortized may have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect cash requirements for such replacements; and
- other companies, including companies in our industry, may calculate these measures differently and, as the number of differences in the way companies calculate these measures increases, the degree of their usefulness as a comparative measure correspondingly decreases.

In addition, in evaluating Adjusted EBITDA, it should be noted that in the future we may incur expenses similar to the adjustments in the below presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

The following table provides a reconciliation of net income to EBITDA and Adjusted EBITDA, which is the most directly comparable financial measure in accordance with U.S. GAAP:

	Year Ended December 31, 2011	2012
	(dollars in millions)	
Net income	$ 102.8	$ 102.8
Provision (benefit) for income tax expense	20.8	(31.5)
Interest expense, net of interest income	40.5	44.8
Depreciation and amortization	124.1	122.7
EBITDA	$ 288.2	$ 238.8
Restructuring [(1)]	52.2	28.8
Noncontrolling interest restructuring [(2)]	(19.9)	(3.0)
Inventory write-up [(3)]	0.7	-
Net gain on partial sale of joint venture [(4)]	(11.4)	-
Stock-based compensation [(5)]	10.8	9.8

Acquisition costs [6]		2.2		-
Impairment charges [7]		-		10.1
Retirement obligation [8]		-		11.5
Noncontrolling interest deferred tax valuation reversal [9]		-		2.0
Other [10]		1.3		-
Adjusted EBITDA	$	324.1	$	298.0

(1) Includes non-cash restructuring.
(2) Proportionate share of restructuring costs related to FMEA joint venture.

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(3) Write-up of inventory to fair value for the USi, Inc. acquisition and the FMEA joint venture, net of noncontrolling interest.
(4) Net gain on partial sale of ownership percentage in joint venture.
(5) Non-cash stock amortization expense and non-cash stock option expense for grants issued at emergence from bankruptcy.
(6) Costs incurred in relation to the FMEA joint venture agreement.
(7) Impairment charges related to goodwill ($2.8 million) and fixed assets ($7.3 million).
(8) Executive compensation for retired CEO and recruiting costs related to search for new CEO.
(9) Noncontrolling interest deferred tax valuation reversal related to FMEA joint venture.
(10) Costs related to corporate development activities.

Working capital

Historically, we have not generally experienced difficulties in collecting our accounts receivable, but the dynamics associated with the global economic downturn have impacted both the amount of our receivables and somewhat the stressed ability for our customers to pay within normal terms. We believe that we currently have a strong working capital position. As of December 31, 2012, we had net cash of $270.6 million.

Contractual Obligations

Our contractual cash obligations consist of legal commitments requiring us to make fixed or determinable cash payments, regardless of the contractual requirements of the vendor to provide future goods or services. Except as otherwise disclosed, this table does not include information on our recurring purchase of materials for use in production because our raw materials purchase contracts typically do not require fixed or minimum quantities.

The following table summarizes the total amounts due as of December 31, 2012 under all debt agreements, commitments and other contractual obligations.

	Payment due by period				
	Total	Less than 1 year	1-3 Years	3-5 years	More than 5 Years
	(dollars in millions)				
Debt obligations	$ 450.0	$ -	$ -	$ -	$ 450.0
Interest on debt obligations	210.4	38.3	76.5	76.5	19.1
Operating lease obligations	68.4	20.0	29.1	12.4	6.9
Other obligations(1)	69.5	68.7	0.5	0.3	-
Total	$ 798.3	$ 127.0	$ 106.1	$ 89.2	$ 476.0

(1) Noncancellable purchase order commitments for capital expenditures, other borrowings and capital lease obligations.

In addition to our contractual obligations and commitments set forth in the table above, we have employment arrangements with certain key executives that provide for continuity of management. These arrangements include payments of multiples of annual salary, certain incentives, and continuation of benefits upon the occurrence of specified events in a manner that is believed to be consistent with comparable companies.

We also have minimum funding requirements with respect to our pension obligations. We expect to make minimum cash contributions of approximately $10.4 million and discretionary cash contributions of approximately $12.1 million to our domestic and foreign pension plan asset portfolios in 2013. Our minimum funding requirements after 2013 will depend on several factors, including the investment performance of our retirement plans and prevailing interest rates. Our funding obligations may also be affected by changes in applicable legal requirements. We also have payments due with respect to our postretirement benefit obligations. We do not prefund our postretirement benefit obligations. Rather, payments are made as costs are incurred by covered retirees. We expect other postretirement benefit net payments to be approximately $3.2 million in 2013.

We may be required to make significant cash outlays due to our unrecognized tax benefits. However, due to the uncertainty of the timing of future cash flows associated with our unrecognized tax benefits, we are unable to make reasonably reliable estimates of the period of cash settlement, if any, with the respective taxing authorities. Accordingly, unrecognized tax benefits of $4.9 million as of December 31, 2012 have been excluded from the contractual obligations table above. For further information related to unrecognized tax benefits, see Note 11. Income Taxes to the consolidated financial statements.

In addition, excluded from the contractual obligation table are open purchase orders at December 31, 2012 for raw materials and supplies used in the normal course of business, supply contracts with customers, distribution agreements, joint venture agreements and other contracts without express funding requirements.

Raw Materials and Manufactured Components

The principal raw materials for our business include synthetic rubber, fabricated metal-based components, plastic resins and components, carbon black, process oil, carbon steel and natural rubber. We manage the procurement of our raw materials to assure supply and to obtain the most favorable total cost of ownership. Procurement arrangements include short-term and long-term supply agreements that may contain formula-based pricing based on commodity indices. These arrangements provide quantities needed to satisfy normal manufacturing demands.

We believe we have adequate sources for the supply of raw materials and components for our products with suppliers located around the world. We often use offshore suppliers for machined components, die castings and other labor-intensive, economically freighted products in our North American and European facilities.

Extreme fluctuations in material pricing have occurred in recent years adding challenges in forecasting supply costs. The inability to recover higher than anticipated material costs from our customers would impact our profitability.

Seasonal Trends

Historically, sales to automotive customers are lowest during the months prior to model changeovers and during assembly plant shutdowns. However, economic conditions and consumer demand may change the traditional seasonality of the industry and lower production may prevail without the impact of seasonality. Historically, model changeover periods have typically resulted in lower sales volumes during July, August and December. During these periods of lower sales volumes, profit performance is reduced but working capital often improves due to the continued collection of accounts receivable.

Critical Accounting Policies and Estimates

Our accounting policies are more fully described in Note 2. Significant Accounting Policies, to the consolidated financial statements. Application of these accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Management bases its estimates and judgments on historical experience and on other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. We believe that of our significant accounting policies, the following may involve a higher degree of judgment or estimation than other accounting policies.

Adoption of Fresh-Start Accounting. We emerged from Chapter 11 bankruptcy proceedings on May 27, 2010. As a result, we adopted fresh-start accounting as (i) the reorganization value of the Predecessor s assets immediately prior to the confirmation of the Plan of Reorganization was less than the total of all post-petition

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liabilities and allowed claims and (ii) the holders of the Predecessor s existing voting shares immediately prior to the confirmation of the Plan of Reorganization received less than 50% of the voting shares of the emerging entity. U.S. GAAP requires the adoption of fresh-start accounting as of the Plan of Reorganization s confirmation date, or as of a later date when all material conditions precedent to the Plan of Reorganization becoming effective are resolved, which occurred on May 27, 2010. We elected to adopt fresh-start accounting as of May 31, 2010 to coincide with the timing of our normal May accounting period close. There were no transactions that occurred from May 28, 2010 through May 31, 2010, that would materially impact our consolidated financial position, results of operations or cash flows for the 2010 Successor or 2010 Predecessor periods.

Fresh-start accounting results in a new basis of accounting and reflects the allocation of our estimated fair value to our underlying assets and liabilities. Our estimates of fair value are inherently subject to significant uncertainties and contingencies beyond our reasonable control. Accordingly, there can be no assurance that the estimates, assumptions, valuations, appraisals and financial projections will be realized, and actual results could vary materially.

Our reorganization value was allocated to our assets in conformity with the procedures specified by ASC 805, *Business Combinations*. The excess of reorganization value over the fair value of tangible and identifiable intangible assets was recorded as goodwill. Liabilities existing as of the effective date of the Plan of Reorganization, other than deferred taxes, were recorded at the present value of amounts expected to be paid using appropriate risk adjusted interest rates. Deferred taxes were determined in conformity with applicable income tax accounting standards. Predecessor accumulated depreciation, accumulated amortization, retained deficit, common stock and accumulated other comprehensive loss were eliminated.

For further information on fresh-start accounting, see Note 3. Reorganization Under Chapter 11 of the Bankruptcy Code and Fresh-Start Accounting to the consolidated financial statements.

Reorganization. As a result of filing for Chapter 11 bankruptcy, we adopted ASC 852 on August 3, 2009. ASC 852 is applicable to companies in Chapter 11 and generally does not change the manner in which financial statements are prepared. However, among other disclosures, it does require that the financial statements for periods subsequent to the filing of the Chapter 11 petition distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Revenues, expenses, realized gains and losses and provisions for losses that can be directly associated with the reorganization and restructuring of the business must be reported separately as reorganization items in the statements of net income. The balance sheet must distinguish prepetition liabilities subject to compromise from both those prepetition liabilities that are not subject to compromise and from post-petition liabilities. Liabilities that may be affected by a plan of reorganization must be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts. In addition, reorganization items must be disclosed separately in the statement of cash flows. We have segregated those items as outlined above for all reporting periods subsequent to such date.

Pre-Production Costs Related to Long Term Supply Arrangements. Costs for molds, dies, and other tools owned by us to produce products under long-term supply arrangements are recorded at cost in property, plant, and equipment and amortized over the lesser of three years or the term of the related supply agreement. We expense all pre-production tooling costs related to customer-owned tools for which reimbursement is not contractually guaranteed by the customer.

Goodwill. As of December 31, 2011 and 2012, we had recorded goodwill of approximately $136.4 million and $133.7 million, respectively. Goodwill is not amortized but is tested for impairment, either annually or when events or circumstances indicate that impairment may exist. We evaluate each reporting unit s fair value versus its carrying value annually or more frequently if events or changes in circumstances indicate that the carrying value may exceed the fair value of the reporting unit. Estimated fair values are based on the cash flows projected in the reporting units strategic plans and long-range planning forecasts discounted at a risk-adjusted rate of return. We assess the reasonableness of these estimated fair values using market based multiples of comparable companies. If the carrying value exceeds the fair value, an impairment loss is measured and recognized. Goodwill fair value measurements are classified within Level 3 of the fair value hierarchy, which are generally determined using unobservable inputs. We conduct our annual goodwill impairment as of October 1st of each year.

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Our 2011 annual goodwill impairment analysis, completed as of the first day of the fourth quarter, resulted in no impairment. As a result of our 2010 emergence, the fair value of our Europe, South America and Asia Pacific reporting units did not substantially exceed their corresponding carrying amount.

Our 2012 annual goodwill impairment analysis, completed as of the first day of the fourth quarter, resulted in an impairment charge of $2.8 million in our South America reporting unit. This charge was due to changes in the forecast for this reporting unit, resulting from launch activities and operational inefficiencies incurred in 2012 and expected to continue into the near future as additional time will be needed to improve operational performance. The fair value of our Europe and Asia Pacific reporting units did not substantially exceed their corresponding carrying amount and if future growth assumptions are not achieved, the Company could incur a future goodwill impairment charge.

Long-Lived Assets. We monitor our long-lived assets for impairment indicators on an ongoing basis in accordance with ASC 360, *Property, Plant, and Equipment*. If impairment indicators exist, we perform the required analysis by comparing the undiscounted cash flows expected to be generated from the long-lived assets to the related net book values. If the net book value exceeds the undiscounted cash flows, an impairment loss is measured and recognized. An impairment loss is measured as the difference between the net book value and the fair value of the long-lived assets. Fair value is estimated based upon either discounted cash flow analyses or estimated salvage values. Cash flows are estimated using internal budgets based on recent sales data, independent automotive production volume estimates and customer commitments, as well as assumptions related to discount rates. Change in economic or operating conditions impacting these estimates and assumptions could result in the impairment of long-lived assets. During 2012, we impaired property, plant and equipment at one of our European facilities with a carrying value of $16.7 million to its fair value of $9.4 million, resulting in an impairment charge of $7.3 million. Fair value was determined using discounted cash flows, revenue growth of 2% and a discount rate of 15%.

In connection with the adoption of fresh-start accounting in 2010 an adjustment of $40.7 million was made to re-measure our property, plant, and equipment to their estimated fair value. See Note 3. Reorganization Under Chapter 11 of the Bankruptcy Code and Fresh-Start Accounting, to the consolidated financial statements.

Restructuring-Related Reserves. Specific accruals have been recorded in connection with restructuring initiatives, as well as the integration of acquired businesses. These accruals include estimates principally related to employee separation costs, the closure and/or consolidation of facilities, contractual obligations, and the valuation of certain assets. Actual amounts recognized could differ from the original estimates. Restructuring-related reserves are reviewed on a quarterly basis and changes to plans are appropriately recognized when identified. Changes to plans associated with the restructuring of existing businesses are generally recognized as employee separation and plant phase-out costs in the period the change occurs. For additional discussion, please refer to Note 5. Restructuring to the consolidated financial statements.

Revenue Recognition and Sales Commitments. We generally enter into agreements with our customers to produce products at the beginning of a vehicle s life. Although such agreements do not generally provide for minimum quantities, once we enter into such agreements, fulfillment of our customers purchasing requirements can be our obligation for an extended period or the entire production life of the vehicle. These agreements generally may be terminated by our customer at any time. Historically, terminations of these agreements have been minimal. In certain limited instances, we may be committed under existing agreements to supply products to our customers at selling prices which are not sufficient to cover the direct cost to produce such products. In such situations, we recognize losses as they are incurred.

We receive blanket purchase orders from many of our customers on an annual basis. Generally, such purchase orders and related documents set forth the annual terms, including pricing, related to a particular vehicle model. Such purchase orders generally do not specify quantities. We recognize revenue based on the pricing terms included in our annual purchase orders as our products are shipped to our customers. As part of certain agreements, we are asked to provide our customers with annual cost reductions. We accrue for such amounts as a reduction of revenue as our products are shipped to our customers. In addition, we generally have ongoing adjustments to our pricing arrangements with our customers based on the related content and cost of our products. Such pricing accruals are adjusted as they are settled with our customers.

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Amounts billed to customers related to shipping and handling are included in sales in our consolidated statements of net income. Shipping and handling costs are included in cost of sales in our consolidated statements of net income.

Income Taxes. In determining the provision for income taxes for financial statement purposes, we make estimates and judgments which affect our evaluation of the carrying value of our deferred tax assets as well as our calculation of certain tax liabilities. In accordance with ASC Topic 740, *Accounting for Income Taxes*, we evaluate the carrying value of our deferred tax assets on a quarterly basis. In completing this evaluation, we consider all available positive and negative evidence. Such evidence includes historical operating results, the existence of cumulative losses in the most recent fiscal years, expectations for future pretax operating income, the time period over which our temporary differences will reverse, and the implementation of feasible and prudent tax planning strategies. Deferred tax assets are reduced by a valuation allowance if, based on the weight of this evidence, it is more likely than not that all or a portion of the recorded deferred tax assets will not be realized in future periods.

Concluding that a valuation allowance is not required is difficult when there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years. The Company utilizes rolling twelve quarters of pre-tax book results adjusted for significant permanent book to tax differences as a measure of cumulative results in recent years. In certain foreign jurisdictions, our analysis indicates that we have cumulative three year historical losses on this basis. This is considered significant negative evidence which is difficult to overcome. However, the three year loss position is not solely determinative and, accordingly, management considers all other available positive and negative evidence in its analysis. Based upon this analysis, management concluded that it is more likely than not that the net deferred tax assets in certain foreign jurisdictions may not be realized in the future. Accordingly, the Company continues to maintain a valuation allowance related to those net deferred tax assets.

In the United States, the Company has been in a cumulative loss position in recent years. However, that position changed to a three year cumulative income position during the second quarter of 2012. This position, along with management s analysis of all other available evidence, resulted in the conclusion that the net deferred tax asset in the United States is more likely than not to be utilized. As such, the valuation allowance previously recorded against the net deferred tax assets in the United States has been reversed.

During 2012, the Company recorded a tax benefit of $70.9 million related to reductions in our U.S. valuation allowance against net deferred tax assets. However, we continue to maintain a valuation allowance related to our net deferred tax assets in several foreign jurisdictions. As of December 31, 2012, we had valuation allowances of $97.3 million related to tax loss and credit carryforwards and other deferred tax assets in the several foreign jurisdictions. Our current and future provision for income taxes is significantly impacted by the initial recognition of and changes in valuation allowances in certain countries. We intend to maintain these allowances until it is more likely than not that the deferred tax assets will be realized. Our future provision for income taxes will include no tax benefit with respect to losses incurred and no tax expense with respect to income generated in these countries until the respective valuation allowance is eliminated.

In addition, the calculation of our tax benefits and liabilities includes uncertainties in the application of complex tax regulations in a multitude of jurisdictions across our global operations. We recognize tax benefits and liabilities based on our estimate of whether, and the extent to which additional taxes will be due. We adjust these liabilities based on changing facts and circumstances; however, due to the complexity of some of these uncertainties and the impact of any tax audits, the ultimate resolutions may be materially different from our estimated liabilities. For further information, related to income taxes, see Note 11. Income Taxes, to the consolidated financial statements.

On January 2, 2013, subsequent to the fourth quarter, the American Taxpayer Relief Act of 2012 was enacted which retroactively reinstated and extended the Federal Research and Development Tax Credit, as well as the exclusion from U.S. federal taxable income of certain interest, dividends, rents, and royalty income of foreign affiliates, and the benefits of the credits with that income. As a result, the Company will include a discrete benefit in the first quarter for effect of these items.

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Pensions and Postretirement Benefits Other Than Pensions. Included in our results of operations are significant pension and postretirement benefit costs, which are measured using actuarial valuations. Inherent in these valuations are key assumptions, including assumptions about discount rates and expected returns on plan assets. These assumptions are updated at the beginning of each fiscal year. We are required to consider current market conditions, including changes in interest rates, in making these assumptions. Changes in pension and postretirement benefit costs may occur in the future due to changes in these assumptions. Our net pension and postretirement benefit costs were approximately $7.9 million and $0.5 million, respectively, for the year ended December 31, 2012.

To develop the discount rate for each plan, the expected cash flows underlying the plan s benefit obligations were discounted using a December 31, 2012 pension index to determine a single equivalent rate. To develop our expected return on plan assets, we considered historical long-term asset return experience, the expected investment portfolio mix of plan assets and an estimate of long-term investment returns. To develop our expected portfolio mix of plan assets, we considered the duration of the plan liabilities and gave more weight to equity positions, including both public and private equity investments, than to fixed-income securities. Holding all other assumptions constant, a 1% increase or decrease in the discount rate would have decreased or increased the fiscal 2013 net periodic benefit cost expense by approximately $1.4 million or $3.0 million, respectively. Likewise, a 1% increase or decrease in the expected return on plan assets would have decreased or increased the fiscal 2013 net periodic benefit cost by approximately $3.2 million. Decreasing or increasing the discount rate by 1% would have increased or decreased the projected benefit obligations by approximately $81.8 million or $66.2 million, respectively. Aggregate pension net periodic benefit cost is forecasted to be approximately $6.1 million in 2013.

The expected annual rate of increase in health care costs is approximately 8% for 2012 (7.39% for U.S., 8% for Canada) grading down to 5% in 2018, and was held constant at 5% for years past 2018. These trend rates were assumed to reflect market trend, actual experience and future expectations. The health care cost trend rate assumption has a significant effect on the amounts reported. Only certain employees hired are eligible to participate in our subsidized postretirement plan. A 1% change in the assumed health care cost trend rate would have increased or decreased the fiscal 2013 service and interest cost components by $0.3 million or $0.2 million, respectively and the projected benefit obligations would have increased or decreased by $3.9 million or $3.2 million, respectively. Aggregate other postretirement net periodic benefit cost is forecasted to be approximately $2.4 million in 2013.

The general funding policy is to contribute amounts deductible for U.S. federal income tax purposes or amounts required by local statute.

Derivative Financial Instruments. Derivative financial instruments are utilized by us to reduce foreign currency exchange and interest rate risk. We have established policies and procedures for risk assessment including the assessment of counterparty credit risk and the approval, reporting, and monitoring of derivative financial instrument activities. On the date the derivative is established, we designate the derivative as either a fair value hedge, a cash flow hedge, or a net investment hedge in accordance with its established policy. We do not enter into financial instruments for trading or speculative purposes.

By using derivative instruments to hedge exposures to changes in foreign currency exchange and interest rates, we expose ourselves to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes us, which creates credit risk for us. When the fair value of a derivative contract is negative, we owe the counterparty and we do not possess credit risk. To mitigate credit risk, it is our policy to execute such instruments with creditworthy banks and not enter into derivatives for speculative purposes.

Use of Estimates. The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. During 2012, there were no material changes in the methods or policies used to establish estimates and assumptions. Generally, matters subject to estimation and judgment include amounts related to accounts receivable realization, inventory obsolescence, asset impairments, useful lives of intangible and fixed assets, unsettled pricing discussions with customers and suppliers, restructuring accruals, deferred tax asset valuation allowances and income taxes, pension and other post retirement benefit plan assumptions, accruals related to litigation, warranty and environmental remediation costs and self-insurance accruals. Actual results may differ from estimates provided.

Fair Value Measurements. We measure certain assets and liabilities at fair value on a non-recurring basis using unobservable inputs (Level 3 input based on the U.S. GAAP fair value hierarchy). For further information on these fair value measurements, see Goodwill, Long-Lived Assets, Restructuring-Related Reserves, and Derivative Financial Instruments above.

Recent Accounting Pronouncements

See Note 2. Significant Accounting Policies, to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to fluctuations in interest rates, currency exchange rates and commodity prices. Prior to filing our bankruptcy filing under Chapter 11 we entered into derivative financial instruments to monitor our exposure to these risks, but as a result of the bankruptcy filing all but one of these instruments were designated. We actively monitor our exposure to risk from changes in foreign currency exchange rates and interest rates through the use of derivative financial instruments in accordance with management s guidelines. We do not enter into derivative instruments for trading purposes. See Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies Derivative Financial Instruments and Item 8. Financial Statements and Supplementary Data, especially Note 21. Fair Value of Financial Instruments to the consolidated financial statements.

Foreign Currency Exchange Rate Risk. We use forward foreign exchange contracts to reduce the effect of fluctuations in foreign exchange rates on a portion of forecasted material purchases and operating expenses. As of December 31, 2012 there were no forward foreign exchange contracts outstanding.

As part of the FMEA joint venture, SPBT had undesignated derivative forward contracts to hedge currency risk of the Euro against the Polish Zloty which is included in the Company s consolidated financial statements. The forward contract is used to mitigate the potential volatility of cash flows arising from changes in currency exchange rates that impact the Company s foreign currency transactions. These foreign currency derivative contracts consist of hedge transactions up to April 2014. At December 31, 2012, the fair value liability before taxes of the Company s undesignated derivative forward contracts was less than $0.1 million.

In addition to transactional exposures, our operating results are impacted by the translation of our foreign operating income into U.S. dollars (translation exposure). In 2012, net sales outside of the United States accounted for 72% of our consolidated net sales, although certain non-U.S. sales are U.S. dollar denominated. We do not enter into foreign exchange contracts to mitigate this exposure.

Interest Rates. We use interest rate swap contracts to mitigate our exposure to variable interest rates on outstanding variable rate debt instruments. These contracts converted certain variable rate debt obligations to fixed rate. These contracts were accounted for as cash flow hedges. At December 31, 2012 we had one interest rate swap contract outstanding with $2.2 million of notional amount pertaining to Euro denominated debt fixed at 4.14%. At December 31, 2012, the fair value before taxes of the Company s interest rate swap is $(0.1) million.

Commodity Prices. We have commodity price risk with respect to purchases of certain raw materials, including natural gas and carbon black. Raw material, energy and commodity costs have been extremely volatile over the past several years. Historically, we used derivative instruments to reduce our exposure to fluctuations in certain commodity prices. We did not enter into any derivative instruments in 2012. We will continue to evaluate, and may use, derivative financial instruments to manage our exposure to higher raw material, energy and commodity prices in the future.

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Item 8. **Financial Statements and Supplementary Data**

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Annual Financial Statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Cooper-Standard Holdings Inc.

We have audited the accompanying consolidated balance sheets of Cooper-Standard Holdings Inc. as of December 31, 2012 and 2011, and the related consolidated statements of net income, comprehensive income, changes in equity (deficit) and cash flows for the years ended December 31, 2012 and 2011, the period from June 1, 2010 to December 31, 2010 (Successor), and the period from January 1, 2010 to May 31, 2010 (Predecessor). Our audits also included the financial statement schedule included in Item 8. These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cooper-Standard Holdings Inc. at December 31, 2012 and 2011, and the consolidated results of its operations and its cash flows for the years ended December 31, 2012 and 2011, the period from June 1, 2010 to December 31, 2010 (Successor), and the period from January 1, 2010 to May 31, 2010 (Predecessor), in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Notes 1 and 3 to the consolidated financial statements, on May 12, 2010, the United States Bankruptcy Court for the District of Delaware entered an order confirming the Plan of Reorganization, which became effective on May 27, 2010. Accordingly, the accompanying consolidated financial statements have been prepared in conformity with FASB Accounting Standards Codification™ 852, Reorganizations, for the Successor as a new entity with assets, liabilities and a capital structure having carrying values that are not comparable to prior periods.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Cooper-Standard Holdings Inc. s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2013, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Detroit, Michigan

February 28, 2013

Report of Independent Registered Public Accounting Firm on

Internal Control over Financial Reporting

The Board of Directors and Stockholders of Cooper-Standard Holdings Inc.

We have audited Cooper-Standard Holdings Inc. s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Cooper-Standard Holdings Inc. s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in Management s Report on Internal Control Over Financial Reporting included in Item 9A. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

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

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Cooper-Standard Holdings Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2012 consolidated financial statements of Cooper-Standard Holdings Inc., and our report dated February 28, 2013, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Detroit, Michigan

February 28, 2013

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COOPER-STANDARD HOLDINGS INC.

CONSOLIDATED STATEMENTS OF NET INCOME

(Dollar amounts in thousands except per share amounts)

	Predecessor	Successor		
	Five Months Ended	Seven Months Ended December 31,	Year Ended December 31,	
	May 31, 2010	2010	2011	2012
Sales	$ 1,009,128	$ 1,405,019	$ 2,853,509	$ 2,880,902
Cost of products sold	832,201	1,172,350	2,402,920	2,442,014
Gross profit	176,927	232,669	450,589	438,888
Selling, administration & engineering expenses	92,166	159,573	257,559	281,268
Amortization of intangibles	319	8,982	15,601	15,456
Impairment charges	-	-	-	10,069
Restructuring	5,893	488	52,206	28,763
Operating profit	78,549	63,626	125,223	103,332
Interest expense, net of interest income	(44,505)	(25,017)	(40,559)	(44,762)
Equity earnings	3,613	3,397	5,425	8,778
Reorganization items and fresh-start accounting adjustments, net	303,453	-	-	-
Other income (expense), net	(21,156)	4,214	7,174	(63)
Income before income taxes	319,954	46,220	97,263	67,285
Provision (benefit) for income tax expense	39,940	5,095	20,765	(31,531)
Consolidated net income	280,014	41,125	76,498	98,816
Net (income) loss attributable to noncontrolling interests	(322)	(549)	26,346	3,988
Net income attributable to Cooper-Standard Holdings Inc.	$ 279,692	$ 40,576	$ 102,844	$ 102,804
Earnings per share				
Basic		$ 1.64	$ 4.27	$ 4.40
Diluted		$ 1.55	$ 3.93	$ 4.14

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

COOPER-STANDARD HOLDINGS INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollar amounts in thousands)

	Predecessor	Successor		
	Five Months Ended	Seven Months Ended December 31,	Year Ended December 31,	
	May 31, 2010	2010	2011	2012
Consolidated net income	$ 280,014	$ 41,125	$ 76,498	$ 98,816
Other comprehensive income (loss):				
Currency translation adjustment	(31,074)	41,038	(28,967)	2,051
Benefit plan liability, net of tax (1)	126	4,962	(32,620)	(36,360)
Fair value change of derivatives, net of tax (2)	(81)	91	80	79
Other comprehensive income (loss), net of tax	(31,029)	46,091	(61,507)	(34,230)
Comprehensive income	248,985	87,216	14,991	64,586
Less: Comprehensive (income) loss attributable to noncontrolling interests	(339)	(759)	29,503	5,239
Comprehensive income attributable to Cooper-Standard Holdings Inc.	$ 248,646	$ 86,457	$ 44,494	$ 69,825

(1) Other comprehensive income (loss) related to the benefit plan liability is net of a tax effect of $34, ($489), $2,303 and $10,055 for the five months ended May 31, 2010, the seven months ended December 31, 2010, and the years ended December 31, 2011 and 2012, respectively.

(2) Other comprehensive income (loss) related to the fair value change of derivatives is net of a tax effect of $194, ($36), ($34) and ($29) for the five months ended May 31, 2010, the seven months ended December 31, 2010, and the years ended December 31, 2011 and 2012, respectively.

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

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COOPER-STANDARD HOLDINGS INC.

CONSOLIDATED BALANCE SHEETS

December 31, 2011 and 2012

(Dollar amounts in thousands except share amounts)

	December 31, 2011	December 31, 2012